# An exploratory study of the implementation of a decentralized water provision model: A case of Chris Hani District Municipality

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**LIST OF ACRONYMS**

| | |
|---|---|
| CHDM | Chris Hani District Municipality |
| CSP | Community Based Water Services Provider |
| GCIS | Government Communication and Information System |
| IDP | Integrated Development Plan |
| IRC | International Water and Sanitation Centre |
| LM | Local Municipalities |
| NRC | Netherland's Red Cross |
| NWSC | National Water and Sewerage Corporation |
| PDG | Palmer Development Group |
| PICC | Presidential Infrastructure Coordination Commission |
| RBV | Resource-Based View |
| SALGA | South African Local Government Association |
| SBU | Strategic Business Unit |
| SIP | Strategic Infrastructure Project |
| TPC | Technical Political Cultural |
| WSA | Water Services Authority |
| WSP | Water Services Provider |

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## INTEGRATIVE SUMMARY

This evaluation report uses McKinsey 7S model to evaluate how a decentralised water services provision model was implemented at Chris Hani District municipality. This qualitative study privileged the subjective views of seven area managers involved in the implementation of a decentralised water services provision model. In-depth interviews were conducted with each of the eight managers. Purposive sampling was used to identify these managers. Data was transcribed and analysed using open coding and constant comparison. This evaluation report has three sections which are standalone but interrelated. Section I is has a condensed literature review, condensed research method, findings and discussion, Section 2 is about an extensive literature review while Section 3 focuses on research methodology followed in this study.

Findings show that Area Managers involved in the implementation of the decentralised water services provision model by CHDM manifested four cornerstones: (a) reducing distance to water services, (b) delegating of water provision function and accountability, (c) improving delivery of water services, and (d) putting people first in water provision.

Drivers of the implementation of the decentralized water provision strategy were predominantly related to skills; styles and strategy of more inclusive water service delivery to Barriers that were identified include structural, system staff, and shared values. Recommendations are also highlighted to address the strategy implementation challenges.

## SECTION 1: EVALUATION REPORT

### 1.1 Abstract

It is notable that successful implementation of strategy is very important in any organization – private or public. As such it is not surprising that public sector managers are expected to implement strategies to improve organizational performance and service delivery. Consequently, strategy implementation in the public sector has become an increasingly relevant and topical issue, especially because public sector organizations exist to meet the needs of particular stakeholder groups and maximize organizational performance rather than realize profits. Despite this growing focus of public sector management literature on strategy, "there have so far been few explanations about *how* public sector managers develop and implement new strategic approaches" (Pablo, Reay, Dewald and Casebeer, 2007:687).

This qualitative study explores the implementation of a decentralised water service provision model at Chris Hani District Municipality (CHDM) which is located in the Eastern Cape Province in South Africa. The Chris Hani District Municipality is comprised of eight local municipalities: Lukhanji, Lady Frere, Sakhisizwe, Inkwanca, Tsolwana, Inxuba Yethemba, Intsika Yethu and Engcobo. All eight municipalities were delegated to perform the water service provision function of CHDM.

The research questions are: How effective was the implementation of the CHDM decentralised water services provision model? and What are the enablers of and barriers to implementing a decentralised water provision model in CHDM?

The study used the McKinsey 7S framework of strategy execution to evaluate the implementation of the decentralised water services provision model in CHDM, enablers and barriers to executing this model were also identified. Purposively, a total of seven area managers were interviewed as the eighth Area Manager resigned and left the employment of CHDM during the time of the study.

Data was gathered from Area Managers who are intimately involved in the daily operation of water services provision. Data was gathered through semi-structured interviews which were audio recorded, transcribed and data was coded and categorised according to the theoretical

perspectives of the McKinsey 7S framework. The draft report was given to the research participants for verification or comments not only as input but also as a member check before the final report.

Predominantly most of the Area Managers reflected that the implementation of the decentralised water services provision model by CHDM manifested four cornerstones: (a) reducing distance to water services, (b) delegating of water provision function and accountability, (c) improving delivery of water services, and (d) putting people first in water provision.

Drivers and barriers of the implementation of the decentralized water provision strategy were identified to empower local municipalities and enhance operational efficiencies and service quality.

Recommendations were made to CHDM on how the implementation of the decentralised water services provision model could be enhanced for better performance. This study will benefit CHDM on improving and strengthening the alignment of all the 7S's elements of strategy execution to enhance the performance of the decentralised water provision model.

Since no studies had been conducted previously to evaluate the implementation of a decentralised water services provision strategy at CHDM, this research is valuable to CHDM as it provides insight on the effectiveness of implementing the decentralised water provision model. Furthermore, the use of the McKinsey 7S framework to evaluate the decentralised model is valuable as it identifies and highlights the gaps where there is misalignment of the 7S's of strategy execution. These are areas which CHDM needs to address in order to enhance or improve strategic performance.

## 1.2 Introduction

South Africa is facing challenges with regard to its water resources and its management thereof; therefore there is a need for water services institutions (i.e. metros, district municipalities and local municipalities) to ensure proper implementation of water services provision strategies. According to the Engineering News (2013:16) The South African Presidential Infrastructure Coordination Commission (PICC) has made the maintenance of existing water services infrastructure a priority by including it amongst the 18 Strategic Infrastructure Projects (SIPs). "This highlights the extent to which operations and management of water services infrastructure is an important priority" (Engineering News, 2013:16).

Due to lack of capacity, the Chris Hani District Municipality as a Water Services Authority (WSA) radically changed its centralised water services provision model to a decentralised model which resulted in its eight Local Municipalities (LMs) ( Emalahleni, Engcobo, Intsika Yethu, Sakhisizwe, Inkwanca, Inxuba Yethemba and Tsolwana) functioning as water service providers (WSP) in 2009 (CHDM, 2011:250). The CHDM is a landlocked district located in the central area of the Eastern Cape. Its eastern local municipalities (LM) (Emalahleni, Engcobo, Intsika Yethu, Sakhisizwe and part of Lukhanji) were part of the former homelands, Transkei and Ciskei, whilst the western LMs (Inkwanca, Inxuba Yethemba, Tsolwana and part of Lukhanji) were part of the Republic of South Africa. As a result, the settlement and land-use patterns in the western LMs are markedly different from those of the former Transkei and Ciskei (IDP, 2011). Nodal urban development (small service towns and extensive commercial farms) characterises the western LMs whilst settlement in the former Ciskei and Transkei is made up of dispersed "traditional" rural village settlements, typically embracing subsistence-farming activities. About 71 percent of the population lives in rural areas (IDP, 2011). Generally, the spatial pattern of the area is a combination of separate rural and urban areas, which are nevertheless functionally interrelated and dependent on the main area – Queenstown (Water Dialogues Synthesis Report, 2009).

CHDM is both a Water Services Authority (WSA) and a Water Services Provider (WSP) for the entire area of its jurisdiction: its status was confirmed with the announcement of powers and functions of municipalities by the Minister of Local Government in 2003. Back in 2003, the CHDM had very little capacity to deliver the water services provision function, and the

council then resolved to involve services of the private sector to render water services provision. This contractual arrangement lasted from 2003 until 2007. Concurrently the CHDM was undergoing a Section 78 process as outlined in the Municipal Systems Act which is an assessment that a municipality has to undertake when it has to decide on a best suitable service delivery mechanism. During the period from 2007 until 2009, the services of a Water Board, which is a government entity, were sought meanwhile the CHDM was preparing to appoint all its local municipalities as WSPs in line with the recommendations of the outcomes of the Section 78 assessment. Due to the lack of capacity, the Water Board subcontracted private service providers in 2007 to do the actual water services provision work. In essence the involvement of a water board as another organ of state did not yield the expected results as it became clear that the water board itself did not have the capacity to offer the WSP function in the CHDM rural setting.

CHDM agreed to assist LMs in establishing WSP units within each municipality, and all eight LMs entered into WSA/WSP contracts with CHDM in August 2009. This assistance was in the form of appointing and seconding WSP staff to Technical Services Departments of the municipality. This was done to attract qualified and skilled people based on CHDM salary packages that are generally better than those of all the eight LMs.

The CHDM WSA/WSP institutional arrangements are governed by legal contracts that are signed by the Accounting Officers (Municipal Managers) of the respective LMs. These contracts are operationalised by annual Business Plans with budgets that are approved by the CHDM as a water services authority. This is in line with the requirements of the Water Services Act. Local municipalities have a contractual responsibility to account monthly to the CHDM on how the allocated funds have been utilised and how much of the revenue has been collected. These WSP contracts are coming to an end in June 2014, and CHDM is faced with the decision of whether to extend these contracts or find another services delivery mechanism to provide water service efficiently.

Rhys et al. (2009:732) assert that very little research has been conducted on patterns of organisational strategy in the contemporary public sector, or on links between strategies and other organisational characteristics. It is notable that successful implementation of strategy is very important in any organization – private or public ( Rhys et al.,2009). As such it is not surprising that public sector managers are expected to implement strategies to improve

organizational performance and service delivery. Consequently, strategy implementation in the public sector has become an increasingly relevant and topical issue, especially because public sector organizations exist to meet the needs of particular stakeholder groups, and to maximize organizational performance rather than realize profits. Despite this growing focus of public sector management literature on strategy, "there have so far been few explanations about *how* public sector managers develop and implement new strategic approaches (Pablo, Reay, Dewald and Casebeer, 2007:687). "In the rush to act on strategy too little attention is paid to finding the best implementation initiatives" (Lippit, 2007:54). It is notable that "successful strategy implementation revolves around aligning key organization factors with strategy" (Higgins, 2005:3). "As strategy implementation occurs in different organizational contexts and settings, there is no one size fits all approach to implementing strategy" (Ehlers and Lazenby (2010:262). As such, "there is a variety of models that strategic leaders can use to understand and diagnose the organizational issues requiring attention for the useful implementation of strategy" (Louw and Venter, 2010:396). Force field analysis (1951), Leavitt's model (1965), Likert system analysis (1967), Weisbord's six-box model (1976), the Congruence model (1977), McKinsey's 7S framework (1981), Tichy's TPS framework (1983) and High performance programming (1984) are some of the models from the existing strategy implementation literature.

New ways of thinking about water service delivery has emerged over the last three decades. For example, there has been increased private sector participation through partnerships, water privatization in developing countries (Hukka and Katko, 2003), and also emphasis on demand-based provision (Smith et al., 2003). Another notable trend of thought is the greater degree of cost recovery and more decentralized management, all of which have implications on the organizational architecture. The execution of this new model called for a different set of not just managerial skills but also organizational architecture for water services provision. It is notable that a study on privatization of water services in Britain, Finland and France could not conclude that private enterprises would operate facilities more efficiently than public ones (Hukka and Katko, 2003). Berg and Muhairwe (2009) studied the corporatisation of a public enterprise, the National Water and Sewerage Corporation (NWSC) in Uganda. Berg (2013:1) concludes that the NWSC corporatisation experience proved that it is possible to successfully reform a public enterprise without changing ownership". In the Nertherland, a study on "Partnerships in the water and sanitation sector" conducted by the International Water and Sanitation Centre (IRC) (Graas et al., 2007) described four partnerships that were

observed at different levels in the water sector: North-South partnerships, Public-Private partnerships, Tri-Sector partnerships and Public-Public partnerships. The study highlighted the need for strengthening partnerships for the benefit of the water sector. Within South Africa, the Palmer Development Group in association with the University of Western Cape (2002) studied the corporatization of municipal providers and concluded that corporatization was only suitable for the metros due to capacity reasons. Smith, Mottiar and White (2003) studied the concession model of water service delivery in Nelspruit and concluded that a concession which is usually driven by the logic of profit and efficiency was not suitable for delivery of an essential service such as water, especially in areas with high levels of poverty. Alternatively, a decentralized, grass root and informal model of Community Based Water Services Provider (CSP) in villages in South Africa was found to be most beneficial to rural local authorities characterized by insufficient resources and capacity to manage water infrastructure (Water Dialogue,, 2009). While the CHDM WSP model is also decentralized, contextualised in a rural setting, it is distinguishable by more formality and legal arrangements between the District Municipality and its Local Municipalities.

In particular, few studies have been conducted on water services in CHDM. Within CHDM, existing studies have focused on municipal introspection into decision-making and implementation of water services delivery mechanisms (SALGA, 2012) and involvement of community based organisations in the operation and maintenance of rural water schemes (Water Dialogues, 2009). These studies do not address strategy execution in the water services sector and no study has been conducted to evaluate the implementation of a decentralised water services provision strategy at CHDM. Therefore, the purpose of this study is to explore the implementation of a decentralised water services provision model at CHDM. Generally, there is also lack of research that has used the McKinsey framework to evaluate water services, and in particular at CHDM. "The framework is based on the premise that the 7 contextual S's of strategy, structure, systems, style, skills, staff and shared values must all be aligned for strategic performance to be optimal" (Higgins, 2005:4). The McKinsey framework is highly adaptable to a variety of situations where an alignment perspective may be useful. The study will evaluate the alignment of the McKinsey 7S's of strategy execution in the CHDM water services provision model and identify the enablers and barriers to executing a decentralised water services provision model. The McKinsey 7S framework has been adopted in this study as it is comprehensive enough to cover any key factors that impeded or enhanced implementation of a decentralized water services model in

CHDM. Recommendations will be made to CHDM on how the decentralised water services provision model could be enhanced to perform better. This study will benefit CHDM in improving and strengthening its decentralised water provision model.

This evaluation report commences by reviewing literature which exists in the field of strategy implementation and water services delivery models. Fundamentally the review will seek to establish barriers and drivers of strategy implementation so as to establish the gaps in strategy execution in the CHDM water services provision model.

The next part of the report describes the method applied in respect of the research paradigm, description of participants, data collection and analysis. The reports ends by discussing the results and making recommendations before conclusions are drawn.

## 1.3 Literature review

### 1.3.1 Strategy implementation

It is contested that formulating strategy is difficult, but implementing strategy throughout the organisation is even harder (Ehlers and Lazenby, 2010). "Once managers have decided on a strategy, the emphasis turns to converting it into actions and good results" (Thompson, Strickland and Gamble, 2009:359).

"While the execution of strategy is conceived in different ways, the commonalities in definitions reflect an emphasis on *action* or outcome such as making-things-happen or the outcome thereof"; *process* such as "translating strategy into tangible outcomes and actions", and "thoughts [being] operationalised and turned into action" (Thompson et al., 2009; Ehlers and Lazenby, 2010; Louw and Venter, 2010). Furthermore, there is also a focus on "levels of responsibility" where it is argued that effective strategy execution involves all levels of management. To illustrate these nuances, Thompson et al. (2009:257) emphasize action to assert that strategy execution is primarily an "operations driven activity revolving around the management of people and business processes". Ehlers and Lazenby (2010:260) focus on change and desired outcome to define strategy implementation as an "essential component of the strategic management process as it deals with strategic change required within an organization to make the new strategy work and to achieve the desired results".

In the words of Ehlers and Lazenby (2010:262) the "challenge of successful strategy implementation is to create a series of tight fits" between a number and variety of aspects of the organization (e.g. chosen strategy and leadership, strategy and culture, strategy and reward systems, strategy and structure, strategy and policies and strategy and resource allocation).

#### 1.3.1.1 Nature and role of strategy implementation

While strategy formulation is characterized as within the domain of the top management team, strategy implementation appears to be about day-to-day activities or "where and how things are done". Louw and Venter (2010:15) highlight the importance of understanding the relationship between strategy as a plan and strategy as a perspective. It is argued that "as a plan strategy has traditionally been viewed as something that an organization 'has', while as a perspective strategy is seen as what people 'do' in an organization which is the practice of strategy" (Louw and Venter, 2010). In this regard, strategy implementation has been conceived as a pattern of activities to do with operations in terms of how people and resources are managed to achieve set objectives. In this vein, Thompson et al. (2009:359) claim that strategy implementation is primarily an operations driven activity revolving around the management of people and business processes. Thus, strategy as a pattern is concerned with consistent behaviour over time. The five different views of strategy as a (1) plan, or (2) perspective,(3) ploy, (4) position, (5) pattern are depicted in Figure 1 below (Louw and Venter, 2010).


**Figure 1: The five Ps of strategy**

Source: Louw and Venter (2010:18)

### 1.3.1.2 Planned and realized strategy

According to Mintzberg (1978) strategy emerges and evolves without intervention by strategic planners. Aaltonen and Ikavalko (2002:415) agree that "in reality some strategies are planned and some just emerge from the actions and decisions of organizational members.We suggest that planned strategy and realizing strategy, or emergent strategy evolve hand-in-hand and affect each other in the process of strategy implementation, where strategies are communicated, interpreted, adopted and enacted".

Aaltonen and Ikavalko (2002:415) assert that strategy implementation is about "matching the planned and the realizing strategies, which together aim at reaching the organizational vision" (see Figure 2).


**Figure 2: Strategy implementation as a link between planned and realizing strategy**
Source: Aaltonen and Ikavalko (2002:415)

After strategy implementation, Mintzberg's (1978) typology suggests that strategy can be categorized into (1) *deliberate* (intended strategies that are realized), (2) *unrealized* (intended but not realized), and (3) *emergent* (realized strategies that were never intended) strategies. Louw and Venter (2010) refer to this phenomenon as a strategic paradox, they highlight that the challenge for organisations is to maintain a balance between the deliberate and emergent strategies. For example, if strategy process is emergent and more open to external influences, public sector managers are expected to exercise flexibility and adaptation. It is essential to

note that researching strategy implementation under this conception requires a broader scope to understand the planning of strategies and also the real day-to-day work practices that turn strategies into outcomes and eventually achieve the vision. See Figure 3.

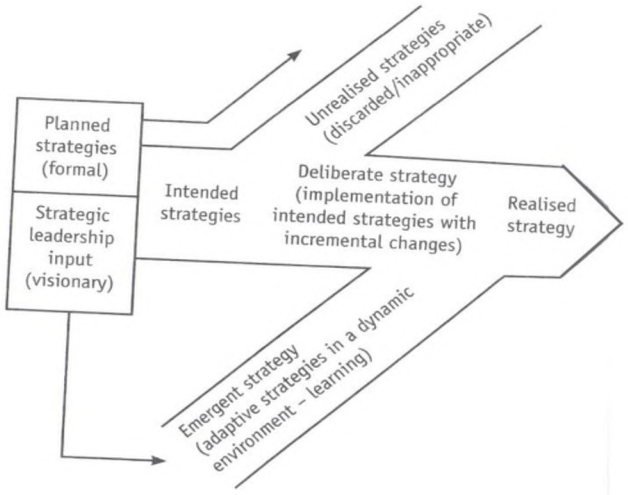


**Figure 3: Deliberate and emergent strategies**

Source: Adapted from Louw and Venter (2010:18)

### 1.3.1.3 Diverse perspectives of strategy implementation

It was long ago when Noble (1999:119) posited that a researcher interested in strategy implementation faces a formidable challenge as there is not a deep and cohesive body of prior literature on which to draw in developing new efforts. At that time, Noble (1999:119) noted that one of the reasons for the lack of a cohesive body of existing implementation research were the diverse perspectives in defining the concept of strategy implementation. In his review Noble (1999:120) identified different formal definitions of strategy implementation that have been proposed. Noble (1999:120) categorises definitions of strategy implementation into those that "holds implementation to be an act of control and monitoring", and "implementation as synonymous with execution of the strategic plan" (Floyd and Woolridge, 1992:27-39 and Kotler, 1984).Jones and Hill (2013:385) agree that strategy implementation is important but not yet extensively researched to focus on the perspectives of the actual managers who are at the lower or middle levels in the organization.

Furthermore, strategy implementation is conceived as "a finer level of planning involving the allocation of resources and the resolution of operational issues" (Caspedes, 1991; Laffan,

1983:389-408). From these categories Noble (1999) derived another perspective of strategy implementation where he argues that strategy implementation is in fact a combination of the perspectives already discussed but with a specific focus on the "processes" involved. Therefore, strategy implementation is defined as the communication, interpretation, adoption and enactment of strategic plans. Table 1 depicts the various definitions of strategy implementation identified by Noble (1999:120).

**Table 1: Different Perspectives of Strategy Implementation**

| Author | Strategy implementation perspective |
|---|---|
| Laffan, 1983 | During the implementation phase, a policy decision must be spelled out in the operational detail and resources allocated among programmes. |
| Bonoma, 1984 | Implementation is turning drawing board strategy into market place reality. |
| Kotler, 1984 | Implementation is a process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plans stated in objectives. |
| Hrebiniak and Joyce, 1984 | Implementation is a series of interventions concerning organizational structures, key personnel actions, and control systems designed to control performance with respect to desired ends. |
| Aaker, 1988 | The implementation stage involves converting strategic alternatives into an operating plan. |
| Caspedes, 1991 | Implementation refers to "how to do it" aspects of [marketing]. Implementation deals with organizational issues, with the development of specific [marketing] programmes and with the execution of programmes in the field. |
| Floyd and Woolridge, 1992 | Implementation is the managerial interventions that align organizational action with strategic intention. |

Source: Noble( 1999:120)

Although it is very old, Franken, Edwards and Lambert (2009) argue that "literature offers a range of approaches to the practitioner seeking insight on strategy implementation but these approaches have common elements such as the importance of culture, communication and promise similar benefits, and others focus on elements such as programme management". In an insightful framework for strategic change, Pettigrew (1987) brought to the fore three aspects of strategy implementation and change – context, content and process – which need to be understood properly in a study of strategy implementation not only because they are so interwoven but also because they affect each other in the course of implementation.

#### 1.3.1.4 Organisational architecture and alignment

Organisations have their own way of doing business.In other words, they have an underlying model which is "shared by everyone involved in the management of change"(Louw and Venter, 2010:479). According to Louw and Venter(20010). The model has various aspects such as systems, structure, management processes, technology, strategies etc that make up the modus operandi"

Furthermore, Louw and Venter(2010) assert that organizational architecture covers more than a typical reorganization, restructuring, reengineering, or strategic planning initiative. Silverman (1997) posits that it involves the creation and ongoing management of a framework for the "organization of the future that encompasses all formal and informal systems and structures as well as their inherent interactions" (Silverman, 1997:1). It is further argued that the goal of organizational architecture is to create organisations that provide ongoing value to current and future customers while they optimize the performance of, and align, all aspects of the system (Silverman, 1997).

Louw and Venter (2010) provided key definitions of organizational architecture that were contributed by various authors: see Table 2.

**Table 2: Definitions of organizational architecture**

| |
|---|
| The underlying model of the organisation's way of doing business |
| A model of the enterprise that can be shared by everyone involved in management change |
| All of the various systems, structures, management processes, technologies, strategies that make up the modus operandi of the organization |
| A holistic, future facing, logical blueprint that needs to interpret business strategy and provide a focus on customer value, while concurrently identifying the work activities, roles, and competencies, business rules and processes necessary to build and operate the business |
| A collectively agreed and communicated document that in light of the strategic competencies needed to fulfill stakeholder needs, defines and details the major building blocks of the organization |

Source: Adapted from Louw and Venter (2010:479-480)

Notably, Louw and Venter (2010) identified that most popular organizational architectures possess common key pillars which serve as a basic framework of each organization. Basic components of different organizational architectures are depicted in Table 3.

**Table 3: Basic components of different organizational architecture**

| ULRICH[9] | MCKINSEY 7-S[10] | HIGGINS'S 8s MODEL[11] | NIHILENT'S MC[3] FRAME-WORK[12] | JAY GALBRAITH'S STAR FRAME-WORK[13] | VEASEY[14] | WOLFENDEN AND WELCH[15] | LEE ET AL[16] |
|---|---|---|---|---|---|---|---|
| • Shared mindset<br>• Competence<br>• Consequence (rewards and incentives)<br>• Governance (structure, communications systems and policies)<br>• Capacity for change<br>• Leadership | • Strategy<br>• Style<br>• Skills<br>• Shared values<br>• Structure<br>• Systems<br>• Staff | • Strategy and purposes<br>• Structure<br>• Systems and processes<br>• Style (leadership/management style)<br>• Processes<br>• (re)Sources<br>• Shared values<br>• Strategic performance | • Calibration<br>• Motivation<br>• Capability<br>• Capacity | • Strategy<br>• Structure<br>• Rewards<br>• Processes<br>• People | • Processes<br>• Organisation technology<br>• Competencies<br>• Culture<br>• Stakeholders and capabilities (inputs) | • Customer segmentation<br>• Customer life cycle interaction (total cycle of value-adding outcomes experience)<br>• Activities (all activities including the life cycle interaction are defined)<br>• Roles<br>• Co-ordination activity<br>• Business rules (underlying organisational culture)<br>• Business processes | • Culture<br>• Structure/ systems<br>• Knowledge, skills, and abilities<br>• Technology<br>• Processes<br>• Internal and external stakeholder capabilities |

Source: Louw and Venter (2010:481)

Fundamentally, alignment is about all parts of the organization fitting and working together as a whole to support the implementation of strategy.

### 1.3.2 Models for evaluating strategy implementation

As strategy implementation occurs in different organizational contexts and settings, there is no one size fits all approach to implementing strategy (Ehlers and Lazenby, 2010:262). As such, "there is a variety of models that strategic leaders can use to understand and diagnose the organizational issues requiring attention for the useful implementation of strategy" (Louw and Venter, 2010:396). Table 4 reflects on models from the existing literature and identifies the variables represented in each model as well as other characteristics. However, only a few models will be discussed in detail in section two of the literature review.

**Table 4: Models for evaluating strategy implementation**

| Model | Variables | Major premise |
|---|---|---|
| Force field analysis (1951) | Driving forces, restraining forces | Disequilibrium occurs during change. |
| Leavitt's Model (1965) | Task, structure, technological and human variables | Change in the variables is undertaken to affect the task variable (products and services). |
| Likert system analysis (1967) | Motivation, communication, interaction, decision-making, goal setting, control and performance | Four different types of management systems are identified based on the seven variables. |
| Weisbord's six-box model (1976) | Purposes, structure, relationships, leadership, rewards and helpful mechanisms | The larger the gap between the formal and informal systems within each variable, the less effective the organisation. |
| Congruence model (1977) | Inputs: environment, resources, history, strategy | Assumes open system theory, formal and informal systems, |

| | | |
|---|---|---|
| | Throughputs: task, individual, formal organization Outputs: individual, group and systems | the fit or congruence between the internal variables. |
| Mackinsey 7S Framework (1981) | Shared values, strategy, structure, style, staff, systems and skills | Variables must all change to be congruent as a system |
| Tichy's TPC Framework (1983) | Inputs: environment, resources, history Throughputs: mission, task, prescribed networks, emergent networks, people, organisation Outputs: performance and impact on people | All variables are analysed from a technical, political and cultural perspective using the strategic rope metaphor. |
| High-Performance Programming (1984) | Time frame, focus, planning, change mode, management, structure, perspective, motivation, development, communication and leadership | Four different levels of organizational performance are identified based on all eleven variables. |
| The Burke-Litwin casual model (1992) | External environment, leadership, mission and strategy, culture, management practices, structure, systems, climate, motivation, skills/job match, individual needs and values and performance | Model points to the relative weight of the elements of organizational functioning and the causal linkages that determine the level of performance and affect the process of change. |

Source: Adapted from Leadersphere (2008:22-24)

#### 1.3.2.1 McKinsey 7S framework

The Mckinsey 7S framework is considered to be a useful tool in understanding the inner workings of an organisation (van Donselaar, 2012:19). Mahomed (2004:20) argues that the McKinsey 7S model is a holistic framework with which to analyse and improve organisational effectiveness. It allows the organisation to survey its operations, articulate its vision, and compare the present with the future and articulate intended changes. Effective organisations try to achieve a fit between these seven elements. McKinsey 7S involves the alignment of seven interdependent factors which are categorized as either "hard" (e.g. strategy, structure and systems) or "soft" (e.g. shared values, skills, staff and style). See Figure 4.


**Figure 4: McKinsey 7S Framework**
Source: Louw and Venter(2010:515)

If one element changes, it will affect the others. For decades, in the change process, managers paid attention to the "hard" elements of organizing and the "soft" ones were largely neglected (Thompson et al., 2008:256). It is argued that the soft factors can make or break a successful change process because new structures and strategies are difficult where culture and values are inappropriate (Mahomed, 2004:21). Implicitly, this echoes the need for "soft" and "hard" aspects to be given attention as parts of a unified system (Angwin, Cummings and Smith, 2008:184; Thompson et al., 2010:257).

The McKinsey 7S Framework was created as a recognizable and easily remembered model in business, however it has been proven that this model can be used in the public sector. Mohamed (2004) successfully conducted a study which analysed the Johannesburg regional

office of the Government Communication and Information System (GCIS) using the McKinsey 7S framework. Van Donselaar (2012) used the McKinsey 7S framework to assess and map the organizational drivers and barriers towards strategy implementation of the Netherlands Red Cross, a non-profit organisation.

#### 1.3.2.2 Strategy implementation in the water services sector

It is notable that three dominant phases were experienced in the management of water services over the course of the 20th century, particularly in the development of Europe and North America. "The first phase was during the period of 1820–1930 which was referred to as a localized period which was categorized by small and locally owned private water companies. This phase meant that only those who could afford to pay had access to water services. The second phase in the 1940s–1970s was nationalization which coincided with the growth on modern networks and was linked to industrialization and rapid urbanization" (Smith, 2004:377). The reason for nationalization versus privatization was to meet the growing water demand and public health needs of growing communities. In Africa nationalization occurred in the 1960s and 1970s after most African countries had gained independence. African countries put special services delivery mechanisms in place by establishing parastatals that were to provide government services outside line departments with the purpose of capturing economies of scale and improving techniques of production. Lewis and Miller (2004) assert that "almost in every country of the world, governments had taken the responsibility for ensuring provision of water supplies and sanitation" through a government entity which involved a parastatal if not direct government management. Heymans (1995) opined that the reason for the establishment of parastatals was that the private sector would not be able to provide the basic essential services in a cost effective manner.

However, it is opined that most parastatals failed to meet the demands of rapidly growing urban populations which resulted in failure to meet service coverage. The demise of parastatals was attributed to their inability to finance the level of intervention that was required to create a welfare model as intended. This brought about a phase that saw privatization contracts coming into being where local authorities were trying to leverage the

expertise of the private sector to provide for the growing demand (Lewis and Miller 2004). Table 5 shows the privatization contracts that have occurred in different countries in Africa.

**Table 5: Privatisation initiatives in Africa**

| Country | Activity | Type of contract | International Operator |
|---|---|---|---|
| Côte d'Ivoire | Water supply | From 1960, leasing contract then concession renewed every 15 years on negotiated basis | SAUR |
| Guinea | Water supply | Leasing contract signed end 1989 for a 10 year period term, awarded after tendering | SAUR-CGE |
| Guinea-Bissau | Water and electricity production and distribution | Management contract | EDF-Lyonnaise des Eaux |
| Gabon | Water and electricity production and distribution | Management contract signed in 1993 after tendering | EDF-GQ1 Lyonnaise des Eaux |
| Mali | Water and electricity production and distribution | 4 year overall management contract | SAUR-EDF HQ1-SOGEMA |
| Senegal | Water supply | 10 year leasing contract from 1995 after international tendering | SAUR |
| Central African Republic | Water supply | 30 year generating concession with transfer of ownership to the state | SAUR |
| Morocco | Water and electricity production and distribution for Casablanca | 30 year distribution concession after tendering | Lyonnaise des Eaux-EDF-ENDESA-Agnas de Barcelona |
| Ghana | Electricity generation and distribution | Partial delegation of commercial management for 4 year period from 1994 between ECG and technical operators | SAUR-EDF |

Source: Smith (2004:378)

### 1.3.2.3 Water service provision models

The major barrier to successful water services provision is finding an institutional service delivery mechanism that complements local governments as water services authorities to enable them to manage the scarce resources, to improve operational efficiency and to provide a continuous and sustainable water services.

Six water services provision models have been highlighted in the works of the World Bank (1997a:2), American Water Works Association (2000) Bakker (2002), Smith et. al (2003);

Smith (2004), Palmer Development Group (2002), and Berg and Muhairwe (2009). These models have been widely used in the water services provision sector namely corporatization, privatisation, public-private partnerships, public-public partnerships, concessions and contracting out. Each of these options is described briefly in Table 6 below.

**Table 6: Water Services Provision options**

| Option | Description | Responsibility for capital investment | Responsibility for commercial risk | Normal duration of contract |
|---|---|---|---|---|
| Service Contract | The service provider receives a fee from the municipality for managing particular aspects of the water provision function e.g. billing and revenue collection or operations and maintenance. | Municipality | Municipality | 1-3 years |
| Management contract | The service provider is responsible for the overall management of all the aspects of the water provision function but the responsibility to finance operations and maintenance costs and capital investments remains the responsibility of a municipality. | Municipality | Municipality | 3-5 years |
| Lease | The service provider is responsible for the overall management of water provision function where assets of a municipality have been leased out to the | Municipality | Shared between the municipality and the provider leasing the | 8-15 years |

| | | | | |
|---|---|---|---|---|
| | provider. Therefore the service provider is responsible for operating, maintaining and repairing the leased assets. The provider pays the municipality a fee from revenues generated from operating the assets. | | assets | |
| Concession | The service provider undertakes the management, operations and maintenance, replacement, design, construction and financing of new capital assets of a municipality. | Private party undertakes the financing of the capital investment but the ownership of the new facilities constructed by the concessionaire is transferred to the municipality at the end of the concession period. | Private party collects and retains all service tariffs, assumes the collection risk and pays the municipality a concession fee | 25-30 years |
| Build, Operate and Train | The provider undertakes to design, build, manage, operate, repair and maintain the facilities at its own cost. The municipality pays the provider a service fee. Revenue collection remains the responsibility of the municipality. | Private party finances capital investment of new infrastructure or the expansion of the existing facilities | Private | 20-30 years |
| Corporatisation | Refers to the separation and ring-fencing of a service delivery unit from a municipal | Municipality | Municipality | Indefinite |

| | | | | |
|---|---|---|---|---|
| | council, in the same way that an external service provider is separate from a municipality. While the unit will be managed autonomously, it is still accountable to the municipal council. | | | |

Source: Adapted from Palmer Development Group (2002:53)

In South Africa there are various models that have been adopted in the water services provision sector such as, but not limited to, the Nelspruit concession (Smith et al., 2003), East Rand Metro regionalization of wastewater treatment (Palmer Development Group, 2002), Joburg Water Utility (Palmer Development Group, 2002), Community based water services providers for rural water supply in KwaZulu Natal province (Water Dialogues,, 2009), Cape Town Water Utility (Smith, 2004) and Ethekwini water utility (Palmer Development Group, 2002).

### 1.3.3 Enablers of and barriers to strategy implementation

#### 1.3.3.1 Barriers

According to Olson et al. (2005:47), many executives argue that brilliant execution is more important than brilliant strategy. One reason cited for this is "doing is harder than dreaming" and poorly executed strategy is merely a vision of what could be. It is argued that effective strategy implementation can prove difficult as it requires coordinated and appropriate efforts of individuals throughout an organization. Franken et al. (2009:50) highlight that literature suggests that there are five key reasons why successful strategy implementation is difficult:

- "The first reason is the relentless pressure from shareholders for greater profitability, requiring business leaders to redefine their strategy more frequently";
- "The second reason relates to the increased complexity of organisations. Activities performed to create products and services cross multiple functional, organizational and geographical boundaries, consequently, any strategic change programme is likely to affect people, processes, structures, technologies, suppliers and business partners that work both within and across the boundaries. Hence, strategic programmes are becoming highly complex resulting in increased risk of failure due to oversight";

- "The third reason is the difficult challenge faced by managers to balance the demands of successfully executing complex programmes with the demands of managing today's business performance. In situations where management is strongly tied to reward schemes based on today's performance, it is challenging to achieve active participation";
- The fourth reason is the low levels of involvement of a large number of managers across all functions at an early stage of strategy execution. Often managers see these early stages as bureaucratic, unnecessary and delaying real action, however, such involvement is required to obtain commitment to change and for the development of effective implementation plans";
- The fifth reason cited is the difficulty of securing the required resources to execute the strategy. Often, as a result of a large number of concurrent change programmes, the resources of many organisations will already be allocated and therefore limited.

In his thesis, Van Donselaar (2012:27) highlights that it is crucial that in the quest of achieving strategic change, organisations should not lose sight of the human side of the organisation. Failure to nurture the human side of the organization may lead to resistance towards the intended change by staff, therefore, staff resistance is one of the barriers to successful strategy implementation.

#### 1.3.3.2 Enablers

According to Hough et al., (2008:260) there are three organisation building actions that are paramount to effective strategy implementation, namely:

- "Staffing the organisation – by putting together a strong management team and recruiting and retaining skilled employees;
- Building core competencies and competitive capabilities – by developing a set of competencies and capabilities suited to the current strategy and training and retraining employees as needed to maintain skills based competencies; and
- Matching the organisation structure to strategy – by instituting organisational arrangements that facilitate good strategy execution and deciding how much decision-making authority to push down to the lower level managers and frontline staff".

Olson et al. (2005:47) found that in order for strategy to create superior performance it must be complemented by appropriate organisational characteristics and employee behaviours. Ehlers and Lazenby (2010:281) identified the following key factors as drivers to steer strategy implementation to the desired direction: leadership, organizational culture, reward systems, organisational structure and resource allocation. It is argued that leadership, organizational culture and reward systems are vital drivers of strategy implementation as they concern the human element of the organization.

## 1.4 Research method

This is a qualitative and exploratory study which seeks to capture multiple perspectives of reality to gain insight into a phenomenon in a particular context (Guba and Lincoln, 1994). The researcher interacted closely with seven area managers who are actively engaged and knowledgeable about the decentralized CHDM water service provision model to identify the actual drivers and barriers encountered in implementing this model (Guba and Lincoln, 1994).

### 1.4.1 Sampling

Each area has one WSP: Area Manager, therefore there were only eight Area Managers that were seconded in respective local municipalities that make up CHDM. This number is small and all eight Water Services Provider Area Managers were purposively recruited for the study to provide local and contextual perspectives on what enabled or impeded execution of this decentralized water services provision model and whether they consider the model as working effectively or not and reasons thereof. A total of seven area managers were interviewed as the eighth manager had resigned and left the employ of CHDM.The maximum years of experience of the area managers was four years while two years was the minimum.As such, these managers have hands-on experience of implementing the decentralised model within CHDM.

### 1.4.2 Data collection

Data was gathered through semi-structured. Individual, and in-depth interviews with managers who are directly involved in the water services provision function in the various municipalities under CHDM. Data collection took place between May and July 2013, interviews were conducted at the respective areas of each manager (Cradock, Tarkastad,

Molteno, Lady Frere, Cala, Engcobo and Cofimvaba). The interview process proved cumbersome as there were long distances that had to be travelled to reach the towns where the interviewees are located. Each interview took an average of approximately one hour forty five minutes and all interviews were audio recorded to capture the knowledge and experiences of each manager with regard to the decentralised water provision model of CHDM. An interview guide was used to ensure that questions regarding all seven aspects of the McKinsey framework were covered. Interviewees were informed of their freedom to choose to participate or not to participate in the study, and their confidentiality and anonymity was guaranteed to be withheld for ethical purposes. Data collection stopped when the data was saturated due to a high repetition of responses from the interviewees and when there was no new data highlighted by the participants.

### 1.4.3 Data analysis

All interviews were transcribed and data was coded and categorised according to the theoretical perspectives of the McKinsey 7S framework. The draft report was given to the research participants for verification or comments not only as input but also as member check before the final report.

### 1.4.4 Research quality

"The four design tests of construct validity, internal validity, external validity and reliability are commonly applied to the theoretical paradigm of positivism" (Riege, 2003:84). Validity is the extent to which the research findings are representative of the reality (Schwandt, 2007:6) . According to Schwandt, 2007:6) , internal validity is the extent to which the research design and data enables the researcher to draw accurate conclusions about the cause and effect of a given situation. Riege (2003) recommends the use of four corresponding design tests of credibility, transferability, confirmability and dependability to enhance validity and reliability.In particular, Schwandt, (2007:6) argues that "credibility prvides assurance of the fit between respondents view of their life view and the inquirers reconstruction and representation of same"

The credibility and validity of this study has been established by providing the rich and thick descriptions of what the interviewees understood about the implementation of the decentralised water services provision model at CHDM. The dependability of the study was achieved by developing an audit trail through documentation and decisions made during the

study (Seale, 1999). Transferability was achieved by providing a rich description of the research context thus providing sufficient information to the reader to judge the applicability of the findings to other settings (Seale, 1999).

### 1.4.5 Limitations of the study

The small sample size is one of the limitations of this study. This is because the study focused at a municipal level, excluding the perspectives held by the beneficiaries of water services. Another limitation is that the researcher is a senior manager within the water services unit of CHDM, therefore the respondents may have told the researcher what they felt she wanted to hear rather than the reality of their knowledge and experiences. However, all interviewees were told to be free as no one would not be punished for being honest. Anonymity, and confidentiality were also upheld throughout the study.

### 1.4.6 Ethical considerations

Conducting field research responsibly involves confronting several ethical issues that arise from the researcher's direct contact with subjects (Babbie, 2011:324). Babbie (2008:130) cited reliability as a concern every time a single observer is the source of data because there is no certain guard against the impact of that observer's subjectivity.

The researcher works as a Water Services Manager in the water services business of the CHDM which poses a potential risk of providing biased information by advancing personal views by the researcher or by respondents withholding information. However this risk was mitigated by (a) means of double-checking the information by frequently providing participants with draft reports to ensure that they reflect the views of the participants and not those of the researcher, and (b) any views the researcher may have were posed as questions to the participants and only those resonating with the participants will merit inclusion in the study, and (c) encouraging openness. Furthermore, the researcher made it clear to the participants at the outset that:

- Any involvement is voluntary
- There is no potential harm for not participating or withdrawing at any stage of the study
- Confidentiality and anonymity will be observed (Schwandt,2007:299).

Prior approvals for conducting and permission for publishing results of the study were sought from the Accounting Officer of CHDM.

## 1.5 Findings

The findings of this study indicate that there is misalignment of the seven elements with the intended strategy of Chris Hani District Municipality. The findings are categorised according to the 7S elements of the McKinsey framework, i.e. strategy, structure, systems, shared values, staff, skills and style. This section presents the views of managers in terms of their understanding of the CHDM water service provision strategy and what they consider to be the enablers of and barriers to implementing this strategy. While there are commonalities on the view of what the strategy is, there is diverse understanding of what enables or hinders this strategy. Emergent strategies have also been discovered.

### 1.5.1.1 Strategy

Predominantly most of the Area Managers reflected that the implementation of the water decentralization model by CHDM manifested four cornerstones: (a) reducing distance to water services, (b) delegating of water provision function and accountability, (c) improving delivery of water services, and (d) putting people first in water provision.

Reflecting on distance of both service providers and service recipients from water services, and also the value of local insights, Manager 2 asserted positively that:

> *The difference now is that we have teams or staff closer to site…my team have more insight and understanding of problems of our area, for instance because our work is to operate and maintain water systems on a daily basis so we know exactly where each water system is and we know what are the frequent problems with each system. For example an Electromechanical technician knows all the engines that are in their area because this is their work on a daily basis so they know which engines are old that need close monitoring and they would make sure that there are spare parts readily available should there be a breakdown. This allows us to respond quicker if there are breakdowns…Since water provider offices were established for each of the municipalities now communities report faults and queries closer to their*

*homes instead of traveling along the way to Queenstown to report an issue like they used to do before.*

Focusing on another positive aspect of the strategy that was being implemented, delegation of water services provision and accountability to local municipality was highlighted by most of the Area Managers. Manager 1 illustrates this as follows:

*With the current decentralized arrangement, council [Chris Han District Municipality] wanted to ensure that services are quite closer to the people... because of the current local government setup the district municipality has no wards then council saw it proper then that services are dealt with and provided at a local municipality level. This is because local municipalities have constituencies in a form of wards. So Chris Hani appointed local municipalities as water services providers and local municipalities are accountable.*

Service quality in terms of responsiveness to water-related complaints and customer satisfaction was also shared by these Area Manager as a new and more progressive aspect of the decentralised water service model. In this vein, Area Manager 3 echoed how they how been trying to handle complaints by the community within the shortest period possible:

*The CHDM strategy ensured that the provision of water and sanitation satisfied everyone and we have actually been trying to handle all complaints by the community in a timely and satisfactorily manner. We have been trying and it's getting better.*

Manager 5 focused on proximity and accessibility of offices to elaborate on how service quality was being enhanced.

*The strategy is to bring services closer to the people so that there could be quick response to complaints. Since water provider offices were established for each of the municipalities now communities report faults and queries closer to their homes instead of travelling along the way to Queenstown to report problems like they used to do before. The offices are easily accessible to the people that are being served hence this arrangement.*

Highlighting improvements arising from the new decentralised water provision model, Manager 7 contrasted the decentralized model with what was evident in the centralized model as follows:

> *The private service providers were located in Queenstown and it took their technicians a long time to get to sites in deep rural areas...such Engcobo and Cala. That resulted in them having less time to attend to the actual problems on sites. This makes us prompt in attending to queries as we are closer now...local municipalities are the direct contact to people, providing services to the people. I actually know that CHDM wants to excel as a Water Services Authority that is why they have put people in local municipalities to render the service, to excel you have to ensure that people are satisfied with the quality of service that one is providing.*

People-centred delivery of water service characterised how Area Managers perceived the delivery of the decentralized water service model. Metaphorically, one of the Area Managers had this to say:

> *The strategy has been to put people first by bringing the service right at the doorstep of the customer and that has given birth to the current water services provision arrangement...And we have a better understanding of the challenges of people in specific local areas...we have a better understanding of the local political dynamics.* (Manager 6)

Drivers of the implementation of the decentralized water provision strategy were predominantly related to more inclusive water service delivery to empower local municipalities and enhance operational efficiencies and service quality. Emphasizing proximity to where service is delivered as a way to promote accountability and undermine "blame culture", on a more positive note, one Area Manager said:

> *There is a tendency to blame people who are not close to where things are happening, so if CHDM was running water provision then if things went wrong, local municipalities would blame the district municipality that that is why things are going wrong because we (local municipalities) are not running the service. So it is*

*on this basis that CHDM involved local municipalities so that local municipalities could not blame CHDM for providing substandard service but they (local municipalities) become involved and are held responsible in providing solutions to water services delivery.* (Manager 4)

Operational efficiency in terms of shifting away from a costly private service provider was also one of the drivers in implementing the decentralized water provision strategy. In this regard, one of the Area Managers elaborated on the decrease in some of the operational expenses as follows:

*As far as I understand, previously CHDM used to pay exorbitant amounts of money for travelling costs of the private provider due to the long distances travelled when attending to faults as their point of departure was centrally located but with the current arrangement of decentralisation the travelling costs were reported to have decreased.* (Manager 1)

In particular, one Area Manager reflected on the positive aspects of what the decentralized water services was realizing in terms of continuous water supply:

*Decentralising the service has had a positive impact in terms of improving service delivery by ensuring continuous water supply to customers. We do not take long to fix breakdowns. We have technicians...quality of work is good. Previously customers in remote areas were left without water for extended periods of time due to the proximity of the offices of the private service provider that was centrally located in Queenstown and it took time for them to respond to queries.* (Manager 3)

As a contrast to the new decentralized water strategy which is different from the old system, another Area Manager aptly summarised the loss of time by technicians of private providers under the centralized water provision model as follows:

*The difference is that private service provider was located in Queenstown would take their technicians long time to get to site, and less time to attend to problems. This had to change...and we have been doing just that.* (Manager 1)

Besides these drivers, CHDM experienced the challenge of local municipalities not having their own resources to support them regarding the new responsibilities that were being given to them. One Area Manager explicitly reported this barrier as follows:

> [name of municipality withheld] *agreed to be a water service provider only if it was assisted with the appointment of qualified staff and the payment of salaries by CHDM. So CHDM appointed these people*(Manager 5)

Alternatively, in instances where local municipalities indicated that they had resources to recruit their own people, the major challenge was recruitment of unqualified technicians which affected service quality:

> *Decentralisation was achieved but not to the extent which the District Municipality would have wanted due to frustrations by other local municipalities. For example, one municipality employed its own water services provision staff with the exception of an Area Manager. As a result, the local municipality did not appoint staff with the necessary qualification as prescribed by the District Municipality. Some of the guys cannot troubleshoot at all.* (Manager 1)

In respect to misallocation and misuse of resources which hampered efforts the course of action to achieve identified goal of decentralizing water service provision, one Area Manager complained as follows:

> *According to Water Service Provision contract and Business Plan, water services money is supposed to be ring-fenced, but the* [real title withheld: senior manager in municipality] *have access to these resources to use as they see fit. There is nothing the Area Manager can say over that and the District Municipality is not prepared to stamp a foot down and to say this is contract.* (Manager 3)

Interestingly, the decentralized water services provision was not well understood by some of the Area Managers who were actually implementing it. In this respect, one Area Manager had been under the impression that the decentralized water service provision model was just a pilot rather than a fully-fledged execution.

*I do not know about the previous arrangement. When I got here in 2009, I thought that the water services authority/water services provider arrangement was being piloted. I did not know that it was permanent.* (Manager 1)

#### 1.5.1.2 Structure

In the pursuit of the decentralized water services model, a variety of new positions grouped by geographical areas were actually established by CHDM with the hope of integrating them into the technical services of respective municipalities. Reflecting on this, one Area Manager acknowledged the decentralized structure, and the existence of two structures which were eventually not fully integrated as anticipated.

*There was a Chris Hani structure that was populated by Chris Hani, where there was Area Manager to oversee the functions and technicians, like your civil technicians, your mechanical technicians, customer care practitioners, water quality technicians and the rest of the staff below the…So I think it is a well-established structure. The only challenge is that there is this component of local municipality staff that had to be brought in…you got a situation where you have two organograms, the other one being of local municipality and the other for Chris Hani. We have not been able to fully integrate the two organograms.* (Manager 6)

Tension arising from this dual structure was identified in terms of misalignment of responsibility of Technical Managers on one hand, and their delegated authority at local municipal level on the other. In the views of a few Area Managers, Technical Managers at local municipality level were not fulfilling their responsibility of reporting to the District municipality, while being very mindful of their authority. As a result, Area Managers echoed that they were taking on bigger responsibilities of reporting to the District Municipality despite holding lower position than those who were expected to do this type of reporting. In other words, the dysfunctional element in the division of responsibility was reflected though reporting lines as follows:

*Technical Managers were supposed to report to the Water Services Authority but this is not happening instead Area Managers are reporting.* (Manager 4)

Furthermore, Area Managers elaborated on the degree of independence given to local municipalities in decentralizing operation, which was expected to be accompanied with reporting responsibility. Focusing on the scope of control, misalignment between responsibility and delegated authority, Area Manager 4 chose to particularly stress the full authority that was given and expected of local municipalities .

> *The WSA* [Water Service Authority] *has given the water services providers fully responsibility to run the WSP* [water services provision services] *function, meaning they have authority to independently take decisions on their day-to-day operations without seeking approval from the WSA.*

Without explicitly suggesting elements of centralized control by CHDM through its Area Managers, one of the interviewees lamented that they had authority or broader span of control to oversee the whole water function and its resources as representatives of CHDM just on paper and not in practice. As if to highlight the tension between decentralization and centralization, as well as the negative effects of matrix organizational structure, one Area Manager aptly summarised their perceived lack of authority in practice within the decentralized context of local municipalities, as illustrated in this interview:.

> *Area Managers do not have authority in local municipalities. You know responsibility goes with authority...If you are responsible you are supposed to do something and account for it...then you must have authority to be able to take decisions so that you do your work. But with due respect, Area Managers have no authority in their areas. Authority resides with the Municipal Managers and Technical Managers of local municipalities because they want access to resources of water service. Even though on paper Area Managers are supposed to have authority, but in reality it's not.* (Manager 1)

Interestingly, while Area Managers perceived that local municipalities had control over water related resources, the view of local municipalities themselves was quite contrary. Uniquely, one Area Manager echoed that the barrier of centralizing control of finance resources made local municipal managers feel that they are expected to be in control yet they are practically not.

*The main barrier is keeping of funds at district level, because local municipalities feel that they are not in control of the provision function...someone else is.* (Manager 7)

Regarding further views on the negative effects of the matrix structure to implement the decentralized water services model, one Area Manager's view was lucidly epitomized in these words:

*There is no unit of command here, the Area Manager should not be reporting to both a local municipality and the district municipality because sometime you find that these two institutions are working at cross purposes and now you are left in the latch you don't know what to report.* (Manager 1)

Predominantly, Area Managers reported about bilateral meetings between the District municipality and the local municipality which were more useful and also based on specific matters arising in a particular municipality.

*In our municipality...especially in rural areas when we were experiencing a lot of water supply interruptions because apparently there were people allegedly known by the community...who were stealing diesel engines that pump water to communities. So the local municipality engaged the district municipality in a one-on-one meeting in trying to come up with solutions of how this engine theft problem could be dealt with. The meeting resulted on a joint awareness campaign by councillors of both the local and district municipality addressing the affected communities to create awareness on the financial and service delivery interruption implications of this engine theft and requested the community to safeguard their water scheme and encouraged communities to report the criminals to the police.* (Manager 2)

Besides meetings with respective local municipalities, Area Managers highlighted meetings between the district municipality and the local municipalities regarding the execution and review of activities. In the view of Area Managers, these were less useful because of the subtle conflict between CHDM structure and the local municipality structure, but also the

persistent non-attendance of technical managers who are key decision makers and implementers of activities under the decentralized structure of the local municipalities.

> *There are various platforms in terms of meeting which have been created to encourage interaction such as monthly WSA/WSP meetings where parties* [all local municipalities and district municipality] *are able to advise one another on issues affecting water service delivery. Unfortunately, people from local municipalities ...and others choose not to come. Only Area Managers under District municipalities come, they cannot implement things when their boss from the municipality does not come to these meetings. It does not work.* (Manager 2)

#### 1.5.1.3 Systems

Area Managers reported a range of systems that were being used or developed to implement the decentralized water service provision model, and not all of them were supportive of the intended mission. One of the emergent and useful control systems that was developed in the course of implementation to enhance the pursuit of the decentralised model was about financial controls. While acknowledging the lateness of the introduction of a separate bank account exclusively for water funds from Chris Hani Municipality to a local municipality, one Area Manager applauded how this initiative attempted to curtail cross-subsidisation and to enhance traceability of transactions.

> *More especially when it comes to issues of budget systems. Initially, in our municipality we had a big challenge with the arrangement of having no separate bank account. To me it should have been arranged from the very beginning that...it should have been enforced that municipalities have a separate bank account for water service. In order to make sure that the money for water services is being ring fenced and not used for others things like salaries. This was done at a later stage and not in the beginning.* (Manager 3)

Area Manager 2 elaborated on the abuse and system failure as follows:

> *Even with these separate bank accounts, local municipality use these funds as they wish.*

Not all Area Managers shared the perspective that the budgeting and financial control system of quarterly disbursement of funds by CHDM to local municipalities was entirely an enabler in the implementation of decentralized water provision. One Area Manager focused on the difficulty of extracting billing information specific to water, and on challenges to accurately monitor revenue performance as local municipality revenue systems combine all municipal revenue together. The negative effect of lack of systems dedicated to water was evident as follows:

> *Because the problem is...the district wants to know the water and sanitation information, but the local municipality puts all the information on their system ...especially when it comes to the billing side. You find that it is difficult to isolate exactly...You have to do it sometimes manually.* (Manager 7)

Business plans were part of the operating system not only in terms of planning, reporting and periodic monitoring of activities being executed, but they also formed a basis of ongoing dialogue between CHDM and LM. Area Manager 2 highlighted the business planning system, reporting and performance monitoring system to execute the strategy of decentralizing the provision of water.

> *There are business plans that came as part of the arrangement between WSP and WSA that actually needs to be amended every year. So that is one of the systems that is used to monitor the performance of WSPs and also reporting from the local municipality on a monthly basis. It's actually one of the items...tools used to monitor whether there is any activities that are actually taking place...or obstacles that are coming up. Then the meetings between WSP and WSA...those are the key components that are leading...dealing with institutional arrangements.*

Commonly, the non-attendance of local municipal officials in monthly meetings to share information necessary to enhance strategy execution undermined the effectives of the business plan and their execution. Furthermore, Area Managers alluded to the limited responsiveness of the business plans as they did not actually start with the real and unique needs of local municipality, but rather the predetermined allocation by CHDM. While acknowledging that they actually drew up business plans on behalf of local municipalities who are the implementers of these plans, one Area Manager expressed how the business

planning process revolved around predetermined ceilings of allocations, and was therefore less fruitful as illustrated in this interview:

> *When you actually do those business plans, we are restricted financially, you need to be guided on what you need to budget to put in the business plan. Yes, we are restricted by funding from CHDM. You are actually guided that you are not supposed to pass this limit of amount…because you are actually given by the WSA …that this is the amount that you will be given this year.*

Developments which emerged as the implementation of the strategy unfolded were to positively enhance the performance and reporting system, as illustrated by Area Manager 3:

> *We actually assisted the water services authority to develop the reporting system of water services providers, the reporting system is based on the key performance areas of providers as stipulated in the WSA/WSP contract but initially there was no reporting framework.*

Another Area Manager asserted that a contract performance management system to specifically measure performance of Area Managers annually was planned, but never implemented. This led to tensions amongst Area Managers about the security of their jobs because they are not aware if they are seen as performing or not. This is a disabler of implementing the decentralised water provision model because there is no information to appraise whether contracts for Area Managers should be extended or not. In the same vein, this tension and uncertainty creates instability where Area Managers might be looking for jobs elsewhere as they are not certain about their job security.

> *I think…performance management…for annual performance assessment of Area Managers as we are on contracts although it never happened. No, no, no, it never happened…I do not know why it never happened. As a result one doesn't know if he or she is performing or not because we have never been assessed. Our future is not clear*. (Manager 4)

#### 1.5.1.4 Shared values

Interestingly there was a diverse understanding of what the Area Managers understood to be the shared values of CHDM. Of the seven Area Managers only three explicitly knew shared values of CHDM, the most commonly shared value being integrity. Erroneously, other Area Managers understood shared values as being service delivery, customer satisfaction, value service and Batho Pele, which they claimed was guiding their work conduct and behaviour. The diverse understanding of the shared values is evident from the comments made by certain Area Managers.

Manager 9 felt that service delivery was a key shared value so as to ensure that customer are satisfied:

> *The shared values are service delivery, customer satisfaction and value service.*

Manager 3 echoed that service delivery was a priority and also added that what drives them to do their work was improving living standards, economic development and putting people first. While service delivery is not necessarily an explicitly written shared value of CHDM, interestingly there seems to be consensus about its importance amongst Area Managers as illustrated by Manager 3:

> *I think values are services delivery...which is a priority, the improvement of living conditions, economic development and the Batho Pele principles of putting people first, those are the shared values. They drive what we do. The Chris Hani community that is staff and politicians consulted with the community at large to find out that what is that the community wants the district municipality to deliver.*

Area Manager 5 reflected on the issues of ethics and commented on the issues of staff punctuality which according to this Area Manager suggest that staff are living the CHDM shared values.

> *Ethics and Batho Pele are values of CHDM, to a great extent staff is living these values because I have never had a record of late coming at work.*

Area Manager 4 focused on the process of how the shared values were developed and highlighted that the development of the shared values was guided by what communities need. Area Manager 4 demonstrated an understanding of CHDM values, however it was not evident whether these are shared by employees or not.

> *I believe some of the values are honesty, integrity and transparency they were developed in a consultative process where officials and politicians of CHDM went to a strategic retreat to formulate these values influenced by the actual need to serve the community. The values are there to guide staff on how best to serve the community.*

Area Manager 2 expressed what was thought to be the shared values, these were based on this Area Manager's experience as an employee of CHDM. The Area Manager reflected on the environment that was nurturing to employees where employees are allowed to test and develop their skills. It was evident that this Area Manager did not have a clue of the written values of CHDM but chose to express them in terms of his personal experience.

> *I will choose them according to site and how I see it, the first one is giving an opportunity for a person to implement skills, giving a person a chance if there is a problem to explain himself and being called, allowing you to put your story on the table when there are problems. Those are the values that I think are there in this municipality, I am not sure if they are there in writing but I think they are the best values. I say this because there are things that I knew that I could do but had never been given an opportunity to do them but now in CHDM I had chance to do them.*

Area Manager 3 asserted that the shared values are lived by the employees of CHDM as they are aware that they have to account when there is no water.

> *Shared values were developed by council; some of them are sustainability, accountability. These are shared by employees because when it comes to non-availability of water we have to account and know what makes water not to be available.*

Another Area Manager demonstrated an understand what the shared values are however it was not clear whether these are shared amongst CHDM employees or not.

> *I am not sure which ones are endorsed because of this new thing where the values have been arranged for form the name CHRIS HANI but there are existing ones so it was just re-arrangement. But there's respect, integrity and humble.* (Manager 7)

Generally most of the Area Managers did not know the shared values that are explicitly written by CHDM as these could not be recited, and consequently evidence could not be provided whether they are shared amongst employees or not. This general lack of understanding of the shared values reflects a high degree of misalignment of the vision and drive based on the shared values to underpinning the strategy of CHDM.

#### 1.5.1.5 Staff

At a local municipality level, there was a geographically based team comprising technicians, administrator, financial controller, customer care practitioners, and an Area Manager employed by CHDM and seconded to most of the local municipalities. Illustrating the variety of staff, Area Managers revealed that the composition of seconded employees within the water service provision function included those labeled as ex-department water affairs services.

Despite this internal division, these were together distinctively labeled as different from local municipal employees, partly because of their direct contact with CHDMM for various reasons such as access to information not readily available through the expected channels.

> *The water services unit in a local municipality is distinct...It's different...it's like a municipality operating within a municipality. The seconded staff can directly report to CHDM and CHDM can request information directly from us. Actually, you got all these artisans reporting to technicians, technicians reporting to Area Manager, Area Manager reporting to Technical Service Manager. But the seconded staff report directly, and things seem to work. Although we report to the Technical Service Manager, but CHDM does seem to want us report to them, maybe they have*

*been frustrated by going via the Technical Services Manager whereby he might not prioritize the information required.* (Manager 3)

Staff could be categorised into two, namely those under CHDM and the local municipality. Differences on staff related policies between CHDM and LM was a barrier to implementing the decentralised model, as it created another tension in a number of areas such as the introduction of new staff, salary, ill-coordinated leave administration, difficulty of exercising discipline and upholding grievance procedures.

*I guess there was silent type of concerns that were raised, for instances issues of labour, especially when CHDM was to bring new people and that was a threat to local municipal staff and have to convince labour that their jobs were not at stake.* (Manager 5)

Although some employees were doing the same job, there were challenges regarding differences of employee policies based on whether they were employed by the local or district municipality despite pursuing the same function. Differences in policies was a barrier to implementing the decentralised model as there were tensions between the CHDM and local municipality management which emanated from a frustration of the difficulty to enforce policies of either of the institution when a CHDM employee had to be disciplined.

*I must say then that there was staff that was inherited by the District Municipality from water affairs that was also part of the staff of the District Municipality that was seconded to the different Local Municipality. The reporting lines were such that those local municipalities... all the staff which is staff of the local municipality and the staff of the district municipality would report then to the local municipalities. But having said that although the appointment was made by the district municipality to a certain extent it created a bit of challenges because you had then to deal with a number of issues, issues of discipline that you had to deal with, you will find that staff that is appointed by the district municipality... you would find that it is difficult to deal with that person under the local municipality. Now and same applies to the staff of the local municipality, then our staff were caught up in a situation that were envisaged.*

Notably differences also emerged in terms of perceptions of salary disparities between local municipality and district municipalities. This is another barrier that affects the implementation of the decentralised model as there are silent tensions between CHDM appointed and local municipality appointed staff. These tensions manifest themselves through low staff morale which affects work productivity.

> *To attract skills required for these, those recruited by CHDM doing were competitively actually paid compared to those in local municipalities. And everyone knows the difference in salaries of WSA appointed staff which is higher regardless of similar qualifications. So they are not the same when it comes to salaries, there are disparities, this is not said but everyone knows, this creates tensions.* (Manager 1)

#### 1.5.1.6 Skills

Mindful of the requirement to attract specific technical skills in respective local municipalities, the focus was on gaps in technical competence which could be attracted by more attractive circumstances and packages. The attractive salary packages enabled the CHDM to implement the decentralised model because the district municipality was able to attract the required technical skills.

> *We appointed staff in municipality based on salary packages for CHDM, to attract rightly qualified people. People with diagnostic skills, analytical skills, social skills and supervisory skills.* (Manager 5)

Area Manager 7 echoed that the use of CHDM attractive salary packages was an enabler for implementing the decentralised water provision model as he had this to say:

> *We had to attract special technical skills like troubleshooting on civil and mechanic problems. And also since water services staff works with a lot of different people like the communities and government departments we needed staff that had interpersonal and team player skills. What we did was paying salaries based on CHDM salaries packages that were attractive compared to that of the local municipalities. We did it.*

In circumstances where the municipalities said they were going to recruit staff on their own, there was evidence of a staff skills gap. This was a barrier to implementing the decentralised model as the unqualified staff that were appointed were struggling to perform technical functions assigned as their duties. Area Manager 4 illustrated this barrier as follows:

> *The local municipality did not recruit staff with the necessary qualifications and skills as required by CHDM.*

According to Area Manager 4, competencies were undermined because with the local municipality the idea was job creation which compromised functional skills sets. In this vein, the employed people did not have the necessary skills and had to be trained for a long period which is a barrier to implementing the decentralised model because such employees could not perform their duties as expected. As a result the municipality had to use external service providers to complement or temporarily fill the skills gaps of such employees while they are being trained which was an additional cost that had not been planned.

> *The local municipality saw the water services function as an outcome for job creation, so the local municipality went to municipal wards to employ staff which did not necessarily have the required qualifications and skills sets just because these people were local people.*

Lack of skills and the long time it takes to train or develop technical skills was a disabling factor . One Area Manager lamented that it took long to train an individual to get to the required skilled level. According to the plan of the decentralised water provision strategy, properly qualified people were to be appointed who would immediately resume their duties and deliver in terms of work. However, in this municipality long periods of time had to be spent training staff who could not deliver and this was a disabling factor in terms of the intended strategy.

> *We couldn't get the skills you want because...like the method of employment was totally different now. People who are employed now are people with information gap, you have to train them, you have to train them from scratch, and you have to organize training and it takes long to train someone. There are skills gaps that we*

*are trying to fill but it takes long to get someone with the right skills to required level. This refers more to technicians.* (Manager 2)

#### 1.5.1.7 Style

Predominantly most area managers expressed that the leadership style of the district municipality was supportive which was manifested in different roles that CHDM played to support both the seconded staff and the local municipalities who were tasked with managing the seconded staff.

Reflecting on the time when CHDM was recruiting water services staff, Area Manager 6 reflected on CHDM management's support when new employees were joining the institution. This was demonstrated when new employees joined CHDM where management would take time to induct new employees about the CHDM water services provision strategy and clarify the roles of both the WSA and the WSP and where the seconded staff fit in. This management attitude and style was an enabler to implementing the decentralised water provision model.

*At the beginning when new staff was appointed, CHDM technical services management ensured that staff is inducted on what the vision of CHDM is with regards to water services. Presentations were made sharing the history of the water services function of CHDM and the reasons behind the decentralisation of the water services provision function to local municipalities. Clarity was also provided regarding the roles that each of the new staff would play within local municipalities. So new staff was clear of what the expectation was in terms of their duties.* (Manager 6)

In this vein, Area Manager 5 echoed how CHDM technical services management was always visible within local municipalities in support of water related events.

*Technical services managers of CHDM always avail themselves and they try as much as possible to be visible in our municipality water services events to show support. We always invite them to our water services community awareness campaigns where a slot is given to the district to make a presentation explaining the roles of CHDM as a water services authority and that of the local municipality as a water services provider.*

Area Manager 2 focused on the advisory and coordination role that CHDM plays to elaborate how CHDM supports the local municipalities. This supportive leadership style is an enabler to implementing the decentralised water provision model as stronger relations were built between CHDM and the local municipalities which was achieved through interactions via various platforms that have been created to encourage interaction and problem solving.

> *We as local municipalities attend monthly WSA-WSP meetings at CHDM to discuss water services contractual matters but also to share problems that we as water services providers experience when providing service. The district municipality always assists in advising on possible solutions to problems. We also attend quarterly Technical managers' forums which are coordinated by CHDM where all technical managers of local municipalities, area managers and councillors of local municipalities sit to discuss service delivery issues of the district which also includes water services. But again when we have specific unique problems or challenges where we need assistance from CHDM, the district municipality managers avail themselves for bilateral meetings with the local municipality to try and resolve those challenges that the local municipality is experiencing.*

## 1.6 Discussions

Largely, the pattern of decentralised water services strategy of CHDM is well understood by Area Managers, even though one manager had thought it was a pilot study, but even this Area Manager was clear about CHDM's motives for decentralising. It is notable that Area Managers were aware of what CHDM intended to achieve when the water provision service was delegated to local municipalities, this provided Area Managers with a sense of purpose and direction in terms of what was expected of them. This demonstrates that CHDM had communicated and shared the intended strategy with employees; Area Managers indicated that even though they joined CHDM as part of the implementation process of decentralisation, CHDM management ensured that new staff was inducted on the planned strategy and its implementation process as well as the intended outcome. Precisely, decentralisation of water provision was achieved as the day-to-day operations are no longer dealt with centrally but water provision operations takes place in all the eight areas which are managed by respective local municipalities.While the handling of qurries reflect a pattern of a positive strategy focused on customers, non-attendance of technical managers at meetings

with CHDM show how strategy execution was problematic Further, the tension between CHDM and Local municipal employee is alos another evidence of challenges that were being faced in the implementation of decentralised strategy. These actions depict the pattern of different activities that were undertaken by CHDM to decentralise water provision."This is consistent with strategy as a pattern or plan that integrates a company's goals, objectives and sequences into a coherent whole" (Noe et al., 2008:90).

According to Kaplan(2005:41) , shred value is very central in any organisation and is " a set of fundamental values that are widely shared in an organisation". In particular, he shared values are a core that bind and align all the other S's of the framework. Findings show that shared values were found to be seriously lacking within CHDM Area Managers.This is a challenges as it is capable of underming sense of togetherness and vision. Using McKinsey framework, Vander donselaar(2012:63) study in Nertherland focused on on RedCross to conclude that shared values have positive effect on strategy implementation in organisations such as RedCross.

Higgins (2005) highlights the importance of aligning organisational culture with strategy by pointing out that not all Ss must be misaligned to reduce strategy effectiveness. The misalignment of shared values alone is enough in itself to spin strategy execution out of control. Thus, the lack of knowledge and understanding of the shared values by Area Managers poses a serious threat to the strategic performance of CHDM, as there is lack of guidance and shape of thinking within the organisation. Another negative consequence of the lack of understanding the shared values is how the employees view and treat customers and the manner in which employee achievements are viewed and rewarded (Louw and Venter, 2010). Although there was a general common sense of purpose in terms of the expectation to deliver quality services to communities this drive was not necessarily driven by the shared value of CHDM because it was clear that most Area Managers did not know all or most of the the shared values. According to the 2013 Integrated Development Plan of CHDM, the shared values are Commitment, Honesty, Respect, Integrity, Sincerity, Humanity, Accountability, Nurturing and Innovative. Most of the Area Managers could not express these values as enshrined in the CHDM strategic document the IDP except for two Area Managers who mentioned integrity. Mahommed(2004) interviewed regional managers of

government communication and information systems in South Africa to argue that shared values are hard to identify.

Structure was implemented as planned. However, conflicts between Area Managers and technical managers, confusion of roles, authority, and responsibility negatively affected the strategy execution. ,Although the planned structure in terms of geographically locating water services units closer to customers was successfully implemented to support the decentralised water provision model, the complexity of CHDM appointing and seconding staff to local municipalities resulted in unexpected challenges. Kaplan (2005) posited that structure refers to the manner in which tasks and people are divided and authority is distributed, it also refers to how reporting relationships are grouped in an organisation. According to the design of the structure, Area Managers were to report to Technical Managers of their respective municipalities who had authority to oversee the water provision function on behalf of the local municipality. This meant that Technical Managers were charged with the responsibility for accounting and reporting to CHDM. However, in practice Technical Managers while mindful of their authority were not fulfilling their reporting responsibility. Consequently Area Managers were burdened with the emergent responsibility of dual reporting to the Technical Manager and reporting for the Technical Manager to CHDM which was never intended. This is consistent with emergent strategies that evolve based on what companies actually do as opposed to what they intended to do (Noe et al., 2008). Clearly the division of labour element is dysfunctional in this structure which contributed to the lack of sense of responsibility and accountability by the Technical Managers. This is one of the other unintended outcomes of the decentralised water provision model.

Findings show that Area Managers lacked understanding of the span of control of their jobs within the decentralised water provision structure. In their view they had authority to oversee the entire water provision business but they felt that in practice they had no authority. If their understanding was true that would have meant the water provision function was centralised because in essence CHDM would still be in control of the day-to-day operations of the water provision function. Centralisation refers to the degree to which decision making and authority is concentrated at a single point as opposed to distributing to different levels (Noe et al., 2008). However, it was clear that local municipalities were in control which was evident in their independence and authority in taking operational decisions without consultation with CHDM which meant that the water provision function was indeed decentralised.

It is notable that different formal systems (Kaplan, 2005) such as performance management, budgeting and business planning were planned to support the planned strategy, however some were never implemented. Although the planned management system included the facility for measuring performance of Area Managers this was never carried out. Consequently there were tensions where Area Managers lived in constant fear of not knowing whether their contracts would be extended or not since no-one could prove their performance or non-performance. On the other hand the implication of failing to implement the performance systems meant that Area Managers were not recognised for performance and effectively there was no performance reward system. According to Aaltonen and Ikavalko (2002), reward systems were most problematic or hindered strategy implementation.

Some systems emerged and were developed during the implementation of the decentralised water provision model, i.e. financial control systems for tracing transactions through a dedicated bank account for water services, and reporting platforms and system for monitoring the key performance areas of water services providers. However, these were not yielding the desired outcome as it emerged that even when there were dedicated bank accounts for water services, since there were no financial systems for water services provision it was difficult for CHDM to access water services information from local municipalities as this information was often mixed with information for other services rendered by the local municipality other than water provision. This means there was unalignment or partial alignment of organisational systems to the strategy.

There was high alignment of the leadership style of CHDM management to the strategy; clearly the vision of CHDM water provision strategy was well communicated and understood by all Area Managers. CHDM management showed support to all water services providers, especially to seconded staff, and maintained a positive attitude about CHDM's potential for success through implementing the decentralised water services provision model.

Predominantly the skills that were required to support the decentralised water provision model were acquired. Systems such as offering attractive salary packages were put in place to ensure that the correctly qualified people were recruited. However, one municipality chose to recruit staff using its own policies versus recruiting through CHDM, this flexibility was

agreed upon as a demonstration that the delegation of the water provision function was not an imposition but rather a negotiated process. While this was an unintended order, it was discovered and subsequently formalised. According to the literature Mintzberg and Waters (1985) emphasises that emergent strategies are not a sign that management is out of control but rather demonstrate management's flexibility and responsiveness to the forces in the environment when implementing strategy.

There were different categories of staff that comprised each water services provision unit within each local municipality i.e. qualified technical staff appointed by CHDM and seconded to local municipalities, staff that CHDM had inherited from the Department of Water Affairs when the water services function was devolved (these were managed by the local municipalities), and lastly staff appointed by the local municipalities who had been working under water services even before CHDM became a water services authority. Notably there was a lack of integration of CHDM staff into local municipality systems as there was resistance from local municipality staff to accept the seconded staff. The lack of integration was attributed to disparities in terms of salaries paid to staff with similar qualifications: seconded staff were paid higher salaries than local municipality employees. Differences in staff related policies between CHDM and the local municipality created tensions and difficulty in terms of enforcing discipline and upholding grievance procedures. Despite these challenges CHDM had recruited the number and types of employees with competencies that were required to meet its strategic objective (Higgins, 2005).In a nutshell. Staff, lack of shared values, and systems emerged as barriers to strategy execution at CHDM. Additionally, structural conflict between technical managers and area managers, role conflict, and authority are some of the barriers experienced in the implementation of the decentralised water services. Notably, strategy was well known, style and skills were critically positive in how CHDM implemented its strategy.

## 1.7 Limitations of the research

A major limitation of the study is the limited number of respondents because the study only focused at a municipal level thereby excluding the perspectives held by the beneficiaries of water services. Another limitation is that the researcher is a senior manager within the water services unit of CHDM so it cannot be guaranteed that the respondents did not tell the researcher what they thought she wanted to hear rather than the reality of their knowledge

and experiences. However, all respondents were informed that their participation was voluntary and emphasized openness when responding to questions.

## 1.8 Value of the research

No studies had been conducted to evaluate the implementation of a decentralised water services provision strategy at CHDM. Thus, this research is valuable to CHDM as it provides insight into the effectiveness of implementing the decentralised water provision model. Furthermore, the use of the McKinsey 7S framework to evaluate the decentralised model is valuable as it identifies and highlights gaps where there is misalignment of the 7Ss. These are areas which CHDM needs to address in order to enhance or improve strategic performance.
The study further indicates the barriers and enablers to implementing the decentralised water provision model in CHDM.

## 1.9 Areas for future research

Further research needs to explore the experiences of the beneficiaries of water provision services and whether the water services providers are indeed performing their duties up to the expectation of both CHDM and the beneficiaries.

## 1.10 Recommendations

"The 7S model posits that organisations are successful when the three 'hard S's of strategy, structure and systems are integrated in harmony with the four 'Soft S's' of skills, staff, style and shared values" (Kaplan, 2005:41). To improve the implementation of the decentralised water services provision model, it is recommended that CHDM pay attention to the aspects described below.

### Shared Values

Senior managers need to ensure that the shared values are widely understood and that they serve as a guiding principle of what is expected from employees. Programmes targeted at instilling shared values amongst employees need to be developed and implemented frequently because having these written in documents and in posters that are hung on the walls have proved not to be useful. Particular effort needs to be made to ensure that seconded staff form part of the sessions where shared values of the institution are discussed.

**Systems**

Formal systems that will enable CHDM to manage the decentralised model effectively should be developed and implemented: these include management control systems, financial control systems customized for water provision, reward systems, resource allocation systems and information management systems. Furthermore the existing performance management system should be utilized to measure performance of the Area Managers, alternatively Area Managers need to be absorbed permanently so as to ease tensions caused by the uncertainty of being on contract.

**Structure**

The distribution of authority and the span of control of the Area Managers and the Technical Managers need to be explicitly clarified in the WSA/WSP contract so as to diffuse tensions and confusions of where the authority and accountability for water provision actuality resides.

**Staff**

Staff integration, pay parity and standardising or ensuring the uniformity of human resource policies all need to be addressed. This means that CHDM as a water services authority needs to consider absorbing staff appointed by local municipalities into its organogram. Furthermore, the WSA/WSP contract needs to explicitly provide a process that will allow local municipalities to have recourse to deal with disciplinary issues of staff under their management.

## 1.11 Conclusions

This qualitative study explored the implementation of a decentralised water service provision model at Chris Hani District Municipality in the Eastern Cape province of South Africa. The Chris Hani District Municipality is comprised of eight local municipalities: Lukhanji, Lady Frere, Sakhisizwe, Inkwanca, Tsolwana, Inxuba Yethemba, Intsika Yethu and Engcobo. All eight municipalities were delegated to perform the water service provision function of CHDM.

The research question was to evaluate:

- How effective was the implementation of the CHDM decentralised water services provision model?

- What are the enablers of and barriers to implementing a decentralised water provision model in CHDM?

The study evaluated the alignment of the McKinsey 7Ss of strategy execution in the CHDM decentralised water services provision model and identified enablers and barriers to executing a decentralised water services provision model. The McKinsey 7S framework was adopted in this study as it is comprehensive enough to cover any key factors that impeded or enhanced implementation of a decentralized water services model of CHDM. Eight Area Managers were purposively recruited for the study to provide local and contextual perspectives on what enabled or impeded execution of this decentralized water services provision model. A total of seven area managers were interviewed as the eighth Area Manager had since resigned and left the employ of CHDM during the time of the study.

Data was gathered from Area Managers through semi-structured interviews which took place between May and July 2013, and interviews were conducted at the respective towns of each Area Manager (Cradock, Tarkastad, Molteno, Lady Frere, Cala, Engcobo and Cofimvaba).

All interviews were audio recorded and transcribed, and data was coded and categorised according to the theoretical perspectives of the McKinsey 7S framework. The draft report was given to the research participants for verification or comments not only as input but also as member check before the final report.

Predominantly most of the Area Managers reflected that the implementation of the decentralise water services provision model by CHDM manifested four cornerstones: (a) reducing distance to water services, (b) delegating of water provision function and accountability, (c) improving delivery of water services, and (d) putting people first in water provision.

Drivers of the implementation of the decentralized water provision strategy were predominantly related to skill, styles and strategy of water service delivery to empower local municipalities and enhance operational efficiencies and service quality.

Recommendations were made to CHDM on how the implementation of the decentralised water services provision model could be enhanced for better performance. This study will

benefit CHDM on improving and strengthening the alignment of all the 7S elements to enhance the performance of the decentralised water provision model.

A major limitation of the study is the limited number and diversity of respondents because the study only focused at a municipal level thereby excluding the perspectives held by the beneficiaries of water services.

Since no studies had been conducted previously to evaluate the implementation of a decentralised water services provision strategy at CHDM, this research is valuable to CHDM as it provides insight on the effectiveness of implementing the decentralised water provision model. Furthermore, the use of the McKinsey 7S framework to evaluate the decentralised model is valuable as it identifies and highlights gaps where there is misalignment of the Ss. These are areas which CHDM needs to address in order to enhance or improve strategic performance.

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## SECTION2: LITERATURE REVIEW

### 2.1 Introduction

It is notable that successful implementation of strategy is very important in any organization – private or public. As such it is not surprising that public sector managers are expected to implement strategies to improve organizational performance and service delivery. Consequently, strategy implementation in the public sector has become an increasingly relevant and topical issue, especially because public sector organizations exist to meet the needs of particular stakeholder groups and maximize organizational performance rather than to realize profits. Despite this growing focus of public sector management literature on strategy, "there have so far been few explanations about *how* public sector managers develop and implement new strategic approaches (Pablo, Reay, Dewald and Casebeer, 2007:687). The aim of this section is primarily to explore the concept of strategy implementation, and barriers and enablers to how strategy is implemented in an organization in general, and in the public sector in particular.

Generally, it is argued that formulating of strategy is difficult but implementing strategy throughout the organization is even more difficult (Ehlers and Lazenby, 2010:262). This section reviews various conceptualizations and definitions of the complex concept of strategy implementation in order to gain an in-depth understanding, as well-conceived strategies are useless if not implemented successfully. Subsequently, a critical review of drivers of and barriers to strategy implementation are provided. This is followed by a review of various models for evaluating strategy implementation, including the Mckinsey 7S model which is the preferred framework in this study.

### 2.2 Strategy implementation

Strategy and strategy implementation are some of the concepts from the for-profit strategy literature that have become relevant in public sector management.

Franken et al. (2009:49) state that strategy implementation is concerned firstly with creating a portfolio of change programmes that will deliver the strategy, and secondly with attracting, allocating and managing all the necessary resources to deliver these change programmes. This is one way in which strategy implementation is conceived as distinct from strategy formulation, suggesting that it is a "strategic afterthought" (Noble,1999:119). Implicitly, this

view is supported by the notion that strategy is first formulated and then implemented. Commonly, strategy implementation or execution emphasizes *action* (e.g. making things happen) or the *outcome* thereof.

Those who hold the view that strategies are explicit are more inclined to assert that strategy implementation is essentially about operationalization or carrying out the pre-determined strategic plans (Mintzberg, 1978). Aspects of strategy implementation as a *process* are inherent in notion of translating strategy into tangible outcomes and actions (Ehlers and Lazenby, 2010). This view of strategy implementation has two characteristics: a portfolio of change programmes that are created, and delivery of those change programmes. However, the notion of implementing strategy which is pre-determined seems to ignore the fact that strategies are revised in response to changing organizational or external environments. However, not all scholars have looked at implementation in terms of creation and delivery of a number of change programmes.

### 2.2.1 Nature and role of strategy

While strategy formulation is characterized as falling within the domain of the top management team, strategy implementation appears to be about day-to-day activities or "where and how things are done". In this regard, strategy implementation has been conceived as a pattern of activity to do with operations in terms of how people and resources are managed in order to achieve set objectives. In this vein, Thompson et al. (2009:359) claims that strategy implementation is primarily an operations driven activity revolving around the management of people and business processes. The relationship between strategy as a plan and strategy as a pattern is depicted in figure 1 below (Louw and Venter 2010)

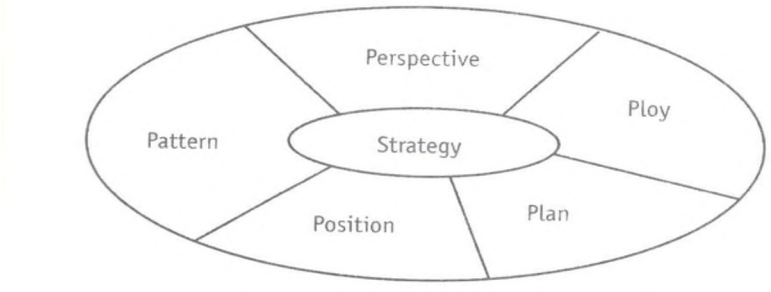


**Figure 6: The five Ps of strategy**

Source: Louw and Venter (2010:18)

It is vital to highlight that strategy also emerges and evolves without the intervention of strategic planners (Mintzberg, 1978). Aaltonen and Ikavalko (2002:415) agree that "in reality some strategies are planned and some just emerge from the actions and decisions of organizational members…We suggest that planned strategy and realizing strategy, or emergent, strategy evolve hand-in-hand and affect each other in the process of strategy implementation, where strategies are communicated, interpreted, adopted and enacted". After strategy implementation, Mintzberg's (1978) typology suggests that strategy can be categorized into (1) *deliberate* (intended strategies that are realized), (2) *unrealized* (intended but not realized), and (3) *emergent* (realized strategies that were never intended) strategies. For example, if strategy process is emergent and more open to external influences, public sector managers are expected to exercise flexibility and adaptation.

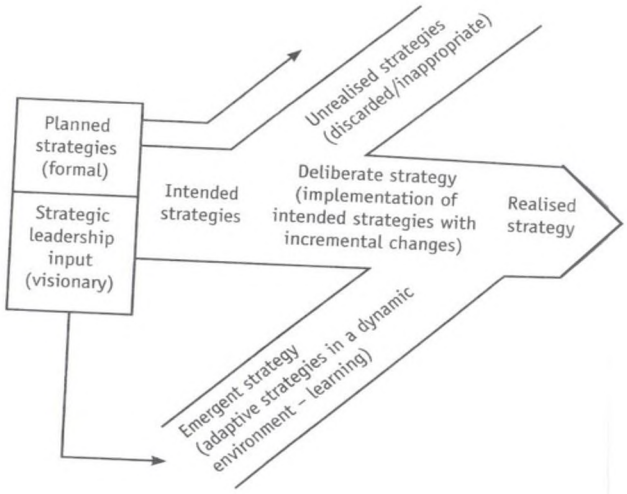


**Figure 7: Strategy implementation as a link between planned and realizing strategy**
Source: Aaltonen and Ikavalko (2002:415)

It is essential to note that researching strategy implementation under this conception requires a broader scope to understand the planning of strategies and also the real day-to-day work practices that turns strategies into outcomes and eventually achieves the vision. In a nutshell, Aaltonen and Ikavalko (2002:415) assert that strategy implementation is about "matching the planned and the realizing strategies, which together aim at reaching the organizational vision" (see Figure 5 below).


**Figure 8: Strategy implementation as a link between planned and realizing strategy**
Source: Aaltonen and Ikavalko (2002:415)

### 2.2.2 Diverse perspective of strategy implementation

In his research Kazmi (2008:1566) makes an insightful observation that the conceptual perspectives developed over the succeeding two decades consist of some similarity of approach evident in what are considered as critical implementation factors (e.g. organizational structure, culture, people, communication, control and outcome).

With an emphasis on internal context and functioning, Kazmi (2008:1566) recommends that the process of strategy implementation be built around a set of implementation factors. Louw and Venter (2010:394) add that the ability of an organization to facilitate effective and efficient strategy implementation is dependent on its internal functioning of the implementation factors. According to Louw and Venter (2010:394), this internal environment comprises elements that are crucial and have to be well aligned and coordinated in translating strategy into tangible outcomes and actions. For example, strategy implementation requires an alignment between organizational culture, policies and procedures; an effective knowledge and skills base; a suitable organizational culture and different processes; and systems and strategies. It can be argued that this inside-out perspective of understanding how strategy is implemented in an organization suggests "that the source of performance success, no matter how it is measured, is drawn from within" (Pablo et al., 2007:689). This echoes the resource-based view (RBV) of the firm (Barney, 1991; Grant, 1996; Peteraf, 1993) which is not directly related to competition and provides a fruitful approach that helps to explain value creation and strategy implementation in public sector organizations. Concisely, the RBV

asserts that valuable, rare, inimitable, non-substitutable and organizable combinations of resources provide the organization with unique and individual characteristics that lead to successful strategy implementation (Louw and Venter, 2010:394). A focus on resources is most appropriate for public sector organizations not because they do not normally compete for customers but rather because they are required to deliver valuable services to clients, even though they may not receive direct compensation from those who use the services. In the view of David (2009:229) "management issues central to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing strategy supporting culture, adapting operations processes, and developing an effective human resources function". It has been argued that the lack of concrete knowledge in the area of strategy implementation is partly due to the difficulties of "gaining insights into the inner workings of a firm" (Noble, 1999:133).

Noble (1999:119) posited long ago that a researcher interested in strategy implementation faces a formidable challenge as there is not a deep and cohesive body of prior literature on which to draw in developing new efforts. At that time, Noble (1999:119) noted that one of the reasons for the lack of a cohesive body of existing implementation research was the diverse perspectives in defining the concept of strategy implementation. In his review Noble (1999:120) identified different formal definitions of strategy implementation that have been proposed. Noble (199:120) categorises definitions of strategy implementation into those that "holds implementation to be an act of control and monitoring", and implementation as synonymous with execution of the strategic plan" (Floyd and Woolridge, 1992:27-39 and Kotler, 1984). Furthermore, strategy implementation is conceived as "a finer level of planning involving the allocation of resources and the resolution of operational issues" (Caspedes, 1991; Laffan, 1983:389-408). From these categories Noble (1999) derived another perspective of strategy implementation where he argues that strategy implementation is in fact a combination of the perspectives already discussed but with a specific focus on the "processes" involved. Therefore, strategy implementation is defined as the communication, interpretation, adoption and enactment of strategic plans. Table 7 depicts the various definition of strategy implementation identified by Noble (1999:120).

**Table 7: Different Perspectives of Strategy Implementation**

| Author | Strategy implementation perspective |
|---|---|
| Laffan, 1983 | During the implementation phase, a policy decision must be spelled out in the operational detail and resources allocated among programmes. |
| Bonoma, 1984 | Implementation is turning drawing board strategy into market place reality. |
| Kotler, 1984 | Implementation is a process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plans stated in objectives. |
| Hrebiniak and Joyce, 1984 | Implementation is a series of interventions concerning organizational structures, key personnel actions, and control systems designed to control performance with respect to desired ends. |
| Aaker, 1988 | The implementation stage involves converting strategic alternatives into an operating plan. |
| Caspedes, 1991 | Implementation refers to "how to do it" aspects of [marketing]. Implementation deals with organizational issues, with the development of specific [marketing] programmes and with the execution of programmes in the field. |
| Floyd and Woolridge, 1992 | Implementation is the managerial interventions that align organizational action with strategic intention. |

Source: Noble (1999:120)

In a framework for strategic change, Pettigrew (1987) brought to the fore three aspects of strategy implementation and change – context, content and process – which need to be understood properly in a study of strategy implementation not only because they are so interwoven but also because they affect each other in the course of implementation. It was decades ago that Ring and Perry (1985:276) noted distinctions that are critical to understand strategic management processes between public and private sectors (e.g. public sector executives and strategy implementation have to pay more attention to diverse public in general than private sector managers; public sector managers experience a richer variety of competing interests and viewpoints both inside and outside the organization than private managers; the existence of a wide variety of "controllers", "higher authorities" and

"monitors", minimizing effects of discontinuities arising from brief political tenures and constantly changing agendas). In this regard, it is instructive to note that strategy implementation in the public sector has to take into account a wide range of stakeholder interests, and also that these stakeholders will evaluate strategy implementation differently (Ring and Perry, 1985). This also calls for a different set of ways of how to implement strategy. Precisely, strategy implementation in the public sector is likely to be perceived as not adequate if evaluated against standards grounded in the private rather than the public sector.

According to Noble (1999), research on strategy implementation has focused on two aspects: structural perspectives and interpersonal processes or issues. Firstly, structural perspectives are about the relationship between strategy formulation and structure, strategy-structure and alignment as necessary for strategy implementation, and adjustments to strategy structure in response to competitive changes. Notably, control mechanisms have been categorized as structural aspects (e.g. assessing performance during and after new strategy implementation, the role of formal controls in strategy implementation etc.) (Noble, 1999). Secondly, strategy implementation research has also dwelled on interpersonal processes or issues central to implementation of strategy (e.g. strategic consensus, autonomous behaviours, diffusionary processes, leadership styles and their effects, effects of implementation styles, communication and interaction of organizational members.

### 2.2.3 **Organisational architecture and alignment**

According to Silverman (1997:1), organizational architecture covers more than a typical reorganization, restructuring, reengineering, or strategic planning initiative. Silverman posits that it involves the creation and ongoing management of a framework for the "organization of the future" that encompasses all formal and informal systems and structures as well as their inherent interactions. It is further argued that the goal of organizational architecture is to create organisations that provide ongoing value to current and future customers while they optimize the performance of, and align, all aspects of the system (Silverman, 1997:1).

Louw and Venter (2010:479) argue that effective and efficient strategy implementation is not so much dependent on the various components of the internal organisations being in place as in these components acting together. This suggests that the emphasis is on the *alignment*.

Louw and Venter (2010) provided key definitions of organizational architecture that were contributed by various authors: see Table 2

**Table 8: Definitions of organizational architecture**

| |
|---|
| The underlying model of the organisation's way of doing business |
| A model of the enterprise that can be shared by everyone involved in management change |
| All of the various systems, structures, management processes, technologies, strategies that make up the modus operandi of the organization |
| A holistic, future facing, logical blueprint that needs to interpret business strategy and provide a focus on customer value, while concurrently identifying the work activities, roles, and competencies, business rules and processes necessary to build and operate the business |
| A collectively agreed and communicated document that in light of the strategic competencies needed to fulfill stakeholder needs, defines and details the major building blocks of the organization |

Source: Adapted from Louw and Venter (2010:479-480)

Notably, Louw and Venter (2010) identified that most popular organizational architectures possess common key pillars which serve as a basic framework of each organization. Basic components of different organizational architectures are depicted in Table 3.

**Table 9: Basic components of different organizational architecture**

| ULRICH[9] | MCKINSEY 7-S[10] | HIGGINS'S 8s MODEL[11] | NIHILENT'S MC[3] FRAME-WORK[12] | JAY GALBRAITH'S STAR FRAME-WORK[13] | VEASEY[14] | WOLFENDEN AND WELCH[15] | LEE ET AL[16] |
|---|---|---|---|---|---|---|---|
| • Shared mindset<br>• Competence<br>• Consequence (rewards and incentives)<br>• Governance (structure, communications systems, and policies)<br>• Capacity for change<br>• Leadership | • Strategy<br>• Style<br>• Skills<br>• Shared values<br>• Structure<br>• Systems<br>• Staff | • Strategy and purposes<br>• Structure<br>• Systems and processes<br>• Style (leadership/management style)<br>• Processes<br>• (re)Sources<br>• Shared values<br>• Strategic performance | • Calibration<br>• Motivation<br>• Capability<br>• Capacity | • Strategy<br>• Structure<br>• Rewards<br>• Processes<br>• People | • Processes<br>• Organisation technology<br>• Competencies<br>• Culture<br>• Stakeholders and capabilities (inputs) | • Customer segmentation<br>• Customer life cycle interaction (total cycle of value-adding outcomes experience)<br>• Activities (all activities including the life cycle interaction are defined)<br>• Roles<br>• Co-ordination activity<br>• Business rules (underlying organisational culture)<br>• Business processes | • Culture<br>• Structure/ systems<br>• Knowledge, skills, and abilities<br>• Technology<br>• Processes<br>• Internal and external stakeholder capabilities |

## 2.3 Drivers of and barriers to strategy implementation

### 2.3.1 Barriers

According to Olson et al. (2005:47), "many executives argue that brilliant execution is more important than brilliant strategy. One reason cited for this is "doing is harder than dreaming" and poorly executed strategy is merely a vision of what could be". It is argued that effective strategy implementation is difficult as it requires coordinated efforts from every individual within an organisation. Franken et al. (2009:50) highlight that literature suggests that there are five key reasons why successful strategy implementation is difficult:

- "Frequent changes if strategy in persuit of maximizing shareholders welth";
- "The second reason relates to the increased complexity of organisations. Activities performed to create products and services cross multiple functional, organizational and geographical boundaries, consequently, any strategic change programme is likely to affect people, processes, structures, technologies, suppliers and business partners that work both within and across the boundaries. Hence, strategic programmes are becoming highly complex resulting in increased risk of failure due to oversight";
- "Managers are faced with the difficulty of balancing implementing complex programmes successfully with managing day-to-day performance of an organosation";
- "Not involving all managers at the initial stages of strategy implementation"
- Usually there are many projects that compete for the very same limited resources within an organization as a result there may be limited funding to implement strategy

In his thesis, Van Donselaar (2012:27) highlights that it is crucial that in the quest of achieving strategic change, organisations should not lose sight of the human side of the organisation. Failure to nurture the human side of the organization may lead to resistance towards the intended change by staff, therefore, staff resistance is one of the barriers to successful strategy implementation. Lewis and Miller (1987) argue that service delivery efforts in government are hindered by failure to recognise and incentivise staff for their efforts so as to improve efficiency.

Williams (2009) posits that strategy in the public sector is usually centered around producing visible results and value for money to reassure taxpayers to prove government's performance.

"Political pressures commonly lead to changes in priorities where short term decisions are taken so as to gain voters support consequently impacting on the long term strategic planning. Lewis and Miller (1987) are also of the view that government funds entail political costs as a result funding strategies is difficult to implement because it is political pressure not the financial needs that have determined government action in the past.

### 2.3.2 Enablers

According to Hough et al. (2008:260), there are three organisation building actions that are paramount to effective strategy implementation, namely:

- "Staffing the organisation – by putting together a strong management team and recruiting and retaining skilled employees";
- "Building core competencies and competitive capabilities – by developing a set of competencies and capabilities suited to the current strategy and training and retraining employees as needed to maintain skills based competencies"; and
- "Matching the organisation structure to strategy – by instituting organisational arrangements that facilitate good strategy execution and deciding how much decision-making authority to push down to the lower level managers and frontline staff".

Olson et al. (2005:47) found that in order for strategy to create superior performance it must be complemented by appropriate organisational characteristics and employee behaviours. Ehlers and Lazenby (2010:281) identified the following key factors as drivers to steer strategy implementation to the desired direction: leadership, organizational culture, reward systems, organisational structure and resource allocation. It is argued that leadership, organizational culture and reward systems are vital drivers of strategy implementation as they concern the human element of the organization. Organisational structure and resource allocation are categorized as structural drivers of strategy implementation (Ehlers and Lazenby, 2010:281). As organisations evolve due to changes in strategy it is vital to ensure that new strategies are supported by appropriate structural drivers, i.e. aligned organizational structure and allocation of adequate resources.

#### 2.3.2.1 Leadership as a driver for strategy implementation

Franken et al. (2009:51) argue that it is essential that those responsible for strategy execution and those affected by the resulting changes understand the underlying reasoning and urgency so as to maintain the desire and willingness to pursue change. To achieve this, effective strategic leaders set the organization direction to engender commitment, they ensure appropriate leadership at all levels of the organization, they recruit and develop social capital, they build and utilise core capabilities of the organization, they ensure organizational alignment, they create organizational culture supportive of the strategy, and they lead change (Louw and Venter, 2006:353).

Successful strategy implementation requires the strategic leadership team to use all possible means of involvement and continuously motivate people to embrace change and make it happen (Franken et al., 2009:51).

#### 2.3.2.2 Organisational Culture as a driver for strategy implementation

Hitt , Ireland and Hoskisson and (2009:355) define organizational culture as a complex set of ideologies, symbols and core values that are shared throughout the organization which influence how work is done. Ehlers and Lazenby (2010:294) argue that organizational culture can be either a valuable ally or a stumbling block to successful strategy implementation. However, when the organisation's beliefs, vision and goals underpinning its chosen strategy are compatible with its organisational culture, this culture serves as a valuable driver and simplifies strategy implementation efforts (Ehlers and Lazenby, 2010: 294). Ireland et al. (2009:355) assert that effective communication and problem solving and the selection of the right people, engaging in effective performance appraisals and using appropriate reward systems shapes and reinforces the desired organizational culture that drives successful strategy implementation.

#### 2.3.2.3 Reward systems as a driver for strategy implementation

A reward system is another critical driver in motivating managers and employees to commit to the implementation of the new chosen strategy (Ehlers and Lazenby, 2010:299). It is argued that reward systems play a key role in strategy implementation and therefore should be created in such a way that they are tightly linked to the strategy, encourage a change in behaviour to support strategy implementation and to reward managers for performance.

Ehlers and Lazenby (2010:299) claim that in order to be an effective motivator for strategy implementation, a reward system should extend to middle and lower levels of management and really be used for the entire workforce.

#### 2.3.2.4 Organisational structure as a driver of strategy implementation

MacLennan (2011:61) claims that organizational structure is the formal arrangement of the organization into separate parts to divide labour and enable appropriate managerial spans of control and focus. Thus, implementing a new or changed strategy is likely to entail new or different key activities, competencies or capabilities and therefore require a new or different organisational arrangement (Hough et al., 2008:260). If no adjustment is made, it is posited that there will be a mismatch between the strategy and structure which will have a negative impact on strategy implementation and performance. David (2009:234) supports the above claim that changes in strategy often require changes in the way the organization is structured. There are two reasons attributed to the need to change structure as strategy changes. Firstly, it is because structure dictates how objectives and policies will be established, and secondly, structure dictates how resources will be allocated. Ehlers and Lazenby (2010:334) support the view that organisational structure needs to be aligned with the chosen strategy for successful strategy implementation; however, they assert that there is no fixed recipe for matching strategies and structure.. Gupta (1987) made an interesting observation in his study where he examined the relationship between Strategic Business Units (SBU) strategies and implementation, it was concluded that structures that are more decentralised have superior performance regardless of strategic context.

#### 2.2.3.5 Resource allocation as a driver of strategy implementation

Analoui and Karami (2003:216) cite that companies are adopting a "resource-based approach" which views employees as assets of an organization. The approach views competencies, capabilities and skills as a strategic sustainable competitive advantage for an organization. To achieve successful strategy implementation, it is essential that resources are allocated in such a way that they support the organisation's long term goals, chosen strategy and short-term goals (Ehlers and Lazenby, 2010). They further state that strategy implementation efforts will seldom succeed if the resource allocation plan or budget are not linked to strategy. A conclusion is made that "the value of resource allocation plan lies in its

alignment with the organisation's strategic goals" (Ehlers and Lazenby 2010). The new strategy must drive the resource allocation process.

## 2.4 Models for evaluating strategy implementation

As strategy implementation occurs in different organizational contexts and settings, there is no one-size-fits-all approach to implementing strategy (Ehlers and Lazenby, 2010:262). As such, there is a variety of models that strategic leaders can use to understand and diagnose the organizational issues requiring attention for the useful implementation of strategy" (Louw and Venter, 2010:396). Table 8 reflects on models from the existing literature and it further identifies the variables represented in each model as well as other characteristics, however only a few models will be discussed in detail.

**Table 10: Models for evaluating strategy implementation**

| Model | Variables | Major premise |
|---|---|---|
| Force field analysis (1951) | Driving forces, restraining forces | Disiquilibrium occurs during change. |
| Leavitt's Model (1965) | Task, structure, technological and human variables | Change in the variables is undertaken to affect the task variable (products and services). |
| Likert system analysis (1967) | Motivation, communication, interaction, decision-making, goal setting, control and performance | Four different types of management systems are identified based on the seven variables. |
| Weisbord's six-box model (1976) | Purposes, structure, relationships, leadership, rewards and helpful mechanisms | The larger the gap between the formal and informal systems within each variable, the less effective the organisation. |
| Congruence model (1977) | Inputs: environment, resources, history, strategy Throughputs: task, | Assumes open system theory, formal and informal systems, the fit or congruence between |

| | | |
|---|---|---|
| | individual, formal organization Outputs: individual, group and systems | the internal variables. |
| Mackinsey 7S Framework (1981) | Shared values, strategy, structure, style, staff, systems and skills | Variables must all change to be congruent as a system. |
| Tichy's TPC Framework (1983) | Inputs: environment, resources, history Throughputs: mission, task, prescribed networks, emergent networks, people, organisation Outputs: performance and impact on people. | All variables are analysed from a technical, political and cultural perspective using the strategic rope metaphor. |
| High-Performance Programming (1984) | Time frame, focus, planning, change mode, management, structure, perspective, motivation, development, communication and leadership | Four different levels of organizational performance are identified based on all eleven variables. |
| The Burke-Litwin casual model (1992) | External environment, leadership, mission and strategy, culture, management practices, structure, systems, climate, motivation, skills/job match, individual needs and values and performance | Model points to the relative weight of the elements of organizational functioning and the causal linkages that determine the level of performance and affect the process of change. |

Source: Leadersphere (2008:22-24)

Van Donselaar (2012:18) claims that the congruence model provides a rigorous framework for analysing complex organisations. The congruence model assists in understanding the key

drivers or causes of performance and the relationship between them. Congruence or fit is described as "the degree to which the needs, demands, goals, objectives, and/or structures of one component are consistent with the needs, demands, goals, objectives, and/or structures of another component" (i.e. how well pairs of components fit together). The model is termed the congruence model based on the fit between the system components (informal organization, task, formal organizational arrangements, and individuals). Through analysis of the congruence between the system parts, the whole organization is diagnosed as displaying relatively high or low total system congruence. It is evident that this model is a tool for thinking through organisational problems and it does not function as a rigid template for classifying observations (Van Donselaar, 2102:18). It therefore involves identifying the symptoms of problems, determining and identifying problem areas and developing an action plan for dealing with the problems. This research is focused on exploring and understanding the process that CHDM has undergone in implementing the provision of decentralised water services and to identify its drivers and barriers, therefore the congruence model is not relevant for this study.

Another model is Tichy's Technical Political Cultural (TPC) framework. Tichy identifies key variables in the model which he asserts are important to the change management process (Tichy, 1983). The focal point of Tichy's model is the output variable, which he terms organizational effectiveness; the output is dependent upon the input and throughput variables. All of the variables, including the input and output categories, are considered to be interrelated in the model. While some variables have a strong impact on other variables, other variables have a weaker, or reciprocal, relationship on other variables. In considering the variables in the model, Tichy applies an overlay which is vital to his theorizing. The TPC overlay raises four questions which are vital to organizational diagnosis. These questions address the technical, political, and cultural dynamics of the organization. The technical dynamics are those aspects of the organization which are knowable, such as production processes or available resources. The political dynamics are the views of dominant groups, including bargaining by powerful organizational groups. The cultural dynamics constitute the shared symbols and values which make up the organizational culture. Tichy uses a rope metaphor to emphasize the strategic importance of the three strands (*technical*, *political*, and *cultural*) in the change process. He asserts that the three strands must be managed together, or realigned, for effective change. Since the focal point of this model is on the output variable as

opposed to understanding the processes of implementing a strategy, it is deemed not applicable to this research study.

The high-performance programming framework assesses the current level of performance of an organization in order to plan interventions to transform the organization into a high performing system (Fuqua and Kurpius, 1993; Nelson and Burns, 1984). Nelson and Burns describe four organizational systems which are more or less effective. These systems, or frames, as Nelson and Burns call them, include the high-performing organization (level 4), the proactive organization (level 3), the responsive organization (level 2), and the reactive organization (level 1). Similar to the congruence model, this model is useful in identifying symptoms of the problem so as to develop corrective intervention plans, and therefore it does not address the objective of this study.

It is the Mckinsey 7S framework that is considered to be a useful tool in understanding the inner workings of an organisation (van Donselaar, 2012:19). Mahomed (2004:20) argues that the McKinsey 7S model is a holistic framework with which to analyse and improve organisational effectiveness. It allows the organisation to survey its operations, articulate its vision, and compare the present with the future and articulate intended changes. The McKinsey 7S Framework was created as a recognizable and easily remembered model in business. Effective organisations try to achieve a fit between these seven elements. If one element changes, it will affect the others. For decades, in the change process, managers paid attention to the "hard" elements of organizing and the "soft" ones were largely neglected (Thompson et al., 2008:256). Mahomed (2004:21) cites that according to Peters and Waterman's "In Search of Excellence" the soft factors can make or break a successful change process because new structures and strategies are difficult where culture and values are inappropriate. Implicitly, this echoes the need for "soft" and "hard" aspects to be given attention as parts of a unified system (Angwin, Cummings and Smith, 2008:184; Thompson et al., 2010:257).

The McKinsey 7S model is chosen as a framework to explore the alignment of the water services provision model of CHDM because of its simplicity and applicability to strategy implementation in public sector organisations. Even though the model was developed and has been mainly used in the private sector, it can and has been used to assess strategy

implementation in the public sector. For instance in 2004, Mohamed successfully conducted his masters research study analysing the Johannesburg regional office of the Government Communication and Information System (GCIS) using the McKinsey 7S framework. Another case of note where the MacKinsey model has been used to assess an organisation in the public sector is a qualitative study that has been recently done by Richard van Donselaar to fullfil his Masters in Administration degree in the University of Twente in the Netherlands. Van Donselaar (2012) used the 7S framework to study and map organizational drivers and barriers towards strategy implementation of the Netherlands Red Cross, a non-profit organisation.

## 2.5 McKinsey's 7S model

The seven variables, which the authors term "levers", all begin with the letter "S". The model assists in examining how well the organization is positioned to achieve its intended objective. It is noted that for decades managers paid attention to "hard" elements of organizing and the "soft" ones were largely neglected (Thompson, 2010:556). This echoes the need for both soft and hard aspects to be given attention as parts of a unified system. McKinsey 7S involves the alignment of seven interdependent factors which are categorized as either "hard" (e.g. strategy, structure and systems) or "soft" (e.g. shared values, skills, staff and style). See Figure 6.


**Figure 9: McKinsey 7S Framework**

Source: Adapted from Louw and Venter (2010:515)

### Structure

Structure is defined as the skeleton of the organization or the organizational chart. The McKinsey 7S model identifies structure as the division of activities, integration and

coordination mechanisms and the nature of formal and informal organisation. Higgins (2005:5) adopts a more nuanced view, stating that the organisation's structure consists of five parts: jobs, the authority to do those jobs, the grouping of jobs in a logical fashion, the manager's span of control, and mechanisms of coordination. The first of these four parts is usually shown in the organisational chart, and the last is usually described in the firm's operating policies and procedures. Olson et al. (2005:53) assert that there is substantial evidence that how a firm is structured and which behaviours are emphasised strongly influences performance.

**Strategy**

Authors describe strategy as the plan or course of action in allocating resources to achieve identified goals over time. It is interesting to note that Higgins (2005:5) claims that strategies are formulated to achieve organisational purpose, and when there are changes in strategic purpose, strategy changes.

**Systems**

Systems are routinised processes and procedures followed within the organization. These include systems such as strategic planning systems, information systems, capital budgeting systems, manufacturing processes, reward systems and processes, quality control systems and processes and performance measurement systems.

**Staff**

This aspect represents the number and types of employees with types of individual and group competencies the firm needs to meet its strategic purpose.

**Skills**

The skills variable refers to the organisation's core competencies and distinctive capabilities required by staff or possessed within the organization as a whole in order to effectively implement strategy.

**Style**

The way in which key managers behave in achieving organizational goals is considered as the style. This variable is thought to encompass the cultural style of the organization. It is

instructive to note that Higgins (2005:5) refers to leadership style as the consistent pattern of behaviour by leaders/managers when relating to subordinates and other employees.

**Shared Values**

The shared values variable, originally termed superordinate goals, refers to the significant meanings or guiding concepts that organizational members share. According to Higgins (2005:5) it is the values shared by members of the organisation that make it different from other organisations. Managing values and cultural artefacts are critical to successfully leading organisational change.

The McKinsey 7S model can be used in a variety of situations where an alignment perspective may be useful. Using McKinsey's 7S Model, Van Donselaar (2012) analysed strategy implementation at the Netherland's Red Cross and concluded that there were several organizational barriers in place in the implementation of the NRC strategy. Among others, this study suggest that structure, strategy, systems (e.g. shortage of systems to monitor effectiveness of implementation), staff (e.g. lack of special functions and specialisations at regional levels, heavy workload, gaps in workforce), skills and sodality (e.g. internal employee resistance, low commitment and motivation) were direct barriers towards strategy implementation, while style and shared values were some of the drivers. Thus, in an organizational context, there are factors or any conditions which either support or make it difficult for strategy to be implemented as intended.

In this study, the McKinsey model has been adopted for two reasons. Firstly, it is one of the oldest and best known frameworks (new models include Higgins 8S Model, see Louw and Venter, 2009 for more). It is asserted that most popular organizational architectures focus on pillars that are similar to those in the McKinsey model. In this regard, the McKinsey model is also comprehensive enough to cover any key factors that impeded or enhanced implementation of a decentralized water services model of CHDM. Secondly, the McKinsey framework is highly adaptable to a variety of situations. Concisely, this study explores how all the seven spider-web like elements of McKinsey are connected, coordinated and aligned with each other or how they could be adapted in the organization for more effective strategy execution.

## 2.6 Summary

It is argued that the real value of strategy is realised when implementation has been executed successfully (Bhatti, 2011). Mansfield and Fourie (2003) posit that effective strategy implementation requires companies to build strategy-focused organisations, allocate resources accordingly, establish supporting policies, develop and install systems, incentivise performance and apply leadership. Literature reveals that no strategy will succeed without effective strategy implementation but there is realization that transforming strategies into action is a complex and rarely understood phenomenon (Beer and Eisenstat, 2000). However literature also reveals that there are models that can assist managers to evaluate the effectiveness of their strategies, models such as the Mckinsey 7S framework which advocates for the alignments of the 7Ss of strategy execution for strategic performance.

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## SECTION 3: RESEARCH METHODOLOGY

### 3.1 Introduction

This section describes the process that the researcher followed to address the research objectives of this study using McKinsey's 7S Model. This is an exploratory qualitative study to investigate the drivers and barriers to the implementation of a decentralized water services provision model in the CHDM. This qualitative study focused on the perspectives of the top management team and area managers involved in the day-to-day implementation of the decentralized water services provision regarding their views on how the model has been implemented over the years. It is understandable that Remenyi (1998:22) asserts that research is not just about asking why the research is done, but also about asking what to research and how to conduct the research. In this regard, the section starts by discussing the research paradigm before presenting the research objectives. Subsequently, the section discusses the sampling technique used in the study and also provides a description of interviewees. Furthermore, the section describes data collection procedures, the interview guide, individual interviews, data capturing, data analysis procedures, and ethical issues regarding this research. The section concludes with a summary.

### 3.2 Research Paradigm

According to Guba (1990:18) research paradigms are represented by their ontology (e.g. "what is the nature of the knowable"), epistemology (i.e. what is the relationship between the knower (the inquirer) and the known (or knowable), and methodology, which is about how should the inquirer go about finding out knowledge.

This is a qualitative and exploratory study which adopts the ontology of critical realism. This ontological position posits that there is a real world driven by real natural causes which actually exists, but it is impossible for humans to truly perceive it with their imperfect sensory and intellective mechanism (Cook and Campbell, 1979:29). In this regard, it is vital that tolerance is provided for a certain degree of criticism to account for human infirmities as there is no complete certainty over whether the truth has been explored. What is certain, however, is the truth actually exists. The epistemology will entail close interactions with those people who were actively engaged in the formulation and also translation of the decentralized water service provision model into actions, and are also familiar with the drivers and barriers encountered in implementing this model (Guba and Lincoln, 1994).

## 3.3 Research aims and objectives

The aim of the study was to explore the drivers and barriers to the implementation of a decentralized water services provision model in the CHDM. In changing to a decentralized water service provision model, CHDM had a vision which was to be fulfilled through the new water provision model. Additionally, strategy was and continues to be implemented towards this vision. This study seeks to explore the drivers of and barriers to implementing the strategy to achieve the intended vision. In pursuit of this aim, the McKinsey 7S Model was used and the following were conceived as research objectives:

(1) To evaluate the alignment of McKinsey 7Ss of strategy execution in the CHDM water services provision model;

(2) To identify the drivers of and barriers to executing a decentralised water services provision model; and

(3) To suggest to the CHMD Water Authority how the decentralised water services provision model could be enhanced to perform better.

## 3.4 Sampling

CHDM has a water authority which is the focus of this study. A total of eight participants (eight Area Managers) who were considered as most knowledgeable about the conception and implementation of the decentralized model of water provision at CHMD were purposively identified to participate in the study. Purposive sampling is a "type of nonprobability sampling in which the units to be [interviewed] are selected on the basis of the researcher's judgment about which ones would be most useful or representative" (Babbie, 2008). It is on this basis that some scholars also term this type of sampling 'judgmental sampling'. In particular, relevance and purposive sampling of the interviewees in this research was considered in terms of (1) interviewee knowledge regarding the vision and strategy of decentralized water provision and how it has or is been executed at CHDM; (2) knowledge and involvement in the day-to-day execution of the strategy; (3) knowledge and involvement of strategy implementation or operations close to where the activities are implemented and not just conceptualized; and (4) ability to get data about all of the geographical areas of CHDM.

There is only one Water Services Provider Area Manager responsible for each of Local Municipalities that make up CHMD. This number is small so that all eight Water Services Provider Area Managers could be purposively recruited for the study to provide local and contextual perspectives on what enabled or impeded execution of this decentralized water services provision model and whether they consider the model as working effectively or not and reasons therefor.

### 3.5 Data collection

Multiple sources of data will be used (e.g. documentation such as contract agreements, business plans, annual reports and operational reports). However, the main data collection technique will be semi-structured interviews. Semi-structured interviews with all the ten informants with rich knowledge that they hold on the research subject under investigation will be conducted. An interview guide will be used to comprehensively cover the seven aspects espoused in the McKinsey 7S Model and dig into the experiences and knowledge of the participants. The researcher will focus on getting details of the recurrent issues until participants do not highlight any new data. All interviews will be recorded.

### 3.6 Data analysis

Interview data will be transcribed. Data collected both from interviews and documentation will be coded and categorized according to theoretical propositions and main themes. The draft report will be given to research participants for their verification or any comments that they may have not only as input but also as a member check before the final report is made.

### 3.7 Limitations of the study

Limited number and diversity of respondents arises because the study only focuses at directorate level and municipal level, thereby excluding the perspectives held by beneficiaries of the water services. Another limitation is that respondents may tell what they think the researcher expects to hear rather than the reality such that triangulation and follow-up interviews will be necessary.

### 3.8 Ethical considerations

Conducting field research responsibly involves confronting several ethical issues that arise from the researcher's direct contact with the subjects (Babbie, 2011:324). Babbie (2011:130)

cited reliability as a concern whenever a single observer is the source of data because there is no certain guard against the impact of that observer's subjectivity.

The researcher works as a Water Services Manager in the water services business of the CHDM, which poses a potential risk of providing biased information by advancing personal views by the researcher or respondents withholding information. However this risk will be mitigated by (a) triangulation and double checking the information by frequently providing participants with draft reports to ensure that they reflect the views of the participants and not those of the researcher, and (b) any views the researcher may have will be posed as questions to the participants and only those resonating with the participants will merit inclusion in the study, and (c) encouraging openness.

Prior approvals for conducting and publishing results of the study will be sought from the CHDM Council and also permission to publish the results of the study. Furthermore, the researcher will make it clear to the participants at the outset that:

- Any involvement is voluntary;
- There is no potential harm for not participating or withdrawing at any stage of the study; and
- Confidentiality and anonymity will be observed (Schwandt, 2007:299).

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