

THE ALIGNMENT BETWEEN CORPORATE AND BUSINESS LEVEL STRATEGIES IN SOUTH AFRICAN PUBLIC ENTITIES

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DECLARATION

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I, Moses Mongezi Gasela, declare that the thesis that I herewith submit for the PhD in Business Administration at the UFS Business School, University of the Free State is my independent work, and I have not previously submitted it for a qualification at another institution of higher education.

.....

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“Many are plans in man’s heart, but it is the Lord’s purpose that finally prevails.”

Proverbs 19 verse 21

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ABSTRACT

The South African public entities play a significant role in the South African economy as they assist the government to achieve different service delivery mandates in key sectors of the economy. However, the public entities are experiencing service delivery and performance problems that affect the South African economy negatively. This study investigated the alignment between the corporate and business level strategies in South African public entities with the aim of providing recommendations that would improve the alignment of the aforesaid strategies resulting in improved organisational performance in the entities.

The unit of analysis for the study is a public entity that is based in the Northern Cape Province. The study was located within the post-positivist as well as constructivist/interpretivist philosophical assumptions. The convergent mixed research design was used. For the qualitative part of the study, the multicase study design was used. A purposive sample of eleven executives, representing each of the eight public entities and three provincial departments that control the entities was selected for the study. Data was also collected from the official documents of corporate and business level strategies of the entities. For the data collected through the individual interviews and strategic documents, data analysis involved organising details about a case (in this study, the entity), categorising data and clustering it into meaningful groups; and identifying patterns, trends and themes. Then, the researcher synthesised and generalised, giving an overall portrait of the case, with a conclusion and an implication beyond the case. The researcher looked for convergence from a triangulated study.

For the study's quantitative part, the survey design was adopted using the probability sampling techniques, and a questionnaire to collect the data. Thirty-eight self-administered structured questionnaires were distributed to the executives of the eight entities and the three controlling departments. The response rate was 78%. Descriptive data analysis as well as inferential data analysis involving the correlational analysis and regression analysis were done. The use of the mixed

methods served as a triangulation which ensured validity and reliability of the study findings.

Four key findings emerged from the study. Firstly, it was found that there are many challenges that the public entities have, including financial and human capital inadequacy or/and lack of human resources, poor organisational culture, leadership issues (including ineffective boards) and working in silos with no effective communication, to mention but a few, that bring about strategy misalignment. These challenges affect the alignment of the two-level strategies and organisational performance negatively because the entities cannot deliver on their mandate by achieving their strategic objectives.

Secondly, it was found that the alignment between corporate-level and business-level strategies contributes to organisational performance in South African public entities. Thirdly, the study found that strategy implementation of the business strategies in the South African public entities is a big problem. This is because of the many challenges these entities are facing, which include a lack of resources, leadership inadequacy, inefficient boards, lack of a good organisational culture, lack of support from their parent departments and the flexibility they need to be able to respond fast enough to their business needs. This causes a misalignment of the two strategies practically on the ground. Eventually this results in poor strategy implementation and unsatisfactory organisational performance. Fourthly, it was found that corporate controls affect strategy implementation negatively due to the abovementioned challenges.

Finally, recommendations were developed to minimise the alignment gaps between the corporate and business level strategies in South African public entities, and therefore increase organisational performance.

Key words: Corporate level strategy, business level strategy, alignment, implementation, organisational performance, South African public entities, corporate controls, leadership, organisational culture

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ABREVIATIONS

AC:	Audit Committee.
ACCA:	Association of Certified Chartered Accountants.
AGSA:	Auditor General South Africa.
Agri-SETA:	Agriculture Sector Education Training Authority.
APP:	Annual performance plan
AsgiSA:	Accelerated and Shared Growth Initiative – South Africa.
BSC:	Balance Score Card.
BCG:	Boston Consulting Group Growth Share Matrix.
BRICS:	Brazil, Russia, India, China and South Africa.
CEO:	Chief Executive Officer.
CFO:	Chief Financial Officer.
CIFSA:	Creative and Cultural Industries Federation of South Africa.
CSD:	Central Supplier Database.
DAC:	Department of Arts and Culture.
DALR:	Department of Agriculture and Land Reform.
DEDT:	Department of Economic Development and Tourism.
DG:	Director-General.
DFA:	Diamond Field Advertiser.
DORA:	Division of Revenue Act.
DSC:	Department of Sports and Culture.
DPSA:	Department of Public Service and Administration.
DTI:	Department of Trade and Industry.
DAC:	Department of Arts and Culture.
EXCO:	Executive Council of the Province consisting of the MEC's.
EU:	European Union.
FET:	Further Education and Training.
GE/Mckinsey's:	General Electric/Mckinsey's matrix.
GDP:	Gross Domestic Product.
HR:	Human Resources.
HOD:	Head of Department.

IDC:	Independent Development Corporation.
DPSA:	Department of Public Service and Administration.
GRAP:	Generally Recognised Accounting Practice.
KKC:	Kalahari Kid Corporation.
KPA:	Key performance area.
M & A:	Mergers and acquisitions.
MEC:	Member of the Executive Council.
M&E:	Monitoring and evaluation.
MTSF:	Medium-Term Strategic Framework.
MTEF:	Medium-Term Expenditure Framework.
NCEDA:	Northern Cape Economic Development, Trade and Investment Promotion Agency.
NCTA:	Northern Cape Tourism Authority.
NPO:	Non-Profit Organisation.
NTSS:	National Tourism Sector Strategy.
PFMA:	Public Finance Management Act.
OTP:	Office of the Premier.
SAHRA:	South African Heritage Resources Agency.
SCOPA:	Standing Committee on Public Accounts.
SEZ:	Spatial Economic Zone.
SIP:	Strategy Infrastructure Plans.
SLA:	Service Level Agreement.
SMME:	Small Medium and Micro Enterprise.
SPSS:	Statistical Package for Social Scientists.
SETA:	Sector Education Training Authority.
SAA:	South African Airways.
USD:	United States of America Dollar.

CHAPTER 1

ORIENTATION TO THE STUDY

1.1. Introduction

The purpose of this chapter is to provide a broad orientation to the study. The study investigated the alignment between corporate and business level strategies in South African public entities that is influencing their organisational performance. Delivering the 2016 national budget speech, the South African Finance Minister stated that the South African public entities play an important and unique role as they assist the South African government to meet its service delivery mandates in different sectors of the economy. The minister also noted that, compared to profit orientated organisations, the South African public entities have an additional motive to boost economic growth and the broader development of South Africa through a combined “asset base of over R1 trillion, equivalent to about 27 per cent of GDP” (South Africa, National Treasury budget speech, 2016:18).

According to the 2018 national budget speech, the South African consolidated budget for the 2018/19 financial year is R1,67 trillion (South Africa, National Treasury budget speech, 2018:30). On comparison of the R1 trillion asset base of the South African public entities to the R1,67 trillion of the South African budget for the 2018/19 financial year, the asset base of the South African public entities approximates 62% of the national budget. It is therefore evident that the South African public entities play a significant role in the South African economy.

On a global scale, the public entities contribute approximately 10% of the world's GDP and account for a substantial proportion of employment as well as assets in many countries (Peng, Bruton, Stan & Huang, 2016:1; Putnins, 2015:815). Furthermore, the public entities play significant roles in the economies of BRICS member states. BRICS is the grouping of the world's leading emerging economies, consisting of Brazil, Russia, India, China and South Africa. According to Stan, Peng and Bruton (2014: 474) as well as Ying, Deng and Liu (2016:121), the public entities represent “80% of China's stock market capitalisation, 62% of Russia's and 38% of

Brazil's". This implies that the significant contribution of the South African public entities to the South African GDP is in line with international trends.

Notwithstanding the significance of the South African public entities to South African economy, the study was conducted at the backdrop of service delivery and performance problems that are currently being experienced by some South African public entities. For instance, some public entities were provided with financial bailouts by the South African government which enabled them to continue executing their mandates. According to Tshandu (2018:2), the bailouts of the South African public entities accrued R 367, 0 billion debt to the South African government. Furthermore, the bailouts to the South African public entities contributed to the downgrades of the sovereign risk ratings by the ratings agencies such as Fitch and Moody resulting in increased borrowing costs and weakening rand. There are inefficiencies in the South African public entities that increase the cost of key inputs and fiscal challenges in the South African economy. Finally, the aforesaid bailouts also contributed to the deterioration of the South African debt-to-GDP ratio to over 50% in 2017. In 2008, the debt-to-GDP ratio of South Africa was 27.8% (Tshandu, 2018:2; International Monetary Fund, 2018:1)

In his presentation to the Portfolio Committee on Public Enterprises in Parliament, the South African Public Enterprises minister briefed the members of parliament on a plethora of service delivery and performance challenges that are facing some of the South African public entities. Some of these challenges have resulted in the State making interventions in those public entities with the financial bailouts (Paton, 2018a:1; 2018b:2)

Based on the abovementioned, it seems there is a possibility of dissonance between the expected role of the South African public entities in the South African economy and the actual service delivery outcomes. The study should therefore be of a contributory value due to the current trajectory of the South African public entities.

The chapter commences with the background overview of the different types of South African public entities and justification of the study. Thereafter, an introduction of the key concepts to the study, which culminates in its conceptual framework, will

follow. An exposition of the research problem, questions, aim and objectives will then be undertaken, which will immediately be followed by the research design and methodology. The chapter also describes the significance of the study. The final part of the chapter is the delineation of all chapters for the study.

1.2. Background Context and Justification of the Study

Nhema (2015:247) as well as Suleiman, Hamad and Sulaiman (2017:161) defined “public entities” as organisations, which are incorporated under a specific legislation, that are controlled by the state, through a majority or 100% shareholding, in order to achieve certain service delivery strategic objectives of the state in the key sectors of the economy. The typology of South African public entities is in three categories, namely:

- Schedule 1 public entities category refers to public entities that support the constitution of South Africa, such as the Public Protector, Auditor-General, and Independent Electoral Commission (Constitution of the Republic of South Africa, 1996:96);
- Schedule 2 public entities category refers to public entities such as the South African Airways (SAA), Eskom and Transnet (South Africa: Public Finance Management Act, 1999:88); and
- Schedule 3 public entities category relates to other public entities that are neither schedule 1 nor 2 (South Africa: Public Finance Management Act, 1999:91).

Of all the public entities in the three abovementioned categories of South African public entities, a public entity in the schedule 3 public entities category was selected to be the unit of analysis for this study. A schedule 3 public entity was chosen to be the unit of analysis for the study because the public entities fall within the divergent industries such as tourism, sports, economic development, heritage, gambling, and hospitality with a significant influence on the Northern Cape Provincial economy.

Furthermore, the schedule 3 public entities serve as an important vehicle for the realisation of the government infrastructure expansion programmes and other service delivery programmes. For instance, due to the marketing campaigns of the

Northern Cape Tourism Authority, the international tourism in the Northern Cape Province contributed R1.1 billion to the Provincial economy during the 2016/17 financial year (South Africa, Northern Cape Tourism Authority annual report, 2017: 12). This example illustrates the significance of the public entities contribution to the provincial economy. Furthermore, schedule 3 public entities form part of the general government services industry, which contributes the 17% of the Gross Domestic Product (GDP) for the Northern Cape Province (South Africa, Statistics South Africa, 2nd quarter report, 2017:8).

According to the Northern Cape provincial government website and the PFMA Act of 1999, there are eight schedule 3 South African public entities that are based in Northern Cape Province, namely:

- Kalahari Kid Corporation (KKC);
- Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA);
- Northern Cape Gambling Board;
- Northern Cape Liquor Board;
- Northern Cape Tourism Authority (NCTA)
- McGregor Museum;
- Northern Cape Arts and Culture Council; and
- Ngwao-Boswa Ya Kapa Bokone/Heritage Council.

These public entities report to the following three departments, namely:

- Department of Economic Development and Tourism (DEDT);
- Department of Agriculture and Land Reform (DALR); and
- Department of Sports and Culture (DSC). (South Africa, DETD annual report, 2015:26; South Africa, DALR annual report, 2015:19; South Africa, DSC annual report, 2015:23).

In the opinion of Goold, Campbell and Alexander (1994), a parent department refers to an organisation that controls another entity through various influence mechanisms such as the appointment of directors and financial linkages. In the context of the study, the three provincial departments can be regarded as the parent departments

of the eight public entities. The department of Economic Development and Tourism controls NCEDA, NCTA, and Northern Cape Gambling Board and the Northern Cape Liquor Board. KKC is controlled by the Department of Agriculture and Land reform. McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone are controlled by the Department of Sports, Arts and Culture. Each of the three provincial departments has 100% shareholding in a public entity under its control. The three provincial departments determine the broad business scope of their public entities with the power to appoint the board of directors of those public entities. Therefore, the three provincial departments determine the corporate level strategy of the eight public entities by defining their broad business scope (South Africa, DEDT annual report, 2015: 26; South Africa, DALR annual report, 2015: 19; South Africa, DSC annual report, 2015:23).

As mentioned in section 1 of this chapter, per scrutiny of websites and directors' reports in the annual reports of the public entities, it transpired that some public entities have poor performance outcomes and are busy implementing turnaround strategies. The following are additional examples:

- NCEDA experienced problems with all its service delivery performance indicators during the 2015/16 financial year as such indicators were not consistent with the approved Annual Performance Plan (APP) and strategic plan. This implies that the public entity did not achieve its strategic objectives and service delivery targets to the satisfaction of the public entity's auditors (South Africa, NCEDA annual report, 2015:36).
- Restructuring plans were crafted at NCEDA to streamline and maximise service delivery during the 2015 financial year (South Africa, DEDT annual report, 2015:18). During the 2014/15 budget vote, it was indicated that NCEDA was going to be dissolved because of the following reasons:
 - Duplication of skills between the parent department and the public entity;
 - Lack of funding to execute the operations of the public entity to deliver on its mandate; and

- Lack of the requisite skills (South Africa, DEDT annual report, 2015:43).
- McGregor museum lacked financial resources to enable the public entity to achieve some of its mandate and strategic objectives. Furthermore, the public entity had a deficit in the 2015 statement of financial performance (South Africa, McGregor Museum annual report, 2016:35).
- Kalahari Kid Corporation received a qualified audit opinion on its financial statements and service delivery performance report (South Africa, Kalahari Kid Corporation annual report, 2016:42).
- Ngwao-Boswa Ya Kapa Bokone was unable to compile the annual financial statements and the annual performance report for the 2016/17 financial year. This resulted in the Office of the Auditor-General to be unable to conduct an annual audit in those statements as required by the PFMA (South Africa, Office of the Auditor-General South Africa general report, 2017:1).
- Some public entities have been provided with financial bailouts (Tshandu, 2018:2). It could be argued that when an organisation is bailed out through a financial rescue package or when embarking on a turnaround strategy, those are explicit indicators that the organisation is in distress and not well. The root causes of the problem can at times be traced and attributed to inappropriate and inadequate alignment of its corporate and business level strategies.

This study is therefore justified for the following reasons. Some public entities have poor financial results and do not achieve their service delivery targets. Some entities were provided with financial rescue packages, coupled with turnaround strategies by the shareholder (government) at a cost to the South-African taxpayer. The public entities are implementing agents for the government infrastructure expansion programmes and key service delivery mandates. The study seeks to assist the management of the public entities to understand how strategy relation issues can influence organisational performance, and management may therefore apply the recommended improvement enhancement mechanisms to improve organisational performance.

1.3. An Overview of The Underpinning Key Concepts and Conceptual Framework

In the opinion of Sull, Turconi, Sull and Yoder (2017a:2) as well as Sull, Turconi, Sull and Yoder (2018:130), “strategy, at its heart, is about choice or choices” that organisations make to compete in their industries. According to López-Cabarcos, Götting-Oliveira-Monteiro and Vázquez-Rodríguez (2015:1), some of the strategic choices that organisations make include the “selection of resources and products, the firm’s position in the market, the level of diversification, organisational layout and the leadership profile” that assist them to achieve their strategic objectives.

Lam and Lao (2010:71) wrote that organisations in today’s world utilise different strategies to promote growth and stability. Išoraitė (2018: 1), Hicks and Moseley (2011:41), and Grant (2010:16) suggested that a strategy refers to competitive moves that are pursued by organisations to achieve their goals. Porter (1987: 43) defined a competitive strategy as the creation of competitive advantage in each of the businesses in which an organisation competes. According to Thompson, Strickland and Gamble (2010:7), and Carvalho, Francisco and Paulo (2017:119), competitive advantage refers to a situation when an organisation has an attractive number of buyers that prefer its products or services over offerings of its competitors and when the basis for this preference is durable. For the organisations to succeed in their competitive industries, they should craft and implement the “great strategies that should be both impactful and innovative” (Fink, Ghemawat & Reeves, 2017: 272).

This section introduces the key concepts that underpinned the study such as corporate level strategy, business level strategy, organisational performance, strategy alignment and implementation, which culminated into the pictorial representation of the conceptual framework of the study in Figure.1.1. A detailed exploration of these concepts is undertaken in the subsequent chapters, two and three.

1.3.1. Corporate level strategy

Corporate strategy is a way a parent organisation influences and relates to businesses or divisions under its control and the accompanying investment of

resources thereon (Grant, 2010:19). Thompson, et al. (2010:239) argued that corporate headquarters of multi-business organisations craft corporate strategies to influence business strategies of business units in order to improve competitive advantage in the market place. Corporate-level strategy is concerned with the overall purpose and scope of an organisation and how value will be added to different business units (ACCA, 2012:10). According to Sull, Turconi, Sull and Yoder (2017b:2), corporate level strategy refers to a “set of choices that diversified corporations make to create and capture value across their businesses over time”

It is evident from the above-mentioned that corporate level strategy involves organisation-wide competitive moves that set the overall tone, direction and guidance on how individual business units or divisions within a portfolio of businesses should compete and satisfy their customers in their individual markets, thereby adding value to the overall business.

1.3.2. Business level strategy

According to Bowman and Helfat (2001:1), business level strategy refers to competitive moves and actions in which an individual business unit of a larger organisation competes within a particular industry or market. Business-level strategy is synonymous to competitive strategy as it relates to how business units compete in individual markets (ACCA, 2012:23). Hough, Thompson Jr, Strickland and Gamble (2008:5) as well as Cegliński (2016:58) suggest that competitive moves and actions of a business-level strategy in the market place have a sole purpose of improving financial performance and strengthen long-term competitive position, and gaining a competitive edge over rivals. At a broad level, competitive moves and actions of a business-level strategy to obtain competitive advantage in the market place are in the form of cost advantage and differentiation. Under a cost advantage generic model, the aim of the organisation is to be a cost leader in the industry with an objective of outcompeting rivals in the market place. Under a differentiation generic model, the organisation differentiates itself from its rivals through product or service offerings that are unique and value adding to buyers (Grant: 2010, 222; Saravanan, 2017:87; Chun & Cho, 2017:672).

1.3.3. Organisational performance

In the opinion of Ramaseshan, Ishak, and Rabbanee (2013:465), the organisational performance is an outcome of strategy implementation to achieve the strategic goals. Based on the literature survey thus far, the typology of the organisational performance construct is broadly in the ambit of either a single dimensional or multi-dimensional perspective. The construct of performance has a strong emphasis on financial and accounting performance of firms (Seifzadeh, 2013:82). However, due to problems encountered with a sole focus on financial and accounting performance systems, a multi-perspective dimensional approach to the performance of organisations is preferred (Iselin, Mia & Sands, 2008:71). Balance score card is an example of a multi-dimensional approach to organisational performance with a focus on four perspectives, namely, the financial perspective such as profit and cash flow, the internal business process perspective such as product quality or product innovation, the learning and growth perspective such as employee satisfaction, and finally, the customer perspective such as market share or customer satisfaction (Hicks & Moseley, 2011:43; Quesado, Aibar-Guzman & Rodrigues, 2016:49).

Li, Lin and Selover (2015:81) and Jakob (2017:9) stated that the organisational performance of a private organisation is different from the performance of a public orientated organisation. Li et al. (2015) found that the Chinese industrial public entities are less efficient than private organisations. However, Kaminski (2017) found that there is no difference between public entities and private when it pertains to the organisational performance. An important key to success of public service organisations is identifying and building strategic capabilities to produce the greatest public value for key stakeholders at a reasonable cost (Bryson, Ackermann & Eden, 2007:702; Raharjo & Eriksson, 2017:1795). Boyne (2013:368), Amirkhanyan, Meier, O'Toole Jr, Dakhwe and Janzen (2018:33) stated that service performance in public service organisations consists of the following dimensions:

- Value for money (cost per unit of outcome);
- Quality of outputs (such as reliability and speed of service);
- Efficiency (ratio of outputs to financial inputs);
- Equity (fairness of the distribution of service costs and benefits between different groups);

- Quantity of outputs; and
- Consumer satisfaction.

In other words, the overall organisational performance of public service organisations means that services should be offered at the right place, at the right time and in a cost-effective manner.

Management authors such as Nhema (2015), Jingyu (2018), Hall, Miller and Millar (2015) as well as Tonurist and Karo (2016) have mixed opinions regarding the extent of performance challenges in public entities. Jingyu (2018:289) was of the view that the Chinese public entities have performance challenges due to capacity and productivity issues. Nhema (2015:249) claimed that public entities are inefficient and making losses. In a study of public entities in Malaysia and Indonesia, Sukmadilaga, Mohd and Shah (2014) found that the performance of public entities improves when the state as the shareholder provides the resources such as human resources and finance to the public entities. Hall et al (2015:539) and Tonurist and Karo (2016) wrote that public entities have the potential to deliver more innovative, cost efficient and response services, which result in good performance, through innovative implementation of their strategies.

1.3.4. Strategy alignment

The alignment of strategy is a process which impacts on all levels and members of the organisation (Musuka, 2006:62). Based on the research conducted thus far, there seems to be an academic consensus amongst authors such as Seifzadeh (2013), Schniederpans and Cao (2009) that an alignment or non-alignment of corporate-level strategy and business level strategy of business units or divisions effects organisational performance. In his study of the effect of corporate-level strategy on business level strategy, Seifzadeh (2013:148) found that a fit between corporate strategy and business unit strategy has a significant effect on business unit financial performance. In their study of 176 organisations in the commerce industry, Schniederpans and Cao (2009:2535) concluded that the alignment of strategies is presumed to be a positive contributor to organisational performance, just as misalignment is presumed to be a negative contributor to organisational

performance. Aligned organisations are better equipped to increase internal synergy and consequently, better qualified to orchestrate activities across all company's departments, resulting in an increased competitive advantage (Van Riel, 2008:351).

1.3.5. Strategy implementation

Thompson et al. (2010:41) defines strategy implementation as a “conversion of strategic plans into actions and results”. There is a widely held view that public sector organisations in South Africa have excellent and detailed strategies and plans but fail to implement them effectively. A scan of recent and reliable sources suggests that there is a consensus amongst management scholars and authors such as Harinarain, Bornman and Botha (2013), Shaari, Areni, Grant and Miller (2014:246) and Farahmand (2010:12) regarding the critical importance of strategy implementation in general. Harinarain et al. (2013), Shaari et al. (2014:246) and Farahmand (2010:12) are of the view that constructs such as leadership, organisational culture, corporate controls are some of the strategy implementation enablers that influence the alignment between corporate and business strategies and organisational performance.

1.3.6. Conceptual framework of the study

Figure 1.1 below is the conceptual framework of the study that was formulated after conducting a preliminary literature review.

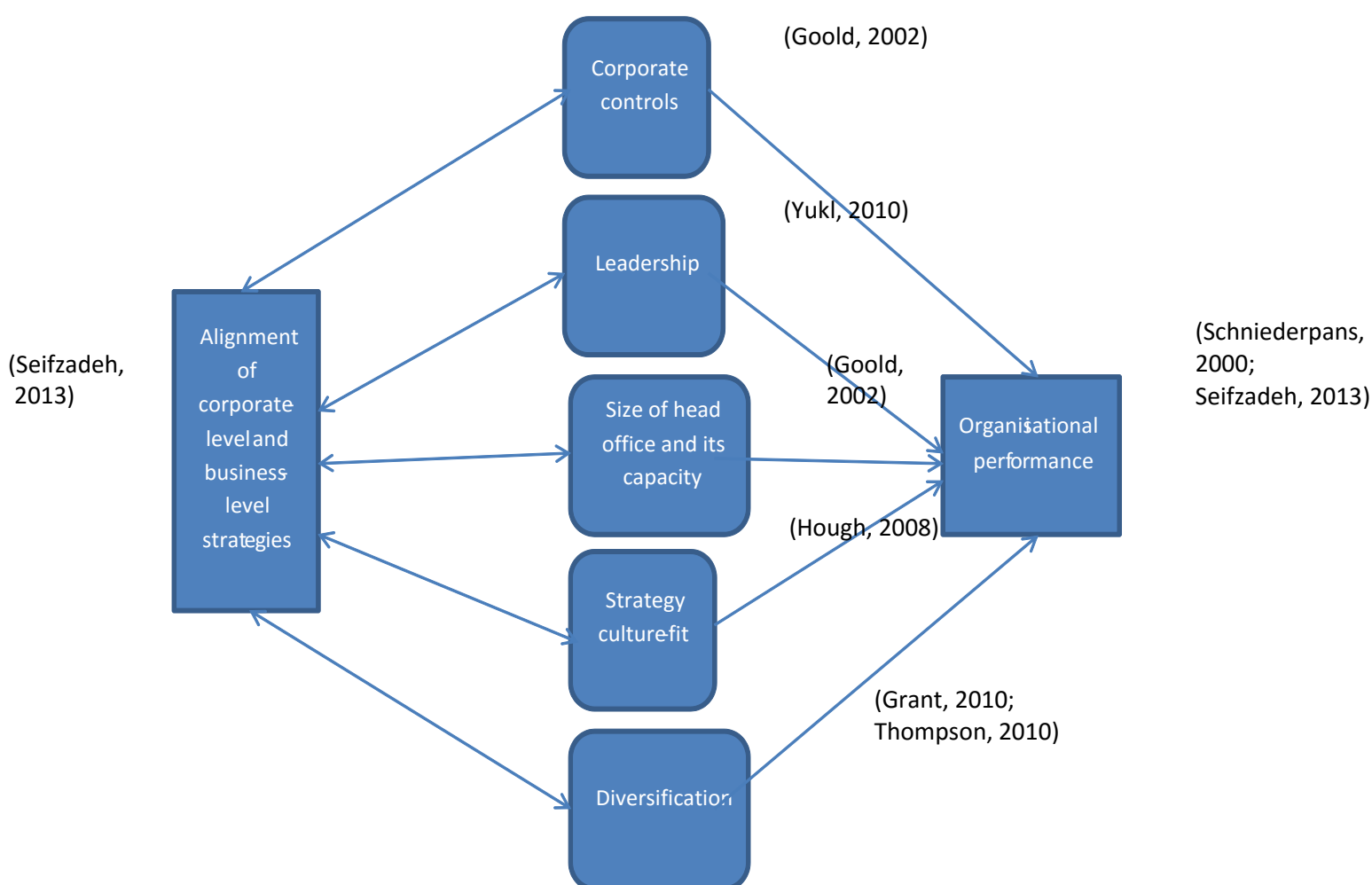


Figure 1.1: Conceptual framework of the study

The first column of the framework reflects an alignment of the two level-strategies in South African public entities which is the independent variable. The middle column consists of corporate controls, leadership, size of head office/its capacity, strategy culture-fit, and diversification, which are moderating variables with a moderating effect of the alignment of the corporate and business level strategies on organisational performance in public entities. Finally, the last column represents the organisational performance which is the dependent variable.

1.4. Problem Statement And Research Questions

The failure of implementing corporate and business level strategies by public sector organisations, and non-alignment of corporate-level strategy and business level strategies are negatively influencing organisational performance in South African

public entities. This influence is moderated by corporate controls, leadership, size of head office/its capacity, strategy culture-fit, and diversification. The moderating variables also affect the implementation and alignment of the strategies, as well as the organisational performance. Research questions to be answered in this study therefore were:

- i) What is the relationship between corporate and business level strategies at public entities?
- ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?
- iii) To what extent, if any, do the alignment gaps exist between the two-level strategies in South African public entities?
- iv) What is the extent of implementation of strategies in public entities?
- v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?
- vi) How can the alignment of corporate and business level strategies contribute to the improvement of organisational performance in public entities?
- vii) What will be the improvement enhancement mechanisms to strategy implementation, and strategy alignment between corporate and business level strategies in public entities in South Africa?

1.5. Aim and Research Objectives

1.5.1 Aim

To analyse the implementation of corporate and business level strategies, and the misalignment between corporate and business level strategies; find out why and how it exists; and subsequently recommend improvement enhancement mechanisms to strategy implementation and strategy alignment between corporate and business level strategies in public entities in South Africa.

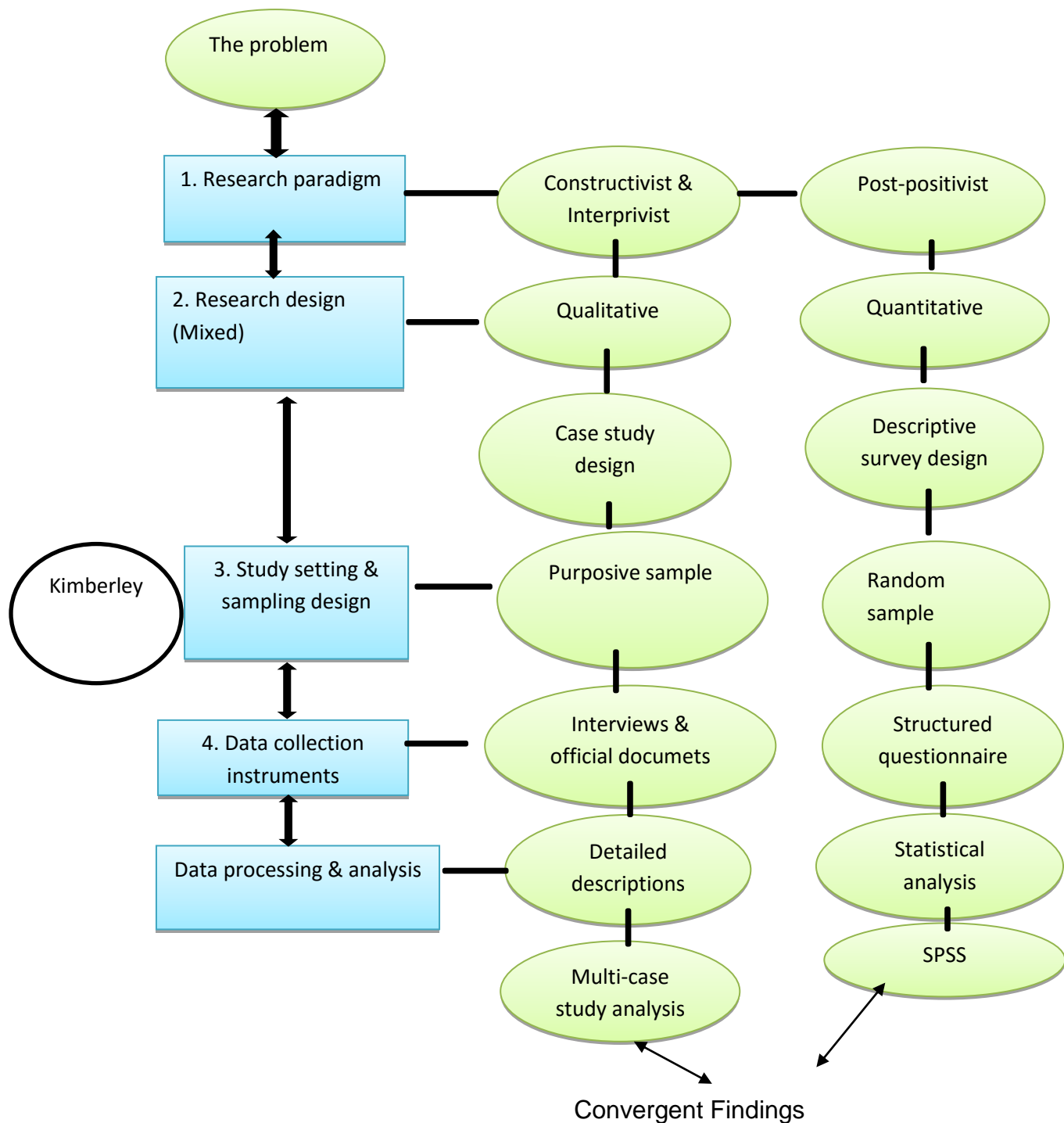
1.5.2 Research objectives

The specific research objectives were to:

- Describe the perceptions of executives in South African public entities and find the relationship between corporate and business level strategies at public entities in South Africa.
- Determine the extent and why, if any, the alignment gaps exist between the corporate and business level strategies.
- Uncover the extent of implementation of strategies in public entities.
- Identify the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate businesses/divisions of a public entity on the alignment of the two-level strategies and organisational performance.
- Determine the extent and how the alignment between corporate-level and business-level strategies can contribute to the improvement of organisational performance in South African public entities.
- Recommend improved enhancement mechanisms to overcome the strategy alignment gaps between corporate and business level strategy, if any, and to enhance strategy implementation in public entities of South Africa.

1.6. Overview of the Research Design and Methodology

This section provides an overview of the design and methodology that was used in this study as a detailed discussion is covered in chapter 4. Below is a diagrammatic representation of the key facets of research design and methodology issues of this study.



Sources: Adapted from Tuli (2011: 104) and Mkwanzani (2017:75)

Figure 1. 2: Diagrammatic representation of the research methodology and design

According to Tuli (2011:105), Kraus (2005:764) and Mackenzie and Knipe (2006:2), all research is placed within some underpinning epistemological approach or

“paradigm” which translates into appropriate distinct designs and methodological strategies. This study was positioned within the post-positivist, interpretivist or constructivist paradigms in order to answer its research questions and address the research objectives.

The study adopted the convergent mixed approach comprising of both qualitative and quantitative research methods. The convergent mixed methods approach was chosen because it ensured that different strengths of both qualitative and quantitative were used to ensure a greater insight into the phenomenon of interest and certainty of the findings. The mixed approach adequately addressed the research objectives and ensured that the research questions of the study were answered. A further motivation was that the mixed methods approach served as a cross validation or triangulation of the study.

1.6.1. Quantitative investigation

A survey research design was used in the study. According Leedy and Ormrod (2010:187), a descriptive survey research design involves the use of human participants to obtain their “opinions” and “attitudes” on the phenomenon of interest. The descriptive survey research design was therefore appropriate to address some of the research objectives such as “to describe the perceptions of executives in South African public entities and find the relationship between corporate and business level strategies at public entities in South Africa”. The population for the study was all schedule 3 public entities in South Africa.

The study sample consisted of eight public entities and three provincial government departments, whose executives provide direct control to those public entities. The executives of the eight entities and the three provincial governments, that is, Department of Economic Development and Tourism (DEDT), Department of Agriculture and Land Reform (DALR); and Department of Sports and Culture (DSC) were the respondents. The executives in the public entities are responsible for crafting and implementing business level strategies that are supposed to be aligned with corporate level strategies. The executives from the three provincial departments are responsible for the crafting corporate level strategies of the public entities that are under their control. In addition to crafting corporate level strategies

of the public entities, the executives from the three provincial departments must ensure that the business level strategies of the public entities are aligned to the corporate level strategies.

The total number of the respondents was 38 executives from the eight public entities and the three controlling provincial departments. Self-administered questionnaires were emailed to all 38 executives to ensure that sufficient data was collected. Descriptive and inferential statistical analysis (using regression analysis) were done to address some of the research objectives. Statistical Package for Social Scientists (SPSS) was used.

1.6.2. Qualitative investigation

A multicase study design was used for the qualitative investigation of the study. A purposive sample of eleven key informant executives, representing each of the eight public entities and the three controlling departments, was chosen by the researcher to collect the qualitative data.

The data was collected from the aforesaid eleven executives using individual in-depth interviews. In addition, document analysis of corporate and business level strategies of the public entities was also done to supplement the individual in-depth interviews with the participants. The official documents of corporate and business level strategies are publicly available documents as they are published on the websites of the public entities. The data was categorised into themes, patterns and trends to facilitate the interpretation of the data.

1.7. Significance of the Study

1.7.1. Contribution to knowledge

The contribution of the study to knowledge is both theoretical as well as practical; the study gives solutions to the problems and challenges the public-sector entities in South Africa are facing. This is original contribution to the body of knowledge as no similar study has ever been performed in the South African public-sector context. This was confirmed after a detailed search for a similar study had been done in the appropriate journals and databases. Based on the above, this study filled a

knowledge gap in management theory and practice in the South African public-sector context that existed.

Recommendations to make improvements in the alignment of corporate and business level strategies as well as to enhance business performance emanated from the study. As indicated earlier in the background section, South African public entities serve as an important vehicle for the realisation of the government infrastructure expansion programmes that are central to stimulating the South African economy from the fiscal policy perspective. The output of the public entities is material to the general government services industry which contributes to the 17% of the GDP (South Africa, Statistics South Africa, 2nd quarter report, 2017:8)

1.7.2. Contribution of the study to practice (management and shareholders)

The study contributes to the understanding of the alignment (if any) of corporate-level and business-level strategies and its influence on business performance, and hence to practice in strategic management as follows:

- Findings of the study might be used by the management of major public entities to assess their organisations' performance.
- This study might assist the management to understand how strategy alignment issues can influence business performance. Management may therefore apply the recommended improvement enhancement mechanisms to improve their business performance.
- Government as the shareholder of public entities might also use the findings when assessing, monitoring and evaluating the major public entities.

1.7.3. Academic contribution

The study might be used as a baseline for future research from the perspective of a developing African country as most research in this area has mostly been performed in the private sector context in the developed, first world countries.

The study was done in South Africa, using state public entities. This means that the results may not apply to public entities in other countries. However, a further potential contribution of the study is that its results may apply with minor

modifications to public entities in other countries with similar environments to that of South Africa.

1.8. Delineation of the Chapters

The following is the layout of the study:

1.8.1. Chapter One: Orientation to the study

The current chapter introduced the study. The background context and rationale of the study was outlined in this chapter. The problem statements, research questions, aim and research objectives of the study were covered in this chapter. The conceptual framework of the study was described in this chapter, which included the exposition of the relevant key concepts of the study. Finally, an overview of the research design and methodology was introduced in this chapter while an additional detail will be covered in chapter 4.

1.8.2. Chapter Two: Corporate and business level strategies

The literature review is divided into two chapters, that is, chapters 2 and 3. Chapter 2 explores the corporate and business level strategies in detail to gain an understanding of the two constructs within the context of the South African public entities. Relevant definitions of corporate and business level strategies are scanned from reliable and recent authors, culminating into the working definitions for the study. The chapter describes the benefits and costs associated with the pursuance of corporate and business level strategies by organisations. Relevant types of corporate and business level strategies are discussed in detail within the context of the South African public entities.

1.8.3. Chapter Three: Strategy alignment and implementation

The chapter dissects the strategy alignment and implementation in more depth. A detailed discussion is undertaken on the significance of strategy implementation. The aforesaid discussion includes relevant strategy implementation models and typical challenges that are experienced by organisations during strategy implementation. Organisational performance is also explored in this chapter. Within the context of this study, a discussion on organisational performance includes its dimensions such as financial performance measures, audit outcomes and service

delivery performance outcomes. The roles of the organisation culture, leadership, and corporate controls, during strategy implementation are discussed in detail. The aforesaid discussion includes the working definitions and relevant types of organisation culture, leadership and corporate controls within the context of the South African public entities as well as their influence on organisational performance. Finally, the chapter reviews the different levels of strategy alignment in organisations, relevant types of strategy alignment and the influence of strategy alignment to organisational performance.

1.8.4. Chapter Four: Research design and methodology

Chapter four is a continuation of chapter one as it pertains to the discussion of the design and methodology that was adopted for the study. The chapter commences with an exposition of the positivist/post-positivist and constructivist/interpretivist epistemology within which the study is located. A detailed description of the research design, including the sampling method, data collection and analysis methods as well as validity and reliability, and ethical considerations of the study are provided in this chapter. The rationale regarding the choice of a specific research paradigm, design and methods is also provided. The chapter also outlines the various methods that were used to ensure the trustworthiness of the study findings.

1.8.5. Chapter Five: Data analysis and results

The chapter discusses the study results and provides their interpretation from both the quantitative and qualitative investigations.

1.8.6. Chapter Six: Discussion, conclusions and recommendations

This chapter discusses the empirical research findings, provides the conclusions and presents the recommendations.

1.9. Conclusion

This chapter was an orientation to the thesis, covering the background information and justification of the study, its relevant key concepts and the conceptual framework. The chapter also described the research problem, aim and objectives of the study. A brief overview of the research design and methodology was given in

this chapter, which will be discussed in detail in chapter 4. The significance of the study was also discussed.

The next chapter presents the relevant and current literature review on the topic.

CHAPTER 2

CORPORATE AND BUSINESS LEVEL STRATEGIES

2.1. Introduction

This chapter covers a theoretical overview of the business and corporate level strategies in organisations. The review ensures that the study is grounded on a solid theory explaining various perspectives regarding the aforesaid two-level strategies. The theory was used to interpret the results of the study. Business level strategy is discussed in the first section of the chapter. It is then followed by a delineation of the corporate level strategy. The last section provides the conclusion.

2.2. Business Level Strategy

This section commences with the definitions of a business level strategy given by selected recent and credible authors. Benefits and costs that accrue to an organisation for pursuing business level strategy is also covered, followed by a detailed discussion on the different business level strategies that are relevant to the study.

2.2.1. Definition of business level strategy

It seems there is a broad consensus amongst different authors in management such as Jooste, Strydom, Berndt and Du-Plessis (2008), Bowman and Helfat (2001) about the meaning of a business level strategy. Notwithstanding the aforesaid broad consensus, a valid definition of the business strategy was developed for the purposes of this study and to facilitate a proper investigation into the role and significance of business level strategies in the South African public entities.

Volberda, Morgan, Reinmoeller, Hitt, Ireland and Hoskisson (2011:166) defined business level strategy as an “integrated and coordinated set of commitments and actions a firm uses to gain competitive advantage by exploiting core competencies in specific product markets”. Looking at the definitions given by other authors, it is clear that Volberda, et al.’s (2011) main line of thought is present in those definitions. For instance, Jooste, Strydom, Berndt and Du-Plessis (2008:4) described business

level strategy as competitive moves by a strategic business unit of an organisation to compete in a specific industry in order to achieve broader corporate objectives. In a similar approach, Bowman and Helfat (2001:1) defined a business level strategy as competitive moves and actions in which an individual business unit of a larger firm competes within a particular industry or market. Hough, Thompson, Strickland and Gamble (2008:5) suggested that competitive moves and actions of business-level strategy in the market place have the sole purpose of improving financial performance, strengthening the long-term competitive position and gaining a competitive edge over rivals.

The common denominator in all of the abovementioned definitions is the notion that business level strategy involves competitive actions by a specific strategic business unit of an organisation. Business level strategy has identifiable individual markets for goods or services (Association of Chartered Certified Accountants, 2012:23). This is in contrast with corporate level strategy definitions that are discussed under section 2.4.1 which revolve around strategic decisions about the overall business scope of the organisation.

According to the National Treasury framework for strategic plans (2010:2), each public entity is required to compile a three-year Annual Performance Plan (APP) which contains its business level strategies that are expressed in annual performance targets for all business units/programmes of the public entity. The framework also stipulates that in addition to the APP's, the public entities must compile five-year strategic plans that are linked to the electoral cycle covering broad strategic goals of the public entity that are operationalised as annual strategic actions in the APP which serve as the business level strategy.

For purposes of this study, the approach was that business level strategy refers to competitive moves and actions by the South African entities in specific markets, aimed at effective service delivery and the realisation of predetermined objectives and mandates as contained in the annual performance plans.

2.2.2. Implications for business level strategy

2.2.2.1. Benefits

Reliable and most recent sources show that pursuit of business level strategies by organisations lead to an accrual of certain benefits to organisations. According to De Wit and Meyer (2014:170) and Hill and Jones (2009: 160), one of the advantages of pursuing a business level strategy is that it can serve as a “competitive advantage” to the organisation as a whole and business units in particular. In defining the construct of “competitive advantage” from previous authors, Thompson, Strickland and Gamble (2010:7) posited that an organisation has a “competitive advantage” when its product and service offerings are preferred by a reasonable number of customers over offerings of its rivals in the market place. They furthermore argued that the preference to organisational offerings must be durable to result in a distinctive competitive advantage. In the opinion of Dinçer, Akdeniz and Hacıoglu (2018:217), an organisation has a competitive advantage in the market place when it sustainably outcompetes its rivals over a long term. Seifzadeh (2013:60) contended that different business level strategies are pursued by different organisations to achieve certain strategic objectives.

The benefits that accrue to organisations for pursuing business level strategies with a competitive advantage is higher profit margins, profit growth, increased shareholder value, satisfied customers and increased market share (Grant, 2010: 222; De Wit & Meyer, 2014:171; and Hill & Jones, 2009:160). Sigalas and Papadakis (2018) found that there is a relationship between the competitive advantage that is enjoyed by an organisation in the industry over its rivals and superior performance. Some scholars such as Baranowska-Prokop and Sikora (2014:95) argued that business level strategies such as the cost leadership strategy improve efficiency throughout the organisation with the expressed aim of ensuring cost savings.

2.2.2.2. Costs

Another critical consideration regarding business level strategies, besides benefits, is cost related to pursuing specific business level strategies. Hill and Jones (2009: 160) contended that differentiation as a business level strategy is expensive as the organisation deploys various resources to make its product and service offerings unique over rivals. Furthermore, they argued that pursuing cost leadership also

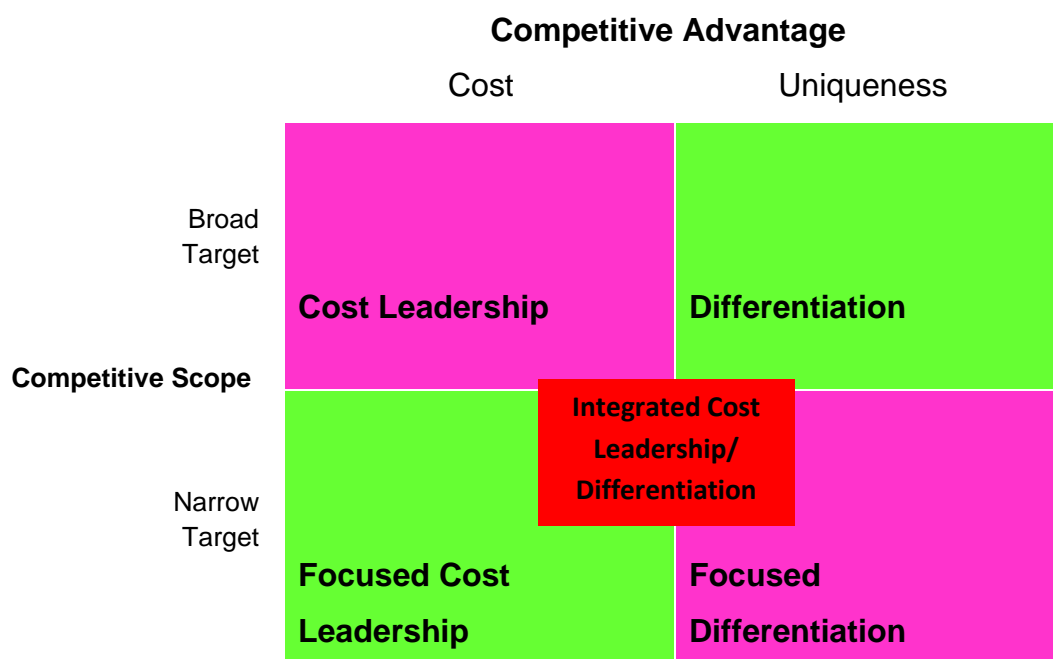
requires the organisation to develop skills and capabilities to be efficient and flexible to maintain a low-cost structure.

2.3. Relevant Types of Business Level Strategies

Ghemawat (2016:747) provided a comprehensive list of business level strategies and frameworks that can be pursued by organisations to achieve their strategic objectives such as Ansoff matrix (1958), experience curve (1968), emergent strategy (Mintzberg, 1978), generic strategies (1980), blue ocean strategy (Kim & Mauborgne, 2005), algorithmic strategy (Moldoveanu, 2013), Transient competitive advantage (2013) and the like. From the myriad of different business strategies that have been proposed, those strategies that are proposed by Porter (1980) and Miles and Snow (1978) are relevant to this study of the South African entities, due to their wide use by management authors, and universal applicability to any organisation. According to Sull, Homkes and Sull (2015:4) and Ogot (2012:102), Porter's generic business level strategies (1980; 1985) and other competitive strategy typologies premised on similar principles to Porter's dominate strategic management literature. Christiansen and Higgs (2008:15) belived that the strategy typology of Miles and Snow (1978) could be tailored for different industries as it is broad in its scope and is widely used.

Porter (1980) proposed generic business level strategies, depicted in Figure 2.1 below, which can be pursued to outcompete rivals in an industry:

- Broad cost leadership;
- Broad differentiation;
- Focused cost leadership;
- Focused differentiation; and
- Integrated cost leadership and differentiation.



Source: Adapted from Volberda, et al. (2011:173) and Saravanan (2017:87).

Figure 2.1: Five Business-level strategies

The forementioned five generic business level strategies are briefly discussed in the following parts of the section.

2.3.1. Broad cost leadership

Under cost leadership, the business unit's strategic actions are to supply standardised product or service offerings to its customers at the lowest possible price with the ultimate objective to be the low-cost leader in its market (Grant, 2010:222; Yuliansyah, Rammal & Rose, 2016:169). Wal-mart and Air Asia are examples of organisations that pursue a purist single cost leadership business level strategy with success (Baroto et al., 2012:120)

Broad cost leadership as a business level strategy has relevance to this study as some South African public entities are pursuing it. In terms of chapter 6, paragraph 51, section 1 (a) (iii) of the Public Finance Management Act of 1999, as a broad compliance requirement, all South African public entities are required to be cost effective in their operations such as procurement and provisioning since they are dealing with public funds. National Treasury regulations, paragraph 9, as amended in 2005, confirms this broad compliance requirement, that all South African public

entities should be cost effective in their operations. This implies that all business level strategies of the South African public entities should incorporate the principles of the cost leadership strategy to some extent even if it is to a limited extent.

2.3.2. Broad differentiation

According to Baranowska-Prokop and Sikora (2014:96), Alzoubi and Emeagwali (2016:42), Chun and Cho (2017:672), Gorondutse and Hilman (2017:2) as well as and Grant (2010:222), a business unit pursuing a differentiation strategy revolves around idiosyncratic characteristics of a product or service such as unique brand image, unique service and product offering or service quality, durable and reliable products or services and others that are potentially difficult to be imitated by competitors.

Ogot (2012:102) wrote that brand image as espoused under the differentiation business level strategy can act as a strong barrier to the entry of the rivals of the business unit in the industry, resulting in a competitive advantage. Baroto and Abdullah (2011:1368) provided examples of organisations whose business units pursue differentiation business level strategies with success using different dimensions as follows:

- Mercedes Benz differentiates its products and services through branding;
- Titan watches uses design differentiation;
- Apple computers differentiates through technology; and
- 3M uses innovation differentiation.

Broad differentiation business level strategy has relevance to a study of South African major public entities. The service delivery offerings of the public entities are different in nature, targeting diverse industries in the Northern Cape Province. For instance, the Northern Cape Tourism Authority, Northern Cape Gambling Board, Northern Cape Liquor Board and Kalahari Kid Corporation are public entities that are involved in diverse respective sectors of tourism, gambling, beverage and agriculture. This results in the public entities planning to distinguish from each other to various stakeholders such as the public and parliamentary committees, through provision of their service delivery offerings at the right place, at the right time and in a

cost-effective manner. Compared to other similar public entities in other provinces, public entities such as the Northern Cape Economic Development, Trade and Investment Promotion Agency differentiate themselves by making certain incentives and concessions as part of investment attraction to potential investors in renewable and solar energy, mining and agriculture in its Spatial Economic Zones (SEZ) (Hoo, 2017:1).

2.3.3. Focused cost leadership

It seems there is academic consensus amongst authors such as Ogot (2012), Volberda, et al. (2011) on the construct of focused cost leadership business level strategy. A focused business level strategy is tailored to concentrate on a narrow market, geographical area and specific consumer group using cost principles (Ogot, 2012:102; Saravanan, 2017:87). According to Volberda, et al. (2011:184), a focused strategy refers to a coordinated set of actions of the business unit that are used in the production of its goods or services targeted to a market segment. A focused cost leadership strategy refers to integrated and coordinated actions of the organisation that produce goods and services that are offered to customers at a low cost in a specific targeted narrow market niche (Thompson, et al. 2010:157).

Focused cost leadership business level strategy has relevance to a study of South African public entities. According to the National Treasury instruction note no. 2 of 2016/17, the South African public entities are given a directive to devise annual cost containment plans, with focused measures to improve cost-efficiencies in targeted cost line items. Examples of the focused cost containment line items include the following targeted measures:

- Elimination of wasteful expenditure by the public entities;
- Improvement of supply chain management processes to ensure its effectiveness and elimination of wastage;
- Curbing unnecessary expenditure on consultants or professional services providers;
- Reduction of travel and expenditure, which includes international travel;
- Limiting expenditure on catering, social events, entertainment allowances, corporate branded items, communication and the hiring of venues; and

- Reducing the size of delegations to events, conferences and meetings (South Africa, National Treasury instruction note no.2 of 2016/2017:2).

2.3.4. Focused differentiation

Management scholars such as Ireland, Hoskisson and Hitt (2011), Thompson, et al. (2010) seem to agree on the construct of focussed differentiation business level strategy. According to Ireland, Hoskisson and Hitt (2011:113), organisations whose business units pursue a focused differentiation business level strategy produce goods and service offerings that are unique in a particular market segment. Thompson, et al. (2010:161) continued from the same line of thought through his contention that a business unit of an organisation is said to be pursuing a focus differentiation business level strategy when it implements the fundamental principles of a differentiation for specific products.

Focused differentiation has relevance to a study of South African public entities because public entities such as Northern Cape Tourism Authority pursue it. The business strategy of Northern Cape Tourism Authority is premised on a focussed tailored customer driven approach for domestic and international marketing, targeting Northern Cape as a destination of choice (South Africa, Northern Cape Tourism Authority annual report, 2016:12).

2.3.5. Integrated cost leadership and differentiation

Academic consensus exists on what a hybrid business level strategy entails. For instance, Hough, et al. (2008:141) argued that a hybrid business level strategy intergrates both elements of cost leadership and differentiation. Thornhill and White (2007:553) as well as Louw and Venter (2010:251) continued from Hough et.al's (2008) line of thinking by arguing that a hybrid strategy is a business level strategy with a combination of dimensions from both the low cost and differentiation business level strategies.

Porter (1980; 1985) is a proponent of strategic purity, which is pursuance of either cost or differentiation business level strategies, not both. He warned organisations against pursuing what he termed "stuck in the middle" business level strategy, which involves simultaneous pursuance of both low cost and differentiation business level

strategies. Porter's premise of arguing against the simultaneous pursuit of low cost and differentiation business level strategies is that each of the two business level strategies (cost or differentiation) has idiosyncratic resource requirements and organisation-wide institutional arrangements. Parnell, Spillan and Mensah (2014) found that organisations that pursued a combination of both cost leadership and differentiation strategies outperformed those that pursued single strategies of either cost or differentiation strategy.

Hybrid business level strategy has relevance to this study as South African public entities such as Northern Cape Tourism Authority pursue a combination of cost leadership and differentiation business level strategies. The business strategy of the Northern Cape Tourism Authority is a mix of a tailored customer driven approach and cost effectiveness when targeting tourists to visit Northern Cape as a tourist destination of choice (South Africa, Northern Cape Tourism Authority annual report, 2016:12).

2.3.6. Prospectors

Miles and Snow (1978) proposed the following four business level strategies that can be pursued by organisations:

- Prospector;
- Defender;
- Analyser; and
- Reactor.

There seems to be an academic consensus on the importance and relevance of Miles and Snow's (1978) business strategy typology that can be pursued by organisations.

Of the four proposed business level strategies by Miles and Snow (1978), prospector and analyser are relevant to this study. Prospector and analyser strategies are covered separately below. According to Hagen, Zucchella, Cerchiello and De Giovanni, (2012:370), Ostos, Hinderer and Bravo (2017:66) as well as Ivancic, Mencer, Jelenc and Dulčić (2017), organisations that pursue the prospector strategy

consider their operating environment to be constantly changing with a high degree of uncertainty. The line of thought of Hagen, et al. (2012) and Ivancic, et al. (2017) is that the organisations that pursue the prospector strategy are flexible and innovative as they are continuously trying new ideas and methods to exploit new opportunities in their environment in order to remain relevant and to be able to outcompete their rivals in the market place. The authors are of the view that organisations with prospector business level strategic orientations are more inclined to pioneer market developments and discoveries. In their study of various organisations in the Pakistan textile industry, Anwar and Hasnu (2016) found that there are no organisations with a pure prospector strategic orientation.

Prospector business level strategy has relevance to this study as some South African entities such as McGregor Museum are continuously trying to implement new ideas and methods to exploit new opportunities. According to the McGregor Museum's annual performance plan (2017:5), the museum is the only public entity in the province which undertakes a multidisciplinary research as its core function. Furthermore, the museum's annual performance plan (2017:5) indicates that the new Sol Plaatje University has introduced museum studies, which provide new opportunities for the university. The new university offers new opportunities for the research staff of the museum. (Swart, 2015:1).

2.3.7. Analyser

Organisations that pursue analyser business level strategic orientations use a combination of the prospector and defender strategic orientations (Hagen et al. 2012:370). Andrews, Beynon, Law and Walker (2011) posited that analysers are organisations that have a combination of characteristics of both prospector and defender strategic orientated types.

Since the analyser business level strategy is a combination of both prospector and defender strategic orientations, it is imperative that the two business level strategies be described. The prospector business level strategy has been covered already under sub-section 2.3.6. According to Andrews et al. (2011), organisations that pursue defender strategic orientations are not open to change and hold on to a traditional way of doing things regarding product development. These types of

organisations have a propensity to pursue strategic choices and actions with very low risk as they would like to maintain the status quo. Hagen et al. (2012: 370) continued from the same thinking as the previous authors as they posited that the defender business level strategy type is conservative as it attempts to assist organisations to maximise organisation wide efficiency through stabilising and controlling their business operations.

The financial position and performance of the Kalahari Kid Corporation is in deep trouble, mainly due to the operating model and strategic actions that are not flexible and make the public entity unable to adapt to the changing operating environments due to the incorrect registration of the public entity as a schedule 3 C public entity (South Africa, Kalahari Kid Corporation annual report, 2016:19).

2.4. Corporate Level Strategy

The first part of this section discusses selected definitions of corporate strategy from various reliable sources which culminate into a valid definition for the study. This is followed by different arguments of the benefits and costs associated with pursuing corporate level strategies by organisations. The last section discusses the relevant corporate level strategies for the study.

2.4.1. Definition of a corporate level strategy

There is no unanimously or universally accepted definition of a corporate level strategy. Different scholars and authors in the field of strategy are proposing different definitions from different perspectives. However, to meaningfully investigate the role and importance of corporate strategy in South African public entities, a valid definition of the concept of “corporate strategy” needs to be crafted for the purposes of this study. This is done by identifying such definitions from selected recent and reliable scholars and authors.

In the view of Ireland, et al. (2011:142), corporate level strategy refers to actions an organisation undertakes to “gain a competitive advantage by selecting and managing a group of different businesses competing in different product markets”. Volberda, et al. (2011:241) affirmed the views of the previous authors as they are also of the opinion that corporate level strategy refers to plans that are used by organisations to

“diversify their operations from a single business competing in a single market into several product markets and several businesses”. Higgins’ (2005: 5) line of thought differs somewhat from the previous two sources in that he defined corporate level strategy as strategic decisions and choices pertaining to “what business or businesses the firm is or should be in and how the firm will conduct that business or businesses in a fundamental way”.

Porter’s (1987, cited in Louw and Venter, 2010:354) views on corporate level strategy has certain areas of agreement with the abovementioned three sources in that he referred to it as broad plans for the whole organisation. However, he brought forward a unique perspective, which emphasises excess value creation of corporate level strategies to the whole organisation. His main argument was that the corporate level plans must result in an organisation that is equal to something that is more than the total of its constituent parts added together. In their seminal research of corporate level strategies of the world’s big multi-international organisations such as Unilever and Shell, Goold, Campbell and Alexander (1994) concurred with Porter’s (1987) unique perspective that puts value creation as an underpinning element of corporate level strategy. However, Goold, et al.’s (1994) approach of value creation by corporate strategies differs from Porter’s (1987) approach. They believe that the key focus is for the parent department to create value in the organisation through what they termed as “parenting advantage” of a corporate level strategy. According to Goold et al. (1994:8), parenting advantage refers to the notion that the parent department should strive to be the best possible “parent” to all its business units compared to its rivals in the industry. Furthermore, Goold, et al. (1994) are of the view that when the parent department cannot be the best parent to its business units, it should dispose them to rivals which can be best parents.

Jooste et al. (2008: 3) and the Association of Chartered Certified Accountants (2012: 10) defined corporate-level strategy as the “direction and guidance by headquarters to its individual businesses/divisions on overall purpose and scope”. Carrying on the same line of thought to the recent previous authors, Louw and Venter (2010:355) defined corporate level strategy as strategic decisions on the number of strategic business units and the nature of industry that an organisation wants to be operating in. Compared to Jooste, et al. (2008), Louw and Venter (2010), Ehlers and Lazenby

(2007:156) expanded a bit on corporate level strategies by defining them as comprehensive grand strategies that provide guidance to the major actions of the organisation. They further elaborated that the abovementioned “grand strategies” provide a point of departure for the specific business level competitive strategies of strategic business units of the organisation.

A fundamental issue in a corporate level strategy of an organisation is referred to by Picone and Dagnino (2011:5) as a “choice of scope” of the organisation. Scope of an organisation involves, according to Bowman and Helfat (2001:3), the selection of industries to compete for its business units.

Before constructing the corporate level strategy definition for this study, it should be noted that broad business objectives, scope and purposes of South African entities are contained in the enabling Acts/legislation. For instance, the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA) Act no. 4 of 2008 and Northern Cape Gambling Act no.3 of 2008 are the enabling acts of incorporation of NCEDA as well as the Northern Cape Gambling Board respectively. The aforesaid acts stipulate the broad business scope and objectives of NCEDA and the Northern Cape Gambling Board.

Furthermore, the broad business scope and objectives of the public entities are also contained in the Annual Performance Plans (APP) of the parent department departments that control the public entities. As stated earlier, in the context of the study, the following three provincial departments can be regarded as the parent departments of the eight public entities:

- Department of Economic Development and Tourism (DEDT);
- Department of Agriculture and Land Reform (DALR); and
- Department of Sports and Culture (DSC).

The department of Economic Development and Tourism controls NCEDA, Northern Cape Tourism Authority, and Northern Cape Gambling Board and the Northern Cape Liquor Board. Kalahari Kid Corporation is controlled by the Department of Agriculture and Land reform. McGregor Museum, Northern Cape Arts and Culture Council and

Ngwao-Boswa Ya Kapa Bokone are controlled by the Department of Sports, Arts and Culture. Each of the three provincial departments has 100% shareholding in the public entity under its control. The three provincial departments determine the broad business scope of their public entities with the power to appoint the board of directors of those public entities. Therefore, the three provincial departments determine the corporate level strategy of the eight public entities by defining their broad business scope (South Africa, DEDT annual report, 2016:26; South Africa, DALR annual report, 2016:19; South Africa, DSC annual report, 2016:23).

From the above, it is evident that the corporate level strategy that is pursued by each South African public entity should be aligned to the broad business scope and objectives that are contained in a specific enabling act as well as the annual performance plans of the parent department provincial department.

For the purposes of this study, corporate level strategy was defined as the overall organisation wide business scope and purpose of the South African entity within broad objectives stipulated in the founding applicable enabling Act of parliament. All business level strategies of different business units within each South African public entity flow from a defined corporate level strategy.

2.4.2. Implications for a corporate level strategy

2.4.2.1 Benefits

Some of the key benefits for pursuing corporate level strategies by organisations include the following:

(a) Economies of scope and scale

According to Sadler (2003:110), one of the benefits of pursuing certain types of corporate level strategy is the realisation of synergy in the organisation. The author believes synergy is made possible through sharing tangible and intangible resources such as technology, marketing capabilities, operational capabilities, reputation and general management skills, amongst others, in business units of the organisation. In line with Sadler's (2003) views, some authors (e.g., Mendes, 2018:38; De Wit & Meyer, 2014:239; Nippa, Pidun & Rubner, 2011:53) also agree that sharing of resources between business units in an organisation is one of the significant

advantages of pursuing corporate strategies, which result in synergy thereby strengthening its bargaining position in the market.

The account of Thompson, et al. (2011:241) to the debate of benefits of pursuing corporate level strategies provides a new angle in that they believe that the benefit of leveraging economies of scope and scale adds shareholder value in the value chain resulting in improved organisational performance.

Based on the above contributions, there seems to be an overwhelming view that economies of scale are one of the benefits that accrue to an organisation as a result of pursuing the corporate level strategy.

(b) Financial and taxation advantages

Doukas and Kan (2008:1485) are of the view that pursuing certain corporate strategies lead to the development of internal capital markets within the organisation, which enables it to provide self-funding of its key projects. According to Doukas and Kan (2008:1485), when the internal capital markets have been developed, the organisation is able to raise funds within its portfolio of business units, resulting into financing cost savings as open capital markets are more expensive than internal markets. Continuing from the same line of thought as the previous authors, Tanriverdi and Venkatraman (2005:100) confirmed that an organisation, through its corporate strategy, can use its value chain activities and resources that are the same and related in all its business units to save production costs to the organisation. The savings result in financial advantages for the organisation.

A different perspective was offered by Ireland, et al. (2011:145), who stated that an organisation would potentially realise taxation advantages as a result of pursuing certain corporate level strategies. Transfer pricing is one of the examples of the schemes that are used by organisations with business units whereby goods are sold within the organisation at an internal transfer price which is low than the market price (Huxham, Haupt & Mahuma, 2007: 330).

(c) Growth

According to the work of Porter (1987, cited in Grant, 2010:408), the pursuance of a corporate level strategy such as diversification is appropriate when it results in a shareholder value that is increased. Porter (1987) suggested that increased shareholder value is realised when certain tests are met for pursuing the corporate level strategy. These tests include the notion that business units of the organisation must be attractive to realise profits that will ensure organisational growth. Porter's (1987) central theme on the advantage of corporate level strategy to the organisation revolves around the view that organisational growth will result in increased shareholders' value ultimately.

Contrasted to the abovementioned perspective of Porter (1987), Van Deusen, Williamson and Babson (2007:75) brought forward a different perspective to the debate on the benefits associated with pursuing a corporate level strategy. Using the organic system theory as an underpinning basis, Van Deusen, et al. (2007) proposed that organisations resemble organic systems as they go through a life cycle from birth, through growth, maturity, decline and finally discontinue to exist (death). In the view of Van Deusen, et al. (2007), during the growth and maturity stages of their life cycles, organisations should use corporate level strategies such as diversification, mergers and acquisitions to meet growth objectives of increasing sales, profits and market share. At their decline in the life cycle, these authors claimed that organisations should use renewal corporate strategies such as turnaround or restructuring to revive their fortunes in trying to meet their strategic objectives. Concurring with the perspective of Van Deusen, et al. (2007), Volberda et al. (2011:245) confirmed that one of the advantages of pursuing certain types of corporate level strategy is increased market power of the organisation, which implies growth.

From a slightly different angle compared to the previous authors, Doukas and Kan (2008:1485) claimed that the pursuance of corporate strategy results in growth of organisations through what they termed the "external growth hypothesis". According to Doukas and Kan (2008:1485), the external growth hypothesis refers to instances when an organisation that experiences poor performance and lower organic growth prospects, diversifies to an unrelated business to improve performance and ensure growth. Sadler (2003:133) stated that corporate strategy enables organisations to

access new markets for their product and service offerings and assists them in sourcing raw materials when corporate strategies such as backward integration are being pursued. Continuing from the same theme with somewhat a different dimension, Grant (2010:406) believes that pursuance of diversification by an organisation in a stagnant or declining industry is the appropriate strategic response to ensure organisational growth. Ireland, et al. (2011:179) were of the view that one of the benefits of a corporate level strategy is that it allows the organisation to increase its bargaining market power, learn and develop new capabilities which foster its continued growth. Furthermore, Ireland, et al. (2011) wrote that the additional benefit of a corporate strategy is that it enables the organisation to overcome the barriers to entry in the industry.

A completely different perspective in the discourse of growth as a benefit of pursuing a corporate strategy came from Saddler (2003:205) and Wu, Chen and Jiao (2016: 2679), who believed that growth can be realised through an expansion by an organisation into foreign markets outside the home country.

It is evident from the contributions by the different sources mentioned above, that the pursuance of a corporate level strategy by organisations ensures growth of the organisation.

(d) Risk mitigation

Some management authors such as White (2004) believed that a corporate level strategy can be used as a risk mitigation measure by organisations. The Association of Chartered Certified Accountants (2012) claimed that risk exposure to an organisation comprises business and financial risks. Business risk refers to an uncertainty that the revenue generated by an organisation may vary due to specific industry factors in the industry's operating environment, such as competition from rivals (Correia & Flynn, 2007:3). Vigario (2005: 116) argued that there are two types of risks that can be associated with an investment security, which are "unsystematic risk and systematic risk". The author was of the view that unsystematic risk is the organisational specific risk that can be mitigated through a diversification strategy to result in a more diversified portfolio consisting of investments with different risk and return profiles. Furthermore, Vigario (2005) referred to systematic risk as an

unavoidable risk attributable to factors such as political, social and general economic trends and that this type of risk cannot be mitigated through a diversification strategy.

Vigario's (2005) contribution regarding the use of diversification of a portfolio as a risk mitigation strategy has theoretical foundations in the portfolio theory. According to Vigario (2005:102), Markowitz is the pioneering scholar who developed the portfolio theory in 1952. In his seminal works, Markowitz (1952:89) found that a "rational investor should diversify the investment of returns across different industries targeting those ones that exhibit unique economic fundamentals to ensure low covariance of returns". Vigario (2005:112) simplified the portfolio theory by stating that it is premised on the simple principle that an "an investor will minimise risk by selecting a well-balanced and diversified portfolio".

Various authors have offered different perspectives by applying the fundamental principles of the portfolio theory to different corporate level strategies that are pursued by organisations. According to the perspective of White (2004: 510), certain corporate level strategy types serve as risk mitigation mechanisms to the organisations through having different separate business units in their mix that have different levels of risks.

Thompson, et al. (2010:252) contended that pursuance of a corporate level strategy results in business and financial risks of the organisation being spread in different industries resulting in different benefits accruing to the entire organisation. Sadler (2003:133) claimed that the pursuance of such strategies result in sharing organisational business and financial risks with strategic partners resulting in an overall risk reduction for the organisation. The notion that business and financial risk of the organisation can be shared through corporate strategy mechanisms was supported by White (2004:510), who thought that cooperative corporate level strategies such as strategic alliances ensure that risks are shared with strategic partners on agreed upon strategic projects. Some authors such as Coulter (2002), provided different perspectives which seem to be in contrary with previously stated arguments which suggest that the pursuance of corporate level strategy serves as a risk mitigation strategy. According to Coulter (2002: 256), organisations that pursue single corporate business strategies such as concentrated or single line business are

exposed to the business and financial risks due to a heavy concentration in one industry and single line of business.

Based on the different perspectives discussed in this part of the section, the impression is that, there is a unanimous agreement amongst management authors that the pursuance of corporate level strategies is a risk mitigation measure in organisations.

(e) Resources and capabilities

Coulter (2002:256) was of the view that the pursuance of certain corporate level strategies increases the competitive position of the organisation in the industry using unique resources and capabilities. According to Zheng, Young and Mclean (2010), the accrual of unique resources and capabilities to the organisation as a result of pursuing certain corporate level strategies has theoretical underpinnings in the resource-based theory. In terms of the resourced based view, an organisation sources its competitive advantage on “tangible and intangible assets that are valuable, rare, imperfectly imitable and sustainable” (Zheng, et al., 2010:765; Gaya, Struwig & Smith, 2013:2053; Kogo & Kimencu, 2018:132). The resource-based theory defines an organisation as a collection of different resources and capabilities (Barney, 2001: 644).

In her pioneering work in the resource based strategic view of an organisation, Penrose (1959) contended that any organisation is an embodiment and endowment of tangible and intangible productive resources with a purpose for profit maximising. According to Wang (2014:35) and Galvin, Rice and Liao (2014:250), the resource-based view focuses on the internal capabilities and resources of the organisation as a source of competitive advantage, which is in contrast with Porter’s (1980) perspective which focuses on the industry forces as a source of competitive advantage. In a study of organisations in the Indonesian telecommunication industry, Firmansyah (2015) found that the resources of the organisation influence the organisational performance.

Management authors such as Sull, et al. (2017b) and Balashova and Gromova (2016:326) agreed with Penrose’s (1959) seminal work on the resourced based

perspective of an organisation. Sull, et al. (2017b:2) contended that the organisation's resources are its most valuable assets that lead to its competitive advantage and excellence. Giachetti (2012) supported the notion that pursuance of certain corporate level strategies such as high diversification is attributable to the resources of the organisation that are distinct and superior competencies of its top management. In two different studies in Botswana and South Africa, Mbo and Adjasi (2017a) and Mbo and Adjasi (2017b) found that the resources of an organisation such as finance as well as leadership (board strength) influence performance positively.

Using the resource-based theory perspective, some management authors provide the underlying arguments and explanations as to why organisations pursue certain corporate level strategies that result in the deployment and accrual of certain resources and capabilities. For example, Martin and Sayrak (2003:40) was of the view that an organisation with excess resources and capabilities under its disposal transfers them to other industries, whether related or unrelated. Continuing from the same line of thought from the previous authors, Matsusaka (2003: 428) argued that organisations search for strategic business units through pursuance of certain corporate level strategies to ensure that their organisational resources and capabilities are put into productive use in those business units. According to Matsusaka (2003:428), the organisational capabilities include "marketing, distribution, top and middle management skills". An organisation with the above mentioned valuable capabilities will seek new strategic business units that match its valuable resources and capabilities to develop them (Matsusaka, 2003:410).

The resource-based view explanation of a corporate level strategy found support from studies. In their study of 48 Italian service related organisations, Giachetti (2012:1057) found that strategic business units of diversified organisations that are endowed with resources contribute positively to organisation-wide performance.

2.4.2.2. Costs

The following are among the costs associated with pursuance corporate level strategies by organisations:

(a) Inefficient resource allocation

Authors in management such as Martin and Sayrak (2003), Lamont and Polk (2002) have raised various arguments pertaining to resource allocation to strategic business units within the organisation that is pursuing certain corporate level strategies. According to Martin and Sayrak (2003:43), one of the disadvantages of pursuing certain corporate level strategies is cross-subsidisation. They argued that cross-subsidisation involves head office supporting weak and poor performing business units from cash flows that were generated by high performing strong business units. Lamont and Polk (2002:75) agreed with the line of argument of inefficient resource allocation as a disadvantage of corporate level strategy by pointing out that capital misallocation and cross subsidisation within business units result in the inefficient resource allocation in the organisation, which affects performance negatively. Different perspectives covered above suggest that inefficient resource allocation within an organisation is one of the disadvantages of pursuing a corporate level strategy that affects organisational performance negatively if not mitigated.

(b) Coordination and other costs

Various management authors point out the incurrence of certain direct and indirect costs by organisations because of pursuing corporate level strategies. Martin and Sayrak (2003:43) as well as Lamont and Polk (2002:75) conceded that it is inevitable that business units within an organisation must incur certain coordination costs associated with the unit being part of a complex and diversified organisation. Nippa, et al. (2011:53) continued from the same line of thought as the above by arguing that organisations that pursue a diversification corporate strategy (related or unrelated) incur various costs. Amongst others, Nippa, et al. (2011) specified costs such as internal transaction costs within business units, inter-organisational coordination costs, complicated administrative and other internal costs, undesirable in the organisation hampering efficiency. De Wit and Meyer (2014:255) concurred with the previous authors by claiming that through pursuance of certain corporate strategies, business units pay administration costs to the head office for purposes of the

prescribed organisation wide systems, preparation of the reports and attendance of governance meetings of the organisations.

Although they pointed out various inescapable specific costs that must be incurred by the organisation as a result of pursuing a corporate strategy, Nippa, et al. (2011: 53), and De Wit and Meyer (2014:255) believed that the litmus test of coordination costs being incurred by the organisation is that it should not be higher than the value derived from the coordination.

Through their research in the world's leading conglomerates, such as Shell and Unilever, Goold and Campbell (2002: 219), and Goold, et al. (1994) found that there are instances when corporate level strategies that are being pursued destroy value to organisations. The researchers found that value destroying costs to the organisations that are pursuing some corporate strategies include:

- Incurring overhead costs to head office by the business units;
- Decision making in the organisation that becomes cumbersome and inefficient; and
- Corporate parent making inappropriate and incorrectly timed interventions to business units.

The findings from the Goold and Campbell (2002; 219) and Goold, et al. (1994) studies are of the same school of thought with the perspectives of Martin and Sayrak (2003), Lamont and Polk (2002), Nippa, et al. (2011), and De Wit and Meyer (2014). Some authors have offered their arguments from somewhat different perspectives when discussing costs of pursuing certain corporate level strategies. Thompson et al. (2010:255) claimed that one of the key disadvantages of pursuing an unrelated diversification strategy is that there is no scope of cost reduction through linkages in common value chain activities and transferring of skills within the business portfolio. They wrote that management challenges are experienced when an unrelated diversification corporate strategy is pursued as different skills sets are required for unrelated businesses in diverse industries.

(c) Agency related problems

According to Doukas and Kan (2008:1485), one of the key disadvantages of pursuing a corporate strategy by organisations is agency related problems. They were of the view that the agency problems come as a result of managers in strategic business units having interests and goals that differ from those of parent department managers, resulting in the misalignment between the two. Furthermore, according to Doukas and Kan (2008), managers of organisations, sometimes, use corporate level strategies, for various reasons such as pursuit of growth, to diversify by creating complex diversified organisations, which are detrimental to the wealth for shareholders. The agency related problems experienced by organisations pursuing certain corporate strategies have theoretical foundations in the agency theory. From the agency theory perspective, pursuance of certain corporate level strategies of organisations can be explained as an attempt by the management of the parent department to advance their personal interests such as power, good salaries, influence and goals at the expense of shareholders (Martin, 2003:40).

2.4.3. Relevant types of corporate level strategy

Corporate level strategies that can be pursued by organisations are categorised under three (3) main groupings. The first grouping consists mainly of concentrated corporate level strategies, mergers and acquisitions (which include vertical and horizontal integration), international corporate level strategies and diversification (related and unrelated) that are growth corporate level strategies (Coulter, 2002: 254). The second grouping comprises cooperative corporate level strategies, such as joint ventures and strategic alliances that are mostly pursued by organisations when there is too much competition and volatility in the business operating environment of organisations (Ehlers & Lazenby, 2007:167). The last grouping is composed of restructuring, liquidation, corporate restructuring and turnaround corporate level strategies that are pursued by organisations when they are in decline stages of the organisation life cycle (Louw & Venter, 2010:365).

The following is a discussion of corporate level strategies that have relevance to this study of the South African public entities.

2.4.3.1. Concentration/single business level corporate strategy

In the view of Coulter (2002: 253), concentration corporate level strategy is when the organisation focuses on one major line of business with little or no diversification to other product lines. Thompson and Strickland (1987:175) asserted that prominent successful examples of organisations, which pursue concentrated corporate level strategies include Coca Cola, McDonalds, Holiday Inns, and Apple computers. Thompson and Strickland (1987:175) made an interesting observation that while an organisation pursues a concentrated corporate level strategy when it comes to overall product business scope, it can combine it with other corporate level strategies such as international, acquisitions, cooperative corporate level strategy such as joint ventures, corporate turnaround and portfolio restructuring. In support of the observations made by Thompson and Strickland (1987) above, Ireland, et al. (2011) wrote that Coca Cola primarily pursues a concentrated corporate level corporate strategy when it comes to overall product business scope.

Of relevance to this study, some South African public entities, such as the Northern Cape Liquor Board pursue single business level corporate strategies through their concentration on one major line of business in one industry. For instance, the broad business scope of Northern Cape Liquor Board's core business units revolves around regulating the liquor industry in the Northern Cape Province. Emanating from this broad business scope, the following are the underpinning components of the single business corporate level strategy that support the Northern Cape Liquor broad business scope of the public entity:

- Determining norms and standards for those involved in the liquor industry;
- Creating an environment for greater participation of communities by making them aware of pending application of advertisement;
- Accommodating new entrants in the industry, thereby promoting the development and diversification of ownership;
- Regulating retail sale and micro-manufacturing of liquor and methylated spirits in the province;
- Considering land use planning as determined by municipal town planning schemes and other instruments of land use planning; and
- Regulating the consumption of liquor in public places

(South Africa, Liquor Board Act, 2009:8). It is evident from the aforesaid business scope, that the Northern Cape Liquor Board is concentrated in a single line of business in one industry, which is the Northern liquor industry.

2.4.3.2. Mergers and acquisitions (M & A)

According to Pandya (2018:45), the total market valuation for worldwide mergers and acquisitions transactions in 2016 was USD 3.9 trillion. Closer to home, mergers and acquisition transactions in South Africa were valued at USD 10.7 billion in 2016 (Business Tech, 2017:1). From the above statistics, it is evident that a great number of different organisations worldwide are pursuing mergers and acquisitions as a corporate level strategy for growth. Thompson, et al. (2010:243) as well as Deng and Yang (2015:158) believe that mergers and acquisitions are corporate level strategies that assist organisations to diversify into new products and markets. In their research of different organisations, Ma, Sun, Waisman and Zhu (2016) as well as Bai, Jin and Serfling (2018) found that organisations pursue the mergers and acquisition strategies in order to obtain synergistic benefits. In their study of mergers and acquisitions in European utility organisations, Brahma, Boateng and Ahmad (2018) also found that the primary motive for the organisations pursuing M & A corporate strategies was to obtain synergistic benefits and growth. In the view of Peng (2014:330), Deng, Liu, Gallagher and Wu (2018:7) as well as Lebedev, Peng, Xie and Stevens (2015:652), a merger is a corporate level strategy whereby two organisations combine their operations, management and assets in a mutual beneficial way to form a new organisation. Volberda, et al. (2011:281) believe that an organisation pursues an acquisition corporate strategy when it acquires another organisation to gain financial and operating control of the acquiree. Compared to the previous studies (i.e., Ma, et al., 2016; Bai, et al., 2018; Brahma, 2018), the findings of Florio, Ferraris and Vandome (2018) were somehow unique in that they found that 60% of mergers and acquisition deals that had been concluded by the public entities were motivated for reversing financial distress in those entities.

In deconstructing the mergers and acquisition construct further, Peng (2014:330) claimed that there are three main types of mergers and acquisitions, which are as follows:

- Horizontal merger and acquisition;

- Vertical merger and acquisition; and
- Conglomerate merger and acquisition.

In the view of Volberda, et al. (2011:280), a horizontal M & A corporate level strategy is when an organisation in the same industry acquires a competitor. Some authors such as Grant (2010: 354), and Ehlers and Lazenby (2007: 164) believed that a vertical M & A corporate level strategy refers to the extent to which an organisation controls different stages of the value chain for its product and service offerings. Furthermore, the authors contended that when an organisation controls and owns the production of its own input components such as raw materials, it is pursuing a vertical integration corporate level strategy that is commonly referred to as backward. Finally, they wrote that when an organisation is pursuing a forward vertical integration corporate strategy, it controls and owns the distribution channels to service its customers. In their study of mergers and acquisitions in public organisations, Rozen-Bakher (2018) found that vertical and conglomerate mergers and acquisitions do not result in synergetic benefits. This finding is in contrast with the results of other studies such as those of Ma, et al. (2016) and Brahma, et al. (2018) that organisations pursue mergers and acquisitions primarily to obtain synergistic benefits.

M & A corporate level strategies have relevance to this study in that some South African public entities pursue acquisition corporate level strategies. For instance, during the 2015/16 financial year, the Independent Development Corporation (IDC) conducted a feasibility study in the Kalahari Kid Corporation (KKC) with an intention of acquisition a significant influence of shareholding in exchange for capital injection. After conducting the feasibility study at KKC, the IDC committed to advance a funding to the value of R17.4 million in exchange for a 30 percent shareholding in KKC and a representation to the KKC board of directors (South Africa, Kalahari Kid Corporation annual report, 2016:19)

2.4.3.3. International strategies

Some authors such as Peng (2014:351) and Thompson, et al. (2010:215) claimed that franchising, exporting, direct investments in foreign joint ventures or

subsidiaries, international, multidomestic, global and transnational strategies are some of the international corporate level strategies that can be pursued by organisations involved in international trade and have operations in other countries. The international corporate level strategies are described below from the perspectives of various authors.

According to Louw and Venter (2008:302), an organisation can be regarded as pursuing a global corporate level strategy when its goods and services are standard in all its national markets with a head office in the home country driving the strategy. Saddler (2003: 205) and Gaur, Kuma and Singh (2014:12) were of the view that a direct exporting strategy involves making sales to foreign markets directly from the home country with no risk of direct investment in the foreign markets. Hill and Jones (2009:287) believed that under licencing a corporate level strategy, the organisation licences its unique capabilities, competencies and resources to strategic partners in the foreign countries through franchising contracts without directly selling its product and service offerings.

Grant (2010:383) argued that under a direct investment strategy, the organisation makes direct investments in foreign organisations to obtain full control or significant influence on an associate or joint venture. Peng (2014:351) stated that an export or international strategy replicates all its value chain activities and value proposition in the home country into its foreign country markets. Volberda, et al. (2011: 328) wrote that an organisation pursues a transnational corporate level strategy when it aims to be efficient in its global operations through its strategic business units while they are responsive to the local needs of those markets. A multi-domestic corporate level strategy is when head office in the home country decentralises certain strategic and operating responsibilities to business units in foreign countries to enable them to respond to local market unique needs in their goods and services offerings (Peng, 2014: 352).

Of relevance to this study is that some South African public entities such as Kalahari Kid Corporation and Northern Cape Tourism Board are pursuing international corporate strategies. For instance, Kalahari Kid Corporation sells its standard goat produce to the international markets using certain internal strategies (South Africa,

Kalahari Kid Corporation annual report, 2016:11). Furthermore, the Northern Cape Tourism Board has different strategic actions in their annual performance plan which is aimed at marketing the Northern Cape Province internationally with the strategic objective to attract international tourists to the Northern Cape Province (South Africa, Northern Cape Tourism Board annual report. 2016:34).

2.4.3.4. Diversification

In his pioneering study on corporate level strategy, Rumelt (1974, cited in Volberda, et al., 2011:243) found that diversification in an organisation varies from low levels, moderate and ultimately to high levels of diversification using his classification method to measure levels of diversification in organisations. According to Nayyar (1992:223), the methodology used by Rumelt in his 1974 study to measure diversification in organisations is widely used by researchers of corporate level strategy. Peng (2014:330) claimed that the diversification of an organisation can be categorised under two dimensions of product and geographical diversifications. He defined the product dimension of diversification as instances when the organisation supplies new services or products in the existing markets. Furthermore, Peng (2014:330) was of the view that geographic diversification takes place when the organisation enters new geographic markets. In his study, Seifzadeh (2013) continued from the same line of thought that diversification as a corporate strategy refers to instances when an organisation makes a strategic choice of either pursuing diversification in markets that are related or markets that are not related to each other.

Hao, Liu and Xu (2018:248) approached the issue of diversification strategy from a different angle by suggesting that when the diversification of an organisation's products or business is wide, and it may not result in economies of scale, resulting in a negative influence on performance. Hao et al. (2018) claimed that the diversification that is narrow and focussed may improve the organisational performance, instead of wide diversification. There are mixed results from empirical investigations which explored the influence of pursuing diversification corporate strategies by the organisations on organisational performance. In their study of the relationship between product diversification and performance in the Taiwanese insurance sector, Lee (2017) found a negative relationship between pursuing a

product diversification corporate level strategy and performance. Castaldtana and Giarratana (2018) found that there is a positive influence of pursuing diversification on performance in their study of professional service organisations. Related and unrelated diversification corporate level strategies are discussed below under separate sub-headings.

2.4.3.4.1. Related diversification

According to Rumelt (1974, cited in Volberda, et al., 2011:243), an organisation that employs related diversification as its corporate strategy takes place when at least one strategic business unit has a revenue contribution that is less than 70 percent of the organisation wide total revenue. The findings of his pioneering study were that strategic business units of an organisation are related when their products, markets, technologies are similar. From the analysis of the findings of Rumelt (1974), Seifzadeh (2013:27) contended that Rumelt's classification measures pertaining to related diversification can be subdivided into related constrained and related linked. Seifzadeh (2013) wrote that under related constrained, the key important business units of the organisation contribute to less than 70 percent revenue to the total revenue of the organisation.

Ehlers and Lazenby (2007:162) were also of the opinion that related diversification is a corporate level strategy whereby the organisation diversifies into markets or industries that have similarities with the existing markets. While not differing in the main with the arguments and findings of related diversification attributed to management authors covered in the preceding paragraph, Volberda, et al. (2011:247) offered a slightly different perspective by arguing that strategic business units are related under two dimensions of operational relatedness and corporate relatedness. Under the operational relatedness dimension, Volberda, et al. (2011) claimed that business units of an organisation share either primary or secondary value chain activities such as distribution channels, marketing as well common markets.

Related diversification corporate strategy has relevance to the South African public entities as some public entities such as the Northern Cape Gambling Board and McGregor Museum are pursuing related diversification corporate level strategies,

because all their core business units are in the same industries. For instance, all core business units of Northern Cape Gambling Board such as gambling licensing and investigation, gambling audit and compliance are in the gambling industry and are having common value chain activities (South Africa, Northern Cape Gambling Board annual report, 2016:12). The core business units of the McGregor Museum such as collections, education and library as well as satellite museums, are related to each other in the same sector (South Africa, McGregor Museum annual performance plan, 2017: 7)

2.4.3.4.2. Unrelated diversification

According to Rumelt (1974, cited in Volberda, et al., 2011: 243), an organisation can be referred to as pursuing an unrelated diversification corporate level strategy when its most important business unit generates revenue streams that account for less than 70% of the total revenue streams of the entire organisation. The classification measure of less than 70% pertains to unrelated diversification contrasts with the related diversification measure as discussed above. Furthermore, Rumelt (1974) asserted that an additional important distinguishing factor for an unrelated diversification strategy is that separate units within the portfolio of the organisation have separate value chain linkages and are pursuing different business level strategies with no commonalities.

The following are some of the management authors that concurred and continued with Rumelt (1974) as it pertains to unrelated diversification. In the view of Ehlers and Lazenby (2007:162), an organisation pursues unrelated diversification when it enters new markets through addition of products that are new and unrelated to the existing products and markets. Seifzadeh (2013:27) echoed the contention that a key distinguishing characteristic of pursuing an unrelated diversification corporate level strategy is that the strategic business units within a portfolio do not share key resources such as technology, production lines, knowledge and facilities. Morris, Fier and Liebenberg (2017) found that the unrelated diversification does not have a relationship with financial performance.

Some South African public entities such as Northern Cape Economic Development, Trade and Investment Promotion Agency pursue the unrelated diversification

corporate level strategy to some extent as some of their strategic businesses have unrelated value chains. For instance, under its trade and investment promotion strategic objective, the Northern Cape Economic Development, Trade and Investment Promotion Agency, consists of the following distinct divisions operating in different sectors:

- Wits and Nature Reserve for tourism services;
- Special economic Zone (SEZ) to promote trade and investment in the province in different industries;
- Mittah Seperepre International Convention Centre to host conferences and meetings in the hospitality sector; and
- Craft customised Centre to provide training and development to crafters (South Africa, Northern Cape Economic Development, Trade and Investment Promotion Agency annual report 2016:6); South Africa, Northern Cape Economic Development, Trade and Investment Promotion Agency annual performance plan 2017:12).

2.4.3.5. Cooperative corporate level strategies

White (2004:456) argued that organisations which are rivals in the market place must recognise when to compete and when to cooperate with each other as certain trading conditions make strategic sense to cooperate rather than compete.

According to Peng (2014:212), a cooperative strategy involves strategic alliances which entail voluntary contracts of cooperation between organisations to achieve mutual beneficial strategic goals. Joint venture, equity strategic alliance, non-equity strategic alliance, franchising, diversifying alliances, synergistic alliances are some of the commonly used cooperative corporate level strategies by organisations (Thompson et al., 2010: 243).

A brief description of the cooperative corporate level strategies follows. White (2004:483) believed that a joint venture is a type of cooperative corporate level strategy which involves two or more organisations forming a new organisation in order to share resources and capabilities to outcompete rivals in the market place. According to Ireland et al. (2011: 226), under equity strategic alliance, organisations

create a business unit through ownership of different shareholding percentages in order to share resources and capabilities, resulting in unique advantages in the market place. White (2004:483) also contended that a non-equity strategic alliance strategy refers to instances when an organisation concludes a contract with another organisation with the objective of cooperating in certain activities sharing their strengths and unique advantages to strengthen competitive position.

According to Volberda, et al. (2011:375), organisations pursue diversifying strategic alliances when they collaborate with each other through sharing some of their distinct competencies with the objective of diversifying into new services, products and markets. Furthermore, Volberda, et al. (2011) wrote that synergistic alliances are based on collaboration of organisations through sharing some of their distinct competencies, but with an objective of creation economies of scope. In their study of cooperative strategies of the North American professional sport leagues, Fulconis, Nollet and Pache (2018) found that there are benefits of pursuing cooperative strategies by organisations.

Corporate level strategies of joint ventures, equity strategic alliances and non-equity strategic alliances are relevant to this study as they are being pursued by some of the South African public entities. For instance, NCEDA concluded a memorandum of understanding with the Eastern Cape SEZ to promote cooperation in certain mutual beneficial areas (Hoo, 2017:1).

Another example to illustrate the relevance of corporate corporate level strategy to this study relates to Kalahari Kid Corporation, which provides training to farmer cooperatives, Trusts and goat interest groups. Furthermore, Kalahari Kid Corporation has a joint venture slaughter agreement with GWK Abattoir in Groblershoop (South Africa, Kalahari Kid Corporation annual report, 2016: 17)

2.4.3.6. Retrenchment, corporate turnaround and portfolio restructuring

Coulter (2002:274) and Dogic (2017:81) were of the view that retrenchments and turnarounds are the main types of renewal corporate level strategies in organisations. In contrasting these strategies, the author claimed that a retrenchment corporate level strategy is a short term organisational strategy to respond to

weaknesses in the organisations that are causing a decline in organisational performance. On the other hand, the turnaround corporate level strategy is regarded as an organisational renewal strategy that should be pursued by organisations, which have very serious performance problems and going concern difficulties.

Pertaining to the turnaround strategy, Louw and Venter's (2008:229) line of argument was like that of Coulter (2002), and Yuliharsi, Johan, Handika and Herri (2018:117), as they supported the notion that turnaround strategies are pursued by organisations that have experienced setbacks in their business operating environments and competitive positions in the market place. Coulter (2002:274) clarified that the setback of organisations that require renewal strategies include declining organisational performance and inability by the organisation to meet its strategic business objectives.

When it comes to the retrenchment strategy, Louw and Venter (2008:230) concurred with Coulter's (2002) main line of argument. Furthermore, Louw and Venter (2008) claimed that the cutting of costs by the organisation and disposal on non-core assets are some of the widely used turnaround corporate strategy techniques. Under cost cutting, they argued that various measures may be considered such as staff reductions, rescheduling the timing of commencement of certain key projects, debt renegotiation and removal of non-essential budget items. Regarding the disposal of non-core assets, Louw and Venter (2008) believed that an organisation pursuing restructuring strategy may sell non-core assets, such as buildings and equipment. In their study of technology-based organisations which successfully implemented the turnaround strategies, Brink, Gelb and Keller (2018) found that their renewal strategies included retrenchments and the introduction of new product offerings.

Ireland, et al. (2011:185) found that restructuring is one of the types of corporate level strategies through which an organisation changes the composition of business units in its portfolio. The authors proposed four different types of restructuring corporate strategies of which downsizing and down scoping are more relevant for the purposes of this study of the South African public entities. In the opinion of Ireland et al. (2011), downsizing is the adjustment of the business scope through reduction of the following:

- Business units in the organisational portfolio;
- Number of employees; and
- Product and service offerings.

The authors defined down scoping as the elimination of non-core assets to ensure focus to core business. It is observed that the perspective of Ireland, et al. (2011) as it related to down scoping strategy was like the retrenchment strategy perspective of Louw and Venter (2008).

The critique of Porter (1987) differed completely from all the previous authors as he was of the view that an organisation that is pursuing a restructuring corporate level strategy acquires business units that are unprofitable and experience going concern difficulties with an unrealised potential in its portfolio in their industries. He revealed that the acquired business units are then injected with an appropriate management team and other resources required such as information technology, improvement of business processes and others to ensure their turnaround. Once acquired, Porter (1987) concluded by arguing that the business units may be turned around after which the parent department either disposes them at a premium or keeps them in its business portfolio. Panicker and Manimala (2015) found that organisations that experience a decline are those with internal weaknesses and that they should pursue a variety of renewal strategies to turnaround the decline, not just a single renewal strategy.

The South African government appointed a Presidential Review Committee in 2012 which was composed of eminent experts to advise it on various corporate strategies that should be pursued by the South African public entities in order to improve their organisational performance. According to the recommendations of the Presidential Review Committee (2012), the following are some of the corporate restructuring options and models that should be considered by the South African government for pursuance in its public entities:

- Dilute the current ordinary shareholding of the main shareholder (government);

- Sale of the government shares to identified strategic equity partners to assist in meeting certain strategic objectives for the entities;
- Divestment of equity of some public entities through sale of non-core assets and business units to ensure focus on their core business and to raise the required capital;
- Turnaround strategies to improve organisational performance of business units that are underperforming or are under financial and operational distress;
- Privatisation through public listing of shares of the entities to ensure that their shares are traded in stock exchanges;
- Public, private and partnership (PPP) which involves the entities undertaking joint ventures in partnership with private sector organisations that possess the required skill sets or capital; and
- Commercialisation of the entities which involves them being run and operated as commercial organisations while the government remains a controlling shareholder.

The corporate turnaround and portfolio restructuring corporate strategy are relevant in this study of the South-African public entities as the South African government (main shareholder in the entities) is considering various restructuring options and models to be pursued to improve and turnaround organisational performance in most of the entities, as was proposed by the 2012 Presidential Review Committee.

Furthermore, some South African public entities are embarking on corporate turnaround and portfolio restructuring corporate strategies. For instance, during the 2016/17 financial year, the Northern Cape Department of Economic Development and Tourism, which is a parent department for the Northern Liquor Board and the Northern Cape Gambling Board, was considering restructuring plans and turnaround plans involving the two entities (South Africa, Department of Economic Development and Tourism annual report 2017: 8).

Another example to illustrate the relevance of this corporate level strategy to South African entities relates to the Kalahari Kid Corporation. According to the Kalahari Kid Corporation annual report (2016:11), there are discussions between the department

of Agriculture, Rural Development and Land Reform, which is the parent department of Kalahari Kid Corporation, and the Northern Cape Provincial Treasury on various strategies to restructure the public entity.

Finally, as part of restructuring of South African entities, former Deputy President Cyril Ramaphosa led a joint South-African and Chinese Commission that is exploring many options to turnaround the fortunes of South African public entities. The objective of the joint South-African and Chinese Commission is to provide a platform for the South African public entities to learn from the Chinese model when South Africa restructures its state owned public entities (Magubane, 2015).

2.4.3.7. Portfolio corporate level strategy

According to De Wit and Meyer (2014: 260), the portfolio corporate level strategy refers to the use of portfolio planning models in selecting the desired mix of strategic business units within the organisation to achieve the desired corporate strategic goals. Boston Consulting Group's (BCG) growth share matrix, GE/Mckinsey's matrix and Ashridge's portfolio display are some of the widely used portfolio planning models by organisations to assist organisations to achieve the desired mix of business units in the portfolio (Grant, 2010:431).

The portfolio strategy models are briefly described below starting with BCG. In the view of Louw and Venter (2008; 235), the BCG framework plots and describes possible categorisations of business units in terms of internal business strengths and external factors such as opportunities and threats as follows:

- Stars: This kind refers to the business units which show great promise and potential. The stars are potentially future cash cow business units of the organisation.
- Dogs: Refers to business units that are in the stage of decline.
- Question marks: This category of business units is that of those ones with problems, depending on the business operating environment and support from head office, they may become future dogs or stars; and

- Cash cows: This type belongs to business units that are generating a lot of cash for the entire organisation which is invested in nurturing today's stars and question marks that are showing potential.

De Wit and Meyer (2014:260) claimed that the goal of an organisation should be to maintain an appropriate mix of cash cows, stars, dogs and question marks business units to ensure that corporate level strategy objectives are met pertaining to market share, cash generation and organisation growth rate. In the opinion of De Wit and Meyer (2014), an organisation should strive to generate cash to improve the competitive position of star business units and support with any surplus cash to fund question marks business units purposely to maintain the market share. Louw and Venter (2010: 373) wrote that under the GE/Mckinsey matrix and BCG, business units are analysed according to their characteristics, such as to the extent to which they generate cash-flows, potential for further growth, how attractive are they in the market relative to each other and yearly rate of growth in the market. Finally, according to Grant (2010:433), the Ashridge portfolio framework focuses on the strategic fit between a business unit and its parent department.

The portfolio corporate level strategy has relevance to South African public entities. The corporate turnaround and portfolio restructuring recommendations of 2012 Presidential Review Committee that was discussed in section 2.4.3.6 above, makes the portfolio planning models such BCG growth share matrix, GE/Mckinsey's matrix and Ashridge's portfolio display relevant to the discourse of the South African public entities. It is possible that these portfolio planning models can be used to assist the South African public entities in the planning of the appropriate portfolio mix should the 2012 Presidential Review Committee be implemented. For instance, the aforesaid planning models can assist to develop business units of the public entities to be future stars and cash cows or to dispose some business units should they become dogs or to decide which ones to retain.

As indicated earlier in paragraph 2.4.3.6, some public entities are already restructuring their business and operations. For instance, the Department of Economic Development and Tourism, was busy with the restructuring and turnaround plans for the Northern Liquor Board and the Northern Cape Gambling

Board during the 2016/17 financial year. Hence the relevance of the portfolio corporate strategy and the associated portfolio planning models.

2.5. Chapter conclusion

To conceptualise the study, a theoretical overview of business and corporate level strategies of organisations was undertaken. Definitions were developed for both strategies for the purposes of the study after reviewing relevant definitions from recent and reliable sources. A discussion on the benefits and costs of pursuing the corporate and business level strategies by organisations was undertaken. Finally, a review of relevant types of both strategies was also undertaken.

The next chapter provides a survey of strategy implementation and alignment in organisations.

CHAPTER 3

STRATEGY ALIGNMENT AND IMPLEMENTATION

3.1. Introduction

There seems to be a consensus from authors such as Thompson et al. (2010), Ahmadi, Salamzadeh, Daraei and Akbari (2012) about the meaning of strategy implementation in an organisation. In the opinion of Thompson, Strickland and Gamble (2010:41), strategy implementation is a “conversion of strategic plans into actions and results”. Subsequent authors have echoed the views of Thompson et al. (2010) regarding the meaning of strategy implementation. Ahmadi et al. (2012:289) stated that strategy implementation refers to a “process of putting strategic written formula into action and realising the strategic plans”. Junior, Pascucci and Murphy (2012:20) referred to strategy implementation “as the process of transforming intentions into actions”. Pella, Sumarwan, Daryanto and Kirbrandoko (2013:186) concurred with the previous authors as they defined strategy implementation as actions undertaken to translate strategic goals to achieve performance objectives. The adopted definition of strategy implementation for the purposes of this study refers to it as a transformation of strategic plans into actions in order to achieve organisational objectives.

This chapter is organised as follows. It commences with discussions on the importance of strategy implementation, delineation of typical challenges associated with strategy implementation and relevant strategy implementation models. An overview of organisational performance follows as it is an important variable for the study. Organisational culture, leadership and corporate controls are then elaborated upon regarding their roles during the translation of strategies into performance in organisations. Finally, a review of the relevant theory and research is undertaken on the influence of aligned corporate and business level strategies to organisational performance.

3.2. Importance of Strategy Implementation

A scan of recent and reliable sources suggests that there is a consensus amongst management scholars and authors such as Andrews, Boyne, Law and Walker (2011) as well as Ramaseshan, Ishak and Rabbanee (2013) regarding the critical importance of strategy implementation in general. The following are some of these perspectives regarding the importance of strategy implementation in an organisation.

a) Achievement of strategic objectives

Andrews, Boyne, Law and Walker (2011) posited that strategy implementation is one of the most important pillars of strategy and has the potential to eventually influence organisational performance. Continuing from the same line of thought as the previous authors, Ramaseshan, Ishak and Rabbanee (2013:465) argued that effective strategy implementation assists the organisation to achieve its strategic goals, and that with better implementation, even inappropriate strategies may yield better results compared to good and appropriate strategies that are implemented poorly. Lê and Jarzabkowski (2015:439) also stated that strategy implementation is important to ensure that an organisation succeeds in achieving its strategic goals and priorities.

b) Attainment of competitive advantage

According to Junior, Pascucci and Murphy (2012:22), an organisation attains competitive advantage over its competitors in the market place through effective strategy implementation, not because of strategy itself. Lê and Jarzabkowski (2015) were of the same opinion as the previous researchers as they also wrote that strategy implementation plays a key role to ensure that an organisation achieves competitive advantage in the market place.

Giurgiu and Borza (2015:1115) concurred with the views of the abovementioned authors but went further by arguing that strategy implementation can be a source of sustainable competitive advantage of the organisation when it is “valuable, rare, hard to imitate and with no equivalence.”

c) Identification of loopholes in the crafted strategy and rectification

In the opinion of Shimizu (2017:52), strategy implementation is important as it assists management to institute continuous corrective adjustments and modifications to its chosen strategy. Such corrective adjustments and modifications can only come because of weaknesses in strategy formulation that are identified during strategy implementation. It can be argued that strategy implementation can serve as a tool for self-correction and continuous perfection of its chosen strategy.

d) Capability and efficiency of management

Thompson, et al. (2010:333) are of the view that strategy implementation is important to measure the efficiency and capability of the organisation's management. According to the author, an effective strategy implementation is a good indicator of good and capable management for the organisation.

e) Justification of investment in strategy crafting

The crafting of strategy involves a significant portion of the organisational resources in terms of effort and time and other organisational resources. Strategy implementation serves as the justification of investment in strategy crafting (Giurgiu & Borza, 2015).

In conclusion, while there is consensus on the importance of strategy implementation as indicated above by different authors from different perspectives, Ali and Hadi (2012:265) estimated that two-thirds of good and well-conceived strategies of organisations are not implemented effectively. Ali and Hadi's (2012) contention suggests that while researchers seem to agree on the importance of strategy implementation, the process seems to be either difficult or associated with challenges. Some of challenges associated with strategy implementation are covered in the next section.

3.3. Typical Challenges Experienced in Strategy Implementation

Strategic Direction (2018) found that strategies of most organisations fail due to poor implementation. Management authors such as Palatkova (2011), Gyllstrom, Gearin, Frauendienst, Myhre, Larson and Riley (2015), Henry (2018) as well as Hasse and Bekker (2016) attributed typical challenges associated with strategy implementation to different root causes and perspectives. It is obvious from the discussion in section

3.2 above that implementing a strategy is of critical importance for sustainability and eventual success of a business. This understanding leads to the immediate realisation that implementers of a strategy will be faced with real challenges. A myriad of potential challenges can be listed, but for purposes of this study attention will be focussed on the most critical challenges, for example, communication, control, leadership, organisational structure and culture, proper performance measures and the like.

a) Communication

Jordão and Novas (2013:105), Basheka (2014), Grabovica and Pilav-Velić (2012: 218), Monauni and Feigl (2017), Sull, Homkes and Sull (2015:7) as well as Gyllstrom, et al. (2015) were of the opinion that a breakdown in communication between key role players responsible for strategy implementation and a lack of information are the key challenges in strategy implementation, and often instrumental in ineffective strategy implementation. In their investigations of various organisations, Van Der Merwe and Nienaber (2015) and MacQueen and Bradford (2017) found that lack of communication and the resultant lack of understanding of the strategy targets by different stakeholders in the organisation lead to implementation challenges.

b) Controls

According to Boiko (2013:75), Sull, et al. (2015:4) and McTigue, Monions and Rye (2018:157), strategy implementation tends to fail due to a lack of adequate corporate controls, coordination and monitoring. Engert and Baumgartner (2015), Thompson, et al. (2010:381) and Volberda, Morgan, Reinmoeller, Hitt, Ireland and Hoskisson (2011:480) were also of the view that a lack of corporate controls, such as poor coordination of key actions between the key stakeholders and inappropriate organisational structure, are typical challenges to strategy implementation. They argued that poor coordination results in poor strategy implementation leading to the organisation not meeting its strategic objectives. Kazmi (2008) found that an organisational structure that does not provide clear roles and responsibilities normally leads to problems during strategy implementation. In the opinion of Sull, et al. (2017a:5), flexibility is required in the organisation to ensure that its chosen strategy is implemented effectively.

According to the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA) annual report (2017:50), the independent auditors reported significant deficiencies in the controls within the public entity. The audit report revealed that deficiencies in the controls resulted in the abovementioned public entities not achieving their financial and non-financial performance objectives. Similar lapses of controls and monitoring were also reported in the 2016/17 financial year audit reports of other South African public entities. According to the Auditor General South Africa (AGSA) general report (2015), inadequate controls and monitoring are some of the key common challenges in South African public entities that result in entities not meeting their performance targets. Based on the findings of AGSA, it is evident that the challenge of a lack of adequate corporate controls and monitoring during a strategy implementation has relevance to a study of South African public entities.

c) Leadership

Some authors such as Van Der Merwe and Nienaber (2015), and Patten (2015) indicated that leadership problems in an organisation are key challenges to strategy implementation. According to Van Der Merwe and Nienaber (2015: 53), Grabovica and Pilav-Velić (2012: 218) as well as Volberda, et al. (2011; 424), poor leadership in an organisation creates challenges to strategy implementation. They argued that when an organisation has poor leadership at its various levels, employees who are key to the strategy implementation leave the organisation to join other organisations with good leadership. Furthermore, they contended that employees that do not leave the organisation continue with harmful behaviour that may create challenges to the strategy implementation, such as purposely missing key deadlines and targets. Patten (2015:288) agreed with the previous authors that leadership challenges lead to poor implementation of a strategy as leadership is a key determinant of successful strategy implementation.

Some South African studies echo findings from international authors regarding leadership problems in organisations as one of the key challenges to strategy implementation. The Public Service Commission of South Africa (2009) investigated the leadership role in relevant government departments regarding the

implementation of the Federation of International Football Association's (FIFA) infrastructure plans during the 2010 World Cup. The conclusion was that the implementation of policies and plans was the biggest challenge facing leadership in the South African public sector. From the investigation, it was also clear that effective coordination and the integration of plans were lacking, and in some cases even inadequate. Even though the analysis focused on government departments, it should be noted that South Africa's public entities are effectively controlled by government departments concerned. Furthermore, the boards of directors of these entities are appointed directly by the Members of the Executive Council (MEC) in charge of the relevant departments. Even the Chief Executive Officers (CEOs) of public entities are appointed in direct consultation with the MEC of a relevant department.

Kotzé and Venter (2010) provided further support to the notion that a leadership problem in organisations is one of the typical key challenges to strategy implementation. Perceptions of leadership effectiveness in South African public-sector organisations were investigated, using the Leadership Behavioural Inventory (LBI) instrument, and involving public sector leaders and their subordinates as participants. The alarming outcome of the research was that participants scored the poorest in terms of the implementation of plans, when compared to similar participants from organisations in the private sector.

During the 2016 budget speech, the Minister of Finance identified lack of effective leadership as a key challenge in the South African public entities causing them not to achieve their service delivery objectives. This therefore implies that the challenge of lack of leadership as a challenge to strategy implementation has relevance to a study of South African public entities.

d) Organisational culture

Thompson et al. (2010:392) claimed that an unhealthy organisational culture creates challenges to strategy implementation. Ali and Hadi (2012: 271) and Bushardt, Glascoff and Doty (2011; 58) concurred with the previous information source as they also argued that an organisational culture that does not support the strategy, through being weak or negative, creates serious challenges to the strategy implementation resulting into failure. Although continuing from the same line of thought as the

previous authors, Thompson, et al. (2010), Bushardt, et al. (2015), as well as Ramutsheli and Janse van Rensburg (2015:108) argued from a slightly different perspective. They believed that unethical organisational culture can be a challenge to strategy implementation. Vegro, Rocha, Camelo and Garcia (2016:2) concurred with the previous information sources by claiming that an inappropriate organisational culture may hinder the strategy implementation and organisational performance while an appropriate organisational culture may affect the implementation of the strategy and performance positively.

e) Lack of resources

According to Cristian-Liviu (2013:1690), Lowy (2015:18) and Prasad, Pradhan, Gaurav, Chatterjee, Kaur, Dash and Nayak (2018: 6), lack of resources is one of the challenges that cause problems when implementing a strategy. In their studies, Pella, et al. (2013) and Reitsma and Hilletoft (2018) found that a lack of financial and technical resources is a serious hindering factor that can impact negatively on effective strategy implementation. Other studies such as Ivancic, Mencer, Jelenc and Dulčić (2017), and McTigue, Monions and Rye (2018) also found that a lack of resources creates challenges to strategy implementation, which affect the organisational performance negatively. Ramutsheli and Janse van Rensburg (2015:109) are of the same school of thought compared to the previous information sources but argued from a slightly different human capital perspective by suggesting that the public entities do not have critical human capital resources. Nwachukwu, Chladkova and Olatunji (2018:47) continued with the same human resources line of thought by claiming that adequate human resources are required for the organisations to implement their strategies successfully. In response to a parliamentary question, the South African Minister of Finance disclosed that due to the serious financial challenges in some of the public entities, the South African government advanced guarantees to the entities to the value of R 367, 0 billion. The challenge of lack of financial and human capital resources as it pertains to strategy implementation has relevance to a study of the South African public entities. (Tshandu, 2018)

f) Reward performance management system

Bushardt, et al. (2011:58) asserted that a deficient formal reward structure of the organisation has an impact on the effectiveness of strategy implementation. Boiko (2013) also argued that an inadequate system of rewards and incentives creates problems to strategy implementation in an organisation. In line with the opinions from the previous authors such as Bushardt et al. (2011), Boiko (2013), as well as Ramutsheli and Janse van Rensburg (2015: 108) were of the view that ineffective performance management systems lead to strategy implementation challenges. In their investigation of strategy implementation in a South African electronic organisation, Van Der Merwe and Nienaber (2015) found that an inadequate reward performance management system is one of the factors that cause challenges to strategy implementation in organisations.

Performance reward systems of some public entities such as the Northern Cape Gambling Board seem to be having some deficiencies. According to the Northern Cape Gambling Board annual report (2017:62), the performance management system of the public entity requires to be enhanced to address some of its existing challenges. It seems that there may be challenges in the performance management systems in some South African public entities.

g) Change Management

Finally, Kazmi (2008) found that inadequacy of change management efforts during strategy implementation also causes challenges in strategy implementation. While exploring strategy implementation factors in Romanian construction organisations, Cristian-Liviu's (2013) results confirmed the findings of an early study (Kazmi, 2008) that strategy implementation changed the way of doing things because it led to the elimination of inefficient processes and activities. A further finding was that an elimination of inefficient processes and activities results in a conflict between management, which is pushing for the strategy implementation, and employees who are resisting change in certain inefficient processes and activities that they are used to. Because of the tension and resistance to change, strategy implementation in organisations fails. The findings of the study have relevance to this study as South African public entities are implementing different turnaround strategies.

The challenge of inadequacy of change management during strategy implementation has relevance in a study of South African public entities. The relevance is attributable to the fact that some of the public entities such as the Kalahari Kid Corporation are considering different turnaround strategies. According to the Kalahari Kid Corporation (KKC) annual report (2016:11), there are discussions between KKC, its parent department (the department of Agriculture, Rural Development and Land Reform), and the Northern Cape Provincial Treasury on various strategies to restructure the public entity.

3.4. Strategy Implementation Models

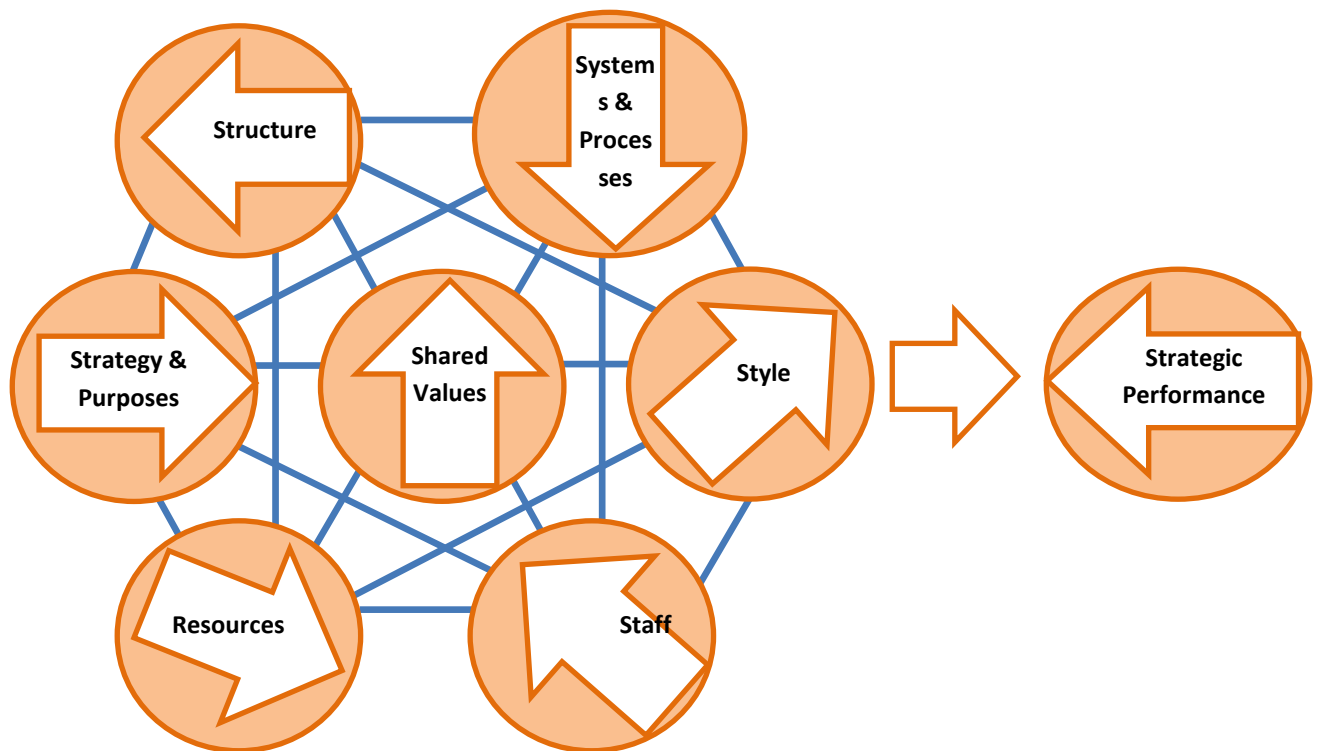
In order to circumvent the typical challenges that are experienced during strategy implementation as discussed in section 3.3 above it makes sense that management should pursue the most suitable strategy implementation model for an organisation. Quite a number of prospective implementation models can be mentioned, but for the purposes of this study, attention will be given to the eight “S” of a successful strategy implementation model, which is the most relevant. According to Hough et al. (2008: 259) and Higgins (2005:6), the core tenet of the eight “S” of a successful strategy implementation model is the alignment of various organisational factors, which include strategy during strategy implementation with an influence on performance. The aforesaid alignment as proposed by the eight “S” of a successful strategy implementation model has relevance to this study of South African public entities.

In the view of Hough, et al. (2008:259) and Higgins (2005:6), the eight “S” of a successful strategy implementation model has eight organisational factors which must be aligned to each other to ensure a successful implementation of the strategy and a positive influence on organisational performance. They described the abovementioned eight factors of the eight “S” of a successful strategy implementation model as follows:

- Strategy and purpose. A detailed theoretical overview of corporate and business level strategies was undertaken in Chapter 2;
- Systems and processes;

- Shared values (organisational culture). A delineation of the organisational culture, which is a key element of the study, is covered in the subsequent sections of the chapter;
- Style (leadership). A detailed overview of leadership, which is a key variable for this study, is also covered in this chapter;
- Resources;
- Staff; and.
- Skills.

Figures 3.1 and 3.2 that follow are the pictorial illustrations of the aligned and non-aligned contexts of the eight “S” strategy implementation model in an organisation.

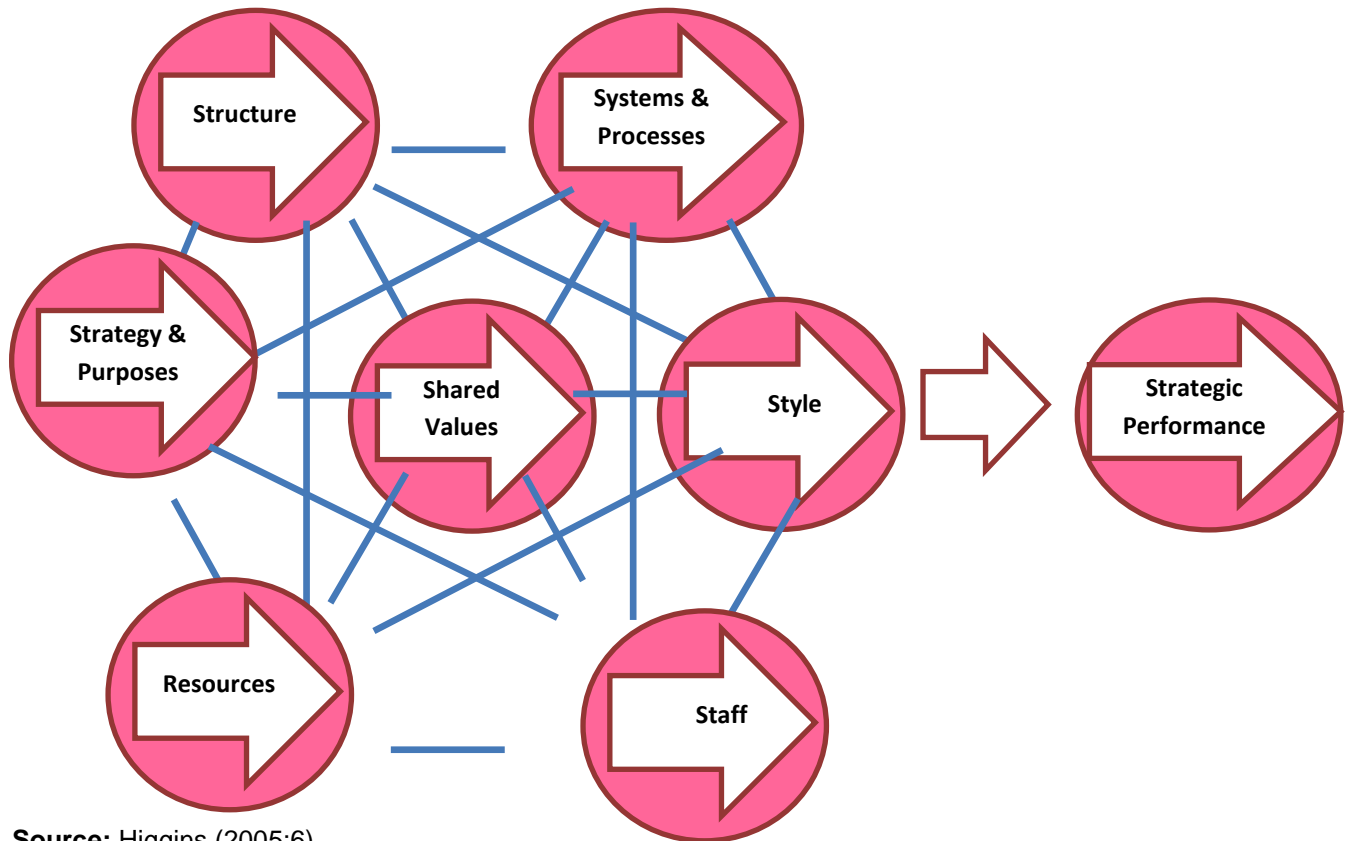


Source: Higgins (2005:6)

Figure 3.1: Pictorial presentation of a strategy implementation model Non-aligned context of an organisation

Figure 3.1 is an illustration of an organisation where the eight organisational factors as reflecting in the diagram above, are not aligned with each other. According to Higgins (2005), the misalignment results in poor organisational performance. The

misalignment is depicted by the arrows moving in different directions that are not in sync with each other culminating in poor organisational performance.



Source: Higgins (2005:6)

Figure 3.2: Pictorial presentation of strategy implementation model: Aligned context of an organisation

Figure 3.2 is an illustration of an organisation where the eight organisational factors are aligned. The alignment is depicted by the arrows moving in sync with each other culminating in improved organisational performance. In support of the core proposition of the eight “S” is a strategy implementation model. Andrews et al. (2012:79) posited that strategy alignment encourages different components of the organisation to cooperate amongst themselves resulting in improved performance. The authors are of the view that organisational factors that are not aligned do not encourage cooperation and coordination.

The eight “S” of a successful strategy implementation model has relevance to this study as it assists in facilitating the extent strategy alignment or misalignment in South African public entities and resultant effect on organisational performance

3.5. Organisational performance

In the opinion of Ramaseshan, Ishak, and Rabbanee (2013:465), organisational performance is an outcome of strategy implementation to achieve the strategic goals. According to Serfontein and Hough (2011:6) and Alshamari and Ihrig (2017:129), there seems to be wide acceptance amongst management authors that organisational performance is a dependent variable in an organisation. An overview of the meaning and different types of organisational performance in the context of the study is undertaken in this section.

It seems that there are different performance expectations by stakeholders to different organisations, especially between public entities and pure profit orientated private sector companies. According to the South African National Development Plan (2011:137), South African public entities played a key role in the attainment of the 2011 National Development Plan goals of infrastructure development in the South African Economy. Delivering the 2016 national budget speech, the South African Finance Minister continued from the same line of thought that was expressed in the National Development Plan. The Minister stated that the South African public entities play a unique role in the South African economy as they are expected to provide and maintain infrastructure services such as power, roads, transport, water and communications. Gordhan (2016:18) also noted that, compared to profit orientated organisations, public entities have an additional motive to boost economic growth and the broader development of South Africa through a combined “asset base of over R1 trillion, equivalent to about 27% of GDP”. The Minister of Finance contention also suggests that the public entities should also be financially viable.

The implication of the aforesaid unique nature of performance expectation of the public entities creates an inevitable tension between developmental mandate performance considerations for the country that are not always commercially viable. This is because these entities are expected to meet commercial considerations, such as to be profitable while at the same time they are expected to undertake national

projects that are good for the country and national economy, but not necessarily commercially attractive. Based on these perspectives, it could be suggested that performance expectations for South African public entities are unique compared to traditional privately owned and public service organisations.

In the opinion of Bhamornsathit and Katawandee (2016:56), internal and external stakeholders of organisations use different performance measures to evaluate organisational performance. Drucker (1974) believed that an organisation should aim to select performance matrices that measure the overall organisational performance. Financial performance measures, annual audit opinions and non-financial service delivery matrices are the relevant performance measures for a study of South African public entities. These three performance measures have relevance to this study, because all South African public entities are required to produce various financial and service delivery reports, indicating their performance for compliance and accountability purposes to the public, as required by the following directives and legislation:

- Public Finance Management Act (PFMA) (1999);
- Relevant enabling founding legislation for entities such as the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA) Act no. 4 of 2008 and Northern Cape Gambling Act no.3 of 2008 for NCEDA as well as the Northern Cape Gambling Board respectively;
- National Treasury regulations (2005); and
- Framework for strategic plans and annual performance plans (2010).

Financial performance measures that are relevant for a study of South African public entities will now be discussed in the next part of the section and will immediately be followed by an overview on annual audit opinions issued to the public entities. Audit opinions are multifaceted independent performance measures that are widely used to assess overall performances of the public entities. The final part of the section will discuss non-financial service delivery performance measures that are relevant to the public entities.

3.5.1. Financial performance measures

Seifzadeh (2013:82) and Kono and Barnes (2010:2) argued that most organisations use financial performance indicators to measure organisational performance due to their objectivity and understandability. Concurring with this premise, Hornungova and Milichovsky (2016) stated that financial indicators are the most appropriate performance measures that can be used by organisations to evaluate and measure organisational performance. From a slightly different rationale, Farrokh, Heydari and Janani (2016) posited that financial ratios are the appropriate indicators to measure organisational performance as they assess the economic position of an organisation. Although Yan and Sloan (2016: 244) as well as Elvin and Hamid (2016:105) agreed with the views of the previous authors (i.e., Seifzadeh, 2013; Kono & Barnes, 2010; Farrokh, et al., 2016), they contended that financial indicators are the most relevant performance indicators to measure organisational performance, because they evaluate and assess the organisation's health and survival.

According to Hornungova and Milichovsky (2016), financial performance measures can be classified into different dimensions regarding assessing and evaluating financial performance. Mihaela (2016:7) is convinced that liquidity and resource management, profitability as well as solvency and leverage are widely used performance measures that are used by most organisations to assess and evaluate organisational performance.

The abovementioned financial performance measures are relevant financial measures to the study because they are used to measure the financial performance in South African public entities. The published annual financial statements of all the public entities consist of the following key components, which enable the internal and external users of those statements to compute the abovementioned financial performance ratios according to South Africa, Northern Cape Tourism Authority annual report (2017:56), South Africa, Northern Cape Liquor Board annual report (2017:52), South Africa, Northern Cape Gambling Board annual report (2017:76) and South Africa, Kalahari Kid Corporation annual report (2017:46):

- Statement of financial performance;
- Statement of financial position;

- Cash flow statement;
- Statement of changes in net assets; and
- Detailed additional financial disclosure notes.

A brief discussion of the relevant key financial performance measures follows:

a) Liquidity and resource management

In the opinion of Bhamornsathit and Katawandee (2016:57), liquidity and resource management performance indicators measure the organisation's ability to meet its short-term obligations as they become due. The authors contended that key liquidity and resource management performance indicators include the current ratio, quick or acid-test ratio, accounts receivable turnover, inventory turnover and average collection period.

According to Farrokh et al. (2016:363), liquidity ratios are calculated by dividing cash and cash equivalents with current liabilities. Liquidity ratios are used to assess and evaluate whether an organisation can respond to short-term financial obligations or not. They argue that the performance measures under this perspective are used by internal and external stakeholders of the organisation's ability to turn its product or services into cash.

b) Profitability ratios

In the view of Bhamornsathit and Katawandee (2016:57) and Mawutor and Fred (2015:166), profitability ratios measure the overall performance of the firm's ability to generate income and the return on revenue and investment. According to Hornungova and Milichovsky (2016:28), Chung, Hsu, Tsai, Huang and Tsai (2012:6) and Vasiu (2016), gross and net profit margins, return on assets, return on equity, and sales growth percentage are some of the widely used profitability ratios.

The net profit margin ratio is computed by dividing earnings after taxes by sales in order to indicate the profitability of the organisation after taking into account all expenditures (Farrokh, et al., 2016:363). Vasiu (2016:360), and Quigley and Hambrick (2015: 824) wrote that the return on assets is computed by dividing the net

income of the organisation by total assets. The return on equity is calculated by dividing net income available to ordinary shareholders with the total number of ordinary shares (Ehrhardt & Brigham, 2011:100). Farrokh, et al. (2016) contended that sales growth percentage is calculated by the comparing sales increase for a particular period with the corresponding prior period sales.

c) Solvency and leverage performance measures

Solvency ratios measure the ability of an organisation to meet its long-term liabilities (Bhamornsathit & Katawandee, 2016:57). Debt ratios, debt to equity ratio and interest cover are some of the common solvency performance measures that are used to evaluate and assess the extent that the organisation is exposed to debt. Hornungova and Milichovsky (2016:28) was of the same school of thought, namely that the debt ratio, debt to equity ratio and interest cover are the key financial performance indicators used to measure the leverage degree, financial stability, financial autonomy of an organisation.

In the opinion of Farrokh, et.al. (2016:363), the debt ratio is computed as total debt divided by total assets, which show the proportion of the organisation's total liabilities to its total assets. The debt ratio indicates to the creditors and investors a quick measure of the extent of company's debt on the balance sheet, compared to the assets. Ehrhardt and Brigham (2011:100) asserted that the interest cover ratio is calculated by dividing earnings before interest and taxes by all debt financing costs. This ratio measures the ability of the organisation to pay interest to all its debt providers.

d) Criticism of financial performance measures

Some authors such as White (2004:663) and Xi (2011:58) have criticised the use of financial performance measures by organisations. While acknowledging the importance and usefulness of the financial performance measures in measuring performance, White (2004:663) thought that other contextual factors such as the quality of products and services should also be considered during the assessment of the financial measures by the stakeholders (Higgins, 2005:5). The author was on the same page with the mild criticism of financial measures, by first acknowledging the

pivotal role played by financial performance measures. He then contended that performance measures such as a balance score card that goes beyond single dimensional financial measurement approach are probably the most suitable and of highest quality.

Advocating a more robust criticism of financial performance measures than the previous two sources, Gitachu (2012:4) was of the view that an exclusive reliance on financial performance measures is a problem to the organisation as its focus is short term.

3.5.2. Audit outcomes

One of the most widely used multifaceted performance measures in assessing the performance of the South African public entities is the annual audit opinion that is issued by the office of the Auditor General South Africa to all South African public entities.

The AGSA PFMA general report (2015) and the Association of Certified Chartered Accountants auditing handbook (2012) define an audit opinion as an “independent assurance on the financial performance, cash flow position, financial position, reliability and validity of report service delivery targets as well compliance with relevant legislation of the organisation being subjected to an audit”.

In terms of the PFMA (1999), the Public Audit Act (2004), the Constitution of the Republic of South Africa (1996) and the relevant enabling founding legislation for each entity such as the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA) Act (2008) for NCEDA, it is a legal requirement for all the public entities to be subjected to an annual independent audit as public funds are being used. The annual audit opinions of the public entities are widely watched by various stakeholders such as Parliament’s Standing Committee on Public Accounts (SCOPA), investors, the South African public and many other interested parties.

The advantage of an annual audit opinion is that it is issued by an independent body and therefore free of manipulation by management. Oversight institutions such as

SCOPA use the aforesaid audit opinions when the different entities appear before it to account for the relevant annual organisational performance. Investors and the public also use the published audit opinions, audited annual financial statements and audited service delivery performance outcomes when assessing and making economic decisions pertaining to these entities.

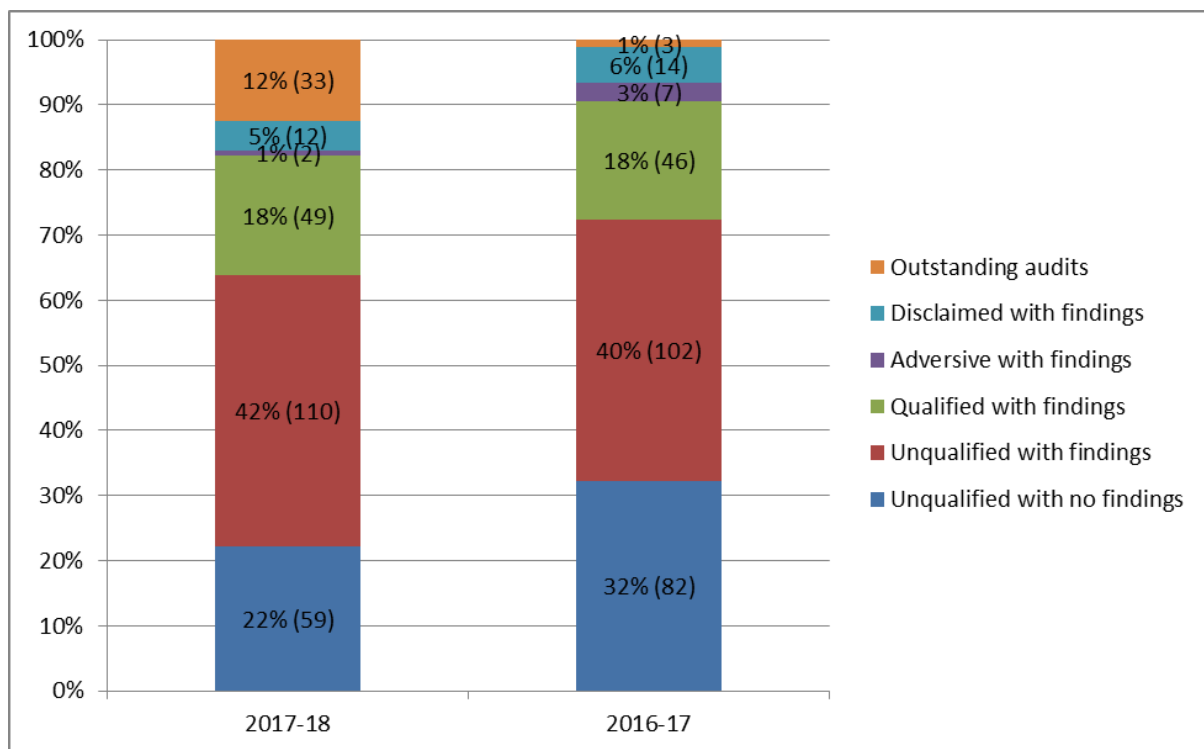
The AGSA PFMA general report (2015) and the Association of Certified Chartered Accountants auditing handbook (2012) define different levels and kinds of audit opinions that can be issued by independent auditors (AGSA). The AGSA PFMA general report (2015) posits that an audit opinion is issued after a detailed examination of the underlying financial and non-financial records of the organisation, guided by international standards of auditing. According to the AGSA PFMA general report (2015) and the Association of Certified Chartered Accountants auditing handbook (2012), the different levels and kinds of audit opinions are defined as follows, varying from best to worst financial and service delivery performances:

- **Unqualified audit opinion with no findings** or “clean audit”: This category of audit opinion means that the financial performance, cash flow position and financial position of the auditee (public entity being audited) is in order and fairly stated in its annual financial statements. Furthermore, this audit opinion means that the pre-determined service delivery objectives of an organisation are reliable and valid, complying with all key laws and regulations governing it. This is the best audit outcome that a public entity can attain.
- **Unqualified audit outcomes with findings**: In this category the external auditor is satisfied with the fair presentation of the financial statements and its underlying financial records, but has areas of concern in the financial statements, service delivery outcomes and compliance with relevant key laws and regulations affecting the public entity. This kind of audit opinion is the second-best audit opinion that an external auditor can issue to the auditee (a public entity in the context of this study).
- **Qualified audit opinion**: In this category the auditor expresses an opinion regarding critical problems pertaining to the annual financial statements of an

organisation. It is an indication of poor performance due to problems regarding some aspects of the financial and non-financial service delivery health of the organisation.

- **Disclaimed and adverse audit opinion** is the worst opinion that an auditor can issue. Under this category it is being argued that the auditee provided insufficient evidence in the form of documentation on which auditors can base an audit opinion. The lack of sufficient audit evidence is not confined to specific balances or transactions. The audit problems are pervasive and represent a substantial portion of the information contained in the financial statements. This type of audit opinion is an indication that the financial performance, cash flow position, financial position, service delivery objectives and compliance with relevant key legislation is in a bad state to the extent that the auditor is unable to express an audit opinion on the financial and service delivery affairs of the public entity.
- **Outstanding audits** means an organisation has not been subjected to an annual audit as it failed to submit the annual financial statements and service delivery report to AGSA for auditing as per statutory deadlines prescribed in the PFMA (1999). The PFMA stipulates specific dates following the end of the relevant financial year for organisations to submit the unaudited annual financial statements and service delivery reports to be subjected to the auditing process. When an organisation has an audit outstanding, it is perceived as a reliable predictor of financial health and service delivery problems within the organisation.

From Figure 3.3, it is alarming that 22% of public entities received unqualified audit opinions, with no findings or the “clean audit” opinions from AGSA in the 2017/18 financial year compared to 32% in the 2016/17 cycle. The regression by 10% is concerning as one would have expected an upward movement in this audit outcome category year on year, since it is the best audit outcome that the public entity can attain.



Source: AGSA PFMA general report (2018)

Figure 3.3: Audit opinion performance outcomes of all public entities in South Africa for the 2017-18 audit cycle

It is evident that 42% of the public entities received unqualified audit opinions, with findings from AGSA in the 2017/18 audit cycle, compared to the 40% 2013/14 cycle, translating into an improvement by two (2) percentage points. The 18% of public entities which received qualified audit opinions during the 2017/18 audit cycle represents no change when compared to the 18% attained during the 2016-17 audit cycle. This is concerning as there was no improvement in the outcomes in this category between the audit cycles.

During the 2017-18 audit cycle, 6% of the public entities received a disclaimer and adverse qualified audit opinions. When compared to the prior year audit cycle's combined 9% outcomes in this category, the movement with the aforesaid 6% translates into a 3% point reduction. These outcomes are not desirable for any organisation as it means that its financial and service delivery performance outcomes are so bad to the extent that the auditors cannot even express an opinion on the affairs of the organisation. 12% percent of the public entities did not submit

the annual financial statements and service delivery performance reports in the 2017/18 audit cycle compared to the 1% of the corresponding prior year cycle. This implies that the public entities are not able to account for the financial and service delivery performance.

3.5.3. Service delivery performance outcomes

Despite the special focus on financial performance measures in organisations, Erasmus (2008:404) was of the view that non-financial performance measures are also critical considerations and can be used to measure the success and performance of public service organisations. Providing specifics to the advocacy of non-financial performance measures by the previous authors, Boyne (2013:368) proposed the following non-financial service delivery performance measures that are relevant to public service organisations:

- Quality of outputs (such as reliability and speed of service);
- Efficiency (ratio of outputs to inputs);
- Equity (fairness of the distribution of service costs and benefits between different groups);
- Quantity of outputs; and
- Consumer satisfaction.

Boyne (2013) stated that the abovementioned service delivery performance measures can be used to measure the success and performance of public service organisations in addition to financial performance measures such as value for money. Kaplan and Norton (2006) proposed a Balance Score Card performance approach that goes beyond the exclusive use of financial matrices, but also considers other non-financial measures such as an internal business process, customer and innovation and learning.

3.6. Role of Organisational Culture during Strategy Implementation

According to Şomacescu, Barbu and Nistorescu (2016:92), “every organisation has its own set of cultural elements such as language, traditions, symbols, practices, history and social facts that make an organisation unique”. In order to understand the organisations, researchers must analyse how the unique organisational cultures

influence and are influenced by various organisational variables such as strategy, organisational structure and systems (Zalupca, 2017: 63).

Different authors such as Harinarain, Bornman and Botha (2013) and others suggest that organisational culture serves as an important enabler during strategy implementation. According to Harinarain, et al. (2013:24), organisational culture plays a key role in any organisation as it assists in the determination of strategy and its implementation. Slater, Olson and Finnegan (2010:229) were of the view that an organisational culture is a unique source of competitive advantage to an organisation when it enables strategy implementation better than its rivals. Ali and Hadi (2012) writes that an estimated 86% of organisations that have managed to succeed in achieving their strategic objectives have supportive and aligned organisational cultures for strategy implementation.

The first part of the section presents an overview of the relevant and selected definitions of organisational culture, leading to the development and adoption of an appropriate definition for this study. The definition part is followed by a delineation of different types of organisational culture. Finally, a brief analysis of relevant research on the influence of organisational culture to organisational performance during strategy implementation is undertaken.

3.6.1. Definition of organisational culture

Longman, Daniels, Bray & Liddell (2018:1) claimed that there is a limited consensus among management authors on the meaning of organisational culture. Management scientists and authors understandably propose various definitions of organisational culture, based on unique circumstances and a variety of possible variables influencing culture in organisations around the globe. In the opinion of Berman, Sabharwal, Wang, West, Jing, Jan, Liu, Brillantes, Chen and Gomes (2013: 1068), the construct of organisational culture has both cognitive and behavioural manifestations. The definitions below are analysed accordingly.

According to Sales (2006:62), the organisational culture is a “character of a company’s internal work climate and personality, which is underpinned by specific values, beliefs, business principles, traditions that are ingrained through employee

behaviour". Schein (2010:18) wrote that organisational culture is defined as a "pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems". Pieterse (2017:263), Popa (2017:114) and Yusoff and Omar (2011:148) continued along the same line of thinking by defining organisational culture as "organisational values, beliefs and norms that influence and shape both individual and group employee behaviour" which result to the overall benefit of the organisation".

Echoing the views from the three previous authors, Harinarain, et al. (2013:24) suggested that organisational culture is a "powerful, tacit and often unconscious force, which determines the behaviour of both the individual and the group, the way they perceive things, their thought patterns, and their values". Continuing from what now appears to be the mainstream approach to the meaning of the organisational culture, Strydom, Perks, Smith and Sharp (2014:492) defined it as a "configuration of norms, beliefs, values and ways of behaving that characterise the manner in which groups and employees go about doing business."

The definitions from Sales (2006:62), Schein (2010), Yusoff and Omar (2011), Harinarain et al. (2013: 24) and Strydom et al. (2014:492) seem to suggest a strong emphasis on both cognitive and behavioural aspects of an organisation's culture. All the abovementioned definitions allude to the cognitive and behavioural issues of the organisation's staff members such as "pattern of shared basic assumptions", "taught, perceive, think, feel, values, beliefs, norms, as well as shaping of behaviour". Other than the aforesaid cognitive and behavioural emphasis in those definitions, Schein's (2010) definition seems to go a step further through the inclusion of constructs such as "artefacts" into defining organisational culture.

Thompson, et al. (2010:386) and Barbars (2015:106) approached the definition of organisational culture from a somehow unique and simplistic perspective, compared to the abovementioned contributions. They defined organisational culture as a "way of doing things around here". Compared to all the previous authors, this definition has a strong emphasis on the behavioural aspect of organisational culture as it

focuses on the manifestation of organisational culture through certain behaviour rather than the members' inner cognitive processes.

Based on the discussed definitions above, organisational culture for the purposes of this study is defined as “collective norms, beliefs, values and ways of behaving that is unique to members of the South African public entities that assist as an enabler to implement and achieve unique organisational goals and plans”.

3.6.2. Relevant types of organisational culture

Apart from the definitions above, further clarity is also needed in terms of possible culture types. Different categories of organisational culture have been explored by management authors, namely:

- Competing values framework (Cameron & Quinn, 1999);
- Classification of organisational culture according to cognitive levels (Schein, 2010);
- Feedback and risk classification (Parumasur, 2012); and
- Handy's typology of organisational culture (Parumasur, 2012).

Of these classification types, the competing values framework by Cameron and Quinn (1999) has attracted wide use in profiling culture in any type of an organisation (Slater, et al., 2010:230). Furthermore, different authors of organisational culture, such as Harinarain, et al. (2013) amongst others, have used the competing values framework as their theoretical basis and framework. Chapman (2018:3) and Di Stefano and Scrima (2016:51) echoed the previous authors by claiming that the competing values framework has a wide use in research as a theoretical basis and framework of studies. Based on what seems to be its universal acceptance and application to any type of organisation, it is worth investigating the competing values framework.

According to the competing values framework as proposed by Cameron and Quinn (1999), any organisation can have either one or a mix of four cultural orientations, namely hierarchical, rational, clan and developmental culture. These orientations will

be discussed individually, with the aim of contributing to greater clarity about the competing values framework.

3.6.2.1. Hierarchical culture

When the organisational culture is hierarchical in orientation, the way of doing things throughout the organisation revolves around “control” in all aspects of processes and functions at various levels. An organisation with this type of culture is rules based, highly specialised and has an orientation where employees with great ability have significant influence (Ahmadi, Salamzadeh & Akbari, 2012:289; Avota, McFadzean & Peiseniece, 2015:127).

In their study of the United Arab of Emirates public sector organisations, Al-Ali, Singh, Al-Nahyan and Sohal (2017) found that the hierarchical culture has a positive impact on certain organisational factors such as change management.

Like any government-controlled organisation, South African public entities are also subjected to a myriad of stringent laws, regulations and prescripts in all facets of their functions, processes and operations. Furthermore, the public entities have a high degree of specialisation in the execution of their core mandates. For instance, the Kalahari Kid Corporation specialises in the commercialisation of the goat industry in the Northern Cape Province, and Northern Cape Gambling and Liquor Boards have specialisations in the regulations of gambling and liquor industries. As stated by Ahmadi, et al. (2012), the high degree of specialisation and regulation in an organisation are some of the antecedents of a hierarchical cultural orientation. This then implies a potential existence of a hierarchical culture in South African public entities.

3.6.2.2. Rational culture

The way of doing things in an organisation with a rational cultural orientation is premised on the significance of the external environment in all its different functions and processes. Extensive engagements with external stakeholders such as clients, financial institutions, creditors, labour unions are emphasised in an organisation with the rational culture (Kokt & Van Der Merwe, 2009: 346).

The South African public entities are used as a vehicle to advance the broader developmental and economic goals of government. As a creation of government, South African public entities perform a public interest function. Due to their nature, the public entities have engagements with a variety of external stakeholders such as the public, creditors and unions. Therefore, the rational culture has relevance to this study of South African public entities.

3.6.2.3. Clan culture

The clan cultural orientation of an organisation is based on core principles of shared values and goals, cohesiveness, inclusivity and participatory approach family orientated values (Slater, et al., 2011: 240). Ramirez, Amezaga and Medina (2016: 45) agreed with the previous authors that the clan culture in an organisation is family orientated, which espouse values such as teamwork, inclusivity and participatory approach.

3.6.2.4. Adhocracy culture

This type of cultural orientation is premised on the organisation being ready, innovation, flexible and adaptable for change in the environment that is characterised by uncertainty and ambiguity (Felipe, 2017:9; Ramirez, Amezaga & Medina, 2016:45).

Some South African public entities such as the Kalahari Kid Corporation are pursuing turnaround and portfolio restructuring corporate strategies (South Africa, Kalahari Kid Corporation annual report, 2016:11). Due to their nature, turnaround strategies are susceptible to the risk of certainty. In the 2016 budget speech, the Finance Minister mentioned that the South African public entities play a dual mandate of ensuring self-sustainability through meeting their commercial goals as well as meeting the other key mandate to boost economic growth and the broader development of South Africa (Gordhan, 2016:18). This duality of mandate, which is both commercial and developmental, may expose the South African public entities to the risk of ambiguity. Therefore, the developmental culture has some relevance to the study of South African public entities, due to the potential uncertainty and ambiguity, which characterise the developmental cultural orientation.

3.6.3. Organisational culture and performance

Raguz and Zekan (2017:21) claimed that a healthy and supporting organisational culture leads to improved organisational performance. Zeyada (2018: 424) continued along the same line of thought as the previous authors by claiming that organisations that focus on establishing strong organisational cultures tend to outcompete their rivals which ignore the development of strong organisational cultures.

Although most research regarding organisational culture and performance were performed in the private sector it still has a significant relevance to the South African public entities under investigation in this study. The general clues, patterns and findings from research could be of great importance for this study.

The findings of the studies that investigated the role of organisational culture during strategy implementation are mixed. Researchers such as Saad and Asaad (2015); Strydom, et al. (2014), and Dimba and Rugimbana (2013) found that organisational culture enables strategy implementation and influences organisational performance. On the other hand, other researchers such as Arnolds and Lillah (2012), Chung, Hsu, Tsai, Huang and Tsai (2012) and Ahmadi, Salamzadeh, Daraei and Akbari (2012) found that organisational culture does not influence organisational performance during strategy implementation.

3.7. Role of Leadership during Strategy Implementation

“Leadership does matter with its essence on performance” (Drucker, 1988:68). Various subsequent authors echoed this same seminal view. In the opinion of Shaari, Areni, Grant and Miller (2014:246), Ali and Hadi (2012: 271) as well as White (2004:620), the leadership of an organisation plays a key role in the implementation of its plans to ensure success of the strategic objectives such as profitability, growth and future positioning. During the 2016 national budget speech, Gordhan (2016:18) was of the view that the South African public entities, which have a combined asset base of R1 trillion, require effective leadership to ensure effective strategy implementation and to improve performance. Some authors such as Kuye and Ajam (2012) and the AGSA PFMA general report (2013) were of the view that there is a lack of leadership in South African public entities, which results in ineffective strategy implementation and poor performance. Allio (2015) and Newark (2018) approached

leadership from a different perspective, when compared to all previous authors, by suggesting that the importance of leadership in an organisation is diminishing and minimum. Allio (2015) stated that it is the organisational strategy, which enables the organisation to achieve an entity's strategic goals, not its leaders.

Below is an overview of relevant leadership definitions which culminates in the development of the definition, which was used in this study. The role of leadership during strategy implementation is discussed in the final part of the section.

3.7.1. Definition of organisational leadership

According to Delić, Kozarević and Alić (2017:65) as well as Barnes and Spangenburg (2018:49), there is no unanimous definition of leadership as it is a multi-faceted construct that is contextual by its nature. Given the lack of consensus on the meaning of leadership in management circles, it is pivotal to develop a valid definition of leadership for the purposes of this study. The reason being to facilitate an eventual investigation regarding the role of leadership in the strategy implementation in the South African public entities.

The following are some of the leadership definitions, which describe its meaning according to certain perspectives:

- “Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” Yukl (2010: 26);
- “Leadership is the process of enhancing and encouraging the self-esteem of employees to achieve organisational task and goals” Muhammad, Su and Saqib (2017:144);
- “Leadership is a process by which an individual motivates or influences others to achieve organisation goals” Kesting, Ulhøi, Song, and Niu (2016);
- “Leadership is an influence which motivates others to maximise the efforts towards achieving their organisational goals” Zuned (2017: 10); and

- “Leadership is a process of societal control for leader to pursue the controlled involvement with subordinate in order to attain organisational objectives and goals” Mohiuddin (2017:18).

From the abovementioned leadership definitions, certain components pertaining to the meaning of leadership can de-constructed as follows: leader; followers; process, goals and influence. The main element of the definitions is that there is a person or group of persons who lead. “Follower” is another important variable of the definitions. “The term follower is used to describe a person who acknowledges the focal leader as a primary source of guidance about work, regardless of how much formal authority the leader actually has over the person. Followers may include people who directly do not write reports such as co-workers, team members, partners, outsiders” (Yukl, 2010:27). A follower is therefore a broad construct that goes beyond direct subordinates of a leader. It is evident in the definitions that in each leadership process, there is a specific context to achieve certain goals and objectives.

Influence is another key word that forms part of the aforesaid definitions. According to Yukl (2010:198), “influence is the essence of leadership that is necessary to influence people to carry out requests, support the proposals and implement decisions” using different sources of “power”. In the view of Wang, Chen and Yu (2017:1199), power refers “to the ability that one party must change or control the opinions, objectives, attitudes, behaviours, needs, and values of another party”. French and Raven (1959, cited in Wang, Chen & Yu, 2017:1199) provided the following as the important sources of power at the disposal of a leader to influence people:

- Coercive power is a kind of influence process whereby the leader is perceived to give punishment to the followers for mistakes and failures;
- Reward power is exercised in such a manner that the followers perceive the leader as someone who can reward them for the desired behavior;
- Legitimate power refers to the followers’ perceptions of their leader as having authority to give direction and control of their behaviors;
- Expert power means that the followers believe that the leader has experience, knowledge and expertise in a specific area within the influence context; and

- Referent power is of the type whereby the followers have a desire to identify with their leader due to their personal admiration and genuine liking of the leader.

Based on the above analysis of the de-constructed constructs of the leadership definitions, it is evident that all those constituent elements should exist for the leadership process to take place.

Winston and Patterson (2006:7) refer to leadership as a situation whereby “a leader is one or more people who select, equip, train, and influence one or more follower(s) who have diverse gifts, abilities, and skills and focus the follower(s) to the organisation’s mission and objectives causing the follower(s) to willingly and enthusiastically expend spiritual, emotional, and physical energy in a concerted coordinated effort to achieve the organisational mission and objectives”. Although this definition also covers common themes that were included in previous definitions covered thus far, it introduces an interesting human resources and psychological perspectives as it incorporates constructs such as “selection”, “equipment”, “training”, “gifts”, “ability”, “emotion”, “diversity” and so on.

From a slightly different angle compared to all the previous definitions, Jain and Jain (2013:43) introduced new aspects to the definition of leadership, through an inclusion of the specific leadership attributes such as “character and values” that are used by the leader during the influence process. By its emphasis on leader attributes such as “character and values”, Jain and Jain’s (2013) definition seems to be having its theoretical underpinning in the trait leadership theory. According to Khan (2013:831), the trait leadership theory is premised on the view that a leader influences others by possessing certain unique characteristics and qualities.

Closer to home, Van Schalkwyk, Davis and Pellissier (2013:227) defined leadership as the “mobilisation and influencing of people to work towards a common goal through the building of interpersonal relationships and the breaking of tradition to achieve the organisation’s objectives, despite risk and uncertainty”.

According to the Public Finance Management Act (PFMA) of South Africa (1999) and the Auditor General of South Africa (AGSA) PFMA general reports (2015), leadership of a South African public entity includes some of the following:

- Board of directors, which is referred to as the Accounting Authority;
- Heads of Department who are referred to as the Accounting Officers;
- Chief Executive Officer (CEO); and
- Executive directors such as Chief Financial Officer (CFO) and other programme managers responsible for certain programmes/divisions in the public entities.

For the purposes of this study, leadership refers to one or more people such as the board of directors, chief executive officers, chief financial officers who are perceived to use different sources of power to influence their followers and others in the context of South African public entities for the purposes of implementing a strategy that is intended to achieve the organisation's mission and objectives.

Some authors such as Kuye and Ajam (2012) and the AGSA PFMA general report (2013) were of the view that there is a lack of leadership in South African public entities, which result in ineffective strategy implementation and poor performance.

3.7.2. Leadership and performance

An interesting phenomenon in the discourse about the role of leadership during strategy implementation has been the question of whether a particular leadership style plays any role during implementation. According to Muhammad, Su and Saqib (2017:144), leadership style is one of the key determinants that ensure organisational success through meeting its planned targets. Vermeeren, Kuipers and Steijn (2014), Samanta and Lamprakis (2018), Rasoolimanesh, Jaafar, Badarulzaman and Ramayah (2015), Yahaya and Ebrahim. (2016) as well as Oyewobi, Windapo, Rotimi and Jimoh (2016) found that leadership, which includes different leadership styles and decision-making styles, has an influence on organisational performance during strategy implementation.

In the view of Maseti and Gumede (2011:1479), private and public sectors use different styles of leadership during strategy implementation to ensure the achievement of their strategic objectives. Furthermore, the authors contended that organisations have unique situations and times that require specific types of leadership styles to respond to unique situations. However according to Kunnatt (2016:30), modern organisations are complex and are made up of knowledgeable workforce, which makes it difficult for such workforce to be influenced by a particular leadership style.

Kotzé and Venter (2010:413) came up with a different contention by suggesting that leaders should possess a mix of different leadership styles in order to implement a strategy effectively. The views of some of the leadership authors, such as Maseti and Gumede (2011) and Kunnatt (2016) appear to be in line with the contingency leadership theory. According to Khan (2013), the core principle of contingency leadership theory is that each situation is different and thus, no one approach can fit all situations; instead, leadership complexities themselves must cater for the differences in situations and adapt accordingly.

Kuye (2010:265) stated that transformational, transactional and Laissez-fair are some of the most widely and significantly used leadership styles. If these leadership styles are widely used by most leaders, then it stands to reason that leaders of the South African public entities will in one way or another use some of these leadership styles to implement strategies. It would be interesting as to which leadership style that the leaders of public entities are using and the implication thereof on organisational performance. The aforesaid leadership styles and its implications to strategy implementation will now be briefly examined, starting with the transformational one in the next part, to be immediately followed by transactional, with the last part covering Laissez-fair.

In the view of Drucker (1988) and Kuye (2010), transformational leadership style refers to situations when leadership provide their followers with a broad vision to attain organisational goals through creating an enabling environment that gives their followers confidence to achieve better performance. Groves and LaRocca (2011; 512) were of the same school of thought as the previous authors as they were also

of the view that under transformational leadership style, a leader influences and inspires followers through an agreed-upon common vision of the entire organisation. Continuing from the same line of thinking but in a slightly different perspective, Kunnatt (2016:32) claimed that transformational leaders inspire their followers to achieve organisational objectives through involving them in decision making. Although approaching transformational leadership style from the same viewpoint as all the previous authors, Hassan, Fuwad and Rauf (2010) put an emphasis on an interesting psychological angle of individualised support, motivation and intellectual encouragement to followers. Gandolfi and Stone (2017) offered a new different dimension to transformational leadership style by referring to it as a context where the leader and a follower have a close engagement on various issues; leadership leading to the achievement of the organisational goals. Furthermore, Gandolfi and Stone (2017) wrote that a transformational leader take care of its followers. Sattayaraksa and Boon-itt (2018) found that transformational leadership of an organisation affects the organisational performance.

Turning attention to the transactional leadership style, Alsugghayir (2014: 92) posited that the style is premised on the leader encouraging followers to implement plans using transaction orientated inducements such as performance rewards, punishment, assigning of tasks in a certain manner and others without necessarily inspiring them on a broader vision. Fonseca, Porto and Barroso (2012) were of the same school of thought as the previous authors as they indicated that under this style, a leader negotiates with the follower to agree on the achievement of certain goals in exchange of a reward or punishment when the agreed upon goals have not been met. Khattak (2017:700) followed the same pattern of thinking as the previous authors by suggesting that transactional leadership style is “associated with setting goals, providing feedback, describing desired outcomes, and exchanging rewards and recognition for accomplishing specified goals, it emphasises on the in-role performance of the subordinates”. Research from studies such as Muterera (2012), Suarez and Hernandez (2012) and Dibley, Viviers and Van Zyl (2014) have suggested that transformational leadership style plays a significant role on organisational performance during strategy implementation compared to leaders that mostly rely on transactional style of leadership.

In the opinion of Kuye (2010), laissez-fair leadership style refers to the leaders who give delegation of authority to their followers without providing the requisite direction and guidance. Muhammad, Su and Saqib (2017:147) wrote that a Laissez-faire leader does not try to influence followers in a particular way to achieve organisational objectives. Instead, the leader goes along with the implementation of plans of the followers without any active input and influence in order to ensure that there is harmony in the organisation. Gandolfi and Stone (2017) was of the view that under this style a leader assumes a hands-off during the situation with the decision making and achievement of the organisational objectives left to the followers. Research by scholars such as Muhammad, Su and Saqib (2017) found that laissez faire leadership styles can enhance productivity of the organisation during strategy implementation.

It appears there is a consensus amongst researchers such as DeliĆ, Kozarevic and Alic (2017), O'Reilly, Caldwell, Chatman, Lapiz and Self (2010) on the role of leadership during strategy implementation. Earlier studies such as O'Reilly et al. (2010), and Serfontein and Hough (2011) found that the leadership of an organisation enables strategy implementation with an influence on organisational performance. Subsequent findings from studies such as Van Schalkwyk, Davis and Pellissier (2013), Gyllstorm, Gearin, Friendliest, Myhre, Larson and Riley (2015), Prasad, et al. (2018), DeliĆ, Kozarevic and Alic (2017) concurred with the earlier studies as they also found that the leadership of an organisation enables strategy implementation with an influence on organisational performance. Frantz and Jain (2017) found that the leadership behaviour in an organisation influences the organisational culture, which in turn influences organisational performance. In a study of Zanzibar public entities, Suleiman, Hamad and Sulaiman (2017) found that ineffective boards and CEO's in public entities result in poor organisational performance.

3.8. Role of Corporate Controls during Strategy Implementation

In the view of Farahmand (2010:12), an organisation implements its strategy with success when it selects appropriate corporate controls that match the chosen strategy. Due to the significance of corporate controls during strategy implementation, it is clear that, responsible management would put in place suitable

control systems to ensure successful implementation. As it would be expected, there is a plethora of possible corporate controls that are available. However, for the purposes of this study, a focus will only be on the most important ones such as head office controls, organisational structure and the like.

Below is an overview of relevant definitions of corporate controls from reliable and recent sources which is analysed to improve the understandability of the construct, culminating with the development of the definition for the study. The last part is a discussion of the relevant types of corporate controls.

3.8.1. Definition

In the opinion of Hill and Jones (2009: 403), corporate controls refer to control systems such as an organisational structure to enable strategy implementation to improve organisational performance. Ireland, Hoskisson and Hitt (2011:280) defined corporate controls as primary and secondary activities that support strategy execution. Continuing from the same line of thought as the previous authors, Seifzadeh (2013:42) defined corporate controls as financial and strategic mechanisms that are put in place by the head office of an organisation in order to support and evaluate performance of all organisational units during strategy implementation. Ritchie, Cavazos, Barnard and White (2012:1108) approached corporate controls by specifying it as an organisational structure that serve as a “means by which work is allocated and controlled” in the organisation in support of strategy implementation. Echoing the views of the previous author (i.e., Ritchie et al. 2012), Willits (2014:141) also approached corporate controls from an organisational structure perspective by defining them as a “process by which labour of an organisation is divided and managed” to assist in the implementation of a strategy.

The accepted definition of corporate controls for the purposes of this study refers to them as control systems such as the organisational structure, financial and strategic mechanisms that are put in place by South African public entities to support strategy implementation in order to improve organisational performance.

3.8.2. Relevant types of corporate controls

Management authors such as Tonts and Taylor (2013), Ryan (2010) as well as Menz, Kunisch and Collis (2015) proposed different corporate controls which include head office, financial and strategic controls which can be used by organisations during strategy implementation. A brief overview will now be undertaken of the relevant corporate controls to the study.

3.8.2.1. Head office controls

According to Collis, Young and Goold (2007:385) and Tonts and Taylor (2013:1509), the head office of an organisation serves as a monitoring and a coordination mechanism because it houses key controls that enable strategy implementation. Financial, strategic and informal controls are the examples of those controls that reside in the head office (Ryan, 2010; Nell & Ambos, 2013; Menz, Kunisch & Collis, 2015; Morikawa, 2015).

In a pioneering archival study of four American organisations (DuPont, General Motors, Standard Oil, Sears and Roebuck), Chandler (1962) found that the Head office plays a significant role during strategy implementation because of its overall coordination, appraising and resource allocation roles. Goold and Campbell (2002) also found that head office creates value in the organisation through its coordinating functions and controls. Confirming the findings of the previous studies in a different context, Egelhoff (2010) argued that the realisation of economies of scale and scope, knowledge sharing and financial cost savings throughout the organisation were some of the reasons for the head office to house corporate controls and to perform coordination functions. Other studies such as Seifzadeh (2013) and Ito (2012) had similar findings as they also found that the head office plays a key role during strategy implementation affecting organisational performance. However, they also went further to suggest that head office controls are superior compared to other corporate controls.

From a somehow different angle of investigation compared to the previous studies, Rao, Brown and Perkins (2007) focused on the aspect of information systems when exploring the influence of head office controls to the units of multinational organisations operating in nineteen (19) countries. Their findings were slightly

different compared to all the previous ones as they found that management of organisational units resist the coordination by the head office on some controls based on the view that the head office is intruding in their space. The other interesting finding of the study was that the management of the units that are dependent on the head office of an organisation for critical resources do not resist head office controls. The findings were confirming the core principles of the resource dependence theory, which stipulates that the control by the head office to its units is easy when the unit is dependent on the head office for the key resources it requires.

Tran, Mahnke and Ambos (2010) examined the influence of head office controls during strategy implementation from a different dimension. Different from previous studies, they investigated the influence of the quantity, quality and timing of knowledge capabilities that are developed by the head office and transmitted to the units' performance in a large international fashion organisation competing in the fashion industry of Europe. The researchers found that a positive relationship exists between the qualities of knowledge flow from the head office and the performance of the strategic business units. Tran, et al. (2010) also found that the timing of knowledge flows from the head office to the units influences the units' performance in a significant way. Another interesting finding of the study was that head office should be prudent of the quantities of knowledge flows to the units as sharing too much knowledge to the units can have harmful effects to the business units.

In summary, the general pattern of findings of the relevant studies covered in this part of the section reveals that the head office plays a key role during strategy implementation with an influence on organisational performance.

3.8.2.2. Financial controls

Accounting controls, standard operating procedures and budget systems are the financial controls that are proposed by management authors such as Collis, Young and Goold (2007: 385), Ryan (2010) and Morikawa (2015:423) to support strategy implementation in an organisation. Collis, et al. (2007:385) claimed that the financial controls such as financial reporting, treasury function and taxation support strategy implementation. Continuing with the same viewpoint as the previous authors, Ryan (2010) wrote that the financial controls such as the overseeing of the compilation

process of financial statements, budget process, and facilitation of the audit processes as well as treasury functions for all units of an organisation enable strategy implementation. Rao, Brown and Perkins (2007:16), as well as Morikawa (2015:423) were of the same school of thought compared to the previous authors such as Collis et al. (2007) and Ryan (2010). Rao, et al (2007:16) gave the same argument that financial controls such as standardisation of policies and rules support the strategy implementation.

3.8.2.3. Strategic controls

Ambos and Schlegelmich (2007) were of the view that planning control and centralisation of certain strategic functions are some of the strategic controls that assist an organisation to implement a strategy. In a similar line of thinking as the previous authors, Menz, Kunisch and Collis (2015:648) stated that centralising services such as human resources, information technology and marketing are strategic controls of an organisation to create value. Tallman and Koza (2010:438) and Menz, et al. (2015) regarded the centralisation of resources and capabilities allocation as a strategic control in an organisation that supports strategic implementation. Rao, et al. (2007:16), Hill and Jones (2009), Nell and Ambos (2013:1092), as well as Morikawa (2015:423) agreed with all the previous authors as they were also of the view that strategic controls of an organisation include the following, amongst others:

- Output controls that are used to measure performance of the units by the head office;
- Centralisation of certain strategic functions in the head office for the benefit of the entire organisation such as strategic planning and goal setting; and
- Personal controls and human resources management functions such as appointment of divisional managers heading the units.

Swiatczak, Morner and Finkbeiner (2015) found that performance management systems that are designed in accordance with the organisational goals and which are independent measurements influence the impact of the organisation in its sector or industry.

3.8.2.4. Informal controls

Rao, et al. (2007) were of the view that informal control mechanisms such as developing a direct contact between personnel in the units of the organisation influence strategy implementation. The impression of the authors was that the goal of the informal mechanisms is to augment communication throughout the organisation in the form of informal and personal contact between managers. According to Rao, et al. (2007), the following are some of the initiatives that encourage the informal communications and personal relations within an organisation, which are vital for strategy implementation:

- corporate meetings;
- conferences;
- management trips;
- personal visits;
- transfer of managers across units; and
- establishment of intra-organisational task teams and committees.

3.8.2.5. Organisational structure

Chandler (1962:314) wrote “unless structure follows strategy, inefficiency results”. According to Ostos, Hinderer and Bravo (2017:66) and Chandler (1962), contribution to strategy and organisational structure was pioneering. Chandler’s (1962) contribution was that an organisational structure is a key tool at the disposal of an organisation to enable the implementation of its selected strategy. Echoing Chandler’s (1962) views, Sellitto (2011:24) posited that an organisation needs to have an appropriate organisational structure to enable it to function properly and to implement its strategy. Valos (200:204) was also of the view that when an inappropriate organisational structure is used by the organisation to facilitate strategy implementation, it results in a negative effect on the implementation and organisational performance. Approaching it from the same line of thought as the previous authors, Seip (2011) believed that an organisational structure facilitates the implementation of the organisation’s strategies as well responding to the needs and demands of the society.

The functional structure is the most commonly used structure in the South African public entities (South Africa, Northern Cape Tourism Authority, 2017:11; South Africa, McGregor Museum annual report, 2017:10). According to Hill and Jones (2009:420), a functional structure refers to the arrangement of human capital according to the functions that are performed in the organisation.

Research which investigated the influence of organisational structure during strategy implementation reveals conflicting results. In a study that examined the role of organisational structure in the relationship between strategy and organisational performance, Nandakumar and O'Regan (2010) found that the organisational structure has a moderating effect on the relationship between strategy and organisational performance.

Stare (2011) investigated the influence organisational factors such as organisational structure on the performance of projects in Slovenian organisations. Even though conducted from a different context compared to the previous studies covered in this part of the section, Stare's (2011) study results confirmed the earlier findings as it was found that organisational structure influences project performance. Pleshko (2007) examined the influence of organisational structure on performance from a different angle by introducing Miles and Snow's (1978) strategy typology in the study mix. The units of analysis for the study were financial services organisations in Florida, USA. Pleshko (2007) found that organisational structure influences the profitability of organisations. The finding of the study was consistent with the findings of the previous relevant studies.

Mat, Smith and Djajadikerta (2010) approached their study from a different angle as they introduced management accounting practices and organisational change as additional new variables in the study mix in their examination of the role of organisational structure in the relationship between strategy and performance. Even though the study was approached from a different perspective compared to the others, it had consistent findings as they found a significant positive significant relationship between organisational structure, strategy and organisational performance. In his Ghanaian study in the manufacturing sector, Banuro (2009) investigated the effect of variables such as strategy and organisational structure on

the organisational performance. The researcher found that the abovementioned four organisational factors, which include the organisational structure, influenced performance during strategy implementation.

In his public-sector study in Papua New Guinea, Seip (2011) explored the nature and the role of the organisational structure in the Middle Ramu District Administration in organisational performance as it pertains to the delivery of health and education services to the local population. Seip (2011) found that there is a relationship between strategy, organisational structure and organisational performance. A further finding of the study was that the organisational structure was not responsive to service delivery requirements of the local population with a negative influence on organisational performance. In his study of the relationship between structure and strategy at General motors, Ford and Chrysler, Marx (2016) found that a misalignment between the structure and strategy in the organisation affected the performance negatively. This finding was line with the seminal work of Chandler (1962) which concluded that “unless structure follows strategy, inefficiency results”.

Research that was undertaken in this area seems to reveal a general pattern of findings, which support the notion that organisational structure influences performance during strategy implementation. However, a few studies yielded findings that were in conflict with the emerging aforesaid pattern. For example, Palacio and Soriano (2010) investigated the nature of the relationship between strategy implementation, organisational structure and organisational performance in Spanish recruitment agencies. The researchers found that organisational structure has little influence on organisational performance. Higgins and Toms (2011) analysed the relationship between a form of organisational structure adopted by the organisation and financial performance over a longer term in the context of British organisations. The results of the study found little evidence associating the organisational performance to a particular type of organisational structure that is used in an organisation. In their study, which investigated a link between organisational structure, strategy and organisational effectiveness, Zheng, Yang and Mclean (2010) found that a negative relationship exists between organisational structure and organisational effectiveness.

In conclusion of this section, it does appear that the findings from research that investigated the role of corporate controls during strategy implementation seem to suggest that such controls have some influence on organisational performance.

3.9. The Alignment of Corporate and Business Level Strategies

In the opinion of Andrews, Boyne, Meier, O'Toole and Walker (2012:79) and Andrews and Beynon (2011), public service organisations experience problems regarding strategy alignment, which results into an effect on organisational performance. Baker, Jones, Cao and Song (2011:300) found that the alignment of various organisational factors, which include strategy, can be a source of competitive advantage to an organisation in outcompeting its rivals in the market place.

The first part of this section is a review of different levels of strategy alignment that can be expected in an organisation. A discussion of relevant types of strategy alignment including the effect on performance will follow. The final part of this section will be an overview of relevant research on the relationship between aligned corporate and business strategies with organisational performance.

3.9.1. Levels of strategy alignment

In the view of Christiansen and Higgs (2008:14), the construct of alignment of various organisational factors including strategy has theoretical origins in “Miles and Snow’s dynamics of fit” model (1978). They proposed four different levels of organisational alignment including the effect of such alignment or non-alignment on organisational performance. The typology of the abovementioned alignment comprises “misfit”, “tight fit”, “early tight fit” and “minimum fit”, which are explained briefly as follows:

- “Misfit” represents a misalignment of various organisational factors including strategy at different levels in an organisation. This misalignment results in an organisation that is not meeting its strategic objectives. In other words, the organisation experiences poor performance as a result of misalignment at different levels;

- “Tight fit” refers to good alignment in an organisation. This results in an organisation achieving good outcomes pertaining to its strategic objectives, which is evidenced by improved performance;
- “Early tight fit” has the same characteristics as “tight” fit, which was explained in the preceding paragraph; and
- “Minimum fit” refers to a limited misalignment in an organisation where, at the bare minimum, the organisation meets its strategic objectives. An organisation performs at a very basic level in order to survive under ‘minimum fit’.

Based on the abovementioned strategy alignment typology, it does appear that the South African public entities should be somewhere within the alignment spectrum in terms of the “Miles and Snow’s dynamics of fit” model.

3.9.2. Relevant types of alignment

Management authors such as Bowman and Helfat (2001) as well as Goold, et al (1994) proposed different alignment types that can be used by organisations to align corporate and business levels strategies. According to Bowman and Helfat (2001), an organisation aligns its corporate and business level strategies through the following mechanisms:

- Resource allocation throughout the organisation;
- Control of business unit performance (planning & control);
- Involvement in the crafting and review of business level strategies of all its units;
- Using its capabilities to supervise, monitor and coordinate its units;
- Selection of unit managers with certain leadership styles that are required in the organisation;
- Provision of organisation specific training programmes for its executives to suit the organisation’s unique profile;
- Leveraging and sharing best practices throughout the entire organisation; and
- Setting goals together between head office and its units.

Bowman and Helfat (2001) were of the view that the strategic goals of the corporate strategy in an organisation should not contradict the business strategies of its units as such a contradiction can affect organisational performance negatively.

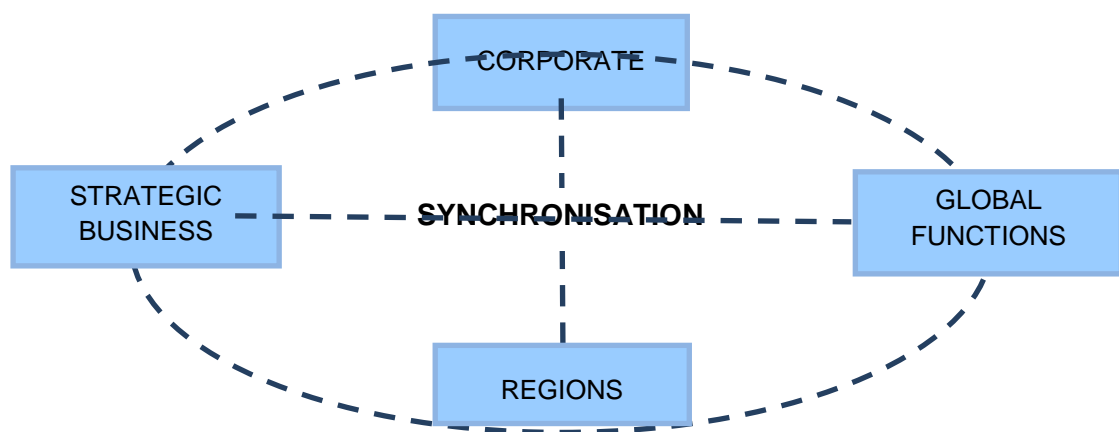
In their seminal study, Goold, et al. (1994) explored the alignment between corporate and business level strategies in 15 multinational organisations that included Unilever, Cannon, Dover, Shell and Hanson. The main finding of the Goold, et al.'s (1994) study was that organisations use different kinds of mechanisms to align their corporate and business level strategies which include the following:

- Strategic planner alignment: The head office sends strategic planning and budget guidelines to its units to enable them to craft their business level strategies within the parameters of corporate level strategy guidelines. Head office then reviews the crafted business level strategies in detail and in a structured manner to ensure consistency with the corporate level strategy;
- The financial controller alignment: The head office influences all its units through financial performance and control, whereby financial objectives of each unit as included in its business level strategy, are set in liaison with head office. The head office ensures that financial objectives in the business level strategy are congruent with organisational wide corporate level objectives. During the course of the financial year, head office monitors financial performance closely;
- Direct appointments of senior personnel in all units by head office executives;
- Linkage influence: This type of alignment involves the use of forums to encourage sharing of best practices, information exchanges, staff rotations between divisions, cross organisational task teams, shared reward and recognition systems; and
- The use of central specialist functions such as finance, marketing and engineering in the provision of advice to all units.

The results from the Goold, et al.'s (1994) study were consistent with the views of Bowman and Helfat (2001). Continuing from the same perspective of the previous authors, Wunder (2005) wrote that corporate level strategy should be aligned with the business level strategy through 'synchronisation'. Furthermore, Wunder (2005)

was of the view that broad strategic corporate objectives of the entire organisation should be crafted in the corporate level strategy. After the corporate level strategy has been crafted, all units of the organisation should follow suit by developing their tailored specific strategic objectives at business strategy levels, which should be aligned to the corporate level strategy.

Below is Figure 3.4, which illustrates the abovementioned synchronisation which reflects the alignment of corporate and business level strategies throughout the organisation.



Source: Adapted from Wunder (2005: 37)

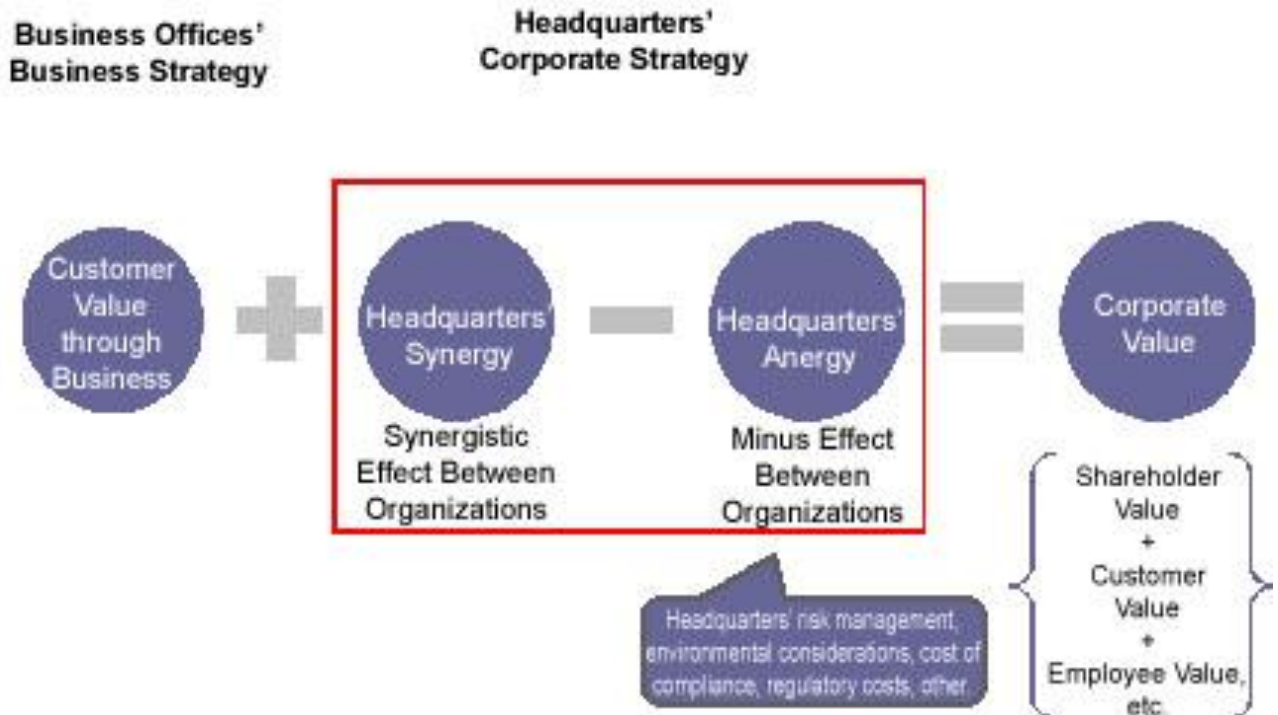
Figure 3.4: Corporate and business level Strategy alignment through synchronisation

The diagram above illustrates synchronisation reflecting an alignment of the strategy maps throughout the organisation at corporate, business unit, regional and global (when applicable) levels. In the view of Wunder (2005:40), regular communication between various players in the organisation such as head office, all units and different teams is important to ensure an optimal strategy alignment, which influences the organisational performance positively. Sull, Sull and Yoder (2018) found that lack of communication of the organisation's strategy results in ineffective strategy implementation, which also affect the organisational performance negatively. The findings of Sull, et al. (2018) supported the contribution of Wunder (2005).

Approaching the strategy alignment of corporate and business level strategies in organisations from a slightly different Balance Score Card (BSC) perspective compared with the previous authors, Kaplan and Norton (2006) were of the view that an alignment between corporate and business level strategies creates a synergy in the organisation, which improves organisational performance. Furthermore, they argued that a misalignment between the corporate and business level strategies diminishes the organisational performance. Continuing on the same angle as the previous authors (i.e., Kaplan & Norton, 2006), Ito and Souissi (2012: 63) used the findings from the case study investigations of different Japanese organisations such as Richo and Mitsubishi as a basis of their proposition in claiming that BSC can facilitate strategy alignment.

Ito and Souissi (2012:63) argued that the priorities of the corporate level strategy should be cascaded down to the business level strategies of all the units of the organisation through a BSC alignment index in order to facilitate strategy alignment and implementation. Emanating from the findings of the Richo case study, they were of the view that one of the effective ways to align corporate and business level strategies is to set financial objectives for the entire organisation and then use BSC to implement those financial objectives. Furthermore, using the case study investigation of Mitsubishi, the authors were of the opinion that the review of business level strategies of all its different business units by the head office of the organisation ensured their alignment to the corporate level strategies. Ito and Souissi (2012) stated that the implementation of those aligned business level strategies to the corporate level ones becomes easy and successful as the units are involved in their crafting.

Figure 3.5 shows an alignment between corporate and business level strategies of an organisation and its influence on organisational performance.



Source: Adapted from Ito and Souissi (2012: 65)

Figure 3.5: Outcome of the alignment between corporate and business level strategies

On one end of the spectrum, the diagram depicts a synergy between corporate and business level strategies, which results in value adding performance outcomes. On the other end of the spectrum, the diagram reflects anergy. Ito and Souissi (2012:65) defined the anergy that is depicted in the figure as the opposite of synergy which implies the lack of alignment between corporate and business strategies in an organisation, which results in value reducing performance outcomes.

The findings and viewpoints of Ito and Souissi (2012) were consistent with the earlier findings and viewpoints of authors such as Goold, et al. (1994), Bowman and Helfat (2001), Wunder (2005), and Kaplan and Norton (2006) regarding the influence on organisational performance by the aligned corporate and business strategies. Sull, Homkes and Sull (2015:7) as well as Sull, Turconi, Sull and Yoder (2017a:9) approached the issue of alignment from a different angle compared to the previous authors such as Ito (2012) by claiming that a lack of strategy alignment leads to weak strategy implementation.

3.9.3. Strategy alignment and performance

In order to position this study and to establish trends and patterns of the relevant research that was conducted on strategy alignment in different contexts, a scan of the relevant studies was undertaken. The first part of this section is an overview of relevant studies that investigated the relationship between corporate level strategy and organisational performance. It is immediately followed by a scan of studies, which explored the relationship between business level strategy and organisational performance. Finally, a review of studies which investigated the relationship between aligned corporate and business strategies and performance is undertaken.

At the level of corporate level strategy, Rumelt (1974), Bettis (1981), Palepu (1985) as well as Montgomery and Wernerfelt (1988) conducted seminal studies in their investigations of the relationship between corporate level strategy and organisational performance. The findings of the aforesaid studies were that a chosen corporate level strategy of an organisation has an influence, whether positive or negative, on organisational performance. Subsequent authors such as Best, Hodges and Lin (2004), Jandik and Makhija (2008), Mathur, Singh and Gleason (2004), Sen (2002), and Berger, Hasan, and Zhou (2010) confirmed the earlier findings of the abovementioned seminal studies as they also found that a chosen corporate level strategy has an influence on organisational performance. Other studies such as those of Grant and Jamine (1988) and Vilalunga (2004) did not find support for the notion that corporate level strategy influences organisational performance. These studies (i.e., Grant & Jamine, 1988; Vilalunga, 2004) which found little evidence to support the influence of corporate level strategy on organisational performance seem to be outliers compared to the general pattern and trend of investigations that found evidence supporting the influence of corporate level strategies on organisational performance.

Regarding business level strategy, Spanos, Zaralis and Lioukas (2004), Allen and Helms (2006), Proff (2000), Thornhill and White (2007), Pertusa-Ortega, et al. (2009), Gopalakrishna and Subramanian (2001), Baranowska-Prokop and Sikora (2014), Karabag and Berggren (2014), Su (2017), Parnell (2018), Alkasim, Hilman, Bohari, Abdullah and Sallehddin (2018) explored the relationship between business level strategy and organisational performance. The results of these studies were that

business level strategies influence organisational performance. Acquah and Yasai-Ardekani (2008) and Ogbojafor, et al. (2014) investigated the relationship between business level strategy and organisational performance in the African context. The findings from the African studies were similar to those conducted in international contexts as they also found that business level strategies influence organisational performance.

Turning the attention to a scan of investigations that focused on the strategy alignment and organisational performance, Seifzadeh (2013:78) was of the view that there is no academic consensus on the exact nature of the alignment between corporate and business level strategies in organisations. Zhou, Collier and Wilson (2008) investigated the relationship between the aligned strategies and organisational performance in the United States of America. It was found that aligned business strategies positively influence organisational performance indirectly. Schniederjans and Cao (2009) also investigated the effect of the aligned strategies on the organisational performance. The finding of the study was that the aligned strategies positively influence organisational performance while misaligned strategies negatively influence organisational performance. The results of the Schniederjans and Cao's (2009) study provided some support for the Zhou, et al.'s (2008) findings. Strategic Direction (2018) found that the alignment enables successful strategy implementation.

Conducting the study from a somehow different perspective of BSC compared to all the previous studies, Ito and Souissi (2012) investigated the effect of strategy alignment between corporate and business level strategies on organisational performance. They found that aligned strategies create organisational value. The results of this study echoed the earlier findings which found that aligned strategies influence performance positively. Carvalho, Francisco and Paulo (2017) also found that organisations that have aligned strategies have a better organisational performance compared to organisations which have strategy misalignments.

Approaching the effect of alignment between the corporate and business levels strategies on organisational performance from a public-sector perspective, Andrews, et al. (2012) explored the alignment effect of different levels of strategies on

organisational performance in British local governments. Andrews, et al. (2012) found evidence of a positive influence of aligned strategies at different organisational levels on organisational performance. Approaching a study of strategy alignment from a different dimension compared to studies covered thus far, Beehr, Glazer, Fischer, Linton and Hansen (2009) conducted a study in the United States of America, which explored important pre-conditions that should occur and exist in any organisation to ensure that the alignment of various organisational goals are achieved. Beehr, et al. (2009) were of the view that communication of organisational goals and objectives to all affected stakeholders in the organisation such as its employees, head office, and units assists in goal clarity and awareness of the strategy. The authors found that goal clarity enables all units of the organisation to align their goals and objectives with the organisation-wide ones. The finding of the study was that communication of strategic goals and objectives is a key pre-requisite for alignment of strategic objectives and goals to the entire organisation, which influences organisational performance.

Based on the overview of abovementioned studies, some patterns were observed. The common theme and trend that emerged is that the alignment of corporate and business level strategies has an influence on organisational performance. The other observed trend is that most of the studies were conducted mostly in the private sector contexts, not in the public-sector domain. Even though the studies were undertaken in the private sector context, they have relevance to this study as they provide an indication as to what has been done already on this phenomenon of interest. This implies that the investigation of the strategy alignment in South African public entities in the South African public-sector context is value adding.

3.10. Chapter conclusion

A theoretical review was undertaken of the benefits and typical challenges associated with strategy implementation in organisations. A brief overview was undertaken of the eight “S” of a successful strategy implementation model, which requires an alignment of various organisational factors that include strategy to ensure positive organisational performance. The chapter also included a discussion on the construct of organisational performance, which is a dependent variable for this study. A review of the relevant research of the role of leadership, corporate

controls and organisational culture during strategy implementation was also undertaken. Studies seem to suggest that leadership, corporate controls and organisational culture have an influence on strategy implementation and organisational performance. An overview was undertaken on the theoretical overview and research regarding the effect of the aligned corporate and business level strategies on organisational performance. The studies seem to indicate that the aligned corporate and business level strategies of an organisation have a positive effect on performance.

The next chapter will present a delineation of the research design and methodology.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1. Introduction

The purpose of this chapter is to describe the research design and methodology that was used in this study. According to Tuli (2011:97), all research is based on some underlying philosophical assumptions of epistemology, ontology and paradigms. It is therefore important to know the philosophical assumptions underpinning this study.

Given this background information on the paradigm construct, the chapter commences with a review and description of the relevant philosophical assumptions that underpin the research. After a discussion of commonly used philosophical assumptions by researchers, the post-positivist, constructivist or interpretivist research paradigms were identified and adopted as the most appropriate for the study.

The study adopted a combination of the multi-case study design and the survey design, and a mixed methods approach, which included qualitative and quantitative research. An overview of the combined research design and the mixed methods approach, which will include reasons for the adoption of the mixed methods, are discussed in this chapter. The quantitative research methodology is discussed first.

This chapter is concluded with a delineation of various measures that were conducted to increase the trustworthiness of the study. Furthermore, an exposition of the ethical issues affecting the study is covered at the end of this chapter.

A diagrammatic representation of the key facets of research methodology and design issues of this study was introduced in chapter 1 (figure 1.2) and it will guide the discussion of all the sections of this chapter.

4.2. Research Paradigm

Authors such as Ritchie, Lewis, Nicholls and Ormston (2013:24) as well as Krauss (2005:758) suggested that the research process has three main dimensions, namely ontology, epistemology and methodology. According to Ritchie et al. (2013:24), ontology refers to the philosophical beliefs of the researchers about the nature of the social world. Furthermore, Ritchie, et al. (2013) asserted that epistemology is the nature of knowledge and how it can be acquired when undertaking research. Krauss (2005:24) claimed that the researchers translate the different ontological and epistemological assumptions into different research methodological strategies.

Authors such as Cresswell (2003) referred to ontological and epistemological research dimensions as paradigms within which each study is located. Continuing on the same line of thought as the previous authors, Tuli (2011:103) wrote that the research methodologies of studies are based on different underlying epistemological and ontological paradigms.

According to Tuli (2011:102), research paradigm is a “set of assumptions and perpetual orientations shared by members of the research community”. Tuli (2011) states that paradigms determine how members of the research community view the phenomenon of their studies and methodology. In the opinion of Mackenzie and Knipe (2006:2), the research paradigm is important in any study, because “without nominating a paradigm as the first step, there is no basis for subsequent choices regarding methodology and research design”.

The following are some of the major paradigms for research (Mackenzie & Knipe, 2006:2), namely:

- Positivist/post-positivist;
- Constructivist/ interpretivist;
- Transformative; and
- Pragmatic.

Based on its research objectives and questions, this study is positioned within the positivist/post-positivist and constructivist/interpretivist paradigms. Tuli (2011:100)

stated that the interpretivist-constructivist paradigm views the world as “constructed, interpreted and experienced by people in the interactions with each other and wide social systems”. In the view of Ritchie, et al. (2013:12), an interpretivist paradigm is premised on the philosophy that the researchers discover reality through the participant’s views, interpretations and experiences. The research objective of the study was to obtain the views and perceptions of executives in South African public entities regarding the alignment of corporate and business level strategies. The abovementioned research objective, therefore, falls within the interpretivist-constructivist paradigm, and the opinions of executives pertaining to strategy alignment in South African public entities were obtained to be analysed to answer the research questions.

Thanh and Thahn (2015:25) wrote that the positivist paradigm refers to the viewing of the world through observable and measurable facts. In the opinion of Krauss (2005:760), the positivist paradigm is a scientific enquiry that is premised on cause and effect. Creswell (2003:7) referred to the post-positivist paradigm as a “deterministic philosophy in which causes probably determine the effects or outcomes”. Ritchie, et al. (2013:10) concurred with the previous researchers as they also argued that post-positivism relates to “deductive reasoning that is used to postulate possible relationships before data are collected”. Therefore, the post-positivist paradigm has relevance to this research as the study explored possible relationships of variables such as the effect of the alignment of corporate and business level strategies with organisational performance.

4.3. Research Design and Methodology

4.3.1 Research design

A combination of the survey design and multicase study design was used in this study. While the case study design complemented the survey design by providing in-depth information on the phenomenon within its real-life context, which was useful in examining its ‘how’ and ‘why’ aspects; the survey design complemented the multicase study design by collecting and studying respondents’ opinions, behaviours and attitudes more objectively.

4.3.1.1. Case study design

The case study approach seeks to understand the research problem by providing the opportunity to ask penetrating questions and to capture the richness of organisational behaviour, but the conclusions drawn may be specific to the particular organisations studied and may not be generalisable. Benbasat, et al. (1987) stated that case study design has three strengths, which are as follows, namely:

- i) The researcher studies the case in a natural setting, learn about the state of the art, and generate theories from practice;
- ii) The method allows the researcher to understand the nature and complexity of the process taking place; and.
- iii) Valuable insights can be gained into new topics emerging in the rapidly changing world.

However, Lee (1989) identified four corresponding problems with case study research, which are a lack of: controllability, deductibility, repeatability, and generalisability, where the latter two limitations stem largely from the abovementioned lack of power to randomize. Yin (1984) suggested that case studies are appropriate where the objective is to study contemporary events, where it is not necessary to control behavioural events or variables. Yin further argued that multiple-case designs are desirable when the intent of the research is description, theory building, or theory testing. Benbasat, et al. (1987) suggested that multiple-case designs allow for cross-case analysis and the extension of theory.

Van Maanen (1983b:10) stated, "... no matter what the topic of study, qualitative researchers, in contrast to their quantitative colleagues, claim forcefully to know relatively little about what a given piece of observed behaviour means until they have developed a description of the context in which the behaviour takes place and have attempted to see the behaviour from the position of its originator. That such contextual understanding is unlikely to be achieved without direct, first hand knowledge of a research setting". The case study design included an observational single, exploratory, in-depth pilot case study followed by a more explanatory, cross-case analysis of eight public entities. Problems and issues identified in the exploratory pilot case study pointed to important variables for further investigation. The subsequent multiple case study, though yet exploratory, had the objective of

testing a tentative pattern of important variables identified from the pilot case and literature.

4.3.1.2. Survey design

Surveys are fundamentally applied to answer questions related to (Leedy & Ormord, 2013; Salant & Dilman, 1994; Pinsonneault & Karaemen, 1993, cited by Glasow, 2005): Who? What? Where? How much? How many? Saunders, et al. (2009) further argued that a survey research strategy enables researchers to collect large amounts of data from the sampled population in a fast and economic manner. Kraemer (1991) cited by Glasow (2005) identified three main characteristics of a survey research design. The required data is collected from a defined population of the study; a selected portion of the defined population is used in the study and the findings of the study are then generalised back to the population. The survey design refers to a group of methods which emphasise quantitative analysis, where data for a large number of organisations are collected through methods such as mail questionnaires, telephone interviews or from published statistics, and these data are analysed using statistical techniques. By studying a representative sample of organisations, the survey design seeks to discover relationships that are common across organisations and hence to provide generalisable statements about the object of study. However, often surveys provide only a "snapshot" of the situation at a certain point in time, yielding little information on the underlying meaning of the data. Jick (1983) suggested that survey research may also contribute to greater confidence in the generalisability of the results. The weaknesses of the survey design are:

- i) Some variables of interest to a researcher may not be measurable by this method (e.g., cross-sectional studies offer weak evidence of cause and effect) while fieldwork and related methods can provide important insights and discoveries during research, though fieldwork is a poor method for objectively verifying hypotheses;
- ii) For a survey to succeed in elucidating causal relationships or even in providing descriptive statistics, it must contain all the right questions asked in the right way; and
- iii) Survey research is inflexible to discoveries made during data collection. Once the work is underway, there is little one can do upon realising that some

crucial item was omitted from the questionnaire, or upon discovering that a question is ambiguous or is being misunderstood by respondents. Essentially, the researcher should have a very good idea of the answer before starting a survey. Thus, traditional survey research usually serves as a methodology of verification rather than discovery.

Gutek (1991) and Bikson (1991) suggested that it is always best to utilise several methods of data collection to adequately address the issues of phenomena. In social research, any given objective may require multiple research approaches, often in sequence. Using this combination of approaches, there was potentially great power, which provided both breadth and depth of analysis within a single investigation. With the survey, it was possible to measure the reactions of a great number of people to a limited set of questions – thus facilitating comparison and statistical aggregation of the data. The survey was used to identify the broad patterns of the phenomenon. Qualitative wealth of detailed information about a smaller number of people and cases increased the understanding of these cases and situations.

4.3.1.3. Deductive and inductive approaches

The survey research strategy is mainly linked with the deductive approach whereas the case study design is predominantly linked to the inductive approach. The deductive logical reasoning was used to interpret the quantitative data collected in the survey while the inductive logical reasoning was used to interpret the qualitative data that was collected using the case study design. In the case of a deductive approach, the researcher uses a theory to develop a hypothesis, and he or she develops a research strategy to test the hypothesis. On the other hand, when the inductive approach is applied in an investigation, the researcher collects data and develops a theory or a proposition as a result of data analysis (Saunders, et al., 2009). Besides the definitions, an illustration of the difference between deductive and inductive approaches to research design is provided in the summaries in Table 4.1.

Table 4.1: Summary of the differences between deductive and inductive approaches to research studies

S/N	Deductive approach	Inductive approach
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o		
1	Scientific values are an integral part of the research.	The researcher gains a clear understanding of the meaning of human's attachment to events.
2	The research tends to oscillate from theory to data.	The researcher takes a close understanding of the research phenomenon.
3	The study endeavours to provide meaning of causal relationships between variables.	
4	Quantitative data is collected for the study.	Qualitative data is dominant.
5	The researcher applies control mechanism in order to enhance validity of data.	A flexible structure to allow changes in the course of the study is adopted and acceptable in the whole process.
6	Concepts are operationalised in order to maintain precision of definitions and consistency.	
7	A well-structured approach for the study is adopted.	
8	The researcher is independent of the phenomenon being studied.	The researcher is part and parcel of the phenomenon being studied.
9	A sufficient sample of the population is selected to enable generalisation of the findings.	Little or no emphasise is put on generalisation of the findings.

Source: Saunders et al., (2009); Creswell (2003)

Both the deductive and inductive approaches were adopted for the study because of the need to not only establish or explain the causal relationships between variables pertaining to the phenomenon of the alignment between the corporate and business level strategies and allow for generalisation of the findings but also to answer questions why and how things happen the way they do.

4.3.2. Research methodology

In the opinion of Tuli (2011:104), the construct of research methodology refers to a research strategy that translates the ontological and epistemological principles in the process of research activity, thereby providing guidance as to how the research is conducted. In concurrence with the adopted post-positivist, constructivist and interpretivist research paradigms, the concurrent mixed methods design was used in the study. Creswell (2008:4) argued that a mixed method research is an enquiry that combines both qualitative and quantitative forms of research. Different types of mixed method designs could be discussed, but a concurrent or convergent mixed method design was considered to be the most appropriate for this study because of the following reasons:

- It creates complementary data gathering activities that compensate for weaknesses of individual techniques of either quantitative or qualitative methods (Ostlund, Kidd, Wengstrom & Rowa-Dewar, 2011:369; Torrance, 2012:113);
- It ensures the validity and reliability of the study findings, as the qualitative findings will confirm or disconfirm quantitative ones when comparing the two sets of findings from the two different research designs (Creswell 2009:209);
- It is a complete and comprehensive research approach that provides concrete answers to the research questions compared to 'unmixed' methods (Heyvaert, 2011:671); and
- It ensures that data collection and analysis of the study is cost effective and efficient (Creswell 2009:209).

According to Mkwanzani (2017:92), a research design is "either experimental or non-experimental". The author wrote that non-experimental research must be used when the human phenomenon is explored. Given that the human phenomenon was being explored in this study, a non-experimental mixed method design, which includes qualitative and quantitative aspects, was most appropriate.

The next two sections are an exposition of qualitative and quantitative research methods.

4.3.2.1. Quantitative research methodology

In the view of Mackenzie and Knipe (2006:2), the post-positivist paradigm, in which this study is located, as discussed in paragraph 4.2 above, is philosophically aligned with the quantitative research design and methodology. Hence, quantitative methods were used in this study to address the descriptive and inferential aspects of this study. According to Leedy and Ormord (2010:182), descriptive analysis is used to identify the characteristics of the phenomenon or to investigate potential correlations in the phenomenon. Inferential analysis was used to investigate the effect of the aligned or non-aligned corporate level and business level strategies on organisational performance. A myriad of different kinds of descriptive quantitative research designs such as observational studies, developmental designs and survey research were considered.

However, the descriptive survey design was considered to be the most suitable for the quantitative part of this study because it ensured the collection of the required data. In the opinion of Leedy and Ormord (2010:187), the descriptive survey research involves acquiring the information on the phenomenon of interest through asking questions to a group of persons about their opinions, attitudes and experiences about the phenomenon.

4.3.2.1.1. Sampling design

As indicated previously, according to the Northern Cape provincial government website and the PFMA Act 1999, the unit of analysis of this study is a schedule 3 South African public entity that is based in the Northern Cape Province (South Africa, PFMA act 1999:129). The following public entities were studied as cases:

- Kalahari Kid Corporation (KKC);
- Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA);
- Northern Cape Gambling Board;
- Northern Cape Liquor Board;
- Northern Cape Tourism Authority (NCTA)
- McGregor Museum;
- Northern Cape Arts and Culture Council; and

- Ngwao-Boswa Ya Kapa Bokone.

It is evident that the aforesaid public entities fall within divergent industries such as tourism, sports, economic development, heritage, gambling and hospitality. Furthermore, the abovementioned public entities report to the following three departments, namely:

- Department of Economic Development and Tourism (DEDT);
- Department of Agriculture and Land Reform (DALR); and
- Department of Sports and Culture (DSC).

According to Goold, Campbell and Alexander (1994), a corporate parent refers to an organisation that controls another entity through various influence mechanisms such as the appointment of directors and financial linkages.

In the context of this study, the abovementioned three provincial departments can be regarded as the corporate parents of the eight public entities. The Department of Economic Development and Tourism controls NCEDA, NCTA, and Northern Cape Gambling Board and the Northern Cape Liquor Board. KKC is controlled by the Department of Agriculture and Land Reform. Macgregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone are controlled by the Department of Sports and Culture. Each of the abovementioned three provincial departments has 100% shareholding in a public entity under its control. The three provincial departments control the financial and operating policies of their public entities with the power to appoint the boards of directors of those public entities. Furthermore, the three provincial departments determine the corporate level strategy of the eight public entities by defining their broad business scope (South Africa, DEDT annual report, 2015:26; South Africa, DALR annual report, 2015; South Africa, DSC annual report, 2015:23).

The study sample of respondents comprised of the executives from the public entities, who are responsible for crafting and implementing business level strategies that are aligned with corporate level strategies. The executives of the public entities were selected as they were able to provide their views on the influence of the aligned

corporate and business level strategies to organisational performance. The sample consisted of four executives from each of the eight public entities (8 public entities X 4 executives per each public entity = 32).

The sample also included two executives from each of the head offices of the aforesaid three provincial government departments which provide direct control to the eight public entities, through the appointment of the board of directors of those entities. The executives from the affected provincial departments are responsible for crafting corporate level strategies of the public entities that are under their control. In addition to crafting corporate level strategies of the public entities under their control, the executives from the relevant provincial departments ensure that the business level strategies of the public entities are aligned to the corporate level strategies. The executives from the provincial departments were included in the sample for the researcher to gain an understanding of their views and perceptions regarding corporate and business level strategy alignment issues from the corporate parent's perspective. Therefore, a total of six executives (two executives X three departments) from the provincial departments formed part of the sample of respondents. The total size of the sample for the quantitative investigation was 38 respondents (thirty-two from the entities and six from the controlling provincial departments).

A probability sampling method was used in the quantitative investigation of the study to select the sample of the respondents. Of the myriad of different types of probability sampling, the simple random technique was considered to be the most appropriate for study since the sample frame of the executives was available. In the opinion of Onwuegbuzie and Collins (2007:285), simple random sampling is a type of a probability sampling method whereby every member of the population has an equal chance of being chosen during the selection process. Leedy and Ormrod (2010:207) asserted that simple random testing is easy and appropriate when the population of potential respondents is small, and all its members are known and the researcher knows where to find them. The questionnaires were sent to all the 38 executives to strive for a high response rate that would facilitate reasonable deductions to be made of the collected data for this quantitative investigation of the study.

4.3.2.1.2. Data collection

A self-administered questionnaire, consisting of 37 questions, was developed for purposes of collecting data from the selected respondents. The survey questions were formulated after a detailed literature review was completed. The survey questions were guided by the research questions. The 5 – point Likert scale was used in the survey questions. Lam (2010:74) noted that survey questions that are designed in the form of Likert scales, measure frequency distributions, percentages, means and standard deviations. Refer to **Appendix E** for the developed questionnaire that was emailed to the respondents.

Email addresses and telephone numbers of the respondents were obtained from the official websites of the controlling provincial departments and public entities. The questionnaires were emailed to the respondents using the obtained aforesaid contact details. Responses through email and returned faxes were also accepted.

4.3.2.1.3. Data analysis

The Statistical Package for Social Scientists (SPSS) was used to analyse the data. Descriptive and inferential statistical analyses were done. Descriptive analysis refers to the transformation of raw data into a form that would provide information to describe a set of factors in a situation that will make them easy to understand and interpret (Ahsan, 2009). Descriptive statistics was used:

- To summarise the data; mean, mode or median were used to determine the central tendencies;
- Standard deviation measured the variability of the key variables; and.
- Frequency tables, histogram and bar/pie charts were used.

For the inferential statistical analysis, multiple regression modelling was done. In the opinion of Pallant (2001), a multiple regression is a combination of techniques to explore the relationship between a number of independent variables and one dependent variable. Perri (2012:79) continued from the same line of thinking as the previous researchers by stating that variable orientated research involves an analysis that determines the relationship between particular factors and variable

outcomes. Furthermore, Perri (2012:79) claimed that in a variable orientated research, a dependent variable is an outcome while factors that are believed to be causing outcomes are independent variables.

Sahut, Hikkerova and Khalfallah (2013:8) stated that organisational performance is considered to be a result of a company strategy. Seifzadeh (2013:91) wrote that performance has often been the dependent variable of interest in the literature of strategic management. In this study therefore, organisational performance was a dependent variable as it relates to the outcome of the alignment between corporate and business level strategies. The alignment between corporate and business level strategies was regarded as an independent variable as it is believed to be causing certain performance outcomes.

Using inferential statistics, regression analysis was used to investigate the relationships between the variables where:

- Organisational performance was a dependent variable;
- Alignment of corporate-level and business-level strategy were independent variables; and
- Corporate controls, leadership, organisational culture and diversification were the moderating variables.

4.3.2.1.4. Validity and Reliability

i) Validity

In the view of Leedy and Ormrod (2010:28), the validity of a measuring instrument refers to the extent to which the instrument measures what it is intended to measure. Serumaga-Zake (2017:102) was of the same school of thought as the previous authors by suggesting that validity revolves around the issues of “credibility, quality, rigour and trustworthiness” of the research. Khan, Rashed, Saha and Islam (2017:46), Temel, Sen and Ozcan (2017:429) as well as Saber, Tabatabaei, Akkasheh, Sehat, Zanjani and Larijani (2017:75) wrote that the content and construct validity are some of the validity methods that are used in research to assess the validity of research. Samuel, Museus, Zhang and Kim (2016:775) were of the view that the content validity is an extent to which the research instrument provides

adequate coverage of the research questions for the construct of interest. In contrast to the aforesaid content validity, the construct validity refers to the degree to which the measuring instrument actually measures the construct of interest (Bamberger, 2017:235).

Lather and Singh (2017:6) and Bowen, Rowe, Ersek, Ibrahim and Shea (2017:1543) were of the view that factor analysis is one of the techniques that is used to test the construct validity of the measuring instrument that was used in the research. In view of the abovementioned, the construct validity pertaining to the questionnaire for this study was tested using factor analysis. Various authors from different perspectives such as Akram, Sobia and Ilgan (2017), Shuman, Ploutz-Snyder and Tittler (2018:175) as well as Bowen, Rowe, Ibrahim and Shea (2017:1548) argued that pilot testing in a study assesses content validity. Pilot testing was used to test the content validity of the questionnaire for this study. The questionnaires were filled by a few executives of the Department of the Premier in Northern Cape Province for the pilot testing. The aforesaid executives are responsible for compiling and providing inputs for the strategic plans as well as the annual performance of the Premier's department. Furthermore, the abovementioned executives monitor the implementation of those strategic plans.

An additional factor for the selection of the executives in the department of the Premier for the pilot testing is that the Department of the Premier has a constitutional mandate to provide an oversight and coordination of the strategy formulation and implementation in the provincial administration, involving all provincial departments. Some of the executives who were involved in the pilot testing possess a broad overview of the strategic management context in all the departments, which include the departments that control the eight public entities of interest to the study, as part of their oversight responsibilities in the provincial administration. To ensure that the pilot testing was administered in a similar manner and under similar conditions to the eventual rollout to study participants, the selected executives at the Department of the Premier were asked to complete the piloted questionnaire in their own time. The respondents were asked to record the start time and completion time of each questionnaire for the researcher to get an indication of the duration for completion of the questionnaire.

The executives that participated in the pilot testing were asked to provide feedback to the researcher on the questions that seemed to be vague and not easily understandable, requiring further explanation. The comments and feedback from the pilot testing were incorporated in the final questionnaire that was sent to respondents. The piloted questionnaires are not going to be included in the eventual data that was ultimately collected from the study respondents.

Finally, according to Serumaga-Zake (2017:100), good sample representativeness improves the validity of a study. The study sample that was discussed under section 4.3.1.1 above was representative, which improved the validity of this study. The responses were obtained from similar and identical questions throughout the investigation. This consistency has a positive bearing on internal validity of the study. In essence, the consistency of the questionnaire was implemented in order to have commonality of constructs which were analysed; and this strategy positively impacted on the internal validity of the research project. Internal validity, external validity, face validity of the questionnaire and content validity of the study were all considered.

a. Internal Validity

Internal validity of a research undertaking is the extent to which the design of the research project and the results it generates enables the investigator to make accurate conclusions about the cause and effect. This implies that internal validity enables the researcher to conclude that the results were derived from the data collected for the study in respect to the phenomenon (Leedy & Ormond, 2013).

b. External validity

This has to do with generalisation of the study findings to the entire target population (Bainbridge, Sanders, Cogin & Lin, 2017:891). The researcher made sure that he used a representative sample in the study.

c. Face Validity

Face validity is concerned with the surface of the research instrument. It attempts to validate the extent to which the research instrument looked like a tool, intended to

collect data and thereafter measure the defined aspect of the phenomenon under investigation. Face validity is considered valuable because it enhances cooperation with the intended respondents (Leedy & Ormrod, 2013; Curty, 2015). In order to address face validity, the questionnaire was designed with various aspects in mind such as format to make it “compliant”. The introduction of the questionnaire provided information on the purpose of the study, the expected level of confidentiality coupled with a brief on the benefits of the research project. All this was done to address, among other things, face validity. Based on this analysis, the researcher was therefore convinced that on first sight, the questionnaire appeared to the respondent as an instrument of research, designed to collect valid data.

d. Content validity

Content validity essentially addresses the appropriateness of the measuring instrument. In other words, it refers to the accuracy with which a measuring instrument, in this case, the questionnaire, measures the factors or aspects of the phenomenon being investigated. Content validity attempts to answer the question – Did the questions draw the right responses/information from the respondents? It is argued that a research instrument is deemed to have a high content validity when its aspects or content does replicate abundant aspects of the sphere in fitting magnitude (Neuman, 2011; Leedy & Ormrod, 2013; Saunders, et al., 2009; Curty, 2015). In order to address content validity further, during the formation stage of the questionnaire, experts in public administration including the supervisor were engaged to ascertain the relevance of the content therein. The researcher made sure that all the research questions were covered. In the process, duplications of questions, ambiguities and vagueness were addressed. The experts scrutinised the draft questionnaire and suggested alternations/amendments to have a good flow of questions. After the recommended changes were incorporated, the researcher concluded that the content of the questionnaire was adequate and appropriate to collect data on the phenomenon being investigated.

ii) Reliability

A broad academic consensus exists amongst authors such as Perri (2012), Leedy and Ormrod (2010) regarding the understanding of the reliability construct. According to Perri (2012:21), the basic tenet of reliability is that a reliable system of

measurement or coding is reliable when each time it is used on the same data, it yields the same measure. In the view of Leedy and Ormrod (2010:29), reliability refers to the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed. Bock (2012:14) concurs with the previous authors by suggesting that an instrument is considered reliable if it produces a similar result each time it is administered to the same respondents.

Furthermore, key principles of designing a questionnaire were applied when developing the questionnaire to ensure reliability. The aforesaid key principles of questionnaire design included:

- Proper formatting, avoiding ambiguous or vague questions; and
- Avoiding leading questions, long questionnaires and others.

The reliability validity of the measurement questionnaire was tested using the Cronbach's alpha coefficient.

In social science research, reliability refers to the evenness, steadiness, conformity or consistency. It implies that in case something is repeated, or it occurs under similar conditions, identical or similar results are likely or will be obtained (Neuman, 2011; Leedy & Ormrod, 2013; Saunders, et al., 2009). The various aspects of reliability which were considered for this research project are detailed hereunder.

a. Measurement reliability

This aspect of reliability is basically concerned with the numerical results of the study. The purpose of measuring reliability is to see to it that the results of the investigations do not have variations emanating from the characteristics of the measurement procedures (Neuman, 2011; Leedy & Ormrod, 2013; Saunders, et al., 2009). In this regard, with the view to accomplish the research project, the researcher maintained an audit trail of all data related activities undertaken in the study. For example, copies of raw data questionnaires were serial numbered and filed; cleaned datasets were saved on an independent computer as a safeguard measure; the researcher used an active anti-virus as a strategy to guard against loss of data. In short, all the statistical work had backups which served two purposes,

namely as a backbone to the whole process of statistical analysis and to provide an audit trail. Secondly, the researcher, on a continuous basis, applied the audit trail to ensure that the measurements undertaken were reliable and consistent.

b. Stability reliability

Stability reliability of a research instrument is concerned with a span of time. This type of reliability tends to answer the question – Does the instrument provide similar responses in similar situations after elapsed time? (Neuman, 2011; Leedy & Ormrod, 2013; Saunders, et al., 2009). In this area of stability reliability, the researcher applied the test-retest method. The instrument was tested to improve the quality of the research instrument and to address stability reliability.

c. Representative reliability

This type of reliability attempts to answer the question – Does the indicators derive the same answers when applied to a different group? It is argued that in order for the research instrument to be classified as having attained reasonable representative reliability, the measurement instrument should provide accurate information for every category of respondents (Neuman, 2011; Leedy & Ormrod, 2013; Saunders, et al., 2009). In this regard, the questions in the questionnaire were modulated, ambiguity minimised, typing errors corrected and arranged in a manner which was flowing.

d. Equivalence reliability

Equivalence reliability is basically meant to answer the question – Does the measurement yield consistent results across different indicators? (Neuman, 2011; Leedy & Ormrod, 2013; Saunders, et al., 2009). The Cronbach's alpha was adopted in order to measure equivalence reliability of the questionnaire. The results obtained were computed based on the items in the questionnaire and subjected to validity and reliability tests, using the Cronbach alpha coefficient. The alpha value was set not to be less than 0.6 to ensure validity of the items. Where the alpha value was less than 0.6, the questionnaire items that yielded non-required results were revisited by the experts. After attaining the alpha value of not less than 0.6, the questionnaires were deemed to have attained the required validity and reliability.

e) Pilot testing of the questionnaire

Several scholars hold the assertion that research questionnaires must be tested before applied to collect data for a study. The main objective of the pilot test is to fine tune the questionnaire so that the respondents do not encounter challenges in the course of responding to it. Secondly, a research questionnaire should be pilot tested to make assessment of the questions' validity and to ascertain reliability of the data to be collected. The data collected is analysed to have a picture or make a forecast that the data to be collected is likely to make it possible for the researcher to answer the research questions and draw relevant conclusions (Saunders, et al., 2009).

The researcher subjected the research instrument to pilot testing in order to: establish the level of flow and logic content therein; determine whether or not the purpose the purpose of the study is understood by the respondents; ascertain the level of clarity of the questions therein; establish the degree of relevance of the questions; and determine the average time the respondent required to logically complete the research questionnaire. The questionnaire was pre-tested and the statistical analysis was conducted in order to establish the level of reliability and related aspects.

iii) Level of reliability of the questionnaire

The data from the pre-test were analysed for each item and categorised by section. The questionnaire was tested for the flow of questions and level of understanding of questions by the respondents. Checks were embedded into the data entry form to limit data entry errors. Consistently, the dataset was cleaned and codes were developed for the variables. Consequently, the reliability analysis was carried out section by section of the questionnaire and the overall reliability, based on Cronbach alpha, was computed for the entire tool. The Cronbach alpha formula applied in this study is detailed hereunder:

Where:

$$\alpha = \frac{n}{n-1} \left(1 - \frac{\sum_{i=1}^{i=n} \Sigma V_i}{V_{test}} \right)$$

n = number of questions

V_i = variance of scores on each question

V_{test} = total variance of overall scores on the entire test

In most cases, high values of the Cronbach alpha coefficient (greater than 0.6) imply a good estimate, showing that there is a high variance between questions. High variance between questions means that the researcher has a wide spread of scores, which implies that responses are easier to differentiate. When a variable has a low variance, this means that the scores of the respondents are close to each other. The For the pilot study, all the values of the Cronbach alpha coefficient were over 0.6, which implied that the data collection process would commence.

Some of these inconsistencies which included duplication of questions measuring the same construct, existence of unnecessary response categories for sections and redundant questions were sorted out. All these issues were rectified to make the questionnaire valid for the task ahead.

4.3.2.2. Qualitative research methodology

As discussed in paragraph 4.2 above, this study was mostly located within the interpretivist-constructivist research paradigm. According to Tuli (2011:102 and Thanh and Thanh (2015:24), there is a philosophical alignment between the interpretivist-constructivist paradigm and qualitative research methodology. In the opinion of Leedy and Ormrod (2010:146), content analysis, grounded theory study, phenomenological study, ethnography and the case study method are the different types of qualitative designs that are commonly used by researchers. The case study design was chosen to be the most appropriate for the qualitative part of this study for the following reasons:

- Its appropriateness, as little is known about the phenomenon of interest for this study (Leedy & Ormrod, 2010:137);
- It provides valuable insights in the phenomenon of interest during data collection (in-depth interviews) and data analysis (Richie, et al., 2013:4; Peredaryenko & Krauss 2013:2); and
- Assistance with meeting the research objectives and questions.

Qualitative methodology refers to data collection techniques such as interviews or data analysis methods where non-numerical data is generated. The qualitative data used in this study was obtained through in-depth interviews and observations (Saunders, et al., 2009; Neuman, 2011; Leedy & Ormrod, 2013). An interview is a purposeful interaction between two or more people or between the interviewer and the interviewee. The researcher also used the observation method and official documents to collect qualitative data for triangulation. Using the observation method, the researcher collected data as an outsider observer. In most cases, observations in qualitative investigations are unstructured and the investigator changes focus from one aspect of the phenomenon to another as importance changes or as the investigation progresses. The observation method has the advantage of revealing unanticipated datasets as they unfold. The disadvantages of the observation method however, are that it is unsuitable for novice investigators and the presence of the investigator is likely to influence responses. Another challenge is the issue of recording what is being observed (Leedy & Ormrod, 2013).

4.3.2.2.1. Sampling design

As outlined previously, the unit of analysis and the total sample of the study were eight schedule 3 South African public entities that are in the Northern Cape Province. The purposive sampling method was used to select the participants to be interviewed in the qualitative investigation of the study. According to Silverman (2000:104), purposive sampling allows a researcher to choose the participants that contain relevant information to the phenomenon of interest to the study. Patton (2003:230) stated that the logic and power of purposive sampling lie in selecting information-rich cases for study purposes. Furthermore, Patton (2003) was of the view that information-rich participants are those from which one can learn a great deal about issues of central importance to the purpose of the enquiry.

Eleven executives from the South African public entities and their controlling provincial departments were judgementally selected as participants for the following reasons:

- Executives of public entities are responsible for the alignment of the public entity's business level strategies to the corporate level strategies. The executives of the public entities also develop business

level strategies of the public entities. Furthermore, the executives of the public entities are responsible for strategy implementation in those entities; and

- The executives from the head offices of the controlling provincial departments are responsible for the crafting of corporate strategies of the public entities. Furthermore, the executives from the relevant provincial departments monitor the alignment of the crafted corporate level strategies with the business level strategies of the public entities. Finally, the executives monitor the strategy implementation in the public entities.

According to Starks (2007:1374), the sample size and the number of interviews that are needed per respondent, depend on the research objectives, purpose and scope of the study. Considering the research objectives and purpose of this study, the sample size for this study was eleven executives consisting of one executive from each of the eight public entities and three provincial departments.

The participants of the qualitative research were different from those that were selected for the quantitative research, purposely to compare the findings between the two, to increase the reliability of the study findings.

4.3.2.2.2. Data collection

Interviews, strategy documents, annual performance plans (business level strategies of the public entities, which are sometimes referred to as APP's) and annual reports of the public entities were data collecting instruments for the qualitative part of this study.

Individual interviews were conducted with the executives from the head offices of the controlling provincial departments and public entities to obtain their views and perceptions on the alignment of corporate and business level strategies and its resultant effect on organisational performance. The interviews were conducted face to face in a semi-structured format. Serumaga-Zake (2012:38) wrote that semi-structured interviewing is a "compromise between a structured and unstructured interview". By being a compromise between structured and unstructured interviews,

it suggests that a semi-structured interview incorporates advantages of both interviewing methods, thereby offsetting their respective drawbacks. According to Smith (2017:68), the semi-structured interview method has some advantages compared to other interview methods, which include the following, namely:

- It allows the researcher and the respondent to engage in a dialogue;
- It is flexible;
- It may assist the researcher to establish rapport with the respondent, and in the provision of clarification of certain aspects of the study; and
- It is a beneficial method for data collection if it is employed with rigour and ethics.

Refer to **Appendix F** for the interview guidelines. The researcher facilitated the discussions during the interviews using the abovementioned guide.

Tape recordings were done during the interview process to ensure that the views of the selected respondents were accurately captured. Permission to use recordings was obtained from the participants. The researcher took notes during the individual face to face interviews. The interviews were scheduled for an hour per participant.

As part of preparations for conducting the individual interviews, the annual performance plans (APP's), strategic plans and annual reports of the eight public entities were reviewed, as such documents contained business level strategies of the entities. Furthermore, the APP's, strategic plans and annual reports of the three controlling provincial departments, including enabling legislation were also reviewed, as such documents contained the corporate level strategies of the public entities. The abovementioned corporate and business level strategy documents were reviewed with the objective of establishing whether they are aligned or not with the effect on organisational performance. The aforesaid strategic documents are publicly available; posted on the websites of the public entities.

4.3.2.2.3. Data analysis

Data collected from the interviews were transcribed verbatim. According to Peredaryenko and Krauss (2013:8), "transcribing data verbatim provides the best

database for analysis especially for a novice researcher". The case study analysis which uses detailed descriptions was used in the analysis and interpretation of data, as well as drawing of conclusions. For data reduction, data was categorised into patterns, trends and regularities. Casual flows of data were noted and analysed. According to Burns and Grove (2003), data analysis involves a mechanism for reducing and organising data to produce findings that require interpretation by the researcher. DeVos (2002) stated that qualitative data analysis is a challenging process that requires a lot of creativity to transform raw data to useful information, which can be used for decision making. The data analysis consists of a number of steps which involve recording of data, preliminary analysis, reading and writing memos, categorisation and coding as well as generating themes and patterns. In this study, data analysis followed these steps as follows.

i) Preliminary analysis

First, the recorded data was subjected to preliminary analysis. At this stage, the researcher was guided by the initial concepts, but he shifted and modified them as more information was analysed.

ii) Reading and writing memos

According to De Vos (2005), writing memos (or short phrases) in the margins of the transcripts helps in classifying and interpreting of data. In order to capture all the ideas from the participants, the researcher wrote some notes (memos) after reading the data several times. This helped to code and categorise the data, and to identify patterns and themes that were unfolding.

iii) Coding

Terre Blanche, et al. (2006:324) stated that coding 'entails marking different sections of the data as being instances of, or relevant to, one or more of your themes.' Coding helped to ease the interpretation of the qualitative data. The criticism of the coding method however, is that coding seeks to transform qualitative data into quantitative data, thereby reducing the detail (i.e., its variety, richness and individual character). However, careful definition of the codes and linking them to the underlying data helped to address this concern.

iv) Generating themes and patterns

After completing the process of reading and writing memos, coding and categorising the data, patterns and trends were identified and themes were generated, around which narratives were written. The process of identifying salient themes, recurring ideas and patterns included classifying the information into groups that reflected various meanings of the phenomenon. Common themes were carefully identified along with trends and patterns. The researcher also noted the common expressions used by respondents. This was the last step of data analysis; it involved searching for alternative explanations, that is, a gradual building of an explanation through an iterative process where the data or evidence was examined to review the initial theoretical positions and re-examined again from this revised theoretical position. The identified common themes and patterns were considered in addressing the study objectives. In summary, the various stages of data analysis were as follows.

Stage	Purpose
<i>Codes</i>	Identifying anchors that allow the key points of the data to be gathered.
<i>Concepts</i>	Collections of codes of similar content that allows the data to be grouped into a concept.
<i>Categories</i>	Broad groups of similar concepts that are used to generate a proposition or theory.
<i>Proposition</i>	A collection of categories that detail the subject of the research.

4.3.2.2.4. Reliability and validity

Validity and reliability concepts both play an essential role in research studies, with the objective to accomplish a research undertaking in a manner which can stand the test of time. However, it is extremely difficult on the part of the researcher to attain a perfect validity and reliability in investigations; implying that the researcher only strives in that direction. This is mainly attributed to the fact that in research studies,

constructs are usually ambiguous, diffusing and not easily evident. Therefore, these concepts help the researcher to ascertain the truthfulness, creditability and believability of the findings.

In quantitative research, validity is basically concerned with the determination of the extent to which the measuring instrument, for example the questionnaire, measures what it was designed to measure, in anticipation to accomplish a research undertaking. This implies that the concept of validity is applied to research instruments to reflect the degree to which the variation in scores on the measurement replicates the factual and correct differences between individuals [respondents] (Leedy & Ormrod, 2013; Creswell, 2003; Neuman, 2011; Saunders, et al., 2009). However, it is important to recognise that the concept of validity does not hold the same meaning in qualitative research. It is emphasised that validity in qualitative investigations endeavours to assess whether the findings of the research study were accurate from the viewpoint of the researcher, participants and the reader. Validity in qualitative studies is therefore intended to address issues pertaining to the creditability of the investigation. Creditability is meant to reveal that the investigations were conducted in a style which ensured that the subjects were appropriately identified and described (Creswell 2003). The following aspects of validity were accorded due attention, in anticipation to make the study truthfulness, creditable and believable.

i) Trustworthiness and authenticity

Lincoln and Guba (1985) clarified that trustworthiness in qualitative research as referring to the “truth value” of the study’s findings or how accurately the researcher interpreted the participants’ experiences. McMillan and Schumacher (2014) submitted that prolonged and persistent fieldwork enhances the validity of research.

To ensure trustworthiness, the researcher set an acceptable length of time for the data collection period (a period of three months) to increase opportunities for interim data analyses, initial comparisons, the refining of ideas and ensuring a match between the findings and participant reality.

In addition, and based on (Lincoln & Guba, 1985) the study maintained its integrity in terms of trustworthiness that is, the authenticity (reliability and validity) as follows.

a. Credibility (truth value)

Lincoln and Guba (1985) posited truth value as how confident a researcher is that the findings are true for the particular participants in context, within which the study was undertaken. The authors explain credibility in qualitative research as the alternative to internal validity, with the point of departure that internal validity implies there is a single reality to be measured in quantitative research, while in a qualitative study, there are multiple realities which the researcher needs to represent as accurately as possible, through careful selection of setting, population and theoretical framework; embedded in data from instruments used; experience and qualifications of the researcher, and so forth.

The theoretical framework gleaned from literature, which also formed the foundation of all versions and iterations of the conceptual framework generated by the study was analysed, verified and amended to evolve into the comprehensive, practical conceptual, scientifically verified framework of this study, together with supporting theoretical propositions. The data collection methods of in-depth individual interviewing, observation and documentary analysis, as well as the purposive sampling method contributed to making the study credible. Patton (2003:566) contended that the credibility of a researcher in a qualitative study is one of the key fundamentals to enhance the quality and credibility of a study; therefore, the experience and training of the researcher as well as funding issues pertaining to the study should be disclosed.

b. Transferability (applicability)

According to Lincoln and Guba (1985), qualitative research applicability is the alternative to external validity and may be described as the extent to which findings may “fit” into similar contexts outside the present study. The responsibility for the strategy of transferability and demonstrating the applicability of findings to other contexts lies with those wanting to transfer the findings to other situations, rather than with the original researcher. In this study, transferability was achieved by

providing sufficient descriptive data to allow for comparison with any future research using similar contexts, settings or groups.

c. Dependability (consistency)

Lincoln and Guba advocated that dependability should refer to the extent to which the findings would be consistent if the study were to be repeated in similar contexts or with the same subjects. The authors explained that the researcher must account for the changing conditions in the phenomena studied where the researcher, the participant, the context and the instrument used for measurement is considered. In this study dependability was achieved by the study utilising the purposive sampling technique to give credibility to the study.

d. Conformability (neutrality)

Lincoln & Guba (1985) referred to conformability as being free from bias in research procedures and results, advising that objectivity and research findings should be confirmed by a 3rd person.

In this study objectivity was ensured by the researcher's review and the promotor's review of the data collection methods and analysis technique employed before the researcher was given permission to proceed with the study and the triangulation of the study.

Triangulation was used to validate the research findings of the study through divergent mixed methods. In the opinion of Silverman (2000:177), triangulation and respondent validation are some of the strategies that can be used to support the validity of the findings in qualitative research. According to Torrance (2012:111), triangulation attempts to validate research findings by generating and comparing different sorts of data, and different respondents' perspectives, on the topic under investigation. Comparing the perspectives of people from different points of views, checking interviews against program documents are some of the measures that can be used in triangulating data (Patton, 2003:559).

Other methods that were used in the study to validate findings were as follows:

- **Detailed descriptions.** The researcher described the setting, the respondents, and the themes of a qualitative study in detail to help to increase credibility.
- **Disconfirming evidence.** First, the researcher established the preliminary themes and then searched through the data for evidence that was consistent with and/or dispelled those themes (Smit, 2016:31).

To further enhance the validity of the study, the researcher was conscious of his biases, and critical information about the researcher was disclosed to the ethical committee. Triangulation was used to ensure the validity and reliability of the findings.

4.4. Ethical Considerations

In the opinion of Henning, Van Rensburg and Smit (2004:73) and Berg (2009:78), respondents should sign an informed consent form to participate in the study and should participate voluntarily in the research. Respondents in this study signed a written informed consent form indicating their voluntary participation. Furthermore, the respondents were informed that they were allowed to withdraw from the study at any time without any negative consequence. There was a separate consent form for the questionnaires and interviews due to the different approaches of the qualitative and quantitative methods. Refer to **Appendix G** and **Appendix H** which are the consent forms of the questionnaires and interviews respectively.

Tape recordings were used during the interviews after permission was received from the respondents. Documents such as the strategic plans, APP's and annual reports of the public entities which were used in the content analysis are publicly available documents on the respective websites. Approvals were obtained from the CEOs of the eight public entities to conduct the study in those entities. Furthermore, approvals to conduct the study were received from the heads of department of the three provincial departments that are controlling the eight public entities. Refer to **Appendix D** for the aforesaid approvals from the public entities and provincial departments.

An approval to conduct this study was obtained from the Faculty of Economic and Management Sciences Research Committee (Refer to **Appendix B**). An ethical clearance approval for the study was obtained from the Faculty of Economic and Management Sciences Ethics Committee (Refer to **Appendix C**).

According to Berg (2009:90), all participants in a study should be assured of confidentiality and anonymity of their identities. The respondents were assured of privacy regarding their identities and confidentiality pertaining to the information they provided. Computers that were used during the study were subjected to strict access controls such as passwords to mitigate unauthorised access to the collected data. Hard copies of the collected data were kept in lockable cupboards. In summary:

- Informed consent was obtained from all participants, after they were informed of the nature of the study and their involvement in the research project.
- Participants were made aware of the time required for each type of activity and topic covered, as well as the risks involved.
- The researcher ensured that participants' decision to be part of the study remained autonomous.
- The researcher ensured that involvement in the study was completely voluntary and the participants were not coerced to participate.
- The researcher ensured that the participants were made aware of the nature and details of the research being conducted.
- The researcher ensured that participants were made aware of their right to discontinue with the study at any stage without any negative consequences.
- The researcher remained honest with participants about the nature of the study and even when he wrote the thesis.
- The researcher ensured that no harm came to any participant during the data collection period.

4.5. Chapter Conclusion

This chapter dealt with the research paradigm underpinning the study, study design and methods issues for both qualitative and quantitative investigations. Ethical considerations as well as measures undertaken to increase the trustworthiness pertaining to the study were described.

The next chapter presents the data analysis and results.

CHAPTER 5

DATA ANALYSIS AND RESULTS

5.1. Introduction

This chapter presents the analysis and results of the collected data through individual interviews with the participants, completed questionnaires by the executives of the public entities as well as from the corporate and business level strategies of the public entities.

The first section of this chapter is an analysis of data that was obtained through the individual interviews with the participants. It will be followed by a discussion on the quantitative data analysis. A delineation of the results from the document analysis of corporate and business level strategies of the public entities is also covered. The data analysis was undertaken in accordance with the over-arching research questions and objectives of the study. The final section of the chapter provides an integration of the three sets of results that emanate from data obtained through individual interviews, questionnaires and corporate and business level strategies of the public entities.

5.2. Case Study Data Analysis

As discussed in the previous chapter, a case study design was selected for the qualitative part of the study. In line with the selected design, a case study design analysis was used to analyse data collected through the individual interviews. For the data collected through the individual interviews, data analysis involved organising the details about a case (in this study, the entity), categorising of data and cluster it into meaningful groups; and identifying of patterns, and/or trends and themes. Then, the researcher synthesised and generalised, giving an overall portrait of the case, with a conclusion and implication beyond the case. The researcher looked for convergence from a triangulated study. The analysis was structured in accordance with the research questions of the study in order to achieve the study aim and the

research objectives. Statistical analysis of the quantitative data, which is presented in section 5.3 of this chapter, broadened the scope further thereby increasing the validity of the results.

Eight public entities were studied, namely, Kalahari Kid Corporation (KKC), Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA), Northern Cape Gambling Board, Northern Cape Liquor Board, Northern Cape Tourism Authority (NCTA), McGregor, Northern Cape Arts and Culture Council, and Ngwao-Boswa Ya Kapa Bokone. A Schedule 3 public entity was chosen to be the unit of analysis for the study because, it falls within the divergent industries (i.e., tourism, sports, economic development, heritage, gambling and hospitality). As it was mentioned in chapter 1, these entities form part of the general government services industry which contributes to 17% of the Gross Domestic Product (GDP) for the Northern Cape Province.

The eleven interviewed participants were eight executives from the public entities, who are responsible for crafting and implementing business level strategies that are aligned with corporate level strategies. These were purposively selected into the sample because they possessed the knowledge of the influence of the aligned corporate and business level strategies on organisational performance. Some were executives from head offices of the three provincial government departments concerned, namely, The Department of Economic Development and Tourism which controls four of the eight public entities, that is, NCEDA, NCTA, Northern Cape Gambling Board and the Northern Cape Liquor Board; Department of Agriculture and Land Reform, which controls Kalahari Kid Council (KKC), and Department of Sports, Arts and Culture, which controls McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone.

The executives from these provincial departments are charged with crafting corporate level strategies of the public entities that are under their control. They are also responsible for making sure that the corporate strategies are aligned with the business strategies by overseeing and monitoring the public entities. The executives from the provincial departments were the CFO and a director of strategy or equivalent executive of the three affected provincial departments. Of the total eleven

executives interviewed, three executives were from the three provincial departments (each coming from one the three departments) that control the eight entities and eight executives were from the eight public entities. The transcripts from the interviews of the eleven participants are attached under **Appendix K**.

Below is a case study analysis of each case in accordance with the method of analysis described above.

5.2.1. Northern Cape Tourism Authority (NCTA)

An interview was held with an executive of this public entity (Participant (1)). The participant was a male, in the 35 to 44 age group with 5 to 10 years of management experience. He had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. The analysis of the data that was collected from the participant's responses in accordance with the research questions of the study is presented below.

i) What is the relationship between corporate and business level strategies at public entities?

From the information provided by the participant, it was learnt that the public entity has both a corporate and business level strategies. These are guided and are in line with the Northern Cape Tourism Entity Act of 2008, National Tourism Sector Strategy and the Tourism Master Plan, which govern the mandate and scope of the industry and the public entities. Their 5-year strategic plans and annual performance plans (APP's) of the public entity are guided by these strategies.

The corporate strategy of Northern Cape Tourism Authority (NCTA) is adequate in terms of being the guiding documents to the entity's business strategy and everybody is aware of them. The entity's strategic planning, besides administration, has got two focus areas of service delivery or implementation of their core mandate. These are leisure tourism and business tourism. Units develop their performance targets based on the abovementioned three broader

documents; and everybody is involved in setting them. The National Tourism Sector statutory document gives the guidelines on how the tourism sector in the country must be run, at a national level, provincial level and at a local government level. The annual performance plan (APP) is linked to the Medium-Term Expenditure Framework (MTEF). On paper, the APP of the public entity, which is its business level strategy, is aligned to the three master documents. The problem is the alignment between the parent department corporate strategy and the business level strategy. Participant (1) said, *“for the bigger portion, the alignment is spot on. If we look at the alignment as a province and this entity, where we do not have an alignment, at the moment, it is in the business tourism sector. So, we are one of the two or three provinces in the country that are left behind that has not established a Provincial Convention Bureau”*. Furthermore, the participant clarified areas of the strategy misalignments *“...I think the only non-alignment between corporate and business level strategies, which affect all sectors, comes from the local government level. If we look at what is happening at local government level, tourism has been identified as a national priority, as a new sector to drive economic stimulation for the country. But if we look at the level of resources that are given at local and district government level, it falls within the LED (Local economic development) office. They do not allocate enough resources for it to be fully functional in that they still do not see tourism as a key sector to local economic development....”* All the abovementioned imply that the alignment between the corporate and business level strategy is good, but only on paper; for there are practical misalignments of the strategies on the ground.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

There are alignment gaps between the corporate and business level strategies in the entity. It is so easy at the national level, for government to decide on how the annual performance plan (APP) of an entity must look like, and the Auditor-General of South Africa (AGSA) then comes and audits it strictly against these national guidelines. Government tightened the flexibility of public entities so much that the regulations are too restrictive. According to the participant, public entities were established as a leg of government to be more flexible and to be

quicker to implement and reach ground level core deliverables of certain sectors but in the view of the participant, entities are over regulated. For example, procurement is over regulated and that takes away the flexibility for the entities to respond fast enough to the needs of the market.

Whatever regulation is applicable to mega entities such as Eskom or SAA is also applicable to any entity in the province. This limits the (Section 3C) public entities to grow and give an economic impact and growth to the province. For example, according to participant (1), *“an opportunity can come on to our door, say, someone wants to bring an event, to host something or to partner with something; if it is not in the national plans, the entity cannot accept it until next year, after the national annual planning. By that time the opportunity is lost. So, you are looking at why the entity was established, and the regulations have taken that ability away from an entity to operate in the private public sphere where you are public sector funded and driven but you are operating in the private sector”*.

The participant indicated that the absence of the Provincial Convention Bureau in the province creates the alignment gaps between the two-level strategies in the entity. *“...If we look at the establishment of the Provincial Convention Bureau we have been trying for the past five years to get the will of the province to establish it. We have done different studies to see how best to implement it ... it brings together the province to discuss transversal tourism issues and plans going forward so that we can have a uniform approach as to how we will implement tourism within the province....”* said participant (1).

In order to minimise the strategy alignment gaps and make the alignment contribute and improve the organisational performance, the entity must have adequate financial resources and human resources, and deal with the limitations it has.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Performance targets of the entity are set according to the available resources and the limitations the entity has, and not strictly according to the corporate

strategy and the alignment gaps occurring between the two-level strategies in the public entity.

iv) What is the extent of the implementation of strategies in public entities?

There are challenges on strategy implementation in that the targets are set according to the available resources and the limitations the entity has, not strictly according to the corporate strategy. The entity pitches at the levels that they can without putting unnecessary strain on both the provincial fiscus and the entity's ability to achieve the target levels. Otherwise, they would have a situation where they have massive performance targets when they know very well that they are not able to achieve them. The entity considers all these issues when setting performance targets, including risks but of course, not being blinded by the fact that national and provincial government want to achieve so much. The entity, however, tries to align the corporate strategy and business strategy and push the national agenda.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ Corporate controls

There are challenges in corporate controls such as poor organisational structure as it pertains to issues of job designs and job evaluations. The job evaluation (JE) process/grading that is being used by the entity is designed for the parent department, which has unique input variables such as budget considerations, span of control and other input issues, compared to the environment prevailing in the public entity. The operating environment is different between the public entity and the parent department. Therefore, the JE outputs in the public entity yield inappropriate salary levels since the inputs to the JE system were designed for the parent provincial department, not the public entity. (JE) process/grading creates challenges in the organisational structure of the entity, which affect strategy alignment, strategy implementation and organisational performance.

➤ **Leadership**

For the past nine years (2009 – 2018), the entity has got a stable board and top management. The entity did not have any resignations or terminations in terms of management of the entity. *“...leadership of the public entity influences the strategy alignment, strategy implementation and the performance of our public entity...”* participant (1) said.

➤ **Oversight and monitoring**

There are challenges regarding the oversight and monitoring of the public entity by the head office of the parent department. Participant (1) said *“...In terms of other monitoring and oversight, I think the department is a bit lacking and we do not have the capacity and capabilities to implement everything as DPISA (Department of Public Service and Administration) and Treasury wants....”* Furthermore, the participant indicated that the head office of the parent department does not provide adequate feedback on key strategy alignment and implementation issues.

➤ **Organisational culture**

It was learnt from the participant that the public entity has a good organisational culture that affects the strategy alignment, strategy implementation and organisational performance positively. However according to participant (1) *“...Obviously there would always be some challenges relating to organisational culture and I am not just talking culture in the workplace, but the culture, you come in with it. We are a diverse culture. We are a diverse nature. We are a diverse province. So yes, there are sometimes where you have these frustrations and challenges and head butting but nothing serious...”*

➤ **Diversification**

There is no diversification in the public entity as it has a mandate in a specific industry since the government cannot regulate something else outside an industry. *“...we are protected by the Act regarding which industry the entity must operate in, I think the extent of the entity’s diversification has some role to play in the entity’s alignment of its corporate and business level strategies. Of course, this protection by the mechanism by the Act makes the entity to be less*

diversified. That should affect the organisational performance in a positive way as the entity's limited resources are protected to be channelled to the entity's core mandate..." said participant (1). So, the entity is very limited to what it can do due to the lack of funds.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

In order for the alignment of the corporate and business level strategies to contribute and improve organisational performance in the public entity, apart from having adequate financial support and right requisite skills, the parent department must provide the entity with the necessary support and must have the flexibility it needs to be able to respond fast enough to the needs of the market. Organisational structure issues such the (JE) process/grading need to be sorted out. A Provincial Convention Bureau must be established.

5.2.2. Kalahari Kid Corporation (KKC)

An interview was held with an executive of this public entity (Participant 2). The participant was a male, in the 35 to 44 age group with 11 to 15 years of management experience. He had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

KKC has both a corporate strategy and a business level strategy, but it is currently under review because its alignment to the execution of their responsibilities is still problematic. The business level strategy is not aligned to the corporate level strategy because *"the entity's corporate and business level strategies are like two puzzles that were never designed to fit together"*, the participant (2) said. The registration of KKC as a 3C public entity in terms of Public Finance Management Act (PFMA) caused this misalignment. The 3C is a type of public entity which, because of its very nature, must be fully dependent

on its parent department. The opposite of 3C registration of the public entity is 3D registration, which is referred to as a government business enterprise that is run like a business, not as a government agency.

Ever since the 3C registration took place, the corporate strategies have never been aligned with the business strategies for there are a lot of discrepancies, for example, in the financial statements. This has completely destabilised the business case of KKC, which means that the corporate strategy is completely delinked. Participant (2), said, *“because now you are going to design a corporate strategy that does not speak to the business case of the public entity. We should have delisted then precisely because now everything that follows after that 3C registration tells you the problems that resulted due to incorrect registration”*.

The 3C registration was the beginning of the problem as it basically defined or created all the problems of KKC. This kind of setup does not work because the corporate strategy cannot be linked to what the business was intended for; the overall scope of the business was for Kalahari Kid to be a marketing vehicle to buy goats from emerging farmers, sell them through a registered processing facility for exporting meat to the Middle Eastern countries and other countries; and then, the entity would have worked as a business and not as a public entity of 3C registration. Hence, there is a misalignment between the corporate strategy and the business strategy, simply because of the wrong registration of the entity as a 3C entity. All these imply that the relationship between the corporate and business level strategies at the public entity is not good.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The incorrect registration of the public entity as a 3C not as a 3D causes the alignment gap between the corporate strategy and business strategy. For any public entity that is registered as a 3C entity, nothing can happen without going through the parent department and organisational performance is entirely dependent on the department. Unlike government business enterprises, the 3C entity cannot make its own business strategic decisions. The APP's of the parent

department and KKC have the same functions. Participant (2) said, *“.....so the performance you are going to pick up in the APP of KKC is a duplication of functions between the parent department and the entity. You are going to pick up that some of the officials that are within the department did some functions also for the Kalahari kid. So, it never matured as a business enterprise”*. Because of this duplication by the parent department, and hence the misalignment between the business strategy and corporate strategy, some of the functions cannot be performed entirely by the KKC.

To correct or minimise this alignment gap, three (3) recommendations were made to the MEC regarding the future of the KKC. One of these was to completely deregister the KKC and leave it as a private business. This would make the entity go back to its mandate of being a marketing company that would then continue buying goats and selling them in the open market. The second one was to revisit the business scope of KKC, to approach the Treasury again and indicate to them the difficulties that the entity has with the 3C registration and request that it be moved from a 3C to 3D entity. This is very unlikely, as the Treasury wants to rather do away with public entities because of the financial situation the country is in now, rather than adding to the public entities. The third recommendation was within the 3C registration mandate, to revise the scope of KKC and re-brand the public entity.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

The extent of alignment gap existing between the two-level strategies at KKC is significant. The entity cannot compete with a speculator that goes to farmers and pays them on the spot. The supply chain management rules require the entity to get three quotes and to give an order. The business strategy does not work for the entity because trade is difficult under a 3C model; all the time, the entity tries to figure out how a working business strategy would align with the corporate strategy. The participant said, *“.... you cannot. So, we are always challenged with this thing that all the corporate decisions that were made we were just trying to see how best to adjust within the 3C registration. And that never worked.”*

iv) What is the extent of the implementation of strategies in public entities?

There are significant strategy implementation challenges in the public entity. Participant (2) said, *“even if they sell goats and whatever, remember that you still must surrender whatever surplus you have to Treasury, your liquidity positions, you can talk any business language, and it does not fit into this. How do you surrender money of a business to Treasury? When you have to have your viability or what do you call it again?”* This has forced some officials within the department to perform the functions that are essentially supposed to be performed by the entity, but they are not necessarily seconded to the entity, thereby creating an anomaly of the organisational structure. So, human resource management, the business processes and the financial processes are also misaligned. *“Incorrect registration has caused a strategy implementation issue; trying to adapt to the original sin into a structure that was never designed to trade. 3C's were never designed to trade. Then whatever strategy we came up with and try to implement, was to see how we live with this monster”*, the participant said.

There is no flexibility; when the price of a goat changes, the original budget of the entity does not change and hence, it does not fit into the market. The entity must disclose all the money it makes and must surrender that money to Treasury. All these things are abnormal for a normal business company. The strategy of the entity is wholly dependent on what government says, not dictated by the prevailing business circumstances. The entity cannot adapt to the commercial or the speed of commerce and the changing environments within businesses. These are big challenges for a strategy implementation; the strategies are misaligned, and the performance of the entity is affected negatively.

v) What is the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

The entity is wholly dependent on government because their 100 percent funding is coming from government. The parent department basically dictates their corporate and financial controls as well as their strategic controls. The parent department approves their transfer payments every quarter, based on the reports that the entity submits; and the entity does not have legal authority to source funds from somewhere else. It does not have independence to make any strategic decisions or put in place any financial or strategic controls unless the parent department says so. The entity has extremely limited controls as the entity's policies must be 100 percent in line with government policies.

➤ **Leadership**

Leadership issues in the entity revolve around the incorrect registration of KKC as a 3C public entity in terms of Public Finance Management Act (PFMA) which causes the misalignment. Participant (2) said, *"...Kalahari Kid Board would decide a business strategy that is within a 3C model nothing can happen without going through the Department. And if you understand business entities' models is that the Head of the Department of Agriculture is the accounting authority, accounting officer. The Board of a public entity becomes the accounting authority. Both of them report to the executive authority...."* The leadership of KKC is constrained by the incorrect registration of KKC as a 3C public entity instead of being a 3D public entity. Clearly, the leadership is not able to implement its strategy effectively as it would have liked because of the incorrect registration of the entity.

➤ **Oversight and monitoring**

There is no effective oversight and monitoring by the head office of the parent department. According to the participant, this is not actually oversight, it is rather an administrative function. *"So, I am hesitant to call that oversight. It is oversight, but I want to separate the political oversight and the administrative oversight"*, participant (2) said. According to the participant, this is just an implementation of what the MEC would have approved because the M&E unit does the same with the department's programmes. *"you still follow the same system, signed off and then your quarterly reports are submitted to the MEC. It is the same process"*, the participant said.

➤ **Organisational culture**

The organisational culture of KKC is also affecting the strategy alignment, strategy implementation and ultimately the organisational performance negatively. It is not conducive to strategy implementation. The identity of this entity is messed up as it changes to adapt to the changing times and politics. Participant (2) said, *“this year this is what the MEC is saying, this is what the parent department is able to do, the entity will have to adapt to what they are saying this year”*. The culture is not influenced by business processes that are independent of the parent department due to the incorrect registration of the organisation as a 3C instead of being 3D public entity.

➤ **Diversification**

According to participant (2), there is no diversification in the entity. *“I think the fact that we are not diversified contributes to the misalignment between the corporate and business level strategies of the entity”*.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment between the business strategy and corporate strategy to happen, and the entity to be able to deliver and improve its organisational performance, the entity must be registered as a 3D public entity. This is when the entity can fulfil its mandate of commercialising the goat industry.

The entity must have independence to be able to make any business strategic decisions or put in place any financial or strategic controls. Also, the oversight and monitoring of the parent department must be improved. The department's function is to ensure that there is alignment between the business strategy and corporate strategy. The entity is performing as mandated by the Act and according to the corporate strategy. Oversight should not be administration.

5.2.3. McGregor Museum

An interview was held with an executive of this public entity (participant (3)). The participant was a female, in the 35 to 44 age group with 6 to 10 years of

management experience. She had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

McGregor Museum has both the corporate strategy and business strategy. *“... we do our strategic planning together with our parent department and we align with Article 14 of the National Development Plan. So, in that sense there is an alignment between the corporate level strategy and our own business plan or the APP”*, the participant said. Everybody is aware of them as the entity’s strategic planning is done with all museum officials. They all fully understand the process; and the entity tries to be as simple as possible in explaining the processes as half of the staff at the museum are currently only on Post Level 3. So, in terms of comprehension, they are not always that clued up in terms of knowing about business plans, strategies, and etcetera. However, they all form part of the 5-year strategic plan of the entity. The corporate strategy is adequate, and the two strategies are aligned. The entity’s APP and Strategic plans are aligned with the broad scope of the function of the parent department.

Both the entity and parent department align with Article 14 of the National Development Plan. So, there is an alignment between the corporate level strategy and the business strategy; and everybody is aware of them and fully understands the process. Most specifically, on paper this implies that the relationship of corporate and business level strategies at the public entity is good.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The problem of misalignment comes when the entity provides human and/or financial resources for projects or programmes that were not part of the budget for the APP. People (for example the oral historian) are pulled into projects at the parent department and they are out of circulation for weeks. Then, he/she

struggles to meet his/her targets within the entity. Participant (3) said, *“and then how can I reprimand him if he has been doing a lot of work, which is not for the entity, but for the parent Department”*. Hence, there is a problem of misalignment between the business strategy and corporate strategy because the employees of the entity are also working and managed by the parent department to carry out duties that were not budgeted for by the entity.

In order to minimise the gap in the alignment of the two-level strategies in the entity, the challenge of limited human and finance resources must be addressed.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Participant (3) argued that, *“.... the department needs to realise that there is no directorate in the department, so they cannot, on a daily basis, include the entity as part of their work, their team, their work team, their group that is supposed to fulfil their mandate. The entity has its own mandate which is approved by the MEC”*.

One CFO is working for three entities: the McGregor Museum, the Northern Cape Arts and Culture Council as well as the Heritage Council. Participant (3) said, *“I cannot also be regularly involved in their own APP targets while the entity has its own APP targets. So, I think better alignment if it comes to the point where we agree prior to the beginning of the financial year when we do the planning of our two APP's, the parent Department's APP and our APP that we already align any collaboration that is supposed to take place there at that stage so that there is a means for me to include it in my APP and be able to report on it as such”*.

According to its strategic plan, the Department of Arts and Culture must report on oral history projects. The museum also has an oral history section. The department took the entity's two oral history projects and made them theirs; and included them in their APP as well. *“So, we are going to be both reporting on the same two projects because they struggle to see the difference between the entity, as an arm of the department for filling a specific mandate of the*

department and the distinction of a unit within the department that is focussing on the specific targets of the department. It is now a problem involving all three of the entities within the department because they are currently unlisted while the museum is the only listed entity within the department” the participant said.

iv) What is the extent of the implementation of strategies in public entities?

Financial resources, human resources and business processes have a negative effect on strategy implementation. Participant (3) said, *“one of the big problems of the entity currently is that although we are a listed public entity, our staff members are still being managed by the parent department. So, our payroll sits with the department sport, arts and culture. Although it has got a small positive in it in the fact that we do not have to deal with HR matters as we do not have the capacity in terms of the HR component at the entity, it has a huge negative effect on the entity because our posts are filled or not filled at the discretion of the department which has led to a huge number of museum posts being defunded over the years.”* Posts were reduced from 63 (approved in 2008) to 49. A lot of these are specialist posts (i.e., botanists, anthropologists and archaeologists) and are no longer filled. These posts are needed to fulfil the entity’s mandate as a museum and as a research institution. The entity is not receiving adequate support from the parent department in both filling vacancies but also in training and development, even though the entity highlights its training needs and requests for them. Outsourcing is not easy either, because the department takes long to process it.

The grant received by the entity is for lights and water; it only covers operational costs basically and it remains stagnant for the next three financial years. *“If they need specific posts filled or to create specific posts at the department that is not on their structure or that was not funded, they take them from the museum budget when posts become vacant at the museum. Our posts are not filled; and then eventually they tell us no, the post has been defunded. But what happened to the money of that post? So yes, we do not get a big transfer from the department and the department is under this illusion that the museum can be self-sustainable”,* participant (3) said.

The entity tries to be self-sustained, using various revenue sources such as

admission fees, hiring out venues, presenting lectures at universities but it is not possible. The participant said, *“yet, the department believes we can make it. Lotto funding is not allowed for the regulations have changed to say, any government organisation or an organisation linked to government can no longer apply for Lotto funding because they consider it to be double dipping. The entity has serious human resources or capacity challenges”*.

The PFMA is very strict in how entities must procure. Three quotes are necessary if the transaction is for less than ten thousand; five quotes if it is thirty thousand. According to the participant, *“these and other requirements make the alignment impossible”*. The entity does what it can, based on what is currently available in terms of the resources and capacity. *“I say in our APP, do not expect us to increase our targets because with the capacity and the funding we have, we can only do this much. You know, the outreach, the specific goal in which we would like to really make a difference in terms of redress and access, which outreach to the people who have never had the experience or the opportunity. There we cannot really fulfil our mandate because we do not have the funding because of the funding, we have just to keep the lights on and pay the telephone and cover the basics”*, the participant said.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

Budget controls are challenging. For example, the personnel budget is still in the department. The fact that it is difficult to control officials (who also work for the department) is a big problem. Organisational structure and the levels, and requirements of PFMA compliance (including using three quotations and use of control systems) also affect the performance of the entity negatively.

➤ **Leadership**

The Board of the museum is supposed to consist of 12 people but currently, the entity has four active board members. Although the entity meets quarterly, they cannot make any resolutions because, according to the external audit committee, those resolutions could be challenged legally. The entity has a lot of policies that have not been approved because the board cannot have a quorum. The sharing of one CFO by the three entities, McGregor Museum, the Northern Cape Arts and Culture Council as well as the Heritage Council is also a big problem. Shortage of personnel is affecting strategy alignment negatively. Researchers are used as managers without management skills, and to make matters worse, most of these people are nearing the end of their working life (i.e., three to five years from retirement). Participant (3) said, *“because they have got a huge amount of knowledge, institutional knowledge, subject knowledge, I cannot even begin to look at succession planning because with 22 of your staff at level 3 to make the jump to that level is difficult because a specialist must have an Honours or Master’s Degree. Skills transfer development should happen but there are just too many gaps. So yes, the succession planning for me is a nightmare”*. Other areas of concern are the budget, risk management, debt management and cash management. These myriads of challenges at the leadership level have a negative impact on the organisational performance and therefore affect strategy alignment at the corporate and business level negatively.

➤ **Oversight and monitoring**

The parent department has got an oversight function over the entity but according to the participant, the department does not want to interact with the entity’s board. In addition, instructions come from various people directly from the department, that is, from Programme Managers, both Chief Directors at the Department and the Senior Manager for Cultural Affairs as well as the Board and sometimes the HOD. One does not know exactly whom to report to; there is confusion.

No oversight exists but rather the parent department uses the entity to perform its duties. There is no feedback given even after submitting quarterly performance reports to the parent department. Hence, the entity does not have

any idea on what it is doing right and what it is doing wrongly. *“So, I am in the dark as to whether there are problems, because remember, I do have performance, not monitoring and evaluation here at the museum. We do not have the capacity. I rely on the department's capacity in that regard. But by the end of the financial year I have got no feedback on my performance reports”, participant (3) said.*

The participant said that he would not know when the auditors would visit the entity; if they would find the evidence reliable, verifiable and according to the SMART (specific, measurable, attainable, realistic and timely) principles. The parent department is supposed to do these things and give direction to the entity, *“... to say wow, this specific target that you have here, the evidence that you are currently providing or the technical descriptions that you have, it is not working. So, it is very difficult for me to know if there are any problems, until the auditors arrive. And then when the auditors come in, I get the shock of my life. While I was under the impression, no, everything is 100 percent and the department is happy with everything and then just to realise no, it's not the case. Yes, so I think they can do better in terms of oversight, and less in terms of other areas they are overseeing”, participant (3) said.*

➤ **Organisational culture**

There is a good organisational culture within the museum. Despite all the challenges, the entity manages to meet its performance targets. Organisational culture has a role to play in the alignment between the corporate and business level strategies; and it affects organisational performance.

➤ **Diversification**

Apart from the preservation and collection component, the entity collects and preserves for future generations. They also make that accessible; making it into displays or little pamphlets or booklets to make people more aware of the history and the culture. They also do in-depth scientific research. It is basically the three legs but within outcome 14; a very important part of that is the access and redress. All these make museums more accessible to people.

Diversification of the entity may have made some difference to the alignment of corporate and business level strategies and contributed to the performance of the entity. There are however challenges as explained above in the core mandate issues. For instance, the entity is a bit falling short because, although they get busloads of school children visiting them, the physical outreach to those areas that do not have the funds to visit the actual museum suffers because of lack of funds.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment to deliver and improve the organisational performance of the entity, the following things must be corrected:

- The financial resources as well as human resources of the entity should not be used and managed by the parent department. The functions of the museum and those of the parent department should be distinctly separated, as the entity has its own budget and mandate which is approved by the MEC. Duplication of projects like the oral history projects should stop. The department should just oversee and guide the entity's operations and make sure that the two strategies are aligned for the entity to deliver on its mandate and achieve its objectives;
- The entity should have adequate human resources or capacity. The funding should be increased;
- The PFMA should be flexible enough in terms of its requirements for the entity to be able to fulfil its mandate;
- Capacity constraints should also be addressed. The entity's board is supposed to consist of 12 people but currently, the entity has four active board members and cannot make and pass resolutions. This kind of shortage of personnel is affecting strategy alignment negatively; and
- Oversight and monitoring of the parent department needs to be boosted as the department does not interact with the Board, and people do not know exactly whom to report to. This confusion should be sorted out. In general, no oversight exists, there is no feedback from the department and so, the entity does not have any idea what it is doing right and what it is

doing wrongly.

5.2.4. Northern Cape Liquor Board

An interview was held with an executive of the entity (participant (4)). The participant was a male, in the 45 to 55 age group with 15 to 20 years of management experience. He had postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The Northern Cape Liquor Board Act of 2008 gives a broad mandate of how the entity should operate as the Northern Cape Liquor Board. However, according to the participant, it is not clear whether the entire staff of the board is aware of the corporate level strategy. Participant (4) said, *“we do not have a proper service level agreement with the parent department, in the sense of saying what is expected of us as the public entity by our parent department. Also, within the management, the CFO, the CEO, and heads of unit for compliance and licensing, do not know the expectation by the parent department of their units. We do not even document the performance outcomes or the performance of what is expected of as the entity; and one weakness is the monitoring and evaluation.”* According to the participant, the entity just reports but processes and procedures are not really looked at and monitored by the parent department to assess what is lacking as a public entity.

The organisational structure has issues; for example, at the inception of the public entity, the first structure that was signed says that the CEO is on level 13 but in terms of government structure levels, this is an entry level of senior management. In terms of the organisational structure, CFO is on the deputy level and so, this is becoming a very questionable issue because in the absence of the CEO, nothing much can be done in terms of implementing the business strategy and making sure that the strategy is aligned with the corporate strategy.

“You cannot run an organisation only on an approved structure that has only the CEO who is at 13”, participant (4) said. “CFO” is a position that is classified in terms of the PMFA as very senior and strategic, but in terms of the structure of the entity, the entity does not have a CFO; it only has one senior manager, who is the CEO. This is affecting the strategy implementation negatively. There is no alignment because the CFO is on level 11 or 12 and that CFO cannot exercise the due strategic processes of the business unit.

There is no proper service level agreement (SLA) with the parent department, and the entity does not know what is expected of them by the parent department. The entity just reports to the parent department; the processes and procedures are not approved and monitored by the parent department to assess what is lacking. It is even likely that the staff of the entity does not know the corporate strategy. All these imply that the relationship between the corporate and business level strategies at public entities is not good.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

All the strategic documents are done through the CFO office without any support from the department. *“It is just an administrator and the CFO to do those. That is also a challenge because what happens tomorrow if the CFO is not there? So that is the issue that is really affecting our performance”, participant (4) said. The entity is not sure where it legally falls, whether it is government or not, because for certain aspects, people and even the parent department says, “no, you are not part of government. But we are receiving our money from DORA (Division of Revenue Act) allocation through the vote of the department. So, it simply means there must be a more regulation to classify us in terms of administration where we fall. Are we creating our own Bargaining Council or are we part of Public Service Commission?” the participant said.*

There are many questions that need to be answered. These issues affect organisational performance because people always have expectations when it comes to their remuneration. They, for example, expect to get housing allowance, but there are methodology challenges in this regard according to the

Provincial Treasury. The entity is not allowed to issue out a guarantee for a person to get a 100 percent bond. *“So those are really the service benefit issues that sometimes we are not sure of; the issues of housing and medical. Those are practical issues that make the staff to get demotivated; it affects their performance”*, the participant said. Legality issues must be clarified as the setup of the organisation is also questioned; the requirements of the jobs do not match the available expertise and requisite skills. All these imply that there is a serious skill shortage both at the entity level and at the departmental level because seemingly, no one at the department level can interpret and explain clearly all these things to the entity’s staff.

There is lack of capacity, and the entity does not have the means to develop human capital. These human capital constraints affect the alignment as well as strategy implementation and organisational performance negatively. For example, the participant said, *“if I can get the call now to say that we have an operation at De Aar on Saturday and Sunday, so we need officials from Liquor Board to join the Police, people have a negative attitude. What they are going to raise will be the issues of overtime and so forth”*. To minimise the gaps in alignment, adequate HR and finance resources must be provided.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

The Northern Cape Liquor Act does not talk about human capital development and budget or funding for the entity and so, the parent department should revise it; it only deals with the processes of licensing. This is one of the factors that cause alignment gaps between the corporate strategy and business level strategy. The department cannot explain the funding model used to fund the entity, and so, the entity does not know how it would decide the specific budget allocations that it has to make.

iv) What is the extent of the implementation of strategies in public entities?

The strategic implementation in the entity is poor due to poor planning partly because there is no oversight and monitoring on the side of the parent department. Due to lack of human capital capacity or expertise problems, the

head of the inspectorate is stretched, and people always complain. *“...the Office of the Premier phones us as the entity, saying they need all the APP for 2018/19 to be submitted, reviewed by our parent department. I ask one of the staff when we were in the audit committee whether the APP was submitted. They give me an APP document. I go through the APP and I say to them, I am sorry, this is not the quality of the document that can be submitted because last time on November we got a budget adjustment so when you submit an APP you must also have the budget also in the APP”,* participant (4) said. The entity cannot measure the impact it is making in the industry. *“When we are in strategic planning crafting our APP’s, with the parent body and other entities, I usually ask them a simple question that it has been over 20 years in the democratic era, that each entity must show me any project that is a legacy of economic development and that has impact. No single entity in the province can really show me any”,* the participant said.

Lack of funds is causing the entity not to comply with the Northern Cape Liquor Act and PFMA. Challenges concerning the auditors come for example, when you have 1 700 approved licences as your base, but you can only do a compliance inspection of 1 500 giving a difference of 200 licences. *“Who is going to make the inspections on the 200 licences that are not part of the annual performance target? Now therefore you can see that there is something wrong about the implementation of our APP. There are challenges of forward looking when planning for compliance, which methodology do we use? What is our benchmark? What is your baseline, because the baseline is 1,700 licences that are in our approved database? But why do we do 1500 instead of all the existing 1700 licences. It is what the auditors are asking us”,* the participant said. The entity reports about inspections only in terms of number; they cannot do and give an analysis as par the Act. The entity just puts targets of the number of inspections, not based on type of licence for a bottle store, tavern or a night club. The business strategy does not even show the impact to the society. These are serious concerns from the auditors’ point of view, and they affect the achievement of performance targets for the methodologies and the practicality in the APP’s are not yet on that level.

Another serious challenge that the entity is having is that because the inspectors

are based in Kimberley and the process of licensing is centralised, the issuing of licences is not done at the region or district level. The department has raised this issue on a yearly basis, in the budget bidding process to the Provincial Treasury but nothing is being done about it.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

The organisational structure of the entity does not support the alignment between the corporate and business level strategies. So, according to the participant, no impact is being made by the entity in the liquor industry that the entity is regulating. The participant said, *“we do not know our impact in terms of regulating the industry after we have been in existence for all these years.”* The organisational structure does not support the strategy implementation of the entity; and this affects the organisational performance.

Furthermore, the entity is experiencing challenges on risk management. The entity has risk registers. These involve financial risks, assets, payroll, and normal cash book records. The risk register should inform and evaluate the strategic planning in the APP. It is the one that must drive the organisational strategy, organisational performance and cover the gaps in strategy alignment. In four to five years, the entity has never had any material audit adjustments in terms of annual financial statements that are being audited. Risk registers are performed and focussed on finances, HR or Office of the CEO administrative functions rather than focussing on core line functions such as inspectorate and licencing, which talk to the broad business mandate and scope of the entity. This implies that the risk registers only consider support functions.

➤ **Leadership**

As indicated above, the strategic implementation in the entity is poor due to poor planning partly because there is no oversight and monitoring. The board of

directors only approves licences without looking at the other broader governance issues of the entity. They do not even check the completeness of the preparation of files and the processes applied at the entity. The board of directors cannot execute its mandate; none of the members have a financial skill and human capital development is not taking place. In addition, there is no ethic leadership and corporate governance at all levels.

➤ **Oversight and monitoring**

There is no effective oversight and monitoring that is taking place by the parent department for the entity. *“There is no evaluation by the parent department on broader things, they look at operational and regular reporting issues”*, participant (4) said.

➤ **Organisational culture**

The entity does not have a unique organisational culture and so, things do not happen consistently. A conducive organisational culture is lacking. For example, the board can decide at any time to have a meeting without proper planning for it; and the existing culture cannot drive the vision and mission of the entity. This affects strategy implementation and strategy alignment negatively. The entity is supposed to participate in some key events such as the June youth month in terms of social responsibility and awareness, but it is not possible. All these imply that leadership and the organisational culture influence strategy alignment and ultimately the performance of the entity negatively. Participant (4) said, *“you cannot issue a licence only; the law says regulate also. Regulate and make sure that people drink responsibly and reduce the substances. But us we choose to issue only licences, and this is my concern”*.

The Act may need to be changed. The entity needs guidelines of who should become a board member, and what are the required qualities expected of such a board member. For instance, in the tourism sector, you need some two or three key stakeholders that own big hotels to be on the board of directors as board members because they know the norms and standards of that industry. These are the people who can bring about an impact to the society.

➤ Diversification

There are challenges in the entity pertaining to diversification and how that affects the alignment between the two-level strategies as well as organisational performance. *“I will say the diversification is still in a level of 50/50. We are not yet there I would say the diversification of an entity, whether 50/50 or it is highly or low diversified has some effect on the extent to which the strategies of the entity are aligned. The extent of diversification must have an effect on the performance, although I am not sure to what extent”* said participant (4).

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment of the corporate and business level strategies to contribute and improve the organisational performance in the public entity, the following must be attended to:

- The parent department should give support to the entity in terms of strategic planning;
- The entity as well as the parent department should be sure of where they fall legally. There must be some clarification, for example, to tell exactly where the entity falls in terms of administration;
- The setup of the organisation needs attention because the requirements of the jobs to be done do not match the available expertise and requisite skills;
- Capacity issues of the entity (in terms of finance and HR) must be addressed as the entity does not have even the means to develop human capital;
- The organisational structure needs to be sorted out. The organisational structure does not support the strategy implementation of the entity and this impacts the organisational performance;
- Oversight and monitoring needs to be addressed; it does not deal with governance issues; what it does is “administration”. The monitoring by the parent department is more on an operational basis; the parent department does not assess the impact the entity is making in the industry and the province. The parent department should do such an impact assessment

for the public entity at regular time intervals such as after every five years; and this should be linked to the term of government or the electoral cycle.;

- The department should revise the Northern Cape Liquor Act, as the Act does not talk about human capital development in the entity; it only talks about the processes of licensing. The parent department should explain the funding model that is used to fund the entity. The entity does not know how the department decides the specific budget allocations that it gives the entity;
- Board directors and/or members should have competence to execute the mandate of the entity; they should have the necessary requisite skills such as the financial skill. They should also provide ethic leadership and governance;
- There must be a credible risk register of Northern Cape Liquor Board to look at the core functions not only the support functions; to inform and evaluate the strategic planning of the APP;
- The licensing process should be decentralised; the issuing of licenses should be done at the region and/or district level; and
- The entity needs guidelines of who should become a board member, and what are the required qualities or qualifications expected of such a board member.

5.2.5. Northern Cape Gambling Board

An interview was held with an executive of the entity (participant (5)). The participant was a female, in the 35 to 44 age group with 10 to 20 years of management experience. She had an undergraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The Gambling board has a corporate level strategy which contains its broad business scope and mandate that is aligned with the National Gambling Act and the Northern Cape Gambling Act. So, these official documents guide the licensing and regulating of the industry. Everyone in the entity is aware of these documents. The entity has a business level strategy that is approved in the form of annual performance plan (APP), which is aligned with the corporate level strategy. The APP speaks to the core functions that are outlined in the Gambling Act. The entity is normally invited by the department to the department's strategy planning; and when the entity is conducting its APP reviews and having strategy planning sessions, the department is also invited to be part of those sessions. When the budget of the department is being considered, the entity is also requested to submit its budget inputs which are part of the strategy planning session of the parent department. So, always the department knows exactly what the entity is doing, which is good for the alignment; and this implies that the relationship of corporate and business level strategies at the public entity is very good.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

There are gaps in the alignment between the corporate and business level strategies of the public entity. For example, in annual or quarterly reports, some performance targets speak in terms of numbers, no analysis is done; and these indicators speak in terms of percentages. This is where non-alignment of the two strategies is found. The Board of directors of the public entity is involved during strategy formulation or crafting the APP's. However, the current board was appointed in October 2017, while the strategy plan and the APP had already been signed off in September 2017, so they came in a month after the APP had already been signed off.

One of the alignment gaps is that there is a Northern Cape SMME Trust, which is reporting to the parent department. The formation of trusts as special purpose vehicles for government should be discouraged because entities have got their own legislation, which give a better control as one can then invoke the relevant sections of the PFMA; whereas with a trust, if one is going to make a transfer

payment, one can only rely on section 38(1) (j) which is read with regulation 8(4) of the Treasury Regulations of 2005 and must have a contract in terms of which the trust can report. Participant (5) said, *“..... in my view, a public entity is better to have, to implement some of the mandates of government as compared to a trust which reports to a different body and which does not really report in terms of PFMA. For accountability and risk purposes, I would discourage the province to use trusts as vehicles to execute certain mandates.”* Furthermore, the capacity constraints in form of HR and financial resources cause alignment gaps.

In order to minimise the alignment gaps existing between the two-level strategies in public entity, the appointments of the board should be made at the right time; there should be no vacuum in the governance structures. The authorities should not wait until the term of the board has expired for the appointments. *“...in this instance it was an extraordinary situation because the previous board was dissolved due to maladministration. Yes, hence we found ourselves in that situation. But I think if the governance unit within the parent department can look at the timing of the appointment of the Board”*, participant (5) said. The parent department must make preparations let us say, at least three to four months before the expiry of each board term so that whenever the term of the board expires a new board is already in place to avoid a situation where the entity is found wanting in terms of governance structures.

Furthermore, in order to minimise the alignment gaps, the Bomela report looked at all the public entities that report to the Department of Economic Development and Tourism (DEDT). At some stage, NCEDA had problems regarding funding, especially when it came to the filling posts. At that stage the then MEC of the parent department took a decision to investigate the inefficiencies in terms of staffing, financing of the four entities and to look at whether certain functions such as finance and human resources functions cannot be shared and whether they cannot be transversal across some of the entities. They also investigated whether the NCTA and NCEDA cannot be merged, not necessarily only for the cost saving but also looking at the inefficiencies in terms of how the entities were operating. The MEC also requested them to look at the Liquor and Gambling

Boards if they could not be merged into one public entity and share the inspectorate since they are both regulatory in terms of their broad business scope and mandate.

The report gave three recommendations. One of the recommendations was that the Liquor Board and the Gambling Board should be merged. The second option was the absorption of the liquor and gambling entities into the department. This would entail absorbing the two entities (Liquor and Gambling Boards) back into the parent department as a public service unit under programme 4 of the parent department. This transition would be easier within this component as their core function is service based. The current structure could be used in such a way that it would eliminate the need to fill senior management posts, and there would be savings in that regard. Then, there would be a CEO, staff, a separate board and a manager for programme 4 to oversee the staff.

The third option was a board-led entity, based on the current model like in other provinces where both boards are amalgamated into one entity with an external board. However, this option would not ensure cost effectiveness because the entities would use the same organogram as option 1, except that this option would include a board and a full staff complement. Currently, the MEC must still apply his mind on this Bomela report and indicate which recommendation seems appropriate to him or her as the final decision maker of the parent department. The entity is awaiting that decision because, obviously it will have an effect. Some of the legislation will have to be amended to accommodate those changes involving issues such cost implications, the proposed organisational structure, the legislative review process and the guiding principles of rationalisation. However, the licensing function will be delegated by law to a committee appointed by the MEC, which will also have its shortcomings.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Significant alignment gaps exist between the corporate and business level strategies of the public entity due to various challenges such as HR and financial incapacities.

iv) What is the extent of the implementation of strategies in public entities?

How these inadequate resources affect the strategy implementation of the entities and organisational performance ultimately

Inadequate resources affect negatively the strategy implementation of the entity and organisational performance ultimately. *Participant (5) said, “....., in a certain year, the Liquor Board could not conduct the required number of inspections due to funding and they had to cut down on the number of inspections. You cannot afford not to have your awareness campaigns. The same applies to the gambling Board So, there was ... a situation where the inspectors were just coming to work, not to do inspections but had to wait around. The situation has since improved”.* Strategy implementation in the entity is effective to some limited extent due to capacity constraints in some areas. The team needs to get extra training to deal with these complex gambling agreements and cyber gambling.

For the human capital resources, the entity is getting there; the only problem is that the entity still has certain posts within the organogram which are vacant but unfunded. These are critical posts, so human resource is lacking. Once this issue is sorted out and with the rationalisation report, things will be alright.

The Gambling board and the Liquor board are somehow sufficiently funded; it is a matter of having the critical posts being filled. With the provincial moratorium on the filling of posts in parent departments and their entities, one must motivate for a post to be filled which takes a bit of time. Due to lack of funds, sometimes in the previous financial years, the entity could not even convene a board meeting. The mandate, that is, the core functions of the entity could not be carried out for two to three years in NCEDA because of the issue of funding.

Some of the entity's functions are also being duplicated within the parent department which has also led to rationalisation. So, partly because of the duplication, there is little money left to fund NCEDA, ending up paying staff and

cater for operational costs - with very little money left to carry out some key strategic activities.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

Corporate controls have a good influence on the performance of the entity, although the entity still needs to capacitate certain staff members. The staff members require a little bit of extra training as some of complex gambling applications present a bit of challenges, especially with agreements and shareholding structures. Some of the training needed includes benchmarking and sending staff to other bigger gambling public entities which have dealt with certain big transactions before. Overall, the staff meet the competency requirements to be able to carry out the entity's mandate and achieve the targets set out in the APP.

The audit committee found that risk management issues need to be addressed. The committee was concerned because risk management issues affect the business strategy that is contained in the APP of the entity. Segregation of duties and reviews which relate to the organisational structure was also a concern of the Audit Committee (AC). *"I think the Board concerns speak to the fact that many of us in the leadership of the entity are in acting capacities. For instance, there is an acting Legal Head, acting CEO and acting CFO. Therefore, we are trying to speed that up the appointment of permanent incumbents into those positions with the board so that it can bring stability to the entity but also in terms of carrying out the broad mandate in terms of the Act"*, participant (5) said. Otherwise, the committees of the board are functional; there is a licensing committee and there is also legal compliance which speaks to the inspectorate. So, the mandate is being carried out in terms of what the board is supposed to do in terms of the Act.

➤ **Leadership**

The board reports to the MEC through the office of the HOD because in terms of the provincial Act, the department has a seat on the board. The department has a representative on the board, who is advisory for any issues or difficulties that the board may have. Over and above that, the board meets with the MEC and certain requests go directly from the board to the MEC. So, there is effective engagement. Even after the board members are appointed, they have meetings with the MEC so that the MEC can outline his or her expectations. They also outline the expectations of the board to the MEC. It is the intention of the entity to regularise this arrangement. However, there are instances where the top leadership of the entity such the CEO, CFO and Head of Legal services are working in acting capacities. This then creates leadership problems in the entity in terms of stability.

➤ **Oversight and monitoring**

There is enough oversight and monitoring by the head office of the parent department. The department inducts the board of the entity as the MEC identified this as a weakness for newly appointed boards, in terms what is required, the role of the parent department, their role as the board and how the board and parent department should engage with each other, and the MEC also being a stakeholder in the whole picture. This is a compulsory exercise and board members, CFO's and CEO's must be part of the training.

The entity gets a feedback from the parent department because there is a governance unit in the parent department that is working closely with the finance unit of the entity. *"..... whereas the governance would look at the performance report, the finance unit would look at the financial reports"*, participant (5) said. The departmental unit gives the entity feedback with recommendations if necessary. Hence the relationship between the corporate and the public entity strategies is very good.

➤ **Organisational culture**

The Northern Cape Gambling Board has been doing very well, in how they do things. The setback was a once off dissolution of the board due to

maladministration but there is a good culture of performance. They even received clean audit from the Office of the Auditor-General and got an award for it. So, there is generally a culture of good performance. There has always been good leadership and when incumbents resign, the MEC is very quick to respond because the department would like to support the entity to maintain that culture of good performance, resulting in achieving its performance targets. However, there is uncertainty in the entity because of the implications of the Bomela report which has recommendations that may result in its restructuring.

➤ **Diversification**

As of now, not much is being done in the area of diversification because the entity is struggling to balance the execution of the mandate on operational level, which is strategic in the areas of leadership and governance. Diversification has some effect on the extent to which the strategies of the entity are aligned, and hence on organisational performance.

The merger of the Gambling and Liquor Boards will be a good diversification if the MEC chooses that option because *“if you deal with gambling only you might not be open to other industries. And usually gambling and liquor do go together because say like in a casino you find gambling machines, but you will also find the liquor licence”*, participant (5) said. The participant argued that diversification should facilitate better alignment of the strategies in the organisation. The participant (5) said, *“so instead of having separate inspectorates if you have got one that knows how to regulate, you can save money and achieve your objectives. That should then lead to better performance of the entities to meet their strategic objectives”*.

Diversification of the entity in terms of the services offerings would affect the alignment of the broad business strategies in the entity. The recommended merger of the Gambling and Liquor Boards will open the scope of the entities to consider different industries.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment of the corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause alignment gaps between the corporate and business level strategies of the public entity must be filled or addressed as follows:

- The performance targets of the entity should speak to the number, but the indicators should also speak to percentages in terms of reporting in annual reports or quarterly reports;
- The board must always be appointed at the right time before the term of the existing board expires. Otherwise, the kind of oversight and monitoring that is being provided by the parent department to the organisation must continue;
- For efficiency and making an impact in the industry, the Liquor Board and the Gambling Board should be merged;
- The formation of trusts as special purpose vehicles for government should be discontinued because entities have got their own legislation, which gives a better control, accountability and risk management;
- The critical posts within the organogram of the public entity must be filled;
- There should be enough human resources for adequate inspection, and inspections must be decentralised as the province is vast;
- Rationalisation should be encouraged and duplication of projects or programmes should be avoided;
- There should be a segregation of duties and reviews which relate to the organisational structure;
- The inspectors should get extra training to be able to deal with complex gambling agreements and cyber gambling;
- Risk management needs to be addressed because it is affecting the business strategy of the entity;
- The entity should appoint key people (e.g., CEOs) in permanent positions, and try to avoid having a situation where they work in acting capacities;
- The issues around the organisational culture (such as uncertainty) need to be addressed if the entity is to meet its strategic objectives; and
- The entity should make sure that the systems and processes they use support the alignment between the corporate level and business level

strategies in the entity, otherwise strategy misalignment will lead to the entity not being able to meet its performance objectives.

5.2.6. Northern Cape Arts and Culture Council

An interview was held with an executive of the public entity (participant (6)). The participant was a male, in the 35 to 44 age group with 5 to 10 years of management experience. He had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The entity's broad mandate is guided by the Act and everyone is aware of the corporate strategy because it is the document that the entity uses even when appointing the Board of Directors. When Board members are appointed, this is the first document they read because at the end of the day whatever they do, they align it to this document. The Act guides the entity's broad functions. The entity's annual performance plan (APP) is approved by the Department of Sports Arts and Culture because the entity is the implementing agency of the parent department. The APP and the Act give the entity broad guidelines of how it should function, and so, the two strategies are aligned.

The Act speaks to the broad structure and the broad responsibilities of the entity while the APP ensures that whatever is in the Act is realised. The entity ensures that the mandate and all the other official documents of the entity are aligned with the mandate of the parent department. So, on paper, there is alignment between the corporate and business level strategies of this entity. This implies that the relationship of corporate and business level strategies at the public entity is good. However, there is misalignment on the ground.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

A lot of capital is being wasted because of duplicating programmes in the same space. Some of the entity's programmes are the same as those in the parent department because of not having effective communication between the parent department and the entity. This results in fruitless and wasteful expenditure in the province and a misalignment between the two strategies. If the strategies are aligned, savings would be made, which would help to implement meaningful programmes and the business strategy to ensure that the entity has an impact in the province. No assessment is being done in the province. *"Government, nationally, provincially and locally strive to have an event, get as much people as we can and then say with this programme we managed to reach 500 000 people, but we do not assess the impact of the programme. Hence, I am saying our strategy implementation has become the numbers game. But if we sit as three spheres of government and strategize together in our sector, we will be able then to come up with programmes that will have an impact to the sector, because as a province, we will be bringing our inside information this is what is happening,"*, participant (6) said. The above-mentioned cause gaps to exist between the corporate strategy and business level strategy.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Stakeholders are working in silos in the context of strategy alignment of this public entity, and this is not assisting the process of the alignment of the changing landscape. The National Department of Arts and Culture (DAC) conceptualises programmes to be implemented in provinces without engaging the provincial governments to find out whether they are the right directions or not. The problem is that the provinces might have covered some of the aspects in those programmes. What should be done is that the provinces should be the ones to tell the national department exactly what they want. The parent department of the entity in the Northern Cape Province is doing the same thing as the national department; they conceptualise programmes and then roll them out in the districts without engaging the people on the ground, *".....is this really what those people really want. If everything was aligned, it would become easy then to come up with programmes that fit the local municipalities or local governments. The national and provincial strategies are based on what they*

think people might need or want”, participant (6) said.

When the entity was set up, it was “Arts, Culture and Heritage”, but now the landscape has changed; it is now “arts, culture and creative industries”. This implies that the strategic documents are no longer that relevant. Because the landscape changed, there are plans for reviewing the master document to ensure the alignment. The focus now of the new document is more on the business of arts, culture and creative industries; not just stopping at arts, culture and heritage; but looking at it as industries and as ways of generating an income.

The alignment between the two-level strategies has an influence on the organisational performance of the entity in terms of meeting its strategic objectives and having an impact on the sector. There is now a revised white paper, which is suggesting aligning national, provincial and local government in terms of dealing with the mandate of the entity. When there is alignment between the three arms of government the entity can implement meaningful programmes and avoid duplication. Once the national, provincial and local government strategies are aligned in terms of rolling out the arts and culture programmes plus helping the cultural and creative industries and moving away from working in silos, the entity will get a clear direction. It will also be easy to monitor that alignment; and the entity will have an impact right from the national level right to the local people on the ground.

iv) What is the extent of the implementation of strategies in public entities?

The strategy implementation is not good in this entity because it does not have enough money as there was no proper planning of how public entities would be funded when they were created. The entity is under resourced. It does not have enough staff; capacity is a big challenge. The entity is supposed to service a huge province, and to send people to festivals, workshops and programmes; have in-house programmes; operate a music and a dance academy, which must also have enough staff that need to be paid; etc. *“We are just doing like minimum because of the lack of the resources”, participant (6) said.*

“This current organisational culture does not support performance because now you have disgruntled artists on the street saying actually there is something wrong happening there. This organisational culture does not support strategy alignment and strategy implementation”, the participant said. Being creative and a Cultural Industries Federation of South Africa (CIFSA), the Northern Cape branch is up in arms saying, “this Council is not doing what it is supposed to be doing”, possibly because of the bad practices. Participant (6) said, “...we can say oh, as per the APP we were supposed to give 5 people money, we were able to give those 5 people and therefore we have achieved, but the artist at the street will say even the people that we have given money but we do not know who they are”.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

The entity is not listed and so, it solely depends on the parent department. This sometimes results in the department wanting the entity to dance to their tune because the entity is not autonomous. *“We are almost like what do you call, a parasite you know, and in that sense then it is easy for them to control us. The entity relies on the parent body for most of the services. But they are providing that, that little bit of oxygen and because of that then it becomes a little bit contaminated, because of that relationship and it is also a relationship that you want to maintain”, participant (6) said.*

The parent department does not do oversight as it should; to be an arm's length but this is not true. *“So, if that integral cord gets cut, and the Council has its autonomy and we raise funds on our own, as much as we get the grant from them, but we have funds, we have everything that the alignment would be much different from what it is now”, the participant said. This implies that the relationship the entity has with its parent department brings about a misalignment between the two strategies.*

➤ Leadership

The issues of leadership revolve around funding constraints that limit the entity's performance. *"For instance, if we had like R9 million or R10 million in our budget, that will allow the entity to perform on a certain level. So, I think in terms of leadership it is more about how much you have and how much you can stretch yourself. So hence I am saying, the capital to some extent determines the performance of the entity and leadership"*, participant (6) said. The leadership of the entity is constrained by the serious lack of resources, which indirectly leads to misalignment of the strategies at the two different levels; and such misalignment of strategy leads to inadequate organisational performance. Obviously, the leadership is not able to implement its strategy effectively the way it would have liked if it had enough financial and human capital resources. These are huge financial and human capital challenges.

➤ Oversight and monitoring

People are working in silos, not only at the national, provincial and local levels, but also within the parent department and the entity. Hence, there is a lot of duplication happening in terms of programmes. The entity does not have capacity. *"People that were supposed to be in the Council or what you call cultural officers because we are the people with the programmes, are sitting with the department Now what happens is that when the parent department is doing its monitoring, they will first monitor their internal programmes as the department and then because we inform some of the APP's then it would be monitored based on those APP's that they gave us"*, the participant said.

The council is supposed to be a standalone structure and to have its own APP, that informs what the council needs to do for it to fulfil its mandate. This is not happening. The APP's of the Council, are basically those of the parent department. *"So even that monitoring when they are doing it, they are monitoring themselves, they are not really monitoring us because it is their APP you know"*, the participant said. As an autonomous structure, the entity should have its own APP that would be monitored and evaluated separately. And the department should measure the impact of the council separately, not as part of the parent

department. *“... then monitoring and evaluation becomes one of other exercises in Government. It goes back to that ticking of boxes. Monitoring and evaluation goes with impact. You can monitor as much as you want, if you cannot see an impact really, it is a waste of time”*, the participant said. Monitoring is being done but the impact itself has never been evaluated. Participant (6) said, *“...assisting the process, I would say yes, because what we have as part of our mandate is to fund non-profit organisations (NPO’s) that are operating in the arts and culture and creative industry space. So, in that sense I will say the Council is contributing, but I feel still is not enough you know, but at least we are contributing”*.

➤ **Organisational culture**

Every leader that comes to the space introduces new ways of doing things, which determines the culture. For example, according to the participant, there were no systems in place for certain key processes such as funding the artists. People would just send their funding proposals to the entity. There was that culture of unfairness and no proper way of adjudicating the proposals. But now, with the new CEO, processes and systems are somehow smoothened. Artists send their proposals in e-mails or come and drop them off, then there is a board meeting for presentations for them to be funded. There are issues around the entity’s organisational culture (such as uncertainty) that need to be addressed if the entity is to meet its strategic objectives. There is also still some lack of systems; and a process that does not support the alignment between the corporate level and business level strategies in the entity, otherwise this strategy misalignment will lead to the entity not being able to meet its performance objectives.

➤ **Diversification**

There are various sub-sectors in the entity. These include: museums, geology, archaeology, cultural landscapes and natural heritage; and, performance and celebrations (i.e., performing arts, theatre, music, dance, orchestra, storytelling, festivals, rituals, events and days of commemoration). There are others, namely, audio-visuals and interactive media, film, video, TV, radio, internet, broadcasting and video games. There is also indigenous wisdom as a sector and under that

sub-sector. There are indigenous knowledge systems such as the arts and culture Council. The landscape in the sector has changed significantly; it is not just arts and culture, now, it is “arts, culture and creative industries”; this, with all abovementioned sectors and sub-sectors, it is a lot.

There is so much diversification in the entity because now, the entity covers so many sectors and sub-sectors. Diversification, however, affects the alignment between the corporate and business level strategies in a bad way because one must align many sectors and sub-sectors as opposed to just aligning arts and culture as before. *“Since there is a lot of silo mentality in the sector between national, provincial and local government as I indicated before, this wide diversification affects the strategy alignment in a bad way as we are still grappling with the issues. It also affects performance of the entity in a bad way as we are now expected to cover a lot of scope and a lot of things compared to the traditional two things we used to focus on before the creative industries came into the picture”*, participant (6) said.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment between the corporate and business level strategies to contribute and improve the organisational performance of the entity, the following must take place:

- Duplication of functions between the entity and parent department must be dealt with as it wastes money;
- The impact of the entity’s programmes must be assessed to know where and what the entity is doing right and what it is doing wrongly to be corrected;
- There must be effective communication between the organisation and the parent department;
- The parent department should do a proper oversight. Currently, the relationship that they have with the parent department causes a misalignment between the two strategies;
- Working in silos at national, provincial and local levels should be

addressed. This contributes to the duplication that is happening in terms of programmes;

- The council should be a standalone structure and should have its own APP as the council that informs what needs to be done in the province for it to fulfill its mandate. The work of the parent department should be overseeing and monitoring the entity;
- Funding constraints should be dealt, after the landscape of the entity has changed to arts, culture and creative industries. There should be a review of the master documents to ensure alignment of the two strategies. There must also be proper financial planning for the entity to have enough money;
- The entity should be given enough human resources; and
- The organisational culture needs attention. The current one does not support organisational performance.

5.2.7. Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA)

An interview was held with an executive of the entity (participant (7)). The participant was a male, in the 45 to 55 age group with 11 to 15 years of management experience. He had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA) has a corporate strategy and a business level strategy. The entity derives its mandate from the Northern Cape Economic Development Trade and Investment Promotion Act, number 4 of 2008, which outlines the existence of the entity. The entity has two mandates in terms of the Acts; that is, to develop the economy of the province and to promote trade and investment within the

province. There is alignment between the corporate strategy and business level strategy. The parent department is the Department of Economic Development and Tourism (DEDT). The alignment between the corporate strategy and business strategy exists because the parent department knows whatever the entity does, as the entity sits under the parent department which is DEDAT. On paper, the relationship between the corporate and business level strategies is good.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

Strategy misalignment exists between the entity and the parent department, and this makes the entity not to have correct support from the parent department and therefore not to perform satisfactorily. The entity does not get enough support from the parent department to be able to stretch to the different categories of the sectors in the province. This misalignment causes the APP not to perform at the level required in terms of the mandate. Furthermore, the entity has HR, finance and research capacity constraints, which cause alignment gaps. The misalignment brings about poor organisational performance. To minimise the gaps in alignment, capacity should be increased, and the entity needs to have strong research units that can be able to advise on how the entity can perform at its level best.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Significant alignment gaps exist between the two-level strategies in the entity in form of HR and finance incapacity as well as inadequate support from the parent department.

iv) What is the extent of the implementation of strategies in public entities?

The entity is experiencing strategy implementation challenges. There are challenges in DORA (Division of Revenue Act) as it affects the province and ultimately the public entities. *“..... we should be able to say if we have to implement this particular project what resources do you we require, whether these resources are adequate for you to be able to do that”, the participant said.* The entity is not well capacitated in terms of financial resources and human

resources. NCEDA's APP does not talk to its budget yet the APP is drafted based on the entity's mandate. Participant (7) said, *"NCEDA currently is having 8 staff members. Is it adequate? It is not adequate. How then can that capacity be able to support a strategy of this entity? It cannot. It does not add up"*.

If DORA issues are sorted, the entity would be able to correct the budget allocation issues in the province. According to the participant, South Africa needs to change the funding process in general; the funding as per population and size of population does not work. Northern Cape is vast, which creates problems; you must travel 1,000 kilometres from one point to another, which is taking too much of the budget. Hence, financially, resource allocation causes a misalignment between the two strategies. *"There is no way that with the current resources, financial resources as an entity we will be able to effectively drive the strategy forward and implement it effectively unless some of these DORA issues are sorted out"*.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

The current organisational structure that NCEDA has is not the structure that is required for an entity for it does not give support to the business strategy. The structure needs to be either re-engineered/revisited or the entity's mandate must be reviewed to suit the structure for the entity to be able to drive that mandate. Currently, the structure affects the strategy alignment, strategy implementation and hence, the organisational performance negatively.

➤ **Leadership**

The entity has problems with capacity. Leadership needs a board that is strong enough to drive an entity like NCEDA. You need a CEO, CFO and other senior officials with a vision and who are dedicated to the province. At NCEDA, there is a gap in terms of capacity; the entity currently has only three people (50% of the

six leaders/managers required for the entity) in the top-level management. The organisational structure provides for six leaders/managers at the top leadership level. So, top management in the entity needs to be capacitated so that it can be able to drive the business strategy. Skill must also be considered, not only numbers. Some two or three key stakeholders in the industry should also be members of the board.

➤ **Oversight and monitoring**

“..... growth fund is supposed to be in NCEDA in terms of implementation, not in the parent department, so that it can be used by the entity to drive the economic development of small and medium enterprises in the province. But that fund is sitting within the department”, participant (7) said. Some projects in the province are sitting in a wrong place. The participant said, “I always say the province should have a mini skeleton staff, rather than having a broad staff. This is because when you do oversight, you are not actually hands on in terms of the actual implementation., not the parent departments to do the work also that is not oversight”. For oversight, the department should be checking whether the public entity is doing exactly what it needs to do in terms of developing the economy of the province; and whether it is spending the money correctly as per the corporate strategy and broad mandate. What is happening in the province is “duplication”; the entity and the department are doing the same projects – resulting into unnecessary fights or frictions. There is no separation in terms of who does what.

High impact projects are currently being done in the provincial departments whereas the role of NCEDA is not limited to the Department of Economic Development and Tourism. NCEDA should stretch its wings across all departments because it is an implementing agency for the economic development in the province. *“There is no alignment on such high impact projects, within the province, to say who does what. a department must initiate the project and then handover to the relevant public entity. When you initiate a project as a government department, the concept should go to a relevant entity to deal with it. There must be a separation between implementation and oversight”, participant (7) said.*

➤ **Organisational culture**

The way the entity does things needs total re-engineering or improvement according to the participant, *“...if you must be able to do things in a structured way, then that becomes your culture. ...because today I will think let us do this thing this way and we follow. Tomorrow you say, I think this, no let us do it this way. Then someone is getting confused because you do not have a consistent way of doing things and then you do not have culture. It must be consistent. It must be structured, and everyone must understand how do you do things in this entity. No, you need a clear way of doing things. So, in my view in NCEDA the one part that needs total improvement, that is organisational culture”*, participant (7) said. The organisational culture in the agency is weakening strategy alignment and has a negative effect on organisational performance.

➤ **Diversification**

The entity has very few divisions currently, and hence, diversification is taking place at a low level. The diversification of the entity in terms of its split into the different divisions has some influence on the alignment between corporate and business level strategies within the entity. *“If we had high diversification in terms of more different divisions serving different industries, I think our performance as the entity would have been better”*, the participant said.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment in corporate and business level strategies to contribute and improve organisational performance of the entity, the following issues must be attended to because they are the issues that bring about a misalignment between the two strategies.

- Duplication of functions in the province must stop in order to save a lot of capital which is being wasted. The high impact projects currently taking place in the provincial departments should be managed by NCEDA;
- There must be effective communication between the organisation and the parent department;

- Capacity issues in the entity must be addressed as the entity is currently understaffed at 50% in the top-level management. More capacity is needed to have strong research units that can be able to advise on how the entity can perform at its level best, and mitigate some of the strategy alignment gaps in the entity;
- Board members including the CEO and CFO must be dedicated to the province and must have a vision for the organisation;
- The issues of personnel budget as well as those of the organisational structure must be addressed;
- The challenges of the DORA (Division of Revenue Act) must be addressed and the entity's budget must be adequate for the implementation of the APP, which is drafted based on the entity's mandate;
- The growth fund should be in NCEDA, not in the parent department as the entity is the one charged with driving the economic development of small and medium enterprises in the province;
- Oversight and monitoring by the department should be done regularly to check whether the entity is doing exactly what it is supposed to do; and whether it is spending the money correctly as per the corporate strategy and broad mandate. Assessment of the impact of the programme must be done by the parent department; and
- Either the organisational structure of NCEDA should be re-engineered/revisited or the entity's mandate must be reviewed to suit the structure for NCEDA to be able to drive that mandate. Currently, the structure does not support the strategy alignment and strategy implementation, and this affects the organisational performance negatively.

5.2.8. Ngwao-Boswa Ya Kapa Bokone/Heritage Council

An interview was held with an executive of the council (participant (8)). The participant was a male, 68 years old, with 21 to 25 years of management experience. He had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**.

The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The Heritage Council has a corporate strategy that governs the broad business scope and mandate, according to Section 23 of the South African Heritage Resources Act. The strategy provides for the establishment of provincial heritage authorities. The Provincial Northern Cape Heritage Resources Act of 2013 is completely aligned to the National Act. According to participant (8), the alignment as set out by the Northern Cape Department of Arts and Culture has made the Council to a certain extent dysfunctional in the sense that the functions and responsibilities that should reside in the entity are retained at the provincial level by the department. The council therefore is not functioning strategically as it should to impact the conservation and the preservation of the provincial cultural heritage. This implies that the business strategy and corporate strategy are not aligned as they should be, and the relationship between the corporate and business level strategies at the public entity is not good.

The entity is guided by the Act for the Act outlines everything in terms of the broad functions of the entity. Everyone in Northern Cape Arts and Culture Council is aware of the strategies and the corporate strategy is adequate. The entity has a business level strategy in the form of Annual Performance Plan (APP). So, in this sense, there is alignment between the corporate strategy and the business strategy; the problem is that the functions and responsibilities of the entity are retained at the provincial level. Participant (8) said, *“but the alignment as set out by the Northern Cape Department of Arts and Culture has critically made us as entity/Council to a reasonable extent dysfunctional in the sense that functions and responsibilities that should reside here in this entity are retained at provincial level by the department. So, this office is not functioning strategically as it should. We are battling to do what we are supposed to do”*.

There are capacity problems in the entity. The posts that were allocated to McGregor Museum in archaeology were defunded and now missing. There is

only one archaeologist practicing in this province. Others are retired. It is a heritage crisis that we are facing. Palaeontology is in a similar situation. So, the museum is lacking in the areas of archaeology and palaeontology as it does not enough experts in those fields. *"We are sitting with major problems that are not being addressed"*, the participant said.

The Act is very progressive but *"..... perhaps it is costly to implement"*. Participant (8) continued to say, *".... but we have a provincial department which is ignoring these Acts. The chairman of the board is answerable to the MEC but now there is another structure that operates at provincial level called the heritage unit. Now this heritage unit is performing functions, independent of the board, and we do not often know what those heritage functions are. Our budget is so restricted that we cannot implement what we are supposed to implement"*. Due to the little budget, the office does not have a telephone and electronic communication. The vehicle it uses is very old and the officials cannot operate satisfactorily. They normally request for any resource they need from head office. Even the office space is under threat. All these make it impossible for the alignment of the two strategies to happen.

The participant reported that the entity is dependent on the functions and funds from a department that has no relationship with the entity. *"They ignore the Acts. How do we go about it? I do not know. How do we change it? We have tried it. We have had a meeting with the MEC where we explained these issues. It is now four months later, and we still had no real feedback"*, he said.

The entity is reporting to the MEC, the Executive Authority as an accounting authority but the department created another structure that operates parallel to the McGregor Museum and most of the times there is a perceived friction between the two structures. Participant (8) said, *"we are at loggerheads which is not what it should be because ultimately it is heritage that is going to suffer. And the expertise should reside here and not sit at the department. Why have they got a parallel structure operating there? I do not know. This is one of the things that we as a board mentioned to the MEC, why is there a parallel structure operating there, why not consolidate heritage. what is the entity, the*

unit at the department accounting for? That is problematic. We do not speak to each other. That unit operates independently there and this one operates here. Now there is also according to the Act, a legislative mandate right."

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The organisational structure is causing alignment gaps between the two-level strategies. Participant (8) said, "your leadership, your managerial leadership, your CEO, where is it? To whom is he answerable, right?you have a CEO here, but you have a Deputy Director sitting at head office in the heritage unit. There are three guys sitting on that side operating whatever they are operating. Now the financial delegation and you know this, sits now with the CFO, who is responsible for three entities". Any request for a transaction, for example, buying a sheet of paper, a pencil, or a pen must go from the entity to the CFO who then authorises it.

According to the Act and PFMA, the appointments of people in the entity must be done by the department. The participant said, ".... what needs to happen is an organisational structure based on real needs, not on wantswhere we look at what the needs of the organisation for the benefit of heritage are and not for the benefit of somebody's little personal powerbase". The entity is lacking financial capacity and HR capacity (especially research capacity), which are affecting strategy implementation and the performance of the entity badly.

With one archaeologist working at the McGregor Museum for the entire department and the entire province, legislatively and legally it is very difficult to implement the laws when it comes to archaeology. The other structure operates but resides under the Provincial Heritage Authority and not under the department. According to the participant, from a legal point of view, the entity is compromised through lack of funding, expertise, and through the fact that there is another structure that is operating elsewhere in the province parallel to it. This causes an alignment gap between the corporate strategy and business strategy. In order to minimise the alignment gaps existing between the two-level strategies, the entity should be made a fully-fledged entity as set out in the PFMA and in the

national Act and must be given the authority to implement the mandate of heritage conservation. The parallel structure at the department should be disbanded and its functions be amalgamated with the heritage entity. There should be one heritage council and the funding should be consolidated. Authorities should also be familiar with the Acts; they should read the Acts and be able to interpret them properly.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Due to financial and HR incapacity, the entity is experiencing significant alignment gaps.

iv) What is the extent of the implementation of strategies in public entities?

Strategy implementation challenges are mainly due to having financial incapacity and human resource capacity problems. The entity does not have enough staff capacity because of the parallel unit in the department, which has enough staff capacity and includes a deputy Director. *“The provincial heritage authority needs to have people to implement and monitor the legislation”*, participant (8) said. The entity needs inspectors and archaeologists. The organisational structure is failing the entity, and so, the entity is not able to implement the Act or the heritage requirements as set out in the Act. The alignment is affected negatively by the organisational structure, funding capacity, and human capacity. The lack of research capacity and funding affect strategy implementation and the performance of the entity negatively. Budget constraints are giving problems to the implementation of the acts and strategy.

As far as heritage, sites, and building environment are concerned the entity is making some impact because they are doing what they are supposed to do; and when it comes to human remains and the destruction of an early stone age sites like at Kantienkoppie and Kathu Pan, the CEO has been actively involved and the entity has done well. The problem however, is *“financial incapacity, human resource capacity problems and the lack of a unified structure. ... the big risk to this structure as far as the impact of the Department Sports, Arts and Culture is concerned is not knowing what the mandate is”*, the participant said.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

Apart from having financial incapacity, human resource capacity problems and the lack of a unified structure, there are also major problems with the organisational structure. There are issues with the leadership, managerial leadership and the CEO. The CEO is appointed on an Assistant Director level. The CFO is a joint CFO, running three entities, namely, the museums, heritage and the Arts and Culture Council. There is a Deputy Director sitting at the head office in the heritage unit. Any request for anything such as a sheet of paper, a pencil or a pen, one must go from the organisation to the CFO who then implements it.

According to the Act and PFMA, the entity should appoint people but the department wants to take over this function so that they have control over the entire entity's staff. A structure that was put in place by the board was rejected by the department. This implies that the organisational structure is not based on the needs of the entity, according to the participant, but on what the department wants. The structure should depend on what is needed by the entity's operations, financial capacity and the HR capacity.

➤ **Leadership**

Leadership issues in the entity revolve around HR and financial incapacity which affect the alignment between the corporate and business level strategies, strategy implementation and organisational performance negatively.

➤ **Oversight and monitoring**

There is a competition taking place between the parent department and the entity. *"... they see an entity as opponents, as us and them. They do not see that the entity and the department should complement each other"*, participant (8)

said. He reiterated that the department perceives the boards of the entities as wanting to be autonomous, totally independent, very arrogant, and wanting to have nothing to do with them, *“which is a totally wrong perception from their side”* he said.

There is a serious shortage of professional staff, for example, there is no anthropologist and no botanist because of lack of funds. The organisational structure does not allow the entity to monitor what the private museums and local authorities are doing because of lack of resources. A legal structure is also missing.

➤ **Organisational culture**

Even though the organisational culture is good in the entity, it is constrained by HR and Finance incapacity. *“There is good organisational culture in the organisation. People work very well here within the HR capacity and budget constraints that give us problems to implement the acts and strategy”* participant (8) said.

➤ **Diversification**

Participant (8) said, *“I think the diversification is a good thing to the strategy alignment of any entity and to performance at the end of the day. This is because certain things will offset each other when something is not focussed in specific sector”*. According to the participant, the diversification of the entity must be seen in the context of a bigger picture, considering the current organisational problems that the entity is dealing with.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment of the corporate and business level strategies to contribute and improve organisational performance in the public entity, the following must take place. These are the things that bring about the alignment gaps:

- The entity should be made a fully-fledged entity as set out in the PFMA and in the national act. It must be given the authority in its entirety to implement the mandate of heritage conservation;

- The parallel structure at the department should be disbanded and its functions be amalgamated with the entity. There should be one heritage council and the funding should be consolidated. The functions and responsibilities that should reside in the entity should not be retained at provincial level by the department;
- Authorities should be familiar with the Acts. They should read the Acts and be able to interpret them properly to know the mandate of the entity;
- The financial incapacity, human resource capacity problems (i.e., inspectors and archaeologists) and the lack of a unified structure should be addressed. There is particularly a serious shortage of professional staff;
- Organisational structure must be based on real needs, not on wants for the organisation to be able to implement the Act or the requirements as set out in the act and to benefit heritage in the province;
- When it comes to “oversight and monitoring”, the competition between the parent department and the entity should be dealt with; and
- The legal issues of the organisational structure should be addressed.

5.2.9. Kalahari Kid Corporation (KKC)

An interview was held with an executive of a parent department, namely, Department of Agriculture and Land Reform (participant (9)). The participant was a female, in the 61 to 65 age group with 32 years of management experience. She had a postgraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

KKC has a corporate level strategy that is crafted by the parent department, in terms of the broad business scope and mandate, and everybody in the entity is aware of it. The strategy is however not adequate. *“.... it is unfortunate that KKC*

is looked at as a programme in government and not as a business that it should be because to commercialise the goat industry, it is a business, it is not a government programme”, the participant said. KKC has a corporate level strategy but it is not adequate and is not aligned with the business strategy and APP because the entity was registered wrongly as a 3C entity not as a 3D entity. As a 3C entity it cannot operate normally to fulfil its mandate to commercialise the goat industry as it should; for it cannot have the necessary funds to do so.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

Initially the whole listing of KKC was wrong and non-aligned. The KKC applied to be a public enterprise and not a 3C public entity. For some reason the Provincial Treasury, not the National Treasury, decided to list the Kalahari Kid Corporation as a 3C public entity. That was a mistake because it basically hampered the whole business of KKC. The business was jeopardised because the entity cannot commercialise the goat industry when it is not allowed to do a whole plethora of things to conform to the PFMA and GRAP (Generally Recognised Accounting Practice).

Participant (9) said, *“so, how can you ever make a profit because for example a public entity 3C, any revenue, excess revenue, you should return to Treasury whereas if you are commercialising the goat industry, surely the revenue that you make, you are going to plough back into the business to make the business grow. So, you can never commercialise the goat industry with this current 3C public entity registration. You can never fulfil your mandate. So, it really was not thought through properly”*. The entity made about three applications to change the current 3C public entity listing to a business enterprise public entity. The issue is still not decided.

Because of the current registration as a 3C public entity, KKC cannot comply with everything as needed by the Office of the Auditor-General. For example, the entity cannot get the three needed quotes all the time. The entity must support the emerging farmers, yet emerging farmers do not have tax clearance certificates, and some do not even have bank accounts. The entity must comply

with the supply chain management procedures according to GRAP and the PFMA. The participant said, *“We are expected to do those different compliance issues, we can never comply, if we are realistic and practical about it. So, the entity will always get a qualification audit opinion as a public entity 3C”*.

The budget cannot cover all the operational costs; for example, it does not include the running costs of the entity’s farms and cannot maintain everything on the farm. The participant said, *“The budget of R 2,5 million has never been increased in eight years. How can anybody operate with a budget that has never been increased for eight years”?*

Recently, the Portfolio Committee and SCOPA (Standing Committee on Public Accounts) in the Provincial Legislature realised that the entity’s APP was not aligned with the strategic objectives and the broad mandate of the entity and indicated that there were no ways that KKC with R 2,5 million would ever be able to fulfil everything it was supposed to do according to its mandate. The portfolio committee together with the MEC decided that KKC had to immediately be recapitalised, which was done. KKC was given more money but at the same time, the MEC and the parent department signed a twinning agreement with Namibia. The parent department instructed the entity to spend the money on the twinning programme in Namibia, which made matters worse in terms of filling all the alignment gaps of the APP.

According to the participant, the MEC agreed that the delisting of KKC must be fast-tracked but this has not yet materialised. KKC should not be a government programme in the parent department, it should be a business enterprise because it only has one mandate and that is to commercialise the goat industry. The entity should not be broken down into administration, co-operatives under programme 2 and marketing under programme 3 of the parent department. It is one business that should work as one unit with one broad mandate and one goal, which is to commercialise the goat industry by buying and selling goats, breeding the best quality goats, looking after cooperatives, helping them to grow, supporting them and getting their goats to the market. This is the broad mandate of KKC.

In order to minimise the alignment gaps that exist between the two-level strategies in the entity, KKC needs a bigger budget to have a critical mass of goats to be able to become self-sustainable; and unless it has that critical mass, it will never be self-sustainable. In addition, to comply with governance, the entity needs more staff, including a non-executive person on the board and probably a legal person. There are challenges of seconding farm workers to the entity however, because when they are seconded, they do not listen to the entity's farm manager, but rather, they report to programme 5 in the parent Department. *"So, we run a very tight ship. There are no hangers on and there are no people that do not have a dedicated job to do. We are very short staffed but a good team"*, participant (9) said.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

In addition to the whole listing of KKC which was wrong and non-aligned, the entity is missing a legal resource in the board. The Act which was drawn with the legal people and was given to the parent department for further processing is not yet approved. The entity is still waiting for a feedback from the parent department on how to proceed to ensure that the Act is passed in the Provincial Legislature. So, by now there is no Act governing KKC. This creates a delay in strategy implementation.

iv) What is the extent of the implementation of strategies in public entities?

The entity's business processes influence the strategy implementation and the organisational performance in a negative way. According to the participant, there are other research activities that are happening in programme 5 of the parent department that have nothing to do with the KKC. *".... may be, the parent department should have named this research budget and the commercialisation of goats' budget so as not to confuse the readers of their budget statements. Those two should be separated like that and salaries should be out of the salary budget. So, research should have its own budget and all the salaries related to both should come from a salary budget"*, the participant (9) said.

Flexibility for the entity to respond to the demands of what the market out there wants or what the business wants, is a big issue at KKC. *“So, we get invited by the DTI to go and sell them or to represent the Northern Cape in Dubai. Normally the DTI would pay 80% of Kalahari Kid's costs. Because we are now listed as a 3C public entity, they would not pay for us, but for the last 8 years they did pay for us before our listing, because we were an enterprise, or we were a business that was supporting the emerging farmer to get their product to the market. So, KKC is being penalised by being listed as an entity 3C from all sides. It cannot grow at all”*, the participant said.

The financial resources are inadequate in the entity and that results into ineffective strategy implementation. Participant (9) said, *“.... people see that there is R10 million budget in the department's allocation in their APP under the commercialisation of goat budget but that R10 million is not allocated to KKC. The money goes to programme 5, and Programme 5 is research - on tankwa goats, milk goats and other things. The entity's budget is R 2, 5 million. The entity does not understand why the salaries of people who work in the research unit come from the R10m and not from the budget of salaries”*. All the abovementioned problems create challenges to strategy implementation.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

There are challenges about corporate controls such as the organisational structure. *“.....it is of no use having a company that is top heavy and the fruits do not go downwards, so we would rather have what we do and bring the emerging farmers up, from grassroots up and into the marketing structure”*, the participant said.

➤ **Leadership**

Leadership would influence strategy implementation and the performance of the

entity under the current circumstances if the agricultural offices of the parent department could assist the KKC to perform. The department should assist in coordinating the co-operatives. Currently, agricultural offices do not report on anything about the goats which are associated with KKC. Participant (9) said, *“It is almost as if they feel that KKC is in opposition to them, not part of their programme, which is wrong. interaction with the State Vets is required. We get very little support from the Provincial Vet, veterinary services who are supposed to assist our co-operatives with veterinary advice. We get little support from them. Yes, the secondment of the staff should be defined, and HR should address that as soon as possible because we have asked them on numerous occasions”*. For example, one staff member absconded for three months on full pay. Even if the department was advised that the person was not at work, simply because the staff member does not work for KKC, there was nothing the entity could do about it.

➤ **Oversight and monitoring**

Participant (9) said, *“The parent department must decide what their vision is for KKC, where they want to take Kalahari Kid out of the market or if Kalahari Kid is part of their focus for the future and if not, do they want to release Kalahari Kid to become a private company? And if so, then they must let us know so that we can get a private enterprise to finance KKC”*, the participant said. According to the participant, KKC should not be a government programme; it should be a business enterprise that can make its own decisions. The participant argued, *“.... because you cannot make business decisions if you are a public entity 3c, there is so much paperwork that you are wasting more time on than what you are busy with doing business. Do you know that we have to print 100 financial accounts for such a small entity with six employees?”*

Has your parent department assessed the potential impact of these KKC opportunities that could change the landscape in the goat industry?

The IDC conducted an 18-month investigation before they offered the R17,5 million as grant to KKC in exchange of 30% shareholding for the emerging farmers over a ten-year period. An Agri-hub was created, which is feeding people. A Mala Mamas project was also developed where you take the Afval,

clean and dirty, and you freeze it in another facility in the abattoir. You can then cut it into cubes which can be cooked with vegetables to feed a family of at least four. A lot more can happen at KKC.

➤ **Organisational culture**

The organisation culture of KKC is constrained by the uncertainty as result of its incorrect registration as a 3C public entity in terms of the PFMA, lack of resources and lack of flexibility for the entity to operate as a normal business.

➤ **Diversification**

The diversification of the entity products can affect the alignment of its corporate and business level strategies, which then would affect the whole performance of the entity, because there are so many things that KKC can still do with the goats that have not been done. This involves a change in the infrastructure on the farms, having a quarantine facility, having a small feedlot and operating an abattoir. KKC can also broaden the Kalahari Kid situation from what it is today to a multiple Kalahari Kid. There are other endless opportunities for KKC, for instance, expanding the business to Nigeria and Namibia. The way the entity is listed, and lack of enough financial support are suppressing its diversification programme and growth. The Provincial Treasury is aware of these endless opportunities of KKC, for instance, the trading opportunities to Nigeria and Namibia from the KKC reports that the entity submits to the parent department.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment of corporate and business level strategies to contribute and improve organisational performance in the public entity, the following must take place:

- The non- aligned registration type of the KKC as a 3C public entity should be changed to a 3D public entity. KKC should not be a government programme in the parent department, but rather, a business enterprise because it has only one mandate and that is, to commercialise the goat industry. The entity should not be broken down into administration, co-operatives under programme 2 and marketing under programme 3 of the

parent department;

- The budget of the entity should be increased. The financial resources should be adequate as this directly affects strategy implementation;
- The challenges of seconding farm workers to the entity should be addressed;
- The department should assist to coordinate goat co-operatives;
- The entity should have a legal resource on the board;
- Flexibility for the entity to respond to the demands of what the business or market out there wants needs to be addressed;
- The parent department must urgently decide what their vision for KKC is.

5.2.10. Northern Cape Liquor Board; Northern Cape Gambling Board; NCTA and NCEDA

An interview was held with an executive from a parent department, namely, Department of Economic Development and Tourism (participant (10)). The participant was a male, in the 45 to 55 age group with 5 to 10 years of management experience. He had an undergraduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The Gambling Board derives the entity's broad mandate and scope from the Northern Cape Gambling Act of 2008. Everyone in the Northern Cape Gambling Board is aware of the corporate level strategy; and the strategy is adequate in terms of guiding the broad business scope. The corporate strategy and business strategy are aligned.

The entity's strategic plan is reviewed after every three years to develop the APP. All public entities are requested to report to the parent department on a quarterly basis in terms of PFMA based on the APP. Towards the end of a

financial year, they start preparing the annual report based on the quarterly reports. In their strategic plans, they highlight the entities' strategic objectives which speak to their specific activities. The business strategy and corporate strategy are aligned because on an annual basis, when the annual performance plan of the entity is reviewed, the parent department (which has specialists of strategy alignment) attend the sessions with the public entities it controls to ensure alignment. Also, before an annual performance plan is sent through to the Executive Authority, it must go through the parent department, to the MEC in charge of the parent department (i.e., as political head) who is the final signatory after it has been signed off by the CEO and board chairperson of the entity. There is therefore a good relationship of corporate and business level strategies at the Gambling Board.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The performance targets, indicators and the reporting sometimes do not speak to each other; there is a gap. The functions of the entity are carried out in terms of the Act, but certain things are missed when reporting. One may under- or over-report and there is a need to clarify the link between the target, the key performance area (KPA) and the indicator. The business strategy and corporate strategy at the Gambling Board are perfectly aligned, 100 percent, reason being that the entity is being guided by the National Treasury framework. The entity tries to ensure that the key performance indicators in the APP are aligned to the strategic plan; and then the key performance indicators in the quarterly reports are aligned to the APP. The governance unit in the department also tries to identify strategy alignment gaps; and whenever there are gaps, corrective actions are immediately carried out before the deadline of submission.

Not having a board for some part of the 2016/17 had an influence on the entity's performance because in terms of the Act, the board must adjudicate over the granting of licences. So, if there is no board, there is no licence that can be issued; and therefore, no revenue collection. There is a moratorium that was placed on recruitment; currently, every appointment must go through the Premier's office whether it is critical or not. So, the entity is sitting with a

challenge because of that process. It takes almost two years to approve a post. The entity therefore cannot meet its revenue collection targets because there are no licences that can be approved when there is no board and the CEO is in acting capacity. So, basically two things cause alignment gaps: not having a board and recruitment issues. If these issues and some others are sorted out, the alignment gaps would be minimised.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

The entity has significant alignment gaps mainly due to HR challenges as well as inadequate crafting of the performance targets, indicators and the reporting.

iv) What is the extent of the implementation of strategies in public entities?

Financial resources and HR resources are not adequate, the reason being that the province is vast. The entities cannot reach the large number of people because of the limited financial resources due to the vastness of the province. *“For example, Riemvasmaak is very far from Kimberley and you incur a lot of additional travelling expenses. It is not possible to reach every person because of the limited resources”,* participant (10) said. Lack of financial resources is seriously affecting the implementation of the business strategy; they are limiting it. *“.... Based on percentage you can only meet about 40%. So, when planning, they plan around the percentage that they can meet, but they report that they achieved their target. In terms of effective regulation and looking at the vastness of this province, the department should increase the budget so that the entities can have presence in the districts as well and be visible. According to the mandate, inspectors must be visible on a 24-hour basis”,* participant (10) said. Budget allocation is affecting the performance of the entities. The entities must work around the budget allocations. Generally, the entities have limited impacts in the sector because of having limited budgets allocated to them.

Human resources in these entities are not supporting their strategy implementation 100 percent possibly because of the quality of their HR resources. The qualifications of some key people in some of the entities are a concern. A major issue is the capacity at the level of the board. Sometimes,

there are inappropriate deployments, where the skills and qualifications of the board members do not match properly the requirements of being a board member. It then becomes a challenge for the entity; these people must be trained but some of them are not even trainable. This issue sometimes leads to problems in the performance of the entity and causes maladministration at the leadership level. At the management level, the entity is satisfied with the employees' qualifications but still, sometimes there are challenges with deployments. Otherwise, overall, the organisations are satisfied with the buy-in from the Boards in terms of strategic plans. Business processes of the entities support the implementation of their APP's.

The Liquor board has a small impact in the province because they do not regulate up to an optimum level, the reason being the vastness of the province. The Gambling Board and Liquor Board do not have district offices in the Northern Cape, and so the financial resources requirement is very high, especially for places that are very far from Kimberley. Having offices in every district would improve performance.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

According to the participant, corporate controls such as organisational structure are not bad. Whenever the strategic plan or APP is reviewed, the organisational structure is also reviewed.

➤ **Leadership**

In the Gambling Board, there were challenges in the 2016/17 financial year because there was no board. There was consistency in the Liquor Board because there was a board and a permanently appointed CFO, and no acting in terms of the management structure. So, for the Liquor Board, performance was good. There was a buy-in into the strategic plan and APP, because whenever

the APP and the strategic plan were to be reviewed, board members' comments were taken into consideration.

The Liquor Board's budget is small and the licensing fees that they collect are very minimal. The revenue they collect is less than what they spend. As a Schedule 3C entity, they receive a grant. Their purpose is to regulate, to minimise irresponsible drinking, to regulate licence outlets; but not to make profit. Basically, that is their mandate. On the other hand, the gambling's revenue collection is very high because of the number of gambling outlets in the Northern Cape. For example, casinos are generating a lot of revenue for the provincial fund, hence, the delay in appointing a board has a great effect on the revenue collection of the province.

➤ **Oversight and monitoring**

According to the participant, the oversight and monitoring by the head office of the parent department to the entities is good because there is a governance unit in the parent department which monitors those public entities. Despite the oversight and monitoring by the governance unit of the parent department, the participant indicated that there are various challenges such as lack of financial resources which limit their strategy alignment and implementation.

➤ **Organisational culture**

"..... the culture of the entities has some effect on the alignment it must play some role in that alignment between the corporate and business strategies", participant (10) said. How the culture affects the performance of the entity must be considered, taking other things such as resource availability into account. To develop a culture of performance in the entities, job descriptions of specific individuals in the entities must be aligned to the APP's.

➤ **Diversification**

There is no diversification in the public entities as they have mandates in specific industries since government cannot regulate something else outside an industry. So, the entities are very limited to what they can do.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment in corporate and business level strategies to contribute and improve organisational performance in the public entities, the following must be attended to:

- The link between performance targets, the key performance areas (KPA) and the indicators must be clarified and exist;
- Having people in acting positions such as license head, CEO and CFO causes leadership ineffectiveness and alignment gaps in the entity;
- The moratorium policies and procedures that were put in place on recruitment should be re-visited;
- The entities should have offices or some representation in the districts to improve performance as the province is vast and the requirements are very high, especially for places that are very far from Kimberley. The entities may share accommodation in those regions in order to save office accommodation costs;
- Financial resources and HR resources should be adequate for the gambling Board to reach many people. Lack of financial resources is affecting the implementation of the business strategy; and
- The quality of human resources in terms of qualifications especially at the level of the board in the entities should also be considered when appointing people.

5.2.11. McGregor Museum; Heritage Council and Northern Cape Arts and Culture Council

An interview was held with an executive of a parent department, namely, Department of Arts and Culture (participant (11)). The participant was a male, in the 45 to 55 age group with 5 to 10 years of management experience. He had a post-graduate degree. The participant was asked questions in accordance with the interview schedule, which is referenced as **Appendix F**. The detailed transcript of the interview between the researcher and the participant is included in **Appendix K**. Below is an analysis of the participant responses in accordance with the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

McGregor Museum is the only public entity that is listed as a 3C entity, which is reporting to the Department of Sports, Arts and Culture. A “3C” means that the entity can generate income and it also gets a transfer payment from the state. The entity has got all the necessary committees including the internal audit committee in place and can do its own recruitment and selection. Participant (11) said, *“... all the things that I have just mentioned above about the McGregor Museum has not been fulfilled. In terms of what I have already alluded to as requirements of the listed 3C, they inform the corporate outlook of this entity. So, if it says these are the five things that must be there, and the entity does not respond, it then means corporate outlook is not there.”* As the entity is a 3C entity; all its assets must be accounted for and must be verified and valued. However, this cannot be done because of lack of funds, which therefore causes a misalignment between the two strategies.

The Arts and Culture Council has got a corporate level strategy but the strategy does not reflect the entity itself but more or less reflects the parent department, the sports, arts and culture department. *“.... what you see in the entity is what you see in this parent department. Now that corporate level strategy should say part of our broad mandate is to basically reposition arts and culture in the province and from that corporate strategy, the entity must not say in APP this is now how we are going to do it. Now their APP’s do not reflect that. Their strategy basically reflects on what is in the parent department, not how that entity is going to do the things in their broad mandate and scope of functions”,* participant (11) said. The Northern Cape Heritage Council is also basically the same as the provincial arts and culture council. *“The entities have their APP’s but sometimes, the three entities do not respond to what the government wants to happen or the mandate for various reasons”,* the participant said.

The APP’s of these entities are aligned in a very small way with their broad mandates purely because before money is transferred to them, the parent department looks at their APP’s for the things that they want to do. The

department then signs a service level agreement with the entities. The service level agreement is clear about what they are going to get, what they are expected to do and when they must submit their reports to the department, either on a quarterly basis or on an annual basis, that reflects the work that they have been mandated to do.

According to the participant, *“...., if one of their mandates is to conduct a study that is going to cost you not less than R 10 million and you are only getting a transfer of 3 million from us, where does it put you? Clearly there is a problem in terms of the financial resources in McGregor Museum. In terms of their own fundraising, my understanding is that the only fund raising they are doing as McGregor Museum is when there are visiting students, either from overseas or from the continent, who may be conducting some research.”* Hence, at the end of the day, the entity does not do what is supposed to be done because they basically rely on the transfer payment from the department. *“So, I start to ask myself, if I say we give them R 3 million and they can do 11 things with that amount out of 30 things they must be doing in terms of their broad mandate, it means they will not be focussing on core functions in terms of legislation because of these money problems”,* the participant said.

Personnel is also a problem; 90 percent of the officials in the McGregor Museum are currently in the department. The entire personnel should be transferred into McGregor Museum, but there is a challenge because in terms of legislation the department cannot do that. The department cannot transfer people or second them to the public entity. People must resign and then be re-employed because their structure is expected, in terms of legislation, to be self-sufficient as seen above. *“What is going to happen to their pensions and all that? These issues affect the business level strategy of that public entity?”* the participant asked.

The services of the entities basically depend on what the parent department gives them. These things normally create a problem in terms of the type of leadership that the entities need to have. The leadership in these entities does not encourage or facilitate strategy alignment and implementation fully because of the leadership challenges they have. The organisational performance then

suffers because of these strategies alignment and implementation problems. All of these issues imply that the relationship between the corporate and business level strategies at the public entities is not good.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

There are some challenges in the sector; *“these entities are basically a conveyer belt from us to the communities”*, according to the participant. HR problems and finance issues affect how the public entities implement their APP's. Hence, rationalisation of some of the entities would help because some of the functions do not need to be given over to an entity in terms of a legislation, which is drafted for staff in the department and the mandate resides within the department. This is one area which can basically close the strategy alignment gaps.

Government is trying to move away from having so many public entities. The bulk of the people who are in the boards of the public entities are not well trained to understand the responsibility of being in the Board of directors. The department basically appoints and seconds people into boards, some of whom, educationally, are still lacking. When you are in a board you must be visionary; and able to articulate, understand and analyse the governance issues affecting the public entity. These are some of the things that create strategy alignment gaps in the public entities. Otherwise, some of these strategy problems would not exist if the board members knew their functions and knew what they are supposed to do as board members to align and implement the strategies and try to achieve the strategic objectives of their entities. Some of the board members just sit there and wait to hear what government, their parent department is going to say. The board members are supposed to look beyond the horizon into the future on how these things must operate and make interventions in those public entities where there are challenges.

So, to close some gaps in the alignment of the corporate and business level strategies in the entities, the department proposes rationalisation of some entities; and to de-list the McGregor Museum because the expectation of a listed

entity is so huge, that the department does not even have the money to support it to operate. When it is de-listed it will become a normal and ordinary entity. Another proposal is for some entities to be de-regulated. In other words, the provincial legislation around some entities should be removed and the function finds itself in the department.

For the Arts and Culture Council, what is proposed is to establish one entity for the sector (i.e., merging the McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone), which means, instead of having three entities and spending so much money in those three entities, rather to have only one; and this one to have all the key areas of operations in terms of the mandate of the sector, arts and culture development. This would help to close some of the strategy alignment gaps. The other issue is the issue of the level of trading and capacity building of these entities. The participant said, *“We establish entities and we leave them to go on their own. We do not even make what is normally called oversight work to check whether they are doing the right things and whether they need interventions. So, those are the gaps that I just wanted to bring to the fore regarding strategy alignment and implementation issues at the entities”*.

The entities are currently only operating based on transfer budgets that they are receiving from their parent departments and this is compromising costs. This means that at the end of the day, the performance levels of these entities are compromising the performance of the parent department. The parent departments do not conduct assessments to find out whether what the entities that are reporting to them are worth the pennies that are spent on them. Serious funding shortfalls and HR incapacities in the entities partly cause the strategy alignment gaps. These alignment gaps in the entities affect their performance negatively.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Extensive alignment gaps exist between the two-level strategies due to serious funding shortfalls and HR incapacities. These alignment gaps in the entities affect their performance negatively.

iv) What is the extent of the implementation of strategies in public entities?

Financial resources, HR resources and the business processes of the entity do not support its the strategy implementation. Participant (11) said, *“I just want to emphasise that maybe the rationale of having some of these entities was not well thought through when the government established some of them. I think we have missed the point in creating some of these entities, why do we need to have so many entities as the government if some of them are having these problems”. the funding shortfalls, HR capacity problems and inadequate systems in our entities do not enable them to implement their strategies effectively. These also result in them not able to achieve their strategic objectives and their mandates”,* participant (11) said.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ Corporate controls

The controls are affecting strategy implementation negatively. As indicated above, there are so many challenges with the PFMA. For instance, when entities procure, they must get three quotes, must have a Central Supply Database (CSD) for all the registered service providers; and there are many other compliances issues within the supply chain management prescripts that they must comply with. The entities do not have those kinds of control systems because they are too advanced for them; some do not even know where to start. It then means that the parent department must transfer half of its own internal control systems to those entities for them to respond on what the PFMA wants, which is a big challenge. CFO's shared services is not helping much either because he/she deals with three entities.

The entities are using order numbers when procuring to ensure that there is a commitment to be given to the appointed service providers. Some entities are experiencing challenges with these order control systems as they do not have

functional CSD's. Capacity constraints create problems in terms of audit outcomes and audit outlook. The participant suggested that the parent department should give support in this regard. Certain functions such as finance, supply chain management, can be done in the department on behalf of the entities because the entities do not have the necessary capacity. For example, McGregor Museum has got more than 50 personnel of which 90 percent of those personnel are in the parent department organogram. For departmental staff to work for the entities, there is a legal challenge that needs to be sorted out. As said above, people must resign from the parent department first and then be re-employed in the public entity, but legal issues including pension issues need to be sorted out.

➤ **Leadership**

McGregor Museum is dysfunctional probably because out of almost 8 board members that they need to have for the board to function, only 3 board members are functional. The board of Arts and Culture Council is functional as all board members attend meetings, although the meetings take a long time to sit because sometimes when they propose a date for a meeting, three members are not functional because they are not educated. Weak boards in some entities translate into weak leadership because there is no direction in the entities. Skill is an issue. The participant said, *"I mean how do I expect a person to go and drive a mandate of a public entity with a budget of more than R 1 million, but that person does not even know how to run his own R150 in his pocket"*. The performance then suffers because of inadequate strategy implementation and alignment problems. *"What I have seen is that we have thrown these entities to the wolves. We have established these entities and we have left them to be on their own. We only want to jump in when there are problems. Why don't we make sure that we as the parent department properly check the audit reports of these entities as such audit reports have not been good"*, the participant said.

➤ **Oversight and monitoring**

The department is likely to be under strain because there are two world heritage sites that might need more support and oversight. One of the suggestions to deal

with this issue is de-regulation of some of the entities; and with de-regulation, some entities would become functions of the department.

➤ **Organisational culture**

The lack of resources in the entities is affecting their organisational cultures negatively. *“...The organisational cultures of the entities facilitate the alignment between corporate and business level strategies. For instance, the McGregor has been operating in an organisational culture which is very supportive of strategy implementation in terms of what they want to see happening in the sector. The unfortunate part is the issue of the financial resources which is causing problems to the strategy alignment and strategy implementation in the public entities...”* said participant (11)

➤ **Diversification**

The diversification of the entities would have some influence on strategy alignment in those entities where there is adequate organisational structure and resources, but it is at a low level. For example, McGregor Museum only focuses on tangible and intangible heritage. There are other things that the entity can be engaged in, for example, old houses which are more than 50 years or 100 years. These should not be demolished and be declared. There is then a process of declarations. There are houses that you cannot touch, for example in Kimberly. One must apply to the Heritage Council if one wants to demolish them. Then the authorities come to assess and tell if the house can be demolished. For heroes and heroines, there must be a proper research and a process of reburials that must be followed. Hence, diversification is very low, because the entity is not yet even looking at these things.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

The following issues cause misalignment between the corporate strategy and business level strategy and should therefore be addressed for alignment to contribute and improve organisational performance:

- The corporate level strategies of the Arts and Culture Council and Heritage Council must reflect the entities themselves not the parent

department;

- About 90 percent of the officials in the McGregor Museum are currently in the department. These should be transferred over into McGregor Museum, and the legislation challenge should be addressed. This would help to also address the leadership problem in these entities and would hence facilitate strategy alignment and implementation;
- Rationalisation of some of the entities should be encouraged;
- Board members of the public entities should be well trained to understand the responsibilities of being in the Board of Directors. Board members should be able to articulate, understand and analyse the governance issues affecting a public entity. They should also be visionary;
- McGregor Museum should be de-listed and de-regulated because the expectation of a listed entity is so huge, that the department does not even have the money to support it to operate normally;
- Consideration should be given for one entity to be established for the Department of Sports, Arts and Culture, so, instead of having three entities (i.e., McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone) and spending so much money in those three entities, rather, only one entity should exist. This would help to close some of the strategy alignment gaps;
- Proper oversight work should be done to check whether the entities are doing the right things and they need interventions; and whether what the entities are reporting to the department are worth the pennies that are spent on them. The parent department should always do a proper check of the audit reports of these entities;
- The capacity problems of McGregor Museum should be sorted out;
- There are so many things to be done according to the PFMA, which some of the entities find very difficult to execute because they do not even have the requisite skills to do so. These entities do not have the kinds of control systems (such as Central Supplier Database or CSD) necessary to facilitate compliance. This issue must be dealt with; may be to make it flexible to the entities. Capacity constraints in this regard must be addressed, especially when it comes to using order numbers. Certain

functions such as finance, supply chain management, can be done in the department on behalf of the entities because these entities do not have the necessary capacity; and

- Financial resources, HR resources and the business processes of the entities do not enable them to implement their strategies effectively. These issues must be attended to.

Refer to **Appendix I** for the summary of the results.

The next part of the section covers the results of the interview analysis in a summary format, for the eight entities, in accordance with the study research questions.

5.3. Quantitative Data Analysis

Quantitative methodology was used to complement the qualitative methodology by addressing the following objectives:

- To describe the perceptions of executives in South African public entities and find the relationship between corporate and business level strategies at public entities in South Africa.
- To determine the extent and why, if any, the alignment gaps exist between the corporate and business level strategies.
- To identify the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate businesses/divisions of a public entity on the alignment of the two-level strategies and organisational performance.
- To determine the extent and how the alignment between corporate-level and business-level strategies can contribute to the improvement of organisational performance in South African public entities.

A questionnaire was distributed to all 38 executives of the population of public entities which resulted in 78% response rate as 30 questionnaires were completed and returned by the respondents. Statistical Package for Social Scientists (SPSS) was used for statistical analysis of the quantitative data.

This section presents the results that were obtained using the quantitative methodology. It consists of two parts; Part 1 presents the results of descriptive statistical analysis, and part 2 provides the results of inferential statistical analysis.

5.3.1. Part 1: Descriptive statistical analysis

Part 1 consists of two segments. Segment 1 discusses the demographic variables, and segment 2 presents the descriptive analysis pertaining to the key constructs and concepts.

5.3.1.1. Demographic variables

This segment delineates the demographic variables of the quantitative part of the study.

5.3.1.1.1. Age

Table 5.1 presents the age distribution of the respondents. The table indicates that the majority were in the age group of 35 – 44 (50%).

Table 5. 1:Age

	Frequency	Percent
25-34	4	13
35-44	15	50
45-55	6	20
56-65	5	17
Total	30	100

5.3.1.1.2. Gender

Table 5.2 presents the gender distribution of the respondents. The table indicates that most respondents were males (73.3%).

Table 5. 2:Gender

Male	22	73.33
Female	8	26,67
Total	30	100.0

5.3.1.1.3. Management Experience

Table 5.3 indicates that the majority of respondents (93.34%) had less than 20 years of management experience. This might mean that managers have been not that long in their positions and may be do not have all the experience which is needed.

Table 5.3:Management experience

Years	Frequency	Percent	Cumulative Percent.
0 – 5	9	30.00	30.00
6 – 10	7	23.33	53.33
11 – 15	7	23.33	76.67
16 – 20	5	16.67	93.34
21 – 25	0	0	93.34
26 – 30	1	3.33	96.67
31 and above	1	3.33	100.00
Total	30	100.00	

5.3.1.1.4. Academic qualification

According to table 5.4, almost all the respondents (96.67%) had either a degree or a diploma and a management qualification. This might mean that the managers have relevant knowledge to execute their functions.

Table 5.4: Academic qualification

Academic qualification	Frequency	Percent
Undergraduate degree/Diploma	16	53.33
Postgraduate degree/Diploma	13	43.33
No management degree/Diploma	1	3.33
Total	30	100.00

5.3.1.2. Key constructs

This segment covers the descriptive statistical analysis pertaining to the key constructs and concepts.

5.3.1.2.1. Hypothesis testing

The t distribution was used to compare the mean scores on the Likert scale with the undecided or neutral score of 3 which was the mid-point between agree and disagree by applying the one-sample t test.

$$T = \frac{\bar{X} - \mu}{S/\sqrt{n}}$$

Where \bar{X} is the mean score, μ is the assumed mean value (in this case, it equals to 2.5), S is the standard deviation of the scores, X_i 's (where $i = 1, 2, \dots, n$) and n is the sample size.

This was done by testing the null hypothesis that the mean score for a particular question was equal to 3. If the difference between the two values was statistically significant from zero, and provided the mean score calculated from the data was less than 3, then this would provide a scientific proof that directors level personnel agreed with the statement. In this case, the calculated t value would be negative. If the

difference was not significant, it would mean that they were undecided or neutral. On the other hand, if the difference was significant and the mean score was more than 3 then it would mean that the directors' level personnel disagreed with the statement. In this case, the calculated t value would be positive.

Tables 5.5 to 11 show the descriptive statistics of the key constructs. These are the descriptive statistics of the variables that were used to measure the key constructs, namely, strategy alignment, strategy implementation, role of leadership, role of organisational culture and organisational performance. These are mean scores, standard deviation, median and mode. The variables were measured on the Likert Scale, where 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree and 5 = strongly disagree.

5.3.1.2.2. Strategic alignment

Table 5.5 presents the descriptive statistics of strategic alignment. The table indicates that the mean score was between 2 (agree) and 3 (neutral) almost for all the statements. The mean scores range between 1.833 (almost "agree") to 2.733 (almost "neutral"). Statement 3, i.e., "There is an alignment between the corporate and business level strategies of the public entity which has a positive influence on overall organisational performance" has a maximum mean score of 2.733 (standard deviation = 1.202), which is almost 3 (neutral) with a median of 3 and a mode of 4; and statement 1. "The public entity has a corporate level strategy which defines its broad overall scope and purpose" has the minimum mean score of 1.833 (standard deviation = .461, which is almost 2 (agree)).

Table 5.5: Strategy alignment

No	Statement	No. of Obs.	Mean score	Std.dev.	Median	Mode	t	Prob.	Conclusion
1.	The public entity has a corporate level strategy which defines its broad overall scope and purpose.	30	1.833	.461	2	2	-13.8574	0.000	Agreed
2.	The business level strategies of different business units in the public entity are aligned to its overall corporate level strategy.	30	2.233	1.040	2	2	-4.0377	0.000	Agreed
3.	There is an alignment between the corporate and business level strategies of the public entity which has a positive influence on overall organisational performance.	30	2.733	1.202	3	4	-1.2156	0.117	Neutral
4.	There are gaps in the alignment between the business and corporate level strategies of the public entity.	30	2.5	.938	2	2	-2.9205	0.003	Agreed
5.	There is no oversight by the parent department (Provincial department which controls the public entity) to the public entity resulting in the alignment gaps between the corporate and business level strategies of the public entity.	30	2.533	.937	2	2	-2.7276	0.005	Agreed
6.	The non-alignment between the corporate and business level strategies of the public entity has a negative influence on overall organisational performance.	28	2.214	.876	2	2	-4.7467	0.000	Agreed
7.	The diversification of the service delivery offerings of the public entity (whether low or high) has an effect on the alignment between corporate and business level strategies with performance.	30	2.1	.607	2	2	-8.1154	0.000	Agreed
8.	An improved oversight by the parent department to the public entity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	30	1.567	.504	2	2	-15.5766	0.000	Agreed

According to the t-test, table 5.5 shows that the respondents agreed with all the statements except statement 3 , i.e., There is an alignment between the corporate and business level strategies of the public entity which has a positive influence on overall organisational performance, for which they were neutral.

5.3.1.2.3. Strategic implementation

Table 5.6 shows the descriptive statistics for strategy implementation. The mean scores range between 1.379 (almost “strongly agree”) to 4.067 (almost “disagree”). Statement 3 (i.e., “The public entity has human capital resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives” had the maximum mean score of 4.067 (standard deviation = 1.048), which is about 4 (disagree), with a median of 4 and a mode of 4; and statement 6 (Adequate human capacity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity) has the minimum mean score of 1.379 (standard deviation = .494), which is about 1 (strongly agree). In general, the results mean that the respondents were not quite sure about the level of strategic implementation in the public entities.

Table 5.6: Strategy implementation

No	Statement	No. of Obs.	Mean score	Std.dev .	Median	Mode	T	Prob.	Conclusion
1.	There is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that leads to successful strategy implementation.	30	2.767	1.104	2	2	- 1.1573	0.128	Neutral
2.	The public entity has financial resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives.	30	3.967	1.098	4	4	4.8218	0.000	Disagreed
3.	The public entity has human capital resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives.	30	4.067	1.048	4	4	5.5734	0.000	Disagreed
4.	The public entity implemented its strategy effectively during the previous reporting period (2016/17 financial year).	30	3.167	1.117	4	4	0.8174	0.210	Neutral
5.	Adequate financial resources in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	30	1.533	.507	2	2	- 15.8317	0.000	Agreed
6.	Adequate human capacity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	29	1.379	.494	1	1	- 17.6744	0.000	Agreed

The t-test results show that the respondents were neutral for statements 1 (i.e., There is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that leads to successful strategy implementation) and 4 (i.e., The public entity implemented its strategy effectively during the previous reporting period (2016/17 financial year); but disagreed with statements 2 and 3 and agreed with statements 5 and 6. These results support the abovementioned statement that generally, the respondents were not sure about the level of strategy implementation in the public entities.

5.3.1.2.4. Role of leadership during strategy implementation

Table 5.7 shows the descriptive statistics for role of leadership during strategy implementation. The mean scores range between 1.379 (almost “strongly agree”) to 3.3 (almost “neutral”). Like for strategy alignment, the mean score was between 2 (agree) and 3 (neutral) for most of the statements. Statement 1 (i.e., There is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance” has the maximum mean score of 3.3 (standard deviation = 1.088), which is almost 3 (neutral) with a median of 4 and a mode of 4; and statement 7 (Effective leadership is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity) has the minimum mean score of 1.379 (standard deviation = .494), which is between (1 (Strongly agree) and 2 (Agree)).

Table 5.7: Role of leadership during strategy implementation

No	Statement	No. of Obs.	Mean score	Std.de v.	Median	Mode	t	Prob.	Conclusion
1.	There is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance.	30	3.3	1.088	4	4	1.5109	0.071	Disagreed
2.	Leadership at key levels of the entity has requisite competencies to ensure successful strategy implementation and improved performance.	30	2.4	.855	2	2	-3.8436	0.000	Agreed
3.	The public entity met its service delivery strategic objectives in the 2016/17 financial year due to the effectiveness its leadership.	29	2.931	1.193	4	4	-0.3113	0.379	Neutral
4.	The public entity met its financial strategic objectives in the 2016/17 financial year due to the effectiveness its leadership.	29	3	1.134	4	4	0.000	0.500	Neutral
5.	The absence of a permanent CEO or CFO or Board resulted in the public entity not meeting its performance objectives during the previous reporting period.	30	3.133	1.167	4	4	0.6260	0.268	Neutral
6.	Leadership in the entity has a positive influence on the alignment between its corporate and business level strategies with organisational performance.	30	2.4	1.037	2	2	-3.1684	0.002	Agreed
7.	Effective leadership is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	30	1.533	.507	2	2	-15.8317	0.000	Agreed

According to the t-test, the respondents disagreed with only one statement, that is, statement 1 (i.e., There is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance; they were neutral for statements 3,4 and 5; and agreed with statements 2, 6 and 7. In general, the respondents were not sure about the role of leadership during strategy implementation.

5.3.1.2.5. Role of organisational culture during strategy implementation

The descriptive statistics pertaining to the role of organisational culture during strategy implementation are shown in table 5.8. The mean scores range between 1.7 (almost “agree”) to 3.233 (almost “neutral”). The mean score is about 3 (neutral) for all the statements, except Statement 5, i.e., A supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity”, which has a mean score of 1.7 (standard deviation = .466), which is almost 2 (agree). The median is 2 and the mode is 2.

The respondents were neutral for all the statements except one, that is, the last statement 5 i.e., A supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity, which they agreed with.

Table 5. 8: Role of organisational culture during strategy implementation

No	Statement	No. of Obs.	Mean score	Std.dev.	Median	Mode	T	Prob.	Conclusion
1.	The organisational culture of the public entity supports an effective strategy implementation, which results in a positive influence on performance.	30	3.033	1.159	3.5	4	0.1575	0.438	Neutral
2.	The organisational culture of the entity is weak and destructive, resulting in it not meeting its performance objectives.	30	3.233	1.073	3.5	4	1.1915	0.122	Neutral
3.	There is an alignment between the entity's strategy and its organisational culture in the entity resulting in its improved organisational performance.	30	3.1	1.029	3.5	4	0.5323	0.299	Neutral
4.	The Organisational culture in the entity has a positive influence on the alignment between corporate and business level strategies with organisational performance.	30	2.967	1.159	3.5	4	-0.1575	0.438	Neutral
5.	A supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	30	1.7	.466	2	2	-15.2768	0.000	Agreed

5.3.1.2.6. Role of corporate controls during strategy implementation

For the role of corporate controls during strategy implementation, table 5.9 shows that the mean scores range between 1.7 (almost “agree”) to 3.567 (almost “disagree”).

Table 5.9: Role of corporate controls during strategy implementation

No	Statement	No. of Obs.	Mean score	Std.dev.	Median	Mode	t	Prob.	Conclusion
1.	The entity has effective financial controls which support strategy implementation influencing performance positively.	30	2.633	1.066	2	2	-1.8836	0.035	Agreed
2.	The organisational structure of the public entity supports its strategy implementation resulting in improved organisational performance.	30	3.567	1.278	4	4	2.4286	0.011	Disagreed
3.	The head office of the parent department (Provincial department which controls the public entity) has sufficient control systems to supervise, monitor and coordinate strategy implementation in the public entity, resulting in improved performance.	30	3.467	1.167	4	4	2.1910	0.018	Disagreed
4.	Corporate controls of the entity have a positive influence in the alignment between its corporate and business level strategies and performance.	30	3.067	1.112	4	4	0.3283	0.373	Neutral
5.	Effective corporate controls in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	30	1.7	.651	2	2	-10.9333	0.000	Disagreed
6.	The organisational structure of the public entity that supports the aligned strategy is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.	30	1.9	.845	2	2	-7.1313	0.000	Disagreed

Statement 2 (i.e., The organisational structure of the public entity supports its strategy implementation resulting in improved organisational performance) has the maximum mean score of 3.567 (standard deviation = 1.278), which is almost 4 (disagree). Its median is 4 and its mode is 4. Statement 5 (i.e., Effective corporate controls in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity) has the minimum mean score of 1.7 (standard deviation = .651), which is almost 2 (agree).

The t-test results show that the respondents agreed with statement 1 (i.e., The entity has effective financial controls which support strategy implementation influencing performance positively). They disagreed with statements 2,3 5 and 6; and were neutral for statement 4 (i.e., Corporate controls of the entity have a positive influence in the alignment between its corporate and business level strategies and performance). In general, the respondents disagreed that the role of corporate controls during strategy implementation was positive or effectively supporting strategy and strategy implementation.

5.3.1.2.7. Organisational performance

Table 5.10 shows the descriptive statistics for Organisational performance. The mean scores are about 3 (neutral). The values for the median and the mode range between 2 and 4. According to the t-test, for organisational performance, the respondents disagreed with statement 1; they agreed with statement 2 but disagreed with statement 3 that “The public entity achieved an improved financial performance during 2016/17 financial year”. In general, the respondents were not sure about the organisational performance.

Table 5. 10: Organisational performance

No	Statement	No. of Obs.	Mean score	Std.dev.	Median	Mode	t	Prob.	Conclusion
1.	The public entity attained an unqualified audit opinion with no findings (Clean audit) from the Office of the Auditor General South Africa (AGSA) during the previous reporting period (2016/17 financial year).	30	3.633	.964	4	4	3.5973	0.001	Disagree
2.	The public entity achieved more than 80% of all its planned service delivery performance targets in the previous reporting period.	30	3.2	.997	4	4	1.0992	0.140	Neutral
3.	The public entity achieved an improved financial performance during 2016/17 financial year.	30	2.567	.971	2	2	- 2.4433	0.010	Agreed

5.3.1.2.8. Overall key constructs

Table 5.11 shows the descriptive statistics of the key constructs. The mean scores of all the key constructs are less than 3 except organisational performance (3.133). The minimum value of skewness is -.713 and the maximum value is -.029. The minimum value of kurtosis is 1.853 and the maximum value is 2.978. The values of skewness are close to zero and those of kurtosis are less than 3 and greater than -3. These values imply that the variables are approximately normally distributed.

The t test results indicate that the overall mean scores of strategy alignment, strategy implementation, role of leadership, organisational culture, and corporate controls are less than 3 but that of organisational performance is greater than 3. The results indicate that in general the respondents agreed with the statements of the first constructs but disagreed with those of organisational performance.

Table 5. 11: Descriptive statistics of key constructs

Variable	No. of Observations	Mean score	Std. dev.	Min.	Max.	Skewness	Kurtosis	t	Prob.	Conclusion
Strategy alignment	28	2.192	.244	1.75	2.625	-.267	2.240	-17.516	0.000	Agreed
Strategy implementation	29	2.799	.615	1.5	3.833	-.611	2.834	-1.7625	0.000	Agreed
Roel of leadership	29	2.690	.535	1.714	3.714	-.029	2.124	-3.126	0.002	Agreed
Organisational culture	30	2.807	.539	1.8	3.6	-.401	2.119	-1.963	0.030	Agreed
Corporate controls	30	2.722	.691	1	3.833	-.713	2.978	-2.201	0.018	Agreed
Organisational performance	30	3.133	.720	2	4.333	-.217	1.853	1.0147	0.159	Neutral

5.3.1.2.9. Conclusion

The results of the descriptive statistical analysis pertaining to the key constructs show that in general, the respondents agreed with all the statements of strategy alignment, except statement number 3, which states that: There is an alignment between the corporate and business level strategies of the public entity which has a positive influence on overall organisational performance. They were undecided about this statement.

Some respondents agreed (33.33%) others disagreed (33.33%) with the statements of strategy implementation. They agreed with statements, 5 and 6, that is, “Adequate financial resources in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity” and “Adequate human capacity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity” and disagreed with statements 2 and 3, that is, “The public entity has financial resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives” and “The public entity has human capital resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives”. They were undecided on statements, 1 and 4, that is, “There is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that leads to successful strategy implementation” and “The public entity implemented its strategy effectively during the previous reporting period (2016/17 financial year)”.

For the role of leadership, they disagreed with one statement 1 (i.e., There is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance); they agreed with statements 2, 6 and 7, that is, “Leadership at key levels of the entity has requisite competencies to ensure successful strategy implementation and improved performance”, “Leadership in the entity has a positive influence on the alignment between its corporate and business level strategies with organisational performance” and “Effective leadership is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level

strategies of the public entity”; but were undecided with statements 3, 4 and 5, that is, “The public entity met its service delivery strategic objectives in the 2016/17 financial year due to the effectiveness its leadership”, “The public entity met its financial strategic objectives in the 2016/17 financial year due to the effectiveness its leadership” and that “The absence of a permanent CEO or CFO or Board resulted in the public entity not meeting its performance objectives during the previous reporting period”.

For organisational culture, they were undecided on all the statements except the last one which they agreed with, that is, “a supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity”.

In the case of corporate controls, the respondents agreed with the first statement, that is, “the entity has effective financial controls which support strategy implementation influencing performance positively”. They disagreed with all the remaining statements (i.e., 2, 3, 5 and 6), except statement number 4, that is, “Corporate controls of the entity have a positive influence in the alignment between its corporate and business level strategies and performance”, which they were undecided on.

The respondents disagreed with the first statement of organisational performance, that is, “the public entity attained an unqualified audit opinion with no findings (Clean audit) from the Office of the Auditor General South Africa (AGSA) during the previous reporting period (2016/17 financial year)”; they agreed with the last statement, “the public entity achieved an improved financial performance during 2016/17 financial year”; but were undecided on the statement that: the public entity achieved more than 80% of all its planned service delivery performance targets in the previous reporting period.

5.3.2. Part 2: Inferential statistical analysis

Part 2 presents the results of the inferential statistical analysis. It consists of two sub-parts. Two statistical techniques were used to analyse the data, namely, correlational analysis and regression analysis.

5.3.2.1. Correlational analysis

Table 5.12 shows the correlations between the key constructs. The correlational analysis in the table indicates that role of leadership or leadership is positively correlated with strategy implementation ($r = 0.451$, prob. = $0.016 < .05$) as expected; Organisational culture is positively correlated with strategy implementation ($r = 0.608$, prob. = $0.001 < 0.01$) and role of leadership ($r = 0.754$, prob. = $0.000 < 0.01$); corporate controls are positively correlated with strategy implementation ($r = 0.720$, prob. = $0.000 < .01$), role of leadership ($r = 0.729$, prob. = $0.000 < 0.01$) and organisational culture ($r = 0.748$, prob. = $0.000 < .01$); and organisational performance is positively correlated with the role of leadership ($r = 0.363$, prob. = $0.053 < .1$). Positive correlation means that if the value of one variable goes up, the value of the other variable also goes up. On the other hand, the negative correlation means that if the value of one variable goes up (or down), the value of the other variable goes down (up).

Table 5.12: Correlational matrix

	Strategy alignment	Strategy implementation	Role of leadership	Organisational culture	Corporate Controls	Organisational performance
Strategy alignment	1.000 28					
Strategy implementation	0.133 0.509 27	1.000 29				
Role of leadership	0.028 0.887 28	0.451** 0.016 28	1.000 29			
Organisational culture	0.294 0.128 28	0.608*** 0.001 29	0.754*** 0.000 29	1.000		
Corporate Controls	0.185 0.346 28	0.720*** 0.000 29	0.729*** 0.000 29	0.748*** 0.000 29	1.000 29	
Organisational performance	0.003 0.988 28	0.116 0.549 29	0.363* 0.053 29	0.163 0.388 30	0.220 0.244 30	1.000 30

Note: * = significant at the 10% level, ** = significant at the 5% level, and ***= significant at the 1% level.

5.3.2.2. Regression analysis

Regression modelling is used to investigate relationships between variables, to identify the factors of a variable, or/and to be able to predict the occurrence of an event or the level or value of a variable (the dependent variable), using its factors (the independent variables). A regression model is fitted on the dependent variable. In this study, the researcher wanted to determine the relationships between the key constructs and the following results were obtained.

5.3.2.2.1. Strategy alignment

A regression model of strategy alignment in table 5.13 was fitted with role of leadership, organisational culture and corporate controls as independent variables, as these, according to literature and the qualitative research done in this study, were thought to affect strategy alignment, strategy implementation and organisational performance (the study's key dependent variables).

Table 5. 13: Strategy alignment

Source	Sum of Squares	Df	Mean Square	No. of obs. = 28 F(3, 24) = 2.12 R-square=0.209 Adj. R-sq.=0.110
Model	.337	3	.112	Prob>F=.125
Residual	1.272	24	.053	
Total	1.609	27	.060	

					95% Confidence Interval	
Variable	Coef.	Std.Err.	T	Prob.	Lower	Upper
Constant	1.846	.256	7.21	0.000	1.317	2.374
Role of Leadership	-.280	.146	-1.92	0.066	-0.580	0.021
Organisational Culture	.315	.148	2.13	0.044	0.009	0.621
Corporate Controls	.077	.110	0.70	0.492	0.150	0.303

The model is not significant as the probability associated with it is 0.125 (>0.1). However, the role of leadership ($t=-1.92$, prob. = 0.066<.10) and organisational culture ($t=2.13$, prob. = 0.044<.05) are significant; such that leadership affects strategy alignment negatively whereas organisational culture affects it positively. The Adjusted R-square is 0.110 which means that the model explains 11.0 percent of the total variation of strategic alignment.

5.3.2.2.2. Strategy implementation

The following results in table 5.14 provide the regression model for strategy implementation. The model is highly significant (prob. = 0.001<.01). According to the results, it is only corporate controls ($t = 2.93$, prob. = 0.046<.05) which is significant. This implies that corporate controls affect strategy implementation positively. The Adjusted R-square is 0.427, which means that the model explains 42.7 percent of the total variation of strategic implementation. Thus, corporate controls explain the variation of strategy implementation at almost 50 percent, and the stakeholders, that is, both the mother departments and public entities should take them seriously.

Table 5. 14: Strategy implementation

Source	Sum of Squares	Df	Mean Square	No. of obs. = 28 F(3, 24) = 7.70 R-square=0.490 Adj.R-sq.=0.427
Model	4.535	3	1.512	Prob>F=0.001
Residual	4.714	24	.196	
Total	9.249	27	.343	

					95% Confidence Interval	
Variable	Coef.	Std.Err.	T	Prob.	Lower	Upper
Constant	1.036	.494	2.10	0.046	.018	2.055
Role of Leadership	-.345	.299	-1.15	0.260	-.962	0.272
Organisational Culture	.335	.267	1.25	0.222	-.216	.887
Corporate Controls	.638	.217	2.93	0.046	.018	2.054

5.3.2.2.3. Organisational performance

The following results in table 5.15 provide the regression model for organisational performance. The model is highly significant (prob. = 0.000<.01) at the 1% level. According to the results, both strategy alignment ($t = 2.37$, prob. = 0.025<.05) and role of leadership ($t = 2.95$, prob. = .007<.01) are significant at the 5% and 1% levels respectively; they affect organisational performance positively. The Adjusted R-square is 0.954, which means that the model explains 95.4 percent of the total variation of organisational performance. This means that strategy alignment and leadership explain the variation of organisational performance 95.4 percent. It should be noted that strategy implementation, organisational culture and corporate controls were not included to avoid the multicollinearity problem and they were not significant.

Table 5. 15: Organisational performance

Source	Sum Squares	Df	Mean Square	No. of obs. = 28 F(2, 26) = 289.73 R-square=0.957 Adj.R-sq.=0.954
Model	262.978	2	131.489	Prob>F=0.000
Residual	11.800	26	.454	
Total	274.778	28	9.813	

					95% Confidence Interval	
Variable	Coef.	Std.Err.	T	Prob.	Lower	Upper
Strategy alignment	.624	.263	2.37	0.025	0.083	1.164
Leadership	.623	.211	2.95	0.007	0.188	1.058

5.3.2.2.4. Role of Corporate Controls

The following results in table 5.16 provide the regression model for organisational performance. The model is highly significant (prob. = 0.000<.01). According to the results, strategy alignment (t = 2.877, prob. = 0.008<.01), role of corporate controls (t = 2.677, prob. = 0.013<.05) and Align*Controls (t = -1.449, prob. = .160>.1). This implies that strategy alignment and role of corporate controls affect organisational performance positively. The Adjusted R-square is 0.955, which means that the model explains 95.5 percent of the total variation of organisational performance.

Table 5.16: Organisational performance

Source	Sum Squares	Df	Mean Square	No. of obs. = 28 F(2, 26) = 200.071 R-square=0.960 Adj.R-sq.=0.955
Model	263.790	3	87.930	Prob>F=0.000
Residual	10.987	25	.439	
Total	274.778	28		

					95% Confidence Interval	
Variable	Coef.	Std.Err.	T	Prob.	Lower	Upper
Strategy Alignment	.786	.273	2.877	.008	0.083	1.164
Controls	1.122	.419	2.677	.013	0.188	1.358
Alignment Controls	-.291	.201	-1.449	.160	-.456	.679

It should be noted that strategy implementation and organisational culture were not included to avoid the multicollinearity problem and they were not significant.

5.3.3. Overall summary

Most of the respondents were in the age group of 35 – 44 (50%). Far more males (72.4%) were interviewed. This might be an indication that gender discrimination is still being practiced in the workplace in South Africa because the executives in public entities are predominantly males. Most respondents (93.34%) had less than 20 years of management experience and almost all the respondents had either a degree or a diploma and a management qualification.

It has been found that leadership and organisational culture affect strategy alignment; corporate controls affect strategy implementation positively; and strategy alignment and leadership affect organisational performance positively.

5.4. Documentary analysis

For the data collected through the corporate and business level strategies of the public entities, a case study design analysis was used to analyse and interpret the collected data. This kind of data analysis is like the one that was used to analyse the data collected through the individual interviews.

5.4.1. Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA)

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study namely:

- The annual performance plan (APP) (2017) of NCEDA covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;
- NCEDA annual report (2017). This report includes the audit opinion from the Auditor General South Africa (AGSA) on the financial and service delivery performance of the entity;
- Department of Economic Development and Tourism (DEDT) annual performance plan APP (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework planning cycle. DEDT is a parent department of the

public entity which crafts the entity's corporate level strategy. The APP of the DEDT contains the broad business scope and purpose of NCEDA;

- Department of Economic Development and Tourism annual report (2017) which contains the broad business scope of the public entity as determined by its parent department; and
- Northern Cape Economic Development, Trade and Investment Promotion Act of 2008 outlines the entity's corporate level strategy of the public entity.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The Department of Economic Development and Tourism (DEDT) is a corporate or parent department that controls NCEDA. According to the DEDT annual performance plan (2017:137), DEDT annual report (2017:26) and Northern Cape Economic Development, Trade and Investment Promotion Act (2008), the following is the broad business scope and purpose of the public entity:

- Attract and facilitate foreign direct investment into the Northern Cape Province;
- Grow exports of products and services from the Northern Cape;
- Translate high level investment and business opportunities in the province into actual business operations which contribute directly to sustainable economic growth and social equity for the people of Northern Cape;
- Market the Northern Cape Province as a competitive business destination, both nationally and internationally; and
- Promote high impact economic development initiatives, trade and investment opportunities in the Northern Cape Province.

The APP (2017) states that the entity has six business units, which are called programmes, consisting of the following:

- Programme 1: Office of the CEO;
- Programme 2: Corporate services;
- Programme 3: Economic development;

- Programme 4: Trade and investment promotion;
- Programme 5: Office of the CFO; and
- Programme 6: Marketing and Communications.

Programmes three, four and six are the core line function business units that craft and implement the business level strategy of the entity as defined in the broad business scope and mandate by the parent department. There are three performance indicators and targets under Programme three that support the economic development initiatives in the Northern Cape Province. Furthermore, Programme four has eight trade and investment promotion annual performance indicators and targets. There are no annual performance indicators and targets in programme six due to lack of budget and human capital resources. Programmes one, two and five are the support function business units to the core line function business units, supporting programmes three, four and six (NCEDA annual performance plan, 2017:9).

When comparing the defined overall business scope and purpose of the entity to the business level strategies, it is evident there is some form of relationship between the two-level strategies. This is because the name descriptions of the three core business units in the public entity (Programmes two, three and four) are in line with the broad business scope and mandate as defined by the parent department, which is to promote trade and investment opportunities in the Northern Cape Province. On paper, this implies that there is some form of alignment between the corporate and business level strategies of the public entity. However, on the ground, there is misalignment between the corporate and business level strategies mainly due to financial and HR incapacities. The results of the documentary analysis which indicate that the alignment between corporate and business level strategy is good on paper with practical misalignments on the ground, confirm similar results that emanated from the interview data analysis of participant (7) and participant (10). Participant 7 is an executive of NCEDA. The responses of participant (7) to the research questions were provided from the perspective of the public entity. Participant 10 is an executive of DEDT, the parent department of NCEDA. The

responses of participant (10) to the research questions were provided from the perspective of the parent department, which controls the public entity.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The NCEDA five-year strategic plan (2014: 29) stipulates that the following are the causes of the strategy implementation and strategy alignment gaps which are facing the entity:

- High vacancy rates;
- Lack of succession planning;
- Lack of critical skills;
- Lack financial resources; and
- Lack of technology to compensate for long physical distances in the vast province.

According to the NCEDA Annual report (2017: 38), the overall vacancy rate of NCEDA is 66%. There is therefore misalignment in the entity that is caused by the abovementioned gaps. The results from the documentary analysis regarding the causes of the alignment gaps between the corporate and business level strategies are consistent with what was said by participant (7) and participant (10) during their interviews.

The challenges such as finance and HR incapacities need to be addressed in order to minimise the alignment gaps that exist between the two-level strategies of the entity.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

On the ground, there are extensive alignment gaps between the corporate and business level strategies in the entity mainly due to financial, HR and technology incapacities. Furthermore, the high impact projects on the provincial economic development are currently located in various provincial departments and this

causes the alignment gaps. The abovementioned results are in line with the views of participant (7) and participant (10).

iv) What is the extent of the implementation of strategies in public entities?

The implementation of the business level strategy is not good due to financial, HR and technology incapacities. The DEDT five-year strategic plan (2015: 68), does not reflect the strategic impact of the public entities it controls, but only shows their operational outputs such as routine inspections and issuance of licences. The results indicating ineffective strategy implementation in the entity, from the documentary analysis, support the views of participant (7) and participant10 that were expressed during the interviews.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ Corporate controls

There are challenges with the internal control systems of the entity as they did not prevent irregular expenditure to be incurred. Furthermore, the internal control systems did not prevent the non-compliance with other applicable laws and regulations.

➤ Leadership

According to the 2016/17 audit opinion, the Board of directors of the public entity did not provide leadership oversight in the entity, which resulted in some audit findings (NCED Annual report, 2017: 50).

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

The issues which cause misalignment between the corporate strategy and business level strategy should be addressed for the alignment to contribute and improve organisational performance:

- The high impact projects for the provincial economic development that are

currently located in various the provincial departments should be transferred to NCEDA as the entity's broad business scope includes the management of such economic development projects for the entire province;

- The entity should be given adequate human resources or capacity;
- Funds should be made available for the entity to invest in technology to save the additional costs associated with long distance travelling in a province that is geographically vast;
- The entity should have a succession planning; and
- Board members should have competence and the requisite skills to execute the mandate of the entity; they should be able to articulate, understand and analyse the governance issues affecting the entity.

5.4.2. Northern Cape Gambling Board

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study:

- The annual performance plan (APP) (2017) of the Northern Cape Gambling Board covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;
- Northern Cape Gambling Board annual report (2017). This report includes the audit opinion from the Auditor General South Africa (AGSA) on the financial and service delivery performance of the entity;
- Department of Economic Development and Tourism (DEDT) (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework planning cycle. DEDT is a parent department of the public entity which crafts the entity's corporate level strategy. The APP of the DEDT contains the broad business scope and purpose of the Northern Cape Gambling Board;
- Department of Economic Development and Tourism annual report (2017) which also contains the broad business scope of the public entity as determined by its parent department; and

- Northern Cape Gambling Act of 2008 provides the entity's corporate level strategy of the public entity.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The broad business scope and purpose of the public entity as defined by its parent department includes the following, namely:

- Regulate the gambling and betting industry of the Northern Cape;
- Perform the gambling investigations and inspections of illegal gambling activities in the Northern Cape Province; and
- Conduct gambling audits in the Northern Cape Province

(Department of Economic Development and Tourism annual performance plan, 2017:137; Department of Economic Development and Tourism Department annual report, 2017:26 & Northern Cape Gambling Act, 2008)

According to the Northern Cape Gambling Board annual performance plan (2017) and Northern Cape Gambling Board annual report (2017), the entity has six business units consisting of:

- Programme 1: Investigations and licensing;
- Programme 2: Compliance;
- Programme 3: Gambling audit;
- Programme 4: Legal services;
- Programme 5: Human resources; and
- Programme 6: Finance.

Business units one to three are the core line function business units of the entity that craft and implement its business level strategy as defined in the broad business scope and mandate by its parent department. There are three performance indicators and targets under Programme one on gambling investigations and gambling licencing. Programme two has three annual performance indicators

covering gambling licensing. Furthermore, programme three has two performance indicators on gambling audit in the Northern Cape. Programmes four to six are support business units to the core line function business units of the entity. (Northern Cape Gambling Board annual performance plan, 2017; Northern Cape Gambling Board annual report, 2017).

Programmes one to three have the name descriptions and strategic objectives that are similar to the broad business scope as defined by the parent department. Furthermore, the performance indicators of the line function business units of the entity include specific indicators on gambling investigations and licencing, gambling compliance as well as gambling audit. On paper, this implies that there is some form of alignment of the two-level strategies as it pertains to the composition of the entity's business units and the crafting of some annual performance indicators, which are within the defined broad business scope. However, there are some alignment gaps that will be outlined in the next part of the section which cause the misalignment between the corporate and business level strategies of the entity. The aforesaid results from the documentary analysis are in line with the views of participant (5) and participant (10). Participant 5 is an executive of the Northern Cape Gambling Board. The responses of participant (5) to the research questions were provided from the perspective of the public entity. Participant 10 is an executive of DEDT, the parent department of the Northern Cape Gambling Board. The responses of participant (10) to the research questions were provided from the perspective of the parent department, which controls the public entity.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

There are alignment gaps in the entity which are caused by implementation challenges of the Northern Cape Gambling Act and capacity constraints (HR and finance). According to the Northern Cape Gambling Board annual report (2017:19) the inspectors of the entity are not having enough power in terms of the Northern Cape Gambling Act. The inspectors have the power to only inspect the premises and to refer noncompliance to SAPS (South African Police Services). Furthermore, the Northern Cape Gambling Board annual report (2017:19) stipulates that there is a lack of financial and human capital resources in the public entity to implement its

strategy. These results are consistent with what was said by participant (5) and participant (10) on the same research question.

To minimise the gaps in the alignment, the issues listed above must be sorted out. Resources (HR and finance) must be made available to minimise those alignment gaps. Furthermore, the Northern Cape Gambling Board Act should be reviewed to minimise the strategy alignment gaps.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

As a result of finance and HR incapacities as well as challenges with the Northern Cape Gambling Act, the entity is experiencing extensive alignment gaps between the corporate and business level strategies on the ground. The documentary analysis results are in line with those of the interview analysis.

iv) What is the extent of the implementation of strategies in public entities?

The public entity is experiencing challenges on strategy implementation due to inadequate financial and human resources. Furthermore, the challenges with the Northern Cape Gambling Act cause problems to the strategy implementation of the entity. These results from the documentary analysis support the views that were views expressed by participant (5) and participant (10) during their interview with the researcher.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ Corporate controls

The entity is experiencing challenges in the corporate controls such as the organisational structure in that some of the positions are unfunded. This then affects the strategy implementation, alignment and performance negatively.

(APP, 2017: 13)

➤ **Leadership**

The Board of the public entity was dissolved in March 2017. This meant that the entity had no board for a certain period of time during that financial year. The absence of the board created leadership challenges to the entity and that affected strategy implementation, alignment and performance in a negative way. Furthermore, at the time of the dissolution of the Board, the CEO of the entity was in an acting capacity. With the entity having no board and a permanently appointed CEO, this clearly implies a leadership vacuum within the entity. (Annual report, 2017: 9)

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

- For the alignment in corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause the gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows:
The parent department should revise the Northern Cape Gambling Board Act to address the current problems that relate to the powers of the inspectors, which are inadequate and therefore create an impediment for them to execute their inspectorate responsibilities.
- Financial and human capital capacity challenges must be addressed to enable the public entity to implement its strategy.

5.4.3. Northern Cape Liquor Board

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study:

- The annual performance plan (APP) (2017) of the Northern Cape Liquor Board covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;

- Northern Cape Liquor Board annual report (2017). This report includes the audit opinion from the Auditor General South Africa (AGSA) on the financial and service delivery performance of the entity;
- Department of Economic Development and Tourism (DEDT) APP (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework planning cycle. DEDT is a parent department of the public entity which crafts the entity's corporate level strategy. The APP of the DEDT contains the broad business scope and purpose of Northern Cape Liquor Board;
- Department of Economic Development and Tourism annual report (2017) which contains the broad business scope of the public entity as determined by its parent department; and
- Northern Cape Liquor Act of 2008 also provides the entity's corporate level strategy of the public entity.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The regulation of the liquor industry in Northern Cape Province which promotes responsible use of liquor and reduce socio-economic problems emanating from the abuse of alcohol is the broad business scope of the public entity (Department of Economic Development and Tourism annual performance plan, 2017:137; Department of Economic Development and Tourism Department annual report, 2017:26 & Northern Cape Liquor Act, 2008)

According to the Northern Cape Liquor Board annual performance plan (2017: 21) and Northern Cape Liquor Board annual report (2017; 24), the entity has four business units which consist of the following, namely:

- Programme 1: Office of the CEO;
- Programme 2: Licensing;
- Programme 3: Finance and administration;
- Programme 4: Awareness, compliance and enforcement.

Programmes two and three are the core line function business units that craft and implement the entity's business level strategy as defined in the broad business scope and mandate of its parent department. There are two performance indicators under Programme two which relate to the receipt and adjudication of a certain number of liquor licences per annum by the entity. Programme four has three performance indicators covering awareness and compliance enforcement by the entity in the liquor industry in Northern Cape. Programmes one and three are the support business units, the core line function business units (Northern Cape Liquor Board annual performance plan, 2017: 21; Northern Cape Liquor Board annual report, 2017; 24)

In comparison of the name descriptions and strategic objectives of the two-line function business units (Programmes two and three), such descriptions and unit objectives are in line with the broad business scope and mandate as defined by the parent department, which is to regulate the liquor industry in Northern Cape Province. Furthermore, the performance targets of the two-line function business units are also in line with the broad business scope and purpose pertaining regulate the liquor industry in Northern Cape Province. This implies that there is some alignment between the two-level strategies to some extent. However, some alignment gaps between the two-level strategies were noted between the two-level strategies; and these are covered in the next paragraph. The results of the documentary analysis which indicate that the alignment between corporate and business level strategy is good, on paper, but has practical misalignments on the ground confirm similar results that emanated from the interview data analysis of participant (10) and participant (4). Participant (4) is an executive of the Northern Cape Liquor Board. The responses of participant (4) to the research questions were provided from the perspective of the public entity. Participant (10) is an executive of DEDT, the parent department of the Northern Cape Liquor Board. The responses of participant (10) to the research questions were provided from the perspective of the parent department, which controls the public entity.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The alignment gaps in the entity are caused by the challenges of the Northern Cape Liquor Act and HR and finance incapacities. As it was the case with the Gambling Board, the inspectors at the Northern Cape Liquor Board are also not having enough power in terms of the Northern Cape Liquor Act to perform their responsibilities effectively. Only the inspectors have the power to inspect the premises but refer non-compliant businesses to SAPS. Furthermore, the entity lacks the financial and human capital resources to implement its strategy effectively resulting in the following challenges (Northern Cape Liquor Board annual report, 2017; Northern Cape Liquor Board APP; 2017):

- The entity uses the manual excel licensing system which results in the backlog of the applications that are prepared for consideration by the board. Funds are therefore required to automate the licensing system so that it could be efficient and could have sound control systems;
- Awareness education initiatives on gambling are conducted by the entity in one region of the province, while the province has five regions. This problem creates serious limitation challenges on gambling education, which is vital for the communities. This lack of gambling education results in communities throughout the province not being aware of how to lodge complaints regarding the unlicensed premises;
- The vacancy rate in the public entity for the 2016/17 financial year is 40%;
- There are acting appointments in key leadership business units of licensing and inspectorate; and
- Lack of training and skill development is experienced for both academic and normal courses due to the lack of funding

These results of the documentary analysis regarding the causes of the alignment gaps between the corporate and business level strategies are consistent with what was said by participant (10) and participant (4) during their interviews regarding the lack of capacity (HR and finance) in the entities.

All the issues listed above must be addressed in order to minimise the gaps in the

alignment. For instance, resources (HR and finance) must be made available to minimise those alignment gaps.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

There are significant alignment gaps between the corporate and business level strategies in the entity due to capacity and resource constraints as well as challenges with the Northern Cape Liquor Act. This is in line with the results from the interview analysis.

iv) What is the extent of the implementation of strategies in public entities?

The Northern Cape Liquor Board has financial and HR incapacities, which create challenges for the strategy alignment and implementation as envisaged in the corporate and business level strategies. The documentary analysis results support the views expressed by participant (10) and participant (4) during their interview.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ Corporate controls

There are challenges in the corporate controls such as the organisational structure of the public entity as a result of the inadequate budgets. These challenges affect the strategy implementation, alignment and performance negatively (Northern Cape Liquor Board annual performance plan, 2017: 9)

➤ Leadership

The Heads of compliance and licencing are in acting capacities as these two key positions are not filled due to the lack of budget. The two business units are core functions of the entity in terms of its corporate and business level strategies. The non-filling of the abovementioned two key leadership positions affects the strategy alignment, implementation and performance of the public entity negatively (Northern Cape Liquor Board annual report, 2017:19).

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment in corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause these gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows:

- Capacity issues of the entity (in terms of finance and HR) must be addressed as the entity does not have even the means to develop human capital and raise funds to conduct public awareness initiatives in all regions;
- The critical posts within the organograms of the public entities must be filled to reduce the high vacancy rate;
- The department should revise the Northern Cape Liquor Act to strengthen the powers of the entity's inspectors;
- The licensing system should be automated as the current manual system is outdated and susceptible to the risk of error; and
- The board must always be appointed at the right time, before the term of the existing board expires to ensure continuity in the entity's good governance.

5.4.4. Northern Cape Tourism Authority (NCTA)

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study:

- The annual performance plan (APP) (2017) of NCTA 2017 covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;
- NCTA annual report (2017). This report includes the audit opinion from the Auditor General South Africa (AGSA) on the financial and service delivery performance of the entity;
- Department of Economic Development and Tourism (DEDT) APP (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework

planning cycle. DEDT is a parent department of the public entity which crafts the entity's corporate level strategy. The APP of the DEDT contains the broad business scope and purpose of NCTA;

- Department of Economic Development and Tourism annual report (2017) which contains the broad business scope of the public entity as determined by its parent department;
- Northern Cape Tourism Act of 2008 provides the entity's corporate level strategy of the public entity.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

According to the strategic planning documents of the NCTA's parent department, the broad business scope and purpose of public entity is to market the Northern Cape Province in domestic and international markets in order to be the premier tourism destination. The business scope of NCTA is to establish the tourism marketing and promotion of the entity for the Northern Cape Province through the following (Department of Economic Development and Tourism annual performance plan, 2017:137; Department of Economic Development and Tourism annual report, 2017:27; 26 & Northern Cape Tourism Act, 2008):

- Developing and promoting Northern Cape tourism brand and destination as unique within South Africa;
- Encouraging tourism growth (increased numbers), as well as increased length of stay and expenditure by provincial visitors (inter province) and domestic (national) visitors to the Northern Cape, through segmented marketing approach;
- To encourage tourism growth by optimising and increase of international visitor numbers, increased length of stay and expenditure in the Northern Cape through a segmented marketing approach;
- Aligning marketing activities in all sectors of tourism in the province in collaboration with existing entities;

- Facilitating the pursuit of transformation and empowerment goals within all sectors of the province's tourism industry;
- Fostering relations and entering into agreements with organisations of all kinds, both public and private for the purpose of promoting the objectives of the entity; and
- Pursue close co-operation between the public and private sectors in the pursuit of tourism growth for the benefit of all the people of the province.

NCTA annual performance plan (2017:16) and NCTA annual report (2017: 23) state that the entity has two business units which consist of the following:

- Programme 1: Administration; and
- Programme 2: Destination tourism and promotion.

Programme two is a core line function business unit consisting of sixteen performance indicators and targets on leisure and business tourism with a strategic goal to grow domestic tourism in Northern Cape by 2%. Programme one is a support business unit providing services such as finance and human resources to the core line function business unit, which is Programme 2 (NCTA annual performance plan, 2017:16 & NCTA annual report, 2017: 23)

When comparing the corporate and business level strategies of the entity, it transpires that business unit two name descriptions and its business objectives are in line with the broad business scope and mandate by the parent department, which is to market the Northern Cape Province in domestic and international markets to be the premier tourism destination. Furthermore, the performance indicators and targets of the business unit two are in line with the broad business scope and purpose of the entity, which is to regulate the liquor industry in Northern Cape Province, as defined by the parent department. This implies that on paper, there is some form of alignment in that no performance indicators of the business unit are outside the defined broad business scope and purpose of the public entity. However, some misalignments between the two-level strategies were noted and they are documented in the next paragraph. The documentary analysis results are consistent with those from the interview analysis.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The following are causes of the strategy alignment gaps that were noted on scrutiny of the business and corporate level strategies of the public entity:

- There are budget constraints which prevent the public entity to perform some critical functions;
- Vacancy rate was 30% during the 2015/16 financial year;
- Limited research capacity in the Northern Cape Province;
- No Provincial Convention Bureau in the Province to coordinate marketing efforts in the province between all the stakeholders in the tourism sector; and
- There is a lack of collaboration between the public entity, parent department, local and district municipalities to develop and implement strategies to host provincial events.

The abovementioned results of the documentary analysis regarding the causes of the alignment gaps between the two-level strategies in the entity are in line with the views expressed by participant (1) and participant (10), regarding the lack of capacity (HR and finance) in the entities, during their interview with the researcher. Participant (1) is an executive of the NCTA. The responses of participant (1) to the research questions were provided from the perspective of the public entity. Participant (10) is an executive of DEDT, the parent department of the NCTA. The responses of participant (10) to the research questions were provided from the perspective of the parent department, which controls the public entity.

In order to minimise the alignment gaps that exist between the two-level strategies in the public entity, all the issues that cause the alignment gaps such as the HR and finance incapacities must be attended to.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

On the ground, there are extensive alignment gaps between the corporate and business level strategies in the entity mainly due to research, financial and HR

incapacities. The aforesaid results support the views that were expressed by participant (1) and participant (10) during the interviews.

iv) What is the extent of the implementation of strategies in public entities?

The absence of the Provincial Convention Bureau and lack of collaboration between the public entity, parent department, local and district municipalities cause challenges to strategy implementation. Inadequate financial and HR resources also contribute to challenges of strategy implementation in the entity. The results indicating ineffective strategy implementation in the entity, from the documentary analysis, collaborate with the results from the interview analysis.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

Corporate controls of the entity are good as evidenced by the good audit outcomes that the entity has been receiving from the Auditor General South Africa. However, even though the control systems are good, the absence of the Provincial Convention Bureau and lack of collaboration between the public entity, parent department, local and district municipalities cause alignment challenges.

➤ **Leadership**

The leadership of the entity in form of the Board and top level executive management is stable. However, the absence of the Provincial Convention Bureau and lack of collaboration between the public entity, parent department, local and district municipalities cause alignment problems.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For alignment in corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause these

gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows:

- The Provincial Convention Bureau must be established in the province to ensure the alignment between the corporate strategy and the business level strategy of the entity;
- Collaboration between the public entity, parent department, local and district municipalities should be established to ensure alignment between the two-level strategies;
- The research capacity of the public entities in the Northern Cape Province should be developed;
- Capacity issues of the entity (in terms of finance and HR) must be addressed as the entity does not have the means to develop human capital and conduct the public awareness initiatives in all regions; and
- The critical posts within the organograms of the public entities must be filled to reduce the vacancy rate.

5.4.5. Kalahari Kid Corporation (KKC)

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study namely:

- The annual performance plan (APP) (2017) of KKC covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;
- Kalahari Kid Corporation annual report (2017). This report includes the audit opinion from the Auditor General South Africa (AGSA) on the financial and service delivery performance of the entity;
- Department of Agriculture and Land Reform (DALR) APP (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework planning cycle. DALR is a parent department of the public entity which crafts the entity's corporate level strategy. The APP of the DALR contains the broad business scope and purpose of KKC;

- Department of Agriculture Land Reform annual report (2017) which also contains the broad business scope of the public entity as determined by its parent department.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The alignment between the corporate and business level strategies of the entity is not good because the corporate level strategy defines its broad business scope and purpose as the marketing of animals but does not specify which type of animals that will be marketed by the entity. The business level strategy of the public entity is specific to the marketing of goat kids only, not other animal categories. Therefore, there is a big disjuncture between the two-level strategies of the public entity in that the corporate level strategy defines KKC's broad business scope as the marketing of animals in general while its business level strategy is narrowed down to goat kids only. The present listing of KKC, as a public entity under section 3C of the PFMA poses a challenge with the alignment between its corporate and business level strategies. The results of the documentary analysis which indicate that the alignment between the corporate and business level strategy is not good in the entity mainly due to its incorrect registration as 3C confirm similar results that emanated from the interview data analysis of participant (2) and participant (9). Participant (2) is an executive of the KKC. The responses of participant (2) to the research questions were provided from the perspective of the public entity. Participant (9) is an executive of DALR, the parent department of the KKC. The responses of participant (9) to the research questions were provided from the perspective of the parent department, which controls the public entity.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

There are alignment gaps between the corporate and business level strategies at KKC. The incorrect listing of KKC as a 3C public entity instead of being 3D public entity is a key cause of the alignment gaps between the corporate and business strategies. The present incorrect listing and registration of KKC, as a public entity

under Section 3C, not as 3D poses a challenge with respect to accessing external funding by the entity. To this end, discussions are being conducted with the parent department and Provincial Treasury to re-structure the entity. Under the current listing, the entity is obligated to return all profits made from sales to the Treasury. This in itself poses a skewed view of KKC as a business. Furthermore, capacity and the resource constraints are some of the causes of misalignments between the corporate and business level strategies. The following are some of the capacity challenges, which include the following:

- Acting CEO, no permanent one; and
- CFO position is also vacant.

These results from the documentary analysis confirm similar results from the analysis of the interview with participant (2) and participant (9).

To minimise the gaps in the alignment, the issues listed above must be sorted out. They can be sorted out through the correct registration of the public entity as 3D. Resources (HR and finance) must be made available.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

There are extensive alignment gaps between corporate and business level strategies in the entity due to capacity and resource constraints. Furthermore, there is a disjuncture between the two-level strategies of the public entity mainly due to the incorrect 3C registration. This is in line with the views of participant (2) and participant (9).

iv) What is the extent of the implementation of strategies in public entities?

The implementation of the business level strategy is not good because of the misalignment between corporate and business level strategies in the entity. The ineffective strategy implementation in the entity is evidenced by the fact that the annual report (2017) indicates that some strategic objectives and annual targets that were set in the APP (2017) were not achieved. KKC attained a qualified audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year.

Furthermore, the auditors had problems with the reported actual achievements of the entity's annual performance indicators and targets for the 2016/17 financial year. The ineffective strategy implementation, which is manifested by a negative performance that is mentioned above, supports the views of participant (2) and participant (9) that the entity has ineffective strategy implementation due to misalignment between the corporate and business level strategies.

v) What is the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

There are challenges with the internal control systems of the entity as they do not prevent irregular expenditure to be incurred. Furthermore, the internal control systems do not prevent the non-compliance with other applicable laws and regulations.

➤ **Leadership**

The KKC annual report (2017) states that the leadership of the public entity, which includes the Board of directors, did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that would enable the public entity to:

- Produce accurate and complete annual financial statements and annual performance reports; and
- Ensure that the entity complies with applicable laws and regulations such as the PFMA and other applicable Acts, including supply chain management.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment of the corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues

that cause these gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows:

- The parent department should appoint board members who have the requisite competence and skills to execute the mandate of the entity;
- The non-aligned registration type of the KKC as a 3C public entity should be dealt with for it to be registered as a 3D public entity in order to allow the public entity to operate as a trading enterprise;
- Capacity issues of the entity must be addressed to ensure that the public entity has an appointed CFO and CEO for its leadership to have stability; and
- The entity's internal processes and systems should be strengthened.

5.4.6. McGregor Museum

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study:

- McGregor Museum annual performance plan (APP) (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;
- McGregor Museum annual report (2017). This report includes the audit opinion from the Auditor General South Africa (AGSA) on the financial and service delivery performance of the entity;
- Department of Arts and Culture annual report (DSC) (2017) which covers the 2017 to 2019 Medium Term Expenditure Framework planning cycle. DSC is a parent department of the public entity which crafts the entity's corporate level strategy. The APP of the DSC contains the broad business scope and purpose of KKC.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

McGregor Museum' broad business scope and the mandate as per the Department of Arts and Culture annual report (2017:21) is as follows;

- Custodians of heritage collections on behalf of the province;
- Conduct research on anthropology, archaeology, botany, history, zoology with specific reference to the cultural and natural history of the Northern Cape;
- Perform outreach operations such as displays, articles, brochures, exhibitions, school visits to museum, and curriculum-based research for educators;
- Conservation of archaeological material, plant material, historical documents and the archiving;
- Maintenance of Province –aided Museums; and
- Maintenance of museums buildings and displays infrastructure of McGregor and other museums throughout the province, rendering financial support and professional and technical services and assistance to smaller museums, phased upgrading of smaller museums in the province.

According to the McGregor Museum annual performance plan (2017) and McGregor Museum annual report (2017), the entity has three business units which include the following:

- Programme 1: Administration;
- Programme 2: Enhancing the museum experience: access and audience development; and
- Programme 3: Collections and research.

Programmes two and three are the core line function business units of the entity consisting of five and ten performance indicators and targets respectively of enhancing the museum experience, collections and research. Programme one is a support business unit providing services such as finance and humans resources to the core line function business units (Programmes two and three) (McGregor Museum annual performance plan, 2017; McGregor Museum annual report, 2017).

On paper, the comparison of the corporate and business level strategies of the entity indicates that there is some form of alignment between the two-level strategies in that business units two and three, which are in line with the broad business scope and mandate as defined by the parent department, which is to maintain museums in the province. Furthermore, the performance indicators and targets of the two business units are in the line with the broad business scope and purpose of the entity as they include performing outreach operations and conservation of archaeological material in the province. However, strategy alignment gaps between the two-level strategies, were noted and are discussed in the next paragraph. The results of the documentary analysis which indicate that the alignment between the corporate and business level strategy is good on paper with practical misalignments on the ground confirm similar results that emanated from the interview data analysis of participant (3) and participant (11). Participant (3) is an executive of the McGregor Museum. The responses of participant (3) to the research questions were provided from the perspective of the public entity. Participant (11) is an executive of DSC, the parent department of the McGregor Museum. The responses of participant (11) to the research questions were provided from the perspective of the parent department, which controls the public entity.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The alignment gaps in the entity are caused mainly by human resources and finance incapacity. The following are some of the misalignments that were noted on scrutiny of the corporate and business level strategies of the public entity (McGregor Museum annual report, 2017: 12):

- Lack of financial and human resources;
- Defunding of posts from a head count of 63 to 46 by the parent department of the public entity; and
- Vacancy rate, after taking account the defunded posts is 27%.

These results are consistent with what was said by participant (3) and participant (11) on the same research question. In order to minimise the gaps in the alignment

between the two-level strategies at the McGregor Museum, all the issues listed above such as the lack of resources (HR and finance) must be attended to.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

The alignment gaps between the corporate and business level strategies in the entity are extensive due to HR and financial incapacities. The documentary analysis results are consistent with those of the interview analysis.

iv) What is the extent of the implementation of strategies in public entities?

The strategy implementation of the business level strategy is not good due to the limited financial and HR resources. The abovementioned results are in line with the views of participant (3) and participant (11).

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ Corporate controls

According the McGregor Museum annual report (2017), there were challenges with the internal control systems of the entity as they did not prevent irregular expenditure to be incurred by the entity. Furthermore, the internal control systems did not prevent the non-compliance with other applicable laws and regulations.

➤ Leadership

The McGregor Museum annual report (2017) states that the leadership of the entity did not provide leadership oversight in the entity which resulted in unfavourable audit findings.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For alignment in corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause these

gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows:

- Capacity issues of the entity (in terms of finance and HR) must be addressed;
- The parent department should appoint board members who have the requisite competence and skills to execute its mandate in the entity; and
- The board must always be appointed at the right time before the term of the existing board expires.

5.4.7. Northern Cape Arts and Culture Council

The following are the official documents that were used in the documentary analysis part of the study namely:

- The annual performance plan (APP) (2017) of Northern Cape Arts and Culture Council covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year term MTEF planning cycle;
- Northern Cape Arts and Culture Council annual report (2017). This report includes the audit opinion from Auditor General South Africa AGSA on the financial and service delivery performance of the entity;
- Department of Arts and Culture (DSC) APP (2017) covering the 2017 to 2019 Medium Term Expenditure Framework planning cycle. DSC is a parent department of the public entity which crafts its corporate level strategy. The APP of the DSC contains the broad business scope and purpose of the public entity; and
- Department of Arts and Culture annual report (2017) which contains the broad business scope of the public entity as expected by its parent department.

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

Northern Cape Arts and Culture Council APP (2017) states that the parent department invites the public entity to take part in the parent department's annual strategic planning processes and sessions in order to ensure an alignment between the corporate and business level strategy of the entity. Furthermore, the sixteen annual performance indicators of the entity's two core line function business units agree to its broad business scope as defined by the parent department, which is to develop arts in the province. This implies that on paper, there is some form of alignment between the corporate and business level strategies of the public entity. However, on the ground, there is misalignment between the corporate and business level strategies mainly attributable to limited financial and human resources. The documentary analysis results are consistent with those from the interview analysis.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

There are alignment gaps that exist between the corporate and business corporate and business level strategies in the public entity, which are caused by limited financial and human resources. The alignment gaps between the corporate and business level strategies of the public entity can be minimised by addressing the capacity issues of the entity (in terms of finance and HR). These results are in line with what was said by participant (6) and participant (11) on the same research question. Participant (6) is an executive of the Northern Cape Arts and Culture Council. The responses of participant (6) to the research questions were provided from the perspective of the public entity. Participant (11) is an executive of DSC, the parent department of the Northern Cape Arts and Culture Council. The responses of participant (11) to the research questions were provided from the perspective of the parent department, which controls the public entity.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

Due to capacity issues of the entity (in terms of finance and HR), the entity is experiencing extensive alignment gaps between the corporate and business level

strategies on the ground. These results support the views that were expressed by participant (6) and participant (11) during their interview with the researcher.

iv) What is the extent of the implementation of strategies in public entities?

Northern Cape Arts and Culture Council has limited financial and human resources, which create challenges for the strategy alignment and implementation. The entity received a qualified audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year. Furthermore, the auditors could not verify the reliability and validity of what the public entity reported as actual achievements of its annual performance targets for the 2016/17 financial year. The negative organisational performance that was achieved by the Northern Cape Arts and Culture Council in the form of negative audit outcomes and non-achievement of its targets is attributed to the abovementioned alignment gaps between the corporate and business level strategies. The aforesaid results from the documentary analysis echo what participant (6) and participant (11) said.

v) What is the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

The organisational structure of the public entity is an interim one and has gaps due to the limited resources.

➤ **Leadership**

According to the Northern Cape Arts and Culture Council annual report (2017), the leadership of the public entity, which includes the Board of directors, did not exercise oversight responsibility to ensure that effective internal control procedures were developed and implemented within the public entity.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment of the corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause these gaps in the alignment between the strategies of the public entity, namely, capacity issues of the entity (in terms of finance and HR), must be addressed.

5.4.8. Ngwao-Boswa Ya Kapa Bokone / Heritage Council

The following are the official documents of the public entity and its parent department that were used in the documentary analysis part of the study:

- The Ngwao-Boswa Ya Kapa Bokone APP (2017) covering the 2017 to 2019 Medium Term Expenditure Framework (MTEF) planning cycle. The APP is a business level strategy of the public entity. It contains the strategic goals and targets of the public entity that are set by the entity's leadership over a three-year MTEF planning cycle;
- The Ngwao-Boswa Ya Kapa Bokone annual report (2017) which provides business level strategy of the public entity as well as reporting on the achievement and non- achievement of the strategic objectives of the entity;
- Department of Arts and Culture (DSC) annual report (2017), which covers the 2017 to 2019 Medium Term Expenditure Framework planning cycle. The DSC is a parent department of the public entity, which crafts the entity's corporate level strategy. The annual report of the parent department contains the broad business scope and purpose of the public entity;
- The Northern Cape Heritage Resources Authority Act of 2013 also provides the entity's corporate level strategy of the public entity; and
- Auditor General South Africa (AGSA) general report on audit outcomes; (2017).

The documentary analysis below was structured according to the research questions of the study.

i) What is the relationship between corporate and business level strategies at public entities?

The Northern Cape Heritage Resources Authority Act (2013) state that the broad business scope and mandate of the public entity is to protect and manage certain categories of heritage resources in the Northern Cape Province. Furthermore, the Department of Arts and Culture annual report (2017: 23) defines the broad business scope of the public entity as follows:

- Support the preservation of heritage resources;
- Celebrating South African heroes and heroines;
- Declaration of heritage sites;
- Declaration of burial sites;
- Issue of permits;
- Recommendations on various impact assessment reports;
- Erection of commemorative plaques; and
- Erection of memorials and statues.

The Ngwao-Boswa Ya Kapa Bokone APP (2017: 6) mentions the following as some of the key business level strategic objectives of the public entity, that flow from the entity's broad business scope and purpose as defined by the parent department:

- Introduce the integrated and interactive heritage resources management system that will contribute towards the development of the province;
- Promote the systematic identification, recording and assessment of the heritage resources which form part of the national estate of the province;
- Develop policies, procedures, norms and standards for the maintenance and management of heritage resources in the province;
- Maintain the databases on heritage resources;
- Develop a heritage management programme that identifies and preserves the provinces significant built and cultural heritage resources;
- Coordinate and monitor the performance of the local authorities in the identification, preservation, interpretation and stewardship of their local heritage; and
- Be inclusive of the indigenous communities in the province.

The entity has two business units consisting of the administration and heritage resources management. The heritage resources management business unit is a core line function of the public entity, while the administration business unit is a support function. The heritage resources management business unit has eleven annual performance indicators and targets that are strategic actions to support the business level strategic objectives of the public entity (Ngwao-Boswa Ya Kapa Bokone APP, 2017:23).

The aforesaid business level strategic objectives and the eleven annual performance indicators of the business unit agree with the entity's broad business scope and purpose as defined in the corporate level strategy. This implies that the two-level strategies are aligned on paper to some extent. However, there are misalignments and gaps that were noted which are described discussed in next paragraph. The results of the documentary analysis, which indicate that the alignment between the corporate and business level strategies is good on paper with practical misalignments on the ground confirm similar results that emanated from the interview data analysis of participant (8) and participant (11). Participant (8) is an executive of the Ngwao-Boswa Ya Kapa Bokone. The responses of participant (8) to the research questions were provided from the perspective of the public entity. Participant (11) is an executive of DSC, the parent department of the Ngwao-Boswa Ya Kapa Bokone. The responses of participant (11) to the research questions were provided from the perspective of the parent department, which controls the public entity.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The Ngwao-Boswa Ya Kapa Bokone annual performance plan (2017: 12) states that the following are the causes of the strategy implementation and alignment gaps that are being experienced by the public entity:

- Insufficient financial resources;
- Understaffing;
- No skills transfer; and
- Vastness of the province.

Furthermore, there is a duplication of services and mandates between the parent department and the public entity, which create confusion and makes it difficult to secure resources for strategy implementation because the different entities are competing for the same thing. There is also a lack of coordination between the parent department and the public entity (Ngwao-Boswa Ya Kapa Bokone APP (2017: 12).

In order to minimise the gaps in the alignment of the two-level strategies in the entity, the challenge of limited human and finance resources as well as the duplication of services must be addressed. The documentary analysis results collaborate with similar results from the interview analysis.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

There are extensive alignments gaps between the corporate and business level strategies in the entity due capacity challenges (HR and finance), duplication of functions between the parent department and the entity as well as the lack of coordination function. The aforesaid results from the documentary analysis echo what was said by participant (8) and participant (11).

iv) What is the extent of the implementation of strategies in public entities?

Ngwao-Boswa Ya Kapa Bokone is experiencing significant strategy implementation challenges. The public entity received a qualified audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year. Furthermore, the AGSA could not verify the reliability and validity of the reported actual achievements of its annual performance indicator targets for the 2016/17 financial year (AGSA general report on audit outcomes, 2017). The results indicating ineffective strategy implementation in the entity, from the documentary analysis, support similar results which emanated from the interview analysis.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

According to the Ngwao-Boswa Ya Kapa Bokone APP (2017: 14), the public entity does not have a fully-fledged organisational structure and other operational systems which support its strategy implementation.

➤ **Leadership**

The Ngwao-Boswa Ya Kapa Bokone annual report (2017) stipulates that the leadership of the public entity, which includes the Board of directors, did not exercise oversight responsibility to ensure that effective internal control procedures were developed and implemented within the public entity.

vi) How can alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment in corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, all the issues that cause these gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows:

- A fully-fledged organisational structure that supports strategy implementation of the entity's mandate should be approved and implemented;
- Capacity issues of the entity (in terms of finance and HR) must be addressed; and
- The parent department should appoint board members who have the requisite competence and skills to execute its mandate in the entity.

The next part of the section covers the results of the documentary analysis in a summary format, for the eight entities, in accordance with the study research questions. Refer to **Appendix J** for the summary of the results.

5.5. Integration of the three set of results

The answers to the research questions are answered one by one in this section as follows:

i) What is the relationship between corporate and business level strategies at public entities?

The business level strategies are in line with the corporate strategies and seemingly there is a good relationship between the two strategies on paper, but for almost all the public entities, this happens only on paper. Practically, the relationship is not good; there are alignment gaps between the strategies and the entities do not implement their strategies as they should. There are many reasons for this, which range from not having proper corporate controls to lack of capacity (i.e., financial and human resources). According to the quantitative investigation, respondents were not sure whether there was an alignment between the corporate and business level strategies of the public entity which had a positive influence on overall organisational performance or not. This supports the qualitative data finding as stated above. The documentary analysis gave the same finding. It was only the KKC entity for which right from the beginning, the business level strategy was not aligned with that of the parent department simply because of its incorrect registration as a 3C not as a 3D entity. Otherwise for other entities, on paper, the two-level strategies are aligned but the alignment is not implemented. For example, for NCEDA, comparing the defined overall business scope and purpose of the entity to the business level strategies, the relationship between the two-level strategies is good because the name descriptions of the three core business units in the public entity are in line with the broad business scope and mandate as defined by the parent department, but the problem was the implementation.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

Alignment gaps exist for the following reasons:

- Some entities do not know or are not sure of where they exactly fall in terms of administration, and parent departments cannot clarify this for they lack the legal interpretations;
- Having parallel structures at the departments, and unclear link between performance targets, the key performance areas (KPA) and the indicators;
- Corporate level strategies not reflecting the entities but parent department;
- Some entities' officials work at the parent departments;

- Entity being wholly dependent on government and then parent departments to literary dictate its financial controls as well as their strategic controls, so the entity does not have independence. For e.g., The Northern Cape Arts and Culture Council is not a standalone structure and has its own APP as the council that informs what the council needs to do for it to fulfil its mandate;
- Perceived competition taking place between the parent departments and the entities;
- Performance targets, indicators and the reporting sometimes do not speak to each other or being in line;
- Use of unqualified board members, board members not being visionary and dedicated to the province, and leaders not providing ethic leadership and corporate governance both at the strategic level and governance level;
- Not having guidelines of who should become a board member;
- Centralisation of business activities in a vast province. For e.g., Liquor and Gambling boards should have offices in districts to improve performance as the province is vast and the requirement are very high;
- Board members not to be appointed at the right time before the term of the existing board expires. For e.g., there was absence of the board for Northern Cape Liquor Board for four months which affected strategy implementation such as the reviewing and granting of licenses, resulting in a backlog;
- Having no segregation of duties and reviews between the entities and parent departments, which relate to the organisational structure;
- Having no risk management;
- Use of systems and processes which do not support the alignment between the corporate level and business level strategies in the entity;
- Having no oversight and monitoring by the parent departments;
- Authorities are not familiar with the Acts and cannot interpret them properly to know exactly the mandates of the entities;
- Having no legal resource on boards;
- Entities not having flexibility to respond to the demands of what the market out there wants or what the business wants;

- Having no proper checks of the audit reports of the entities because of capacity constraints;
- Employees of the entity also working and being managed by the parent department to carry out duties that were not budgeted for by the entity;
- Lack of capacity (i.e., both financial and human resources) makes strategy implementation impossible. There are budget constraints which prevent the public entity to perform some critical functions. According to the quantitative investigation, respondents agreed that adequate financial resources in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity;
- Some functions of the entities and those of the parent departments are not distinctly separated, that is, the entities and parent departments are sure of where each falls legally;
- Parent departments are not assessing the impact the entities are making in the sectors and the province not to know where the entities are doing right and what they are doing wrongly to be corrected;
- The PFMA not being flexible enough in terms of its requirements for the entities to be able to fulfil their mandates;
- Not having effective communication between the entity and parent department, and between national government and provincial government. Feedback from parent departments is essential. This finding is compatible with that of the quantitative investigation that respondents were undecided about the statement: There is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that leads to successful strategy implementation;
- Legality issues not being clarified and attended to;
- High vacancy rates, for e.g., the overall vacancy rate of NCEDA is 66% vacancy rate;
- Lack of succession planning;
- Lack of critical skills;
- Lack of technology to compensate for long physical distances in the vast province;

- The inspectors of the entity not having enough power in terms of the Northern Cape Gambling Act and Northern Cape Liquor Act and not to perform their responsibilities effectively. The inspectors have the power to only inspect the premises and to refer non-compliance to SAPS (South African Police Services);
- The entities also use the manual excel licensing system, which results in the backlog of the applications that are prepared for consideration by the boards. Funds are therefore required to automate the licensing system so that it could be efficient and can have sound control systems;
- The Gambling Board conducts awareness education initiatives on gambling in one region of the province, while the province has five regions. This problem creates serious limitation challenges on gambling education, which is vital for the communities. This lack of gambling education results in communities throughout the province not being aware of how to lodge complaints regarding the licensed premises;
- Acting appointments in key leadership business units of licensing and inspectorate are causing problems. E.g., Acting CEO, no permanent one and vacant positions for critical positions such as the CFO position;
- Lack of development training is experienced for both academic and normal courses due to lack of funding. There is no skills transfer as well;
- Limited research capacity in the Northern Cape Province;
- No provincial convention bureau in the province to coordinate marketing efforts in the province between all the stakeholders in the tourism sector;
- There is a lack of collaboration or coordination between the public entity, parent department, local and district municipalities to develop, ensure alignment between the two-level strategies and implement strategies to host provincial events;
- Defunding of posts from a head count of 63 to 46 by the parent department of the public entity;
- Poor organisational structures: E.g., that of Northern Cape Arts and Culture Council is an interim one and has gaps due to the limited resources;
- Incorrect registration of KCC; and

- Duplication of functions and a lack of coordination function. There is a duplication of services and mandates between the parent departments and public entities, which create confusion and makes it difficult to secure resources for strategy implementation because the different entities are competing for the same thing. For e.g., for NCEDA, there are additional high impact projects that were earmarked to be transferred to NCEDA from the parent department and other affected provincial departments, namely: De Aar Transport Hub, Port Nolloth ocean economy, Boegoebaai Port, Agro processing and the Namibian and Northern Cape Corridor. The transfer of these high impact projects to NCEDA never took place.

To minimise the gaps in the alignment, the issues listed above must be sorted out. In addition, government should revisit the funding model used to fund the entities to consider the vastness of a province not only population size; strong research units are needed; rationalisation, merging some entities and parent departments to assist doing some functions on behalf of the entities, etcetera, are important; but most importantly, parent departments must provide adequate financial and human resources. In the quantitative investigation, the respondents disagreed that the public entities had financial resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives, and that the public entities have human capital resources to implement their strategies, resulting in meeting its service delivery and financial performance objectives. They were undecided with statements: the public entities met its service delivery strategic objectives in the 2016/17 financial year due to the effectiveness its leadership; that the public entity met its financial strategic objectives in the 2016/17 financial year due to the effectiveness its leadership; and the absence of a permanent CEO or CFO or Board resulted in the public entities not meeting its performance objectives during the previous reporting period. These findings were also supported by the documentary analysis.

iii) To what extent, if any, do the alignment gaps exist between the two-level strategies in South African public entities?

There are many gaps between the business strategies and corporate strategies, considering what is actually happening on the ground. Public entities cannot

implement their strategies for many reasons which are stated in the next section. The following are the misalignments or gaps in the strategies:

- Entities' financial and human resources are being used and managed by parent departments;
- Functions and projects are being duplicated;
- Some entities are not fully-fledged entities as set out in the PFMA and South Africa's Acts, national sector strategies and official master plans, governing the mandates and scope of the industries and the business entities;
- There are parallel structures at the parent departments, as well as unclear links between performance targets, the key performance areas (KPA) and the indicators;
- Corporate level strategies do not reflect the entities but parent department;
- Some entities' officials are working at parent departments;
- Entities are wholly dependent on parent departments because their 100 percent funding causes the parent departments to basically dictate their financial controls as well as their strategic controls;
- Competition takes place between parent departments and the entities;
- Performance targets, indicators and the reporting sometimes do not speak to each other;
- Certain things miss when doing annual or quarterly reporting. For e.g., some performance targets are reported only in terms of numbers because no analysis is done for indicators to speak in terms of percentages;
- APP's do not perform at the level required in terms of the mandates;
- No segregation of duties;
- The DEDT five-year strategic plan (2015: 68), does not reflect the strategic impact of the public entities it controls, but only shows their operational outputs such as the routine inspections, issuance of licenses etc. The parent department needs to rectify this gap;
- Auditors have problems with the reported actual achievements of some entities' annual performance indicators and targets. For e.g., NCEDA did not attain clean audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year. Some public entities incur irregular expenditure and experience unspent grants and negative performances (e.g., Northern Cape Arts and Culture

Council). Northern Cape Arts and Culture Council received a qualified audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year. The auditors could not verify the reliability and validity of what the public entity reported as actual achievements of its annual performance targets for the 2016/17 financial year (AGSA general report on audit outcomes; 2017).

There is incorrect listing of a public entity and capacity constraints. The present listing of KKC, as a Public Entity under Section 3C poses a challenge with respect to accessing external funding by the entity. To this end discussions are being conducted with the parent department and Provincial Treasury to re-structure the entity. Under the current listing, the entity is obligated to return all profits made from sales to the Treasury. This poses a skewed view of KKC as a business (South Africa, Kalahari Kid Corporation, 2017: 18).

iv) What is the extent of implementation of strategies in public entities?

The results showed that, though business scope and purpose as reflected by the public entities' strategies are seemingly in line with the broad business scope and mandate as defined by the parent departments' strategies, the entities do not implement them for several reasons, including, among others, lack of capacity (i.e., finance and HR), having no support from parent departments, no effective oversight and monitoring, no assessment of impact and feedback, working in silos, and no effective communication. According to the qualitative data analysis, in general, public entities set their performance targets according to the available resources and the limitations the entities have, and not strictly according to the corporate strategy, and therefore, alignment gaps occur between the two strategies. The two strategies, that is, corporate and business level strategies end up being not implemented. This qualitative data finding is compatible with the quantitative data finding as well as the documentary analysis finding. In general, the respondents were undecided with the statement that: the public entities implemented their strategies effectively during the previous reporting period 2016/17 financial year.

The following are additional issues that have an effect on the strategy implementation of the public entities:

- Some staff members are working for parent departments and are managed

by the parent department;

- There is lack of staff and outsourcing is not easy either, because departments take long to process it. The qualifications of some key people in some of the entities are a concern. For e.g., Heritage Council does not have staff capacity because of the parallel unit in the department, which has staff capacity (which includes a deputy Director). A major issue is the capacity at the level of the board;
- The financial resources and budget allocation are inadequate and that results to ineffective strategy implementation. Entities cannot reach the large number of people because of the limited financial resources due to the vastness of the province. Lack of funds is causing some entities not to comply with the Acts and PFMA. For example, the Liquor Board reports about inspections only in terms of number; they cannot give an analysis as par the Act. The gambling Board just puts targets of the number of inspections, not based on the type of license for a bottle store, tavern or a night club. Inspectors are based in Kimberley and the process of licensing is centralised; the issuing of licenses is not done at the region or district level which affects strategy implementation, alignment of the two-level strategies and organisational performance negatively.
- The Liquor board has a small impact in the province because they do not regulate up to an optimum level, reason being the vastness of the area. The Gambling Board and Liquor Board do not have district offices in the Northern Cape, and so the financial resources requirement is very high, especially for places that are very far from Kimberley. Having offices in every district would improve performance;
- Some entities have risk registers but without proper risk management. For e.g., for Liquor Board, risk registers only consider support functions;
- People are working in silos, for example at Northern Cape Arts and Culture Council, not only at national, provincial and local levels, but also within the parent department and the entity. Hence, there is a lot of duplication happening in terms of programmes;
- There is lack of systems and processes that support the alignment between

the corporate level and business level strategies in the entity;

- There is a competition taking place between the parent department and the entity;
- There is a serious shortage of professional staff; for example, there is no anthropologist and no botanist for McGregor Museum because of lack of funds;
- Some parent departments are slow to make policy decisions and to act; this also hampers the alignment. For e.g., the KKC asked the parent department to transfer or second workers to the entity but after six years this has not been done;
- Unnecessary duplication is jeopardizing the alignment, and there is no separation in terms of who does what - same or similar projects are existing in the different departments. For e.g., the high impact projects are currently in the provincial departments whereas the role of NCEDA is not limited to the Department of Economic Development and Tourism. NCEDA should stretch its wings across all departments because it is an implementing agency for the economic development of the province.

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the implementation, alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

There are improper corporate controls. In general, entities do not have independence to make any strategic decisions or put in place any financial or strategic controls unless the parent department says so. The entities have extremely limited controls as the entity's policies must be 100 percent in line with government policies. In the quantitative investigation, the respondents agreed with the statement that entities have effective financial controls which support strategy implementation influencing performance positively. They were however undecided on statement: corporate controls of the entity have a positive influence in the

alignment between its corporate and business level strategies and performance; and that the public entities achieved more than 80% of all its planned service delivery performance targets in the previous reporting period. The respondents disagreed that public entities attained an unqualified audit opinion with no findings (Clean audit) from the Office of the Auditor General South Africa (AGSA) during the previous reporting period (2016/17 financial year) (supporting the qualitative investigation finding); but agreed that public entities achieved an improved financial performance during 2016/17 financial year.

Budget controls are challenging for some entities, as it is difficult for some of them for example, McGregor Museum, to control officials that also do work for the parent departments. According to the qualitative investigation, the controls are affecting the strategy implementation negatively. For example, there are so many challenges and PFMA is very strict in how entities must procure. Public entities find it difficult to use the control systems, and when they procure, they must get three quotations, must have a Central Supply Database (CSD) for all the registered service providers; and there are many other compliance issues within the supply chain management prescripts that they must comply with. The entities do not have those kinds of control systems because they are too advanced for them; some do not even know where to start. It then means that the parent department must transfer half of its own internal control systems to those entities for them to respond on what the PFMA wants, which is a big challenge. CFO shared services (for McGregor Museum, the Northern Cape Arts and Culture Council as well as the Heritage Council) is not helping much either because he/she deals with three entities.

Organisational structures of some entities do not support the alignment between the corporate and business level strategies. In the quantitative investigation, the respondents were not sure whether a supportive organisational structure is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity. For e.g., Ngwao-Boswa Ya Kapa Bokone entity does not have a fully-fledged organisational structure and other operational systems that support its strategy implementation.

➤ Leadership

The issues of leadership revolve around funding constraints that limit the entity's performance. South Africa needs to change the funding process in general; the funding as per population and size of population does not work for the Northern Cape as it is vast, which creates problems; you must travel 1,000 km from one point to another, which is taking too much of the budget. Hence, resource allocation financially causes a misalignment between the two strategies.

There is lack of boards that are strong and have a vision to drive entities. NCEDA for example, currently has only three people (50%) in the top-level management, when the structure provides for about six at the top leadership level. The three people alone are unable to drive the business strategy. Skill must also be considered, not only numbers when appointing board members.

In the quantitative investigation, the respondents disagreed that there is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance. They agreed with statements: leadership at key levels of the entity has requisite competencies to ensure successful strategy implementation and improved performance; leadership in the entity has a positive influence on the alignment between its corporate and business level strategies with organisational performance, and that effective leadership is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity. This finding does not agree with what was found in the qualitative investigation possibly because of self-reporting.

There are issues with leadership, managerial leadership and the CEOs. The CEO is appointed on an Assistant Director level. For example, for NCEDA, the CFO is a joint CFO, running three entities, namely, the museums, heritage and the Arts and Culture Council. There is a Deputy Director sitting at the head office in the heritage unit. Any request for anything such as a sheet of paper, a pencil or a pen, one must go from the organisation to the CFO who then approves and implements it.

In the main, the issues of leadership in the public entities revolve around the following:

- Boards are not very effective for lack of requisite skills, not being visionary and ethical leadership.
- Having people in acting positions results in leadership ineffectiveness for the entity, which affects the entity's strategy alignment between the corporate and business levels, strategy implementation as well as organisational performance.
- McGregor Museum is dysfunctional probably because out of the 8 board members that they need to have for the board to function, only 3 board members are functional. The board of Arts and Culture Council is functional as all board members attend meetings although the meetings take time to sit because sometimes when they propose a date, three members are not functional (because they are not educated). Weak boards in some entities translate into weak leadership because there is no direction in the entities. Skill is an issue.
- Board committees of the public entities are not very active. For example, McGregor Museum Board could not form a quorum and was not properly constituted. This implies that there are serious governance problems in the public entity as all board decisions are defective in terms of the law since the board is not properly constituted and does not form a quorum, which exposes the public entity to the risk of litigation for its resolutions.
- For KKC, the leadership, which includes the Board of directors, could not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that would enable the public entity to:
 - Produce accurate and complete annual financial statements and annual performance reporting; and
 - Ensure that the entity complies with the applicable laws and regulations, material findings relating to the PFMA and other applicable Acts, including supply chain management.

- There is duplication of functions and a lack of the coordination function contributed to the negative organisational performance such as the negative audit outcomes and the non-achievement of the annual performance targets.

➤ **Oversight and monitoring**

The following are the issues that pertain to oversight and monitoring by the parent department head offices to their public entities:

- No effective oversight and monitoring is taking place. Rather it is administration which is happening. There is no proper feedback given even after submitting quarterly performance reports to them. Hence, the entities do not have any idea what they are doing right or wrong. Some parent departments use the entities to perform their duties. Strategic implementation in the entities is poor due to poor planning partly because there is no oversight and monitoring.
- There is no evaluation by the parent department on broader things, they look at operational and regular reporting issues.

➤ **Organisational culture**

In the quantitative investigation, the respondents were not sure whether a supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.

➤ **Diversification**

The diversification of the entities would have some influence on the strategy alignment in those entities where there is adequate organisational structure and resources, but it is low. There is no diversification in some public entities as they have mandates in specific industries since government cannot regulate something else outside an industry. So, the entities are very limited to what they can do.

➤ **Correlational and regression analysis**

In the quantitative investigation, the correlational analysis indicated that:

- The role of leadership is positively correlated with strategy implementation, and organisational performance;
- Organisational culture is positively correlated with strategy implementation, and leadership; and
- Corporate controls are positively correlated with strategy implementation, leadership and organisational culture; and

Regression analysis indicated that:

- There is a negative relationship between leadership and strategy alignment;
- There is a positive relationship between organisational culture and strategy alignment;
- There is positive relationship between leadership and organisational performance;
- There is a positive relationship between Strategy alignment and organisational performance; and
- There is a positive relationship between role of corporate controls and organisational performance.

vi) How can the alignment of corporate and business level strategies contribute to the improvement of organisational performance in public entities?

The alignment gaps between the corporate and business level strategies need to be rectified for the alignment to contribute to improve organisational performance in public entities; all the issues that cause the gaps in the alignment must be addressed. The following are the suggestions of the things that should be done for the alignment of corporate and business level strategies to contribute to the improvement of organisational performance in public entities:

➤ **Kalahari Kid Corporation (KKC)**

- KKC must be registered as a 3D entity. This is when the entity can fulfil its mandate of commercialising the goat industry. The parent department must urgently decide what their vision is for KKC. KKC should not be a government programme. Flexibility to be able to respond fast enough to the needs of the

business or market out there needs to be addressed. The challenges of seconding farm workers to the entity should also be addressed;

- The entity's internal processes and systems should be strengthened. A fully-fledged organisational structure that supports strategy implementation of the entity's mandate should be approved and implemented.
- The non-aligned registration type of the KKC as a public entity 3C should be changed to a 3D public entity to allow the public entity to operate as a trading enterprise. KKC should not be a government programme in the parent department, but rather, a business enterprise because it has only one mandate and that is, to commercialise the goat industry.
- The entities must have independence to make any business strategic decisions or put in place any financial or strategic controls. Oversight should not be administration. E.g., KKC and Northern Cape Arts and Culture Council.
- Capacity issues of the entity must be addressed to ensure that the public entity has an appointed CFO and CEO in order for its leadership to have stability

➤ **McGregor Museum**

- The financial resources as well as human resources of the entity should not be used and managed by the parent department. For e.g., the functions of McGregor Museum and those of the parent department should be distinctly separated, as the entity has its own mandate which is approved by the MEC. About 90 percent of the officials in the McGregor Museum are currently in the department. These should be transferred over into McGregor Museum, and the legislation challenge should be addressed. McGregor Museum should be de-listed and de-regulated because the expectation of a listed entity is so huge, that the department does not even have the money to support it to operate normally.

➤ **Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA), KKC, Northern Cape Arts and Culture Council, Ngwao-Boswa Ya Kapa Bokone/Heritage Council**

- Duplication of functions and projects like the oral history projects should be avoided. The department should just oversee and guide the entity's

operations and make sure that the two strategies are aligned for the entity to deliver on its mandate and achieve its objectives;

- Councils should be standalone structures and should have their own APP's as the councils that inform what needs to be done for them to fulfil their mandates. The work of the parent department should be overseeing and monitoring the entity;
- Funding constraints should be dealt with after the landscape of the entity has changed to arts, culture and creative industries. There should be a review of the master documents to ensure alignment. There must also be proper financial planning for the entity to have enough money;
- Board members including the CEO and CFO must be dedicated to the province and must have a vision for the organisation;
- The issues of personnel budget as well as those of the organisational structure and the levels must be addressed;
- The challenges in DORA (Division of Revenue Act) must be addressed and the entity's budget must be adequate for the implementation of the APP's, which are drafted based on the entity's mandate;
- The growth fund should be in NCEDA, not in the parent department as the entity is the one charged with driving the economic development of small and medium enterprises in the province;
- The entity should be made a fully-fledged entity as set out in the PFMA and in the national Acts;
- Parallel structures at the department should be avoided and its functions be amalgamated with the entity. For e.g., there should be one heritage council and the funding should be consolidated. The functions and responsibilities that should reside in the entity should not be retained at provincial level by the department;
- The competition between the parent department and the entity should be dealt with. The corporate level strategies of the Arts and Culture Council and Heritage Council must reflect the entities themselves not the parent department;
- Consideration should be given for one entity to be established for the Department of Arts and Culture, so, instead of having three entities (i.e.,

McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone) and spending so much money in those three entities, rather, only one entity should exist. This will help to close some of the strategy alignment gaps;

- The high impact projects on the provincial economic development that are currently located in the various provincial departments should be transferred to NCEDA as the entity's broad business scope includes the management of such economic development projects for the entire province;
- The research capacity of the public entities in the Northern Cape Province should be developed;
- Entities should be given adequate human resources or capacity; and
- Funding to the entities should be increased by the parent departments.

➤ **Northern Cape Liquor Board and Northern Cape Gambling Board**

- Funds should be made available for the entity to invest in technology to save the additional costs associated with long distance travelling in a province that is geographically vast. The parent department should revise the Northern Cape Gambling Board Act to address the current problems that relate to the powers of the inspectors, which are inadequate and therefore create an impediment for them to execute their inspectorate responsibilities.
- The setup of entities needs attention because the requirements of the jobs to be done do not match the available expertise and requisite skills;
- There must be a credible risk register of Northern Cape Liquor Board to look at the core functions not only the support functions, to inform and evaluate the strategic planning in the APP;
- The licensing process and inspections of Liquor and Gambling Boards should be decentralised; the issuing of licenses should be done at the region and/or district level;
- Proper annual or quarterly reporting processes and systems should be adhered to. For e.g., the indicators should also speak in terms of percentages;
- For efficiency and making an impact in the industry, the Liquor Board and the Gambling Board should be merged;

- The formation of trusts as special purpose vehicles for government should be discontinued because entities have got their own legislation, which give a better control, accountability and risk management;
- There should be enough human resources for adequate inspection for the Liquor and Gambling Boards, and the inspectors should get extra training to be able to deal with complex gambling agreements and cyber gambling;
- The moratorium policies and procedures that were put in place on recruitment should be re-visited;
- The entities should have offices or some representation in the districts to improve performance as the province is vast and the requirement are very high, especially for places that are very far from Kimberley. The entities may share accommodation in those regions to save the office accommodation costs;
- The department should revise the Northern Cape Liquor Act to strengthen the powers of the entity's inspectors.
- The licensing system should be automated as the current manual system is outdated and susceptible to the risk of error;
- Oversight and monitoring needs should be addressed when the parent departments assess the impact that the entities are making in a sector and the province;
- The entities should have succession planning;
- Board members should have competence and the requisite skills to execute the mandate of the entity; they should be able to articulate, understand and analyse the governance issues affecting the entity; and
- The critical posts within the organograms of the public entities must be filled to reduce the significant vacancy rate.

➤ **Northern Cape Tourism Authority (NCTA)**

- The Provincial Convention Bureau must be established in the province to ensure the alignment between the corporate strategy and the business level strategy of the entity;

5.6. Chapter summary

In summary, it should be noted that all the three sets of results, that is, qualitative, quantitative and documentary analysis were compatible, and they basically complimented each other as was planned by the researcher. In general, the quantitative results support and add more objectivity to the qualitative results, and the three sets of results including the documentary analysis converged.

One of the major study findings was that there are gaps between corporate and business level strategies of the public entities; and the reasons for these gaps are, because of, among others, having unhealthy organisational culture, unqualified leadership and inadequate corporate controls, lack of capacity (i.e., financial and human resources), and ineffective communication, which in turn affect strategy implementations and organisational performance negatively.

This chapter presented the results of the study. The next chapter will discuss the findings in the context of the literature, present the conclusions as well as the recommendations.

CHAPTER 6

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

6.1. Introduction

The purpose of this chapter is to present the consolidated empirical research findings, research conclusions and recommendations. The first section will be a discussion of the study findings. The first part of this section will discuss the findings emanating from the individual interviews, document analysis of the corporate and business level strategies; while the second part of the section will be an exposition of the findings emanating from the analysis of the questionnaires. The summary of the results of findings from the qualitative investigation, quantitative investigation and documentary analysis is provided in **Appendix A** in a comparative format. A section on study conclusions will then follow. The discussion of the findings and presentation of the conclusions will be undertaken in accordance with the over-arching research questions and research objectives, which guided this study to achieve its purpose.

As stated in section 1.5 of chapter one, the aim of this study was to identify alignment gaps between corporate and business level strategies and subsequently recommend improvement enhancement mechanisms to strategy implementation in South African public entities. In line with the study aim, the final section of this chapter will culminate in a discussion of the recommendations, emanating from the study findings and conclusions.

6.2. Discussion of the findings

6.2.1. Findings from the analysis of the qualitative data and document analysis

As stated in the introduction above, the findings and conclusions in the parts of this section will be given in accordance with the over-arching research questions as follows.

The first research question was:

i) What is the relationship between corporate and business level strategies at public entities?

The public entities have both a corporate strategy and a business level strategy. These are guided by and are in line with South Africa's Acts, the national sector strategies and official master plans, governing the mandates and scope of the industries and the business entities. Their 5-year strategic plans and APP's of the public entities are also guided by these strategies. In general, the staff is aware of them but some of the strategies are not adequate. The implementation of the business strategies is a big problem. So, in most cases, the parent departments know exactly what the entities should do. On paper, most entities have their business level strategies aligned to the corporate strategies. The problem is that practically, the alignment of the two-level strategies and strategy implementation do not exist due to: organisational culture, thereby supporting Vegro, et al. (2016), Thompson, et al. (2010), Ali and Hadi (2012), Bushardt, Glascoff and Doty (2011), Bushardt, et al. (2015) as well as Ramutsheli and Janse van Rensburg (2015); leadership issues, which include ineffective boards, supporting Mbo and Adjasi (2017a), and Mbo and Adjasi (2017b); and working in silos with no effective communication, supporting Monauni and Feigl (2017), Sull, Homkes and Sull (2015) and Sull, Sull and Yoder (2018). This is compatible with Ali and Hadi's (2012) estimation that about two-thirds of good and well-conceived strategies of organisations are not implemented effectively. There are many things that cause these alignment gaps as listed under questions 2 and 3 which follow.

ii) If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?

The alignment gaps between the two-level strategies in the public entities happen mainly due to the lack of financial and human resources. Generally, performance targets are set according to the available resources and the limitation the entity has, not strictly according to the mandate and corporate strategy, and hence the alignment gaps exist. This assertion is compatible with the contributions of Kogo and Kimencu (2018), Firmansyah (2015), Sull, Turconi, Sull and Yoder (2017b) as well as Balashova and Gromova (2016), regarding the

critical internal capabilities and valuable resources of the organisation to achieve its strategic objectives. The entities pitch at the levels that they can without putting unnecessary strain on both the provincial fiscus and the parent department's ability to assist on those levels. Otherwise, they would have a situation where they have massive performance targets when they know they are not able to achieve them. The entities consider all these things when setting their performance targets, including risks but, not being blinded by the fact that national and provincial government want to achieve so many according to the mandates. The entities, however, try to align the corporate strategy and business strategy and push the national agenda on paper.

iii) To what extent, if any, do alignment gaps exist between the two-level strategies in South African public entities?

There are extensive alignment gaps in the entities mainly due to the lack of financial resources and human resources. The extent to which the alignment gaps exist between the two-level strategies in South African public entities include the following:

- Budget, risk management, debt management and cash management are areas of great concern.
- Instructions come from various people, including Programme Managers, Chief Directors at a Department, Senior Managers for Cultural Affairs as well as the Boards, and sometimes the HODs. Hence, one does not know exactly whom to report to; there is confusion.
- No oversight and monitoring exist, but rather, parent departments use the entities to perform their duties. No feedback is given, even after submitting quarterly performance reports to the parent department. So, the entities do not have any idea what they are doing right and/or what they are doing wrongly. This might create problems for the entities with the auditors. Impact assessment is also not done.
- Parent departments do not explain the funding model that is used to fund the entities as some entities do not know how the parent departments

decide the specific budget allocations that they are giving to the entities.

- Strategic implementation of some entities is poor due to poor planning. This implies that some entities do not have requisite skills to perform properly.
- Organisational culture is lacking for many entities. For example, some boards and the existing cultures cannot drive the visions and missions of the entities. The board members do not have competence to execute their mandates.
- Auditors always raise issues about the risk register of the Northern Cape Liquor Board, because the risk register must also look at the core functions of the entity not only the support functions. Implementation of the corporate level strategy is important (White, 2004).
- The methodologies and practicality of the APP's are not yet on the right level. The Gambling Board and Liquor Board only report by giving the number of inspections; they do not do analysis as the Act dictates. For example, the Liquor Board's targets of the number of inspections are not based on the type of license for a bottle store, tavern or a night club. The business strategy does not show the impact of the entity to the society. Under "reporting", the performance target speaks to numbers, but the indicator speaks to percentages in terms of annual or quarterly reporting.
- For the Gambling Board and Liquor Board, the licensing process is centralised; the issuing of licenses is not done at the regional or district level, so, many people cannot be reached for inspection.
- Sometimes, appointments of the boards of the entities are made late, thereby creating a vacuum in the governance structures of the entities.
- There are critical posts in some entities which are vacant but unfunded. With the provincial moratorium now, one must motivate for the post to be filled which takes a long time.
- Due to lack of funds, some entities cannot convene board meetings because they cannot form a quorum. Sometimes, this can take two to three years.
- Some of the functions of the entities are being duplicated within parent departments and there is little money left to fund entities. This has led to

rationalisation initiatives.

- Some entities such as the Gambling Board need their employees to be given extra training, but this is not possible due to lack of funds.
- The segregation of duties and reviews of some entities, which relates to their organisational structures is a concern on the side of the audit committee.
- In the case of Northern Cape Arts and Council, stakeholders are working in silos in the context of strategy alignment of the public entity. This creates a duplication of functions, projects and programmes, resulting in the entity using the money that would have been spent elsewhere. The situation is not assisting the process of aligning the changing landscape.
- Leadership of entities is constrained by the serious lack of resources, which indirectly leads to misalignment of the two-level strategies and inadequate organisational performance.
- The PFMA requirements demand financial skills which are not available within these entities, hence, there are normally many issues raised by the auditors.
- There is a parallel structure at the parent department of the Heritage Council doing similar functions as those of the Heritage Council. This should be disbanded.
- Some departments are slow to act; it normally takes a long time for the concerned entities to receive a feedback from them.
- Some business processes influence strategy implementation and organisational performance negatively.
- For KKC, flexibility is a big problem; it is necessary for the entity to respond to the demands of what the market out there wants or what the business wants.
- The bulk of people on the boards of the public entities are not well trained to understand the responsibility of being on the Board of directors. Parent departments appoint and second people to boards, who are not educationally or academically qualified. These people should be able to articulate, understand and analyse the governance issues affecting the public entities. Hence, to close some gaps in the alignment of corporate

and business level strategies in the entities, government proposes to rationalise and de-list some entities for them to become normal and ordinary entities. Another proposal is for some entities to be de-regulated. In other words, the provincial legislation for some of these public entities will be removed and the affected functions may be transferred to the parent departments.

- Parent departments do not conduct assessments to find out whether what the entities are reporting to them are worth the pennies that are being spent on them.

The fourth research question was:

iv) What is the extent of the implementation of strategies in public entities?

Most entities lack financial resources and human resources, which affects the implementation of their APP's negatively. This finding supports the findings of Prasad, et al. (2018), Reitsma and Hilletoft (2018), Ivancic, et al. (2017), McTigue, et al. (2018), and Nwachukwu, et al. (2018). For example, the Northern Cape Tourism Authority's Board is supposed to consist of 12 people but currently, the entity has four active Board members. Without a quorum, the Board cannot make resolutions because according to the external audit committee, those resolutions could be challenged legally. So, currently, the entity has a lot of policies that have not been approved.

Serious funding shortfalls in the entities cause the two-level strategies alignment gaps. The argument by Lamont and Polk (2002) that inefficient resource allocation is a disadvantage to corporate level strategy alignment and implementation through capital misallocation and cross subsidisation within business units, resulting in an inefficient resource allocation in the organisation (which then affects organisational performance negatively if not mitigated) cannot be ruled out. A CFO is shared by three entities, McGregor Museum, the Northern Cape Arts and Culture Council as well as the Heritage Council. Hence, shortage of personnel as well is affecting strategy alignment negatively. To make matters worse, most of such well qualified people are nearing the end of their working life.

Due to the inadequate financial and human resources, the entities do what they can, based on what is currently available, in terms of their resources and capacity. In general, financial resources, HR resources and the business processes of the entities do not support strategy implementation. The vastness of the province and lack of financial resources are also affecting the implementation of the business strategies. The entities do not have regional and/or district offices in the Northern Cape. So, the levels of financial requirements are very high, especially for places that are very far from Kimberley. Having offices in every district would improve organisational performance.

The fifth research question was:

v) What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the alignment of the two-level strategies and organisational performance in South African public entities?

➤ **Corporate controls**

The entities do not have independence to make any strategic decisions or put in place any financial or strategic controls unless the parent department says so where an entity is wholly dependent on government because their 100 percent funding is coming from government. The entity has extremely limited controls as the entity's policies must be 100 percent in line with government policies. Organisational structure and the levels, and the requirements of PFMA compliance negatively affect the performance of the entities. As Marx (2016) and Kazmi (2008) found, poor organisational structure that is not aligned to the business strategy leads to problems during the strategy implementation. The entities do not have the expertise and capacity to comply with PFMA. Parent Departments can assist the public entities in this regard. For example, certain functions such as finance and supply chain management can be done in the department on behalf of the entities. Improper controls lead to failed strategy implementation (see Turconi, Sull & Yoder, 2017a; McTigue, Monions & Rye, 2018; Boiko, 2013; Engert &

Baumgartner, 2015; Thompson, et al. 2010; Volberda, et al., 2011).

➤ **Leadership**

Most public entities have problems with leadership capacity, which creates strategy implementation challenges. This assertion agrees with the findings by Der Merwe and Nienaber (2015), Patten (2015), Grabovica and Pilav-Velić (2012), Patten (2015), Kotzé and Venter (2010) as well as Volberda, et al. (2011) that poor leadership in an organisation creates challenges of strategy implementation. Board members must be well qualified. They must be people who have a vision for the entity, dedicated and must be ethical leaders. Weak Boards in some entities translate into weak leadership because there is no direction in them. Skill is an issue. Appointing senior officials like CEO and CFO in acting capacity should be discouraged as this negatively affects the entity's strategy implementation, strategy alignment between corporate and business levels as well as organisational performance. To develop a culture of performance in the entities, job descriptions of specific individuals in the entities must be aligned to the APP's. South Africa needs to change the funding process in general because sometimes considering only population size does not work well. For example, in the case of Northern Cape Province, which is a massive province, size of province should also be factored into the amount of funding.

➤ **Oversight and monitoring**

In general, oversight and monitoring are not properly carried out. Rather, administration is what is happening. No effective oversight and monitoring of the public entities are taking place by the parent departments. In addition, no assessment of the impact of the entities in the province is being done. The monitoring by the parent departments is more on an operational basis, which includes monthly reports by the entities, which are just checked for the targets. The parent departments do impact assessment after every five years, which is too late for any necessary corrective action.

Some entities like McGregor Museum are not even receiving adequate support from the parent departments in terms of both filling vacancies, and training and development. Training is rare; even though McGregor Museum highlights its

training needs and requests for it to the parent department. Outsourcing is not easy either because the department takes too long to process it. Generally, public entities have serious capacity challenges.

Some entities are working in silos, not only at national, provincial and local levels, but also within the parent departments and the entities. This wastes a lot of money. In most cases, there is no effective communication and there is a lot of duplication happening in terms of programmes and projects, which affect strategy implementation negatively. This supports the works of Basheka (2014), Grabovica and Pilav-Velić (2012), Gyllstrom, et al. (2015) and Van Der Merwe and Nienaber (2015), who found that a breakdown in communication between key role players responsible for strategy implementation and a lack of information are the key challenges of strategy implementation.

The growth fund is supposed to be in NCEDA in terms of its implementation (not in the parent department) so that it can be used by the entity in driving the economic development of small and medium enterprises in the province. The high impact projects are currently in the provincial departments whereas the role of NCEDA is not limited to the Department of Economic Development and Tourism. NCEDA should therefore stretch its wings across all departments of the province because it is an implementing agency of the province.

➤ **Organisational culture**

Generally, in the public entities, organisational culture does not support the alignment of the two-level strategies. This affects organisation performance negatively. In some cases, the organisational cultures of the entities would be able to facilitate the alignment between corporate and business level strategies, but this cannot happen because of lack of financial resources.

➤ **Diversification**

Diversification is low because of lack of funds, supporting the arguments of De Wit and Meyer (2014) as well as Nippa, et al. (2011) that diversification costs money. The recommended merger of the Gambling and Liquor Boards will open the scope of the entities to consider different industries. The diversification can affect

the alignment of the two-level strategies, corporate and business level strategies, which in turn affects the performance of the entity positively. This finding supports that of Markowitz (1952).

The sixth research question was:

vi) How can the alignment in corporate and business level strategies contribute to improve organisational performance in public entities?

For the alignment between the business strategy and corporate strategy to be real and be able to contribute and improve organisational performance, basically, the entities must have adequate financial and human resources (including right requisite skills), support from the parent departments as well as the flexibility they need to be able to respond fast enough to the needs of the markets. This implies that even if there is alignment between the two strategies, so long as a public entity does not have enough resources, support from the parent department and the flexibility it needs, it will not be able to implement its strategy and APP to deliver on its mandate and perform optimally to achieve its objectives. To minimise the alignment gaps between the two-level strategies the recommendations that are discussed in section 6.4 below should be implemented.

If these issues are addressed, the alignment of corporate and business level strategies will contribute and improve the organisational performance in public entities. Most importantly, finance and resources, duplication of projects and programmes need attention. Bomela report recommendations should be implemented. Merging and rationalisation should be encouraged, as a growth corporate level strategy, supporting Ma, et al. (2016), Bai, et al. (2018), Brahma, et al. (2018), Florio, et al. (2018), Deng, et al. (2018), Coulter (2002), Thompson, et al. (2010: 243), Mendes (2018) and Volberda, et al. (2011). The formation of trusts as special purpose vehicles for government should be discouraged because public entities have got their own legislation, which gives a better control than the trusts.

6.2.2. Findings from the analysis of the responses from the questionnaires

Most of the respondents were in the age group of 35 – 44 (50%). Far more males (72.4%) than females were interviewed. This might be an indication that gender discrimination is still being practiced in the workplace in South Africa because the executives in public entities are predominantly males. Most respondents (93.34%) had less than 20 years of management experience and almost all the respondents had either a degree or a diploma and a management qualification.

It has been found that leadership and organisational culture affect strategy alignment, corporate controls affect strategy implementation positively and strategy alignment and leadership affect organisational performance positively. **Appendix A** shows the summary of the integration of the qualitative findings, quantitative findings and documentary analysis in a comparative fashion.

6.3. Conclusions

This study was intended to achieve the following objectives:

- To describe perceptions of executives in South African public entities and find the relationship between corporate and business level strategies in South Africa.
- To determine the extent and why, if any, the alignment gaps exist between the between corporate and business level strategies.
- To uncover the extent of implementation of strategies in public entities.
- To identify the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate businesses/divisions of a public entity on the alignment of the two-level strategies and organisational performance.
- To determine the extent and how the alignment between corporate-level and business-level strategies can contribute to the improvement of organisational performance in South African public entities.
- To recommend improved enhancement mechanisms to overcome the alignment gaps between corporate and business level strategy, if any, and to enhance strategy implementation in the public entities of South Africa.

The following is how the abovementioned research objectives were achieved:

i) Objective one

To describe perceptions of executives in South African public entities and find the relationship between corporate and business level strategies at public entities in South Africa

The alignment between the corporate strategy and business level strategy is important because it impacts the organisational performance. In this study, it has been found (in the qualitative research) that there are so many challenges the public entities have, including human capital inadequacy or/and lack of human resources, poor organisational culture, leadership issues (including ineffective Boards) and working in silos with no effective communication bring about strategy misalignment, which in turn affects organisational performance negatively because, then, the entities cannot deliver on their mandate by achieving their strategic objectives. The quantitative research supported the qualitative finding that strategy alignment and leadership affect organisational performance positively. These results support the works of Carvalho, Francisco and Paulo (2017), Sull, et al. (2018), Musuka (2006), Schniederpans and Cao (2009), Van Riel (2008) and Andrews, et al. (2012).

According to the perceptions of the participants, in general, public entities have both corporate and business level strategies, which are guided and are in line with the corresponding South Africa's Acts, the national sector strategies and other official master plans governing the mandate and scope of the industries and the business entities. The 5-year strategic plans and APP's of the public entities are also guided by these strategies. In general, staff are aware of the strategies but some of these strategies are not adequate.

The implementation of the business strategies is a big problem. Generally, performance targets are set according to the available resources and the limitations the entities have but not strictly according to the mandate and corporate strategy, and hence the alignment gaps exist. The entities pitch at the levels that they can without putting unnecessary strain on both the provincial

fiscus and the parent departments' abilities to assist them on those levels. Otherwise, the entities would have a situation where they have massive performance targets when they know very well that they are not able to achieve them.

Challenges, including lack of resources (see Cristian-Liviu, 2013; Prasad et al., 2018; Reitsma & Hilletoft, 2018), leadership inadequacy, inefficient Boards, lack of a good organisational culture, lack of support from the parent department as well as the flexibility an entity needs to be able to respond fast enough to the needs and wants of the market, cause a misalignment of the two-level strategies practically on the ground. This results in poor strategy implementation and an unsatisfactory organisational performance, supporting Higgins (2005) and Ramaseshan, Ishak, and Rabbanee (2013).

Public entities have both corporate and business level strategies, which are guided by the corresponding South Africa's Acts, the national sector strategies and official master plans governing the mandates and scope of the industries and the business entities. On paper, most entities have their business level strategies aligned to the corporate strategies and so, the relationship is good. However, generally, practically, they have many challenges (with strategy implementation) such as lack of finance and human resources, leadership issues, corporate controls, etcetera, which cause alignment gaps, and hence bad relationships between corporate and business level strategies at public entities in South Africa.

ii) Objective two

To determine the extent and why, if any, the alignment gaps exist between the between corporate and business level strategies.

There are gaps in the alignment between the corporate and business level strategies of the public entities. Alignment gaps exist for the following reasons:

- Lack of capacity (i.e., finance and human resources);

- Not being sure of where a public entity exactly falls in terms of administration;
- Having parallel structures at the departments and duplication of functions; unclear link between performance targets, the key performance areas (KPA) and the indicators;
- Corporate level strategies not reflecting the entities but parent department;
- Entity being wholly dependent on government and then parent departments to literally dictate its financial controls as well as their strategic controls;
- Competition between the parent departments and the entities;
- Performance targets, indicators and the reporting sometimes not speaking to each other or being in line;
- Use of unqualified Board members;
- Centralisation of business activities in a vast province;
- Having no segregation of duties and reviews between the entities and parent departments, which relate to the organisational structure;
- Not having effective communication between the entities and parent departments, and between national government and provincial government;
- Having no risk management;
- Use of systems and processes which do not support the alignment between the corporate level and business level strategies in the entity; and
- Having no oversight and monitoring by parent departments, to mention but a few.

iii) Objective three

To uncover the extent of implementation of strategies in public entities.

Generally, entities have serious capacity challenges. Some entities are working in silos; not only at national, provincial and local levels, but also within the parent departments and the entities, which wastes money. There is no effective communication and there is a lot of duplication happening in terms of

programmes and projects, which affect strategy implementation negatively.

The financial resources and human resources are inadequate in the entities, which results in an ineffective strategy implementation. The entities do what they can, based on what is currently available in terms of the resources and capacity. In general, financial resources, HR resources and the business processes of the entities do not support the strategy implementation. The vastness of the province is also affecting the implementation of strategies.

iv) Objective four

To identify the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate businesses/divisions of a public entity on the alignment of the two-level strategies and organisational performance.

➤ Corporate controls

The entities have extremely limited controls as their policies must be 100 percent in line with government policies. Organisational structure and requirements of PFMA compliance negatively affect the performance of the entities.

➤ Leadership

Most entities have problems with leadership capacity, which creates strategy implementation challenges. Weak Boards in some entities translate into weak leadership because there is no direction in the entities. Appointing senior officials like CEO and CFO in acting capacity is also a problem.

➤ Oversight and monitoring

Oversight and monitoring are not proper. Generally, no effective oversight and monitoring of the public entities are taking place by the parent departments and the assessment of the impact of the entities in the province is not being done. The monitoring by the parent departments is more on an operational basis; the entities simply give them monthly reports, which the departments just check for the performance targets. The impact assessments of the entities in their

industries and sectors are not done.

➤ **Organisational culture**

Generally, organisational culture does not support the two-level strategies alignment, and this affects organisation performance negatively. In some cases, the organisational cultures of the entities would be able to facilitate the alignment, but they cannot because of lack of financial resources.

➤ **Diversification**

Diversification is low because of lack of funds, otherwise, it could affect the alignment of the two strategies, corporate and business level strategies, which would then positively affect the organisational performance of the entities.

v) Objective five

To determine the extent and how the alignment between corporate-level and business-level strategies can contribute to the improvement of organisational performance in South African public entities.

For the alignment between the business strategy and corporate strategy to be real and be able to contribute and improve organisational performance, the entities must have adequate financial and human resources (including right requisite skills), support from the parent departments, and flexibility they need to be able to respond fast enough to the needs of the market; and all the other issues mentioned above must be sorted out. If these issues are addressed, there will be alignment between corporate and business level strategies, which will then contribute and improve organisational performance in public entities.

Qualitative research found that the alignment between corporate-level and business-level strategies contribute to organisational performance in South African public entities, thereby supporting the literature (e.g., Carvalho, et al., 2017; Sull, et al., 2018; Musuka, 2006; Schniederpans & Cao, 2009; Van Riel, 2008; Andrews, et al., 2012). Quantitative research and documentary analysis complemented this finding as expected, which added objectivity to the finding.

6.4. Recommendations

This section culminates in the aim of the study, which is to provide recommendations for improving the alignment of corporate and business level strategies, which would result in improved organisational performance in South African public entities. Hence, the section covers the last research objective 6, namely: **To recommend improved enhancement mechanisms to overcome the alignment gaps between corporate and business level strategy, if any, and to enhance strategy implementation in the public entities of South Africa.**

In order to minimise the alignment gaps between the corporate and business level strategies in South African public entities, the recommendations emanating from the study findings and conclusions that are given below should be implemented by the public entities and their parent departments. The recommendations are grouped according to similar categories and headings. Each main recommendation category/heading is further broken down into sub-recommendations as follows:

6.4.1. Recommendation 1: Duplication of functions, projects and programmes must be eliminated.

i) The duplication of functions, projects and programmes between an entity and its parent department must be dealt with as it wastes money that is already a scarce resource in the entities;

ii) Working in silos at national, provincial and local levels should be addressed. There is a lot of duplication happening in terms of programmes because of working in silos;

iii) The key high impact projects of the province such as the De Aar Transport Hub, Port Nolloth ocean economy, Boegoebaai Port, Agro processing and the Namibian and Northern Cape Corridor should be transferred to NCEDA, the entity which was established by the province with a sole mandate to promote high

impact economic development initiatives, trade and investment opportunities in the Northern Cape Province. The strategic plan of NCEDA, which was approved in 2014 by the entity's Board and the MEC of the parent department, lists the abovementioned high impact projects as having been earmarked to be transferred to the entity. However, the 2017 annual report of NCEDA indicates that the transfers of those projects have not yet taken place. Furthermore, consideration should be given of other Provincial high impact projects, namely: Upington Solar Park, Kimberley Diamond Cup, Bloodhound and Vaalharts revitalisation also to be transferred to NCEDA as they fall within the entity's broad business scope and mandate. The parent department should then monitor and evaluate the implementation of these projects in its oversight role as the parent department of the entity. Currently, different provincial departments play duplicated roles in some of these key high impact projects such as Boegoebaai Port, where the department of Transport, Safety and Liaison as well as Department of Economic Development and Tourism play some roles.

iv) The growth fund should be in NCEDA, not in the parent department as the entity is the one charged with driving the economic development of small and medium enterprises in the entire province.

6.4.2. Recommendation 2: Regular impact assessments of the public entities should be performed.

i) Parent departments should regularly assess the impacts the entities are making in the industries and the province to know where the entities are doing right and what they are doing wrongly to be corrected. Consideration should be given to perform the impact assessments in every five years, which is linked to the term of government or the electoral cycle. This five-year interval to conduct such assessments will enable the parent departments to include the outcomes of the impact assessments of the public entities they control in their close-out reports that are written at the end of each five-year electoral cycle.

The close-out reports of the parent departments serve as handover reports to the incoming provincial administration in the next five-year term of government.

Furthermore, the handover reports serve as base documents for the new incoming provincial administration, when crafting the new Medium Term Strategic Framework (MTSF) for the new five-year term of the parent departments which control the public entities. For the impact assessments to be value adding to the affected stakeholders, they should be conducted by the assessors with requisite credibility and objectivity to perform such assessments.

6.4.3. Recommendation 3: Leadership and corporate governance deficiencies in the entities should be attended to.

i) The quality of Board members in terms of qualifications should be considered when appointing Board members;

ii) Board members, apart from having competence and requisite skills to execute its mandate in the entity; they should also be visionary and dedicated to the province; and should provide ethic leadership and corporate governance both at the strategic level and governance level. If need be, they should be trained to understand the responsibility of being in the Board of directors. They should be able to articulate, understand and analyse the governance issues affecting their respective entities;

iii) The entities need guidelines of who should become a Board member, and what are the required qualities expected of him or her;

iv) Key stakeholders of the entity's industry should be represented in the relevant Boards of the entities as non-executive directors to be able to provide industry specific advice and input on the strategic direction and matters affecting the relevant industry from the perspective of industry players. For instance, representatives of gambling or liquor licence holder associations should have a representation in the Boards of the Northern Cape Gambling Board and Northern Cape Liquor Board. The inclusion of the other key stakeholders from the industry will improve the quality of decisions and resolutions of the entities' Boards in the furtherance of service delivery and the execution of the entities' mandates;

v) The Boards of the entities must always be appointed at the right time, before the term of the existing Board expires to ensure that there is continuity and there is no leadership vacuum at governance level;

vi) All entities should have a legal resource on their Boards;

vii) All Boards of the public entities should be given adequate inductions. During such inductions the relevant MEC who has appointed the Board should outline the parent department's expectations of the new Board. Furthermore, there should be regular meetings, for example, on quarterly or biannually basis, between the Board and the MEC to appraise each other on the strategic direction and implementation in the entity at that highest level. Such meetings should discuss the high level strategic issues regarding the achievement or non-achievement of the entities' strategic objectives, not routine operational issues;

viii) Corporate governance should be adhered to by both the public entities and parent departments; and

ix) Acting appointments of key executives in the entities such as CEO and CFO should be replaced by permanent appointments; and should be remunerated in accordance with the responsibilities attached to those key leadership positions to ensure stability and continuity in the entities.

6.4.4. Recommendation 4: Legality issues affecting the public entities should be clarified and attended to.

i) The functions of an entity and those of the parent department should be distinctly separated, as the entity has its own mandate which is approved by the MEC. The entity as well as the parent department should be sure of where each of them falls legally;

ii) Parent departments should revise the out-dated but relevant enabling legislation for the entities. For instance, the Northern Cape Liquor Act should be revised, as the Act does no longer talk about human capital development in the

entity; it only talks about the processes of licensing. The Northern Cape Gambling Act should be updated with regards to the sufficient powers that should be accorded to the inspectors for them to perform their inspectorate functions efficiently;

iii) Parent departments should lobby with the relevant authorities to ensure that national legislation and/or regulations such as the PFMA, National Treasury regulations, National Treasury practice notes that have compliance effect to the entities should be amended for flexibility to enable the entities to respond to their business needs with agility. For instance, the PFMA is not always flexible enough in terms of compliance requirements for the entities, especially to the smaller ones in terms of budget, for them to be able to fulfil their mandates. Within the confines of the lawful authority vested in the parent departments, compensating compliance requirements to the entities should replace inflexible PFMA and national treasury regulations provisions that create an impediment for the entities to meet their strategic objectives.

Although the compensating compliance requirements should be flexible to the business requirements of the public entities, they should not deviate from the PFMA core objectives and fundamentals such as transparency, equity and fairness. The compensating compliance requirements should make the entities agile in their business operating environments. Therefore, flexibility for the entities to respond to the demands of what the market out there wants or what the business wants also needs to be addressed. A special compliance dispensation should therefore be lobbied with to get an approval of relevant authorities that include the National Treasury;

iv) Relevant authorities to the public entities should be familiar with the Acts. They should read the Acts and be able to interpret them properly to know exactly the mandates of the entities. The business level strategies should reflect the entities themselves not the parent departments at the same time; and

v) The status of the collective bargaining dispensation and remuneration mechanisms for the entities should be clarified. For instance, some entities adopt

salary increases that are negotiated between the Department of Public and Service, and Administration through the national bargaining council with public sector unions and ratify such increases as their own. Some of the entities are not sure whether this current practice is correct. Furthermore, there is confusion in the entities as to whether other salary benefits, the normal government employees are entitled to, such as housing allowances and overtime are also applicable in the public entities. The parent departments need to clarify these issues as they affect the staff morale in the entities. After these issues have been clarified, entity specific or tailored policies and procedures on those employment benefits should be developed and approved by the Board. The relevant MEC should endorse the approved policies and procedures which should then be communicated to all employees in an entity and then implemented.

6.4.5. Recommendation 5: Attention should be given to ensure that the organisational structures of the entities are responsive to strategy alignment and implementation.

- i) The organisational structure issues should be addressed for it to support the strategy implementation of the entity;
- ii) The organisational structures of some entities such as NCEDA and others should be re-engineered/revisited. The entities' mandates must be reviewed to suit the structures for the entities to be able to drive those mandates;
- iii) The salary levels of some key strategic positions in the entities should be revisited following job evaluation due processes. For instance, the levels of key strategic officials of the entities that are prescribed by the legislation such as the Chief Financial Officers should be revisited to avoid a high turnover of such officials with scarce skills;
- iv) The job evaluation (JE) process/grading that is currently being used at the entities should be tailor-made to suit the unique environment of the public entities. The inputs to the current JE system was designed for the parent

departments, which have unique input variables such as budget considerations, span of control and other input issues, compared to the environment prevailing in the public entities. The operating environments are different between the public entities and parent departments. Therefore, the JE outputs in the public entities will yield inappropriate salary levels since the inputs to the JE system were designed for the parent provincial departments, not the public entities. The parent departments and public entities must attend to this issue by finding a suitable JE system that will be tailor-made to respond to the unique environments of the public entities; and

v) There should be a segregation of duties and reviews between the entities and parent departments, which relates to the organisational structures;

6.4.6. Recommendation 6: Issues of corporate controls in the public entities should be addressed.

i) The public entities must have independence to make strategic decisions and put in place financial or strategic controls;

ii) The entities should make sure that the systems and processes they use support the alignment between the corporate level and business level strategies in them; and

iii) Oversight and monitoring by the parent departments should be done to check whether the entities are doing exactly what they are supposed to do, and whether they are spending the money correctly as per corporate strategy and the broad mandates.

6.4.7. Recommendation 7: The inadequacy of financial and HR resources at the public entities should be rectified.

i) Financial resources should be adequate, and they should not be used and managed by the parent department;

ii) The challenges in DORA (Division of Revenue Act) must be addressed and the entities' budgets must be adequate for the implementation of the APP's, which are drafted based on their mandates and the human capital necessary for a successful strategic implementation. The Northern Cape Province should lobby with various stakeholders such as the National Treasury, the Presidential Fiscal Commission, and the National Council of Provinces to review the current budget formula that is used to allocate funds to the Provinces of South Africa, which is based on the size of the Provincial population. The current formula disadvantages a small province like Northern Cape in terms of population size (which has a 2% share of the national population), yet it is the largest province in the country in terms of geographical space.

Because of the size of the province's geographical space, there are vast distances to be travelled in the province while the entities are rendering service delivery offerings, which leads to high input costs per service offering. The challenges in DORA should therefore be addressed so that the equitable budget share formula that is currently being used considers the unique factors of each province such as the geographical vastness and how that impacts service delivery costs.

iii) Employees of the entity should not also work and be managed by the parent department to carry out duties that were not budgeted for by the entity;

iv) The 90 percent of the officials of the McGregor Museum currently in the department should be transferred into McGregor Museum and the legislation challenges concerned should be addressed;

v) Extra training for the Gambling Board's inspectors should be done;

vi) Specialised training for some entities such as McGregor museum should also be prioritised. Furthermore, various human resource development initiatives should be encouraged in entities. The entities should prioritise the 1% of the total entity budgets that is earmarked for skills development, to make funds available for the deserving employees to be up skilled;

vii) Risk management needs to be addressed because it is affecting the business strategy that is contained in the APP of an entity;

viii) Human resources should be adequate and the quality of human resources in terms of qualifications in the entities should also be considered when appointing people;

ix) The challenges of seconding farm workers to entities such as KKC by the parent department should be addressed;

x) Within the confines of the law governing the entities, management should ensure that there is a succession plan to ensure business continuity; and

xi) The processes and procedures around the moratorium that was placed on recruitment should be re-visited.

6.4.8. Recommendation 8: Communication between parent and public entities should be improved.

i) There should be effective communication between the entity and parent department, and between national government and provincial government. Feedback from the parent department is essential;

ii) Parent departments should be clear about the funding model and should be able to explain it to the entities. When the parent departments are defunding the vacant posts of the public entities, they should communicate clearly with the affected public entities to avoid misunderstandings and confusion on those budget matters;

iii) The perception of a competition between the parent department and the entity should be dealt with;

iv) Service level agreements should be concluded between the parent

departments and public entities, outlining different expectations and requirements for both parties. This will eliminate the expectation gap between the parties; and

v) A parent department and the entity should discuss and agree on the communication channels that should be used by both parties to avoid the current situation in some entities where different business units of the parent department request the same information and different people issue different instructions to the entity, thereby creating confusion in the entity.

6.4.9. Recommendation 9: The entities should be given adequate support on the execution of certain challenging functions.

i) A parent department should give the necessary support to the entity;

ii) Parent departments should assist the entities in the implementation of the audit action plans that are aimed to improve the attainment of better audit outcomes in the audit of the annual financial statements and service delivery performance objectives as well as to curb the occurrence of undesirable expenditures such as irregular, fruitless and unauthorised expenditures. Parent departments should provide an on-going monitoring on the implementation of such audit action plan; and

iii) Parent departments should assist the entities with certain functions, which lack capacity, such as risk management that the audit committee is continuously raising as an area of concern to the public entities. Parent departments can consider pooling their resources for some functions like risk management to be a shared service to the public entities.

6.4.10. Recommendation 10: The organisational culture that supports strategy alignment and implementation should be looked at by the executives of the public entities.

i) The issues around organisational culture (such as uncertainty) need to be

addressed for the entities to meet their strategic objectives;

ii) Management should also make appropriate interventions to promote an organisational culture that supports the aligned strategy and its implementation.

6.4.11. Recommendation 11: Formation of Trusts to execute certain government mandates should be discouraged.

i) The formation of Trusts as special purpose vehicles for government should be discouraged because the entities have got their own legislation, which gives a better control, accountability and risk management. This is because the Trusts are regulated by the Properties Trust Act and are reporting directing to the Master of the High Court.

ii) The provincial government should perform an audit of all Trusts that report to various provincial departments to establish their total number and the services that are being rendered by those Trusts. Once an audit has been concluded, a decision should be taken on the future of the Trusts as to whether or not to convert them into public entities which give better control, accountability and risk management.

6.4.12. Recommendation 12: Mergers, rationalisation, de-listing and de-regulation should be encouraged when feasible.

i) A due diligence should be performed on the feasibility of mergers, rationalisation, de-listing and de-regulation of some entities.

ii) After conducting appropriate due diligence reviews, certain entities should be merged when the feasibility reviews recommend it as the most attractive option. For instance, Liquor Board and Gambling Board can be merged if feasibility studies recommend it due to the natural fit of their service offerings;

iii) If feasibility studies recommend it, rationalisation, de-listing and de-regulation should be considered for some entities for the sake of minimising costs, pooling

of resources as well as improving efficiency and effectiveness;

iv) The Northern Cape Arts and Culture Council should be a standalone structure and should have its own APP's as the council that informs what the council needs to do for it to fulfil its mandate. The work of the parent department should be overseeing and monitoring the entity only;

v) If feasible, the merging of the three entities, McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone should be encouraged in order to minimise costs, pooling of resources as well as improving efficiency and effectiveness;

vi) McGregor Museum should be de-listed and de-regulated because the expectation of a listed entity is so huge, that the department does not even have the money to support it to operate;

vii) Heritage Council should be made a fully-fledged entity as set out in the PFMA and in the national act. It must be given the authority to implement the mandate of heritage conservation. The parallel structure at the department should be disbanded and its functions be amalgamated with the entity. There should be one heritage council and the funding should be consolidated.

6.4.13. Recommendation 13: The future of KKC or non- aligned registration type of the KKC as a public entity 3C should be dealt with.

i) The conversion of the current 3C registration to 3D will make an attractive business proposition as it will then have a potential to transform the entire landscape in the goat industry in the Northern Cape Province and beyond.

6.4.14. Recommendation 14: Visibility of some public entities at the district level should encouraged.

i) Liquor and Gambling Boards should have offices or some visibility in all districts of the province to improve performance as the province is vast and the

financial requirements are very high, especially for places that are very far from Kimberley. All the entities in the province are concentrated and have offices in the Francis Baard region only, while the province has five regions. The parent departments which have offices in the regions can provide office space to the public entities they control. This will ensure visibility and representation of the entities, to counter the current perception that the public entities are only serving the Francis Baard (Kimberley region) at the expense of the other four regions of the province.

ii) The licensing process of the Liquor Board should be decentralised, and the issuing of licenses should be done at the district level;

6.5. Closing remarks

When reflecting on my personal observations and experiences during the study, I have grown as a person and as a professional. I have gained many new insights on different fronts. My approach to problem solving is now a different league compared to the time before I embarked on this research journey.

The most important revelation was that it is possible that the corporate and business level strategies of the entities can be aligned 100% on paper but during actual implementation and eventual outcomes, a different picture emerges. The finding which relates to the failure by the parent departments to undertake the impact assessments on the contribution of different public entities in their industries at certain intervals has far reaching implications. This is because the parent departments are using the entities as vehicles to execute core service delivery government mandates in different sectors of the South African economy.

During the eleven, one to one interview sessions with the executives, I found the discussions to be much easier than I anticipated, with the participants providing valuable insights into the phenomenon.

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APPENDIX A: Summary of results of findings from qualitative investigation, quantitative investigation and documentary analysis in a comparative format

Research question	Qualitative investigation	Quantitative investigation	Documentary analysis
1. What is the relationship between corporate and business level strategies at public entities?	The business level strategies are in line with the corporate strategies and seemingly there is a good relationship between the two strategies on paper, but all most in all the public entities, practically, there is no alignment reasons range from having no proper corporate controls to lack of capacity (i.e., financial and human resources), which make the entities not able to implement their business strategies.		In general, there is a good relationship between the corporate strategies and business – level strategy. However, practically, there are gaps and problems in the alignment of the corporate and business level strategies of the entity.
2. If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?	<ul style="list-style-type: none"> • Some entities do not know or are not sure of where they exactly fall in terms of administration, and parent departments cannot clarify this for they lack the legal interpretations; • Having parallel structures at the departments; unclear link between performance targets, the key performance areas (KPA) and the indicators; • Corporate level strategies not reflecting the entities but parent department; entities' officials working at the department; • Entity being wholly dependent on government because their 100 percent funding and parent department basically dictating their corporate and financial controls as well as their strategic controls; • Perceived competition taking place between the parent department and the entity; 		<ul style="list-style-type: none"> • The following are the reasons why there are alignment gaps between the two-level strategies in public entities: • For NCEDA five-year strategic plan (2014: 6) lists the additional high impact projects that were earmarked to be transferred to NCEDA from the parent department and other affected provincial departments, namely: De Aar Transport Hub, Port Nolloth ocean economy, Boegoebaai Port, Agro processing and the Namibian and Northern Cape Corridor. The transfer of these high impact projects to NCEDA never took place.

	<ul style="list-style-type: none"> • Performance targets, indicators and the reporting sometimes not speaking to each other; • Unqualified board members or/and not being visionary and dedicated to the province; and not to provide ethic leadership and corporate governance both at the strategic level and governance level. Guidelines of who should become a board member are needed. • Centralisation. For e.g., Liquor and Gambling boards should have offices in districts to improve performance as the province is vast and the requirement are very high. • Board members not to be appointed at the right time, before the term of the existing board expires. • No segregation of duties and reviews between the entities and parent departments, which relate to the organisational structure. • No risk management. • Appointing people in Acting positions. • Poor organisational culture. • Use of systems and processes which do not they use support the alignment between the corporate level and business level strategies in the entity. • No oversight and monitoring by the department. • Authorities are not familiar with the Acts and cannot interpret them properly to know exactly the mandates of the entities. • Having no legal resource on their boards. • Entities not having flexibility to respond to the demands of what the market out there wants 		<ul style="list-style-type: none"> • High vacancy rates, for e.g., the overall vacancy rate of NCEDA is 66% vacancy rate; • Lack of succession planning; • Lack of critical skills; • Lack of financial and human capital resources (i.e., Understaffing) in the public entity to implement its strategy. There are budget constraints which prevent the public entity to perform some critical functions; • Lack of technology to compensate for long physical distances in the vast Province • The inspectors of the entity are not having enough power in terms of the Northern Cape Gambling Act and Northern Cape Liquor Act and to perform their responsibilities effectively. The inspectors have the power to only inspect the premises and to refer noncompliance to SAPS (South African Police Services). • The entity uses the manual excel licensing system which results in the backlog to the applications that are prepared for consideration by the board. Funds are therefore required to automate the licensing system so that it could be efficient and can have sound control systems;
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	<p>or what the business wants.</p> <ul style="list-style-type: none"> • No proper check of the audit reports of the entities because of capacity constraints. • Entity not having independence to make strategic decisions and put in place financial or strategic controls. For e.g., The Northern Cape Arts and Culture Council is not a standalone structure and have its own APP's as the council that informs what the council needs to do for it to fulfil its mandate. • Employees of the entity also working and being managed by the parent department to carry out duties that were not budgeted for by the entity. • Lack of capacity (i.e., both financial and human resources) and to be used and managed by the parent department. • Functions of the entity and those of the parent department not to be distinctly separated, that is, the entity as well as the parent department should be sure of where each fall legally. • Parent department not to assess the impact the entity is making in the industry and the province to know where the entity is doing right and what it is doing wrongly to be corrected; • The PFMA not being flexible enough in terms of its requirements for the entity to be able to fulfil their mandate. • No effective communication between the entity and parent department, and between national government and provincial government. No feedback from the department is essential. • Legality issues not being clarified and 		<ul style="list-style-type: none"> • Awareness education initiatives on gambling are conducted by the entity in one region of the province, while the province has five regions. This problem creates serious limitation challenges on gambling education, which is vital for the communities. This lack of gambling education results in communities throughout the province not aware of how to lodge complaints regarding the licensed premises; • There are acting appointments in key leadership business units of licensing and inspectorate; and • Lack of training development is experienced for both academic and normal courses due to the lack of funding; • Limited research capacity in the Northern Cape Province; • No provincial convention bureau in the province to coordinate marketing efforts in the province between all the stakeholders in the tourism sector; • There is a lack of collaboration or coordination between the public entity, parent department, local and district municipalities to develop and implement strategies to host provincial events.
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	<p>attended to.</p> <ul style="list-style-type: none"> To minimise the gaps in the alignment, these plus: correcting the registration of KCC, revisiting the funding model used to fund the entities; having have strong research units; rationalisation, merging some entities and parent departments to assist doing some functions on behalf of the entities, etc. but most importantly providing adequate financial and human resources. 		<ul style="list-style-type: none"> Acting CEO, no permanent one and vacant positions for critical positions, e.g., CFO position. Defunding of posts from a head count of 63 to 46 by the parent department of the public entity; and The organisational structure of the public entity is an interim one and has gaps due to the limited resources. (Northern Cape Arts and Culture Council APP, 2017: 9) No training and no skills transfer Vastness of the province. There is a duplication of services and mandates between the parent department and the public entity which create confusion and makes it difficult to secure resources for strategy implementation because the different entities are competing for the same thing. These misalignment problems need to be sorted out to improve the organisational performance of the public entity.
3. To what extent, if any, do the alignment gaps exist	<ul style="list-style-type: none"> Entities' financial and human resources are being used and managed by parent departments; Functions and projects are being duplicated; 		<ul style="list-style-type: none"> The DEDT five-year strategic plan (2015: 68), does not reflect the strategic impact of the public entities it controls, but only shows their operational outputs

<p>between the two-level strategies in South African public entities?</p>	<ul style="list-style-type: none"> • Some entity are not fully-fledged entities as set out in the PFMA and South Africa's Acts, national sector strategies and official master plans, governing the mandates and scope of the industries and the business entities; • Having parallel structures at the departments; unclear link between performance targets, the key performance areas (KPA) and the indicators; • Corporate level strategies not reflecting the entities but parent department; entities' officials working at the department; • Entity being wholly dependent on government because their 100 percent funding and parent department basically dictating their corporate and financial controls as well as their strategic controls; • Competition taking place between the parent department and the entity; • Performance targets, indicators and the reporting sometimes not speaking to each other; • Certain things missed when reporting; • APP's not to perform at the level required in terms of the mandate; • In annual or quarterly reports, some performance targets speaking in terms of numbers but no analysis done for indicators to speak in terms of percentages; and • No segregation of duties. 		<p>such as the routine inspections, issuance of licenses etc. The parent department also needs to rectify this gap.</p> <ul style="list-style-type: none"> • Auditors have problems with the reported actual achievements of the entity's annual performance indicators and targets. For e.g., NCEDA did not attain clean audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year. Some public entities incur irregular expenditure and experience unspent grants and negative performances (e.g., Northern Cape Arts and Culture Council). Northern Cape Arts and Culture Council received a qualified audit opinion from the Auditor-General South Africa (AGSA) for the 2016/17 financial year. The auditors could not verify the reliability and validity of what the public entity reported as actual achievements of its annual performance targets for the 2016/17 financial year (AGSA general report on audit outcomes; 2017) • Incorrect listing of the public entity and capacity constraints: The present listing of KKC, as a Public Entity under Section 3C poses a challenge with respect to
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			<p>accessing external funding by the entity. To this end discussions are being conducted with the parent department and Provincial Treasury to re-structure the Entity. Under the current listing, the entity is obligated to return all profits made from sales to the Treasury. This poses a skewed view of KKC as a business (South Africa, Kalahari Kid Corporation, 2017: 18).</p>
<p>4. What is the extent of implementation of strategies in public entities?</p>	<ul style="list-style-type: none"> Though, the strategies are seemingly aligned on paper, in general, the public entities do not implement the strategies for lack of capacity (in terms of finance and human resources), support from department and no assessment of impact and feedback, working in silos, no effective communication, etc. 		<ul style="list-style-type: none"> On paper, business scope and purpose as reflected by the entities' business level strategies are in line with the broad business scope and mandate as defined by the parent departments' strategies. The problem is that the entities do not implement them for some of reasons such as capacity (i.e., finance and HR). For e.g., for NCEDA, comparing the defined overall business scope and purpose of the entity of the business level strategies, it is evident there is some form of relationship between the two level strategies - because the name descriptions of the three core business units in the public entity (Programmes two, three

			<p>and four) are in line with the broad business scope and mandate as defined by the parent department in their strategy, which is to promote trade and investment opportunities in the Northern Cape Province.</p> <ul style="list-style-type: none"> • However, there are gaps and problems in the alignment of the corporate and business level strategies of the entity. It is only with KKC, where even on paper, the alignment between the corporate and business level strategies of the entity is not good because the corporate level strategy defines its broad business scope and purpose as the marketing of animals but does not specify which type of animals that will be marketed by the entity. This was due to the incorrect registration of the entity as a 3C instead of a 3D.
5. What is impact of moderating variables such as corporate controls, leadership, size of head	<p>Corporate control</p> <ul style="list-style-type: none"> • Some entities are wholly dependent on parent departments because their 100 percent funding is coming from government. The parent department basically dictates their corporate and financial controls as well as their strategic controls. They do not have independence to make any strategic decisions or put in place any financial or 	<ul style="list-style-type: none"> • For strategy alignment and strategy implementation, the respondents were undecided about the statement: • There is an 	<p><i>Leadership and Corporate controls</i></p> <ul style="list-style-type: none"> • The Board of directors of the public entity did not provide leadership oversight in the entity which resulted in some audit findings (NCED Annual report, 2017: 50). • There was absence of the board for four months which affected

<p>office, strategy culture-fit and diversification of separate business/division of a public entity on the implementation, alignment of the two-level strategies and organisational performance in South African public entities?</p>	<p>strategic controls unless the parent department says so. The entity has extremely limited controls as the entity's policies must be 100 percent in line with government policies. For e.g., The Northern Cape Arts and Culture Council is supposed to be a standalone structure and to have its own APP's as the council that informs what the council needs to do for it to fulfil its mandate but its APP's are basically those of the parent department - the entity should have its APP's that would be monitored and evaluated separately, and the department should measure the impact of the council separately, not as part of the parent department.</p> <ul style="list-style-type: none"> • Budget controls are challenging for some entities, as it is difficult to control officials that also do work for the departments. • The controls are affecting the strategy implementation negatively. There are so many challenges and PFMA is very strict in how entities must procure. For instance, the use of the control systems, and when entities procure, they must get three quotations, must have a Central Supply Database (CSD) for all the registered service providers; and there are many other compliance issues within the supply chain management prescripts that they must comply with. The entities do not have those kinds of control systems because they are too advanced for them; some do not even know where to start. It then means that the parent department must transfer half of its own internal control systems to those entities for them to respond on what the 	<p>alignment between the corporate and business level strategies of the public entity which has a positive influence on overall organisational performance;</p> <ul style="list-style-type: none"> • There is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that leads to successful strategy implementation; and • The public entity implemented its strategy effectively during the previous reporting period 2016/17 financial year. 	<p>strategy implementation such as the review and granting of licenses resulting in a backlog. (Northern Cape Liquor Board annual report, 2017: 97)</p> <ul style="list-style-type: none"> • There are alignment gaps to the two-level strategies in the form of capacity constraints and certain provisions of the Northern Cape Gambling Board Act (2008) that guide the entity to craft and implement its strategies. • The board committees of the public entity are not active and the board is not forming a quorum and is not properly constituted McGregor Museum annual report, 2017: 22). This implies that there are serious governance problems in the public entity as all board decisions are defective in terms of the law since the board is not properly constituted and does not form a quorum, which exposes the public entity to the risk of litigation for its resolutions. • For KKC, the leadership, which includes the Board of directors, did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that will enable the public entity to:
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	<p>PFMA wants, which is a big challenge. CFO shared services (for McGregor Museum, the Northern Cape Arts and Culture Council as well as the Heritage Council) is not helping much either because he/she deals with three entities.</p> <ul style="list-style-type: none"> The organisational structure of some entities does not support the alignment between corporate and business level strategies. <p><i>Oversight and monitoring</i></p> <ul style="list-style-type: none"> No effective oversight and monitoring taking place rather it is administration. Some parent departments use the entities to perform their duties; no feedback is given even after submitting quarterly performance reports to them. Hence, the entities do not have any idea what they are doing right or wrong. <i>There is no evaluation by the parent department on broader things, they look at operational and regular reporting issues.</i> The strategic implementation in the entity is poor due to poor planning partly because there is no oversight and monitoring. Lack of funds is causing some entities not to comply with the Acts and PFMA. E.g., the Liquor Board reports about inspections only in terms of number; they cannot give an analysis as par the Act. The gambling Board just puts targets of the number of inspections, not based on the type of license for a bottle store, tavern or a night club. Inspectors are based in Kimberley and the process of licensing is centralised; the issuing of licenses is not done at the region or district 	<ul style="list-style-type: none"> They agreed with statements: Adequate financial resources in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity, and Adequate human capacity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity, and They disagreed with statements 2 and 3 that: 	<ul style="list-style-type: none"> Produce accurate and complete annual financial statements and annual performance reporting; and Ensure that the entity complies with applicable laws and regulations, material findings relating to the PFMA and other applicable Acts, including supply chain management. The entity's internal processes and control systems did not prevent irregular expenditure to be incurred by the entity as well as non-compliance with other applicable laws and regulations. The incurred irregular expenditure amounted to R 613 000 and R 479 000 for the 2016/17 and 2015/16 financial years respectively. (KKC annual report, 2017) There are inadequate corporate controls, There is duplication of functions and a lack of coordination function contributed to the negative organisational performance such as the negative audit outcomes and the non-achievement of the annual performance targets. According to the Ngwao-Boswa Ya Kapa Bokone APP (2017: 14), the public entity does not
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	<p>level.</p> <ul style="list-style-type: none"> • People are working in silos, not only at national, provincial and local levels, but also within the parent department and the entity. Hence, there is a lot of duplication happening in terms of programmes. • There is lack of systems and processes that support the alignment between the corporate level and business level strategies in the entity. • There is a competition taking place between the parent department and the entity. • There is a serious shortage of professional staff, for e.g., there is no anthropologist and no botanist for McGregor Museum because of the lack of funds. • The department is slow to make policy decisions and to act; this also humpers the alignment. For e.g., the KKC asked the parent department to transfer or second workers to the entity but after six years this has not been done. • Unnecessary duplication is jeopardizing and there is no separation in terms of who does what - same or similar projects are existing in the different departments. For e.g., the high impact projects are currently in the provincial departments; whereas the role of NCEDA is not limited to the Department of Economic Development and Tourism; NCEDA should stretch its wings across all departments because it is an implementing agency for the economic development in the province. <p><i>Effect of financial resources, human resources</i></p>	<ul style="list-style-type: none"> • The public entity has financial resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives, and • The public entity has human capital resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives”. • For the role of leadership, they disagreed with statement 1: • There is less turnover of leadership in the public entity, resulting in successful strategy implementation 	<p>have a fully-fledged organisational structure and other operational systems that support its strategy implementation.</p>
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	<p><i>and business processes of the entity on strategy implementation</i></p> <ul style="list-style-type: none"> • Because of being public entities, some staff members are working for parent departments and are managed by the parent department • There is lack of staff and outsourcing is not easy either, because departments take long to process it. The qualifications of some key people in some of the entities are a concern. For e.g., Heritage Council does not have staff capacity because of the parallel unit in the department, which has staff capacity which includes a deputy Director. A major issue is the capacity at the level of the board. • The financial resources and Budget allocation are inadequate and that results to ineffective strategy implementation. Entities cannot reach the large number of people because of the limited financial resources due to the vastness of the province. • The Liquor board has a small impact in the province because they do not regulate up to an optimum level, reason being the vastness of the area. The Gambling Board and Liquor Board do not have district offices in the Northern Cape, and so the financial resources requirement is very high, especially for places that are very far from Kimberley. Having offices in every district would improve performance. <p><i>Organisational culture</i></p> <ul style="list-style-type: none"> • Organisational culture is lacking and is weakening strategy alignment and has a negative effect on organisational 	<p>and improved organisational performance.</p> <ul style="list-style-type: none"> • They agreed with statements 2, 6 and 7, that is: • Leadership at key levels of the entity has requisite competencies to ensure successful strategy implementation and improved performance; • Leadership in the entity has a positive influence on the alignment between its corporate and business level strategies with organisational performance, and • Effective leadership is one of the mechanisms that can result in the improvement of 	
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	<p>performance.</p> <p><i>Risk assessments</i></p> <ul style="list-style-type: none"> • The entity has risk registers but no proper risk management. For e.g., for Liquor Board, risk registers only consider support functions. <p><i>Leadership</i></p> <ul style="list-style-type: none"> • The issues of leadership revolve around funding constraints that limit the entity's performance. • Leadership lack boards that are strong and have a vision to drive entities. At NCEDA for e.g., currently has only three people (50%) in the top-level management, when the structure provides for about six at the top leadership level. The three people alone are unable to drive the business strategy. Skill must also be considered, not only numbers. • South Africa needs to change the funding process in general; the funding as per population and size of population does not work for the Northern Cape as it is vast, which creates problems; you must travel 1,000 km from one point to another, which is taking too much of the budget. Hence, resource allocation financially causes a misalignment between the two strategies. • There are issues with the leadership, managerial leadership and the CEO. The CEO is appointed on an Assistant Director level. E.g., for NCEDA, The CFO is a joint CFO, running three entities, namely, the museums, heritage and the Arts and Culture Council. There is a Deputy Director sitting at 	<p>the alignment gaps between the corporate and business level strategies of the public entity.</p> <ul style="list-style-type: none"> • They were undecided with statements 3, 4 and 5, that is: • The public entity met its service delivery strategic objectives in the 2016/17 financial year due to the effectiveness its leadership; • The public entity met its financial strategic objectives in the 2016/17 financial year due to the effectiveness its leadership; and • The absence of a permanent CEO or CFO or Board resulted in the public entity not meeting its performance 	
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	<p>head office in the heritage unit. Any request for anything such as a sheet of paper, a pencil or a pen, one must go from the organisation to the CFO who then implements it.</p> <ul style="list-style-type: none"> • Boards are not very effective for lack of requisite skills, not being visionary and ethical leadership. • Having people in acting positions causes leadership ineffectiveness for the entity, which affects the entity's strategy alignment between corporate and business levels, strategy implementation as well as organisational performance. • McGregor Museum is dysfunctional probably because out of the 8 board members that they need to have for the board to function, only 3 board members are functional. The board of Arts and Culture Council is functional as all board members attend meetings although the meetings take time to sit because sometimes when they propose a date, three members are not functional because they are not educated. Weak boards in some entities translate into weak leadership because there is no direction in the entities. Skill is an issue. <p><i>Diversification</i></p> <ul style="list-style-type: none"> • The diversification of the entities would have some influence on the strategy alignment in those entities where there is adequate organisational structure and resources, but it is low. • There is no diversification in some public 	<p>objectives during the previous reporting period.</p> <ul style="list-style-type: none"> • In the case of corporate controls, the respondents agreed with the first statement, that is: • The entity has effective financial controls which support strategy implementation influencing performance positively. • They were undecided on: • Corporate controls of the entity have a positive influence in the alignment between its corporate and business level strategies and performance. • The respondents disagreed with 	
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	<p>entities as they have mandates in specific industries since government cannot regulate something else outside an industry. So, the entities are very limited to what they can do.</p>	<p>statement:</p> <ul style="list-style-type: none"> • The public entity attained an unqualified audit opinion with no findings (Clean audit) from the Office of the Auditor General South Africa (AGSA) during the previous reporting period (2016/17 financial year). • They agreed with the last statement, that: • The public entity achieved an improved financial performance during 2016/17 financial year; but were undecided on the statement that: • The public entity achieved more than 80% of all its planned service delivery performance 	
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		<p>targets in the previous reporting period.</p> <ul style="list-style-type: none"> • For organisational culture, they were undecided on all the statements except the last one which they agreed with, that: • A supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity. • Correlational analysis indicated that: • role of leadership is positively correlated with strategy implementation; 	
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		<ul style="list-style-type: none"> • Organisational culture is positively correlated with strategy implementation, and Role of leadership; • Corporate controls are positively correlated with strategy implementation, Role of leadership and organisational culture; and • Organisational performance is positively correlated with the role of leadership. • There is a negative relationship between leadership and strategy alignment; • There is a positive 	
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		<p>relationship between organisational culture and strategy alignment.</p> <ul style="list-style-type: none"> • There is positive relationship between leadership and organisational performance. • There is a positive relationship between Strategy alignment and organisational performance. • There is a positive relationship between Role of corporate controls and organisational performance. 	
6. How can the alignment of corporate and business	<ul style="list-style-type: none"> • Public entities need adequate financial resources and human resources. The quality of human resources in terms of qualifications especially at the level of the board in the entities should also be considered when appointing people. 		<ul style="list-style-type: none"> • The gaps and misalignment between the two-level strategies need to be rectified for alignment in corporate and business level strategies to contribute to improve organisational

<p>level strategies contribute to the improvement of organisational performance in public entities?</p>	<ul style="list-style-type: none"> • KKC must be registered as a 3D entity. This is when the entity can fulfil its mandate of commercialising the goat industry. The parent department must urgently decide what their vision is for KKC. KKC should not be a government programme. • Flexibility with to be able to respond fast enough to the needs of the business or market out there wants needs to be addressed; • The entity must have independence to make any business strategic decisions or put in place any financial or strategic controls. Oversight should not be administration. • The financial resources as well as human resources of the entity should not be used and managed by the parent department. For e.g., the functions of the museum and those of the parent department should be distinctly separated, as the entity has its own mandate which is approved by the MEC. About 90 percent of the officials in the McGregor Museum are currently in the department. These should be transferred over into McGregor Museum, and the legislation challenge should be addressed. • Duplication of functions and projects like the oral history projects should stop. The department should just oversee and guide the entity's operations and make sure that the two strategies are aligned for the entity to deliver on its mandate and achieve its objectives; • The PFMA should be flexible enough in terms of its requirements for the entity to be 		<p>performance in public entities; all the issues that cause the gaps in the alignment between the corporate and business level strategies of the public entity must be addressed as follows.</p> <ul style="list-style-type: none"> • The high impact projects on the provincial economic development that are currently located in various the provincial departments should be transferred to NCEDA as the entity's broad business scope includes the management of such economic development projects for the entire province; • Entities should be given adequate human resources or capacity; and funding to the entities should be increased by the parent departments; • Funds should be made available for the entity to invest in technology to save the additional the costs associated with long distance travelling in a province that is geographically vast; • Oversight and monitoring needs should be addressed when the parent departments assess the impact that the entities are making in an industry and the province;
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	<p>able to fulfil their mandate;</p> <ul style="list-style-type: none"> • No oversight exists and there is no feedback from the department and so, the entity does not have any idea what it is doing right and what it is doing wrongly. • The parent department should give support to the entity for example in terms of strategic planning; • The entity as well as the parent department should be sure of where they fall legally. There must be some clarification, for e.g., to tell exactly where the entity falls in terms of administration; • The setup of the organisation needs attention because the requirements of the jobs to be done do not match the available expertise and requisite skills; • Capacity issues of the entity (in terms of finance and HR) must be addressed as the entity does not have even the means to develop human capital. Capacity constraints of the boards should be addressed. • Organisational structure needs to be sorted out. The organisational structure does not support the strategy implementation of the entity and this impacts the organisational performance; • Oversight and monitoring needs to be addressed; it does not deal with governance issues; what it does is “administration”. The monitoring by the parent department is more on an operational basis; the parent department does not assess the impact the entity is making in the industry and the 		<ul style="list-style-type: none"> • The entities should have succession planning; • Board members should have competence and the requisite skills to execute the mandate of the entity; They should be able to articulate, understand and analyse the governance issues affecting the entity. • The parent department should revise the Northern Cape Gambling Board Act to address the current problems that relate to the powers of the inspectors, which are inadequate and therefore create an impediment for them to execute their inspectorate responsibilities. • The critical posts within the organograms of the public entities must be filled to reduce the significant vacancy rate; • The department should revise the Northern Cape Liquor Act to strengthen the powers of the entity’s inspectors • The licensing system should be automated as the current manual system is outdated and susceptible to the risk of error; • The board must always be appointed at the right time, before the term of the existing board expires to ensure continuity in the entity’s good
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	<p>province. The parent department should do such an impact assessment to the public entity at regular intervals of time such as after every five years linked to the term of government or the electoral cycle.;</p> <ul style="list-style-type: none"> • The parent department should explain the funding model that is used to fund the entities. The entities do not know how the department decides the specific budget allocations that they are giving them; • Board directors and/or members should have competence to execute its mandate in the entity; they should have the necessary requisite skills such as a financial skill. They should also provide ethic leadership and governance; • There must be a credible risk register of Northern Cape Liquor Board to look at the core functions not only the support functions, to inform and evaluate the strategic planning in the APP; • The licensing process and inspections of Liquor and Gambling Boards should be decentralised; the issuing of licenses should be done at the region and/or district level. • Guidelines of who should be a board member, and what are the required qualities expected of such a board member are needed. • Proper annual or quarterly reporting processes and systems should be adhered to. For e.g., the indicators should also speak to percentages; • The board must always be appointed at the right time, before the term of the existing 		<p>governance.</p> <ul style="list-style-type: none"> • The Provincial Convention Bureau must be established in the province to ensure the alignment between the corporate strategy and the business level strategy of the entity; • Collaboration between the public entity, parent department, local and district municipalities should be established to ensure alignment between the two-level strategies; • The research capacity of the public entities in the Northern Cape Province should be developed; • Capacity issues of the entity (in terms of finance and HR) must be addressed as the entity does not have the means to develop human capital and conduct the public awareness initiatives in all regions; • The non- aligned registration type of the KKC as a public entity 3C should be dealt with to be registered as 3D to allow the public entity to operating as a trading enterprise; • Leadership: Capacity issues of the entity must be addressed to ensure the public entity has an appointed CFO and CEO for its
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	<p>board expires. For efficiency and making an impact in the industry, the Liquor Board and the Gambling Board should be merged;</p> <ul style="list-style-type: none"> • The formation of trusts as special purpose vehicles for government should be discontinued because entities have got their own legislation, which give a better control, accountability and risk management; • The critical posts within the organograms of the public entities must be filled; • There should be enough human resources for adequate inspection for the Liquor and Gambling Boards, and the inspectors should get extra training to be able to deal with complex gambling agreements and cyber gambling; • Rationalisation should be encouraged and duplication should be avoided; • There should be segregation of duties and reviews which relate to the organisational structure; • Risk management needs to be addressed because it is affecting the business strategy of the entity; • The entity should appoint key people (e.g., CEOs) in permanent positions, and try to avoid having a situation where they work in acting capacities; • The issues around the organisational culture (such as uncertainty) need to be addressed if the entity is to meet its strategic objectives; and • The entities should make sure that the systems and processes they use support the 		<p>leadership to have stability; and</p> <ul style="list-style-type: none"> • The entity's internal processes and systems should be strengthened. • A fully-fledged organisational structure that supports strategy implementation of the entity's mandate should be approved and implemented.
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	<p>alignment between the corporate level and business level strategies in the entity, otherwise strategy misalignment will lead to the entity not meeting its performance objectives.</p> <ul style="list-style-type: none"> • The impact of the entity's programmes must be assessed to know where the entity is doing right and what it is doing wrongly to be corrected; • There must be effective communication between the organisation and the parent department; • Working in silos at national, provincial and local levels should be addressed. There is a lot of duplication happening in terms of programmes because of working in silos; • The council should be a standalone structure and to have its own APP's as the council that informs what needs to be done for it to fulfil its mandate. The work of the parent department should be overseeing and monitoring the entity; • Funding constraints should be dealt with after the landscape of the entity has changed to arts, culture and creative industries. There should be a review of the master documents to ensure alignment. There must also be proper financial planning for the entity to have enough money; • Board members including the CEO and CFO must be dedicated to the province and must have a vision for the organisation; • The issues of personnel budget as well as those of the organisational structure and the levels must be addressed; 		
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	<ul style="list-style-type: none"> • The challenges in DORA (Division of Revenue Act) must be addressed and the entity's budget must be adequate for the implementation of the APP's, which are drafted based on the entity's mandate; • The growth fund should be in NCEDA, not in the parent department as the entity is the one charged with driving the economic development of small and medium enterprises in the province; • Oversight and monitoring by the department should be done to check whether the entities are doing exactly what they are supposed to do; and whether they are spending the money correctly as per APP's and feedback should be given regularly. • The entity should be made a fully-fledged entity as set out in the PFMA and in the national Acts. • Parallel structures at the department should be avoided and its functions be amalgamated with the entity. For e.g., there should be one heritage council and the funding should be consolidated. The functions and responsibilities that should reside in the entity should not be retained at provincial level by the department; • Authorities should be familiar with the Acts. They should read the Acts and be able to interpret them properly to know the mandate of the entity; • The competition between the parent department and the entity should be dealt with. • The legal issues of the organisational 		
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	<p>structure should be addressed.</p> <ul style="list-style-type: none"> • The non- aligned registration type of the KKC as a public entity 3C should be changed to a 3D public entity. KKC should not be a government programme in the parent department, but rather, a business enterprise because it has only one mandate and that is, to commercialise the goat industry. • The challenges of seconding farm workers to the entity should be addressed; • Departments should assist public entities such as those functions which need scarce skills financial matters. • The entity should have a legal resource on the board. • Having people in acting positions such as license head, CEO and CFO causes leadership ineffectiveness and alignment gaps in the entity; • The moratorium policies and procedures that were put in place on recruitment should be re-visited; • The entities should have offices or some representation in the districts to improve performance as the province is vast and the requirement are very high, especially for places that are very far from Kimberley. The entities may share accommodation in those regions to save the office accommodation costs; • The corporate level strategies of the Arts and Culture Council and Heritage Council must reflect the entities themselves not the parent department; • Board members of the public entities should 		
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	<p>be well trained to understand the responsibilities of being in the Board of Directors. Board members should be able to articulate, understand and analyse the governance issues affecting a public entity. They should also be visionary;</p> <ul style="list-style-type: none"> • McGregor Museum should be de-listed and de-regulated because the expectation of a listed entity is so huge, that the department does not even have the money to support it to operate normally; • Consideration should be given for the one entity to be established for the Department of Arts and Culture, so, instead of having three entities (i.e., McGregor Museum, Northern Cape Arts and Culture Council and Ngwao-Boswa Ya Kapa Bokone) and spending so much money in those three entities, rather, only one entity should exist. This will help to close some of the strategy alignment gaps; • Proper oversight work should be done to check whether the entities are doing the right things and they need interventions; and to find out whether what the entities are reporting to the department are worth the pennies that are spent on them. Parent department should always do a proper check of the audit reports of these entities; • There are so many things to be done according to the PFMA, which some of the entities find it very difficult to execute because they do not even have the requisite skills to do so. These entities do not have the kinds of control systems (such as Central Supplier Database or CSD) necessary to 		
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	<p>facilitate compliance. This issue must be dealt with, may be to make it flexible to the entities. Capacity constraints in this regard must be addressed, especially when it comes to using order numbers. Certain functions such as finance, supply chain management, can be done in the department on behalf of the entities because these entities do not have the necessary capacity.</p>		
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APPENDIX B: Research committee approval letter



UNIVERSITY OF THE
FREE STATE UFS LJV

UNIVERSITEIT VAN DIE ECONOMIE EN VRYSTAAT
MANAGEMENT SCIENCES YUNIVESITHI YA
EKONOMIESE EN FREÏSTATA
BESTUURSWETENSKAPPE

12 June 2014

Mr MM Gasela
Business School

Dear Mr Gasela

Thank you for your presentation on 6 June 2014 to the Research Committee of the Faculty of Economic and Management Sciences, proposing a PhD in Business Administration. On behalf of the Research Committee I hereby inform you that permission has been granted by the Committee for you to officially register for the proposed PhD. Please contact your promotor to plan the way forward.

Our best wishes accompany you during the research process.

Yours faithfully



Prof. Philippe Burger
Chairperson: Research
Committee cc: Prof MJ Crous
Prof H van Zyl



APPENDIX C: Ethics Committee approval letter



Faculty of Economic and Management Sciences

31-May-2018

Dear Mr Moses Gasela

Ethics Clearance: **The alignment between corporate and business level strategies in South-African public entities**

Principal Investigator: **Mr Moses Gasela**

Department: **Univ of the Free State: Business School (Bloemfontein Campus)**

APPLICATION APPROVED

With reference to your application for ethical clearance with the Faculty of Economic & Management Sciences, I am pleased to inform you on behalf of the Ethics Committee of the faculty that you have been granted ethical clearance for your research.

Your ethical clearance number, to be used in all correspondence, is: **UFS-HSD2018/0003**

This ethical clearance number is valid from **31-May-2018** to **30-May-2022**. Should you require more time to complete this research, please apply for an extension.

We request that any changes that may take place during the course of your research project be submitted to the ethics office to ensure we are kept up to date with your progress and any ethical implications that may arise.

Thank you for submitting this proposal for ethical clearance and we wish you every success with your research.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'nel', is written over a large, diagonal, semi-transparent red watermark that says 'APPROVED'.

Dr. Petrus Nel

Chairperson: Ethics Committee Faculty of Economic & Management Sciences

Economics Ethics Committee

Office of the Dean: Economic and Management Sciences

T: +27 (0)51 401 2310 | T: +27(0)51 401 9111 | F: +27(0)51 444 5465

205 Nelson Mandela Drive/Ryalaan, Park West/Parkweg, Bloemfontein 9301, South Africa/Suid Afrika

P.O. Box/Posbus 339, Bloemfontein 9300, South Africa/Soud Afrika

www.ufs.ac.za



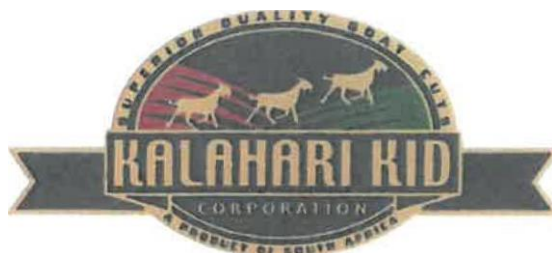
APPENDIX D: Approval letters from the eight public entities and and three parent provincial departments

Approval letter: Kalahari Kid Corporation (KKC)

Co Reg Nr:

2007/023533/07

Vat Nr: 4050207302
Customs nr: 2084634



Johannesburg Office: 13 Wessel Road, Rivonia, Sandton,
2196 P O Box 988, Rivonfa 2128, South Africa Tel: (27 1) 807
5624 Fax: (27 1 1) 807 5325 - Email: info@kalaharikid.co.za

Website: www.kalaharikid.co.za

06 November 2017

The Chairperson

Faculty of Economic and Management Sciences Ethics Committee

University of the Free State: Business School

PO Box 339

Bloemfontein 9300

Dear Sir/Madam

**RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH
IN THE NORTHERN CAPE PUBLIC ENTITIES**

Approval is hereby granted for Mr Moses Gasela to conduct research using the
Kalahari Kid Corporation (KKC) for purposes of his PhD thesis.


.....
Mr James Choche

Acting Chief Executive Officer.

Approval letter: Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA)

Nceda

Northern Cape Economic Development
Trade and Investment Promotion Agency
A Monridaa Office Paik.

oKek•e.wch and Memoriali

Road Kimberley

T. 833 1503 F. 53 W. tar.

Enquiries: Mrs. T Mangojanel Telephone: 8331503| Fax: 8331390

email:

I Ref: MGASELA.THESIS

The Chairperson

Faculty of Economic and Management Sciences Ethics Committee

University of the Free State: Business School

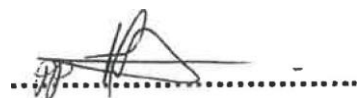
PO Box 339

Bloemfontein 9300

Dear Sir/Madam

RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH
IN NORTHERN CAPE PUBLIC ENTITIES

Approval is hereby granted for Mr Moses Gasela to conduct research using the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA) for purposes of his PhD thesis.



Mr T Dikeni

Chief

Officer

Executive

Approval letter: Northern Cape Gambling Board

Address: Tef: 081 761 9101 31
081 765 5039 Monument
1483



MacDougall StreetTel:
HeightsFax: 053 831

Kimberley 8301Email: lesegos@ncgb.co.za

Website: www.ncgb.co.za

ENQUIRIES: L Seameso

DATE: 13 November 20

The Chairperson

Faculty of Economic and Management Sciences *ics Committee

University of the Free State: Business School

PO Box 339

Bloemfontein 9300

Dear Sir/Madam

RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH
IN NORTHERN
CAPE PUBLIC ENTITIES

Approval is hereby granted for Mr Moses Gasela to conduct research using the
Northern Cape Gambling Board for purposes of his PhD thesis.

Kind Regards

Ms Lesego Seametso

Acting Chief Executive Officer

Northern Cape Gambling Board

MEMBERS: NON EXECUTIVE DIRECTORS -

Chairperson: Ms CM Sefo. Deputy Chairperson: Ms NS Rakwena2

Membas: Ms J Bokwa, Ms L Itumeleng, Mr Z Mathlso. Mr M Moraladl,

Acting Chief Execudve Officer: Ms L Seametso, Chief Financial Officer: Ms K Reed



Approval letter: Department of Economic Development and Tourism

Department of Economic
Development and Tourism

Northern Cape

Liquor Board



Approval letter:
Northern Cape Liquor
Board



07 November 2017

The Chairperson

Faculty of Economic and Management Sciences Ethics Committee

University of the Free State: Business School

PO Box 339

Bloemfontein 9300

Dear Sir/Madam

RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH
IN NORTHERN CAPE PUBLIC ENTITIES

Approval is hereby granted for Mr Moses Gasela to conduct research using the
Northern Cape Liquor Board for purposes of his PhD thesis.

Mr KT "Oupa" Makhale KT "Oupa" Makhale
Acting Chief Executive Officer

Northern Cape Liquor Board

07 NOV 2017

Private Bag

X5027rKimbetley 8300

Tel: 087 310 5318 Fax:

06 De Beers Road Private Bag X 5027 Tel:
5318

Kimberley Kimberley

8301 8300

053831 2597

087 310

Approval letter: McGregor Museum



Tel.
1433

McGregor Museum
5 Atlas Street
Herlear
Kimberley
8301

McGregor Museum:

5 Atlas Street PO Box 316
Herlear Kimberley 8300
+27 (0) 53 839 2700 Fax. +27 53 842
www.museumsonc.co.za

The Chairperson
Faculty of Economic and Management Sciences Ethics Committee
University of the Free State: Business School
PO Box 339
Bloemfontein 9300

Dear Sir/Madam,

RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH
IN NORTHERN CAPE PUBLIC
ENTITIES

Approval is hereby granted for Mr. Moses Gasela to conduct research at the
McGregor Museum for purposes of his PhD thesis,

Kind regards,

A handwritten signature in black ink, appearing to read "S. Swanepoel", is written over a dotted line.

Ms. S. Swanepoel
Chief Executive Officer

Date • 06/11/2017

Approval letter: Department of Economic Development and Tourism



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM
DEPARTEMENT EKONOMIESE ONTWIKKELING EN TOERISME
UMNYANGO WEZOKUTHUTHUKISWA KOMNOTHO NEZOKUVAKASHA
LEFAPHA LA TLHABOLOLO YA EKONOMI LE BOJANALA

Metlife Towers
Market Square
Private Bag X6108

Republic of South Africa

Tel : +27-053 8394002
Fax : +27-053 8326805
Email : smabilo@ncpg.gov.za

Enquiries :
Dipatlisiso :
Imibuzo :
Navrae :
Mr G. S. Mabilo

Reference :
Tshupelo :
Isalathiso :
Verwysing :
L3.9.2.2

Date :
Leshupelo :
Umhla :
Datum :
20 November 2017

The Chairperson
Faculty of Economic and Management Sciences Ethics Committee
University of the Free State
PO Box X339
Bloemfontein 9300

Dear Sir/ Madam

RE: PERMISSION REQUIRED FOR PURPOSE OF CONDUCTING RESEARCH IN ENTITIES IN NORTHERN CAPE PUBLIC ENTITIES

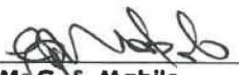
We refer to your letter dated 12 August 2016.

This letter serves to confirm that the following public entities report to the Department of Economic Development and Tourism:

- Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA);
- Northern Cape Gambling Board;
- Northern Cape Liquor Board;
- Northern Cape Tourism Authority (NCTA)

Approval is hereby granted for Moses Gasela to conduct research in the above mentioned public entities for purpose of his PhD thesis.

Regards,


Mr G. S. Mabilo
ACTING HEAD OF DEPARTMENT

RESTRICTED

Northern Cape Arts & Culture Council
Cnr Hulana and Shaka Street
Galeshewe
Kimberley
8301

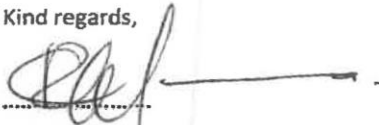
The Chairperson
Faculty of Economic and Management Sciences Ethics Committee
University of the Free State: Business School
PO Box 339
Bloemfontein 9300

Dear Sir/Madam,

**RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH IN NORTHERN CAPE
PUBLIC ENTITIES**

Approval is hereby granted for Mr. Moses Gasela to conduct research in the Northern Cape Arts
& Culture Council for purposes of his PhD thesis.

Kind regards,



Mr. C. Maema

Chief Executive Officer

Date: 8/11/2017

BOARD MEMBERS

E. Danisa, M. Thebe, S. Mooi, A. Moseki, K. Alexander, B. Mpamba, Dr. T.K. Gopane, L. McAnda

Approval letter: Department of Agriculture and Land Reform



**agriculture, land reform
& rural development**

Department:
agriculture, land reform & rural development
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

OFFICE OF THE HEAD OF DEPARTMENT

162 George Street, Kimberley, Northern Cape, South Africa, 8300

Tel: (053) 838 9118, Fax: (053) 831 3635 E-mail: fortunec@ncpg.gov.za, web:
www.agrinc.gov.za

Our Reference: H2.8.2.2 Enquiries: C. Fortune

Date: 10 November 2017 Your Reference:

The Chairperson

Faculty of Economic and Management Sciences Ethics Committee

University of the Free State: Business School

PO Box 339 BLOEMFONTEIN

9300

Dear Sir/Madam

**RE: PERMISSION REQUIRED FOR PURPOSES OF CONDUCTING RESEARCH
'N NORTHERN CAPE
PUBLIC ENTITIES**

This serves to confirm that the Kalahari Kid Corporation (KKC) is a public entity that reports to the Department of Agriculture, Land Reform and Rural Development. Approval is hereby granted for Mr Moses Gasela to conduct research using the KKC for purposes of his PhD thesis.

Yours faithfully


Mr WVD Motlhabi

HEAD OF DEPARTMENT

Approval letter: Department of Sports, Arts and Culture



DEPARTMENT OF SPORT,

ARTS AND CULTURE 22 Ab*tü Roed 22 Abattoir Weg
A'hbumham Azhbomham

LEFAPHA LA METSHAUEKQ

Print. KYBERLEYX5004 KIMBERLEYX50D4 BOTAKI LE

SETSO 8300 8300

22 Abattoir Road 22 Roed

DEPARTEMENT VAN SPORT, ABhbumh•mKgetsan.eso XS004

AshbumhamIngxowa X5004

KUNS EN KULTUUR KIMBERLEY KNSERLEY

8300

ISEBE LEZEMIDLALO. T". (053) 8074700 Fax (053) 8074800 UBUGCISA
NENKUBEKO

Enquiries .. A Davis Date ..
DipatHsiso Leshupelo ..

Imibuzo Urnhla..

Navrae Datum..

Reference
Tshupdotsa\atNsoH2.8.2.2/H2.7.4
Vetwßngs

The Chairperson

Faculty of Economic & Management Science Ethics Committee

University of the Free State: Business School

PO Box 339

Bloemfontein

Dear Sir/Madam

RE: Permission Required for Purpose of Conducting Research in Northern Cape
Public Entities.

This serves to confirm that the following public entities report to the Department
of Sport, Arts and Culture:

- Mc Gregor Museum,
- Northern Cape Arts and Culture Council; and
- Ngwao —Boswa Ya Kapa Bokone

Approval is hereby granted for Mr. Moses Gasela to conduct research in the abovementioned three public entities for purposes of his thesis.

Hoping and trusting the above meets your expectation.

Regards,

PP. 
Mrs. R.R. Palm
Head of Department

APPENDIX E: Questionnaire

Letter head of the University of the Free State

Address of the respondent

.....

.....

Dear Sir/Madam

RE: REQUEST TO PARTICIPATE IN AN ACADEMIC SURVEY ON THE ALIGNMENT OF CORPORATE AND BUSINESS LEVEL STRATEGIES IN SOUTH AFRICAN PUBLIC ENTITIES

You are kindly requested to complete the enclosed questionnaire, which forms part of the empirical research that I am conducting in order to determine the alignment between corporate and business level strategies in South African public entities. This is pursuant to the Philosophiae Doctor (PhD) that I am undertaking with the University of the Free State. The title of the thesis is: **The alignment of corporate and business level strategies in South African public entities**. Approval to conduct the research was obtained from the Heads of Department (HOD) of the affected provincial departments that are responsible for the public entities of interest to the study:

- Mr.G.S. Mabilo (Acting HOD: Department of Economic Development and Tourism);
- Mrs. R.R. Palm (HOD: Department of Sports, Arts and Culture); and
- Mr. W.V.D. Mothibi (HOD: Department of Agriculture, Land Reform and Rural Development).

Additional approvals were received from the following eight Chief Executive Officers of the public entities that are of interest to the study, namely:

- Mr. J. Choche: Kalahari Kid Corporation (KKC);
- Mr.T. Dikeni: Northern Cape Economic Development, Trade and Investment

- Promotion Agency (NCEDA);
- Ms. L. Seametso: Northern Cape Gambling Board;
- Mr.K.T. Makhale : Northern Cape Liquor Board;
- Ms. S. Williams: Northern Cape Tourism Authority;
- Ms. S. Swanepoel: McGregor Museum;
- Mr. C. Maema: Northern Cape Arts and Culture Council; and
- Ms. S. Mackenzie: Ngwao-Boswa Ya Kapa Bokone.

The Faculty of Economic and Management Sciences Research and Ethics Committees have also approved the study. You are also required to complete the attached consent form.

The questionnaire consists of 37 questions and will take approximately 30 minutes to complete. The completed questionnaire will be treated with utmost confidentiality, anonymity and will not prejudice you or the public entities in any way. In order to meet the research deadline, you are humbly requested to complete the questionnaire. You may return the filled in questionnaire to me via email at mgasela@ncpg.gov.za or 086 547 7519, or I can have it collected as soon as you have completed it.

Your assistance and cooperation will be highly appreciated.

Please do not hesitate to contact me (053 – 838 2923 / 083 249 7598) if you have any questions regarding the research or the questionnaire.

.....

Moses Gasela

PhD Candidate

QUESTIONNAIRE

Purpose

This questionnaire seeks to elicit information on the impact of the alignment between corporate and business level strategies to organisational performance in South African public entities. It forms part of the data-collection processes that is required for the completion of the researcher's PhD thesis.

Instructions to respondents

You are kindly requested to complete this questionnaire as accurately and honestly as possible. Responses will be treated with utmost confidentiality, anonymity and will not prejudice anyone. Your assistance and cooperation will be highly appreciated. Completing this questionnaire will take approximately between 20-30 minutes of your time.

Please put words in provided space, or use (✓) in the appropriate answer box.

SECTION ONE: BIOGRAPHICAL INFORMATION**(Please Tick/Cross)****1. Age** (*in years*)

	18 – 24	
i	25 – 34	
ii	35 – 44	
v	45 – 55	
	56 - 65	

2. Gender

Male	
Female	

3. Experience (*number of years in management*)

	0 - 5	
i	6 – 10	
ii	11 – 15	
iii	16 - 20	
iv	21 - 25	
v	26 - 30	
vi	31 and above	

4. Academic qualifications

	Undergraduate degree/diploma.	
ii	Post graduate degree/diploma.	
iii	No management degree/diploma.	

SECTION TWO

To what extent do you agree with the following statements?

Strategy alignment

	Statement	Strongly agree	Agree	Uncertain	Not agree	Strongly disagree
1.	The public entity has a corporate level strategy which defines its broad overall scope and purpose.					
2.	The business level strategies of different business units in the public entity are aligned to its overall corporate level strategy.					
3.	There is an alignment between the corporate and business level strategies of the public entity which has a positive influence on overall organisational performance.					
4.	There are gaps in the alignment between the business and corporate level strategies of the public entity.					
5.	There is no oversight by the parent department (Provincial department which controls the public entity) to the public entity resulting in the alignment gaps between the corporate and business level strategies of the public entity.					
6.	The non-alignment between the corporate and business level strategies of the public entity has a negative influence on overall organisational performance.					
7.	The diversification of the service delivery offerings of the public entity (whether low or high) has an effect on the alignment between corporate and business level strategies with performance.					
8.	An improved oversight by the parent department to the public entity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					

Strategy implementation

	Statement	Strongly agree	Agree	Uncertain	Not agree	Strongly disagree
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9.	There is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that leads to successful strategy implementation.					
10.	The public entity has financial resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives.					
11.	The public entity has human capital resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives.					
12.	The public entity implemented its strategy effectively during the previous reporting period (2016/17 financial year).					
13.	Adequate financial resources in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					
14.	Adequate human capacity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					

Role of leadership during strategy implementation

	Statement	Strongly agree	Agree	Uncertain	Not agree	Strongly disagree
15.	There is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance.					
16.	Leadership at key levels of the entity has requisite competencies to ensure successful strategy implementation and improved performance.					
17.	The public entity met its service delivery strategic objectives in the 2016/17 financial year due to the effectiveness its leadership.					
18.	The public entity met its financial strategic objectives in the 2016/17 financial year due to the effectiveness its leadership.					

19.	The absence of a permanent CEO or CFO or Board resulted in the public entity not meeting its performance objectives during the previous reporting period.					
20.	Leadership in the entity has a positive influence on the alignment between its corporate and business level strategies with organisational performance.					
21	Effective leadership is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					

Role of organisational culture during strategy implementation

	Statement	Strongly agree	Agree	Uncertain	Not agree	Strongly disagree
22.	The organisational culture of the public entity supports an effective strategy implementation, which results in a positive influence to performance.					
23.	The organisational culture of the entity is weak and destructive, resulting in it not meeting its performance objectives.					
24.	There is an alignment between the entity's strategy and its organisational culture in the entity resulting in its improved organisational performance.					
25.	The Organisational culture in the entity has a positive influence on the alignment between corporate and business level strategies with organisational performance.					
26.	A supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					

Role of corporate controls during strategy implementation

	Statement	Strongly agree	Agree	Uncertain	Not agree	Strongly disagree
27.	The entity has effective financial controls which support strategy implementation influencing performance positively.					
	The organisational structure of the public entity supports its strategy					

28.	implementation resulting in improved organisational performance.					
29.	The head office of the parent department (Provincial department which controls the public entity) has sufficient control systems to supervise, monitor and coordinate strategy implementation in the public entity, resulting in improved performance.					
30.	Corporate controls of the entity have a positive influence in the alignment between its corporate and business level strategies and performance.					
31.	Effective corporate controls in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					
32.	The organisational structure of the public entity that supports the aligned strategy is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity.					

Organisational performance

	Statement	Strongly agree	Agree	Uncertain	Not agree	Strongly disagree
33.	The public entity attained an unqualified audit opinion with no findings (Clean audit) from the Office of the Auditor General South Africa (AGSA) during the previous reporting period (2016/17 financial year).					
34.	The public entity achieved more than 80% of all its planned service delivery performance targets in the previous reporting period.					
35.	The public entity achieved an improved financial performance during 2016/17 financial year.					

36. For the previous reporting period, please indicate whether the entity incurred any of the following:

Category of the undesirable expenditures	Yes/No
Fruitless and wasteful expenditure.	
Irregular expenditure.	
Unauthorised expenditure.	

37. For the previous reporting period (2016/17), please indicate whether the entity had any of the following key leadership positions vacant or in acting capacity:

Type of the leadership position/s	Yes/No
Board.	
CEO.	
CFO.	

THANK YOU FOR YOUR TIME IN COMPLETING THE QUESTIONNAIRE

APPENDIX F: Semi-structured interview guide

INDIVIDUAL SEMI-STRUCTURED INTERVIEW GUIDE FOR QUALITATIVE DATA COLLECTION

The study investigates the alignment of corporate and business level strategies in the South African public entities that may influence organisational performance.

1) The administrative procedures for the interview will be as follows, namely:

Stage (i): Preparing the interview

- Appointment will be made with the participant;
- When making the appointment with the participant, not too much detail on the topics of the interview will be given;
- Suitable place will be obtained to carry out the interview and its duration will be approximately one hour;
- The interview will be recorded with permission from the interviewee;
- Recording equipment will be checked;
- Background noises will be avoided; and
- Analysis of the annual performance plan (APP), strategic plans and annual reports of eight public entities and the three controlling departments will be undertaken.

Stage (ii): Arrival

Background noise checks; setting up recording equipment; friendly greeting; introduction; getting to know each other and settling down.

Stage (iii): Introducing the research

The researcher explained:

- The purpose of the interview;
- The basis of choosing the participants;
- The expected duration of the interview;
- Completion of the informed consent by the respondents;

Stage (iv): Starting the interview

Once the respondents have consented, the researcher conducted the interview. The following was the general approach to the interview:

- It was gradual, unhurried and relaxing;
- General questions were asked first with more specific/sensitive questions later;
- Although there were pre-planned questions to ask during the interview, the researcher allowed questions to flow naturally, based on information provided by the participants. Furthermore, the researcher strived to ensure the following:
 - Kept focused and used probing questions as needed;
 - Remained conversational but remembered that the researcher's role is primarily that of a listener during the interview;
 - Did not push the pace unnecessarily;
 - Avoided interrupting the respondents;
 - Was more of a friendly conversation but the interviewer remain professional and neutral: not to approve or disapprove the responses;
- An attempt was made to make sure that there were smooth transitions from one topic to the next; and
- The participant's body and facial gestures, pauses, silence and laughter were taken into consideration.

The interview per each participant was finished within the stipulated time after interviewer tried to make sure that everything had been covered sufficiently. The researcher thanked the respondents for their valuable time.

2) Interview questions:

2.1) Gathered the demographic information of the participants which include, age, executive management experience, qualifications and gender.

2.2) Asked questions on the following themes, namely:

- **Strategy alignment issues:**
 - General discussion on the existence, awareness and adequacy of the corporate level strategies of the public entities which define their broad overall scope and purpose;
 - Their views on the alignment between corporate and business level strategies in the public entities;

- Their perceptions on the existence or non-existence of alignment gaps between the two-level strategies (corporate and business) in the public entities;
 - If the participants are of the view that alignment gaps exist between the two-level strategies in the entities, as to why such gaps exist and how can they be minimised;
 - The influence of the alignment or non-alignment between the corporate and business level strategies of the public entities to the overall organisational performance; and
 - Ask specific follow-up questions (if any) emanating from the analysis of the annual performance plans (APP), strategic plans, and annual reports of the public entities that was undertaken during interview preparation stage.
- **Strategy implementation issues**
 - Their views as to whether the business processes, financial resources, human resources of the public entities support the strategy implementation;
 - Their views on the effectiveness of strategy implementation in their entities;
 - Influence of leadership during strategy alignment and implementation;
 - Role played by organisational culture during strategy alignment and implementation;
 - Role played by corporate controls of the entity such as financial and strategic controls; organisational structure during strategy alignment and implementation;
 - The effect of the size and capacity of head office during strategy alignment, monitoring and implementation;
 - Influence of leadership, culture, corporate controls, size and capacity of head office during the alignment and implementation to organisational performance; and
 - The effect of diversification of the entity's service offerings to performance?

3) Thanked the participants for their time in participating in the interview.

APPENDIX G: Informed consent form: Questionnaire

RESEARCH STUDY INFORMATION LEAFLET AND CONSENT FORM FOR THE QUESTIONNAIRE

TITLE OF THE RESEARCH PROJECT

The alignment between corporate and business level strategies in South African public entities.

1. AN INVITATION

You are cordially invited to take part in a study. Before you decide to participate in this study, it is important that you understand why the research is being done and what it will involve. Please take time to read the following information carefully. Please ask the researcher if there is anything that is not clear or if you need more information about the research.

2. RESEARCHER'S NAME AND CONTACT DETAILS

Name of the student/researcher	Student number	Contact details
Moses Gasela	2013 088 543	Email: mgasela@ncpg.gov.za Cell: 083 249 7598 Tel: 053 838 2923 Fax: 086 547 7519

3. FACULTY AND DEPARTMENT

Faculty of Economics and Management.
Business School.

4. STUDYLEADER(S) NAME AND CONTACT NUMBER

Name and Surname:	Dr.Werner Vermeulen
Email address:	vermeulenw@ufs.ac.za
Tel:	051- 401 9411

5. WHAT IS THE AIM / PURPOSE OF THE STUDY?

The purpose of this study is to analyse the implementation of corporate and business level strategies, and the misalignment between corporate and business level strategies; find out why and how it exists; and subsequently recommend improvement enhancement mechanisms to strategy implementation and to identified alignment gaps between corporate and business level strategies in public entities in South Africa. The secondary research objectives of this study are to:

- To describe the perceptions of executives in South African public entities and find the relationship between corporate and business level strategies at public entities in South Africa.
- To determine the extent and why, if any, the alignment gaps exist between the between corporate and business level strategies.
- To uncover the extent of implementation of strategies in public entities.
- To identify the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate businesses/divisions of a public entity on the alignment of the two-level strategies and organisational performance.
- To determine the extent and how the alignment of between corporate-level and business-level strategies can contribute to the improvement of organisational performance in South African public entities.
- To recommend improved enhancement mechanisms to overcome the alignment gaps between corporate and business level strategy, if any, and to enhance strategy implementation in the public entities of South Africa.

The unit of analysis of this study is schedule 3 South African public entities that are based in Northern Cape, namely:

- Kalahari Kid Corporation (KKC);
- Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA);
- Northern Cape Gambling Board;
- Northern Cape Liquor Board;
- Northern Cape Tourism Authority (NCTA)
- McGregor Museum;

- Northern Cape Arts and Culture Council; and
- Ngwao-Boswa Ya Kapa Bokone.

6. WHO IS DOING THE RESEARCH?

The researcher is pursuing a Philosophiae Doctor (PhD) in the University of the Free State. This research is part of a thesis, which serves as partial fulfillment of the requirements for the PhD degree. Dr.Werner Vermeulen is the promoter in this study.

7. WHY ARE YOU INVITED TO TAKE PART IN THIS RESEARCH PROJECT?

The participants of this study are selected because they are responsible for the crafting and alignment of corporate and business level strategies in the public entities. Furthermore the participants are responsible for the implementation of the strategies. As part of the selected participants, you have information that is required data for the study. The contact details of the participants were obtained from the official websites of the public entities. 38 participants were selected to complete the self-administered questionnaires.

8. WHAT IS THE NATURE OF PARTICIPATION IN THIS STUDY?

Data will be collected using anonymous self-administered questionnaires, which will be emailed to the randomly selected participants. The aforesaid questionnaires seek to elicit information on the impact of the alignment between corporate and business level strategies to organisational performance in South African public entities. The estimation is that it will take between 20-30 minutes of your time to complete the questionnaire.

9. CAN THE PARTICIPANT WITHDRAW FROM THE STUDY?

Participation in this study is voluntary. It is up to you to decide whether or not to take part in this study. If you decide to take part in this study, you will be asked to sign this consent form. After you have decided to participate in this study you will still be free to withdraw at any time and without giving any reason. You are further free not to answer any question(s). This will not affect the relationship with the researcher. It

will not be possible to withdraw from the study once they have submitted the questionnaire.

10. WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

There is no monetary compensation and direct benefit to you for your participation in this study. However, it is hoped that the study will contribute to the understanding of the alignment of corporate-level and business-level strategies in South African public entities and its influence on organisational performance to practice in strategic management as follows, namely:

- Findings of the study may be used by management of the public entities to assess their organisations;
- This study might assist management to understand how strategy alignment issues can influence organisational performance.
Management may therefore apply the recommended improvement enhancement mechanisms to improve organisational performance;
and
- Government as the shareholder of public entities may use findings when assessing, monitoring and evaluating the public entities.

Furthermore, the study will have an academic contribution in that it may be used as a baseline for future research from the perspective of a developing African country as most research in this area has mostly been performed in the private sector context in the developed first world countries. The study will be done in South Africa, using state public entities. This means the results may not apply to public entities in other countries. A further potential contribution of the study is that its results may apply with minor modifications to entities in other countries with similar environment as South Africa.

The researcher will benefit from the study through being able to complete and submit the PhD thesis to the examiners of the University of Free State. Thus, the results of the study will be used in a thesis as partial fulfillment of the requirements for the PhD degree of the researcher.

11. WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

There is no anticipated inconvenience that has been identified for taking part in the study.

12. WILL WHAT I SAY BE KEPT CONFIDENTIAL?

Confidentiality and anonymity are core principles that will be adhered to at all times in this study. You are kindly requested not to write any identifying information on your questionnaire. Your responses will be kept anonymous as they will be given a fictitious code number or a pseudonym. This means your name will not be recorded anywhere, and no one will be able to connect you to the answers you give.

The anonymous data of this study may be used for other purposes such as the research report, journal articles and conference presentation. However data confidentiality will be maintained in those publications, or other research reporting methods such as conference proceedings.

Your responses may be reviewed by people responsible for making sure that research is done properly, including the statistician and members of the Research Ethics Committee. A confidentiality agreement will be signed with the statistician, who will assist in the data analysis.

13. HOW WILL THE INFORMATION BE STORED AND ULTIMATELY DESTROYED?

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard in the researcher's home library room for future research or academic purposes. Electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable.

14. HOW WILL THE PARTICIPANT BE INFORMED OF THE FINDINGS / RESULTS OF THE STUDY?

If you would like to be informed of the final research findings, please contact the researcher using the contact details provided in para.2 above, after the research is completed. Please note that by contacting the researcher with this request, you will

reveal yourself to the researcher as one of the participants. The results provided to you will be in a summary version. Your details will be treated confidentially by the researcher.

Should you have concerns about the way in which this research has been conducted, please notify the internal and external promoters of the researcher using their contact details that were provided in para.4.

Thank you for taking time to read this information sheet and for participating in this study.

CONSENT TO PARTICIPATE IN THIS STUDY - QUESTIONNAIRE

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet. I have had sufficient opportunity to ask questions and am prepared to participate in the study. I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable). I am aware that the findings of this study will be anonymously processed into a research report, journal publications and/or conference proceedings.

I have received a signed copy of the informed consent agreement.

Full Name of Participant:

Signature of Participant:

Full Name(s) of Researcher(s):

Signature of Researcher:

APPENDIX H: Informed consent form: Interview

RESEARCH STUDY INFORMATION LEAFLET AND CONSENT FORM FOR THE INDIVIDUAL INTERVIEW

TITLE OF THE RESEARCH PROJECT

The alignment between corporate and business level strategies in South-African public entities.

1. AN INVITATION

You are cordially invited to take part in a study. Before you decide to participate in this study, it is important that you understand why the research is being done and what it will involve. Please take time to read the following information carefully. Please ask the researcher if there is anything that is not clear or if you need more information about the research.

2. RESEARCHER'S NAME AND CONTACT DETAILS

Name of the student/researcher	Student number	Contact details
Moses Gasela	2013 088 543	Email: mgasela@ncpg.gov.za Cell: 083 249 7598 Tel: 053 838 2923 Fax: 086 547 7519

3. FACULTY AND DEPARTMENT

Faculty of Economics and Management.
Business School.

4. STUDYLEADER NAME AND CONTACT NUMBER

Name and Surname:	Dr.Werner Vermeulen
Email address:	vermeulenw@ufs.ac.za
Tel:	051- 401 9411

5. WHAT IS THE AIM / PURPOSE OF THE STUDY?

The purpose of this study is to analyse the implementation of corporate and business level strategies, and the misalignment between corporate and business level strategies; find out why and how it exists; and subsequently recommend improvement enhancement mechanisms to strategy implementation and to identified alignment gaps between corporate and business level strategies in public entities in South Africa.

The secondary research objectives of this study are to:

- To describe the perceptions of executives in South African public entities and find the relationship between corporate and business level strategies at public entities in South Africa.
- To determine the extent and why, if any, the alignment gaps exist between the between corporate and business level strategies.
- To uncover the extent of implementation of strategies in public entities.
- To identify the impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate businesses/divisions of a public entity on the alignment of the two-level strategies and organisational performance.
- To determine the extent and how the alignment of between corporate-level and business-level strategies can contribute to the improvement of organisational performance in South African public entities.
- To recommend improved enhancement mechanisms to overcome the alignment gaps between corporate and business level strategy, if any, and to enhance strategy implementation in the public entities of South Africa.

The unit of analysis of this study is schedule 3 South African public entities that are based in Northern Cape, namely:

- Kalahari Kid Corporation (KKC);
- Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA);
- Northern Cape Gambling Board;
- Northern Cape Liquor Board;

- Northern Cape Tourism Authority (NCTA)
- McGregor Museum;
- Northern Cape Arts and Culture Council; and
- Ngwao-Boswa Ya Kapa Bokone.

6. WHO IS DOING THE RESEARCH?

The researcher is pursuing a Philosophiae Doctor (PhD) in the University of the Free State. This research is part of a thesis, which serves as partial fulfillment of the requirements for the PhD degree. Dr.Werner Vermeulen is the promoter in this study.

7. WHY ARE YOU INVITED TO TAKE PART IN THIS RESEARCH PROJECT?

The participants of this study are selected because they are responsible for the crafting and alignment of corporate and business level strategies in the public entities. Furthermore, the participants are responsible for the implementation of the strategies. As part of the selected participants, you have information that is required data for the study. The contact details of the participants were obtained from the official websites of the public entities. Eleven participants are selected for individual interviews with the participants.

8. WHAT IS THE NATURE OF PARTICIPATION IN THIS STUDY?

Recorded interviews will be used to collect data from the judgmentally selected participants. Permission is required from you to tape-record the interview in order to accurately record the discussions that will result in better analysis of data. The duration of each interview will be approximately one hour (minimum) to two hours (maximum).

9. CAN THE PARTICIPANT WITHDRAW FROM THE STUDY?

Participation in this study is voluntary. It is up to you to decide whether or not to take part in this study. If you decide to take part in this study, you will be asked to sign this consent form. After you have decided to participate in this study you will still be free to withdraw at any time and without giving any reason. You are further free not

to answer any question(s). This will not affect the relationship with the researcher. It will not be possible to withdraw from the study once the interview has been held.

10. WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

There is no monetary compensation and direct benefit to you for your participation in this study. However, it is hoped that the study will contribute to the understanding of the alignment of corporate-level and business-level strategies in South African public entities and its influence on organisational performance to practice in strategic management as follows, namely:

- Findings of the study may be used by management of the public entities to assess their organisations;
- This study might assist management to understand how strategy alignment issues can influence organisational performance. Management may therefore apply the recommended improvement enhancement mechanisms to improve organisational performance; and
- Government as the shareholder of public entities may use findings when assessing, monitoring and evaluating the public entities.

Furthermore, the study will have an academic contribution in that it may be used as a baseline for future research from the perspective of a developing African country as most research in this area has mostly been performed in the private sector context in the developed first world countries. The study will be done in South Africa, using state public entities. This means the results may not apply to public entities in other countries. A further potential contribution of the study is that its results may apply with minor modifications to entities in other countries with similar environment as South Africa.

The researcher will benefit from the study through being able to complete and submit the PhD thesis to the examiners of the University of Free State. Thus, the results of the study will be used in a thesis as partial fulfillment of the requirements for the PhD degree of the researcher.

11. WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

There is no anticipated inconvenience that has been identified for taking part in the study.

12. WILL WHAT I SAY BE KEPT CONFIDENTIAL?

Confidentiality and anonymity are core principles that will be adhered to at all times in this study. Your responses will be kept anonymous as they will be given a fictitious code number or a pseudonym. This means your name will not be recorded anywhere, and no one will be able to connect you to the answers you give. Interview recordings will be highly secured with no unauthorised access. There will be limited access to the tape recorders as they will be stored in lockable cupboards to prevent access to them by unauthorised persons. Only the researcher, secretariat services, the study leader and UFS linked persons who oversee the research will have access to the collected data. A confidentiality agreement will be concluded with the secretariat services that will be transcribing qualitative data. Recordings will be retained for a period of five years following the completion of the study. Such recordings will be destroyed after the five-year period.

The anonymous data of this study may be used for other purposes such as the research report, journal articles and conference presentation. However data confidentiality will be maintained in those publications, or other research reporting methods such as conference proceedings.

13. HOW WILL THE INFORMATION BE STORED AND ULTIMATELY DESTROYED?

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard in the researcher's home library room for future research or academic purposes. Electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable.

14. HOW WILL THE PARTICIPANT BE INFORMED OF THE FINDINGS / RESULTS OF THE STUDY?

If you would like to be informed of the final research findings, please contact the researcher using the contact details provided in para.2 above, after the research is completed. Please note that by contacting the researcher with this request, you will reveal yourself to the researcher as one of the participants. The results provided to you will be in a summary version. Your details will be treated confidentially by the researcher.

Should you have concerns about the way in which this research has been conducted, please notify the internal and external promoters of the researcher using their contact details that were provided in para.4.

Thank you for taking time to read this information sheet and for participating in this study.

CONSENT TO PARTICIPATE IN THIS STUDY - INTERVIEW

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet. I have had sufficient opportunity to ask questions and am prepared to participate in the study. I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable). I am aware that the findings of this study will be anonymously processed into a research report, journal publications and/or conference proceedings.

I have received a signed copy of the informed consent agreement.

Full Name of Participant:

Signature of Participant:

Full Name(s) of Researcher(s):

Signature of Researcher:

APPENDIX I: Summary of the results of the interview analysis

Research question	NCTA	KKC	McGregor Museum	Liquor Board	Gambling Board	Arts and Culture Council	NCEDA	Heritage Council
1. What is the relationship between corporate and business level strategies at public entities?	On paper, the alignment between the corporate and business level strategy is good. Practically there are misalignments on the ground.	The business level strategy is not aligned to the corporate level strategy.	On paper, the alignment between the corporate and business level strategies is good. Practically there are misalignments on the ground.	The alignment between the corporate and business level strategy is not good.	On paper, the alignment between the corporate and business level strategies is good. However, there are practical misalignments.	On paper, there is an alignment between the corporate and business level strategies. Practically, there is misalignment on the ground.	On paper, the alignment between the corporate and business level strategies is good. Practically there are misalignments on the ground.	On paper, the business level strategy is aligned to the corporate level strategy to some extent. There are practical misalignments on the ground.
2. If alignment gaps exist between the two-level strategies in public entities, why do	There are alignment gaps between the corporate and business level strategies in the entity due to HR and financial constraints as	There are alignment gaps. The incorrect registration of the public entity as a 3C entity in terms of the PFMA causes the	There are alignment gaps between the two-level strategies mainly due to finance and HR incapacities. The capacity	HR and financial challenges are causing alignment gaps. To minimise the gaps	The alignment gaps are due to the inadequate crafting of the performance targets well as the formation of the Trusts as special purpose entities of the parent	There are alignment gaps which are caused by the duplicating of programmes, and limited HR and financial resources. Some of the entity's	The alignment gaps between the two-level strategies are mainly due to inadequate research, finance and HR capacities. The entity does not get enough	HR incapacity and corporate controls such as the organisational structure and financial challenges

they exist and how can they be minimised?	well as other limitations. The entity must deal with the limitations it has and must be provided with the adequate resources (financial and HR) it needs, in order to minimise the alignment gaps	alignment gaps between the corporate strategy and business strategy. To minimise the alignment gaps, KKC should be registered as a 3D entity.	issues must be addressed to minimise the alignment gaps.	in alignment , HR and finance resources must be provided.	department. Capacity constraints and the duplication of functions also cause the alignment gaps. In order to minimise the alignment gaps, the recommendations of the Bomela report should be implemented.	programmes are the same as those of the parent department because of not having effective communication between them. To minimise the alignment gaps, Communication should be improved; Duplication of programmes should be avoided; and Resources (HR and finance) should be made available.	support from the parent department to be able to stretch to all categories of the sectors in the province. To minimise the gaps in the alignment, HR, finance and research capacities must be provided.	are causing the alignment gaps. The capacity issues must be addressed to minimise the gaps.
3. To what extent, if any, do the alignment gaps exist between the two-level strategies in South	The entity has extensive alignment gaps due to the various limitations which include finance and HR incapacities.	The business strategy of KKC does not work due to extensive alignment gaps between the two-level strategies, which are caused by the 3C incorrect registration of	There are extensive alignment gaps between the two-level strategies due to finance and HR capacity issues.	Significant alignment gaps exist between the two-level strategies as a result of human capital development and budget	The entity has significant alignment gaps due to various challenges such as finance and HR incapacities; duplication of functions; inadequate crafting of the targets and the formation of	Extensive alignment gaps are experienced in the entity due to the duplication of programmes between itself and the parent department. Furthermore, stakeholders are working in silos in the	Significant alignment gaps exist between the two-level strategies due to HR and finance incapacities as well as inadequate support from the parent department.	There are extensive alignment gaps between the two-level strategies due to finance and HR capacity challenges.

African public entities?		the entity.		Challenges.	Trusts as special purpose entities.	context of strategy alignment of this public entity, and this is not assisting the process of the alignment of the changing arts landscape.		
4. What is the extent of implementation of strategies in public entities?	There are challenges on strategy implementation in that the targets are set according to the available resources and because of the limitations the entity has, targets are set not strictly according to the strategy.	There are significant strategy implementation challenges in the public entity mainly due to inflexibility as a result of the incorrect registration of KKC as a 3C public entity, and HR and finance incapacities.	The entity is experiencing significant strategy implementation challenges. Inadequate financial and HR resources as well as business processes have a negative effect on strategy implementation.	Strategy implementation is not good due to the lack of oversight and monitoring; and HR and financial incapacities.	Inadequate financial and HR resources as well as the duplication of functions cause significant strategy implementation challenges in this entity.	The strategy implementation is not good in this entity due to HR and financial incapacities.	The entity is experiencing strategy implementation challenges due to various problems such as DORA (Division of Revenue Act); and HR and finance incapacities.	Strategy implementation challenges are mainly due to having financial and HR capacity problems.
5. What is the impact of moderating variables such as	The entity has challenges on the corporate controls, diversification, organisational	There are imperfect corporate controls and leadership challenges.	There are challenges in corporate controls, leadership, diversification,	The entity has problems with corporate controls,	The entity has challenges with corporate controls, leadership and diversification,	There are challenges with corporate controls, leadership, diversification,	The entity has challenges with corporate controls, leadership, diversification, organisational	There are challenges with the corporate controls, leadership,

corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on the implementation, alignment of the two-level strategies and organisational performance in South African public entities?	culture as well as oversight and monitoring by head office which affect the strategy alignment, implementation and performance negatively. However, the entity does not have challenges under leadership.	The organisational culture and diversification of the KKC are affecting the strategy alignment, strategy implementation and ultimately the organisational performance negatively. There is no effective oversight and monitoring by the parent department.	as well as oversight and monitoring by head office which affect the strategy alignment, implementation and performance negatively. Even though the entity does not have significant problems around the organisational culture, there is a problem of uncertainty due to the challenges in other key organisational aspects such as leadership, and oversight and monitoring.	leadership, diversification, organisational culture as well as oversight and monitoring by head office which affect the strategy alignment, implementation and performance negatively.	which affect the strategy alignment, implementation and performance negatively. Although, the entity does not have significant challenges regarding the issues of organisational culture, oversight and monitoring by head office, there is uncertainty due to the implications of the Bomela report, with its merger and rationalisation recommendations currently under consideration.	organisational culture as well as oversight and monitoring by head office which affect the strategy alignment, implementation and performance negatively.	culture as well as oversight and monitoring by head office which affect the strategy alignment, implementation and performance negatively.	diversification, organisational culture as well as oversight and monitoring by head office which affect the strategy alignment, implementation and performance negatively.
6. How can the	The parent department	The entity must be	Challenges that cause	For the alignment	For the alignment of the	Capacity challenges of	Duplication of functions,	For the alignment to

alignment of corporate and business level strategies contribute to the improvement of organisational performance in public entities?	must provide the entity with the necessary support and must have the flexibility it needs to be able to respond fast enough to the needs of the market. The Provincial Convention Bureau must be established. Organisational structure issues such as job evaluation (JE) process/grading as well as capacity (HR and finance) need to be sorted.	registered as a 3D entity so that it fulfils its mandate of commercialising the goat industry. The entity must have independence to make any business strategic decisions or put in place any financial or strategic controls. The oversight and monitoring by the head office of the parent department must be improved.	misalignment such as finance and HR incapacities; inadequate oversight and monitoring; and duplication of projects must be attended to for the alignment to be able to contribute and improve the organisational performance of the entity.	of corporate and business level strategies to contribute and improve the organisational performance in the public entity, capacity issues of the entity (in terms of finance and HR), legality issues as well as oversight and monitoring must be addressed.	corporate and business level strategies to be able to contribute and improve the organisational performance, the Bomela report recommendations should be implemented; HR and leadership challenges should be attended to; the formation of Trusts as special purpose vehicles for government should be discontinued; the issues around the organisational culture (such as uncertainty) also need to be addressed.	the entity (in terms of finance and HR), working in silos, duplication of functions, challenges around communication and lack of impact assessments must be addressed for the alignment to be able to contribute and improve the organisational performance of the entity.	capacity constraints (in terms of finance and HR), challenges around oversight and monitoring by head office of the corporate department as well as DORA (Division of Revenue Act) must be attended to for the alignment to be able to contribute and improve the organisational performance of the entity.	contribute and improve organisational performance, the parallel structure at the parent department should be disbanded and its functions be amalgamated with the entity; adequate HR and finance resources should be given, and the legal issues should be addressed.
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APPENDIX J: Summary of the results of documentary analysis

Research question	NCEDA	Gambling Board	Liquor Board	NCTA	KKC	McGregor Museum	Arts and Culture Council	Heritage Council
1. What is the relationship between corporate and business level strategies at public entities?	On paper, there is some form of alignment between the corporate and business level strategies. However, on the ground, there is misalignment.	On paper, there is some form of alignment between the two-level strategies. However, on the ground there is no alignment.	On paper, there is some form of alignment between the two-level strategies. However, on the ground there is no alignment.	On paper, there is some form of alignment between the two-level strategies. However, on the ground there is no alignment.	The alignment between the corporate and business level strategies of the entity is not good.	On paper, there is an alignment between the two-level strategies to some extent. However, on the ground there is no alignment.	On paper, there is an alignment between the two-level strategies. However, on the ground there is no alignment.	On paper, there is an alignment between the two-level strategies. However, on the ground there is no alignment.
2. If alignment gaps exist between the two-level strategies in public entities, why do they exist and how can they be minimised?	High vacancy rates; Lack of succession planning; Lack of critical skills; Lack of financial resources; and Lack of technology to compensate for long physical	The alignment gaps are caused by the challenges with the Northern Cape Gambling Act and capacity constraints (HR finance). To minimise	The alignment gaps are mainly due to IT, financial and HR incapacities. IT, HR and finance resources must be made available in order to minimise the	Budget, research and HR constraints as well as lack of collaboration between the public entity, parent department, local and district municipalities to develop and implement strategies to	The incorrect listing of KKC as a 3C public entity as well as HR and finance incapacities are the causes of the alignment gaps in the entity. To minimise the gaps, the issue of the listing must be sorted out. It	Lack of financial and HR resources; Defunding of posts from a head count of 63 to 46 by the parent department of the public entity; and vacancy rate of 27% are the reasons for the alignment gaps between the two-level strategies in the public	The alignment gaps between the two-level strategies are mainly due to finance and HR capacity issues. The capacity issues must be addressed to minimise the gaps.	The alignment gaps are mainly due to finance and HR incapacities. HR and finance resources must be made available in order to minimise the gaps in the alignment

	<p>distances in the vast province are the reasons for the existence of the alignment gaps between the two-level strategies in the entity.</p> <p>The capacity issues (HR and finance) must be addressed to minimise the gaps.</p>	<p>the gaps in the alignment, resources (HR and finance) must be made available. The Northern Cape Gambling Board Act should be reviewed.</p>	gaps in the alignment	<p>host provincial events are some of the alignment gaps.</p> <p>The capacity issues (HR, research and finance) and lack of collaboration must be addressed to minimise the gaps.</p>	<p>can be sorted out through the correct listing of KKC as a 3D public entity. HR and Finance incapacities should be attended to.</p>	<p>entity.</p> <p>The capacity issues (HR and finance) must be addressed to minimise the gaps.</p>		
3. To what extent, if any, do the alignment gaps exist between the two-level strategies in South African public	There are significant alignment gaps between the two-level strategies mainly to due to finance and HR capacity issues.	As a result of finance and HR incapacities as well as challenges with the Act, the entity is experiencing extensive alignment gaps.	There are significant alignment gaps due to resource constraints and challenges with the Northern Cape Liquor Act.	There are extensive alignment gaps between the two-level strategies mainly due to research, financial and HR incapacities.	There is a big disjuncture between the two-level strategies resulting in extensive alignment gaps due to the incorrect listing of KKC as 3C public entity.	The alignment gaps between corporate and business level strategies in the entity are extensive due to HR and financial incapacities.	There are extensive alignment gaps between the two-level strategies due to finance and HR incapacity issues.	There are extensive alignments gaps between the two-level strategies in the entity due to capacity challenges (HR and finance).

entities?								
4. What is the extent of implementation of strategies in public entities?	The implementation of the business level strategy is not good due to financial, HR and technology incapacities.	The entity is experiencing strategy implementation challenges due to inadequate financial and human resources.	The entity has financial and HR incapacities which create challenges to the strategy implementation	The absence of the Provincial Convention Bureau as well as financial and HR incapacities cause strategy implementation challenges.	Strategy implementation in the entity is not good due to the 3C incorrect registration misalignment.	The strategy implementation of the business level strategy is not good due to the limited financial and HR resources.	There are challenges to the strategy implementation due to financial and HR capacity constraints.	The entity is experiencing significant strategy implementation challenges due to the lack of resources.
5. What is impact of moderating variables such as corporate controls, leadership, size of head office, strategy culture-fit and diversification of separate business/division of a public entity on	There are challenges in leadership and corporate controls which affect the strategy alignment, implementation and performance negatively.	The entity is experiencing challenges in leadership and corporate controls which affect the strategy alignment, implementation and performance negatively.	There are challenges in leadership and corporate controls which affect the strategy alignment, implementation and performance negatively.	Even though there is good leadership and corporate controls in the entity, the entity is constrained by inadequate finance and HR resources as well as lack of collaboration between the key stakeholders in the sector.	There are challenges in leadership and corporate controls which affect the strategy alignment, implementation and performance negatively.	There are challenges in leadership and corporate controls which affect the strategy alignment, implementation and performance negatively.	Corporate controls such as the organisational structure have a negative impact on the strategy alignment, implementation and performance. The organisational structure is an interim one and has gaps due to financial constraints. There are also leadership	There are challenges in leadership and corporate controls which affect the strategy alignment, implementation and performance negatively.

the implementation, alignment of the two-level strategies and organisational performance in South African public entities?							challenges.	
6. How can the alignment of corporate and business level strategies contribute to the improvement of organisational performance in public entities?	To be able to contribute and improve the organisational performance of the entity, HR and finance incapacities should be addressed; The high impact projects on the provincial economic	Finance and HR incapacities as well as challenges with the Act must be attended to for the alignment to be able to contribute and improve the organisational performance of the entity.	To be able to contribute and improve the organisational performance of the entity, capacity issues of the entity (in terms of IT, finance and HR) must be addressed	The Provincial Convention Bureau must be established; Lack of collaboration between the key stakeholders in the sector as well as the research, HR and finance incapacities should be addressed to be able to	The non-aligned registration type of the KKC as a public entity 3C should be dealt with to be registered as a 3D public entity in order to allow the public entity to operate as a trading enterprise. Capacity issues of the entity (in terms	In order to be able to contribute and improve the organisational performance of the entity, capacity issues of the entity (in terms of finance and HR) must be addressed; The parent department should appoint board members who have the requisite competence	Capacity issues of the entity (in terms of finance and HR) must be addressed for the alignment to be able to contribute and improve the organisational performance of the entity.	For the alignment between the corporate and business level strategies to be able to contribute and improve the organisational performance of the entity, a fully-fledged organisational structure should be approved and implemented; Finance and

	development that are currently located in various provincial departments should be transferred to NCEDA; Board members should have competence and the requisite skills.			contribute and improve the organisational performance of the entity.	of finance and HR) must be attended to as well.	and skills; The board must always be appointed at the right time before the term of the existing board expires.		HR capacity issues must be addressed; and Board members who have the requisite competence and skills should be appointed.
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APPENDIX K: Semi-Structured individual interview transcripts

Note: The recording of all the eleven interviews with the participants started after the following had taken place:

- Introductions had been made;
- The interviewer had taken through the participant to the informed consent form for the interview, per each line item; and
- The informed consent form had been signed by both parties (Interviewer and the participant).

1. Semi-structured individual interview: Participant (1)

1.1. Interviewer: In terms of age, which category do you fall under?

1.2. Participant: In that middle one, 35 to 44.

1.3. Interviewer: Can you confirm your gender?

1.4. Participant: Male.

1.5. Interviewer: And your experience, number of years in management?

1.6. Participant: 5 to 10 years.

1.7. Interviewer: And in terms of your academic qualifications, where do you fall in this spectrum?

1.8. Participant: Post-graduate.

1.9. Interviewer: Do you have a corporate level strategy that speaks to your broad business scope as the entity? If you have, is there awareness of it? Is it adequate?

1.10. Participant: Okay. We have our strategic plan and an annual performance plans in the entity that is developed out of the three broader documents, providing a broad business scope and mandate. One of the three broader documents is the Northern Cape Tourism Entity Act of 2008. Secondly it is a document that has been highlighted from a national level called the National Tourism Sector Strategy. And then thirdly it is the Tourism Master Plan. So those are the three documents that guide the broad business case and scope for this public entity.

1.11. Interviewer: And in your view, are these three broad scope documents adequate? Is everyone in the entity aware of broad scope documents?

1.12. Participant: Yes, I think they are adequate. Everybody in the entity is aware of them. If we look at how we do our strategic planning, besides administration, we have got two focus areas for service delivery or implementation of our core mandate. It is the leisure tourism and business tourism. So those units develop their performance targets based on these three broader documents. So, everybody in those units, from your General Managers down to your lower level of our staff are involved in setting the performance targets in our strategic plans details of these broader plans.

Regarding their adequacy, I think they are adequate in terms of being the guiding documents to the entity's Annual Performance Plans (APP's) and strategic plans. If we look at the National Tourism Sector statutory, it is a document that the National Department of Tourism has developed. It gives the guidelines on how the tourism sector in the country must be run, at a national level, provincial level and also at a local government level. So that is the guiding document for the sector as a whole. We do know that the government is the regulatory and the enabling body and tourism actually resides in the private sector. So, when we talk about the beneficiation and economic impact, it is actually found in the private sector more than in the spheres of government. So, this document really gives a broad outline on how the sector should be run in the country.

1.13. Interviewer: You were saying these three broad documents, guide how you do your strategic plans as the entity. Can you please elaborate on these plans for the entity that you say is based on the three master documents?

1.14. Participant: Those three master documents has led us developing our 5-year strategic plan and then also further into your APP annual performance plan that have outer years that are linked to the MTEF (Medium Term Expenditure Framework). Because the APP's have been developed in such a way that they do not require too many actions as it is a more strategic and high-level document, it is important for us as the entity to know what we are going to do to enable us to achieve our targets. So, we break the APP down to the lowest level where we actually go and plan for which exhibitions we are going to attend, which publications we are going to advertise and

what marketing platforms we are going to use, both on the business and the leisure tourism side.

1.15. Interviewer: In your view is the APP of the public entity, which is your business level strategy, aligned to the three master documents that you spoke about earlier?

1.16. Participant: For the bigger portion, the alignment is spot on. If we look at the alignment as a province and this entity, where we do not have an alignment at the moment, it is in the business tourism sector. What the business tourism sector calls for is the alignment from national and they talk about establishing a Provincial Convention Bureau. So we are one of the two or three provinces in the country that are left behind that has not established a Provincial Convention Bureau. This Bureau will basically be the driving the business tourism sector in the province.

I think that is the only place we are not aligned. If we look at the other sectors in the national documents, we are one sphere of the tourism sector for the province, where we do marketing and promotion. Policy is driven from our parent department. Product development is also driven from the parent department. Education and research elements are also driven from the parent department. So if we look at the life cycle of the tourism sector, we are basically the third leg out of a four leg approach.

1.17. Interviewer: You did cover the issue of the gaps between you two level strategies, both at APP level, which are your business level strategy and the three master documents, which are your corporate level strategy.

1.18. Participant: Yes, I did. I mentioned the issue of the c Provincial Convention Bureau.

1.19. Interviewer: Do you want to add anything, other than the Provincial Convention Bureau?

1.20. Participant: I think the only non-alignment between corporate and business level strategies, which affect all sectors, comes from the local government level. If we look at what is happening at local government level, tourism has been identified as a national priority, as a new sector to drive economic stimulation for the country. But if we look at the level of resources that are given at local and district government level, it falls within the LED (Local economic development) office. They do not allocate enough resources for it to be fully functional in that they still do not see tourism as a key sector to local economic development.

There are many reasons for this, but if you look at the core reason for this, is that they always see tourism as a standalone sector. Tourism is not a stand-alone sector. If you look at everybody coming into your city, your town or your region, be it for work, be it to visit friends and family, they are classified as tourists. So, your basic infrastructure that you need for the local economic development, for your town planning, it is the same infrastructure that is needed to a tourist. So, there should not be disjuncture to see the tourism sector as a stand-alone glamorous sector that is just there in the corner. It actually feeds into every other sector of any key deliverable of Government, but more so at the local Government level. We are talking about electricity, infrastructure, water, just cleaning your cities. You know, that disjuncture they do not see, how that actually affects the tourism industry.

1.21. Interviewer: The gaps in strategy alignment at both corporate and business levels, you have just mentioned, how do you think can minimised?

1.22. Participant: Currently we are looking at a section of our Act and I suppose it is one portion of our Act that is not being fully implemented. Even though that section

resides in our Act, actually it should be driven by the broader tourism stakeholder forum that is led by the MEC (Member of the Executive Council). Your stakeholders that are invited in the forum include the MM's (Municipal managers), so it is a political stakeholder's forum. That is the structure that should actually be used to drive a forum, because it brings together the province to discuss transversal tourism issues and plans going forward so that we can have a uniform approach as to how we will implement tourism within the province. So, there are tools available to minimise some of these gaps.

There is a structure that can be used, but it is a tricky road because they say it should be driven from the CEO's office, but because it is a political structure, you are not going to get MM's to attend an invitation coming from a CEO. The political landscape does not really allow it to be implemented how the Act wants it to be implemented.

1.23. Interviewer: In your view how does the alignment, with minor alignment gap as indicated, between the corporate and business level strategies affect the performance of the entity?

1.24. Participant: If we look at what we have decided to do as an entity, we know about these limitations. If we look at the establishment of the Provincial Convention Bureau we have been trying for the past five years to get the will of the province to establish it. We have done different studies to see how best to implement it and we are not looking at establishing a new entity but it is something that can be housed in an existing entity of the province to drive this, because it is more going out and mining information as to what is available to host in terms of the business tourism sector within the province, and then also a bit of regulatory.

You will know what are your caterers, your venues, your transport, your sound, you know all those you need to host a successful business event. We have actually structured out targets in such a way that we are looking at what is available for us to achieve with the limitation we have got so that we do not try and shoot for the moon, but we can only get to your low hanging fruit. So, we have got strategic relationships with the National Convention Bureau which is housed within National Department of Tourism and South African Tourism which is the national public entity. So, we are using that partnership to be able to leverage off the business events they are bringing to the country to bring them to the Northern Cape. We are also looking at what we know as our capacity constraints in terms of size of venues when looking for your mega events, but we are shooting for business events between 50 and 200 because we know we can comfortably accommodate them in the facilities that we have in the province.

The major centres for business tourism are obviously Kimberley and Upington. Going further afield is more your specialised, you know when you have a group of scientists that might want to go to Richtersveld, to Kgalagadi and those type of things. So yes, it is there but we are like I said pitching at levels that we can actually accommodate within the province without putting unnecessary strain on both the provincial fiscus and obviously the NCTA's ability to assist on those levels.

So we do take into account all those things when setting out performance targets, we look at what our risks in terms of what we should achieve but what are mitigating controls and strategies we bring in to help us to pitch these targets on a level that is not too easily attainable but also that we are not blinded by the fact that national wants to achieve so many and we should just know to align it and try and push that agenda. Otherwise we will sit there with a situation where we have these massive performance targets and we know we will not be able to achieve it.

If we look at the history of the Northern Cape Tourism Authority (NCTA), I think we have been hovering in the high 80's and low 90's, percentage wise, in terms of achieving our targets over the past two to three years. It was a big learning exercise to develop our plans into the new framework of National Treasury. It is so easy for the national level to decide on how the APP and a strategic plan of an entity must look like. The Auditor-General (AG) then comes and they audit it strictly against it national guidelines. We are sitting in an industry where people do not like to be boxed in. It is marketing people. It is creative people. So to get their minds around at the beginning of the year I need to say I want to attend four exhibitions and these are the four exhibitions.

Our market is so dynamic. We are just sitting with a situation now where in our plans we had an exhibition in Cape Town to attend. Because of the water crisis and drought in Cape Town, the exhibition has been cancelled. So our plans are approved already.

Now to change all those things, it is a major challenge to get it through the legal way according to our regulations on how it should be changed. What has happened in the past, most probably seven or eight years, is that they have tightened the flexibility of your public entities so much that the regulations very restrictive. And I say restrictive in that my view is that the public entities were established as a leg of Government to be more flexible and to be quicker to implement and reach ground level of your core deliverables of certain sectors. My view is that to a large degree because, what has happened at your major entities, that entities are now over regulated. We take procurement as a simple example, which is over regulated and that takes away flexibility for the entities to respond fast to the needs of the market.

Whatever regulation is applicable to a mega entity, be it the Eskom or SAA, is also applicable to any entity in the province. And we talk of certain entities that have an operational budget of R 3 million. We are fortunate in that we are, I think now the second largest funded entity, after NCEDA. Our budget is R 23 million or R 24 million. But of that about 45% to 49% is salaries. You can take another R 3 million of that and say that it is operational costs in terms of overheads. So that leaves you with about R 8 million to implement your core mandate. You are not going to have these mega tenders that people are referring to in your new terms of the supply chain regulations. If we look at the range of procurement that NCTA goes into we have one, two tenders every four years. The rest is between your R30 000 to R100 000 price bracket you know.

So instead of them having regulations that say you come up with your policy on procurement and we will audit it according to your policy, we now have to comply with you know, with everything that national is saying. And we are not saying we do not want to comply. You are cutting us off in terms of our fast movement as the sector. An opportunity can come on to our door now by a corporate and saying I love what is happening here, I want to bring an event, I want to host something or I want to partner with something, if it is not in our national plans we basically are going to have to say I am sorry, we can only look at it next year.

By that time the opportunity is lost. So, you are actually looking at why the entity was established and the regulations have actually taken that ability away from an entity to operate in the private public sphere where you are public sector funded and driven but you are actually operating in the private sector. But your flexibility to be able to operate as private sector has been taken away. Prior to us becoming a fully-fledged Section 3C public entity, we were operating as a Section 21 company and under that ambit we were still audited by the AG but we were allowed the flexibility of not having to comply with all of the treasury prescripts and that afforded us the opportunity to be where you see these opportunities coming that can actually give an economic impact and growth to the province.

We could latch on to those opportunities. Right now, we cannot because if it is not in those strategic plans that have been approved by the board and the MEC and presented to SCOPA. You can basically just do a broad-based thing on how you are going to save money and see it as a saving and not an under-spending to actually be able to latch on to those types of opportunities.

1.25. Interviewer: The impact you spoke about earlier, economic impact, do you see yourself as the public entity, within the ambit of these flexibility concerns that you raised, as having an impact in your sector as per your corporate and business level strategies?

1.26. Participant: I think we still have an impact, but like I said earlier, we are not a stand-alone sector. Without the province, public and private sectors being there, it is very difficult to achieve. So we often get asked the question as to what is our contribution to the Gross Domestic Product (GDP). It is a difficult question to answer because we do not see the final product. Yes, we go out there, market and promote the Northern Cape Province. But people must remember that what we do this year will only be felt in two to three years' time, which is just how industry operates.

Because if we go to an exhibition today people are not going to travel tomorrow or next month, especially if it is an international exhibition, it will only be within a year or two. So, there is always that snowball effect and people ask but you have been to Berlin now but we are not seeing any change here. We say but remember, we were there three years back, so the improvement you see now is out of the three years ago campaign that we ran. So yes, there is impact and unfortunately, we have to rely on Stats SA and South African Tourism for the figures, because the province does not have a fully funded and functional research unit. But that is on a country scale.

Everybody relies on South African Tourism and Stats SA for rival figures. So, it is a big challenge still to say we are happy with those figures. Many provinces are at loggerheads with Stats SA and South African Tourism on the amount of figures because it is based on a sample size. We know what stats and how stats work is that it is extrapolated, and you just have to live with what they come up and say these are your actual rival figures. It is a constant debate.

But we can definitely see the impact and it might sound like it is really being drummed down but we ask ourselves, are guesthouse owners, hotel owners and restaurants complaining that they do not have business. We do not hear those complaints, so that should mean that the occupancy rates in guesthouses and hotels should be doing quite well. Restaurants, petrol stations and other add on services are also not saying that things are very bad there. Even though in the economic climate that we are in and we sit with those types of inputs to say that we are not seeing guesthouses closing down, so the occupancy rates should be on a decent level to be able to have them sustainable.

We had a good year in terms of domestic arrivals in the 2016 calendar year. International arrivals went down a bit. But based on the economic climate we know that it is more or less a norm at the moment. South Africa did indicate that they had a bumper year in arrivals in 2016. If it is the first-time travellers we know they normally go to Western Cape and Kruger National Park on their first visits.

They normally come to the Northern Cape when they come on their third or fourth visit to the country. So that is a strategy we use in terms of knowing that people are going to Cape Town first, so whatever partnerships we can undertake with other tourism entities in those provinces we latch on to them. Currently we have an agreement with Eastern Cape where we co-market certain areas because we know our borders are actually

linked.

You know the Karoo is a big thing that people look forward to. The Eastern Cape, Western Cape and Northern Cape are all part of the Karoo. So, we use those strategies. We also have an agreement with West-Grow which is the economic development and tourism agency in Western Cape for your routes going up to Namibia. So, we use those types of relationships to latch on and try and push our agenda as well. Partnerships are big in the industry. Without those partnerships you know, because we are all fighting for the same piece of the same cake.

We are still seen as the 2% province in that, the market share of international and domestic arrivals is more or less hovering on the 2%. If we think nicely, the province's 2% market share in the South African tourism cake, equates to what our equitable share is from national treasury, which is also 2%. We are seen as a 2% province. So, our aim as a tourism sector is to push that barrier to see how are we going to come out of being a 2% province and the key way for us to do this is actually to look at the business tourism sector because we know disposable income for your domestic traveller is becoming less and less. So how do we approach the domestic market in that we are looking at encouraging Northern Cape residents to travel within the Northern Cape? So those are the type of things that are contained in our business level strategies as the public entity.

But that is the type of strategies we are using, and South African tourism has identified that the domestic market is a key market. If we look at the domestic traveller like I said, how many people of the Northern Cape would rather travel 500 kilometres to go to Gauteng for a weekend instead of going to Upington. So, we are trying to latch on to those people that have got the disposable income but would rather spend a weekend in Sandton and try to divert them to say spend a weekend in the green Kalahari or the red dune Kalahari.

Instead of spending five hours trying to get to Johannesburg, you can do it in 3½ to 4 hours by being in Upington. Within less time, you are right by the river banks you know, in the vineyards. So that is where we want to change the mindset of the Northern Cape traveller. Not so much looking at your other traveller, and yes, we know it would be new money getting people from outside of the borders coming to the province but we do see a bigger portion of Northern Cape residents having the ability to travel but they are travelling outside of the province. So that is where we are trying to latch on and grow our domestic market.

1.27. Interviewer: Under strategy implementation, you have covered some strategy implementations issues such as financial resources regarding their influence to strategy implementation, strategy alignment and ultimately performance. I do not know if you have any additional point on that regard?

1.28. Participant: I do not think so, I covered many issues. But in terms of our strategy implementation, what we have also done is trying to latch on to the business sector, we look at the events. When I speak of the events, I refer to your community festivals, local festivals, sporting events, and music festivals as a catalyst of how to move people around the province. For instance, during the Easter weekend of a year, we know there is a large religious contingent that normally travels to church conferences and all that. But if we think of the youth element, there is Diamonds and Dorings, there is the Kgalagadi Jazz Festival, there is your motor sport activities happening in the Frances Baard area during the same Easter weekend. It is a key weekend to get people from other provinces to come to the Northern Cape. So those are the events that we are using to drive all our agendas you know, getting people here, and spending money in the Northern Cape.

And an important element that we tend to forget is that we always speak of a brain drain that happens from the Northern Cape Province to other provinces, but the flipside is that those people come back here our province to visit. Those people bring money back from wherever they are working to come and visit families and friends over these religious holiday periods, Easter, Christmas, New Year, and that is a market segment that is very important for the economy of the Northern Cape. People come to home for Easter weekend, they do not just come to visit mom and dad. They actually come and spend money here because embedded in the culture of people going away to work is that when they come home, they need to come and spend some money on the family at home. So that is the money coming in to the province.

It is money coming from Gauteng or money earned in Gauteng or Western Cape and it is being spent here in the Northern Cape.

1.29. Interviewer: Do you think human resources of the entity support its strategy implementation as well as the strategy alignment? What would be the effect of that on performance?

1.30. Participant: I think the human resource of our entity does its strategy implementation as well as the strategy alignment. If we look at what we have done over the past few strategic plan cycles is not done in isolation. Human resource and the HR development process is an integral part of our strategic planning process in that we look at what are the human resource capacity that we have at the moment before we finalise our strategies. So any performance targets that we set, we take into mind what is our staff compliment at the moment. We know we are not getting any additional funds for staff.

For the past year and a half, with the cost containment issues, we have been struggling just to get the approval to fill lower level positions. In terms of staff turnover our entity is very stable. Even in terms of board structure we have always had a fully functioning Board over the two terms of us being a Section 3C public entity. You know, starting in 2010, was actually the first year that we were fully operational as a 3C. So the board saw out their term. We had a new board that was effectively started 1st of April 2016 and they are still in term now. So, staff turnover is very low. That can most probably be seen that the organisation must be operating effectively.

There is some job satisfaction. There is some happiness and people are willing to put in that extra. We are sitting with a staff compliment of 16. We have got two vacant funded positions at the moment. So, pushing our staff compliment to 18 of those we would have four people in finance, one in HR and two in the office administration, CEO's office, and the rest being in core function. It also tells you that based on the vastness of our province, that people even though you know we comply with all the sections of your job description, your performance agreement, and people have the willingness to operate outside of their core mandate when needed. We have so many events and festivals and activities happening that sometimes, you get roped in from whichever office you are in, to market and promote and to assist in some of these operations as an entity. That is just how an entity operates. You do not have the human capacity to be everywhere at once.

So we have to rope in staff from other levels. So yes, the cost containment issues and stuff like that has an impact on us but I think in terms of our organisational design we are aligned to what our strategy plans require, what our resources are at the moment and looking at going till the 2020/2021 financial years. Our organisational development and strategic plans have been done hand in hand over those periods looking at our

funding over the MTEF (Medium Term Expenditure Framework) as well.

1.31. Interviewer: Speaking about the approvals, cost containment, can you elaborate on what you mean by those approvals?

1.32. Participant: Look, in terms of filling of vacant funded posts, currently it has to go through that lengthy process of getting approval from the Provincial Treasury and ultimately then the Premier to fill any critical posts on the organisational structure. So that is the process that takes a bit of time in the province unfortunately.

1.32. Interviewer: And does it affect the entity?

1.33. Participant: It does definitely affect the entity, in a negative way.

1.34. Interviewer: Do you think the business processes of the public entity, are responsive to your strategy implementation and organisational performance?

1.35. Participant: I think so. I think by and large our business processes support the strategy implementation of our entity. And we talk about business processes not just in terms of through procurement and other controls but also on how things are done in terms of the implementation of our strategies. There is wide buy-in from even your junior staff, as they involved in determining of what activities and how you are going to implement your strategies in terms of how you are going to market and promote, what is working in terms of the different target markets and what is not, what is new in terms of the market demands. So yes, I think our business processes are working fairly well in terms of trying to achieve our objectives.

1.36. Interviewer: In your view does the leadership of the entity such as the Board of Directors, CEO and CFO, influence strategy alignment, strategy implementation and ultimately performance of this public entity?

1.37. Participant: Definitely, leadership does influence the strategy alignment, strategy implementation and the performance of our public entity. If you look at our processes what we have done in terms of our APP is that, you will see that we are one year after the rest of government has actually started their new strategy cycle. The reason we have done that is because of the time the new board comes in. So, we have aligned our strategies to our board terms. So, the board would serve for 5 years but 4 years of that period would be for the strategy that the board has endorsed and signed off. The new board would come in and have one year of that old strategy still running, reason being that the board term starts from 1 April of the new term. By that time your strategies, budgets and all those have to be approved already during the previous financial year.

So, we have taken an approach where there is one year for the board to evaluate how the entity operates and then our strategic plans have to be submitted 6 months before the start of the financial year. So, basically in that first 6 months the board can observe, take stock of what is done, what the entity is all about and then have a real opportunity to drive the process for the next four years. So, it is not a wholesale of there is a new board coming in, you develop your own plan now. They have got at least six months to have a look and take stock and then say alright, if we as the board, need to change this and that in the strategic plans. They may say this is the direction we want the entity to take and these are our inputs we give to these strategies.

We have been lucky in terms of stability of the boards. For the two board terms, our board has been quite stable and also key management have been very stable. We have not had any resignations or terminations in terms of management of the entity. The only movement we have had was in junior and lower management levels, so that affords us the opportunity to stay afloat in terms of those management structures and styles, so there is nothing that rocked the boat in the last eight to nine years.

1.38. Interviewer: So, you are saying the leadership at the entity influences it to attain good performance as you mentioned earlier the entity's achievement of targets is hovering around 80% to 90%, the successive three clean audit achievements of the entity that are published in the Auditor-General's website?

1.39. Participant: Definitely, I leadership of this entity has resulted in good performance in our entity. It does link, because it is funny in our sector that we get so caught up in seasons because in our sector, you cannot just look at financial years.

There are also seasons. For instance, the Easter period season that I spoke about earlier is linked to the financial year end. Besides all the activities that are happening on Good Friday, which was the 30th of March; Easter Saturday was the 31st. The 1st of April which was Easter Sunday was the new financial year. It is seasons to people that are here in our tourism sector or in this public entity. So, it does not mean that, the activities are happening 1 April, it is the new financial year. The planning, the marketing, the promotion all took place in the previous financial year.

Yes, we are very cognisant of the end of the financial year, but activities have to flow. Implementation has to take place. And that is key in management and key in staff as well to know that yes, the financial year is coming to an end, but it does not mean the operations stopped for that season. Yes, we have closed for procurement, we set a cut-off date for payments, but activities are still taking place. It does not mean that the entity comes to a standstill. That is key to know that operations need to carry on, yes there are deadlines, yes there are legislative deadlines and all those activities take place. The tourism sector does not know normal operating hours. And we have got people in the organisation who know that when there is an exhibition, it is not from Monday to Friday, half past seven in the morning until four o'clock in the afternoon. Most exhibitions start on a Friday, so it is Friday, Saturday, Sunday and Monday. Operating hours go well after four o'clock, but our staff knows the sector they are in. They know what the impact is of what we are doing, and they have got that ability to implement.

1.40. Interviewer: What is the influence of the organisational culture of the entity its strategy alignment of corporate and business level strategies, strategy implementation and ultimately organisational performance?

1.41. Participant: I think based on what I have said already to you, I think it can be deducted that is a good organisational culture and family atmosphere within the entity. Being a staff compliment of 16, there is no other way to do it. Obviously, there would always be some challenges relating to organisational culture and I am not just talking culture in the workplace, but the culture, you come in with it. We are a diverse culture. We are a diverse nature. We are a diverse province. So yes, there are sometimes where you have these frustrations and challenges and head butting but nothing serious. I think looking at our performance audit outcomes and also achievements we have had over the last three to four years, one can see that any family has sometimes those rubbing up the wrong way, but we manage to put it aside and carry on with what our core function is. I think it has to do with the management style of top management in that we are not type of dictatorship style where you are rigid in everything. Yes, discipline is key, performance is key, but the human element must always be born in mind, if you look at how we operate and the environment we operate in you know, management has adopted that. We know this must be done and this is the way it must be done but there is some level of flexibility in allowing people to deal with people.

1.42. Interviewer: So, you are suggesting that leadership style has an influence to the organisational performance?

1.43. Participant: Definitely.

1.44. Interviewer: What is the influence of the entity's corporate controls such as the organisational structure to strategy implementation and strategy alignment? I know you have covered some of these issues already, I do not know if there is anything you want to add?

1.45. Participant: Yes, I hope you can gather it out of the lots of talking we have done already. I think we have covered largely those issues. On the organisational structure, I think in terms of job designs, it is a bit difficult sometimes. We have adopted as an entity the same salary scales and model that is used by Government, the reason being that we are too small to be able to have the bargaining capabilities that you need. So, we have adopted all those principles. However, when it comes to job evaluation, it becomes difficult and it is not just our entity. I think this is a problem experienced by all entities. Especially small, medium sized entities. The job evaluation process is very reliant on the number of subordinates and the amount of budget you control. I think that is a wrong way sometimes to look at how to evaluate a specific job. So, it is something that needs to be looked at, but it is not something that will be solved easily.

I am not sure what it is now, it used to be equate. But like I say, it is a very input and number driven process. It does not really look at technical requirements for certain positions. It does not look at thinking capabilities, capacity issues, decision-making and impact of decision-making on certain levels. And I am not just talking about junior levels, and also senior levels, these problems are across the board. That system looks firstly at how many subordinates you have. In an entity of 16 people how many subordinates do you really think you are going to have? We look at budget and if I take some of the smaller entities you are taking an entity that has got R 4 million total budget. Does your budget and your people that have authority to sign, how much would they actually be able to procure? So using those things to determine what the level of a post would be, it really construes the outcomes.

And it is very difficult to benchmark positions in our industry because you have each entity that is different in each province. In a lot of provinces, you have got tourism and parks boards. Quite recently the Free State has amalgamated liquor, gambling and tourism as into one entity. You know, so to be able to say from Treasury perspective or the Department of Public Service and Administration (DPSA) perspective, let us benchmark. It is going to be very difficult to benchmark.

You will always have a situation, where certain entities have got similarities in terms of tourism, this is what you are doing based on national, but the setup is different in every province. In certain entities you have product development lying within an entity whereas with us it lies within the Department. So, it is really province specific. Yes, if you look at the whole sector everything is being done that national wants to be done, but it is done in different spheres.

1.46. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately organisational performance?

1.47. Participant: We work very closely with the Tourism Department in terms of setting certain targets, in terms of working together, to plan. And this is so because of what national office has actually implemented in terms of the NTSS (National Tourism Sector Strategy). Some of the things that we do have an impact on the department and certain things that they need to implement have an impact on us. If we take product development for a simple example, the department develops. Once it is developed and implemented, we market and promote.

Once we are in the market we will see, get a sense of it of what the tourism community needs and see if there are any improvements that are required. We use our market intelligence to feed it back to the department again. They do a feasibility study or whatever to see if it is feasible to change anything, it goes back to product development, it goes back to awareness and education and then back to us to market and promote. So that is the life cycle of what happens. So, there is a lot of involvement with the relevant programme in the parent department in terms of what we do as a tourism sector.

In terms of other monitoring and oversight, I think the department is a bit lacking and we do not have the capacity and capabilities to implement everything as DPSA (Department of Public Service and Administration) and Treasury wants. You look at IT for example. No entity in this province would have the capabilities to implement the IT framework as national government wants us to. I do not think the parent department has the capacity to provide that oversight role to any of the entities at the moment. Risk management, we do not have, and I do not think we will ever be able to in our organisational structure, to bring in a risk officer.

But the department has got one official doing risk management for the entire department. That person would never have the capabilities or time to provide any service to any of the entities. So, in terms of oversight, I think they are trying to do. Yes we submit our quarterly reports both financial and non-financial performance, our APP's and all that goes through the department in terms of monitoring and evaluation. They have established a compliance unit, but they are looking more at your liquor and gambling entities. There is a tourism unit and there is also an economic development unit also where NCEDA reports to.

Those two units are more looking at the performance side of the two respective entities, being NCTA and NCEDA. So in terms of performance there is a big interaction but in terms of your other legal compliance, PFMA, Treasury regulations, we are sometimes left a bit to our own to come up with our systems and processes. Luckily with treasury being there and the internal audit, we are also now part of the shared service, so that helps a lot in terms of checking to see whether we have complied with the PFMA, Treasury regulations and with our act in terms of all those. What we have also done, and you will see it in programme 1 of our APP, we have brought in to HR, financial management and office of the CEO compliance issues in terms of our Act and the other Acts that is applicable to us. So, in terms of the CEO, our Act says so many board meetings must be held. It is now a performance target in terms of APP that there must be four board meetings, and I am using that as example.

1.48. Interviewer: Still on this oversight and monitoring issue to the entity by the parent department, does MEC and the board meet on a regular basis as part of the oversight?

1.49. Participant: I think they should be meeting regularly. If we look at the act, the MEC actually appoints the board. The tricky thing in our current situation, and I suppose it is a sensitive topic, is that the current MEC has not actually appointed this board. This board was appointed by the previous MEC. I think to date there has not been an official meeting of our board and the MEC. I am not sure about the other entities. I think it is important for them to meet at least once per annum you know, to get together and have one on one meetings to know what is MEC expecting of them. It is the MEC's board after all, such meetings can help regarding what the board is expecting from the MEC and tell the MEC what the board plans to do. But it is always tricky, the MEC has signed off our APP but we have never been called in to present our APP to MEC. But if we come through to day to day you often get the question but why are you here, but it is a target in our APP.

You know, we had a situation four to five years ago, where our Act said any adjustment to benefits has to be done in consultation with the MEC of Finance. In our situation the MEC of Finance is also MEC of Tourism right. And here we are just looking at the annual cost of living adjustment. So, we have adopted DPSA's cost of living adjustments. So as soon as DPSA has agreed on the cost of living adjustment, we would have implemented it. It was included in our budget that is ultimately approved by the department and the MEC. It was about 6 years ago we got a letter to say that it can be construed as irregular because we did not get the authorisation to implement the cost of living adjustments. We asked the question that the MEC has signed off our budget, there is an annexure to the personnel budget with the cost of living adjustment.

I am using that as an example because your budget has been signed, your plans have been signed, and the policy has not changed. But it has now become practice that when the cost of living adjustment is approved by DPSA we have to write a specific memo to MEC of Finance to say that we now request approval to implement what has been reached in the bargaining terms. You know, so those types of things are always tricky because one person sees it this way and the other person sees it that way. But I am using that as example to say that it does not mean that your APP has been signed, people in the parent department have actually noted what is in those APP's. Hence the assertion that oversight and monitoring from the parent department is lacking in some respects.

So, I think it is important for any MEC to meet the board that is responsible for an entity. They are actually the accounting authority of the entity and I think the department sometimes forgets that, that the CEO is the accounting officer, the board is the accounting authority. The board is appointed by the MEC and is accountable to the MEC. I think many parent departments forget that the board is not accountable to the HOD, neither is the entity accountable to the HOD. The HOD's office is mainly an avenue to MEC. Why that way? The PMFA is very specific that it has to go through a department because the budget and core function normally resides within a department. I think in most provinces, and especially ours they forget that as a HOD you cannot issue instructions to an entity. The Premier cannot issue an instruction to the board or to an entity, because they are appointed by an MEC.

The MEC's are appointed by the Premier, so normal flow should tell you that the Premier, if he/she want something, for the entity to implement, she must instruct the MEC and the MEC then instructs the Board. So, I think that is a very sensitive subject, but it is important to adhere to. We have had situations in the past where even national departments have wanted to give instructions to us. The DG within a national department writing to the CEO, not recognising that the DG from a national department should dealing with the HOD within the provincial department, because that is where the alignment is.

I think those lines are often overstepped and I think sometimes the ego's come in to play. National department feels they can come in to a province and do what they want to do within the province. We see it along many spheres where you hear that the National Minister has been in Carnarvon. It is like, yes, I am sure OTP (The Office of the Premier) does not even know that the National Minister has hosted a function in our province or in the Premier's province. So, I think the environment of Government at the moment is that the people at a national department think they have got more authority than a provincial department. So, you can come in and do and say as you want to, forgetting that there is a legislature that is responsible for certain elements and accountability and things like that.

1.50. Interviewer: In your view, should your parent department have a monitoring and

evaluation capability to evaluate the impact of the entity at certain intervals in terms of business and corporate level strategies?

1.51. Participant: I think they should. It is difficult to say how much they have. Our reports are going in various places to the department. And let me take our quarterly report for an example, it goes to Advocate Olivier, it goes to Mr Mengo, it goes to Jean Wilson who is the programme manager. It goes to the budget office and it goes to the HOD. I am talking about the same report. The reason why we do it this way, the programme in the department has to get a report to release our new quarterly transfer of funds. The Budget office checks whether what entity did in that reporting period is in terms of how should spend, whether the entity has any unspent funds and then HOD for notice so that he can know what is happening within the entity or what has happened with the entity because various times HOD gets questions from all over.

So, they need to know what is actually happening in one of their entities. Then to Advocate Olivier and Mr Mengo as the compliance and governance unit established for entities to see whether we are complying with certain things. I think the biggest issue we have as an entity is that we do not actually get any feedback and not just on our quarterly reports, on our APP's in terms of targets. Yes, we get feedback in terms of budget, but it is really superficial to say that your budget books has an increase of 5,5%, we are seeing your increase at 6½% reduce.

Not knowing that we have got certain other sources of revenue coming in and that is why our budget will not always be aligned to what the department is giving. We cannot draw up two budgets, one for the department because they are giving us an X amount and one for the board because there is extra revenue. We take everything that is coming in that we are aware of and budget in accordance with that. So yes, we get some feedback on budget but in terms of performance we hardly get any feedback in terms of whether the department is happy with the entity's plans or whether there any suggestions.

Yes, we meet quarterly with the department's core function, the tourism unit to actually look at that. So yes, there is definitely interaction on our side with the tourism programme. But I cannot say in terms of what happens, in the other entities if there is actually that level of interaction between core function within the department and the entities. We have got an open door where the CEO and the programme manager speak on weekly basis. Our general managers and the programme manager or the responsibility managers within the departments on a weekly basis they are in conversation. Quarterly we meet as management of NCTA and management of the tourism programme in the parent department to take stock on what is happening, to check as to whether are we on track, or whether there are any challenges or policy issues and we are dealing with it.

But in terms of key feedback, in terms of as the parent department, we see here that you guys as the entity are not aligned with the department, you know, at broad strategic level. The entity does not get that.

We are being invited to the strategic session, but it is mostly where they are talking. Yes, at the last strategic session we actually presented our plans, but it is so late to present plans in March. You know, so at a strategic level I do not think, there is decent interaction. I do not think the entity could be that, it has grown so much that they are happy with everything you submit but at least something coming back to say that we agree with where you set your performance targets and they can provide feedback to say we agree or we do not agree here.

1.52. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance.

1.53. Participant: You see, and I suppose this is where we are most probably protected. Our Act is very specific, so there are not much of us delving into stuff that is not in our Act and in the master plan and the national tourism sector strategy. So it protects us in that our limited resources are used only for what our key mandate is. We use it as a method of protecting the entity to say that any of these requests that come in to say that you need to go and implement this, if it is not in line with what our Act and APP is saying, then basically it is a protection mechanism. So, there are not many resources to spend on going into sectors that is not linked to our core mandate as per the Act. Even though we are protected by the Act regarding which industry the entity must operate in, I think the extent of the entity's diversification has some role to play in the entity's alignment of its corporate and business level strategies. Of course, this protection by the mechanism by the Act makes the entity to be less diversified. That should affect the organisational performance in a positive way as the entity's limited resources are protected to be channelled to the entity's core mandate.

1.54. Interviewer: That is the end this interview, thank you for your time.

2. Semi-structured individual interview: Participant (2)

2.1. Interviewer: In terms of age, there are categories, the first one from 18 to 24, last one 56 to 64. Where do you fall in this spectrum?

2.2. Participant: In that middle one, 35 to 44.

2.3. Interviewer: Can you confirm your gender?

2.4. Participant: Male.

2.5. Interviewer: And your experience, number of years in management?

2.6. Participant: 11-15.

2.7. Interviewer: And in terms of your academic qualification, where do you on this spectrum?

2.8. Participant: Post-graduate.

2.9. Interviewer: Does the Kalahari Kid Corporation have the corporate level strategy that guides its broad business scope and purpose?

2.10. Participant: It has, but I have to qualify it with the background. This part might be a bit long. But if you do not understand the context and the history of the entity, you will not understand where or how its corporate level strategy has evolved.

2.11. Interviewer: Take your time.

2.12. Participant: Yes, the Kalahari Kid Corporation has some sort of corporate level strategy. But just maybe to answer the corporate strategy is also under review currently. There was a planned strategic session that was supposed to have taken place but because of the trip that I have to undertake, it was postponed. It was postponed to this Tuesday that just passed, but then I had to be in Parliament. So we are still looking for a new date to have this session because of exactly the issues that we are sitting with, that although there is a corporate strategy, how it aligns to the execution and all those things is still problematic. Now to understand Kalahari Kid you have to understand where it started.

There was a programme that the Department ran pre year 2000 where they involved the ARC, the Agricultural Research Council, called the Commercialisation of the indigenous goats of South Africa and they concentrated on a milk project in Victoria-West.

At the time, there was a general understanding that blacks in particular are sitting with a

lot of livestock that are not necessarily commercialised. So, this was the initiation to see how we can actually commercialise these assets that are sitting with your black farmers. And then post year 2000, the then Department of Economic Development initiated a process called Kalahari Kid which was based on that model or that strategy of the commercialisation of indigenous goats. The Department of Agriculture was to manage the process, so it moved to the Department of Economic Development, which was busy with the Kalahari Kid concept.

The Kalahari Kid concept gained momentum when the then President Thabo Mbeki visited Kuruman to what used to be called Kgalagadi. He went to an area called Dephudi and he realised that there was a lot of women that were having goats. He then challenged the Provincial Government at the time that it should look at the commercialisation of those assets. There was Kalahari Dephudi that preceded Kgalagadi Dephudi. So, at the time the strategy was that let us try to organise these farmers in Kuruman and get the co-operatives running so that could then ask the government to assist them with better breed stock in order to begin the process of commercialisation of these goats. That was a period between 2002 and 2005 when this was taking place.

And then you will also remember at that time there was a policy imperative called AsgiSA (Accelerated and Shared Growth Initiative- South Africa), which was run by the office of Deputy President. After the visit of the President at the time, the Deputy President post the year 2005 was given the responsibility to manage this commercialisation of goats under the AsgiSA programme. Now under AsgiSA programme, there was a specific aim of commercialising the goats that were sitting with your historically disadvantaged people. That is where the commercialisation of goats was located in terms of the policy imperative.

So if you drive now to Groblershoop, you will see it, just before you cross the river you will see on the right there is a board that will talk about commercialisation of goats or Kalahari Kid and it will talk about AsgiSA. So, when the Kalahari Kid Corporation was registered as a business it was still with the Department of Economic Development or Economic Affairs at the time. And then through a cabinet resolution, this function was then moved to the Department of Agriculture because it is an agricultural activity. When the Department took over the KKC, it was then located within the chief directorate, which today is called agricultural technical services, but the responsible directorate is the Research and Development Directorate. So, it was basically housed there for oversight.

One of the reasons why it was housed there was that there was a programme called commercialisation of goats already there. Kalahari Kid Corporation was purely set up for marketing of goat products which the Department under its programme of commercialisation of goats would have been the supplier or the policy framework or the housing of the production aspect of the goats.

So the KKC in its birth was actually a marketing company. So, when it moved to the Department the decision was then made that we need to make a business case for the business to be self-sustainable. The business concept was that the Department will set up the production unit, will register the cooperatives, and will supply the breeding stock and all the production inputs like your scales, your medication and all those things to emerging farmers. The Department went on this programme of registering the cooperatives and they would give 100 females and 3 males to these co-operatives that were registered over time as well as all the equipment that they would require to farm. And then once they grow these goats into marketable kids which you can then sell. Kalahari Kid would be the vehicle that would then market those goats that are sold. So

that is the link. So the Department would have done that production. I am talking about the original concept.

2.13. Interviewer: Original concept?

2.14. Participant: Business concept. And within that business concept, the Department would also then do the training of those farmers on goat farming and the Koopmansfontein research station was identified as the appropriate location for that training to be done. Kalahari Kid registered the Kalahari Kid Training, which is accredited with SEETA, Agri-SETA, for training of farmers on goat production. So that is the original business concept. A joint venture was entered into with what was then to be later an Abattoir that is situated in Groblershoop so that the goats that Kalahari Kid buys, could be then slaughtered through this abattoir which was then accredited and registered. Then you can access your international markets, your high value markets in that way. So Kalahari Kid was going to buy the goats, slaughter them through the Abattoir and then market them to your Middle East countries and even EU if it was open at the time. So that is in a sense the business strategy. I want to make a distinction between corporate strategy and business strategy. So, then they had to put together a business case to say we needed extra money to set up this business case and IDC was approached.

2.15. Interviewer: IDC?

2.16. Participant: Independent Development Corporation. IDC was going to fund part of the money that was needed for Kalahari Kid Corporation. The Kalahari Kid Corporation would have then been the vehicle to drive this marketing of these goats. By then IDC had an issue that they could not fund essentially what was a government company. I think they were not allowed to do it. They required that for them to fund, I think they were going to fund R 20 million at the time, for them to fund they said Kalahari Kid must be registered as a business enterprise.

So, the business case was then developed around that that IDC for it to fund, Treasury must then help us with registration for it to trade, to unlock this funding now from IDC. Meetings were held with Provincial Treasury. The business case was put before it. They were not convinced that this is a sustainable business because it was a start-up business that did not have record of business transactions, so there was no information for Treasury to rely on, except the proposals that were in the documents. So, they were looking at the projections and on the basis of those projections they were not convinced that this is a sustainable business.

And they then recommended to the National Treasury for the registration of Kalahari Kid Corporation as a 3 D public entity, which would have been government business enterprise. But unfortunately, the registration of Kalahari Kid Corporation came through as the public entity 3C which was not, what the application was for. And we understood later that the 3C registration was actually on the recommendation of Provincial Treasury. And right there the whole business case, how the corporate strategy would have then unfolded, completely fell through. Just because of the inability to register the public entity as a 3D but as a 3C in terms of PFMA, a completely different meaning and business setup as opposed to your 3D had just began. This is because of various business limitations of a 3C public entity as opposed to your 3D.

The IDC package or support that was going to come through immediately falls through because IDC cannot fund a 3C. The 3C by its very nature has to be fully dependent on its mother department. So, it changed, it completely destabilised the business case so which means the corporate strategy that had to now be in place on how to run this thing. That corporate strategy was now completely delinked. Because the business case fell through the corporate strategy that was associated with that business case you now had

this complete disjuncture.

2.17. Interviewer: Disjuncture?

2.18. Participant: Because now you are going to design a corporate strategy that does not speak to the business case of the public entity. We should have delisted then precisely because now everything that follows after that 3C registration tells you the problems that resulted due to incorrect registration. This is like when you commit a crime. If something happens and if you were forced into a situation where you commit a crime, it is whether those crimes are independent from the original reason why you committed the crime.

So the 3C registration is the start of the problem and it basically then defines the entire problems of KKC. So, if you understand that, then you will understand why the current setup does not work. Then you understand why the corporate strategy cannot be linked to what the business was intended for. So, we should have delisted the 3C immediately. But then there were people that believed that you could still make it workable within a 3C.

So, to answer that, the overall scope of the business was for Kalahari Kid to be a marketing vehicle to buy goats from our emerging farmers, sell them through a registered processing facility for export meat to your Middle Eastern countries and that which means your corporate strategy would have worked as a business and not as a public entity 3C. And that defined our problem. So, the context I just gave you is very important for you to understand our corporate and business level strategies, including the alignment problems of the two strategies.

2.19. Interviewer: You have covered bullet one and bullet two, regarding the alignment or misalignment between the two-level strategies. In the nutshell, there is no alignment between the corporate and business level strategies in the public entity if I understand you correctly?

2.20. Participant: There won't be an alignment between the corporate and business level strategy in the entity because of the detailed context, I have just given you. There won't be any alignment of the two-level strategies. There shouldn't be because the entity's corporate and business level strategies are like two puzzles that were never designed to fit together.

So all the strategies, the corporate strategies that over the years that were put in place were in essence trying to fix what was already damaged by the type of registration. And you will always get misalignment because it was never designed properly to fit. So, if you go back to the for instance financial statements, you are going to pick up a lot of discrepancies in that how do you compete with a speculator that goes to farmers and pays on the spot. And your supply chain management rules require you to get three quotes and you must give an order and what, what. The business strategy is not going to work.

And under 3C where do you locate trade? We try and figure out that business strategy, whether it will align, you cannot. So, we are always challenged with this thing that all the corporate decisions that were made we were just trying to see how best to adjust within the 3C registration. And that never worked.

2.21. Interviewer: Although you have touched on organisational performance of the entity to some extent, what is the effect of the misalignments you have just mentioned to the organisational performance of the Kalahari Kid Corporation?

2.22. Participant: Look, my opinion is very clear. Because of what I just described your organisational performance was not going to be up, because you see, for instance the Kalahari Kid Board would decide a business strategy that within a 3C model nothing can happen without going through the Department. And if you understand business entities' models is that the Head of the Department of Agriculture is the accounting authority, accounting officer. The Board of a public entity becomes the accounting authority. Both of them report to the executive authority.

Which means our responsibility becomes oversight and alignment of targets or performance targets to oversee that they are doing the mandate that the Department has given. But more often than not that performance was entirely dependent on the Department because entity could not move within the business setup because the Department within a 3C has more say unlike in a government business enterprise, because there you must make business decisions. And here you cannot make business decisions because it is a 3C, everything must still be going through the Department. The problem resulted in some of the functions not being performed entirely by the Kalahari Kid Corporation, which were duplicated by the parent Department.

But if you look at the APP's of the parent Department and Kalahari Kid Corporation, you are going to see the same functions. The original sin, which is the incorrect registration of the Kalahari Kid Corporation as a 3C public entity instead of 3D as originally by the parent department, created all the problems that followed afterwards. So, the performance you are going to pick up in the APP of Kalahari Kid Corporation is duplication of functions between the parent department and entity. You are going to pick up that some of the officials that are within the Department did some functions also for the Kalahari Kid. So it never matured as a business enterprise. Precisely because it was registered wrongly. It was never intended to be a 3C. So, the performance was misaligned and there are duplications of functions between parent department and entity.

2.23. Interviewer: Earlier you implied that the MEC or rather the Department considered to deregister the Kalahari Kid Corporation as a 3C public entity or cut the losses of the department. Are you then envisaging going back to the original intention of the parent department, which was register, the entity as 3D?

2.24. Participant: We made three recommendations to the MEC regarding the future of the Kalahari Kid Corporation and at this point this point they have no traction. One was that let us completely deregister the Kalahari Kid Corporation and we leave it as a private business. That private business will then do its own affairs and the Government can then like in any other company interact with. So, it will still go back to its mandate of being a marketing company that will then continue buying goats and selling them in the open market.

The second one was to revisit the business scope of the Kalahari Kid Corporation. In this recommendation was to approach the Treasury again and indicate to them the difficulties that we have with the 3C registration of the Kalahari Kid Corporation and request that the entity be moved from a 3C to 3D. In all the engagements, it was very clear that Treasury wants to rather do away with public entities because of the financial situation the country is in, rather than adding to the public entities. So, the prospects of success for us to convince Treasury to move from a 3C to 3D are very low. The third recommendation was within the 3C mandate can we then not revise the scope of Kalahari Kid Corporation and re-brand the public entity.

Like I said, this did not get traction, so it is a personal favourite of mine, but it is not necessarily shared by for instance by the Head of Department of this parent department.

To revise the scope, you still keep it as a 3C because what has happened now over the years is that the Department has gotten into other commodities at a business level. So, you re-brand your Kalahari Kid Corporation and you can you know, like KFC. KFC was Kentucky Fried Chicken, but in its registration now it is just KFC. The full name is no longer Kentucky Fried Chicken. So, you can follow more or less a singular model where you re-brand Kalahari Kid to KKC as a brand.

We then revise the scope, so we keep it as a 3C, but you revise the scope and its main objectives is then to act as the facilitator of business setups of all agricultural products or products that the Department is investing in. So, it is for business setups of all agricultural businesses that the Department is involved in so that it becomes a mother body that reports entirely to the Department. It remains a 3C. Under it, it helps farm businesses get registered.

So, essentially what then would happen is that your Rooibos business would then be a business that KKC, not Kalahari Kid Corporation, the re-branded KKC, would now oversee. Then you have the pecan nuts, then you have the aqua culture, then you have the vineyards, the raisins, the table grapes and all those things. They will all be businesses that KKC is setting up for the emerging farmers, but those businesses are private companies that the intention is we set them up and then they should run on their own without any government involvement because it is farmers.

It will be the development of the farming enterprises. Whilst the enterprises are fully functional, KKC can then withdraw. Or they can still be involved in the marketing because there is actually an 8% that we are losing to private people on the marketing fee. So, if you retain that, then you can sustain a 3C, KKC through that marketing percentage. So that is the third proposal that did not find traction. Although in our discussions with Treasury, you could see that they were a bit drawn to such a proposal because then there is no requirement to change the registration, you are just amending the scope. So, the new legislation that we are going to write was then going to address the diversification of the business.

So, the 3C now is not purely for commercialisation of goats. The commercialisation of goats would have been now a company that is under KKC. So, once it runs and it has its own logistics and whatever, it can run as a business. And then Rooibos can run as a business and the vineyards can run as a business. But the Department uses this vehicle to set up whatever business. So, if tomorrow another commodity comes up and we have to establish an itinerary, KKC would then be doing the corporate strategies of those businesses. It would be making sure that there is accounting standards, ensure reporting, compliance and all those things. That is what KKC then would be doing, not necessarily the Department.

The department would then just interact to say that the businesses are actually achieving the objectives they were set up for, which is job creation. So, I still favour of that. So, it never received traction that is what we were also going to resuscitate at this strategic session that I was telling you about. Then we would then present to the MEC, now this is from the Kalahari Kid side, not from the Department side.

From the Kalahari Kid side, we would then as the board of Directors, make this proposal to the MEC, to say this is how we think we can restructure this business and then we take it from there. If he agrees with one of the options, then we take it from there. But so one of the three will happen, either we de-register completely and cut our losses, it must run as a private company from there, sort itself out which means no more transfers to Kalahari Kid, or we ask Treasury to change the registration from a 3C to a 3D, or we keep it as a 3C but we change the scope to include the diversified portfolio.

2.25. Interviewer: Can we then go to strategic implementation. I know you have already covered some of the issues on strategy implementation. In your view, do the business processes, financial resources and Human resources of this public entity, support its strategy implementation? What is their effect thereon on alignment between the corporate and business level strategies as well its organisational performance?

2.26. Participant: You see, again the original sin, in terms of the registration of the public entity is also relevant here because it could not run as a trading entity and because of the dependence entirely on the State. Even if they sell goats and whatever, remember that you still have to surrender whatever surplus you have to Treasury, your liquidity positions, you can talk any business language, and it does not fit into this. How do you surrender money of a business to Treasury? When you have to have your viability or what do you call it again?

2.27. Interviewer: Going concern issues?

2.28. Participant: Yes, it must be a going concern. It cannot fit into any of these. And that is why it forced us that some of the officials within the Department are doing functions that essentially are supposed to be done by them. But they are not necessarily seconded to Kalahari Kid. So, it then creates this anomaly of the organisational structure. So, the human resource, the business processes, the financial processes, they are also misaligned.

2.29. Interviewer: So, strategy implementation is an issue here?

2.30. Participant: It is an issue. This is because of the original sin regarding incorrect registration. I mean that is why I said everything else that follows is us trying to adapt to the original sin into a structure that was never designed to trade. 3C's were never designed to trade. Then whatever strategy we came up with and try to implement, was to see how we live with this monster.

So, if we send somebody to go and help Kalahari Kid with one, two, three things or all of a sudden, the entity requests extra money because they must go buy goats, it creates the problem because of the misalignment in the strategy. When the prices of goats, change, the original budget of the entity does not fit into the market. When the entity makes money but then they must disclose that and then you may surrender that money to Treasury. So, all these things disturb what a normal company would have done.

They cannot even borrow. They cannot do anything. So, the strategies of the entity are wholly dependent on what Government says, not on what the business out there is saying. So, they cannot adapt to the commercial or to the speed of commerce. They can't adapt to the changing environments within the businesses because they are wholly dependent on the Government processes. Based on what I have been you, you can see that strategy implementation is a big challenge in the entity. Everything at strategy is misaligned and it is clear that the performance of the entity will be affected in a big way, negatively, until the original sin has been rectified.

2.31. Interviewer: What is the influence of the organisational culture of the Kalahari Kid Corporation to its strategy alignment, strategy implementation and ultimately the organisational performance? Is it a conducive culture to strategy implementation?

2.32. Participant: No, it is not. Look, I actually struggle to say that there is a firm organisational culture. You know many years ago, we used to talk about firstly your organisational identity which actually then is influencing your organisational culture. So first is the organisational identity and then it is culture. So, I am struggling because the identity of this entity is already messed up.

This then makes the organisational culture to be very fluent. So, there is no way you can package it properly and say we know who we are, we know exactly what we are, and this is how we have cultured ourselves around implementing our strategies. So, I am struggling to find out if there is actually an organisational culture, a firm one at this entity. What I know or what I see is very amorphous organisational culture of this entity, which adapts with the times. This year this is what the MEC is saying, this is what the parent Department is able to do, the entity will have to adapt to what they are saying this year.

When there is a change in politics, entity must adapt. They cannot run as a business, their culture is not influenced by business processes that are independent of the Department, the mother Department. So, whether there is an organisational culture, in the absence of an organisational identity, I am struggling with. This bad organisational culture in the entity is one of the consequences of the original sin I told you earlier, its incorrect registration as a 3C instead of being 3D.

2.33. Interviewer: What is the influence of the corporate controls such as organisational structure and head office controls of the parent department to the strategy alignment between corporate and business level strategies and ultimately to the organisational performance? I note what you indicated already on the consequences of the original sin, I do not know if have anything further to add?

2.34. Participant: Like I said, the entity is wholly dependent on the Government because their 100% funding is coming from us. So, I mean if you run a business, your financials are going to be determined to some extent by your business level strategy. So how the entity responds, how it aligns and how it is implemented, it cannot independently do it because of the parent department, they are wholly dependent on the parent department. So, the parent department basically dictates their corporate and financial controls as well as their strategic controls. This parent department vets their APP's. This parent department has to approve their transfer payments every quarter based on the reports that they submit to us. They cannot deviate without prior approval. Even when they do not have the funds, they do not have the legal authority to source funds from somewhere else.

So, the entity's corporate controls become again very fluent. They are very fluent, because how do you run a business, but you are completely dependent on the parent department. You know you must run. You know you have the ability to run but you cannot move. You cannot even put on your shoes, unless your father says so. So, you have no independence to make any strategic decisions or put in place any financial or strategic controls unless the parent department says so.

So, it is like a child that is still under his father's control in his house although he can be his own man until he leaves the house he is still dependent on the father. And the father's word is his word. You have absolutely no independence other than that. So, the entity in my opinion has extremely limited controls. They have policies, but those policies have to be 100% in line with Government policies. Whether you talk of recruitment or all those things, there is no an adequate corporate controls or organisational structure that are independent of the Department.

2.35. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately organisational performance?

2.36. Participant: Before 2016 that oversight and monitoring was very erratic. It was very erratic. Again, there were uncertainties about what a public entity is, and I know my

boss would probably disagree with me on this one. Although we repeatedly said that a public entity is an entity you have appointed to carry out functions that ordinarily you could not do, and their setup is such that there is an accounting authority that has to account to the MEC.

What you ended up having is that it was not an oversight pre-year 2016, it was a joint implementation, duplication of implementation. So, you could not call it oversight. Post 2016 it started getting shape. The board started making its own resolutions and there were various meetings that discussed the strategy alignment or to clarify how this oversight is going to be done which to a certain extent has sort of stabilised the oversight. So, what essentially has to happen now is that the Department or Kalahari Kid will draft its APP. So, Kalahari Kid would do its strategic session. The entity would compile its APP and those documents will then be submitted to a Chief Director that is responsible for the commercialisation of goat programme within the Department. The oversight by the parent department to the entity is of administrative role.

We would take that body of documents to the monitoring and evaluation (M&E) unit of the parent department. That unit will then check how far they have aligned or misaligned their targets or their strategy with the departmental strategy. And then once M&E unit gives its sign-off then the entity's reports, through the Department, are submitted to the executive authority. So, our function is just to ensure that we assist them to make sure that by the time they submit to the MEC is fine.

The budgets are fine and all those things. That is why I say it is an administrative function, not really oversight. But the actual approval is still from the accounting authority which is the board represented by the Chairperson submitting to the MEC. Now the Department would have done the spade work to check that everything is fine and then a meeting between the Board Chairperson and the MEC takes place. The Department plays a support role to the Head of Department when the MEC has a meeting with the board.

This support is to make sure everything is speaking to each other. Whilst that has been accepted and it is signed off and is tabled by KKC at the portfolio committee, they now have got the reports that they must submit. They submit that again to the Chief Director and the Chief Director must submit those reports to the Chief Financial Officer. Well, it is actually a split. It goes to M & E again to see, to evaluate that they have achieved their targets and there is, no problems with their report. We sign it off to the Chief Financial Officer that will then accept that the funds that were released have now been accounted for and then would then authorise the next transfer. So that is the oversight that we then do at that level. So, the next transfer cannot be released unless they submit their quarterly reports, which would have then been verified by our M&E. So, I am hesitant to call that oversight. It is oversight, but I want to separate the political oversight and the administrative oversight.

I think it is just an implementation of what the MEC would have approved because we do the same with our programmes that they would submit their information that is verified by M&E. You still follow the same system, signed off and then your quarterly reports are submitted to the MEC. It is the same process. So, if it is about oversight, then that is how I would describe the current system of oversight. But pre-year, 2016, it was pretty much a cowboy system.

2.37. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance.

2.38. Participant: Look right now, there is no diversification and we recognise that we need to diversify. And that is why one of the three proposals, I spoke about earlier talk to diversification. I think the fact that we are not diversified contributes to the misalignment between the corporate and business level strategies of the entity. As I said, such a misalignment is mainly due to the incorrect registration of our entity as 3C instead of 3D as I have explained. We should be performing better as the entity if we were diversified.

If we do not diversify it is becoming very difficult to justify the level of skills that we are keeping in Kalahari Kid as well as the amount of money that we have to transfer. And if you compare this to that proposal, third proposal is that you will still have the same structure. You will still have the same transfers, but the entity will be responsible now for more than one business which is not just about goods, it will be all other things. But you are not necessarily changing the funding here.

It is business setups and making sure that the things is running, doing the normal check-ups and whatever. That can be done by the current structure that is there. So currently diversification it is very low, but it is a serious risk because we cannot justify the amounts of money that we are transferring for such a structure, only concentrating on the incomes that you get from commercialisation of goats which is not very significant. With this low level of diversification of this entity, it should be making the entity to perform better because it's corporate and business level strategies should be aligned better than it would have been if the entity had high levels of diversification.

Right now, after the viability intervention they will break even but over the years they have been running at a low. If we do not implement the diversification they still can make profit but then they must run as a business, which means proposal two of moving it from a 3C to 3D must happen. They must trade like a normal business. Some of the supply chain rules constrain them completely. So, without diversification they can make it if you change the original sin. If you keep it as is, I can be very honest with you to say that there is no way Kalahari Kid can get anything better than the disclaimer in terms of the audit opinion because you cannot run a 3C. You cannot hide trading processes and rules that apply to trading within a 3C. So, you are going to sit with irregularities. You are going to sit with a disclaimer because the system was never designed like that. So, we have to diversify, so that's why those three options are quite important.

And that is why we will sit on the strategic session to decide what we recommend to the MEC and then we take the process from there. So, you may ask the question but then what does the future then entail. Once we have made our proposal and we consult with the MEC, it will be now his decision to take through the Provincial Executive Council (EXCO) what we propose. If one of the two, the second and the third go through, this is likely to be a very successful enterprise because then you are either a 3D or you are still at 3C but you are not buying and selling goats, you are just managing a company that actually buys and sells.

So, your registration is a 3C, but you have companies that are running under company law, they trade like normal businesses, they can sell, do this, do that, but under very strict control of your 3C public entity and then you should have a viable business. And they will be giving back something because the marketing can still be done by your 3C. The marketing does not require to be funded by the Department. It can be funded by the companies that you are doing marketing for. This overseas trip that I am going to now, it is a trade trip. It is an expo. So, basically those are the types of things that your 3C public entity would do, for it to market all these products under its portfolio.

So that it does not have to depend on the Government, the entity can give the 8% of the marketing fee and then they market their products through the 3C public entity structure.

That is the future I see. If we do not do that and then status quo remains, you and I will be sitting here next year with a disclaimer audit opinion.

2.39. Interviewer: When I was reviewing the APP of the entity as part of preparation for this interview, I could not find a specific founding and enabling legislation for this public entity as it was in the case in other entities such as the Northern Cape Gambling Board or the Northern Cape Tourism Authority, as a way of example. Did I miss anything perhaps? If indeed there is no such a specific act, what was rationale for it?

2.40. Participant: That is correct. We do not have such as specific legislation such as the Kalahari Kid Corporation Act. It is something that we are looking at it to correct. I think it was just an oversight at stage, but it is something that we are looking at it.

2.41. Interviewer: We came to the end of this interview, Thank you for your time.

3. Semi-structured individual interview: Participant (3)

3.1. Interviewer: Please indicate your age category?

3.2. Participant: In that middle one, 35 to 44.

3.3. Interviewer: Can you confirm your gender?

3.4. Participant: Female.

3.5. Interviewer: Regarding the management experience, which category do you fall in?

3.6. Participant: 6 – 10 years.

3.7. Interviewer: On the academic qualification, where do you fall?

3.8. Participant: I have got a post-graduate degree.

3.9. Interviewer: We will start with the strategy alignment issues. Can you confirm if there are corporate and business level strategies in the public entity? If you have such strategies are they aligned to each other?

3.10. Participant: Yes, we do have both strategies. Look, we do our strategic planning together with our parent department and we align with Article 14 of the National Development Plan. So, in that sense there is definitely an alignment between the corporate level strategy and our own business plan or the Annual Performance Plans (APP).

3.11. Interviewer: In all levels of the organisation is there an awareness of both strategies in the entity?

3.12. Participant: Yes. Look, the strategic planning is done with all, the full museum. So it includes all museum officials. That is not to say that all museum officials partake or fully understand the process, but we try to include everybody and try to be as simple as possible in explaining the processes. I am mentioning this because half of the staff at the museum is currently only on Post Level 3. So, in terms of comprehension they are not always that clued up when we talk about business plans and strategies and those types of things. But they all form part of the 5-year strategic plan of the entity and then of course your senior management, they are the most involved because they are involved in all the steps and all the processes.

3.13. Interviewer: In terms of adequacy, let us zoom in to the corporate level strategy from your parent department, would you say that it is adequate in that the parent department defines, your broad business scope, your nature of functions as the public entity?

3.14. Participant: Yes and no. I think the two strategies align. We align with our Annual Performance Plans (APP) and Strategic plans with the broad scope of function per the parent department. So, I have no problem with being unsure or unclear of what my mandate is and what we are supposed to do, I am very clear about that.

3.15. Interviewer: So as for me to understand clearly, you say there is an alignment in your view between these two-level strategies in the organisation?

3.16. Participant: Yes.

3.17. Interviewer: Any gaps on the alignment issues, between these two-level strategies, would you say there are any gaps or are things perfect in the alignment between the two level strategies? Is there a perfect fit between the two strategies?

3.18. Participant: No, things are not perfect. I do not know if it fits in here but I think the gaps in our case is more of our parent department not really understanding the autonomy of the entity and in a sense even after our annual performance plan has been approved and we are clear of the mandate that we have to follow for that specific financial year, we get constantly bombarded with new projects and new things that were not budgeted for and that was not part of the APP where the parent department has got a target but they utilise the entity to achieve their target. I cannot report on it in my APP because it was not my target. It is a target that they have but they utilise the entity and the entity's capacity to achieve that target to the detriment of my own targets that I have to report on as the entity. So, for me that is the biggest problem or gap if you want to call it a gap.

3.19. Interviewer: In your view how those gaps like you have just outlined can be eliminated?

3.20. Participant: I think the biggest problem is that the Department needs to realise that we are not a directorate in the Department, so they cannot on a daily basis include the entity as part of their work, their team, their work team, their group that is supposed to fulfil their mandate. We get our own mandate and it is approved by the MEC of the mother department. And I think sometimes there is this discord between their understanding of that.

I cannot also assist as much as I do and want to because of our own capacity constraints. I cannot also be regularly involved in their own APP targets while the entity has its own APP targets it has to. So I think better alignment if it comes to the point where we agree prior to the beginning of the financial year when we do the planning of our two APP's, the parent Department's APP and our APP that we already align any collaboration that is supposed to take place there at that stage so that there is a means for me to include it in my APP and be able to report on it as such. I am m going to give you another example.

The Department according to the DAC (Department of Arts and Culture) criteria or strategic plan have to report on oral history projects. Now the museum has got an APP on oral history project because we have got an oral history section. And the Department has now taken our two oral history projects and made it theirs and have put it into their APP as well. So we are going to be both reporting on the same two projects because they struggle to see the difference between the entity as an arm of the department for filling a specific mandate of the department and the distinction of a unit within the department that is focussing on the specific targets of the department. I think you will find that a common problem with all three of the entities within the Department and I am saying this in all confidentiality. Even more so with the other two entities because they are currently unlisted while the museum is the only listed entity within the Department.

3.21. Interviewer: And then these misalignments, if I understand you, but especially from the perspective of parent department, how do they affect your performance as the public entity?

3.22. Participant: As I said, the problem comes into that we then have to provide resources for projects or programmes that were not part of our budget at APP. So, and when I speak of resources I speak of human – specifically human capital but also in a lesser degree financial. Unfortunately, or fortunately, the museum does not have a very big budget.

So, it is not as if we can contribute a huge amount in terms of financial resources but very much so our human resources get you know, people get pulled into projects in the Department and they are out of circulation for weeks on end, especially our oral historian. And then I struggle for him to meet his targets within the entity. And then how can I reprimand him if he has been doing a lot of work, which is not for the entity, but for the parent Department.

3.23. Interviewer: How do financial resources, human resources and business processes of the entity affect its strategy implementation? Some of the issues you have covered already. For instance, you have spoken about the challenges around the financial resources and human resources. I do not know if you have got something further to add or emphasise?

3.24. Participant: Yes, I have got lots further to emphasise. One of the big problems of the entity currently is that although we are a listed public entity, our staff component is still being managed by the parent Department. So, our payroll sits with the Department Sport, Arts and Culture. And although it has got a small positive in it in the fact that we do not have to deal with HR matters as we do not have the capacity in terms of an HR component at the entity. It has got a huge negative effect on the entity because our posts are filled or not filled at the discretion of the Department which led to a huge number of museum posts being defunded over the years.

From 63 approved posts in 2008, we are now sitting now with 49 and a lot of those posts that are no longer filled are specialist posts. We are talking about botanist, anthropologist and archaeologist. You know, we need those posts that we need to fulfil our mandate as a museum and as a research institution. So, to me that is one of the biggest problems currently for the entity that we do not receive adequate support from our parent department in both filling vacancies but also in training and development. They have the funding. We do not get that funding. That workplace skills plan percentage resides with the parent department but in a year if I get one or two of my staff, for the Department to provide training I am lucky.

Most of the time, we do not get any training, despite the fact that we highlight our training needs and we request training. One of the big reasons is remember, our training is on specialist field. It is not training that your normal provincial government will provide. It is not your normal receptionist and all of those types of training. These are conversation needs and conservation training for your researchers and all of those types of things. And the Department is struggling to source service providers but also because they take so long for the process. Sometimes we hear of adequate or a perfect training course for our people two months before the time, but you think that is adequate time, but it is not adequate time for the Department to make those arrangements because they have already budgeted for that specific training already in the beginning of the financial year. So yes, there are lots of those types of challenges that we have.

And then I am not even going to get into the financial constraints. Look, we receive a transfer grant from the Department. It is our main source of funding. Without it the museum cannot function. But currently that grant is for the lights and water. It only covers our operational costs basically and it remains stagnant for the next three financial years. The indication is that we will not get an increase. What we got last year, we are

going to get it in the new financial year, which is R3, 2 million. This entity has got nine sites, nine museum sites it has to manage and in total 54 employees if you take all of those sites in too. Our payroll is R13 million but that resides with the Department. Now you see the problem is that if they have a problem with their budget, and I am saying this in all confidence.

3.25. Interviewer: I know, as I indicated earlier, one of the conditions by the University's Ethics Committee, to approve the study was to say, that I must make sure that there are no personal identifiers to the study participants.

3.26. Participant: If they need specific posts filled or to create specific posts at the Department that is not on their structure or that was not funded, they tend to take from the museum budget as posts get vacant at the museum. They are not filled and then eventually they tell us no, the post has been defunded. But what happened to the money of that post? So, yes, we do not get a big transfer from the Department and the Department is under this illusion that the museum can be self-sustainable. I still want to see the museum that is self-sustainable. There is no such a thing. I mean we have got various revenue sources, admission fees, we hire out our venues, we attempt, and we do impact assessments. Our specialist does impact assessments for which they charge fees. We present lectures at the University.

We charge the University. So, we attempt all different avenues to raise our revenue, but it never gets to more than about a million rand and then we are lucky if we get a million rand a year in terms of revenue. Because you can never predict how many visitors you are going to get in a year. And so, the Department also tend to say but yes, you have got other avenues, you can apply for funding. But even those avenues have now been diminished because where we could in the past always applied for Lotto funding, the regulations have changed, and they say that any government organisation or an organisation linked to government can no longer apply for Lotto funding because they consider it to be double dipping. We get funding from the government, but you also want Lotto funding.

The only institutions that are excluded are schools and universities. I think they should look at widening that and including museums under that as well, because we are non-profit institutions to perform a service to the community. They do not fund government institutions, so we cannot apply to them. And even to those institutions where we can apply, it is project driven. It is for a specific project that you get funding. So, they do not provide funding so that I can appoint a new archaeologist or all those capacity constraints that the entity has. And we have got one State Accountant at the museum. We have to fulfil all the PFMA (Public Finance Management Act) regulations that any government department have to fulfil, but we have one State Accountant. So, when it comes to segregation of duties, who is obtaining quotes, who is writing the orders. Who is paying the service providers? It is all one person.

Even if I get a grant now of another R5 million I do not know if we will be able to spend that, because it is still just one person who has to do all the work. The money can double, but who is going to do those processes, remember the PFMA is very strict in how you must procure. Three quotes if it is less than ten thousand. Then you get up to five quotes if it is thirty thousand. There is SBD forms for the supply chain management compliance. There are all sorts of requirements that have to be done before you get to the stage where you issue an order and one person can only do so many procurements in one day. So, capacity is a huge problem for us.

3.27. Interviewer: In your view, would you say all these issues you have just alluded to, affect the strategy implementation? If I understand you correctly they affect it negatively,

will that be a fair understanding from my part?

3.28. Participant: Yes, at this stage you will see if you look at my APP, I am very clear in my APP in that I say what I currently have in terms of the resources and capacity, we are fulfilling a maximum of what we can. I say in our APP, do not expect us to increase our targets because with the capacity and the funding we have, we can only do this much. You know, the outreach, the specific goal in which we would like to really make a difference in terms of redress and access, which outreach to the people who have never had the experience or the opportunity. There we cannot, we cannot really fulfil our mandate because we do not have the funding. Because of the funding, we have just to keep the lights on and pay the telephone and cover the basics.

3.29. Interviewer: Regarding the role played by leadership of the public entity such as the Board of Directors, CEO, CFO, your key programme managers. How does such leadership influence your strategy alignment between the corporate and business level strategies, strategy implementation and ultimately performance of the entity?

3.30. Participant: Okay, in terms of whether we have got a functioning Board of directors, the answer is no. Our Board is supposed to consist of 12 people, you will see that when you read through the ordinance, and a quorum is seven, supposed to be seven. We currently have four active board members. So although we meet quarterly, once a quarter, they cannot actually make any resolutions because we have been advised by our external audit committee that any of those resolutions could be challenged legally. This has been the case now for four years.

But we have now finally secured approval from our MEC and the advert has gone out now, the closing date was 19th of March to appoint a new board. So, I was hoping for it to be resolved because it has got huge implications for the entity. We have got according to our audit a lot of policies that have not been approved. But we cannot approve any policies if the board does not have a quorum. So, there are many governance issues that are falling by the way side because of that. Then the entity does not really have top management. If we talk about top management, we have a CEO. We have a CFO. Our CFO is the CFO of shared entities. So, it is the CFO of three entities. So, he is the CFO of the McGregor Museum, the Northern Cape Arts and Culture Council as well as the Heritage Council. And then we have got an assistant manager who is responsible for asset management, transport and maintenance.

It is a big portfolio for one person. But because of our shortage of personnel unfortunately that is how it is. Then we are supposed to have a second Assistant Manager for Professional Services, but that is one of those posts that were defunded. And all the professional staff is supposed to report to that person, but because that post has been defunded, all those staff report directly to me. So, I have about 15 staff that report directly to me, which is not ideal. Because it does make me get down with operational matters quite to a huge extent and prevents me from really looking at the strategic issues and the fund-raising issues. And all of those types of issues that I need actually to be focussed on.

So, the professional staff, we have made them our senior management team, so each department or unit in the museum has got Department Head. We have got various departments in the entity. So, History has got a Department Head, Archaeology has got a Department Head. I will say those are the departments that I have got staff. Some departments do not. Our display section, the lady in charge there, she is of the management team. And then our Assistant Manager, our Senior State Accountant, she is brought into that team because there is nobody else. And for a lot of them management is a foreign term because they are researchers by nature. Their key

performance area is doing research. A researcher is not supposed to be sitting in management meetings. But because we have no one else and we need them at management level. They have been drawn in all of these management meetings and I know it is frustrating for them. And I know they hate it and they do not always see the importance, the link between that part of management and their job.

They just want to go out and do their job. Do not talk to me about the budget, do not talk to me about risk management or any of these foreign terms, debt management and cash management. Yes, so those are areas of concern for us. But I have to say, the museum has got an exceptionally passionate team. They are all very passionate about what they do and all very independent thinkers. So, it is very easy to assign them a project.

I do not have to worry the project will be concluded and it will be concluded at a very high standard. Most of those people are nearing the end of their working life. They are three to five years from retirement. So that is my next biggest headache. I feel like I want to retire with them in three years' time. Because they have got a huge amount of knowledge, institutional knowledge, subject knowledge, I cannot even begin to look at succession planning because with 22 of your staff at level 3 to make the jump to that level is difficult because a specialist must have an Honours or Master's Degree. The skills transfer development that has to happen but there are just too many gaps. So yes, the succession planning for me is a nightmare.

3.31. Interviewer: This myriad of challenges at leadership level you are telling me about, they do have a negative impact on your performance and affect strategy alignment at corporate and business level negatively? Did I get that one right?

3.32. Participant: Yes, these leadership challenges are not good for the strategy alignment and performance of the entity. Also, in terms of leadership, look, the Board is supposed to report to the MEC. The parent Department has got an oversight function over us as the entity. But our parent department they do not want to interact with the Board. We get our instructions many times directly from the Department. And not even from the HOD, but from Programme Managers. I am at a point where I do not know who I am supposed to listen to. I get instructions from various people, from both Chief Directors at the Department as well as the Senior Manager for Cultural Affairs as well as my Board and sometimes the HOD. So, there is a very, very disjunction there.

3.33. Interviewer: What are your views on the organisational culture of the museum to strategy implementation and the strategy alignment?

3.34. Participant: As I said, in terms of the museum itself the staff is very committed. And we have a good organisational culture within the museum. Despite all the challenges, most of the time we are able to meet our targets even in us having a lot of challenges. We still do it. I think that organisational culture has a role to play in the alignment between the corporate and business level strategies. It also affects performance. As I said, we have a good organisational culture in the museum that in my view has correct influence on the performance of the museum. Our staff is very committed and we do it despite the many challenges we have as I have explained.

3.35. Interviewer: You have touched on various issues of corporate controls and their effect on strategy implementation and strategy alignment, I do not know if you have got a point to emphasis or something to add?

3.36. Participant: No, I think I have covered everything. I did not hold back anything. I covered the issues of budget controls that are challenging such as the personnel budget

which is still in the department and the fact that it is difficult to control officials that also does the work for the department. I also spoke about the challenges about the organisational structure and the levels and how those affect PFMA compliance negatively. So, all these issues have an effect to the performance of our entity badly as I have explained.

3.37. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately organisational performance?

3.38. Participant: Their oversight and monitoring are pathetic. They should be paying attention to that, their oversight function, but they are more concerned with pulling us into their day to day functions. So, I submit quarterly performance reports to the parent Department. I get zero feedback. So, I am in the dark as to whether there are problems, because remember, I do not have performance monitoring and evaluation here at the museum. We do not have the capacity. I rely on the Department's capacity in that regard. But by the end of the financial year I have got no feedback on my performance reports.

In other words, I do not know if the auditors when they come tomorrow, if they will find my evidence reliable, verifiable and according to the Smart principles. This is one of the things that the Department is supposed to look at for the entity to say wow, this specific target that you have here, the evidence that you are currently providing or the technical descriptions that you have, it is not working. Let us assist, let us see where we can correct it. But I get zero feedback. So, it is very difficult for me to know if there are any problems, until the auditors arrive. And then when the auditors come in, I get the shock of my life. While I was under the impression no, everything is 100% and the department is happy with everything and then just to realise no, it's not the case. Yes, so I think they can do better in terms of oversight. And less in terms of other areas they are overseeing.

3.39. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance.

3.40. Participant: We have got a preservation and collection component, so we collect, and we preserve for future generations. But we also make that accessible. So, we make it into displays or little pamphlets or booklets to make people more aware of the history and the culture. And then we also do in depth research, scientific research. So, it is basically the three legs but within outcome 14 a very important part of that is the access and redress. It is that making museums more accessible to everybody.

I think maybe diversification of the entity may have made some difference to the alignment of corporate and business level strategies and maybe to the performance of the entity in an event were more diversified or less diversified than currently we are, but we are having various challenges as explained above in our core mandate issues. For instance, we are a bit falling short because although we get busses and busses loads full of children visiting us, the physical outreach to those areas that do not have the funds to visit the actual museum. We are falling short because we also do not have the funds.

3.41. Interviewer: Thank you for time.

4. Semi-structured individual interview: Participant (4)

4.1. Interviewer: Regarding age, there are five categories, which one do you fall under?

4.2. Participant: 45 to 55 years.

4.3. Interviewer: Please confirm your gender?

4.4. Participant: Okay, I am male.

4.5. Interviewer: The experience, number of years in management?

4.6. Participant: 15- 20

4.7. Interviewer: On academic qualifications where do you fall in these categories?

4.8. Participant: Post-graduate degree

4.9. Interviewer: Can you tell me if your public entity has the corporate level strategy? If it has it, is it adequate? Is everyone in the public entity aware of it?

4.10. Participant: I do not think the entire staff of the entity is aware of our corporate level strategy. We do not have a proper service level agreement with the parent department, in the sense of saying what is expected of us as the public entity by our parent department. Also, within the management, the CFO, the CEO, your heads of unit for compliance and licensing, they do not know the expectation by the parent department of their units.

We do not even document the performance outcomes or the performance of what is expected of as the entity. And one weakness is the monitoring and evaluation. There is no check and balance that improve your strategic thinking and implementing. You see, it is just a standard normal thing of saying okay, you just report. You just report. But processes and procedures are not really looked and monitored in order to assess what you are lacking as the public entity.

4.11. Interviewer: So, you do have the corporate level strategy, but you are saying there is no awareness of it, to all staff of the entity? Would say even the leadership of the entity is not aware of the entity's corporate level strategy?

4.12. Participant: We have a corporate level strategy guided by the Northern Cape Liquor Board Act of 2008, which gives us the broad mandate of how we should operate as the Northern Cape Liquor Board. The organisational structure of the Liquor Board is very problematic because at the inception of the public entity, the first structure that was signed is saying the CEO is on level 13.

In terms of Government structure levels, we will say it is an entry level of senior management. Now in terms of the organisational structure, the CFO is on the Deputy level. And that is now becoming a very questionable issue because in the absence of the CEO what come next? You cannot run an organisation only on an approved structure that has only the CEO who is at 13. And that is one thing that bring the pressure within the organisation, because actually the fact that CFO is a position that is classified in terms of the PMFA.

The PMFA classify the CFO position to be as very senior and strategic. But in terms of the structure I will say to you that we only have one senior management that is the CEO. It is becoming a challenge in terms of your corporate structure and it is affecting the strategy implementation badly.

4.13. Interviewer: Okay, I do take the point that you have a corporate level strategy that guides your broad business scope as the entity. Then there is this issue of awareness as you explained above. Do you have the APP (Annual performance plan) which serves as a business level strategy in the entity? Is it aligned with your broad business scope or corporate level strategy?

4.14. Participant: That APP will start from previous financial year in terms of the strategy planning process. So, when we have the APP. The department have already

given two key areas of focus. The Department will tell us in terms of licensing, these are the indicators that you need to develop the activities and targets. The key indicators and targets are in education awareness and compliance. So, it simply means we will be developing our business strategy, in the form of the APP based on the Act and the legislative mandate. So, the main core component of the APP will be regulating the licences to ensure that they are issued through an effective licensing system. The entity must make sure that people trade legally and then make sure that their licences are renewed annually.

So now our compliance unit will be the one that is doing the monitoring and evaluating in terms of the Act for regulating and issuing of the licences. That is how we craft our business strategy in the entity. But now the issue of aligning the business strategy from the corporate strategy that we derive from our broad mandate is where there is the problem because of the budgeting and allocation method that drives our business strategy is problematic. As an entity you are given a budget allocation of, for example R 10 million, by our parent department. So now when entity aligns the budget allocation/ financial resources with the performance targets and indicators in the APP, we experience problems of alignment. This is because the business strategy will cost more than the available allocated budget to implement that strategy. The entity will be then forced to cut back on some of the key functions as per our broad business mandate as per the corporate level strategy. This means our business strategy will then not fulfil the entire mandate as per Act. So, we will be forced to just do your normal inspection routines, thus going to an outlet to check a licence.

But bigger and more important things like making sure that education and awareness within the liquor traders, it cannot be done by the entity because of inadequate funding from our parent department. The other challenge is that since the inception of our public entity, we are still using the manual licensing system. We do not have the computerised system. We have put budget pressures to the parent department, but they never fund that budget pressure. And that is a challenge because now we are in technology era but we are still using a manual system on such an important function. In terms of the creating awareness of our programmes throughout the province, it is becoming difficult because the Northern Cape is a vast province.

We only have the one centralised office in Kimberley. So how does the person in Yakamas reach us? So those are really challenges we face when we implement our strategies and these challenges cause problems in the alignment of our strategies. There are changes in some public interest issues such the changing of some key definitions in terms of Criminal Competition Act. The problem is that the Liquor Act which guides our broad mandate is not aligned to the changes in other Acts such as the Criminal Competition Act. So, our strategy somewhere is behind, lacking the expectations of these public interest issues. I make one practical example to illustrate the point, the public entity is in Kimberley, Sol Plaatje Municipality. When I issue a licence, I issue a licence only based on the Liquor Act, but I do not issue a licence within the jurisdiction of Sol Plaatje in terms of its by-laws where the tavern or the bottle store must be situated. So that is a crucial point and a gap in our business strategy.

The public always complain of people that are closing the street or causing problems in the streets and what not. I think some of the reasons of the complaints are based on the fact that the Liquor Act is aligned with local authority by-laws. We are supposed to give a licence to trade with liquor but operationally, it must be the Municipality that also have a control of how liquor business operates in terms of environmental traffic laws, loitering and noise. So that is where our strategy is failing big time. This means our APP as our business strategy is not aligned with the corporate strategy in the sense that our Northern Cape Liquor Act is not aligned to municipal by-laws as well as new

developments in the Criminal Competition Act.

4.15. Interviewer: You have touched on the gaps of alignment of the two-level strategies such as the budgeting issues, manual out-dated licencing tool and so forth. Any Other gaps on strategy alignment that you would want to add or emphasise?

4.16. Participant: One of the failure is the organisational structure of the entity and it a big gap in the strategy alignment in the entity. We never revised our organisational structure. One should revise the organisational structure regularly to see if it responds to its strategy and support its implementation. That is why the CFO is regarded as a crucial position in any organisational structure and in any organisation, but it is just at a deputy director level in this entity. The structure puts such a crucial position at that level. The other gap is that the entity does not have the human capital development funding scheme. If I want to proceed in terms of my studies, it simply means I must pay from my own funds. That is limiting the leader in terms of the entity giving more knowledge capacity to lead the organisation to realise its strategic objectives.

4.17. Interviewer: You have alluded to all these gaps between the alignment of these two-level strategies, at corporate and business. In your view, how can they be minimised? Is there a manner that you can minimise these gaps?

4.18. Participant: One of the failures here that can minimise some of the strategy alignment gap is for the mother department to look also on the Northern Cape Liquor Act revise it for the new developments in many areas as already explained. For instance, the Act does not talk about the human capital development of people in the entity. It does not say anything about it. It only talks about the processes of licensing. And that is one thing that if we can re-visit it, they can now narrow the gap.

Once you review the Act it simply means even the budget allocation can be revised. And the other gap that we can close is that if the mother department can explain the funding model that is used to fund the entities it can assist. We do not know how the mother department come to decide the specific budget allocations that they are giving to the entities.

4.19. Interviewer: These alignment gaps and misalignments between corporate and business level strategy, how such misalignments they influence the organisational performance of the Liquor Board?

4.20. Participant: The question is whether they really have an impact in terms of our broad mandate as the entity? All the strategic documents, everything, is done through the CFO office but if you look there is no level that support the CFO. It is just an administrator and the CFO to do those. That is also a challenge because what happens tomorrow if the CFO is not there? So that is the issue that is really affecting our performance.

The other issue is a question of legality. Are we a Government or are we not, because on certain aspects, people and even mother department will say no, you are not part of government. But we are receiving our money from DORA (Division of Revenue Act) allocation through the vote of the Department. So, it simply means there must be a more regulation to classify us in terms of administration where we fall in terms of the administration. Are we creating our own Bargaining Council or are we part of Public Service Commission? These are the questions that need to be clarified. So those are the pillars that I think must attend to.

If it can be narrowed and be explained because those are the issues that affect our

performance. Those are the issues that affect our performance because people always have expectation when it comes to their remuneration. So, they will raise that aspect. I will make one example. Within the Liquor Board, we talk about the housing allowance, but there are methodology challenges that are used by Provincial Treasury in this regard. The challenge to us is that we cannot issue a guarantee because we are not allowed to issue a guarantee for a person to get 100% bond. So those are really the service benefit issues that sometimes we are not sure, the issues of housing and medical. Those are practical issues that make the staff to get demotivated it affects their performance.

So if those things can be narrowed down so that we have a clear picture on our legality. The last issue that really affect the organisation is the setup of the organisation. At the inception of Liquor Board, there were already existing staff from the mother department. But now when you start looking at the requirements of the job compared to the available expertise and the skills that is where the challenge comes from. And now because also of the lack of capacity, we do not have the means to develop them, that is the challenge that we always have. This then affects our strategy implementation as it does not become effective since we have human capital constraints, and this affects our organisational performance.

4.21. Interviewer: Just for clarity, is my understanding correct that all these challenges and misalignments that you alluded, you are saying effect the organisational performance of the entity?

4.22. Participant: Yes.

4.23. Interviewer: What effect, positive or negative?

4.24. Participant: The effect is negative, it is negative performance. They have a negative performance in a sense that if I can get the call now to say that we have an operation at De Aar on Saturday and Sunday, so we need officials from Liquor Board to join the Police, people have a negative attitude. What they are going to raise will be the issues of overtime and so forth.

4.25. Interviewer: You mentioned the issue of licensing and compliance of the public entity, the mother department, your parent department, does the parent also has similar functions as the entity?

4.26. Participant: They do not have them because by gazetting Northern Cape Liquor Board as a public entity we are solely to regulate and issue the licence within the province. So, they do not have that unit of licensing for instance.

4.27. Interviewer: Okay. So, you are saying there is no duplication of functions affecting both the parent Department and the public entity?

4.28. Participant: Yes.

4.29. Interviewer: Okay. I do not have any specific follow up issues on your APP for this interview. Do you have specific issues you would like to emphasise or elevate in the APP?

4.30. Participant: Yes. The external and internal auditors always raise the issue in terms of the APP about the risk register of Northern Cape Liquor Board, because the risk register must also look at the core functions not only the support functions. The support functions I am talking about here are units such as finance and HR. So, the risk register must look at the entity's core functions is licensing and compliance. Let me give you one practical example of what the internal and external auditors raised in the reports. You take the licensing, we will have our licence base from 1, 7 to 1, 8. Those

are the annual licences that are renewed annually.

4.31. Interviewer: This 1, 7 you are taking about, are you referring to a rand value of R1 700.00 or what?

4.32. Participant: I am talking about licences, the data base that was approved. It is what I say is a base. Yes, both of our licences fluctuate in between 1, 7 to 1, 8. They are not below 1, 7 because annually some people they do not renew so the amount will go down but will be increased by the new entrance. Now you take your base of doing the work, which is what the compliance unit is informed by when doing the licensing, your base.

4.33. Interviewer: Pardon me, I still do not understand fully the 1.7 or 1.8 you are referring to, what is the full number?

4.34. Participant: Oh, it is the total of 1 700 licences issued by entity. The number of all individual licence units we have issued as the entity to liquor businesses.

4.35. Interviewer: Ok.

4.36. Participant: Now when you go to my APP you have a target of 1500 compliance inspections to be performed by the entity for a year. That target of 1 500 is to say you must visit the licence premises to do the compliance. Now this is where now a challenge comes, that the auditors are concerned about, and I am saying these are the gaps in our strategies and annual performance plans. You have 1 700 approved licences as your base, but you are doing a compliance inspection 1 500.

The difference between the approved base of 1 700 and what we plan to do the annual inspections of 1 500 is 200 licences. Who is going to make the inspections on the 200 licences that are not part of the annual performance target? Now therefore you can see that there is something wrong about the implementation of our APP. There are challenges of forwarding looking when we plan for compliance, which methodology do we use? What is our benchmark? What is your baseline, because the baseline is 1,700 licences that are in our approved database? But why do we do 1500 instead of all the existing 1700 licences. It is what the auditors are asking us.

Secondly, we are talking about the targets in our APP's. There is target. For each targets we have four quarters, first quarter, second, third and fourth quarter. Now in this compliance inspections target, we divide the 1500 inspections to get a quarterly target. Maybe the first quarter is 350 inspections to be undertaken, the second quarter is 400, the third quarter is 350, and the last one is 400. These quarterly targets make up the total of 1 500 annual inspections, which is our annual target in the APP. Now let us go on the first quarter and let us say we have managed to perform 250 compliance inspections. This would mean we are underperforming by 100 if we compare to our first quarterly target of 350. Let us say in the second quarter, we do 600 compliance inspections.

Now the external auditors ask what is the reason of this disparity in numbers and in terms of the actual achievement. They ask, how do you achieve your target twice if the second quarter? So that is the serious concern from the auditors as to how we sometimes raise the performance targets in our business level strategies such as the APP. The methodologies and the practicality in our APP's are not yet on that level.

The external auditors, internal auditors would ask a simple question that in your Act you have different categories of licences. If you have different categories in licence in your targets we do see them, but we see the global amount of 1500 inspections. They say in

the licensing, we have seen that you issue temporary licences, you issue transfer licences, you issue removals but you when you do you planning in business level strategies and when you report during your strategy implementation, you just report by saying the number of inspections, you do not give an analysis, why are you doing that, by not following your Act. So that is where now the APP is lacking as our business strategy.

The internal auditors when they look at our APP, they say here just only put targets of the number of inspections, but we do not say that the inspections must be based on the types of licences because we should say so many inspections for a bottle store, tavern or a night club. So that is what I am saying to you there is still those important strategy alignment gaps. Also, when the way we crafted our business strategy does not show the impact in our sector. Our strategy lacks the impact that is what I will say.

It lacks an impact. I am saying we are lacking to have a credible risk register because the risk register is the one that is driving your organisational performance. So, what I am trying to say is that if we have the risk register that looks at the core functions, we will be able to cover those gaps in strategy alignment. The risk register informs your strategic planning. It also evaluates your strategic planning in the APP. The risk register is the one that driving your organisational performance, your APP is lacking of it.

4.37 Interviewer: You mention that the risk register that is not credible, what do you mean by that? Are you doing those regular enterprise wide risk assessments and then link the identified risks in your strategic planning process?

4.38. Participant: We have standard risks in our risk registers. When I talk about standard risks it involves financial risks, your assets, your payroll, and your normal cash book records. But when you look, you compare the same risk register with the findings of the Auditor-General, you will find that in the 4 year to 5 years we never have any material adjustments in terms of annual financial statements that they are auditing. So that is what I am saying that our risk registers are on support functions.

4.39 Interviewer: In other words, you are saying is that risk registers are performed and focussed on finances, HR or Office of the CEO administrative functions rather than focussing core line functions such as inspectorate and licencing, which talk to broad business mandate and scope?

4.40. Participant: Yes, that is what I am saying.

4.41. Interviewer: Okay. Any other point you would like to raise on the APP?

4.42. Participant: Yes, another key area that does not feature on that APP, if you go on the PMFA they define an accounting authority as a Board but I do not see that strategy of the Board. I do not see that APP. In actual fact, you cannot evaluate our Board. I have a meeting with the Board Chairperson and the Deputy, I raised the issues, and I raised the gaps in the strategy alignment when I say there is no human capital development in this entity. You can see the way the Liquor Act is written it does not talk more about administration. Yes, it talks about the processes of awarding the licences. It does not even say the important things about the Board of directors itself.

4.43. Interviewer: In your view, do the business processes, the financial resources and the human resources of this entity support its strategy implementation? How effective is the strategy implementation of this entity in your view? What is the resultant effect of all that on the organisational performance?

4.44. Participant: The strategic implementation in the entity is poor due to poor

planning, no oversight, no monitoring. The Board of directors does not do the oversight, does not do the governance issues. The Board is only doing the approval of the licences and they do not look at the other broader governance issues of the entity. So, an organisational culture has been created because the Board does not focus on the whole strategy of the organisation. They just look at the last Act. The files get prepared. The Board just see the files but they do not go back to check the completeness of the preparation of the files what processes that are there. They just look at the files prepared for them.

So that is the challenge that we will still have with the Board that is ineffective in terms of strategy implementation. No, the board just come to approve. So, this is a challenge in terms of strategy. As an entity we do not have very credible strategic implementation because of human capital capacity problems. So, you also find the Head of the inspectorate being stretched because other people will say no, we do not want to work on this. Our entity is ineffective in terms of strategy implementation.

Yesterday, let me just give you an example, the other day, the Office of the Premier phones us as the entity, saying they need all the APP for 2018/19 to be submitted, reviewed by our mother department. I ask one of the staff when we were in the audit committee whether the APP was submitted. They give me an APP document. I go through the APP and I say to them, I am sorry, this is not the quality of the document that can be submitted because last time on November we got a budget adjustment so when you submit an APP you must also have the budget also in the APP.

Now you see it go back to what I am saying, about role of leadership during strategy implementation. So, I left 09h00 yesterday to make sure that a document becoming credible, readable and supported. The budget has been gazetted. You cannot say you have an allocation of R 12 million but in the budget, you have given a R15 million in the APP. So, it affects organisational culture because here we do not have key schedules. Everything is called on random. Board meetings, to finalise a permanent application, it can take three months but we do use the process of doing a permanent application. Board can decide at any time that we just want to have a meeting. The culture must be the one of the thing that drives our vision and mission as the entity. But in this entity, I will not give you what is our organisational culture. I do not we have a good organisational culture based on experience that is happening in the way we do things.

4.45. Interviewer: Based on what just said about the Board of directors. Do you think the Board has competence to execute its mandate in the entity?

4.46. Participant: No, I do not think so. Let me define what it means to be a Board member. You need to have a skill in the area that you are executing as a Board member. You also need to have a leadership and a mentorship and a business coaching. The Board must always to coach executive management. Executive management must coach the entire staff. Let me say in all the Boards that have been here, this is the third Board. None of board members have a financial skill and human capital development.

4.47. Interviewer: So, your summative input on the effectiveness of strategy implementation at the Northern Cape Liquor Board?

4.48. Participant: I think in this entity we lack, let us say ethic leadership and corporate governance both at strategic level and the governance level, that is at the board level. That is what I can sum up. I say to you to say these entities are driven by one regulatory audit. For some entities it is not easy to incur irregular and fruitless and wasteful expenditures. Those things are not easy to happen in some entities, so automatically

the entity has a clean audit. Remember what I have said that for me the impact of the public entity in terms of the broad mandate of its Act is key.

Let me just give you an example for you to see what I mean when I talk about the impact. SASSA, the mandate of the SASSA is to make sure that people must have minimum basic things. That is why the payment of monthly grants is important. The payment of grants has an impact to the entire economy and to the entire human being. Therefore, we do not have an impact as the public entity. If people were to evaluate and say that this entity has been in existence for a long time, let it give us its impact in terms of regulatory of licences in the industry, what enforcement it has done, what it has checked, we will not be able to give you that impact.

Even yourself, you see people drinking and closing the streets and causing the problems in the streets. Now if you come to me and say as the Liquor Board what you have done with that and what impact you had on this issue, we will not be able to give it to you as the entity. We have those complaints every day about these things. So that is another thing that is showing the weakness in our strategy implementation because we are in existing for a long time but cannot measure our impact. Every year there is an increase of files in the entity, I am the regulator and I have given those people a licence.

So, you ask me the impact of our entity since its existence in the Northern Cape to regulate the industry, I will not be able to give it to you that impact. You must understand that the liquor brings money but it is also harmful. But go to countries like Botswana, you can see the impact of the regulatory bodies of the liquor industry. So, you can see there is something leaking in our strategy alignment and strategy implementation, there is a big gap, which I will call that the entity cannot tell you what its impact is. We cannot show you the impact so when so when you analyse our annual reports as the entities, it shows these unqualified audit opinions and these clean audits but the entities must also show you an impact. Let me in closing give you a very practical example. We are reporting to the Department of Economic and Development and Tourism. When we are in strategic planning crafting our APP's, with the mother body and other entities, I usually ask them a simple question that it has been over 20 years in the democratic era, that each entity must show me any project that is a legacy of economic development and that has impact. No, a single entity in the province can really show me any.

And I make an example of Gauteng on the Blue IQ, the industrialisation concept, which was started during the era of Premier Mbazima Shilowa and Jabu Moleketi which it can be argued that it influenced the business model of SANRAL. How does SANRAL end up coming with the E-toll is because of the influence of the Blue IQ, transportation of goods and the industrialisation. That is why they improved the Gauteng infrastructure it was because of the Blue IQ industrialisation and that Gauteng Provincial Government has seen the fruits of it. Even the OR Tambo international airport to develop it and the Ekurhuleni as a local Municipality has the origins on that industrialisation concept. Now they are growing tourism around that corridor and it has an impact also in terms of their IDP.

That is what I am talking about when I talk about the impact of a project or any entity. So I have a problem here because we cannot show the impact of this public entity. We are keeping on issuing the licences but what is the impact. The Provincial Legislature every time we make an appearance to the SCOPA (Standing Committee on Public Accounts), they always ask us of our impact. SCOPA asks us whether the liquor licence holders talk about us as the entity and whether are they starting to fear us? Or no, there is nothing they fear from us. So, we do not have an impact.

I will make a very simple thing. The entity is located in Sol Plaatje Municipality. Sol

Plaatje must regulate the trading and allocation of the liquor trading base. In a taxi rank you have got a tavern there. You have also got a bottle store there. That is not supposed to be like that, we are already bringing lawlessness there. A taxi rank itself has a lot of lawlessness and now licences for liquor trading are issued by the entity in a place like. The Municipality can make an impact by saying yes, the entity has given a person the licence to sell liquor but we are going to regulate the licence holder within our jurisdiction as to how to conduct a liquor business. The municipality may say we will not have people closing streets and causing problems on the streets. They can make an impact in the liquor industry by doing just that.

The other issue is to look at the Department of Social Development definition of a child and child rights. We are not linking the Liquor Act with the child rights. Also, another impact that can be caused by the Department of Transport is the reduction of the high number of death caused by road pedestrian and car accidents due to alcohol. So, they are trying to bring the education about road safety. It is very important to look at the school curriculum and include things like alcohol abuse and substance abuse. That can have an impact. If a child from 3 years grows up knowing the symptoms of alcohol and what it can do to a human being.

It is true that in certain countries there is no alcohol and smoking is regulated from that. Let me make one more example of an impact. Former Minister of Health, Nkosazana Zuma fought with cigarette companies. In restaurants we now have divisions where people can smoke and not mix with non-smokers. In the past we used to eat our food with someone smoking in front of you. Look at what the impact the former Minister of Health, Nkosazana Zuma did. So, the point I am making is that as the entity, we do not have an impact in our broad mandate. Yes, we are existing as the entity, but we need to make sure that we have an impact. We cannot give you an impact because issuing number of licence is not the impact.

Social crime is there associated with alcohol abuse. Teenage pregnancy is there. Drugs are there. But we are still keeping issuing a licence and we are a regulator that cannot show you an impact.

4.49. Interviewer: What is the role played by the corporate controls such as the organisational structure during the alignment between corporate and business strategies and what is the resultant effect on the performance of the entity? I know you covered this issue earlier. Do you have something to add or emphasise on that score?

4.50. Participant: As indicated earlier the organisational structure of the entity does not support the alignment between our corporate and business level strategies. Our organisational structure does not enable us to make an impact in the liquor industry that the entity is regulating. We do not know our impact in terms of regulating the industry after we have been existence so these number of years. I do not know our true impact as the entity in the industry. The organisational structure also does not support the strategy implementation of this entity and this affects the organisational performance.

4.51. Interviewer: Earlier you spoke about the organisational culture in the entity. Did I understand you correct that our organisational culture is not supporting our strategy implementation and an alignment between the corporate and business level strategies?

4.52. Participant: We do not have a unique culture. We just deal with transversal issues. How we do things sometimes, like when I mentioned to you when the Office of the Premier wanted the APP, is not desirable. I would say our culture of doing things in the entity does not always support strategy implementation and strategy alignment. The entity is supposed to participate in some key events such as the June youth month

to develop a culture that we can associate with the entity in terms of the social responsibility and awareness. March is a women rights month as the entity we are not associating ourselves with women's rights such as no one can force you as a woman to drink. We do not come with things like that.

4.53. Interviewer: And to sum it all, you said the leadership and the organisational culture have influence on the strategy alignment and ultimately the performance of the entity?

4.54. Participant: Yes, as I said a performance of the entity must have an impact that it makes in the society. Now that is a question that I ask myself, what impact this entity makes in the society, I cannot attach it. You cannot issue a licence only, but the law said regulate also. Regulate and make sure that people drink responsibly and reduce the substances. But us we choose to issue only licences; and this is my concern.

Another issue is that we need to be put in the Act is the guidelines of who should become a board member, what are the required qualities expected of such a Board member. Let me make one practical example. In the Board of directors, we never have one person who represents liquor traders in the board since the inception of the public entity. And it is not even the requirement of the Act, but it is supposed to be. For instance, in the tourism sector, the tourism body in South Africa, you will find some two or three key stakeholders that own big hotels which are board members. To elaborate on this, you cannot be a president of SAFA (South African Football Association) if you did not come from the soccer structures. You need people that know the norms and the standards of a particular industry to become board members.

So, if we include board members who represent and know the industry that can bring a better impact to the society of the Board of directors. You will see when we talk about Taxi Board, the Minister of Transport will draw up the Chairman who is coming from a certain Taxi Association to be part of the board.

4.55. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately organisational performance?

4.56. Participant: There is no effective oversight and monitoring in my view by the mother department to this entity. The monitoring by the mother department is more on an operational basis like us as the entities giving them the monthly reports and they just check your targets. The mother department did not do the higher-level oversight and monitoring such as assessing the impact that this entity is making in the industry and the province since they created this entity. For instance, they can come to us and make these higher level and strategic impacts after every five years to check what we have achieved broadly in terms of our mandate and what we have failed on in terms of the impact to the province in our sector. There is no evaluation by the mother department on broader things, they look at operational and regular reporting issues. For instance, the Department of Health makes sure and say since we have rolled out ARV, 's what the impact on the rollout is.

4.57. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance.

4.58. Participant: I will say the diversification is still in a level of 50/50. We are not yet there when I can say yes, in terms of performance going forward I can see the Liquor Board, because we are struggling to balance our strategies. We are struggling to

balance which one is an execution on operational level, which one is a strategic on the leadership, which one is a strategic on the governance. I would say the diversification of an entity, whether 50/50 or it is highly or low diversified has some effect on the extent to which the strategies of the entity are aligned. The extent of diversification must have an effect on the performance, although I am not sure to what extent.

4.59. Interviewer: Thank you for your time.

5. Semi-structured individual interview: Participant (5)

5.1. Interviewer: What is your age group?

5.2. Participant: Oh, I am getting old. 35 to 44 years.

5.3. Interviewer: Can you confirm your gender?

5.4. Participant: Female.

5.5. Interviewer: Regarding the management experience, which category do you fall in?

5.6. Participant: 16 to 20 years.

5.7. Interviewer: On the academic qualifications, where do you fall in these categories?

5.8. Participant: Undergraduate.

5.9. Interviewer: Do you have a corporate level strategy at the Gambling Board, which contains its broad business scope and mandate?

5.10. Participant: Yes, the Gambling Board derives its broad mandate and business scope from the Northern Cape Gambling Act. I am looking for the Act number. Yes, it is Act number 3 of 2008. Okay the Act established our public entity and basically the purpose of the Gambling Board is to regulate the gambling activities within the province.

It will speak to the licensing and to regulation of the industry itself. Yes, the mandate we derive from the Northern Cape Gambling Act. We control and regulate the industry subject to the Provincial Act, the National Gambling Act and any other laws, the activities relating to gambling, racing, wagering and betting in the province. We are a 3C public entity established in terms of Section 2 of the Northern Cape Gambling Act and we are listed as such in terms of the PFMA.

5.11. Interviewer: In your view, is everyone in the entity aware of this Act that you have just cited, which serve as your corporate level strategy?

5.12. Participant: Yes.

5.13. Interviewer: In your view is this corporate level strategy adequate in terms of guiding the broad business scope of this entity?

5.14. Participant: Yes.

5.15. Interviewer: Does the entity have a business level strategy, in the form of the annual performance plan (APP)?

5.16. Participant: Yes, we have the approved APP as the entity's business strategy.

5.17. Interviewer: Okay. In your view is the APP of the public entity aligned with its corporate level strategy that we spoke about which outlines the broad business scope and purpose?

5.18. Participant: Yes, it is aligned in a sense that the APP speaks to the core functions that have been outlined in the Act from which we derive about broad mandate and scope. I just want to mention that the entities that are reporting to the parent department are invited to its strategy planning session. Furthermore, when the entities are conducting their APP reviews, the department forms part of them. When the budget of the department is being considered, the entities are also requested to submit their budget inputs which are part of the strategy planning session of the parent department. As I said already, when the public entities are having their strategy planning sessions,

the parent department is also invited to be part of those sessions. So the right hand always knows what the left hand is doing.

5.19. Interviewer: Okay. Are there any gaps in the alignment between the corporate and business level strategies of the public entity? I do take the point that the APP is talking to the core functions of Act? Are there any gaps or is there a perfect fit between the two-level strategies?

5.20. Participant: Yes, a month ago we attended an audit committee meeting. And the manner in which the annual performance indicators in the APP were formulated came under the speculation with the audit committee. They recommended that an alignment of the targets with the indicators is required. Under the reporting, you will find that, the performance indicator, or the target speaks to numbers, but the indicator speaks to a percentage in terms of reporting on annual reports or quarterly reports. That is where the non-alignment was found to have been.

5.21. Interviewer: Is the Board of directors of this public entity involved during strategy formulation or crafting those APP's?

5.22. Participant: Yes, the board is involved. However, this board, the current board was appointed in October 2017, while the strategy plan and the APP had already been signed off in September 2017, so they came in a month after the APP had already been signed off. However, the APP has been circulated to board members so that they can comment and that we can correct the APP for the 2019/20 financial year if needs be.

5.23. Interviewer: Now with those gaps and mis-alignments in the form of percentages versus number that you were talking about, in your view how can we minimise those mis-alignments?

5.24. Participant: I think making the appointments of the board at the right time. There should be no vacuum in the governance structures, therefore we should not wait until the term of the board has expired. Okay, in this instance it was an extraordinary situation because the previous board was dissolved due to maladministration. Yes, hence we found ourselves in that situation. But I think if the governance unit within the parent department can look at the timing of the appointment of the Board.

They must not wait for the expiry of the term. The parent department must make the preparations let us say at least three to four months before expiry of each Board term so that whenever the term of the board expires a new board should already be in place so that you do not find yourself wanting in terms of the governance structures of the public entities.

5.25. Interviewer: The nonalignment, you were speaking about, from the discussion that the public entity had with the audit committee. Do you think those mis-alignments affect the performance of the Northern Cape Gambling Board?

5.26. Participant: Yes, because you have got a target that the indicator and the reporting do not speak to each other, there is a gap there. Yes, the functions are being carried out in terms of the Act but you might miss certain things when you are reporting. You may under- or over-report. So there needs to be a clear link between the target, the key performance area (KPA) and the indicators. So that's what we are trying to align at this stage.

5.27. Interviewer: Taking into account the mandate that you were telling me about, the misalignments you are trying to align, do you think as the Gambling Board, you making an impact to the province in terms of performance?

5.28. Participant: Okay, I have not discussed the other aspects that were raised at the audit committee but they also found that certain things like the risk management needed to be addressed. The audit committee was concerned about risk management and as you know the risk management issues also affect your business strategy that is contained in the APP of the entity. The segregation of duties and reviews which relate to the organisational structure were also concerns of the Audit Committee (AC).

I think the Board concerns speak to the fact that many of us in the leadership of the entity are in acting capacities. For instance, there is an acting Legal Head, acting CEO and acting CFO. Therefore, the appointment of permanent incumbents into those positions we are trying to speed that up with the board so that it can bring stability to the entity but also in terms of carrying out the broad mandate in terms of the Act. The committees of the board are functional. There is licensing committee; there is also the legal compliance which speaks to the inspectorate. So, the mandates are being carried out in terms of what the board is supposed to be doing in terms of the Act.

5.29. Participant: I do take the points you are raising about the concerns of the Audit Committee. Is the entity making an impact in the fulfilment of its strategic objectives?

5.30. Participant: We assess ourselves based on our outputs. We check against the APP whether we have met our performance targets. There is oversight that is being played by the governance unit of parent department over the entity. We provide the parent department with monthly reports as well as quarterly reports and they paid in tranches. The financial reports of the entity must also be in. The financial projections are also submitted and when the parent department which gives oversight is satisfied, then the tranche payment is released.

5.31. Interviewer: In one interview with an official of one of the public entities, a mention was made of a Boreal report on public entities in the province? What is that Boreal report? What are its salient issues?

5.32. Participant: The Boreal report looks at all the public entities that report under the Department of Economic Development and Tourism (DEDT). We have got the Northern Cape Tourism Authority (NCTA), the Northern Cape Economic Development Agency (NCEDA), the Northern Cape Liquor Board and the Northern Cape Gambling Board that are reporting DEDT. Now at some stage NCEDA was not properly funded and the entities across had problems regarding funding, especially when it came the filling posts. At that stage the then MEC of the parent department took a decision to investigate the efficiencies in terms of staffing, in terms of financing of the four entities and to look at whether certain functions cannot be shared such as finance and human resources functions and whether they cannot be transversal across some of the entities.

The MEC also requested that the author of the Bomela report to look at Liquor and Gambling Boards to see if they could not be merged into one public entity and share the Inspectorate since they are both regulatory in terms of their broad business scope and mandate. The request from the MEC was also to investigate whether the NCTA and NCEDA cannot be merged, not necessarily only for the cost saving but also looking at the efficiencies in terms of how the entities were operating.

In terms of the report, I remember specifically one of the recommendations is that the Liquor Board and the Gambling Board should be merged, and the three options were set out or recommended to the MEC. We are at this stage where the MEC needs to apply his mind on the Boreal report and to indicate which recommendation seems appropriate to him as the final decision maker of the parent department. So, we are

awaiting that because obviously it will have an effect. Some of the legislation will have to be amended to accommodate those changes. Okay, I am just looking at some of the aspects that were in the original report. It is issues such the cost implications, the proposed organisational structure, the legislative review process and the guiding principles of rationalisation.

The MEC is still applying his mind on the recommendations of the report. On the options that were given in the Boreal report, the first option was a Board, or a CEO led the entity. Then if we look at the rationalisation of separate National Gambling Authority and National Liquor Authority, the trend is to move away from board-led entity to CEO-led entity. And then it says that if we follow this new trend and do away with the boards, the CEO will report directly to the MEC and will be the accounting authority and be responsible for day to day executive and administrative functions of the entity. However, the licensing function will be delegated by law to a committee appointed by the MEC. So, for me then this option has got its shortcomings. My view is still that we still need to have a Board. The second option was the absorption of the liquor and gambling entities into the department.

And you must remember that before the entities were created, the staff of the Liquor Board and the staff of the Gambling Board were a part of the DEDAT. The MEC at that stage only appointed the Boards but the staff of those entities were the staff of the department and then we used to have the board to ensure independence in terms of issuing the licences and carrying out all other mandates in terms of the Act.

Now the second option suggests precisely that. It will entail absorbing the two entities (Liquor and Gambling Boards) back into the parent department as a public service unit under programme 4 of this parent department. Programme 4 is where you find regulation services and so because these two entities are regulatory the staff would fit in there properly. And it said that the transition would be easier within this component as their core function is service based. The current structure could be used in such a way that it would eliminate the need to fill senior management posts. So, you will have savings in that regard, then you will not have a CEO. You will have staff and a separate board and the manager for programme 4 will then be in charge of the staff.

And then just the last option, the third option was a board-led entity. The option is based on the current model in other provinces where both boards have been amalgamated into one entity with an external board. However, this option will not ensure cost effective because they are going to use the same organogram as option 1, except that this option will include the board. So, you will still have your full staff compliment and the board.

The legal implications were also looked at in terms of how the placement policy of staff and all the labour relations issues that would go with that, the financial implications with that and the MEC still has to apply his mind to this. It has got the financials, and everything worked out. So once the MEC has exercised which option, then I should think I will be at liberty then to give you the document because then obviously he will also state his reasons for a particular choice.

5.33. Interviewer: Just for confirmation, you are saying this Bomela report relates to the four entities that report to your parent department, not to other entities in the province that are reporting to the other parent departments?

5.34. Participant: No, it only relates to the public entities that report to the Department of Economic Development and Tourism.

5.35. Interviewer: The rationalisation that I read about in the APP of your parent

department and this Boreal report, are there linkages? Is it the same thing?

5.36. Participant: Yes, the Boreal report is actually a rationalisation report.

5.37. Interviewer: Okay. Are the other departments following a similar approach or thoughts like the Department of Economic Development and Tourism in the form of Boreal report recommendations? Provincially, is it the thinking at this stage?

5.38. Participant: I think in other departments like with the McGregor, the staff is still the staff of the Department of Sports, Arts and Culture. They just have a separate Board. This used to be the case in the public entities that resort to the Department of Economic Development and Tourism.

Now if I may just indicate that, we have got the Liquor Board. We have got the Gambling Board. We have got the Northern Cape Economic Development Agency (NCEDA) and NCTA. And then the fifth one was supposed to be the Consumer Council. Remember, we have got a legislation that establishes Consumer Council also as a public entity.

And we have got the legislation that establishes the Consumer Court which is also a juristic person. Now what led to the rationalisation was the fact that when Consumer Court had to be listed as a public entity, National Treasury had problems with the listing because the issue of the revenue generation came into play, that Provincial Treasury should have been consulted before the entity was established so as to look at the financial model and how the entity would sustain itself. And I think that it is one thing that was skipped for the lack of a better word, in the department.

And even at this stage the Northern Cape Consumer Protection Authority is not listed. However, it was established in terms of legislation. Now there was a policy decision taken to say that the entity will then be dis-established. It will come back to the department and only the Court will remain as a juristic person because the Court sits on an ad hoc basis and the members are also not full-time employees. So, they only pay for sittings when there are court hearings and with that in mind and with the battle for financing across the entities it led to the rationalisation process or in the study being conducted as to how we can rationalise the entities.

Yes, the rationalisation started with the problems regarding the listing of Consumer Council because the entity was established first. And why the department wanted it to be dis-established and to be brought back to the department. I think then the presentation that I did on the issue will answer some of your questions. But that is basically from that presentation which kick-started the rationalisation.

5.39. Interviewer: When I was preparing for this interview, I read the APP's of both your parent department and this public entity. I also read of the different public documents in the website of your parent department to familiarise myself with key strategy issues affect your parent department and this public entity. I came across some juristic persons that are registered as Trusts, not public entities, which report directly to the parent department. The parent department is transferring significant public funds to those entities as transfer payments. To be specific the Northern Cape SMME Trust is reporting to your parent department. If you can and are in a position to do so, please shed some light to me as why is the department using the Trusts as a vehicle to execute some of its service delivery mandate in some instances like this one, is there a particular reason for not using the public entities as vehicle? Is the use of Trust prevalent in the provincial administration?

5.40. Participant: I would not encourage the formation of trusts as special purpose vehicles for government because trusts have got their own legislation. I think it is the

Trust Property Control Act. I will just look for the relevant legislation and they report to the Registrar of the High Court whereas if you have a public entity, the public entity will report in terms of the Public Finance Management Act and it will also report in terms of the legislation from which it derives its mandate, the legislation that establishes it.

Therefore, there is better control because then you can invoke the relevant sections of the PFMA whereas with a trust if you are going to be making transfer payment you can only rely on section 38(1) (j) read with regulation 8(4) of the Treasury Regulations of 2005 and have a contract in terms of which the trust can report. And having regard to the fact that the economic classification, the transfer payment is unrequited, that for me does not give much control, therefore as government we need to minimise the risk and with a public entity you can actually hold them accountable in terms of the Public Finance Management Act. Therefore, for me, in my view the public entity is a better entity to have in order to implement some of the mandates of government as compared to a trust which reports to a different body and which does not really report in terms of PFMA.

For accountability and risk purposes, I would discourage the Province to use the Trusts as vehicle to execute certain mandates. When I was still in the parent department before, I was seconded here, there is a legal opinion that I provided on this issue you are now raising in the Trusts. I will give it to you, it may answer some of your questions.

5.41. Interviewer: On strategy implementation what are your views regarding the financial and human capital resources in the public entity? In your view is the entity adequately resourced to carry their mandate and implement its strategy effectively?

5.42. Participant: I think we are getting there but we have not arrived there yet because we still have certain posts within the organograms of the public entities which are vacant but unfunded. We still have some critical posts not being filled. So, then you will find that the human resource is lacking.

Once those issues have been sorted out and I think the rationalisation report is trying to do exactly that to look at resourcing them with the necessary skills and also with the necessary finances. But it is not one size fits all. The NCTA is doing very well as a public entity. I think they are well funded yes. And I think that with the Gambling Board and the Liquor Board are sufficiently funded. It is a matter of having the critical posts being filled. Remember now with the provincial moratorium where you have to motivate for the post to be filled it takes a bit of time. But when you look at NCEDA, the Northern Cape Economic Development Agency, I don't have the figures here, but I think at some stage they were been given about R 5,7 million most of which was being salaries and operational costs. They could not even convene a board meeting. Therefore, the mandate, the core functions of the entity could not be carried out for some good two to three years in NCEDA.

So, the issue was the funding with NCEDA. Some of the functions are being duplicated within the parent department which also led to rationalisation because there was a view that we have got a trade and investment as well as trade and sector development unit within the department. Whereas if you look at why NCEDA was established, it was for exactly that to look at trade and investment opportunities, foreign and direct investment and those kinds of things to grow the economy. So, I think because of the duplication there was little money left to fund NCEDA, then they just ended up paying staff and operational costs with very little money left to carry out some key strategic objectives.

5.43. Interviewer: You said you are getting there in terms of the entity getting adequate financial and human resources, in your view how these inadequate resources affect the

strategy implementation of the entities and organisational performance ultimately?

5.44. Participant: Yes. Yes, because I remember in a certain year the Liquor Board could not conduct the required number of inspections due to funding and they had to cut down on the number of inspections. And with the liquor and the social ills associated with it you cannot afford not to carry out your inspections. You cannot afford not to have your awareness campaigns. The same applies to the Gambling Board and they are responsible for overseeing the gambling companies in the province. So there was at some stage, a situation where the inspectors were just coming to work, not to do inspections but had to wait around.

The situation has since improved and I can say our Gambling Inspectorate is fully functional although for certain things because they are not peace officers, they have to rely on the South African Police Services. If say for instance, these entities do not have search and seizure powers when they find illegal gambling activity happening, they cannot confiscate the illegal equipment and therefore have to call the Police to do that on their behalf. But other than that, they are doing their compliance checks. They are checking when the equipment is being transported. So, they are fully functional. The licensing, we have got a licensing committee, which reports to the board. We have got a licensing unit and those are also fully functional.

5.45. Interviewer: Just to recap on the strategy implementation of the Gambling Board, I know you have covered some of these issues, would say that it is effective in your view?

5.46. Participant: I would say that the strategy implementation in the entity is effective to some limited extent due to capacity constraints in some areas. For instance, there are capacity challenges in dealing with complex gambling agreements and dealing with challenges of cyber gambling. The team needs to get some training to deal with these complex gambling agreements and cyber gambling.

5.47. Interviewer: Coming to leadership, you said earlier that the new Board of directors was appointed in October 2017?

5.48. Participant: Yes, it was. The MEC had to dissolve the previous board due to an investigation that was conducted which revealed that there was maladministration in the Northern Cape Gambling Board. With the Board that is just new, I do not know when exactly in 2017 or so was the old one was dissolved.

5.49. Interviewer: You are saying they are acting licence Head, then you spoke about the acting CEO and acting CFO. These are key people in the leadership of the entity, meaning that those key leadership positions are not filled. How do those vacancies affect the entity's strategy implementation, strategy alignment between corporate and business levels as well as performance in your view?

5.50. Participant: Strategy alignment and strategy implementation were not be affected as such because then just immediately after the resignation of the CEO, I was seconded here to ensure that the segregation of functions, an Acting CEO can be here to see to it that for the day to day functioning of the entity. Then Acting CFO has also since been appointed. It is just unfortunate that CEO resigned in January 2018 while the CFO resigned as at end March also. So, it is not something that was really in the control of the department or of the MEC. People choose where they want to go and when they want to go.

When the Board was appointed, there was an Acting CEO who used to be the legal

Head. When the previous board was dissolved, then there was an acting CEO who also resigned. The acting CEO was given powers in terms of Section 49 of the PFMA. Her appointment was as such because there was no Board. It was done in terms of Section 49(3), whereby the relevant Treasury in exceptional circumstances, may approve or instruct another functionary of a public entity to be the accounting authority (board) for that public entity. So, in the absence of a board she was the accounting authority in terms of 49(3) of the PFMA.

In a few months' time the new board was appointed in October 2017. It was in the same year. She was still the Acting CEO, so they could function properly with the Board carrying out its mandate in terms of the Act and the CEO carrying out her functions in terms of the Act also. The only problem with the 49(3) appointment was that although the acting CEO was a functionary of a public entity and the Accounting Authority but she could not carry out the licensing. She could not issue licences because that is now a function of the board which cannot be delegated. So, for those few months no licences could be issued.

Now when the Board was appointed in October 2017, then the Board could carry out its mandate in terms of the Act and she could then now carry out her functions as a CEO also in terms of the Act. And there was a CFO, so there was a permanent CFO. Therefore, the governance structures were in place and a proper segregation of duties.

5.51. Interviewer: In your view, what is the effect of the organisational culture to strategy alignment and implementation and ultimately performance of the entity?

5.52. Participant: I think generally the Northern Cape Gambling Board is one of the public entities that has been doing very well, in how they do things in this entity. The only setback was now the dissolution of the board due to maladministration and yes, but over and above that there is a culture of performance. Even under the Boards that came before the one that was dissolved, the committees of the board were functional. They had finance, human resources and licensing committees like with this new Board. So there is a culture of performance and I think if you also look at their audit results the entity received the clean audit from the Office of the Auditor-General. They got an award for that so there is generally a culture of performance. There has always been leadership and I think that is why even when people, incumbents resign the MEC is very quick to respond because the department would like to support them maintaining that culture of performance in this entity that results in this entity meeting its performance targets and maintaining its good organisational performance accordingly.

5.53. Interviewer: What is the effect of the corporate controls such as the organisational structure to the alignment between corporate and business level strategies, strategy implementation as well as the performance of the entity?

5.54. Participant: The corporate controls such as the organisational structure support the strategy implementation and support the alignment between the strategies of the entity. I think it is because the structure was not just thumb sucked. There were benchmarking exercises that were conducted but obviously we also had to look at our province, its size, its vastness. This was in order to see to it that the entity is properly staffed and that we can cover the vastness of the province.

And also, in terms of the organisational structure addressing or being aligned with the APP the office of the Premier, which has the oversight responsibility on organisational design issues such as the organisational structure, also gave its input. The efficiency and the work study unit of the Office of the Premier looked at the structure and they reviewed it, so at least we had an independent office looking as to whether we are on

the right track with what was proposed at the time and so far it is still working.

5.55. Interviewer: Would you say then those corporate controls as just discussed have an ultimate influence on the organisational performance of the entity?

5.56. Participant: Yes, those corporate controls have got a good influence on performance of the entity. Definitely yes, although we still need to capacitate certain of the staff, because remember, unlike the big cities, Gauteng and Cape Town, ours is a small province. And we are now starting to deal with big applications. We have got now three casinos. And there are other bigger casinos that are trying to acquire interest in the existing casinos within the Northern Cape and with a new Board.

The staff require a little bit of extra training as some of the complex gambling applications present a bit of challenges. That is my observation, especially with complex agreements and complex shareholding structures. So that is why we are looking at capacitating the licensing section of the public entity. And also, with gambling, it is now also being complex in a sense that there is now cyber gambling which is very difficult to regulate. The staff also made requests to be brought up to date as to how the licensing and the compliance unit can be properly capacitated. Some of the training actually even includes benchmarking and sending them to other bigger gambling public entities which have dealt with certain big transactions before. But in the overall, they meet the competency requirements to be able to carry out the mandate and to carry out the targets set out in the APP.

5.57. Interviewer: The issue of oversight from the governance unit of the parent department, you mentioned earlier. In your view from the perspective of the entity, are you getting enough oversight and monitoring from the head office of the parent department? What is effect of the oversight and monitoring from the head office of the parent department to the alignment between corporate and business level strategies, strategy implementation and performance of the entity?

5.58. Participant: Yes, there is enough oversight and monitoring by the head office of the public entity. I also just need to mention that the public entities have now been inducted because that had been identified as a weakness in the sense that you appoint a board and then you expect it to function without taking it through what is it that you require, what is your role as the parent department, what is their role as the board and how are you going to be engaging with each other, with the MEC also being a stakeholder in the whole picture. Therefore, an induction was carried out, I think about a week ago across all the public entities reporting to the parent department. It was compulsory for the board members and CEO's to be part of the training.

And then while I was in the parent department, before I came to the entity, I developed a system description because then we looked at Section 53 of the PFMA. Yes, we looked at annual budgets by numbers, the Schedule 3 public entities and then we developed a section which speaks to submission of the budget linked with the strategy plan and then we developed a system description to say okay, this is what the Act requires, what the PFMA requires etc.

We worked out time frames of the timelines and what is it that was required to be submitted, the APP's, by when the department gives feedback and when must all the processes be finalised. So that the strategy planning, APP reviews, submission of budgets and until such time that the strategy plans, and reports are now finally submitted to the MEC. We developed those guidelines to ensure that they are not something that is thumb sucked. We developed those guidelines

5.59. Interviewer: So, the entity does get a feedback from the parent department?

5.60. Participant: Yes. It does, because there is a governance unit in the parent department that is working closely with the finance unit. Whereas the governance would look at the performance report, the finance unit would look at the financial reports. They would bring the two together and give the entity feedback with recommendations if necessary. So, the relationship has been very good.

5.61. Interviewer: The Boards, how often do they meet with the MEC?

5.62. Participant: Yes, because in terms of the Act, strictly speaking, the Board of the directors report to the MEC. We have the arrangement that the boards that report to the MEC through the office of the HOD. This is because that in terms of the provincial Act the department has a seat on the board. The department has a representative on the board which is advisory for any other issues or difficulties that the board may have.

So that is a link with the representative of the department on the board. Over and above that the board do meet with the MEC and certain requests go directly from the board to the MEC. So, there is an engagement and even after the board members are appointed, they have meetings with the MEC so that the MEC can outline his expectations and that they can also outline what is the expectation of the boards. We intend to regularise that, in fact have a calendar in terms of which the MEC will be required to meet the boards.

5.63. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance?

5.64. Participant: I think with the recommended merger of the Gambling and Liquor Board that should offer enough diversification because if you deal with gambling only you might not be open to other industries. And usually gambling and liquor do go together because say like in a casino you find gambling machines, but you will also find the liquor licence. I think when there is more diversification in some of our entities, than as is currently, I think it should facilitate better alignment of the strategies in the organisation. So instead of having separate inspectorates if you have got one that knows how to regulate, you can save money and achieve your objectives. That should then lead to better performance of the entities to meet their strategic objectives.

It is therefore clear that the diversification of the entity in terms of the services it offers affects the alignment of the broad and business strategies in the public entity. The more diverse the entity is should improve its overall performance as an entity. That is why there is a recommended merger of the Gambling and Liquor Boards to open up the scope of the entities to look into different industries.

5.65. Interviewer: This is the end of this interview. Thank you for your time.

Semi-structured individual interview: Participant (6)

6.1. Interviewer: Please indicate your age category?

6.2. Participant: In that middle one, 35 to 44 years.

6.3. Interviewer: And on gender?

6.4. Participant: Male.

6.5. Interviewer: And in terms of experience in management where do you fall in the category?

6.6. Participant: 5 to 10 years.

6.7. Interviewer: On the academic qualification, where do you fall?

6.8. Participant: Post-graduate.

6.9. Interviewer: I just want to check if there is a corporate level strategy for the public entity which defines its broad business scope, purpose and mandate, is there such a

strategy in this entity?

6.10. Participant: I think the entity is guided by the Act, so it is within the Act where everything is outlined in terms of the broad functions of the entity.

6.11. Interviewer: Okay, you say, there is an Act which gives broad guidance to the entity. In your view is management, leadership, board and all staff of the entity aware of that Act?

6.12. Participant: They should be aware because it is the document that we use even to appoint the Board of Directors and they are appointed based on what is in that document. And I think also when they become Board members, that is the first document that they are confronted with, because at the end of the day whatever they are doing, they are supposed to give substance to that document itself, so they have to know what is in that key strategic document.

6.13. Interviewer: Okay. This Act which you say guides the entity its broad functions, do you think it is adequate in your view when you go through it?

6.14. Participant: I think like any document it will need to be looked and reviewed but for now it is clear that in terms of what is it needs to be done and everything is outlined there clearly.

6.15. Interviewer: Does the entity have a business level strategy, in form of the Annual Performance Plan (APP)?

6.16. Participant: Yes, but our annual performance plan is attached to that of the Department of Sports Arts and Culture because we are their implementing agency of the parent department. So, within parent department's APP, there is a section that is awarded to us as the public entity/Council. So, the document itself is not primary for the entity only but it is for the parent Department plus us as the entity.

6.17. Interviewer: And in your view does the APP and the Act which you said earlier gives the entity broad guidelines of how it should function, are they aligned in your view? Are those two-level strategies talking to each other?

6.18. Participant: Yes. In a sense that Act mostly speaks to the broad structure of the entity and the broad responsibilities of the entity while your APP are plans to ensure that whatever is in the Act is now realised, it is strategic actions to ensure that the broad guidelines in the broad act are realised, now in terms of the actual performance targets. What is in the Act is also aligned with the mandate of the Department of Arts and Culture in a way.

6.19. Interviewer: So, in your view is that there is an alignment between the corporate and business level strategies of this entity?

6.20. Participant: Yes, there is alignment.

6.21. Interviewer: Okay. Are there any gaps in the alignment between the two-level strategies that we just about, corporate and business level, in the entity? Are they 100% aligned or are there areas in your view where there are alignment gaps?

6.22. Participant: Okay, when these entities were set up or even the Departments themselves the idea was then to look at, before it was Arts, Culture and Heritage, now we speak of the Council looking at Arts and Culture, but the landscape has changed now. We are now talking about arts, culture and creative industries which within the documents that we are currently using that creative industries is not spoken to. So

hence I am saying now because the landscape is changing, our strategic documents might be not that relevant now. But as I am saying, initially it was for arts and culture but now we have got also these creative industries of arts and culture that we need to respond to as the Council but also as the Department.

6.23. Interviewer: Now that this landscape has changed, are there plans for review this master document in the near future so that once it has been reviewed can be factored in the entity's APP and the Act to ensure the alignment?

6.24. Participant: Okay, I think it should start from national which is what they have already done. Remember, we had the white paper on arts, culture and heritage and now we have the revised version of this white paper. And what the revised version does is they now speaks to these ideas of arts, culture and creative industries whereas the first white paper it is centred more around on arts as a tool to bring reconciliation and also the issues of art, for art sake. But now in the new document we are looking at arts and culture as a way of, or how do arts and culture, contribute to the economy or to the GDP. So, the focus on the new document is more on the business of the arts which is now what we talk about it as cultural and creative industries. We are not just stopping at arts, culture and heritage but we are looking at this now as industries and as ways of generating an income.

6.25. Interviewer: While noting the review that must still happen to align it with the master document starting from national, would you say the alignment between the two-level strategies that you talked about earlier, has an influence in the organisational performance of the entity in terms of meeting its strategic objectives, in terms having an impact to sector?

6.26. Participant: It is quite a difficult one but let me just maybe attempt to try and respond to that. Remember, we spoke about national. One of the things that are outlined in this is the revised white paper. It is because in the past the national, provincial and local were operating and still operating in silos but now what the new white paper is proposing is how we align national, province and local Government in terms of dealing with our mandate as within the arts and culture space. So as soon as we have that alignment between the three arms of Government, then it will be then easy even for to implement meaningful programmes. This is because what has been happening in the past, you will find that national will come into the province without informing the province, coming with their programme only to find that in the province, somebody else is also doing the very same programme. Then you have got like that duplication and things not being aligned.

But as soon as we align the national, provincial and local Government strategies in terms of rolling out these arts and culture programmes plus like helping the cultural and creative industries, then in that sense at least we will get a clear direction. So as I am saying, moving away from the silos and aligning these three arms then in that sense I think we will have a proper alignment. I think it will also be easy to monitor that alignment because now what we are doing currently, you are monitoring province on its own, you are monitoring local Government on its own and you are monitoring national on its own. But if everything is aligned you are able to then see the impact from national right to the people on the ground which is on your local Government and provincial spheres.

6.27. Interviewer: You spoke about the contribution of arts and culture or art to the GDP of the economy. What do you mean by that?

6.28. Participant: Okay. Let us look at music here. So music you get your artist who is

the performer, he wants to record. So, for him to record he needs to get a studio, then he pays for that studio. In the studio they record the music and then he needs to pay for that master copy that he gets there. From there they take that master, they produce CD's. Those CD's are sort of put in the market into your music stores. Already there you have got a chain of economic activities from when the person conceptualise the song up to when it gets distributed. That is what we call creative goods.

You also have people that consume those goods either by buying the CD, by downloading and all doing that. So, you have now producers of these creative goods and you have consumers. So, in that sense the money that is generated this contributes towards the GDP. You have a festival, you need a light and sound technician, you need to go and hire those lights and sound and there are specific companies that deal with those. You need to go and build the stage, and then you will need a company that specialises in that.

You need to go to compu-ticket for them to sell your tickets. There is also a fee attached. And also, for people to come to the festival, they need to pay. You also have stalls and all that. So that one arts and culture festival, it taps to different industries within the cultural and creative industries you know, your sound, lights, your sound engineers, your lighting engineers and you name it. It contributes again to the GDP in a way. Hence, I was saying in that first white paper, the original one, those things were not looked at. We were more looking at arts for art sake you know, arts as part of culture. But now as I say, the landscape is changing. We are now looking at arts and culture as a space for economic development, as a space that contributes to the GDP of the country.

6.29. Interviewer: Do you have an indication, more or less, of the contribution of the arts and culture industry to Northern Cape Province's GDP?

6.30 Participant: To the province, I will not have those stats on top of my head, but I would maybe advise you to go to an organisation that is called Arterial Network. It is an advocacy group in terms of the arts in the continent. They have got those stats in terms of how much the arts and creative industries is contributing to the GDP of the country. But then coming to the province I do not think such a study has been conducted in the province, but I stand correctly. There might be data.

6.31. Interviewer: In your view as the Northern Cape Arts and Culture Council, are you assisting the process of the alignment of the changing landscape, which you referred to earlier, in the arts and culture industry?

6.32. Participant: Assisting the process I would say yes, because what we have as part of our mandate is to fund non-profit organisations (NPO's) that are operating in the arts and culture and creative industry space. For instance, if a crafter comes and say I want to go and exhibit in let us say at the arts festival, so we then give them a grant which will pay for their accommodation, their transport and then they can go to wherever and whatever they sell then becomes theirs. So, in that sense we at least contributed. You have got productions that also go to festivals where you need to pay your artistic director, they need to buy costumes, they need to buy props, and you know they need to record music. Also, they need to get maybe a rehearsal space and all those they require some sort of funding or you need money to get to have those. So, in that sense I will say the Council is contributing, but I feel still is not enough you know, but at least we are contributing.

6.33. Interviewer: You mentioned silos earlier in the strategy implementation between stakeholders your sector which include your parent department, the Department of Arts,

what do you mean silos in the context of strategy alignment of this public entity?

6.34. Participant: Okay, remember you have got the Department of Arts and Culture nationally. And then you have got your Department of Arts and Culture provincially. But then also in local Government you are supposed to have an arts and culture desk there. Now national has programmes, in house programmes, which they do nationally where they will go to provinces with those programmes. And then provincially the parent Department also has its in-house programmes that they will take and go throughout the district with those programmes.

Municipalities do not have programmes per se but they have got the infrastructure, your halls, and your community arts centres that fall under that Municipality. But what will happen, national will conceptualise a programme as national, as the Department of Arts and Culture (DAC) from national, and then they will come and bring that to provinces without engaging the province to say something like this, as National this is a programme that we want to implement in your province, can you help us out? Do you think we are moving to the right direction or not? Then the province, because we are here, then we should be saying things like we will inform you or something like oh no, we have already covered in that programme you are conceptualising as National. We could say as the province, actually based on our interactions with the people of the Northern Cape Province, this is actually what they want.

So because then they are operating in that silo where they will conceptualise things and come and take those things to the province without checking with us in the province. The parent Department in the province is doing the same as the National department because they will conceptualise programmes and then take them to the districts without engaging people on the ground in terms of, is this really what those people really want. For instance, the province will run maybe a programme on skills development, let us say maybe arts management. So they will go out throughout the districts doing arts management, thinking that artists on the ground are what they want. And then most of artists may say that I have done arts management when I was doing my degree in the arts. Actually what the artists may say, you know, what we really need now, is a place where we can go to rehearse or a space where we can produce our creative goods or a platform where we can go to sell our creative goods.

But now if everything was aligned we will know exactly who needs what and where. You know, if the province knows what national is doing and national knows what province is doing, and then it becomes easy then to come up with programmes that will fit to your local Municipality or local Government. So, I was saying silos in that sense that there is no alignment in terms of this, the national provincial and local Government strategies on arts and culture. They are not aligned. These strategies are based on what they think people might need or want.

6.35. Interviewer: All these nonalignment challenges you have just alluded to, whether its alignment challenges to the changing landscape that you operating in, how do affect the organisational performance of the entity?

6.36. Participant: I think in a way, I will say they are also somehow crippling our performance and I think by now what I am going to say is going to answer a question that might come later in our interview. Now if you do not have that alignment you are prone to waste lots and lots of capital. But if everything is aligned we know exactly where capital should go. As I am saying, if you are duplicating two programmes you know, in the same space, Department of Cultural Affairs has done it last week and then the following week national comes and does the very same programme and maybe for national to come, it cost them like maybe one million for the department, for Department

to do the very same programme it may cost R 500 000. But if national knew that this programme was implemented already, so that would save this R 500 000, which will mean, at least now we have got R 1 million that we can have now as a budget for other key strategic programmes.

So, in that sense by not communicating to each other we cause the fruitless and wasteful expenditure. Expenditure happening unnecessarily because the strategy is not aligned you know, because if we get that money to the Council you can have more programmes, we can help more artists and we can go even further into the districts, but because now we do not have funds and as you know for some reason arts, culture and creative industries have become the second cousin of sports you know.

The arts are always there and every year the budget is being constantly cut you know. But I am saying, at least if you align the strategy of this three legs, then we will have at least savings that we can then use to implement meaningful programmes, not programmes that you just implement because your APP requires you to be able to tick that box, but we should implement our strategy to ensure that we do things that have impact. Because what has also happened in this space in Government, nationally, provincially and locally is that they are playing what you call the numbers game, we strive to have an event, get as much people as we can and then you then say with this programme we managed to reach 500 000 people but we do not assess an impact of the programme, the programme itself. So hence I am saying our strategy implementation has become the numbers game. It is programmes that are not really helpful, hence I am saying sometimes we just there to tick the boxes. But if we sit as this, three spheres of government and strategise together in our sector, we will be able then to come up with programmes that will have impact to the sector because as a province will be bringing our inside information that well, the Northern Cape this is what is happening, these are the strong sectors within our creative sector.

If we are working together, somebody from Eastern Cape for argument sake, those working in Eastern Cape within the creative sector, may say this is where we are strong at as Eastern Cape, so when you come to Eastern Cape or when you are planning in terms of Eastern Cape, these are the things that you should invest your money on. If you are looking at the Northern Cape, we may then say, here is where you need to invest, instead of national just coming and trying to figure out what is it that they can do. But if the province itself informs national or when they plan, they plan as like those three legs, then it becomes easy and hence I am saying then we can come up with programmes that have impact, not programmes that are just there as exercise to tick certain boxes.

6.37. Interviewer: On strategy implementation, have covered some of the issues already. Pardon me if I am repeating them, in that case you may just emphasise on those issues you have covered already. In your view, are the business processes, the financial resources and human resources of the entity supporting its strategy implementation?

6.38. Participant: No. One of the things that I have picked up is that I think for the Department of Arts and Culture when they created these entities there was not much planning that was involved. I do not know whether it was seen as a nice to have. What they have done, they have created these babies, but they are unable to feed them because from the onset there was no feeding plan that was put in place, that were just creating the public entities, how they were to feed them, there was no plan for it. It was more of oh, as parent department, we need to have entities and then how we feed them then we will figure it out as we go along you know. And now the problem is now there is not much, there is not enough money to help the entities, I am speaking about my public

entity.

To drive the Council to carry out its mandate, the Council gets something like R 7 million for the financial year and that budget has been decreasing since from R 9 million. But in that R 7 million you have got to cover your personnel costs, we are managing two facilities, we have got the Warrenton Cultural Resort, we also have the Northern Cape Theatre and we also have the running costs of the organisation itself. On top of all the costs I have just mentioned, you also need to fund your NPO's or your individuals that are involved in the arts, culture and the creative industries. For instance, as the whole entity we have R 500 000 for the whole province which really is not enough at all for us to execute our mandate as per the Act.

And it has been like that for the last past financial years, I was looking at the books for the last past four to five years, you know. So, it is not enough. The parent department has created these entities but there was no plan in terms of how you feed them. So, what they are doing is just almost like just we will just give you this little bit so that at least it seems something is happening. The entity terms of human capital it is so under resourced. We do not have staff. There is one lady who is like shared services, who does the finances. And we have got the CFO who is looking after three entities. Okay there is a CEO.

If we are the entity with this broad mandate, we need to have capacity and we do not. So what the entity then becomes, it is almost like conveyer belt of funds. Money comes in from the Department, it goes to the artist. When that dries out, the entity is rendered useless because there is nothing else that it can do. After that R 500,000 is gone, what else can you do? Based on all what I have just said pertaining to the acute funding shortfalls and serious human resources, it is obvious that this entity will never be able to implement our strategy.

6.39. Interviewer: This has an impact on performance?

6.40. Participant: Yes, because remember, if we are supposed to service the whole province, this province is vast. You have got places down there in Namaqualand, very far from here. Just travelling within the province; it takes loads and loads of money. Now tell me what can you do with R 500 000. Again, entity is based in Kimberley, which also sometimes make people of the province to even think and say to us, oh, the entity is only looking after people from Kimberley, what about people in the districts. But if you check that R 500 000 and then you give each district R 150 000, it is already exhausted.

You know, you will not have money for sending people to festivals, workshops and programmes. And we also have to in-house programmes that we are running. We have got a music academy and we have got a dance academy which also has staff that needs to be paid and all that. You know, and even the salaries again of our staff. Here it is just unfair. That is why I am saying they have created these babies, but they cannot feed them. But what they are just doing it is almost like if somebody is on life support, actually they are dead, but they are alive you know, because you can see them blinking.

You know, but besides that they cannot do anything. So, you will say so and so is alive but actually that person is dead. So, I think that is the metaphor for that I can use for this particular entity. This entity seems to be alive, but it is actually dead because it is not being fed or whatever is being fed is just something that comes from a machine just to keep it breathing you know. If I pump oxygen to your body and you are lying there, what I am helping just to breath. But if I am feeding you, food gives you energy, you can maybe stand up to walk and work. So, what we are having now is like an entity on life support. So, it looks alive but actually it is not because it is not doing what it is supposed

to be doing to a greater extent. We are just doing like minimum because of the lack of the resources.

6.41. Interviewer: What is the influence of the leadership such as the CEO, Board of directors, CFO and others on the alignment between corporate and business level strategies, strategy implementation and ultimately performance of this entity? I know you have covered many of these issues already, you may just emphasise of certain aspects if you will?

6.42. Participant: As I have mentioned before, loads and loads of things on this matter, they revolve around funding constraints that limit us as the leadership. So, if we have R500 000 as an entity, the performance of the Board will be determined by that. We will perform up to a point where that R500 000 allows us to perform and you will judge us based on that. But for instance, if we had like R9 million or R10 million in our budget, that will allow them to perform on a certain level. So, I think in terms of leadership it is more about how much you have and how much you can stretch yourself.

For example, if we have that R500 000 we might be looking at three projects you know, and with those three projects they can be on top of their game in managing those three projects. But let us say we have got R 10 million and then suddenly we will 20 to 60 high impact projects in our sector throughout the province, that is where then you will also assess their leadership based on them operating in that space. So hence I am saying, the capital to some extent determines the performance of the entity and leadership.

So, the leadership of this entity is constrained by the serious lack of resources, which indirectly lead to misalignment of the strategies at different levels in this entity and such misalignment of strategy as I said before leads to a bare minimum performance. Obviously, leadership of the entity is not able to implement its strategy effectively as we would have liked if we had financial and human capital resources. I have mentioned a lot of financial and human capital challenges already, that should already tell you that we will be unable to implement our strategy with these capacity challenges.

6.43. Interviewer: In your view, what is the influence of the organisational culture of the entity to the alignment between corporate and business level strategies, strategy implementation and ultimately the organisational performance of the entity?

6.44. Participant: Remember, every leader that comes to a space will introduce certain ways of doing things and that will then determine the culture of that space. Now I am at that space where there are things that I have picked up that I will like to change in the existing culture of this entity. For instance, there were no systems in place for certain key processes such as the issue of funding the artists. People would just the funding proposals to the entity. The proposal would then be given to the Board and the Board would bring people in to do presentations and based on those presentations they will decide who gets the money. But if you are talking about a system it is where a proposal comes in and it goes through certain phases or goes through certain filters to a point that it gets to even the adjudication panel where that panel will really decide whether this project is something worth funding or not. And it will be that adjudication panel that will then take all the proposals and go recommend to the Board.

But if you are in a culture where the board then just determines based on your presentation to say oh the presentation is fine, the one can get the money, I do not think that is fair. So, there was that culture of unfairness when it comes to looking at these proposals. There was no proper way of adjudicating these proposals. So, one of the systems that I want to bring is to have an open call for funding. People will send in e-mails, people will come and drop off their proposals and then they will be told oh, on this

particular date there will be a board meeting, come and present, and if they present and they are funded.

But if we have a public call system to say in the beginning of February we have got like an open call for people who want to be funded. So, everybody sends in their proposal to say the funding will open first week of February and then it closes maybe end of Feb. So people will submit and then the thing closes and then February/March we get the ladies in the office to capture so that we have also data of how many people have applied. After capturing then they will look at compliance and then from compliance obviously as we go through those processes the number is going to decrease up to a point where we have got proposals that have complied and then we then take those to an independent adjudicating panel to say we have got these 50 proposals and as a Council we can only fund 20.

Now out of this 50 get us 20 of the best, based on our mandate. Then the panel will do that and then after getting that 20 then the panel will then go present that to the Council and say from the 150 applications that we got this year this is the 20 that we think it is worth funding and then they argue their case why that 20 must be funded as the adjudicating panel.

So then in that sense you have got like a system you know. You have got a certain culture, whereas that culture it was not here when I got here. People used to come in and things were done in that particular way. So, I think that particular culture it was actually unfair, because should somebody come and say okay fine, so and so applied and so and so got R50,000, I got nothing, what was the criteria, was it the good English that he spoke when he was presenting, did he know anybody who is a board member. You need to answer those questions, because there is no system in place. But if somebody comes and says somebody got the funding but I did not get. When have a system, we can say okay this is the system, let us first look if you did you comply. Okay, yes if the person has complied. We can say, did you speak to our mandate in your application? Are you a bona fide arts and culture organisation? You get all those things. And then from there we will then pick up that okay, maybe it is because of this that you were not successful.

So, yes, these are the issues around the organisational culture that we need to fix if we are to meet our strategic objectives. The current organisational culture that I have just described which is characterised by uncertainty, the lack of systems and a process that I am trying to fix does not support the alignment between the corporate level and business level strategies in the entity. Obviously when there is strategy misalignment, it leads to the entity not meeting its performance objectives.

But in terms of the culture that I got when I came in and the culture that I want to introduce as a new leader of this particular organisation is to come up with systems that can be sort of verified, systems that will help us to account, but systems that also will allow people to see that whatever was done it is actually fair. So, I think those are systems that I will start to bring in, into the organisation.

This current organisational culture does not support performance because now you will have disgruntled artists on the street saying actually there is something wrong happening there. You might say you have performed but there your artists are hit in the streets then which is what has been happening with this particular Council since last year before I came in. Even up to now artists are up in arms. You will see in the DFA (Diamond Field Advertiser) these negative articles about these issues and also the CIFSA is up in arms about these issues. In all this organisational culture in the council does not support strategy alignment and strategy implementation as I have indicated

already.

6.45. Interviewer: CIFSA being?

6.46. Participant: Being Creative and Cultural Industries Federation of South Africa, their Northern Cape branch. It is up in arms saying this Council is not doing what it is supposed to be doing, and I think it is because of these practices. So hence I am saying here internally we can say oh, as per the APP we were supposed to give 5 people money, we were able to give those 5 people and therefore we have achieved, but the artist at the street will say even the people that we have given money but we do not know who they are.

So yes, it hampers on performance in a way that if there is that culture of unfairness and people will pick it up outside. The artists are saying why is so and so is always getting money every year and yet I have been applying for the last past ten years, I have not received any money. So internally it looks good, we have done what we were supposed to do. But outside is actually you have been giving money to this person for the last ten years and you do not even see what is it that he is doing with that money.

6.47. Interviewer: What is the influence of the corporate controls such as organisational structure and head office controls of the parent department to the strategy alignment between corporate and business level strategies and ultimately to the organisational performance?

6.48. Participant: It is quite a difficult one but also easy at the same time. Remember, the entity is not listed like your McGregor. Now what are the pitfalls of not being listed is that we are depending on the parent department because of that sometimes or most of the times the department will then want us to dance to their tune because we are not autonomous. We are almost like what do you call, a parasite you know, and in that sense then it is easy for them to control us. It is even easy for them to circumvent certain processes that they were supposed to do internally and use the Council, because we are depending on them you know. But let us say the Council was listed, yes because I have been seconded to the Council, so basically, I am a departmental official. But if the Council was listed and the Head which is the CEO was not linked to the parent department, it then becomes easy to lead and to inform the direction where the Council should take. But because we are not listed, and we are relying on the mother body for most of our services, even the money, remember the life support that I was talking about. But they are providing that, that little bit of oxygen and because of that then it becomes a little bit contaminated, because of that relationship and it is also a relationship that you want to maintain. Theirs was supposed to be oversight. There was supposed to be an arm's length, but it is not there. So, if that integral cord gets cut, and the Council has its autonomy and we raise funds on our own, as much as we get the grant from them, but we have funds, we have everything that the alignment would be much different from what it is now. It is that thing, that dependency thing happening. You scratch my back, I scratch your back. So, I think that is a relationship that we are having currently now which in a way does not make things to align the way they are supposed to align.

6.49. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately organisational performance?

6.50. Participant: Remember, I spoke about silos. And I was looking at national, provincial and local levels. But there are also silos within the parent department and this entity/Council, where there is also a lot of duplication happening in terms of programmes. I said we do not have the capacity. People that were supposed to be in

the Council or what you call cultural officers, they are sitting with the Department and we, the implementing agents, those people who were supposed to be sitting with us here in the entity, because we are the people with the programmes. Now what happens is that when the parent department is doing its monitoring, they will first monitor their internal programmes as the Department here and then because we inform some of the APP's then it would be monitored based on those APP's that they gave us.

But then if we were a standalone structure, we will have our own APP's as the Council that informs what the Council needs to do in order for it to fulfil its mandate. But now we have like this APP's that actually are not for the Council, are basically for the Department. So even that monitoring when they are doing it actually they are monitoring themselves, they are not really actually monitoring us because it is their APP you know. But if we were a standalone or we are an autonomous structure, we will have our APP's that will need us to be monitored separately, evaluated separately and also to measure our impact as a Council separately you know, not as part of the parent department. So then monitoring evaluation then becomes one of other exercises in Government. It goes back to that ticking of boxes. Now that the President has established the monitoring and evaluation office, therefore we need to monitor and evaluate. But monitoring and evaluation goes with impact. You can monitor as much as you want, if you cannot see an impact really, it is a waste of time. So, what I am saying now, here is everything is being monitored, but the impact itself has never been evaluated. So, what has been happening then in that monitoring and evaluation (M&E), it is mostly monitoring.

There is no evaluation in terms of impact. And sometimes people also get confused, especially people in those departments that they think that they are doing monitoring and evaluation at the same time, whereas evaluation comes much later. You can monitor my programme for five years and then after five years then you evaluate whether it had impact you know.

So, what we have now is just looking at, did you do that festival, we had two production had three, okay fine. You know, the Council has been here for a very long time. If they were doing that monitoring and evaluation at least now I was supposed to be sitting with a record that says since the establishment of the Council us as Department we have monitored them, and we have evaluated them, and this is an impact that they had as a Council and I do not have that. So, we have been monitoring forever. And maybe even for the next 20 years we will be monitoring. We will not get to a point where we are evaluating.

6.51. Interviewer: How does the diversification of this public entity in terms of its service offerings influences the alignment between its corporate and business level strategies to the organisational performance.

6.52. Participant: Remember, I said the landscape in our sector has changed. It used to be not just arts and culture. They will say music, dance and drama and that it, which is what traditionally was seen as the arts, music, dance and drama. If you have covered those three, you would be fine. But now things are a bit diversified in our sector. We are now talking about arts, culture and creative industries.

The entity is supposed to look at culture and heritage yes, as one. And within it you have got various sub-sectors. You have got museums, geology, archaeology, cultural landscapes and natural heritage. And then you should also look at performance and celebrations. Under that sub-sector you have got the performing arts, theatre, music, dance, orchestra, storytelling, festivals, rituals, events and days of commemoration. Remember, we said arts and culture. Then after that we also had to look at visual arts and crafts which the sub-sector has your fine arts, your craft, your photography. But

going further you also have audio-visuals and interactive media. You have got film, you have got video, you have got TV, you have got radio, you have got internet podcasting and you have got video games. But then you also go beyond that, you have got design, creative and what they call technical support services.

Now you are talking about your graphic designers, your fashion designers, your furniture designers, your landscape designers, your architects, your advertising services, your IT and hence I was talking about graphic design. And then you have got indigenous wisdom as a sector but under that sub-sector you have got your indigenous knowledge systems as the arts and culture Council, so we had to look at issues of indigenous knowledge systems. We had to make sure that in schools, kids learn about their heritage.

I will not use agriculture for now, but you have got heritage where we are looking at secret routes and secret sites where people will go and perform certain rituals or get certain medicines and all that. But then we have got also what you call heritage villages. You find when you go to Bloemfontein there is like Basotho Village and we also need to look after those. And then you then have arts, education and training where you are looking at things like where arts practitioners are being evaluated and given qualifications based on certain NQ levels. So, it is like skill, kind of how, because there are also people who have not gone to school to study the art. So, you have got that recognition of prior learning.

You have got arts and schools and FET Colleges. You have got kids that major in arts. For example, in the Western Cape they have got what you call Arts and Culture Focus Schools, so they have got kids that major in arts in those schools. That is our space. We also need to look after that. But also, there are institutions where arts, you've got your arts degrees and all that and there is issue of accreditation, how do you accredit like your arts and culture programme that is running.

How do you accredit that? After somebody has done that for two, three weeks what type of a certificate are you going to give them, on what NQ level are you going to place them? Now it is not like before where you had arts and culture which might mean anything. Now there are clear sectors and clear sub-sectors you know. A little bit of visual arts. Language and publishing which is another leg which I forgot to mention, your books, your newspapers, it falls under the ambit of arts and culture you know. So, we are only covering these two. People of film and video are also up in arms, what is the Council doing for us, you understand. As I said the landscape in our sector has changed significantly. It is not just arts and culture. They will say music, dance and drama and that it, which is what traditionally was seen as the arts, music, dance and drama. If you have covered those three, you are fine. Now this is what we call arts, culture and creative industries. Then you get like those sectors and those sub-sectors. And this is a lot.

Because there so much diversification in that we now cover so many sectors and sub-sectors as I have just explained, that diversification as per the new landscape in our sector affects the alignment between the corporate and business level strategies in a bad way. This is because we must align many sectors and sub-sectors as opposed to just aligning art and culture as we used to do. Since there is a lot silo mentality in sector between national, provincial and local government as I indicated before, this wide diversification affects the strategy alignment in a bad way as we still grappling with the issues. This also affects performance of the entity in bad way as we are now expected to cover a lot of scope and a lot of things compared the traditional two things we used to focus on before the creative industries came to the picture.

6.53. Interviewer: Thank you for the time. That's the end of this interview.

Semi-structured individual interview: Participant (7)

7.1. Interviewer: Starting with the age, which category are you in?

7.2. Participant: 45 to 55 years.

7.3. Interviewer: Can you confirm your gender?

7.4. Participant: Male.

7.5. Interviewer: And your experience, number of years in management?

7.6. Participant: 11 – 15 years.

7.7. Interviewer: Regarding academic qualification, which category are you in?

7.8. Participant: Post-graduate.

7.9. Interviewer: Does the entity have a corporate level strategy, in terms of giving it a broad business scope and purpose, from its parent department? Is everyone within the entity aware of its corporate level strategy, both management and staff? Does the entity have an annual performance plan (APP), which serves as the entity's business level strategy? Finally, is there is an alignment between the corporate and business level strategies in the public entity?

7.10. Participant: Yes, NCEDA has the corporate level strategy. The entity derives its mandate from the Act which is the Northern Cape Economic Development Trade and Investment Promotion Act, number 4 of 2008, which then outlines what is the existence of the entity. The entity has two mandates in terms of the Acts. The one is the in the economic development in the province. The second one is to promote trade and investment within the province. That is why when you look at the parent Department itself, which is the Economic Development Department, it becomes our parent department. Then you get that mandate in terms of promoting economic development and also promoting trade and investment within the province as a strategy that takes the province forward. The public entity has the APP which serves business level strategy.

So, the alignment is there, on paper, in terms between the two-level strategies because whatever that we do as an entity, remember when implementing agency of the province. Though we will sit under the parent department which is DEDAT but DEDAT's scope of work or DEDAT's vision is what we have to look at in terms of how do we then grow the economy of the province you know, looking at high impact projects, the volume, looking at you know, job creation projects, looking at attracting investment to the province. So, our strategies are aligned on paper.

7.11. Interviewer: DEDAT, what is that?

7.12. Participant: It is the Department of Economic Development and Tourism in full.

7.13. Interviewer: In your view, is everybody in the entity aware of the corporate level strategy, the mandate that you have just alluded? Do you think it is adequate? I do take the point that you are saying there is alignment of the strategies.

7.14. Participant: As I said, yes, the alignment between the corporate and business level strategies is sort of there on paper. But the question is when you look at the practicality of it on the ground, you will find that there is that disorientation between the entity and the Department. One is hoping that with the changes now like the latest reports that have been done, I will quote the Bomela report, where there was an investigation regarding the reconfiguration of public entities. The report gives clear guidelines the entities. When you compare this entity to the other entities within the country and you will then understand what I am talking about, to say that there should be that understanding in terms of the role of the entity and the role of the Department.

My opinion has been saying that the Department is supposed to do an oversight and the

public entities are supposed to do the implementation. So, I am advocating that the parent Department must do oversight? We as the entity we should do the implementation, but the parent department is responsible for policy over these entities. That is what the parent Department is supposed to do. Then we will have that on paper or in writing. There should be some of framework that is there that says this is what the other one must do, this is what the other one must do. You must also understand the evolution of NCEDA from the becoming an entity. The entity was established just to deal with the Independent Development Corporation (IDC) projects before it became a public entity that has to deal with a broad mandate. So, there is that shift. Now you inherit that particular sort of organisational structure that is there which then was dealing with low level projects. Now you say to them now shift from there to this one without preparing them you see. So, there is that gap that is there in terms of strategy alignment as well gaps between the current people that are in the entity. So, it goes back to the point of saying do you have capacity to drive the entity itself, and do you have the right capacity.

7.15. Interviewer: The Bomela report, you referred to earlier, what are its salient features?

7.16. Participant: It was trying to check the position of the province in terms of configuration of its entities, whether do we have duplicate public entities or do we need to match entities and so forth. The report came strongly to say that NCEDA must stand alone as an entity because of the mandate that it has and also benchmarking with other provinces. The report indicated that you cannot have an NCTA and NCEDA being one. NCTA's mandate is to promote tourism in the province. And NCEDA's one is to promote the province in terms of tourism anyway. And then NCEDA's role is to ensure its doing its growth in terms of economic development and also promoting trade and investment within the province. The Board also looked at the entities reporting to the department.

7.17. Interviewer: Was the Bomela report finalised?

7.18. Participant: It was finalised.

7.19. Interviewer: You mention the issue of the oversight. If I understood you correctly, you said, the Department ought, or it is supposed to be doing oversight to the entity. Can you expand on that?

7.20. Participant: I will take Health department, as an example. Health has got district offices that are supposed to do your implementation. Now let me take it home. If you look at what the parent Department is doing now, it is doing exactly what NCEDA is supposed to do. That is why I am talking about oversight, because when you do the oversight it means that you are looking at broad policy issues. How do you then drive the province policy perspective aligning that to national policies? Let us talk growth fund, my view is that growth fund is supposed to be in NCEDA in terms of implementation, not in the parent department, so that that can be used by the entity in driving the economic development of small and medium enterprises, supporting them through that particular fund. But that fund is sitting within the Department. So that is one element of it.

Now you talk about projects implementation. You look at the different projects within the province, where do they sit. Now when you talk about trade and investment particularly, that growth fund, it should have taken to NCEDA for that fund to exist in NCEDA and budget wise it also would have then assisted. I always say the province should have a main skeleton staff than having a broad staff. This is because when you do oversight, you are not actually hands on in terms of the actual implementation. Let us take the APP. When the parent department does the oversight, it should be able to monitor whether are the entities are doing the right thing, not the parent departments to do the work also, that is not oversight.

So that is what I am trying to say when I indicated that the oversight should be done by the Department to check whether are we as the entities are doing exactly what we need to do in terms of improving the conditions of the province on economic development. And also, then looking at us as to whether are we spending the money correctly as per corporate strategy and broad mandate. But now it's a duplicate, because you find us doing certain projects and they are also doing the same projects. Now there is going to be a fight. There is going to be a friction, and then there is no separation in terms of who does what. That is what I am saying.

7.21. Interviewer: These high impact projects, that you talking about, where are they located?

7.22. Participant: Currently in the provincial departments. That is why I always say the role of NCEDA is not limited to the Department of Economic Development and Tourism. NCEDA should stretch its wings across all Departments because it is an implementing agency of the province. You will find under other projects located in the Transport Department. You will find other projects within our parent Department. But you will find duplication, where the Department of Transport is talking about Boegoe Bay economic development and the Department of Economic Development, our parent department, is also talking about Boegoe Bay. Now there is no alignment on such high impact projects, within the province, to say who does what.

To me a department must initiate the project and then handover to the relevant public entity. When you initiate the project as a government department, you say I have initiated this project and this is what we conceived or this is the concept. The concept should go to a relevant entity to deal with it. That is what I am trying to say. You will find out that there LED (Local Economic Development) offices in Municipalities which should be able to tell you, what will drive the economic development in their local Municipalities. But then how do you integrate that into the plans of other role-players. At which point do you then hand over to the relevant public entity and say now I have done the planning part but who does have a capacity to implement because NCEDA has to look at it in this case, source funding either from DTI, from IDC and so on to drive that particular project. So those are the projects that I am talking about that are on a high impact within the province, your Boegoe Bay, special economic zones and others. Fortunately, now special economic zones are under NCEDA. If you take it from 2014 what happened between OTP (Office of the Premier) and the parent department, on the inception of the special economic zone, which was done by the office of the Premier. There was a point of saying now we need to hand over to an entity that must implement it and OTP will then do oversight, because that is what now the office of the Director-General must do now, to check regularly on the project progress. That is what I am talking about by saying that there must be a separation between implementation and oversight.

7.23. Interviewer: To recap you indicated earlier that the alignment between corporate and business level strategies is on paper in the public entity and that there are challenges regarding the strategy alignment?

7.24. Participant: Yes. Yes, there are challenges that are there in the alignment between corporate and business level strategies. There are challenges that are there in terms of then saying how we separate exactly what I said in terms of who does what you see, because those challenges block the progress in terms of moving forward. We have got good plans, we have got good strategies, but when it comes to implementation it becomes an issue of power, we sometimes waste time in trying to figure out who is supposed to do what. Then that gives problems.

7.25. Interviewer: Regarding the existence or non-existence on alignment gaps, you have just explained them.

7.26. Participant: As I explained.

7.27. Interviewer: Now these gaps, in your view why do they exist? How can they be minimised?

7.28. Participant: It is an issue of capacity you know. I think my view is as a province we need to grow our capacity beyond reproach in the sense that we need to have strong research units that can be able to advise on how we can best perform. I am saying this in the sense that if that can happen, we will be able to mitigate the strategy alignment gaps. We will be able to say now it is not a matter of contestation, it is a matter of saying this is how best practices are done within the country and other countries. South Africa is the only country that has public entities. If you go to China they have got public entities, you see. So that is what I can add, to say that that province needs a strong research capacity unit to mitigate some of the strategy alignment gaps in the public entities.

7.29 Interviewer: Now in these gaps that you have just outlined, the misalignments in reality versus alignments on paper, in your view how do they affect the organisational performance of public entities?

7.30. Participant: Well these strategy misalignments make entities not to perform satisfactorily. Let us compare NCEDA with Free State Development Corporation just next-door in Free State. If you look at Free State Development Corporation in terms of what is their mandate. Their mandate is exactly the same as NCEDA's one but the performance in terms of driving economic development and in terms of attracting investors is not the same whilst you have got the same mandate. Now when you look at that, that alignment we talked about will then have an impact in terms of your APP because your APP now must talk on limitation or it is limited to perform at this particular level than to perform at the level it is required in terms of your mandate. This is because if your mandate is boost economic development in the province, then you should be having support, you should be able to stretch yourself in all the categories of your sectors, in terms of the sector development in the province.

If you talk about agriculture, if you talk about mining in the province, if you talk about anything in the province you should be able to stretch yourself in that so that your core business in terms of economic development is driven in terms of those sectors. But if you focus on one sector, it minimises you because now all other sectors are sitting somewhere else. This misalignment I have just explained will then talk to the bad performance of the public entity. Then your performance will only be measured on what you produce which is not broad in terms of what the mandate says you should do.

7.31. Interviewer: What is the influence of the entity's business processes, its financial resources and human resources to strategy implementation and alignment between the two-level strategies? You have covered some of the strategy implementation already. You may want to emphasise if you will on some of the issues.

7.32. Participant: Well let me say, in addition to what I have already said, there are challenges in DORA (Division of Revenue Act) as it affects the province and ultimately the public entities. We don't bring DORA at home. Because if you bring the Revenue Division Act at home we should be able to say if we have to implement this particular project what resources do you we require, whether these resources are adequate enough for you to be able to do that. If you talk about strategy alignment and strategy implementation in NCEDA, I must tell you that when I joined NCEDA in 2013, I found NCEDA with a R4 million budget. That R 4 million has not grown, to an extent of saying

yes, the entity has been capacitated.

But if you look at what NCEDA in terms of its APP's, what the entity receives as its budget is not talking to each other you see, because you have 've got an APP that you draft to say based on the mandate but the human capital that is there to ensure successful implementation. NCEDA currently is having 8 staff members. Is it adequate? It is not adequate. How then can that particular capacity be able to support a strategy of this entity? I cannot. It does not add up.

As I said financial resources are also the problem. That is why I am saying if you sort DORA issues, then we will be able to correct budget allocation issues in the province. Maybe in South Africa we need to change the funding process in general. This thing of funding as per population, number of population you have, it does not work. Looking at Northern Cape as a case on its own, the vastness of the province creates problems. Because for instance, if you have to travel here and travel 1,000 kilometres from one point to another, that is taking too much of your budget. Now that is why I am saying that if you look at the resource allocation financially there is no alignment. There is no way that with the current resources, financial resources as an entity we will be able to effectively drive the strategy forward and implement it effectively unless some of these DORA issues are sorted out.

7.33. Interviewer: How does the leadership of the entity influence the strategy implementation as well as strategy alignment? I am referring to leadership such as the Board of directors, the CEO, CFO and other top leaders in the entity.

7.34. Participant: I said before that when I joined here, this entity had problems with capacity. Well in terms of the Board, yes, we had Boards and good Boards at some point. We also had boards that were dismissed. There were boards that managed to drive the entity out of problems. We have a new Board which now I cannot be able to measure it. It is still a new Board. We are hoping that at least we have a good Board that is going to take us forward. So, in general one can say that when you look at your leadership you need a Board that is very strong to drive an entity like NCEDA. It goes without saying that in terms of your leadership such as CEO, CFO and others, you need leadership that is able to think beyond, not within. You need leadership that can be able to think beyond, the leadership that has the dedication to the province. Why I am saying this is you need a human capital that is driven by passion to drive entities, not only for us just to be here.

At NCEDA, I think there is that particular gap in terms of capacity. Currently now we are three people in top level management and if you look at the structure, the structure provides for more than three. We are supposed to be about six at to top leadership level but we are only three. That is 50% vacancy rate at top leadership of this entity. So, it makes things very difficult because now with the main staff that you have, you have to travel around. Everyone becomes a Corporate Service Manager, a trade and investment promotion specialist and it stretches a person badly. So issues of top management in the entities needs to be capacitated very well so that they can be able to drive, because when you look at this problem, you do not look at it only at the provincial level, you look at the contributions that you do in your country as this driven by the national development plan. Now if you are driven by that particular national plan you need to have capacity because of SIP's that you must drive as the entity.

7.35. Interviewer: SIP's being?

7.36. Participant: Your strategy infrastructure plans. In there when you talk about all this Boegoe Bay and what not, you need capacity to drive those particular projects. So

you need managers that are well capacitated to drive those particular things. So that is why I am saying that capacity is an issue in this entity. I am not sure in other public entities, but in our entity, it is a problem. It needs to be addressed. We need to have good capacity. Sometimes when we look, we look at capacity in terms of numbers. I always say it is not about numbers. It is also about skills. You know, skills required to deal or to pursue the objective of the public entity.

7.37. Interviewer: This 50% vacancy rate at leadership level and the ensuing juggling around it on leadership responsibilities, my understanding is you are saying it then affects the strategy implementation and the organisational performance.

7.38. Participant: It affects the performance and implementation negatively as I have explained already.

7.39. Interviewer: In your view, does the organisational culture of the public entity influence the strategy alignment, strategy implementation and ultimately the organisational performance?

7.40. Participant: Well, that is another area that needs improvement. To me, it is my opinion, I think that another part of the entity that needs total re-engineering or improvement, because of the way we do things around here. If you must be able to do things in a structured way, then that becomes your culture. We must not have an unstructured and negative organisational culture that is why we need to improve on it how we do things in the agency. Once your culture is not structured, it then creates problems because today I will think let us do this thing this way and we follow. Tomorrow you say, I think this, no let us do it this way. Then someone is getting confused because you do not have a consistent way of doing things and then you do not have culture. It must be consistent. It must be structured, and everyone must understand how do you do things in this entity. No, you need a clear way of doing things.

So, culture also plays a role in terms of if you've got unstructured culture it plays a role in terms of your performance, in terms of your alignment, in terms of making performance to go down if it is unstructured and undesirable, which is why we need to reengineer our organisational culture. So, in my view in NCEDA the one part that needs total improvement, that is organisational culture.

7.41. Interviewer: This organisational culture that you have got in the entity, I heard that you are saying, it is negative and unstructured?

7.42. Participant: Yes, the organisational culture in the agency has a negative effect in our performance and it is weakening strategy alignment.

7.43. Interviewer: You have covered corporate control issues that affect implementation such as organisational structure, budgetary controls. I do not know if you have got any further issues you may want to add or emphasise under corporate controls?

7.44. Participant: I am trying to think about it because I said a lot of things around this issue already. If you look at the current structure that NCEDA has, it is not the structure that is required of an entity. It does not give support to the strategy itself. We need to either re-engineer the structure of NCEDA, look at the entity's mandate and have a right structure that can drive that mandate. You cannot have a situation where in your top management, you at top management you have got six. If you benchmark with other development agencies and look at their structures that are supporting those strategies of theirs, you will find that there is a vast gap between their organisational structures and

ours.

I am not sure, but I think when the Act was done to establish NCEDA there was no proper work study that was conducted by the province because if a work study was conducted, that work study would have yielded good results in terms of how NCEDA must be structured, how NCEDA must be funded you know. That is why I am saying that we have done a mistake somewhere. Or if the work study was done and it was done correctly, then somehow, we are not implementing it. So, in my submission on that is that the structure of NCEDA needs to be revisited. It does not support the strategy alignment as well strategy implementation and this affects the performance badly.

7.45. Interviewer: The size and capacity of head office, of the parent department on the issues of alignment, monitoring, the oversight. I know you spoke a lot on oversight. I do not know if you have got a point to emphasise?

7.46. Participant: I do not think so, I said a lot already about it.

7.47. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance.

7.48. Participant: In my view our diversification as the entity is low. It is unlike other big entities. We are mainly focussing on certain projects within the province and as I said to you, the Act itself gives us broad the broad mandate and scope. We do not have bloated many divisions. We only have about one division or two divisions which is your Witsand currently. I am not going to count special economic zone. Those are the only two divisions that you will find that they are not even bloated that much. So that is why our diversification low. I think the diversification of the entity in terms of its split to different divisions has some influencing role to the alignment between corporate and business level strategies within the entity. If we had high diversification in terms of more different divisions serving different industries, I think our performance as the entity would have been better.

7.49. Interviewer: This is the end of the interview, thank you for your time.

Semi-structured individual interview: Participant (8)

8.1. Interviewer: Please indicate your age category?

8.2. Participant: I will be 69 in September.

8.3. Interviewer: Please confirm your gender?

8.4. Participant: Male.

8.5. Interviewer: Regarding the management experience, which category do you fall in?

8.6. Participant: 21-25 years

8.7. Interviewer: On the academic qualification, where do you fall?

8.8. Participant: Post-graduate.

8.9. Interviewer: This study is interested in the alignment of corporate and business level strategies in public entities. Do you have a corporate level strategy in the Heritage Council that governs your broad business scope and mandate?

8.10. Participant: Yes, but no as well. I will have to take you back to the structure under which we operate in the Northern Cape. The South African Heritage Resources Act makes provision for the establishment of a provincial heritage authority. Section 23 of the South African Heritage Resources Act provides for the establishment of provincial heritage authorities. It is now very clear in its mandate and its strategy how the province fits into the national sphere. Then we have a provincial Northern Cape Heritage

Resources Act of 2013, which is completely aligned to the National Act. So our corporate level strategies are laid out in these two acts.

But the alignment as set out by the Northern Cape Department of Arts and Culture has critically made us as this entity/Council to a reasonable extent dysfunctional in the sense that functions and responsibilities that should reside here in this entity are retained at provincial level by the Department. So, this office is not functioning strategically as it should. We are battling to do what we are supposed to do. One is the conservation and the preservation of our provincial culture heritage, which includes our tangible heritage and intangible heritage. It also includes sites and places, that link in with our whole political evolution from time of inception, right up till the present moment. I am speaking of the pre-history, colonial history and post-colonial history.

Now if you take the mandates, there is your archaeology aspect. We are not competent to manage our provincial archaeology. That resides with the South African Heritage Resources Agency (SAHRA) in Cape Town. Why are we not competent? First of all we are not competent because posts that were allocated, the posts at the McGregor Museum which is supposed to look at archaeology, had been defunded, gone, missing. Those posts are now not available. We have one archaeologist, one practicing archaeologist in this province and that is David Morrison. There might be others who have retired here. There are other institutions operating in our province and they are doing it on a consultancy basis. The province is not even aware of their presence.

So that is a major problem for the Provincial Heritage Authority. We do not know what is happening in our province because of a lack of capacity. So, there is no archaeologist. From a provincial point of view there is no archaeologist to help this institution, this Provincial Heritage Authority, to monitor what is happening. So, archaeology is problematic and knowing of all the mining that takes place in our province. If we do not know what is happening a lot of destruction is taking place. So that is a major crisis actually. Your mining activity is an on-going thing. Miners, mining companies, mining houses do not always want to do archaeological impact assessments because it is costly for them. They want to mine. They want the minerals. They do not want to be bothered with the permits and appointing consultant archaeologists to do the evaluation for them, which might stop them from doing their work. So that is a crisis. It is a heritage crisis that we are facing.

Examples of the crisis that we faced was at Kathu Pan, Kantienkoppie and all along the Vaal River diggings for diamonds, alluvial diamond diggings, noting and remembering that your early humans would have lived along the river banks. So, your river banks are very rich in cultural heritage dating back to early Stone Age, from early Stone Age right through to the later Stone Age up to even present day. So, on archaeology we are incompetent as a province to manage our own archaeology, hence it resides with SAHRA. Palaeontology is in a similar situation as the archaeology. We are a rich area. If you take the Fraserburg area, Williston area, Victoria West area, those areas are very rich in palaeontology. Again, Wits University, Cape Town University, international researchers come to our province. They research and take away our knowledge, our intellectual knowledge. They take it up and it is published in foreign journals. It is published in other national journals and we are not given recognition. Why? Because we do not have the expertise in this province. So, a province that is rich in archaeology and palaeontology does not have experts in those fields. And then when it comes to the other areas, okay I will touch on the natural history because it is also linked to museums and our heritage. If you take global warming, the impact of global warming on our environment, cultural and botanical, biological, and our animal life is being affected. Our plant life is being affected, hence our human occupation of specific areas that are also affected by it. So, it will have an impact on our human occupations, our human culture,

and our human traditions.

If you take hunter gatherers or farming in the Namaqualand area, the Richtersveld area, as desertification takes place, as it becomes more and more arid, your farming will be pushed out of your western part of our province to the eastern part. And what is going to happen? So, there is a crisis and it all resides under our heritage, whether you want to separate cultural heritage and natural heritage, it is still our heritage, and this is where we are involved in. So, there is this crossing over from natural to culture. We are humans and we live in a natural environment and we impact on that environment. So, if you are going to neglect the one, the other one might suffer. We are sitting with major problems that are not being addressed.

8.11. Interviewer: These two Acts that you mentioned, which give you the broad business scope and functions, in your view are they known by people in this Heritage Council? Is everybody aware of those Acts and do you think they are adequate?

8.12. Participant: I think we have got very progressive Acts, especially our national Act is a very progressive act. I think the National Act is adequate. Perhaps it costly to implement, but that is what Acts should be, progressive. It should touch on what is relevant, the issues. Perhaps at the present moment, we might not be able to afford the National Act, but when are we going to afford it, if we do not start looking at it. The issues raised in this Act have an overall impact on our heritage. The longer we delay in implementing it, the more we are going to lose. The impact of development and economic development on our heritage is great. I am speaking about our built environment. I am speaking about our tangible heritage. I am speaking about our intangible heritage. I am also speaking about things like the impact of development on heritage that is very close to us. I am speaking about the 70's and the 80's, the resistance heritage. That is also being impacted upon by what is happening now. Now the question that we need to look at, is what the drafters of these two Acts were thinking when they drafted these Acts? Definitely the one group was thinking about the conservation of heritage, hence a progressive Act. A provincial one is drawn up and it is linked directly to the National Act.

This Act only really sets out how a council, an authority should be constituted. But all the functions that this authority should implement lie in this Act. And then the third Act that is critical to those other two Acts is your Public Finance Management Act (PFMA), which clearly states how an entity should operate. And now we come to a big problem. This tells us what to do, this tells us how to do it, that one coincides with this one. But we have a provincial department which is ignoring these Acts. Now, you most probably heard another story when you interviewed them. Let me give you how we see ourselves operating here. This is the Provincial Heritage Resources Agency or Authority. How do we fit in to the bigger structure, provincial structure? The board is appointed by the MEC for Sports, Arts and Culture.

The Chairman and the Board is answerable to the MEC but at the present moment there is another structure that operates at provincial level called the heritage unit. Now this heritage unit is performing functions, independent of the board, and we do not often know what those heritage functions are. The budget for heritage is split in two. A section comes to this authority which is regarded as an entity by the Auditor General which is supposed to operate in conjunction with the MEC and according to the three Acts. Our budget is so restricted that we cannot implement what we are supposed to implement. For example in this financial year that is ending now, this office had no telephone, no electronic communication, nothing. The vehicle that is being operated here is past its lifespan. The officials here cannot operate. Any resources that we need must be requested from head office, hence the fact I doubt if we have telephones by now. It was

supposed to have been implemented.

Even the office space was under threat this year. They want it to be aligned with the department. Now that in itself has pros and cons, especially when it comes to heritage and it comes to mining houses there needs to be an image, a corporate image. There needs to be a perceived independence from Government and that is why the entities are created. It is supposed to do the functions and the work of Government but not to be Government because they need to expedite things. Government has long been considered to be a bureaucratic chain and events take long to happen as the pipeline is never-ending. Entities are there to perform certain functions. They have got a specific task and they focus on the task. They do it and the Acts as well as the laws are there that the entities to abide by and operate within them.

We have a difficulty in operating as an entity, a serious problem because we are dependent on funds and functions from a department that has no relationship with us. They ignore the Acts. How do we go about it? I do not know. How do we change it? We have tried it. We have had a meeting with the MEC where we explained these issues. It is now four months later, and we still had no real feedback. So, it is a board that is answerable to the MEC. As an accounting authority we are answerable to an Executive Authority, the MEC, but we have a department that has created another structure that operates parallel to this entity and most of the times there is a perceived friction between that structure and this entity. We are at loggerheads which is not what it should be because ultimately it is heritage that is going to suffer. And the expertise should reside here and not sit at the department. Why have they got a parallel structure operating there? I do not know. This is one of the things that we as a board mentioned to the MEC, why is there a parallel structure operating there, why not consolidate heritage.

But in entities you have a parent department, you have a mother body. So this structure is answerable also to the parent department okay, with APP's and all those strategies which are fed through them. Now this is where it becomes a bit problematic. We have to feed an APP through. What does the heritage unit feed through to the APP? Albeit working with two separate APP's, the council, the accounting authority here has an APP that it has to account to according to the Public Finance Management Act. What is the entity, the unit at the department accounting for and that is problematic. We do not speak to each other. That unit operates independently there and this one operates here. Now there is also according to the Act a legislative mandate right. For example, the one is archaeology. Any site before excavations or mining can take place or buildings can take place needs to have a permit. And as I have said, we do not have the necessary expertise within our entity. We have got only one archaeologist working at the McGregor Museum for the entire department, for the entire province. So legislatively, legally it is very difficult to implement the laws when it comes to archaeology. Palaeontology is in a very similar situation as to archaeology. And then we have what we call the build environment plans committee. It is a group of people with expertise like town planner, archaeologist and that is one structure that is functioning in the public entity.

In any town, throughout this province, if a building is older than 60 years, the Municipality By-Law must inform the developer that a permanent application must come to the Provincial Heritage Authority. A committee of experts then sits down, town planners and architects, a historian and community members, they sit down, and they scrutinise the plans and the applications which are either agreed or passed or rejected and sent back to the developer.

Now that structure operates but it resides under the Provincial Heritage Authority and not under the department. So, there is that legislative mandate that resides here in this

entity and not with the department. If there is any legal action against this entity, it will be very problematic for us as the leadership, because we do not have the resources to fight legal cases and there are cases where we should actually prosecute but we cannot because of the lack of resources. So, from a legal point of view this structure is compromised through lack of funding, through expertise, through the fact that we have another structure that is operating elsewhere in the department. That is problematic.

8.13. Interviewer: Is the APP of the public entity aligned to the heritage Acts, which define its broad business scope?

8.14. Participant: In answering the question, I will point out the following issues affecting the strategy context of the Council. I would like to just bring to your attention is the regulations or the Public Finance Management Act, how they set out the responsibility duties, the financial component of your authorities or your council or your boards. It is very clear in the PFMA but there seems to be a misunderstanding of the PFMA and the Heritage Act by the Department of Sports, Arts and Culture.

They do not seem to read the three bits of legislation together and especially when it comes to the staffing aspect of the entity, which is very clear in the PFMA that the authority, the council, the board, the accounting authority, has the authority to appoint staff. So, they do not want to accept that. It is as if there is a fear of losing staff, of losing capacity, of losing authority, there is a case of shrinkage for them. They see themselves as shrinking therefore they want to retain the staff members as long as possible. So, I think that is one of the areas that they fear. They fear that their department size will be shrinking, personnel will be shrinking which will impact on their own personnel. Somewhere along the way they have personalised the capacity, the staffing capacity. They see it as shrinking. They do not see it as passing the capacity on to the entity.

So, if they can overcome that and realise that the entity is not in opposition to the department, it is the opposite. The entity is actually assisting the department to perform its functions better, because the entity is at arm's length from Government. It is not totally Government. And operating at arm's length is always easier and better for an entity to be also accepted because admittedly Government is seen as another type of bureaucracy. One entity that I am involved with, functions very well to the extent that the department is accepting that it is a well-oiled functioning entity. The department has no problems with that entity to the extent that they allocate even additional funds when they have available for the entity to continue its work. And that relationship does not exist with the Provincial Heritage Authority and its parent department. What we as a body see as a need, let us call it memorialisation, one of the issues that we as a body have looked at was your African Mining Heritage in Kimberley which goes back to 1871 when Kimberley started, 1870 and 1871. Kimberley was built on the back of mineworkers, migrant labour, and nowhere in Kimberley is there any recognition for migrant labour. We have not memorialised them. We have not looked at them as a body of people. And where did our mineworkers come from, the migrant workers? They came from the Eastern Cape, KwaZulu Natal, and areas to the north of Mpumalanga, Limpopo, Mozambique, Zambia, Zimbabwe, Angola, you name it, Botswana.

That is where our labour force came from and started this industrial revolution of ours in South Africa. Nowhere have we recognised them. Now this authority has said look, we need to acknowledge the fact that migrant labour started the industrial revolution in South Africa, in Southern Africa. You have the memorials of certain category of mineworkers who died but not for the other categories of workers who also died. That project of ours we could not do anything about it. Now what do we do about it? It gets initiated by the board. The Board then says to the CEO listen here, this is what we want. We need a budget for this. Now where do we get the budget? We are sitting with a

survival budget.

So, we cannot do anything about that. Now we need a researcher. We need expertise in that field. Okay, it can be sourced, it can be delegated to the McGregor Museum, but then there must be funding to initiate this. And this is an example of one of an X number of projects that we are battling with. We have been battling with the Robert Sebukwe heritage site which falls directly in the lap of this institution, this body. We have not been able to move on it for years. The heritage education, where is it going? There is no heritage education taking place. There is no heritage education taking place with the Municipalities, local authorities, because one of the functions in here is that this body should reach out and educate, let us say tell your local authorities according to the Act these are your responsibilities. We cannot do that. Our vehicle does not allow us to go to Barkly West. So there are problems.

So, in the end, our strategies may be aligned here and there, it will be a very alignment if it is there. There are also big misalignments because of the big problems that I have spoken to you about.

8.15. Interviewer: Did I get it right, that you are suggesting that the capacity constraints such as budget or organisational structure, then there is some non-alignment between their corporate level strategies and your APP? Did I get that right?

8.16. Participant: Yes, you got it right. Definitely you got it. You are spot on. I have elaborated on those issues. We do not have a staff capacity. There is a parallel unit in the department, which has staff. I am not certain what the size it is but there is a Deputy Director and there is that capacity there. The funding is now split between this institution and the department. There is one thing that I need to just add which has to do with staffing and capacity.

There is this structure, the Provincial Heritage Authority needs to have people to implement and monitor the legislation right. There needs to be inspectors. It is very similar to the Liquor Board, they need to have inspectors who go out and check what is happening at ground level. The same thing here, we do not have that capacity. So that capacity is non-existent. It is problematic. So, from a legal point of view this structure is failing. The entity is not able to implement its Act, the requirements as set out in the act. Archeologically it cannot do that also. So that is problematic. So, it is definitely funding. It is structural; and it is human capacity.

8.17. Interviewer: You have mentioned these many gaps or misalignments, how can we close those gaps?

8.18. Participant: Okay, first of all from a legal point of view the mandate is clear. It is in the Act, how we should operate it. The legislation, the provincial legislation, where the National Act says a province has the authority or has the authority to create an entity right, our province then say okay, we want an entity, so the entity is created. And the entity is sitting here. So, what needs to be done is that entity should be made a fully-fledged entity as set out in the PFMA and as set out in the National Act. And that entity must be given the authority to implement the mandate of heritage conservation.

The structure, the parallel structure at the department should be disbanded and the functions and capacity they have there should be amalgamated with this body. And we should have one heritage council. The funding should be consolidated. And the powers that be should make themselves familiar with the Acts. They need to read the Acts and not interpret the Act for their reasons.

8.19. Interviewer: Based on the non-alignment, to some extent as you alluded before, between your corporate and business level strategies, are you making an impact in the sector in terms of the performance?

8.20. Participant: Not completely. As far as your heritage, your sites, your build environment is concerned yes, there we are doing what we are supposed to do. We are looking and we are working with the local authorities. We are looking at the plans. The plans come in. That sub-committee is operating. This office when it comes to mining operations yes, it is operating. When it comes to human remains and that area specifically is being on the ball when it comes to the destruction of an early stone age sites like at Kantienkoppie and Kathu Pan, the CEO has been involved. So with the little bit of capacity we have, we have done very well in those areas to implement the Act and to legally intervene where it is necessary.

What is the biggest risk to this entity? It is financial incapacity, human resource capacity problems and the lack of a unified structure. So those are the major risks. So in total if I can sum it up, the big risk to this structure is the impact of the Department Sports, Arts and Culture, not knowing what the mandate is.

8.21. Interviewer: You have already mentioned a lot of issues that affect strategy implementation in the entity such as human resources capacity constraints and financial resources constraints. Do you have additional issues to add on the role of strategy implementation to performance of the entity?

8.22. Participant: If you look at the organisational structure, there are major problems. There are gaps as I have mentioned. Your leadership, your managerial leadership, your CEO, where is it? To whom is he answerable, right? Now we know a CEO is answerable to the board. He is appointed on the equate system which is the Government system. And he is appointed on an Assistant Director level. A joint CFO is running the museums, heritage and the Arts and Culture Council. We have one CFO who is now running the financial parts of our entities. There is an HR problem and there is a financial capacity problem. Now you do have a CEO here, but you have a Deputy Director sitting at head office in the heritage unit. There are three guys sitting on that side operating whatever they are operating. Now the financial delegation and you know this, sits now with the CFO, who is responsible for three entities.

Any request for anything, a sheet of paper, a pencil, and a pen must go from here or from our staff to the CFO who then implements it. You see, there is a financial disjuncture there. There is a problem. There are HR problems too. The appointment of people, the act and PFMA says the entity appoints. The department does not want that to happen. They want to appoint them that side, so they have control over the staff. Other entities such as the NCTA control staff appointments.

A structure has been put in place or been looked by the Board but was rejected by the department. So, what needs to happen is an organisational structure based on needs, not on wants but on real needs. Of course, there will always be the bigger dream of what the perfect structure should look like, but a structure should be put together where we look at what the needs of the organisation for the benefit of heritage and not for the benefit of somebody's little personal powerbase you know. It should be structured on what is needed, how to operate looking at of course the financial capacity, looking at the HR capacity and then looking at what is needed as heritage officers. The research capacity is lacking in the entity.

But the main role player at the parent department is not playing with. And we need also now serious political intervention because that is where we are. If the MEC can intervene and say listen here, this is what I want, and this is how it shall operate,

according to the Act you implement this and that. The lack of capacity and lack of funding affect strategy implementation and the performance of the entity badly. You need to have your archive. You need to have your records. You need to have whatever permit application that comes here in this entity to be processed, responded to, then filed and then archives and that is a whole process which is lacking at the moment because we have an administrative officer and we have a manager which is not the ideal.

8.23. Interviewer: What is the influence of the organisational culture of the entity to its strategy alignment, strategy implementation and ultimately the organisational performance?

8.24 Participant: There is good organisational culture in the organisation. People work very well here within the HR capacity and budget constraints that give us problems to implement the acts and strategy.

8.25. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately organisational performance?

8.26. Participant: It is very difficult for me to say what is happening in their minds, what their problem is with this public entity. But I can also mention that over the years while I was at the McGregor Museum, I do not know what is happening now. The feeling I have got is that they see an entity as opponents, as us and them. They do not see that the entity and the department should complement each other. This is just my perception of it. My perception may be totally wrong but that is how I feel. They perceive the boards from the entities as wanting to be autonomous, totally independent, they see us as very arrogant, as wanting to have nothing to do with them, which is a totally wrong perception from their side.

If that perception can be erased and if they can understand that the entity is not opposed to them. The people who work in heritage are exceptionally dedicated people, they live in a little small world of their own, and they live in a heritage world of their own. That is why you will find guys at museums do not leave museums. That is where they want to be.

They do not want to move on. They do not want to elsewhere. They call them museum rats. They just live there. And if the resources are shared equally then you will realise that these are not opponents, these people will compliment what the parent department is doing. Let me give an example of what happened at the museum. When I started there was staff capacity of almost 68 staff members. Now when I left we were down to about 43. And the capacity was so eroded of professional staff you cannot imagine.

They are sitting with so few professional staff, there is no Stone Age archaeologist, there is no anthropologist, and there is no botanist right. Now if you take the Northern Cape being the largest province in this country, if you do not have a botanist, if you do not have an anthropologist, if you don't have a Stone Age archaeologist, those posts are gone. The money has been taken and used elsewhere. Now each of those professions, disciplines at the museum have collections. There is about 34 000 plant specimens in that botany section and the botanist's job is to go out, research, especially in this period of climate change to collect specimens, identify them and then place them on record in the file, in the archive, in the arboretum as it is called. A physical dried out specimen, the seed, etc. should be there on file.

Now we do not have a botanist who feeds the collection manager with specimens to put

into the collection, so it breaks down. And I doubt if we have got even a third of the plant species on record at the museum. Similarly, with the anthropologist who works with human culture. If you take the diverse culture of the people that live in the Northern Cape, the various areas, we are not up to date with how people's culture change. We are sitting with artefacts that is over 100 years old, 200, 300 years old, some even older than that, are in the collection. We do not have a proper collection manager to manage those things.

We have not added to that collection because of the lack of the resources. We have not added anything on the present moment. If you take the evolution of beadwork in your traditional craft right, it has not remained static. Your craft has changed. Your beadwork of your Ndebele of 120 years ago is not the bead that you see now. There was no cell phone beadwork. Now you see a cell phone has a bead cover which is an addition of a cultural tradition into a modern era. And all those things are lacking which then fits into our culture heritage. The Provincial Heritage Authority has a job to even monitor what the McGregor Museum does because they are sitting with cultural objects. So, we need as a structure to be able to monitor what the private museums are doing, not do their work, but we cannot because of the lack of resources.

We should monitor and see how they are they looking after our heritage. So, there is another level of heritage structure, legal structure that is missing, the how do we monitor local authorities, how do we monitor private museums, how do we monitor just the public out there.

8.27. Interviewer: How does the diversification of this public entity in terms of its service offerings influences the alignment between its corporate and business level strategies to the organisational performance.

8.29. Participant: I think the diversification is a good thing to the strategy alignment of any entity and to performance at the end of the day. This is because certain things will offset each other when something is not focussed in specific sector. But then the diversification of this entity must be seen in the context of a bigger picture taking into the current organisational problems that we are dealing with.

8.29. Interviewer: Thank you for your time.

Semi-structured individual interview: Participant (9)

9.1. Interviewer: What is your age group?

9.2. Participant: 61-65 years.

9.3. Interviewer: Can you confirm your gender?

9.4. Participant: Female.

9.5. Interviewer: Regarding the management experience, which category do you fall in?

9.6. Participant: 32 years.

9.7. Interviewer: On the academic qualifications, where do you fall in these categories?

9.8. Participant: Postgraduate.

9.9. Interviewer: Does your entity have a corporate level strategy that is crafted by your parent department, in terms of your broad business scope and mandate?

9.10. Participant: Yes, we do have.

9.11. Interviewer: In your view do you think that corporate level strategy is adequate?

9.12. Participant: We do have a broad mandate from the parent department, which is to commercialise the goat industry. But I do not feel that it is identified properly. When you run a business for government, you can run it as a government programme, but when you run a public entity as a business, there is one goal and you must have identified what your goal is. And if your goal is to commercialise the goat industry, then that is

what you will be doing. It is not a government programme, where you have to see that the various people that work for you are doing their jobs. So, it is unfortunate that Kalahari Kid Corporation is looked at as a programme in government and not as a business that it should be because to commercialise the goat industry, it is a business, it is not a government programme.

9.13. Interviewer: This commercialisation of goats in Northern Cape, as your broad corporate strategy, in your view from the Kalahari Kid Corporation (KKC) perspective, is everyone in the entity aware of it

9.14. Participant: Yes, everyone who works for the Kalahari Kid Corporation is aware of our broad business mandate and scope from the mother department.

9.15. Interviewer: Does the entity have a business level strategy such the annual performance plan (APP)? Is such an APP aligned to your broad business scope?

9.16. Participant: Yes, we do. We have a business plan in the form of the strategic plan and the APP. Our APP is aligned to the broad business mandate and functions of the public entity as defined in the parent department's APP and strategic plans. However, they have only been aligned recently. KKC was not a public entity previously, it was a (Pty) Ltd. It only became a public entity after the provincial government acquired it and now it has to conform to the PFMA and GRAP (Generally Recognised Accounting Practice). So, prior to conforming to GRAP and the PFMA as a public entity, the (Pty) Ltd had to only conform to business ethics and the King Commission report, which meant that we had to run the business ethically and run KKC as a business.

Now it is run as a public entity with so much paperwork that you do not get around to be able to do your business. You do not get around having the time to run a business, because you are so busy conforming to all the paperwork, all the rules and regulations to comply with everything. I mean how can you run a business when you have to get three quotes to buy a goat when you are at an auction? When you are at an auction you have to make a decision there and then that you want to buy that goat. You cannot suddenly run around and get three quotes. And so that would be seen by the AG as wasteful expenditure or irregular expenditure because you did not get three quotes. How can you run a business like that?

9.17. Interviewer: You have already touched on the issue of gaps in the alignment between the corporate and business level strategies of the entity such as a lot of paperwork that is creating an impediment to the efficiency of business processes and decision making. In hindsight, do you think it would be best to change the current non-aligned registration type of the KKC as a public entity 3C, in order to enable it to respond to its business requirements?

9.18. Participant: Absolutely. Initially the whole listing of Kalahari Kid was wrong and non-aligned. The Kalahari Kid Corporation applied to be a public enterprise and not a public entity 3C. For some reason the Provincial Treasury, not the National Treasury, decided to list the Kalahari Kid as a public entity 3C. That was a total mistake because it basically hampered the whole business because it did not give the Kalahari Kid Corporation the feet with which to run. It did not, and it did not enable it to do its business. It actually hampered the whole business because now it said you must commercialise the goat industry, but you are not allowed to do a whole plethora of things because you have to conform to the PFMA and GRAP.

So how can you ever make a profit because for example a public entity 3C, any revenue, excess revenue, you have to return to Treasury whereas if you are

commercialising the goat industry, surely the revenue that you make, you are going to plough back into the business to make the business grow. So you can never commercialise the goat industry with this current 3C public entity registration. You can never fulfil your mandate. So, it really was not thought through properly.

9.19. Interviewer: If I may, after discovering this non-aligned registration of KKC to its business, that the Provincial Treasury made, did the KKC communicate to Provincial Treasury about it? What are their views on this issue?

9.20. Participant: Yes, we have made about three applications to them to change the current public entity 3C listing to a business enterprise public entity. But being a public entity, we must channel all our communication on the issue through to the office of the HOD (Head of Department) of our mother department, also through to the office of the MEC (Member of the Executive Council) and then decide with the MEC possibly with Provincial Treasury as to what should happen.

9.21. Interviewer: If I understood you correctly, you are saying there are big problems as a result of the current registration as a public entity 3C?

9.22. Participant: Yes, absolutely. One of the things is that KKC cannot comply with everything that it is supposed to comply with and hence we have received qualification audit opinion from the Office of the Auditor-General. This is because we cannot get three quotes all the time. We have got to support the emerging farmers, yet emerging farmers do not have the tax clearance certificates. Most emerging farmers do not even have the bank accounts. But to comply with the supply chain management procedures and the things that you need to do for GRAP and the PFMA. We are expected to do those different compliance issues, we can never comply, if we are realistic and practical about it. So, the entity will always get a qualification audit opinion as a public entity 3C.

The Kalahari Kid Corporation is given R2,5 million budget per annum. The R2, 5 million does not cover our key operational costs. This budget does not include the running costs of the entity's farms and maintaining everything on the farm. So KKC has been running the farms, the operations of the farms, buying goats, maintaining the farms and buying the feed from the sales of the goats from the entity' farms. But nobody seems to realise that the R 2,5 million budget has never been increased in eight years. How can anybody operate with a budget that has never been increased for eight years?

Recently the Portfolio Committee and SCOPA (Standing Committee on Public Accounts) in the Provincial Legislature called a meeting with KKC and asked us to present our APP to the Portfolio Committee. When KKC presented, the Portfolio Committee said that they could see that the APP was not aligned with the strategic objectives and the broad mandate of the entity. The Committee indicated, that there was no ways that KKC with R 2,5 million would be able to fulfil everything it was supposed to do in terms of its mandate. So, the portfolio committee together with the MEC decided that KKC had to immediately be recapitalised and that was done last year. So KKC was given more money but at the same time the MEC and the parent Department had signed a twinning agreement with Namibia. So KKC was recapitalised to stock the farms and do more and grow.

But suddenly the money that it was given to do exactly that, to grow and stock the farms, and fulfil its programmes, we were told by the parent department that we must spend it on the twinning programme in Namibia. So the twinning programme took that money and went and spend R1,5 million in Namibia to full the twinning programme for the province. That was really a learning curve but obviously also hampered in fulfilling all the gaps of the APP.

Anyway, more money was pumped into KKC just before the financial year end and in which it had to fulfil all its programmes before financial year end. I think out of everything that we it needed to do, it would have fulfilled about 90% of what it needed to do. And it was decided by the board recently that KKC should be delisted as a public entity 3C. But the delisting has been discussed over the last three years and KKC has made four applications to delist. I do not know where the applications have gone to or where it has gone stuck or how it has become stuck. We have never had any feedback from Provincial Treasury or from the office of the HOD or MEC on this important strategic issue. At the last meeting we had with the MEC he agreed that the delisting of KKC must be fast-tracked. But that was the last we heard of it.

Then we did another application and it was minuted and there was a resolution passed that KKC must be delisted as a matter of urgency. Another thing that was very worrying is that KKC is such a small entity, yet it is audited by the AG (Auditor General). The AG fees for KKC last year amounted to R 627 000 which is a quarter of its annual budget. So how can the entity spend a quarter of its annual budget even if the Department pays the AG? How can it spend three quarters of its budget on an audit? So that was a major query and this year the proposed fee for the audit was R 926 000, which is half of the budget and that is crazy, or 40% of KKC's budget.

So KKC queried that and so did the audit committee. And the AG then came back, and they said that they agreed. The audit manager looking after KKC agreed that the entity was too small and he also agreed that the Auditor General should not be auditing KKC and that they would like to withdraw from the audit of KKC and that KKC should get an independent audit company. They brought their audit fee down from R 926 000 to I think R 520 000. But again, it is still a quarter or a fifth of the KKC budget. That is crazy because an audit fee should only be 1% of the entity's budget. We cannot actually do a proper APP because the parent Department has not said KKC; this is your new budget.

According to our meeting with the Portfolio Committee, our budget has been increased from R 2, 5 million to R 7 million. The parent department just said the budget is still R 2, 5 million and that the department will find the money fulfil its various programmes. So we have tried to do a budget and we have tried to do an APP based on what the portfolio committee have said and what the MEC has said we must do. But the budget has not been confirmed to us.

Anyway, as I said before, KKC should not be a government programme in the parent Department, it should be a business enterprise because it has only got one mandate and that is to commercialise the goat industry. The entity should not be broken up into administration, co-operatives under programme 2 and marketing under programme 3 of the mother department. It is one business that should work as one unit with one broad mandate and one goal. That one goal is to commercialise the goat industry by buying and selling goats, breeding the best quality goats, looking after cooperatives, helping them to grow, supporting them and getting their goats to the market. And that is what is KKC's broad mandate is.

The other thing is during the Portfolio Committee presentation, it was said that KKC would give the cooperatives goats. But in the budget depicted or presented to the same Committee, it said that KKC would sell the goats to the co-operatives. The KKC has always sold the goats to the co-operatives because the goats were financed either through rural development or DTI (Department of Trade Industry). So, there is always been somebody that has been able to or willing to fund the goats for the co-operatives.

So, we have always been able to get funding and give the goats to the co-operatives.

The co-operatives do not really pay for them. So KKC gives the goats to the co-operatives for free, but we source the funding to do that. However, there was a misunderstanding that KKC does not get paid for those goats okay. If that was the case, then we could never make money because we would just be giving our breeding stock away and that means we would never make money anyway. And KKC have been approached by many people, including the IDC (Industrial Development Corporation) and people from the Middle East who are prepared to give additional funding to KKC to grow. This is because KKC needs the critical mass of goats to be able to become self-sustainable. Unless you have that critical mass, you are never going to be self-sustainable.

We have a board. On the board, there is a Chairperson. The CFO (Chief Financial Officer) and Dr Kegakilwe from the mother Department are part of the board. We have got a Chairperson who is very good and politically, I can I say, well connected within the province. The CFO is there in the board, so she covers the financial base on the board. Dr Kegakilwe covers the business base, I would say as well as the understanding from the parent Department as to where KKC should go. And then there is another person coming on board that is a member of Chairperson of the Co-Operatives of the Northern Cape, which will help because she will understand how the Co-Operatives work in the Northern Cape and how we can grow within the Co-Operatives.

To comply with governance, we need one more a non-executive person on the board and that should probably be a legal person. So, we do not have the board properly set up yet, but it will be set up properly. We are very short staffed, but we do not really need more staff, because we can cope as we are. We have got a farm manager and six farm workers that are employed by the parent Department and report to the parent Department. They have never been seconded to KKC.

We have also asked for the six farm workers to be seconded to KKC for the past six years but they have never been seconded. So that is also a very big challenge because farm workers do not listen to the farm manager, because they say that they report to programme 5 in the parent Department. So that is a challenge, because the farm manager is employed by KKC. Then we have a part-time acting CEO and Head of the Co-Operatives that is Mr James Choche. He used to be with the parent Department before and he runs the co-operative development, the supply and the support of the co-operatives. He does this through contacting the agricultural offices of all the different regions in the province. So, they all assist him, and he updates the data bases of the co-operatives and tells us who is due for goats and who has got the right infrastructure. Mr Choche has an assistant called Thelma, but again Thelma reports to programme 5. So, whenever Thelma is needed by programme 5 of the parent department, they just take her and use her. So, she also has not been seconded to KKC. So, there is a disjuncture there.

Then there is a marketing director who is doing the production of the farms, procurement, marketing and sales, both locally and internationally. The marketing director reports to the Board. We have an administration lady who coordinates everything for the quarterly reports, the APP's and for all the programmes. In fact, she is excellent. I think without her, all the administration would fall apart. And then we have got a financial person that is new. She is in Kimberley.

So, we run a very tight ship. There are no hangers on and there are no people that do not have a dedicated job to do. We are very short staffed but a good team. And I do not think we really need more staff, except as we grow perhaps on the farm we might need more staff. Also, on the farm we need infrastructure such as ablution facilities. There are no ablution facilities. So, for example when we go to take stock or if anybody comes to

visit the farms, we have to go off the farm to the closest garage to go to the toilet. But anyway, those are all things that can be fixed. So those are a few of the challenges.

9.23. Interviewer: Why is the parent department not transferring or seconding those farm workers to the entity? Is there some legal impediment that precludes the secondment or transfer from happening?

9.24. Participant: No, they were supposed to be seconded six years ago but we have no idea why they have not been seconded yet.

9.25. Interviewer: Okay.

9.26. Participant: We have asked the parent department in writing and it has been six years now that we have been asking. We have also asked for an SLA (service level agreement), between the Department and KKC which also has not been forthcoming. So, we drew up our own SLA and submitted to the parent department years ago and apparently it is still with their legal section.

9.27. Interviewer: Earlier you mentioned that the board requires the legal expertise, are you concerned about inadequate skills in the current board?

9.28. Participant: Well, on the board we have got the Chairperson, you have got the CFO, you have got Dr Kegakilwe and you have got this other lady who runs the co-operatives of the province. You have got the marketing director and the Acting CEO in the board. So, the only aspect that is missing in the board is a legal resource. It does not have to be a legal person but perhaps somebody who has a legal background and is also in HR (human resources). Perhaps that person could sit on the board because you see, everybody there on the board is already employed by Government, so they do not have to expect another salary, or have another salary, and that is what we were looking at. We were looking at anybody that would be prepared to come on that need not necessarily be paid an additional salary.

9.29. Interviewer: Is the entity having a specific founding enabling Act?

9.30. Participant: Not an approved Act. We drew up an Act with our legal people and gave it to the parent department for further processing. We are still waiting for a feedback from the parent department on how to proceed to ensure that the Act is passed in the Provincial Legislature. So, there is no Act governing KKC.

9.31 Interviewer: According to my notes, you have already covered the influence of the entity's business processes on strategy implementation such supply chain management compliance inefficiencies. My understanding is that you are saying that the entity's business processes influence the strategy implementation and the performance negative way?

9.32. Participant: Yes, that is correct. and I have nothing further to add.

9.33. Interviewer: You have also covered the effect of the financial resources to the entity's strategy implementation, you even quoted the budget figures such as its R 2.5 million annual budget. As I understand, you indicated that the financial resources are inadequate in the entity and that results to ineffective strategy implementation?

9.34. Participant: Absolutely. You see, the other thing is that people see that there is R 10 million budget in the department's allocation in their APP under the commercialisation of goat budget. People think it is the KKC budget. But that R10 million

is not allocated to the Kalahari Kid Corporation.

Their commercialisation of goat's money goes to programme 5. Programme 5 is research, they do research on tankwa goats, on milk goats and other things from that R 10 million. Our budget is R 2, 5 million. So many people that read the department's published budget statements will think that Kalahari Kid Corporation gets that R10 million but we do not. What we do not understand is that the salaries of the staff and some of the people who are doing research on milk goats and tankwa goats come out of that R 10 million. We do not understand why their salaries do not come out of the budget of salaries.

9.35 Interviewer: What are the **other** research activities that are happening in programme 5 of the parent department that you are indicating as having nothing to do with the KKC?

9.36. Participant: The research under programme 5 of the mother department is different from KKC. They are researching things like if you mate this goat with that goat what kind of meat you get out of the prodigy of that, what kind of milk you get out of a saanen goat, if you mate that saanen goat with an alpine, or how much milk does a saanen goat give. They used to be at Koopmansfontein. They have got very nice goats in the milk research station and they have got very nice equipment, but it has got nothing to do with the commercialisation of goats as per our broad mandate as the KKC. Maybe the parent department should have named it as the research budget and the commercialisation of goats budget so as not to confuse the readers of their budget statements. Those two should be separated like that and salary should be out of the salary budget. Yes, so research should have its own budget and all the salaries related to both should go under salaries.

9.37 Interviewer: Taking into account all the challenges you have just mentioned such financial ones and others would you say that your strategy implementation as the entity is effective resulting in it meeting its strategic objectives such as buying and selling those goats?

9.38. Participant: Believe it or not, as I say we have been able to achieve about 90% of the buying and selling of goats including fulfilling the twinning programme of Namibia which was a completely a new thing given to us in September last year. So, we have been able to fulfil 90% of our APP plus fulfil totally the twinning programme of Namibia.

9.39. Interviewer: What is the influence of the entity's leadership to its strategy alignment, strategy implementation and ultimately the organisational performance?

9.40. Participant: I would say the leadership of the entity is very good and affecting the strategy alignment positively wherever possible. I would say that the leadership is influencing the strategy implementation and the performance of the entity, very positively, under the current circumstances. I would say that what could assist the entity greatly is if the agricultural offices of the mother department could be brought in line and told that the Kalahari Kid Corporation is not an opposition organisation. It also belongs to the Department and it is with the Department and they should assist Kalahari Kid Corporation. When they go out and see the co-operatives, they should assist that goat co-operative as well and they should help coordinate the goat co-operatives of KKC.

At the moment, the agricultural offices of the mother department, do not report on anything to do with goats which are associated with KKC. It is almost as if they feel that KKC is in opposition to them, not part of their programme, which is wrong. So, I think more interaction with the State Vets is required. We get very little support from the

Provincial Vet, veterinary services who are supposed to assist our co-operatives with veterinary advice. We get little support from them. We get very little support from the agricultural offices. Yes, the secondment of the staff should be defined, and HR should address that as soon as possible because we have asked them on numerous occasions. For example, one staff member absconded for three months on full pay and the department it, even though we advised the Department that the person was not at work. And then he said well, he does not work for us at KKC, but he works for the mother Department. There was nothing we could do as the entity to resolve the issue and respond with authority to what he was saying.

9.41. Interviewer: In your view is the board meeting the MEC, who appointed the board as the accounting authority of KKC?

9.42. Participant: Yes, the MEC meeting the board?

9.43. Interviewer: Are you meeting the MEC as you would have liked and are you happy at the level interactions between the MEC as the Board of directors?

9.44. Participant: The interactions are much stronger with the new chairperson of the board here. I think there is enough interaction with the MEC now with the board structure that is now including the CFO of the mother department and Dr Kegakilwe also from the mother department. I think previously there was not enough interaction but presently there is. I would say for the last six months there is enough interaction but previously there was not. I think that the resolutions taken by the board should be implemented and those resolutions should be followed up.

If we are not going to be delisted, then it should be agreed to whether the KKC is going to look for alternate funding or still rely on the fiscus and if so, for how long and all of those things need to be clarified. And I think all of that must be sorted out with the Board, the HOD of the parent department and the MEC. Then a decision must be made, including with the APP going forward. KKC has got a very bright future but it has got to have the support, the right support to take it to where it needs to be.

9.45. Interviewer: What is the influence of the corporate controls such as the organisational culture of the Kalahari Kid Corporation to its strategy alignment, strategy implementation and ultimately the organisational performance?

9.46. Participant: Look, we do not have a full time CEO and a CFO; but we have got a very good Chief Financial person, not officer, financial controller. She is a chartered accountant and she is very good at what she does. We have the person that looks after co-operatives. He is very good at what he does. I think I am good at what I do. Our board chairperson is very good at what she does. Our Farm Manager is very good at what he does. Our administration person is excellent at what she does.

As I said, we might just need, as the farm grows with more goats we might just need more people on the farm. But we do not need to be top heavy organisational structure. We would rather work towards the success of the company with the organisational structure that we have because we are all working to the same goal and that is to make the company strong and secure, so that we can all share in the profits. And it is no use having a company that is top heavy and the fruits do not go downwards, so we would rather have what we do have and bring the emerging farmers up, from grassroots up and into the marketing structure and not to be top heavy organisational structure.

9.47. Interviewer: What is the effect of the oversight and monitoring by the head office of the parent department to the alignment of the two-level strategies and ultimately

organisational performance?

9.48. Participant: I think that the parent department must decide what their vision is for Kalahari Kid Corporation, where they want to take Kalahari Kid out of the market or if Kalahari Kid is part of their focus for the future and if not, do they want to release Kalahari Kid to become a private company, and if so then they must let us know so that we can get a private enterprise to finance KKC. But you know, if you are going to do that, you are not commercialising the goat industry for the province. It could be a huge success for the province. I just think it would be a great shame if they let Kalahari Kid go. I just think it has got the wrong listing and I think the support that it is getting is that it should not be a government programme, it should be a business enterprise or a business that runs under something like NECDA or a business that is run on the same level as Rooibos where it can make its own decisions and it does not have to conform and to do silly things like GRAP.

Because you cannot make business decisions if you are a public entity 3C. There is so much paperwork that you are wasting more time on paperwork than what you are busy doing business. Do you know that we have to print 100 financial accounts for such a small entity with six employees?

9.49. Interviewer: So, you are saying flexibility for the for this entity to respond to the demands of what the market out there wants or what the business wants, is a big issue here at KKC?

9.50. Participant: Yes, absolutely, flexibility to operate as a normal business is big problem at KKC. For example, we get invited by the DTI (Department of Trade and Industry) to go and represent the goat industry. There is nobody else that really sells goats like we do, who slaughters them and who sells those goats locally and internationally. So, we get invited by the DTI to go and sell them or to represent the Northern Cape in Dubai. Normally the DTI would pay 80% of Kalahari Kid's costs. Because we are listed as a public entity 3C they would not pay for us, but for the last 8 years they did pay for us before our listing, because we were an enterprise, or we were a business that was supporting the emerging farmer to get their product to the market. So Kalahari Kid as a whole is being penalised by being listed as an entity 3C from all sides. It cannot grow at all.

9.51. Interviewer: How does the diversification of this public entity influences the alignment between its corporate and business level strategies to the organisational performance?

9.52. Participant: The diversification of the entity products affect the alignment of its corporate and business level strategies, which then affects the whole performance of the entity. There are so many things that KKC can still do with the goats that have not done to diversify our entity. The infrastructure on the farms can change. We can have a quarantine facility. We can have a small feedlot. We can broaden the Kalahari Kid situation from what it is to a multiple Kalahari Kid.

We can duplicate Kalahari Kid in every province of the country okay. We have already been asked to duplicate Kalahari Kid in Uganda. We have been asked to duplicate Kalahari Kid in Limpopo and in the Eastern Cape because everybody thinks that we are a great success and they would like to follow our modality because they know that it works. They have all tried many other things. None of theirs have worked. All other provinces know that ours works. It is just the way that we are listed that is suppressing us and it is suppressing our growth and the fact that we have not been given enough financial support by our parent department. If we were given support by the Department initially, we were supposed to have been given, we would have been way beyond what

we are today.

9.53. Interviewer: Any other issue you would like to mention on the influence of diversification to the strategy alignment?

9.54. Participant: KKC could become a leading brand for the province or a marketing arm of the province for example. It is such a known brand even internationally that it would be a shame to take it away. Kalahari Kid is a baby goat, so it very good name. But there are so much and so many more things you can do in KKC.

In the abattoir, we can expand the abattoir for example. If you change certain equipment we could sell about 3 000 goats a month to Nigeria just by changing certain equipment and certain ways. If we did our own trucking, we could import so many more from Namibia. If we took one more farm from the parent Department and put the infrastructure in place and the right security in place and the right farm manager, we could grow the Kalahari Kid business to double to what it is today. So, the commercialisation could grow threefold, fourfold if managed properly and if the support was there yes. Alternatively, you can change it from a 3C, make it a business enterprise and get an overall marketing company to market everything for the province of which Kalahari Kid becomes one of their products.

9.56. Interviewer: Is Provincial Treasury aware of these endless opportunities of KKC, for instance you have mentioned opportunities to Nigeria and Namibia?

9.57. Participant: They are in the KKC reports that we submitted to the parent department.

9.58. Interviewer: Has your parent department assessed the potential impact of these KKC opportunities that could change the landscape in the goat industry?

9.59. Participant: The IDC conducted an 18-month due diligence before they offered the R 17,5 million as grant to KKC in exchange of 30% shareholding and 30% shares for the emerging farmers over a ten-year period which I think was brilliant because that means you would bring the emerging farmers into your business streams. So that those emerging farmers become part of your total co-operatives sales team. So, it is almost like you are creating an agri-hub, so your emerging farmers become your processing and marketing facility, they become your satellite.

The satellites would then feed into your agri-hub and your agri-hub becomes your main co-operative of which they are all part, which includes part of the abattoir, 10% of the abattoir. So, you control everything the farm through the value chain. I have always been passionate to have the agri-hubs where the emerging farmer can see the value of what he is doing, and that is part of this main frame. The main frame is feeding all the people and that this runs with his input and without his input, it does not run properly because this creates the volume that is needed, the critical mass. And with his input you give that critical mass.

Now if you have got the 10% of the abattoir and you say to the abattoir we have to have that machine because if we have that machine which is going to cost our company let us R400 000 But from that R400 000 input I am going to cover that cost of that machine within the first four months okay. And I can create another 200 satellites to feed into here because I need their input because now I am creating additional markets. So, it is a whole job creation thing. We also developed a thing called Mala Mamas. Mala Mamas is at the moment just talking about meat and carcasses and live goats. But Mala Mamas is where you take the afval, clean and dirty, and you freeze it, in another facility in the

abattoir. You take it to another section, you freeze it and you cut it into cubes.

After you have frozen it in a cube, it can be cooked with vegetables and it can feed a family of at least four. And you create containers in the rural areas or even outlying areas or places like Diepsloot, Thembisa, and Alexandra. You put a container there at the local school and you plug the container in, half of the container is a deep freeze and you put in these packets. The other half is a spaza shop, which sells mealie meal, bread, eggs and unfortunately cigarettes. But the spaza shop also has matches, airtime and electricity. If you come with R20 or R30, you can buy your square of afval but this afval container belongs to the school, that afval container has ten Mala Mamas. We call them Mala Mamas because mala is afval, and Mamas because it is a programme to support women and the youth. And you give them an ice cream cart, the youth that can still ride bicycles, you give them a bicycle with an ice cream cart on the front and they can fit 50 of these things in, 50 afval, and they take their ice cream cart, every morning they come to the container, they put in 50 units of afval and they take it to the markets.

They sell it for R25.00. The Mala Mamas, the older ladies they have got pushcarts and they push them to the homes. So now you are taking the food to the people. So those mothers that would have gone out and spend R15 on a taxi, they are now spending R10 more but the food is coming to their homes. So, they can say to their Mala Mama or the youth person that drove the ice cream cart there my son, tomorrow when you come bring me also some mealie meal and some bread, so they can have a basket on the back of their ice cream cart. That ice cream cart belongs to that young person. MTN pays for it, for that advertising okay. That youth person makes R3 000.00 a month that they would have been unemployed before and the container makes R30 000 a month and it goes to the school. Don't you think it is a good idea?

9.60. Interviewer: It sounds like a good idea that should be exploited by the KKC supported by your parent department. We have come to the end of this interview. Thank you for your time.

Semi-structured individual interview: Participant (10)

10.1. Interviewer: Which is your age category?

10.2. Participant: I fall between 45 and 55 years.

10.3. Interviewer: Can you confirm your gender?

10.4. Participant: Male.

10.5. Interviewer: And your experience, number of years in management?

10.6. Participant: 5-10 years.

10.7. Interviewer: Regarding your academic qualifications, where do you sit on this spectrum?

10.8. Participant: Under-graduate degree.

10.9. Interviewer: Do the entities reporting to your department, which is their parent department, have corporate level strategies which outline their broad business scopes and mandates?

10.10. Participant: Yes, they do. Can I elaborate?

10.11. Interviewer: Elaborate, please. That will assist.

10.12. Participant: The entities have strategic plans which are over a period of time. Those plans are usually reviewed after every three years. Then what develops from those strategic plans is the Annual Performance Plans, which we call in abbreviation,

APP. The APP is actually reviewed on a yearly basis. And then when it is reviewed, we take into consideration the strategic plan because the strategic plan is the bible. And then if there are any changes in terms of policy that needs to be changed in the strategic plan we do not change the strategic plan because it is already a signed document.

But any amendments we will put an annexure to the strategic plan because it is because of environmental changes that you don't have any control over. And then from the APP we actually request the public entities to report on a quarterly basis in terms of PFMA. The quarterly reports are actually based on the APP. And then towards the end of the financial year, that is where you have to start now preparing the annual report based on the quarterly reports.

That is actually the flow of documents because in terms of PFMA for example your strategic plan, the initial draft it has to be in before the end of September of that specific financial year as a plan for the following year. That is the initial draft. And then towards the end of the financial year, the final draft has to be submitted. The department gives the mandate and the scope of their functions in the form of the relevant legislation.

10.13. Interviewer: I just want to see if I understood correctly, in the entities of the Department, their broad business scope, their parameters in terms of functions they can perform etc. are you saying the entities have such corporate level strategy documents in form of Acts that would be facilitated by you as the parent department?

10.14. Participant: Yes, the entities such as the Liquor Board and the Gambling Board that we do oversee, we call them the regulatory entities. These entities are governed by their respective acts. You have your Northern Cape Gambling Act of 2008, and then you have got your Northern Cape Liquor Act also of 2008. So that is where they derive their mandate from in terms of what the department expects them to do.

Their mandate is clearly stated in those Acts, regarding what their responsibilities are. From that broad mandate of the Acts, that is where they start developing your strategic plans and APP's. On the strategic plans that is where they are going to highlight the strategic objectives which speak to the specific Acts.

10.15. Interviewer: You are saying these entities, let us talk about the Liquor Board that you have mentioned, you are saying it having their APP's as business level strategy?

10.16. Participant: Yes.

10.17. Interviewer: And you are saying this APP the Liquor Board is derived from the founding Act of the entity, the Northern Cape Liquor Act also of 2008?

10.18. Participant: Yes.

10.19 Interviewer: In your view are the corporate level strategies such as your Acts which give the broad mandate to the entity and business level strategies such the APP of the entities aligned?

10.20. Participant: Yes. From the mother department's view, they are aligned. The reason why I am saying they are aligned is because on an annual basis when the APP of the entity is reviewed, we as a Department do attend the sessions with the public entity to ensure to ensure alignment. Before an APP is sent through to the Executive Authority, it must go through the mother department.

10.21. Interviewer: Sent to the Executive Authority?

10.22. Participant: Yes. That is now the MEC in charge of the parent department, the political Head.

10.23. Interviewer: Okay.

10.24. Participant: APP is sent through to the Executive Authority who is the final signatory after it has been signed off by the CEO and Board Chairperson of the public entity. So, it has to go through the Department in other words. We sit, we have an engagement with the public entity, with the staff members of the public entity, all of them. To agree at the end of the day so that whenever we review, we review the documents together with the public entities.

10.25. Interviewer: You have said earlier, during the strategic plan sessions of the entities, the parent department attends. Is my understanding correct then, that you are saying there is awareness of the corporate level strategy, those relevant Acts, expectations from the Department? Will that be a fair statement?

10.26. Participant: Yes. Yes.

10.27. Interviewer: Okay. This alignment, you are saying is there, entity's corporate level strategy and their APP's, in your view how does it affect the performance of those public entities?

10.28. Participant: In terms of performance, whenever we actually do the alignment we identify a key performance indicator. So, the key performance targets have to be achieved. Then how is it going to be achieved? We are setting a target. So that target is going to speak to the key performance indicator. And then at the end of the day we ensure that we report on performance. Yes, whether the target will be reached by the end of the year or not. And then the target must be smart. That is very important. If it is not reachable then we have to review it in the following year. And give reasons why it is not reachable because maybe it can be because of financial resources, human resources, lack of human resources. It can be any other reason. The alignment of the Acts and APP affect the performance of the entities together with financial and HR resources playing a role.

10.29. Interviewer: In your view, are there any gaps in the alignment of the corporate and business level strategies of the entities?

10.30. Participant: No.

10.31. Interviewer: So, in your view the two-level strategies are perfectly aligned, 100% in your view.

10.32. Participant: Yes. Yes, the reason being that we are being guided by National Treasury Framework. So, whenever we do the reviews on an annual basis we involve ourselves as the governance unit of the parent department, we also involve strategy management from the Department as well because these are the specialists when it comes to the strategy alignment. So, we do ensure that the key performance indicators in the APP are aligned to the strategic plan. And then the key performance indicators in the quarterly reports, they are aligned to the APP.

And then the annual report you ensure that it is also aligned to the APP. So, you have to report based on your plan. That is why we do have a unit called the governance unit in the department to identify such strategy alignment gaps. And then whenever we do

identify such gaps we call it analysis report that we send through the Head of Department's office to the public entity to identify such gaps and start immediate corrective actions before the deadline of submission.

10.33. Interviewer: Just to confirm my understanding, so in your view these entities have achieved for instance, 80% of their performance targets in the APP? Are the entities having an impact as per the mandate? Would you say they have got an impact in their industries?

10.34. Participant: What I can say is that there is an improvement in comparison with the previous years whereby it was very difficult for these entities to reach their targets. There is an improvement but now in terms of impact what we are experiencing on this present moment is very limited impact because of the budget allocation. These entities they get a budget allocation and then they have to work around that budget allocation. They don't actually submit their own budget. So, the entities have a limited impact because of based on the limited budget that is being allocated to the entity.

10.35. Interviewer: We will now cover strategy implementation issues. You have already covered some of the issues that affect strategy implementation such as the issue of financial resources. In your view do you think these entities have financial and HR resources as well as business processes that allow them to implement their strategy?

10.36. Participant: I will not say it is adequate, my reason being that if you look at for example the number of people that have to be reached by these entities, you cannot reach that number of people because of the limited financial resources. And then looking at the province, you know the vastness of the province, to meet that amount of people you are going to need adequate resources, in other words in terms of travelling because now we will be meeting people who are in Riemvasmaak for example. Riemvasmaak is very far from Kimberley, it is in Namaqualand, so there will a lot of additional travelling expenses. That is why I say that it is not possible to reach each and every person because of the limited resources.

10.37. Interviewer: In other words, you are saying the lack of financial resources is affecting the implementation of strategy?

10.38. Participant: Yes, because now we are limiting our strategy. Because now you will say in your target for the year we are going to only meet 5 000 people. But now you are disadvantaging the other. Based on percentage you can only meet about 40%. You cannot meet the other 60. So, whenever you are planning, you are going to do your planning around that percentage that you can meet. And then for me it is not really realistic you see. But you say you achieved your target because you have identified only 10 people that are on your financial resources. In terms of effective regulation and looking at the vastness of this province we would like to see the Department increasing the budget to these entities so that they can have presence in the districts as well. They must be visible. Inspectors must be visible on a 24-hour basis. That will definitely improve regulation of the industry, have the visibility and perform the inspections.

10.39. Interviewer: How human resources in these entities, in your view, support their strategy implementation?

10.40. Participant: In terms of support we cannot say 100% because of the quality of their HR resources. The qualifications of some key people in some of the entities are a concern. It is a concern, I am really giving this information confidentially, and it is confidential information.

10.41. Interviewer: Yes, it is. Your identity will be protected.

10.42. Participant: One of the reasons that we are having some capacity issues at the level of the Board is that there sometimes inappropriate deployments, where sometimes, the skills and qualifications of the Board members do not match properly with the requirements of being a Board member. I am not saying most of the Board members are incorrectly deployed but I am saying sometimes, there are those incorrect deployments. It now becomes a challenge for the entity when that happens. Now these people have to be trained and some of them are not even trainable.

These leadership issues sometimes lead to problems in the performance of the entity, especially that they are at leadership. Maybe that is why sometimes, you hear of maladministration at that level. But my assessment overall, is that human resources are effective because of if you look at the management level in human resources within the entities we are satisfied with the qualifications. We are satisfied with their capabilities to actually to manage the entities. But sometimes there are these challenges of the deployments as explained already. Overall, we are satisfied with the buy-in from the Board in terms of the plans, strategic plans.

10.43. Interviewer: In your view do you think the business processes of the entity support the implementation of their APP's?

10.44. Participant: Yes, yes, I do agree.

10.45. Interviewer: Okay. On leadership, I am referring to the board of directors, CEO'S, CFO's and their management and all that. What is their influence on strategy implementation and alignment of the corporate and business level strategies?

10.46. Participant: In some of the public entities such as the Gambling and Liquor Boards, we did experience challenges in 2016/17 financial year in terms of the Gambling Board because there was no board. Their Board was actually appointed very late during 2016/17 financial year. So, it is very difficult for me pass to pass a judgment in terms of the Gambling Board because really, they have not even been around for more than six months now. But in terms of the Liquor Board there is consistency because there has been a board for the past few years and then usually the appointment is over a period of three years. So, consistency in terms of Liquor Board is there. Then I can maybe comment on the Liquor Board.

In terms of the Liquor Board looking at the skill, 80% of the board members we are satisfied in terms of their performance. And then in terms of the buy-in into the strategic plan, APP's, we do get a buy-in because whenever the APP and the strategic plan are reviewed, they are present in terms of their comments that are taken into consideration. But in terms of the Gambling Board we are also planning for this financial year because it is only now they have a Board. So overall, we are satisfied with the buy-in from the Board in terms of the APP's and the strategic plans.

10.47. Interviewer: With the Gambling Board, you are saying they did not have a Board for some part of the 2016/17, would you say that it had an influence on their performance?

10.48. Participant: Yes, it definitely had an influence because of in terms of the Act the Board must adjudicate over the granting of licences. So, for each and every application for a licence it has to be adjudicated by the Board. So, if there is no Board, there is no licence that's being issued. If there is no licence that's being issued, there is no revenue collection. So, there is actually an impact on the provincial revenue fund as well.

So, there was a serious impact. Even in the Gambling Board there is also no CEO. The Legal Manager was acting as the CEO. And as I said to you now, there is still no CEO that has been appointed. This is now the second year without a CEO, permanent CEO. This is a challenge as well. What makes it a challenge is because of the processes of advertising for this position. You know, there is a moratorium that was placed, each and every position has to go through the Premier's office whether it is critical or not. So now we are sitting with a challenge because of that process. It takes almost now two years for approval. So, the entity cannot meet its revenue collection targets because there are no licences that can be approved.

10.49. Interviewer: What would you say then on the liquor one, the CEO and the board?

10.50. Participant: Okay, in terms of the Liquor Board we do have a Board, we do have a CEO, and we do have a CFO permanently appointed. So, there is no acting in terms of the management structure. So, there is consistency.

10.51. Interviewer: And you can say that on the performance of the Liquor Board is okay, they are meeting their revenue targets?

10.52. Participant: Yes. On the Liquor Board usually we do not have a revenue target for them. Because of it is very minimal. The licensing fee that they collect is very minimal, if you look at the Liquor Board itself, if you look at the expenses of the Liquor Board for the year, yearly expenses and then you look at the revenue that they collect, the revenue is less than what they actually spend. So that's why as a Schedule 3C entity they receive a grant. So, their purpose is to regulate, it is not to make any profit or whatever. It is to regulate the industry, to minimise irresponsible drinking, to regulate licence outlets. Basically, that is their mandate. So that is where they are focussing on.

But now in terms of gambling, the gambling's revenue collection is very high because of the number of gambling outlets in the Northern Cape. You have got your casinos, you've got your bookmakers, and you have got your horse racing. Especially casinos they are generating a lot of revenue for the provincial fund, that's why by the delay in appointing a board it does have a great effect on the revenue collection of the province.

In the gambling industry what we call the turnover, a turnover rate of licences because now on the constantly basis because they call it limited pay-out machines that has been rolled out in the province, these machines are being installed in. But they say it is a secondary leg. So now you will have your primary industry which is now maybe a bottle store or a tavern or hotel. And then over and above you can apply for these machines to be put in as an additional income that you are going to derive from put in there. So there is a very high turnover because today there is a person who is around or this person moves away, then have to return those machines to the operator, now a new operator comes in, has to apply for a licence, there is no board. So without a licence there is no revenue.

10.53. Interviewer: You indicated earlier that the Liquor Board exists to regulate the Liquor industry in the Northern Cape. Does the entity have an impact in terms of regulating the licencing in the province?

10.54. Participant: Yes, they do regulate but not up to an optimum level, you know a satisfactory level, the reason being that the vastness of the area. The entities do not have any district offices in the Northern Cape, so the financial impact for the entities is very high, especially in places that are in the other districts which are very far from

Kimberley because offices are based here. But if we can have offices around in each and every district, it will improve performance. Then that presence in the regions will improve effective regulation. So, we are not satisfied in terms of regulation of these outlets across the province. We are not very satisfied because of distances that you have to travel compare to Gauteng, where in that province, everything is just around. Now in terms of the other reason as well is that there are also other stakeholders in terms of the regulatory industry.

Look the SAPS have powers to do search and seizure, in other words to close down the illegal outlets. The Liquor Board does not have the powers to do the searches because the Liquor Board's responsibility is to licence the outlets. You have to regulate licenced outlets. So, the illegal outlets are the responsibility of the SAPS. That is now the other stakeholder in the industry.

10.55. Interviewer: You said there are no regional offices.

10.56. Participant: No.

10.57. Interviewer: So, then the issuing of these licences is centralised in other words?

10.58. Participant: Yes.

10.59. Interviewer: Is it what the Act, corporate level strategy, envisaged?

10.60. Participant: Yes, the Act gives the power to the Board to issue the licence. In terms of implementation, in terms of regulating, regulating you have to be on the ground because you have to do inspections. That is a challenge that we are having because now the inspectors are based in Kimberley, the process is centralised. That is the challenge. The issue of licences is not done at the regions.

10.61. Interviewer: Is it not a concern to the Department?

10.62. Participant: It is a concern to the Department and the Department has raised the issue on a yearly basis, in the budget bidding process to the Provincial Treasury. These things have been highlighted but nothing comes out of it. This does not only apply to liquor, gambling, because of they have to ensure compliance across the province and there are no district offices.

10.63. Interviewer: In your view what is the role played by organisational culture on strategy implementation and on the alignment between corporate and business level strategy in the public entities?

10.64. Participant: Okay, in terms of your organisational culture whenever the strategic plan or APP is reviewed, the organisational structure is also reviewed. This has become the culture of strategy in the entities.

10.65. Interviewer: I see what you mean, but does the organisational culture of the entity affect the strategy implementation and strategy alignment?

10.66. Participant: The culture in those entities affects how everything is done there. So, the culture of the entities must have some effect the alignment between their strategies. As to what extent does it affect the alignment, I am not so sure, but the culture must play some role in that alignment between the corporate and business strategies. But how the culture affects the performance of the entity must also be taken into account in light of other things such the issue of resource availability and so forth. To develop a culture of performance in the entities, the job descriptions of the specific individuals in the entities are aligned to the APP's.

10.67. Interviewer: How does the diversification of this public entity influences the

alignment between its corporate and business level strategies to the organisational performance.

10.68. Participant: There is no diversification in our public entities as they have mandates in specific industries. You are not going to regulate something else outside your industry. For example, an entity is not going to regulate now the agricultural sector when it is not part of your mandate. So, the entities are very limited to what they can. In my view, the nature of the entity's diversification must talk to the alignment of its corporate and business level strategy in some way as the entity must focus and perform in the industries or sectors that it is regulating.

10.69. Interviewer: Would you say that the diversification is assisting the performance of the entities to be focussed in regulating one affected industry such as liquor or gambling nothing else, not the agriculture, for instance? So, in your views would you say that assist the performance of these entities then?

10.70. Participant: Maybe, but they must deliver in their industries.

10.71. Interviewer: Thank you for your time.

Semi-structured individual interview: Participant (11)

11.1. Interviewer: Regarding age, there are categories, which one do you fall under?

11.2. Participant: I am falling on the fourth one if I calculate properly, 45 to 55 years.

11.3. Interviewer: Please confirm your gender?

11.4. Participant: I am male orientated.

11.5. Interviewer: The experience, number of years in management?

11.6. Participant: 5 to 10 years.

11.7. Interviewer: On academic qualifications where do you fall in these categories?

11.8. Participant: Post-graduate degree.

11.9. Interviewer: Regarding the public entities that report to this department, as their parent department, do they have corporate level strategies, where this parent department defines their broad business scope and purpose or mandate? Furthermore, do these entities have their business level strategies in the form of the Annual Performance Plan (APP)? Are their APP's linked to their corporate level strategies?

11.10. Participant: Firstly, I think that I have to clarify certain issues about the public entities. In terms of the Constitution of South Africa, the entities are classified into two spheres. They have got entities that are classified at a national level and they have entities that are classified at a provincial level. Now out of the three entities that you are talking about, the McGregor Museum is what I would normally call it is a provincial entity. McGregor Museum is listed as a 3C. It is the only public entity that is listed as a 3C entity that is reporting to the department of Arts and Culture.

Now when they say an entity is a 3C, it means that entity can generate income and it also gets a transfer payment from the state. The second one is that such a listed entity has got a vibrant or a fluid organisational structure. Number three, it will mean that this listed entity as a 3C has got all the necessary committees in place. It means the listed entity has got its own internal audit committee and it can do its own recruitment and selection. Those are just some of the few things that need to be in place if the public entity is listed as a 3C. Now when you ask me about corporate level strategy of the public entities, I will say, all the things that I have just mentioned above the McGregor Museum has not fulfilled. In terms of what I have already alluded to as requirements of the listed 3C, they inform the corporate outlook of this particular entity. So if it says these are the five things that must be there and the entity does not respond, it then

means corporate outlook is not there.

The other thing, I want to mention about McGregor museum is that when an entity is a 3C, it simply means that all the assets it has must be accounted for. Now the McGregor Museum is responsible for the tangible heritage. Tangible is something that you can see, it does exist. We requested one service provider to come and value the assets at the McGregor museum. That company reported that to conduct a study in terms of calculating, verifying and valuing all the assets of McGregor Museum, it was going to cost tens of millions of rand.

Now already it tells you that if you are a listed entity, you should have the capacity to account for those assets, because they are very important. Some of the assets date back to the 17th century because it is weapons that were used in those past centuries. It is guns, it is assegais and shields, it is uniforms, and it is old cars. All those kinds of assets must be valued to get their monetary value. When I go to the second entity, which is the Arts and Culture Council, I will say it has got a corporate level strategy. That corporate level strategy does not reflect the entity itself but more or less reflects this department. In other words what you see in the entity is what you see in this parent department. Now that corporate level strategy should say part of our broad mandate is to basically reposition arts and culture in the province and from that corporate strategy, the entity must not say in APP this is now how we are going to do it. Now their APP's do not reflect that. Their strategy basically reflects on what is in the parent department, not how that entity is going to do the things in their broad mandate and scope of functions.

The last one is the Northern Cape Heritage Council. In terms of its corporate level strategy issues, this entity is basically the same like the Arts and Culture Council. That corporate level strategy does not reflect the entity itself but more or less reflects this department. The entities have their APP's. Sometimes, those three entities do not respond to what the Government wants to happen or the mandate for various reasons, which I will talk about as we go along.

Their APP's of these entities are aligned in a very small way with their broad mandates purely because before we transfer the money to them, we look at their APP's for the things that they want to do. We then sign a service level agreement with all our entities. The service level agreement is clear about what they are going to get, what they are expected to do and when must they submit the reports to this department, either on a quarterly basis or on an annual basis, that reflects the work that they have been mandated to do.

I am going to touch on their APP's and their service delivery models, which basically inform these structures, what needs to happen. Now I will first start off again with McGregor Museum, as a listed entity. The McGregor Museum gets a transfer from us of around R 10 million. Now as I said to you already, if one of their mandates is to conduct a study that is going to cost you not less than R 10 million and you are only getting a transfer of 3 million from us, where does it put you? Clearly there is a problem in terms of the financial resources in McGregor Museum. In terms of their own fundraising, my understanding is that the only fund raising they are doing as McGregor Museum is when there are visiting students, either from overseas or from the continent, who may be conducting some research.

They will come and then their institutions will then pay a particular amount to support that particular service. That service normally costs between R140 000 and R 350 000 maximum. So, at the end of the day the entity does not fulfil what is supposed to happen because they only depend and rely on the biggest amount of money which is the transfer payment. So, I start to ask myself, if I say we give them R 3 million and they can

do 11 things with that amount out 30 things they must be doing in terms of their broad mandate, it means they will not be focussing core functions in terms of legislation because of these money problems.

Now the other thing that is also a problem to the public entity regarding the implementation of its strategies is the personnel. 90% of the officials in the McGregor Museum are currently in the department. We are still discussing about transferring the entire personnel over into McGregor Museum, but there is a challenge with that because we just learned that in terms of legislation the Department cannot do that. For a listed entity you cannot transfer people or second them to the public entity. People need to resign and they must be employed because their structure is expected, in terms of legislation, to be self-sufficient. It must only rely on the transfer payment. So, because of the legislation that is saying you cannot transfer or second those officials to the museum, it creates a human resources challenge. This is because people are employed in that area for the past ten to thirty years. If the legislation says they must resign and be re-employed, what is going to happen to their pensions and all that? These issues affect the business level strategy of that public entity.

The Northern Cape Arts and Culture Council is not a listed entity. It is just a normal entity. They also get a transfer payment from us. The transfer payment they are getting is in the region of R 7 million. That entity is also responsible for the Warrenton Resort. They are also responsible for the Northern Cape Theatre. They are responsible for certain programmes that happen at Centre.

They have got staff that has been appointed through their own processes. The challenge with that entity is that the R 7 million transfer payment that they are getting is both for personnel and programmes. So, in terms of what they need to do as an entity is to respond to the government mandate in their APP. For instance, if in our APP as the parent department, I say we need to reposition the film and video programme in the province. I will transfer an X amount of money to this entity. Now on their part they will say, let us go and meet with the film and video commission of the country, let us go outside to the market and come up with a proper business understanding and a strategy that must support the areas of interest of the department. They are basically stuck to what we give them as a department to do their work. So now in terms of this, being stuck in what we give them as the department, it is the same thing that at the McGregor museum and the Northern Cape Heritage Council.

11.11. Interviewer: Some of the issues on the alignment gaps between the corporate and business level strategies, you have already covered. I do not know if you have additional input on the matter?

11.12. Participant: Yes, I have already talked about those gaps and challenges. There are some challenges in this sector. So these entities are basically a conveyor belt from us to the communities.

11.13. Interviewer: Why do these strategy alignment gaps exist and how can they be minimised?

11.14. Participant: I think I have already covered as why the gaps exist in strategy alignment. For instance, I spoke about the HR problems and finance issues challenges that affect how these entities implement their APP's. These challenges create problems to the entities to implement their APP's. I will try to make document available to you, the white paper, the 12th white paper on arts and culture in the country. I think I must give it to you, it may give some idea on some of the issues that I am talking about.

The arts and culture department at national has got most entities in the country. They have got over 25 entities that they transfer money to. We want to rationalise some of the entities. Now part of the things why we want to rationalise them is because we said some of the functions do not need to be given over to an entity in terms of a particular legislation being drafted. This is because you have staff in the department and that mandate resides with us. That is one of the areas which we can try to basically close the strategy alignment gaps through rationalisation.

The arts and culture sector at national has similar challenges that we are experiencing here in the province and they have got too many entities. Now they are trying to move away from so many entities. Bulk of the people who are in the boards of the public entities are not people who have been trained to understand what is the responsibility of being in the Board of directors. We have basically appointed and seconded people into boards who educationally, some of them are still lacking. When you are in a board you must be able to articulate governance issues. You must be able to articulate, understand and analyse governance issues affecting the public entity.

Now these are some of the things that have created strategy alignment gaps in these public entities. Hence, I am saying, you will not have these many problems of strategy if some of these board members knew their functions and what they are supposed to as board members to align the strategies, to implement the strategies and to try to achieve the strategies objectives of their entities. Some of these board members just sit there and wait to hear what Government, which their parent department is going to say. The Board members are supposed look beyond the horizon into the future on how these things must operate and make interventions in those public entities where there are challenges.

In order to close some gaps in the alignment between corporate and business level strategies in the entities, as a department, we are proposing rationalisation of some of the entities. We want the McGregor Museum to be de-listed purely because the expectation of a listed entity is so huge, that we do not even have the money to support this entity to operate. So we want to de-list the McGregor Museum so that it must become a normal and ordinary entity. We are also currently proposing to de-regulate some of the entities. In other words, the provincial legislation that we have around some entities will be removed and that function may find itself into the department.

And then on the Arts and Culture Council, what we are currently proposing is that we want to establish one entity for the sector which means instead of having three entities and you are spending so much money in those three entities, you rather only have one and this one must have all the key areas of operations in terms of what is the mandate of the sector, arts and culture development, you name them. So that is what we are currently trying to do. Instead of having three entities maybe we should have only one and that is basically what we are saying in order to close some of the strategy alignment gaps. The other thing that I want to bring to the fore is the issue of the level of trading and capacity building of these particular entities.

We establish entities and we leave them to go on their own. We do not even make what is normally called oversight work to check whether they are doing the right things and whether they need interventions. So those are the gaps that I just wanted to bring to the fore with regard to strategy alignment and implementation issues at the entities.

11.15. Interviewer: How does the misalignment between the corporate and business level strategies influence organisational performance of these entities?

11.16. Participant: As I have said, the entities are currently only operating based on the

transfer budgets that they are receiving from their parent department and already it is compromising costs. I will make an example for illustration purposes to make a point about the serious funding problems of these entities reporting to our department. It is like to fulfil their full broad mandate, the entities require 100% funding, let us say R 100 per annum, while the actual transfer budgets that we currently give these entities at 40% levels, let us say R 40, per annum. This is just an example, to make an illustration.

It means they have a funding shortfall that is like R 60. It simply means at the end of the day, the performance levels of these entities are compromising the performance of the mother department because these entities are only operating at 40% funding levels. So, where we are right now, we as the mother department do not conduct assessments to say whether what the entities that are reporting to us are worth the pennies that we spend on them. Serious funding shortfalls in our entities cause the strategy alignment gaps. So, the strategy alignment gaps in the entities that report to us as a mother department affect their performance in a bad way.

11.17. Interviewer: I will now focus on strategy implementation. I do take the point that you have touched on some of the strategy implementation issues, you may just emphasise on those issues. In your view, do the financial resources, HR resources and the business processes of the entity support its the strategy implementation?

11.18. Participant: I just want to emphasise that maybe the rationale of having some of these entities was not well thought through when the government established some of them. I think we have missed the point in creating some of these entities, why do we need to have so many entities as the government if some of them are having these problems. Hence, I am saying to you now, we want to de-regulate some of them. This department is going to be under strain because we have got two world heritage sites that need more of our support and oversight.

Luckily one of these heritage sites is going to sign over the bio-diversity aspect which is basically 80% of Richtersveld. But the Komani San in ZFM region is a problem because it was only legislated last year. It becomes part and parcel of our own responsibility, because the Komani San is one of indigenous groups that is still in existence in that area and has a huge cultural aspect. So, the heritage section of the department needs to run with it. But it means as a department we need to take charge of that particular aspect of heritage because as soon as we de-regulate some entities, they will become the function in the department that we have to run with it. So, the funding shortfalls, HR capacity problems and inadequate systems in our entities do not enable them to implement their strategies effectively. These also result in them not able to achieve their strategic objectives and their mandates.

11.19. Interviewer: In your view does the leadership of the entity such as the Board of Directors, CEO and CFO, influence strategy alignment, strategy implementation and ultimately performance of this public entity?

11.20. Participant: With regard to McGregor Museum, that entity is dysfunctional probably because out of the 8 board members that they need to have for the board to function, only 3 board members are functional. Already we are currently busy in a process trying to get more people to serve in that board. The board itself at McGregor is non-functional. But we managed to ensure that at least we bring some stability in the administration of the entity, a CEO was appointed last year.

For Arts and Culture Council the board is functional. All board members attend the meetings although the meetings take time to sit because sometimes when they propose a date, 3 members are not functional. But they have got a fully functional board. They

also have a CEO appointed also last year the CEO. So already you can see that have weak boards in some entities which translate to weak leadership because is no direction in the entity. The problem sometimes in these boards, we appoint people who are not educated as board members, it has become a problem.

This is basically what I will normally call we cut our noses to spite our faces. I mean how do I expect a person to go and drive a mandate of a public entity with a budget of more than R1 million but that person does not even know how to run his own R150 in his pocket. And those are the things that normally create a problem in terms of the type of leadership that we need to have in these entities. And do not forget that these particular people are also getting a particular allowance. That is why we are where we are right now in terms of these leadership problems in some of these entities.

So, the leadership in these entities does not encourage strategy alignment full as I have just explained the leadership challenges we have in these entities. These leadership problems in these entities do not encourage effective strategy implementation. Furthermore, they do not facilitate for the alignment between the corporate and business level strategies in the entities. The performance then suffers as a result of the strategy implementation and alignment problems.

What I have seen is that we have thrown these entities to the wolves. We have established these entities and we have left them to be on their own. We only want to jump in when there are problems, I was even saying to myself is that how we treat our children? These entities are effectively our children as the parent department. You take your child, you send him to university and you say to your child you will be on your own. Why don't we make sure that we as the parent department properly check the audit reports of these entities as such audit reports have not been good? Their audit reports have not been good.

11.21. Interviewer: What is the influence of the organisational culture of the entity in the alignment of corporate and business level strategies, strategy implementation and ultimately organisational performance?

11.22. Participant: The organisational cultures of the entities facilitate the alignment between corporate and business level strategies. For instance, the McGregor has been operating in an organisational culture which is very supportive of strategy implementation in terms of what they want to see happening in the sector. The unfortunate part is the issue of the financial resources which is causing problems to the strategy alignment and strategy implementation in the public entities. In terms of the organisational culture you can see that the entities are trying their utmost best for things to happen in the public entities.

11.23. Interviewer: What is the influence of the entity's corporate controls such as the organisational structure and other relevant control systems to strategy implementation and strategy alignment?

11.24. Participant: The problem is that there are so many things that the PFMA is saying, which some of our entities find it very difficult to basically execute and it is very difficult. For instance, when entities procure, they must get three quotes, must have a central supply database (CSD) for all the registered service providers and there are many other compliances issues within the supply chain management prescripts that they must comply with. Now these entities do not have those kinds of control systems. Those control systems are too advanced for them.

It then means the parent department needs to transfer half of its own internal control

systems to those entities in order for them to respond on what the PFMA wants. So already they are challenged. McGregor is trying, because we have seconded a director who is basically giving CFO functions. The seconded CFO is now the CFO for all the three entities that are reporting to the mother department. This seconded CFO is the Director of Finance of the parent department. We call it CFO shared services. He has given them that support in terms of finance. Also, there are a number of problems that the Auditor General has raised in terms of the number of control systems in these entities. So, these entities are challenged in terms of the control systems such as having CSD. Some of these entities do not even know where to start off to have the CSD.

The other issue is payments. The entities are using the order numbers when procuring to ensure that there is a commitment to be given to the appointed service providers. Some of our entities are experiencing challenges in these order control systems, they do not even know where to start, in order to have an order number because they do not have functional CSD's. So, it is already creating a problem in terms of that aspect which I am sure the audit reports of those entities are highlighting them.

Hence, I was even saying to myself, now must we continue to have some of these entities if we know already that the capacity constraints that are currently at the entities are going to create the problems in terms of the audit outcomes and the audit outlook. Why do not we then say as the parent Department, certain functions of these entities e.g. finance, supply chain management, will be done in the department on behalf of the entities because these entities do not have capacity.

Those are some of the things that we need to discuss to make sure that we give these entities the proper support. As I said there are other issues, for the McGregor Museum, it has got more than 50 personnel of which 90% of those personnel are in the parent Department organogram. That is the organogram that we need to move over into the entity but as I have indicated to you there are some legal issues that need to be sorted out. Are we saying that 50 people must resign from this parent department and then be employed in the public entity? Those are some of the legal issues that also include pension issues that need to be sorted out.

11.25. Interviewer: How does the diversification of the public entities influence the alignment between their corporate and business level strategies and what is the effect of that to the organisational performance?

11.26. Participant: The diversification of the entities has some influence to the strategy alignment in those entities which affects their performance in a positive way. I will talk about the level of diversification in some of the entities that report to us as their mother department. I will start with McGregor. In terms of their diversification with regard to their programmes, I will not say it is high. It is very low. I qualify that by saying it is low in a sense that they only focus on tangible and intangible heritage. So the entity focuses on the main museum itself, McGregor and its associate satellite museums around Kimberley. I think there are four museums under the McGregor Museum. You have got four museums in the province, because in Municipalities, some Municipalities have got more than two museums.

We have never heard that the Province is developing a new museum. We need to start developing the people's museums. Museums must reflect the history. Museums must educate the people.

Well with heritage it is very challenging. There is an element that I wanted to bring to the fore that you must understand. Heritage is not just about the heritage in terms of what we see, an old house which is more than 50 years or 100 years, we cannot demolish it.

That house must also be declared. Now there is a process of declarations that there are houses that we have already in some of your older cities like in Kimberley. There are houses that you cannot touch, you must apply to the Heritage Council to say I have got this house which is 80 years, and I want it demolished. They will come to assess and will tell you if you can demolish this house.

So, heritage is not even near to that where for every programme that we are going to undertake in terms of heroes and heroines, we must have proper research. There is also a process of reburials that must be followed. Now this process of reburial simply means people who passed on somewhere else for various reasons, now their relatives want those people to come back to be buried where their loved ones are. There is that process that must happen and that process simply means you must go and get a database at national that will tell you this person originally is from Kimberley or from Namaqualand, he died in the First World War and his remains are in France, so now we need to get those remains back here and a proper process must happen and all those. That is part and parcel of the functions that must fall under heritage. That is why I am saying, their diversification is very low, because they are not even looking at these things.

11.27. Interviewer: Thank you for your time. This is the end of this interview.