

STRATEGIC MANAGEMENT OF MUNICIPAL OWNED ENTITIES IN THE CITY OF JOHANNESBURG

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Abstract

Strategic Management is a concept that is not widely given focus mostly in local government. Local Government is at the cornerstone of ensuring quality services are provided to the citizens of South Africa. In order to ensure that there is satisfaction to the citizens and public value is created, new approaches and models on effective management within Local government has become a necessity.

With the amount of challenges that face local government, and the growing need to improve the quality of life of the South African Citizens, municipalities are more required that they move towards a more strategic approach that seeks to enhance service delivery. Institutions develop vision statements such that they devise strategies that will help them to grow, towards their vision statements. Effective strategic management tools have become important for public institutions to improve delivery of services, and organisational performance at large

The research investigated the extent of alignment between the City Of Johannesburg's,(CoJ's) vision statement of being" A world class African city" with its Municipal Owned Entities,(MOEs) Strategic plans.

The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance.¹

The research provided recommendation to local government's institution, to contribute in the improvement of processes that affect strategic management, such that organisational performance is also enhanced.

¹Rosemary McInerney & David Barrows: Management Tools For Creating Government Responsiveness: The Liquor Control Board of Ontario as a Context for Creating Change

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CHAPTER 1: INTRODUCTION & BACKGROUND

Introduction

“In the case of National Water and Sewerage Company (NWSC), there was no grand design, just a collective commitment to improve performance so that those in political power, current customers, citizens without service and those controlling budgets, would give managers the latitude to change the organisations culture. There are steps required to strengthen public organisations that have become fragmented, unfocussed and unproductive. Four basic ingredients for organisational transformation are identified here: thoughtful leadership, careful measurement, open communication channels and well-designed implementation strategies” (Muhairwe W, 2009).

Forming the vision and translating it into strategy and practices is the territory of effective leadership. “The tangible role of leadership includes empowering employees, establishing policies and strategies and putting in place the necessary resource to achieve these strategies. Policies & strategies are at the core of organisational management system. These needs to reflect the commitments made to sustain organisations”. (Louw L & Venter P, 2010)

Nadelea S & Paun L, argue that highly performing organisations prioritise and give attention to strategic management, the leadership team is highly instrumental and involved in the entire value chain and processes of strategic management. These authors further argue that managers who take an instrumental role in strategy know the return it will have on the organisation and they know their responsibility to shape the organisation’s long-term direction. Contrary to this, their study also found that, in the poor performing organisations those in leadership positions are merely focused on routine administrative work, reports, operational meetings, not being visible to the critical stakeholders of the organisation, all of which do not bear results in shaping the future of the organisation.

It is against this background that this paper sets out to explore the degree in which the Municipal Owned Entities,(MOEs) strategies are geared towards supporting the City on its set vision, of being “A world Class African City”.

The writer seeks to understand, how can the MOEs of City of Johannesburg,(CoJ) “referred to as the “City” for the purpose of this study”, strengthen and enhance their strategic management processes to provide support to the GDS 2040, such that the City moves closer to its defined vision.

Ntuli & Lushaba, 2004 indicate that in order to build organisations to their maximum performance, integrative strategies are required, to create initiatives and to mobilise resources for high performance.

CoJ is a metropolitan Municipality, and in terms of its organisational set up, CoJ established MOEs, in order to accelerate the delivery of services and spearhead provision of municipal services. What is of importance to the researcher is to establish if strategic management within the MOEs is seen as an integral part in running the entities, or its undertaken as an activity to produce strategic plans, as compliance to Section 87 of Municipal Systems Act, (Act 32 of 2001).

For the purpose of this study, the paper will focus on the City, as the mother company and four (4) MOEs, evaluating the alignment of their strategies with the set vision of CoJ and alignment of strategic management process, amongst the shareholder and its MOEs within the value chain of service delivery, and organisational processes.

Background of the Study

Challenges of the World Cities

It is a global phenomenon, in many of the major cities to strive to provide quality services to all its citizens. World cities such as Shanghai, Hong Kong, Sao Paulo, New York, Mexico City, have more or less similar challenges than those the (CoJ) faces. (Hamilton 2006). The growing need to provide infrastructure, create jobs while providing services in a sustainable manner, exist globally. The major cities of the world face challenges pertaining to environmental protection linked to climate change due to massive pollution emanating from certain industries, and the issue of urbanisation is also an increasing concern, where the major cities are getting overcrowded in quest of citizens looking for better quality of life.

Hamilton indicates that countries such as New York, Tokyo have experienced huge urbanisation, with population in excess of 20 million, where huge numbers of people have made cities and towns their chosen homes. There is a global trend where millions of people migrated from rural areas to urban areas in order to take advantage of the job opportunities that exist in the megacities due to economic explosion. (Hamilton 2006)

Mexico City is among the world's most populated metropolitan, with close to 18 million people, according to the Mexico City 2000 Census. Over two decades ago, the Mexico City has realised a transition on its economy, moving from an economy based on manufacturing to an economy which is based on specialised services. Mexico has evolved to being a major global centre for specialized services such as, banking, finance, advertising, accounting amongst others. Even with this new role Mexico faces major challenges of rapid urban growth, poverty, environmental concerns, and these are on their list of priorities to

address.(Hamilton 2006) Similarly the CoJ, has related challenges including insufficient housing, high levels of crime amongst other.

All these major challenges that the world cities face need to be addressed in a coordinated and strategic way. The cities of the world have adopted developing city's strategies as means of devising ways to deal with issues of development and sustainable delivery of services. Strategic management, which entails formulating of sound strategic plans, has been an effective way to address these challenges.

In order to ensure long-term future ambitions of the global cities, vision statements have been created to articulate the long-term desires of the global cities in dealing with all the challenges of job creation and urbanisation that they face. Formulation of strategic plans has been used as an effective tool to plan for the achievements of the cities vision (IDP 2012/16)

Developmental Needs in the African Region

Such challenges are not only peculiar to global cities, the African continent; (Sub-Saharan Africa) has the highest rate of urban migration. This is due to number of reasons, such as poor delivery of services in the remote rural areas, lack of infrastructure in rural areas, sectors such as agriculture, industries that are not prospering, and natural disasters, and therefore forcing people to overflow into cities. These challenges impose a huge responsibility to the city municipalities, in that there is a huge consumer base to be serviced, there are financial implications that the City Municipalities have to incur and the challenges within the continent has been how to devise medium to long-term strategic plans in order to deliver services in an effective and efficient manner.

Within the South African Democratic Corporations, (SADC) countries face a number of complex social and economic development challenges. The highest levels of poverty in these countries are a key contributing factor to urban settlements.

Due to the colonisation in countries such as Botswana, Zambia etc, there is a strong need to invest in infrastructure particularly in rural areas, expand provision of quality services such as water and sanitation in the remote areas.

Social inclusion in planning for these activities is very critical, and this is underpinned by the fact that cities are not developed from above, but with the inclusion of the local actors.

In order to effectively address all these challenges, suitable outline of the future idea of these cities have to be crafted alongside with sound strategic plans that articulate the most appropriate future development path. Strategic planning remains an effective tool even regionally, that municipalities in the main cities use in order to plan towards realisation of their future developments.

For example the Government of Zambia developed its National Development Plan, (NDP) to pan out medium to long-term priorities that the country desires to be moving towards. All the developmental efforts that different spheres of government undertake need to be directly guided by the NDP. The local government of Zambia formulated Development plans that serve as a strategic plan, which guides the development of the areas they serve as well as the setting out key strategic priorities in the delivery of services to the citizens. (NDP, Zambia).

Developmental Objectives in South Africa

South Africa has four metropolitan municipalities that are mandated to provide services to South African citizens. All these metropolitan municipalities share similar challenges such as the need to create jobs locally, provision of quality services to different class of the people they serve within their jurisdiction. South Africa has a National Development Plan (NDP), which stems out from the Millennium Development Goals (MDGs) targets and priorities, and all Government Department in all the three spheres of Government, viz National

,Provincial and Local Government have to play a meaningful role in achieving the MDG goals.

Each sector has its own strategic frameworks which guides developmental efforts to be embarked on, by different levels of Government. These strategic frameworks can be viewed as Strategic Plans, which aim to outline critical goals and targets that have to be achieved in a specific time, in achieving the set MDG's.

This therefore illustrates that within the three spheres of Government, Strategic management is utilised as a tool to articulate the long-term vision of the nation, and to put plans in place in achieving the vision.

Gauteng province is the economic hub of the country, with Johannesburg being the most vibrant city. Even though it is the smallest province in terms of size, but it remains the most crowded province amongst other provinces in South Africa. The reports from Statistic SA indicate that Gauteng has 22.4 % of SA's population. The population of Johannesburg is estimated to be at about 4.4 million people, which translates to about 1.3 million households. (Annual report, 2010JW) Johannesburg is viewed as the main city not only for South Africa, but spreads towards the SADC and within the continent. It is normally referred to as the New York of Africa, based on the infrastructure it has invested in, as well as having economic opportunities that the Region could tap into.

Johannesburg is praised for its efficient transportation infrastructure compared to other cities in the region, with modern shopping centres, and the biggest international airport in Africa. Often termed the "New York of Africa", (Rogerson 2004) Johannesburg is the largest and most powerful urban centre in the region, with one of the world's largest stock exchanges, it comes above all in the Region in terms of vibrancy, media entertainment and financial services. Johannesburg is also a city where the levels of inequality are so high, therefore Johannesburg is faced with challenges of finding a balance between urban development planning and reducing of poverty. (GDS 2040

The City of Johannesburg

For the purpose of this study the focus will be on the CoJ, which is a metropolitan municipality that is mandated to service population groups of approximately 3.8 million people; within areas from the Orange farm South of Johannesburg, Rooderpoort West of Johannesburg, Alexandra, East of Johannesburg. The City is faced with similar challenges that global cities face. The strong need to provide quality of services to a mixture of citizens, and a high population of poor citizens with limited resources is an increasing concern.

The City grows by approximately 1.3% per annum in terms of its population; projections undertaken by Unisa market research indicate that by 2015, City will be servicing approximately 4.1 million people more than the current population.(IDP 2012/16). The CoJ has magnitude of challenges that it needs to provide for in its service delivery plans, which are not only peculiar to it, as they are similar challenges facing other global cities and metropolitan areas.

Examples are poverty reduction, creation of employment, HIV and Aids, provision of transportation infrastructure, housing etc. The biggest challenge that the City faces is providing sustainable quality services to a customer base that is primarily poor.

The City has established structures to provide oversight role and support to the administration, as means of providing quality services. Political representatives are involved in the service delivery processes to ensure social inclusion and representation of communities. The municipality also has management teams that are at the forefront of accelerating service delivery. With limited financial resources and some of the scarce skills such as Engineers etc., the City is doing its best given the magnitude of the challenges it faces.

Historically Johannesburg has been the leading city in development planning, amongst other big cities in the country. Johannesburg was the first city to develop a (GDS 2040) in 2000, also termed the City's strategy.

Even though City has formulated an overarching strategic plan, which presents the City's long-term goals, and strategic direction of being "A world class African city", one of the challenges the City is still grappling with is formulating long-term strategies of its entities that are aligned to the City's strategic vision. (GDS 2040)

City, as a municipality uses an Integrated Development Plan, (IDP) as its medium to long-term plan. The IDP is used as a tool to assist in the achievement of the municipality's long-term goals. The municipal IDP is guided by its vision statement of being "A world Class African City".

Over the years the City had been developing pieces of different strategies as means to articulate its long-term development path on various sectors within the organization, such as Human Resources Development Strategy, City Safety Strategy etc. Since 2006 the City has developed a consolidated strategy, the "City Strategy" also referred to as the "GDS 2040" which serves as a foundation and its main organisational strategy.

For the purposes of the study the term GDS 2040 will be used consistently across this report, which refers to a long-term plan of the municipality, which seeks to articulate what the municipality will focus and prioritise on, in order to realise its long-term vision. Whilst this study will focus on the current GDS 2040, with its respective IDP 2007-2011, the focus will be on the analysis of their key strategic goals and priorities of the municipality, comparing it against the vision statement.

The Institutional Arrangements of CoJ and the MOEs.

To articulate the current practice of strategic management within the City and the MOEs, it may be essential to provide the institutional arrangements between the City and the MOEs, such that the basis of analysis is established. City services seven regions within Johannesburg and have to date 4.4 million consumers that it services. (IDP 2012/16).

Johannesburg has a number of MOEs, which are running as independent and autonomous companies, but wholly owned by the City, as the only shareholder. They were set-up to focus on delivering services to the inhabitants of Johannesburg

These range from the provision of basic services such as water and electricity and waste management, to the boosting of economic development, the provision of recreational facilities and the maintenance of the city's roads.

Some focus on housing, while others provide for entertainment such as Joburg theatre, Joburg Zoo etc.

Councillor Brian Hlongwa made the following statement” *These utility companies provide essential services that are all extremely important for both the quality of life of citizens and the economic prosperity of the City. It is not insignificant that these services command more than half of the City’s total budget and more than half of its entire staff*”.

The need to focus on these four MOEs is based on the fact that, these entities are at the mainstream of delivering core municipal services.

The diagram shows the regions that, the CoJ services, within its jurisdiction



Source: IDP 2012/16

- A** Diepsloot, Ivory Park, Midrand, Kya Sand
- B** Randburg, Rosebank, Emmarentia, Greenside, Melville, Northcliff, Parktown
- C** Roodepoort, Constantia Kloof, Northgate
- D** Doornkop, Soweto, Dobsonville, Protea Glen
- E** Alexandra, Wynberg, Sandton
- F** Inner City
- G** Orange Farm, Ennerdale, Lenasia

Research Problem

There has been a strong realisation, through observations and working experience that City's and the MOEs have portions of Strategic Management processes in place however there still seems to be lack of alignment and integration within the strategic management processes, between the City and MOE's as well as amongst the entities.

The noted problem that has been observed is that the formulated MOEs strategies do not really align with the City's vision of being a world class African City. The lack of this alignment impacts negatively on achieving the set objectives of the City.

In most public entities, organisational strategies are often not aligned to the vision statements of the organisation, which makes it very difficult for the organisations to attain their long-term vision, as a result of strategies that do not link to the organisational strategic vision statements.

Research studies have been conducted in the area of business strategy, on how to construct meaningful strategic visions and how to assess the effectiveness of organisation's visions statements, however there is limited research that attempted to evaluate if the formulated strategies aimed towards the attainment of vision statements set out by organisations.

Most literature provide theoretical guidance on strategic planning principles and strategic management as a way of achieving the organisations visions, however whether the strategic plans in general are really aligned to the strategic visions that guide them, has not been well documented.

What has been noted through observations within public entities is that there seems to be less prioritisation and importance on strategic management, and alignment of strategic management processes with organisational processes.

Purpose of the Study

The paper aims to determine how strategic management processes of MOE's can be enhanced to support City towards realising the long-term goals, which are articulated in its vision. This study will also define suitable elements of strategic management that the City can embark on for effective strategic management processes. This purpose will be fulfilled through achievement of the following sub-objectives detailed below:

- To assess the alignment of MOEs strategies and City's set Vision
- To assess the strategic management processes of the MOEs and integration in their respective organisational processes.
- To explore the enablers that should ideally make the strategies successful between the city and its MOEs, such as leadership within entities, culture, monitoring role on city, integration of systems within the MOEs.
- To present the findings on the MOEs strategies and alignment with the City's vision, and effectiveness of strategic management processes that are in place in MOEs.
- To recommend strategies for consideration in alignment of vision statements and strategy, as well as effective strategic management processes to be adopted by MOEs.

This study will therefore explore on how can the City make strategy a continual process such that it provides supports to the MOEs in achieving the long-term goals.

Research Questions

The proposed study seeks to respond to the following main questions: “How can the MOEs strategic management processes be enhanced such that they contribute towards achieving the vision of the City, what needs to support the strategies.”? These research questions will be answered through review of literature, document analysis, interviews and photocopying

The following sub-questions will assist in responding to the main question.

- What are the challenges, trends and experiences of the MOEs in aligning its strategies with the city’s Vision?
- What are the strength and weaknesses on the strategic management processes within the MOEs?
- What should the enablers of strategies do to achieve the vision? Leadership as the mainstream enabler?
- What are the strategies for consideration in alignment of strategies with Vision statements

The diagram below depicts the linkages between the research questions with both the problem and purpose statements, to illustrate alignment.

Research Questions

Purpose/ Problem Statements

Challenges, trends and experiences of the MOEs in aligning its strategies with the city’s vision	To assess the alignment of MOEs organizational strategy and its set vision.
What are the strength and weaknesses on the strategic management processes	To assess the strategic management processes of the MOEs, and their integration in organizational processes.
What are the strategies for consideration in alignment of strategies with vision statements	To recommend strategies for consideration in alignment of vision statements and strategy, as well as effective strategic management processes.

Significance of Research

The outcome of this research can help to appreciate the importance of establishing effective strategic management process and how that contributes towards attaining set strategic visions. Findings of this research will aim to inspire new questions that may lead to further research, in order to have broader impact in practice within the field of strategic management. These research findings may be helpful to audiences that are practically involved in strategic management, and academics that wish to explore on strategic management practices to raise awareness and educate those that find interest on the subject matter. The recommendations that will be drawn from this research can trigger future research or also provide lessons to other organisations on the findings.✓

Conclusions

The City is growing at a rate of 3% to 4% per year. This is however not an experience that is unique to the City, great number of people across the globe especially in developing countries are settling in urban centres. In its endeavour to enhance service delivery and preparing for the future of the City, with priority on building a legacy of high performance levels, focusing is on building and growing the city, towards excellency on provision of services.

A well-structured and effective strategic management process is very essential in building high performance levels within the City, where clear strategies are formulated by the MOE's which are aligned with the City's long-term goals, and linkages in reporting, monitoring, evaluating and performance processes. The leadership of the City have acknowledged that fundamental transformation of the City depends highly on creating an efficient and functioning environment, such that an integrated competitiveness approach is developed between the MOE's and the City.

CHAPTER 2: LITERATURE REVIEW

Introduction

The study will look at theories behind strategic management. It will also describe the components of strategic management such that it provides a full value chain of strategic management processes. It will then look at different theories that exist on strategic management, and strategic planning. The section will conclude by providing a theoretical framework, which provides literature that is closer and relevant to this study, discussions on this study will be guided by the theoretical framework.

This section will articulate topics that are relevant explicitly, following the research questions, as Birgam 2011 indicates that it is critical to ensure that the literature review is structured such that there are linkages with the research questions.

- What are the challenges, trends and experiences of the MOE's in aligning its strategies with the city's vision?
- What are the strengths and weaknesses on the strategic management processes within the MOE's?
- What should be the enablers of strategies to achieve the vision? Is leadership as the mainstream enabler?
- What are the strategies for consideration in alignment of strategies with vision statements?

Literature review is an important aspect in academic writing as it provides a context on previous research that was undertaken and where the current research can be located. Literature review is referred to, as a body of information which aims to place an argument on the issue that is being reached, and reviewing important factors of the current knowledge. Literature review takes into account previous research done, in order to give critical and logical analysis to the research questions.

A good literature review gives rational to the importance of the problem; it aims to assist in assessing and analysing different techniques that have been used before as a responsible tool to social realities. (Hofstee, 2006) *“The review of the literature provides the background and context for the research problem. It should establish the need for the research and indicate that the writer is knowledgeable about the area”* (Wiersma, 1995, p. 406).

Purpose of Literature Review

The purpose of Literature review is to assist in gathering relevant information from different sources which can be documented, evaluated and analysed to come to the findings of the study. Literature review is critical as it provides an understanding to the reader on why the research is done. It requires an in depth assessment and analysis of past research area of interest.

It has to be balanced providing a view of different sources of information in the area of interest. Literature review in its nature should provide an un-biased analysis of literature in order to make an argument about the relevance of the particular literature pertaining to one's study. Hart 1998 attests that the importance of literature review is to discover important literature inconsistencies that are relevant to the subject matter, and also to make a distinction from what has been researched, and practised from what has not been researched and practised in order to show the relationship between ideas and practises (Hart, 1998). There also seems to be concurrence from academic researchers that literature review includes providing an argument, expanding, making suggestions or finding fault or gaps from previous research that have been undertaken for improvement of ideas in social realities.

Hart (1998) also argues that literature review also aims to put an argument forward to influence someone's belief and to convince others of the validity or logic on how you see or view some social realities, therefore the most critical purpose of literature review is two folds:

- Make a statement or a point or an argument
- Provide sufficient evidence of the point one is making, so that it can be accepted by others. (Hart 1998)

Similarly Neuman (2006) indicates that conducting literature review in social research assists in advancing the knowledge for practitioners in the space of public development, in order to utilise the outcome of the research to provide new dimensions in ways that can positively impact communities. Literature review in social research is also significant because the outcome of it can assist in being efficient by avoiding doing unfounded methods in problem solving, it informs others of what has been undertaken before, what has worked and what has not worked, in order to avoid replication of methods that has not been successful, but rather improve from them.

Process of literature review

Shi (2006) argues that one of the critical aspects of literature review is to come up with research strategies and specific data collection techniques that have either been used, not used or that have not produced good results when tested, in investigation of topics that are similar. The process of literature review involves analysis of documentation, identification and location of relevant information related to the problem statement. (Shi 2006). The art in literature review is the ability to select literature that only relevant to the problem statement, and which contributes to answering the research questions posed.

Reed,(1998) makes an undertaking that literature review is not just a separate or individual step in the research process; it must be viewed as a continuous and gradual process that provides a feedback loop. While the key element of an academic research paper is to support your own argument, the focus of a literature review is to summarise and synthesise the arguments and ideas of others.

Preliminary Conceptual Framework

Strategy as a continual process

The conceptual framework of a study can be highlighted as the system of concepts, assumptions, expectations, beliefs, and theories that supports and informs the research, it is the key part of the research design (Miles & Huberman, 1994)

Miles and Huberman (1994) further defined a conceptual framework as a visual or written product, which “describes the key factors, concepts, or assumptions taken into account in the study, as well as the assumed relationships among them” (p. 18).

The Essence of Strategy

This section will begin by articulating the purpose of strategy, so as to give a clear basis on the unit of analysis in which this study is based on.

Unfortunately whilst there are a lot of writings about strategic planning and how strategic plans should be developed and implemented, there is very little research conducted to substantiate the alignment of strategic plans to the organisations strategic visions.

Louw & Venter, 2006 have cited a definition of strategy by Alfred Chandler, which says”

Strategy is the determination of a long-run goals and objectives of an organisation and the adoption of action and the collaboration of resources for carrying out these goals” (pg. 9).

They further argue that strategy provides a long-term direction for any organisation. It is referred to as a plan that incorporates the organisations overall goals, and action sequences. Strategy is therefore the blueprint that defines the steps and procedures the organisation will take to achieve its mission and objectives.

Without a vision statement, the organization cannot define its objectives, nor can it establish the strategies for success. The successful strategies are built around the mission statements and vision statements, which serve as foundational guides in the establishment of organisational objectives. The organisation then develops strategic and tactical plans for objectives. Louw and Venter, 2006 have articulated the model that describes the role and nature of strategy, founded by Mintzberg. It's referred to as the five P's of strategy.

The diagram below illustrates what strategy is, and for what purpose is it used widely in organisations.



Figure: The Five P's of Strategy: Source Louw & Venter (2006)

Strategy in overall covers more than one component; it provides an overall course of action. Strategy formulation begins with a formal process of strategic planning taking into account internal as well as external factors that needs to be considered and planned for. The planning aspect in strategy formulation is the critical and most crucial one, as it allows for analysis of all elements such as potential risks that can impede on the organisation's success, allocation of resources, past organisational performance such that mitigation factors and decisions about these elements are incorporated in the overall strategy. Venter and Louw, 2006 further indicate that.

“the extent in which the strategic link is attained between the organisation and its competitive environment is mediated by how individuals and management interpret internal resources and capacities in the environment” (pg. 16)

This implies that strategy alone will not assist the organisation in achieving its long-term goals, a shift in mind-set by management and individuals is crucial, such that the vision is common amongst the team. Therefore culture plays an important role. The concept of strategy by its nature aims at out-winning its competitors. One of the critical aspects in strategy is consistency, such that a particular market base is sustained through a consistent pattern that had been carried consistently.

Linking Vision & Strategy

National grid, an international gas company indicates that, their strategy and objectives are a medium-term step in the journey towards the vision. The strategy and company objectives provide the basis for the annual priorities for each line of business and global function. The vision, strategy and company objectives flow down into every employee's annual performance objectives. (Annual report 2008/9)

Strategy is small steps towards achieving the vision of the organisation. Alter 2000 argues that the vision is what energises the organisations employees and stakeholders; it is the “big picture” illustrating what is expected to be achieved (Alter K, 2000). Alter further explains that organizational vision is a global concept that paints a picture of the direction and future. She further indicates that,

“An effective vision statement succinctly communicates an uplifting philosophy that energizes social enterprise stakeholders to embrace challenges in order to successfully accomplish its goals.” (Alter K, 2000)

Kaplan Norton & Barrons have undertaken extensive research on strategy formulation and its processes thereof. One of the critical things illustrated in their research is that to have a meaningful strategy, organisations need to affirm their vision, and then determine goals and outcomes that would support the achievements of the vision. (Kaplan et al 2008). Vision statement defines the medium to long-term goals of any organisation and provides a clear foundation and direction for the strategy. According to Kaplan et al 2008, Strategy developments should answer the four following questions:

- What business are we in- why setting up vision, mission & values
- Where are we going- strategic goals
- What key issues that the strategy must address: strategic analysis
- How can we best compete: strategy formulation

The diagram below, illustrates the linkages between vision and strategy. City's vision is simply to be the "World's class African City", with its strategy for success based on accelerating economic growth and human development. This pyramid diagram below can be used to illustrate the vision of City, and the management processes between City and the MOE's and how these should be fully aligned.



Theoretical Framework

Theoretical framework explains the different ways in which the study is framed and designed. It is the “underlying structure or frame of the study” (Maxwell 2005).

According to Merriam, theoretical framework is so critical in order to give the reader an understanding of the frame of reference that the research moves from.

“It is the body of the literature& provides disciplinary orientation that the researcher draws upon to place the study”. (Merriam S, 2009) pg. 66

The diagram below shows the basis for theoretical framework. And further illustrates that the “problem statement and the purpose of the study are embedded in the theoretical framework and that the outmost frame is the body of the literature”. (Merriam S,2000) pg.68-69.

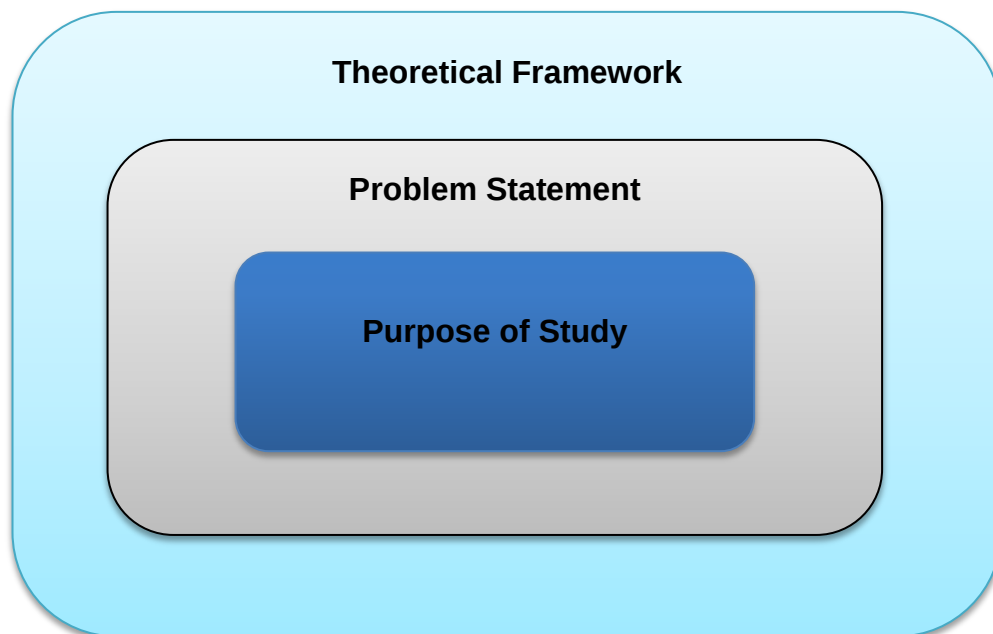


Figure: The Basis of theoretical framework. Source: Merriam S, 2009 pg. 68

Strategic Management Process

Strategic management refers to a cycle or process in which strategic vision is set, formulating a strategy, monitoring the outcomes of the strategy, executing the strategy, evaluating outcomes and putting corrective actions for improvement of the strategy. Strategic planning therefore is a component of strategic management process, which is equated with medium to long-term planning that assists in setting out the actions and priorities in the medium to long-term.

“Formulation of strategy brings in the critical issue of how the targeted results are to be accomplished. While objectives are the “end product”, the strategy is the “means” of achieving them. The task of formulating the strategy entails taking into account all of the relevant aspects of the organization’s internal and external situation and coming up with a detailed action plan for achieving the targeted short-run and long-run results” (Nadelea & Pau 2009, pg. 98)

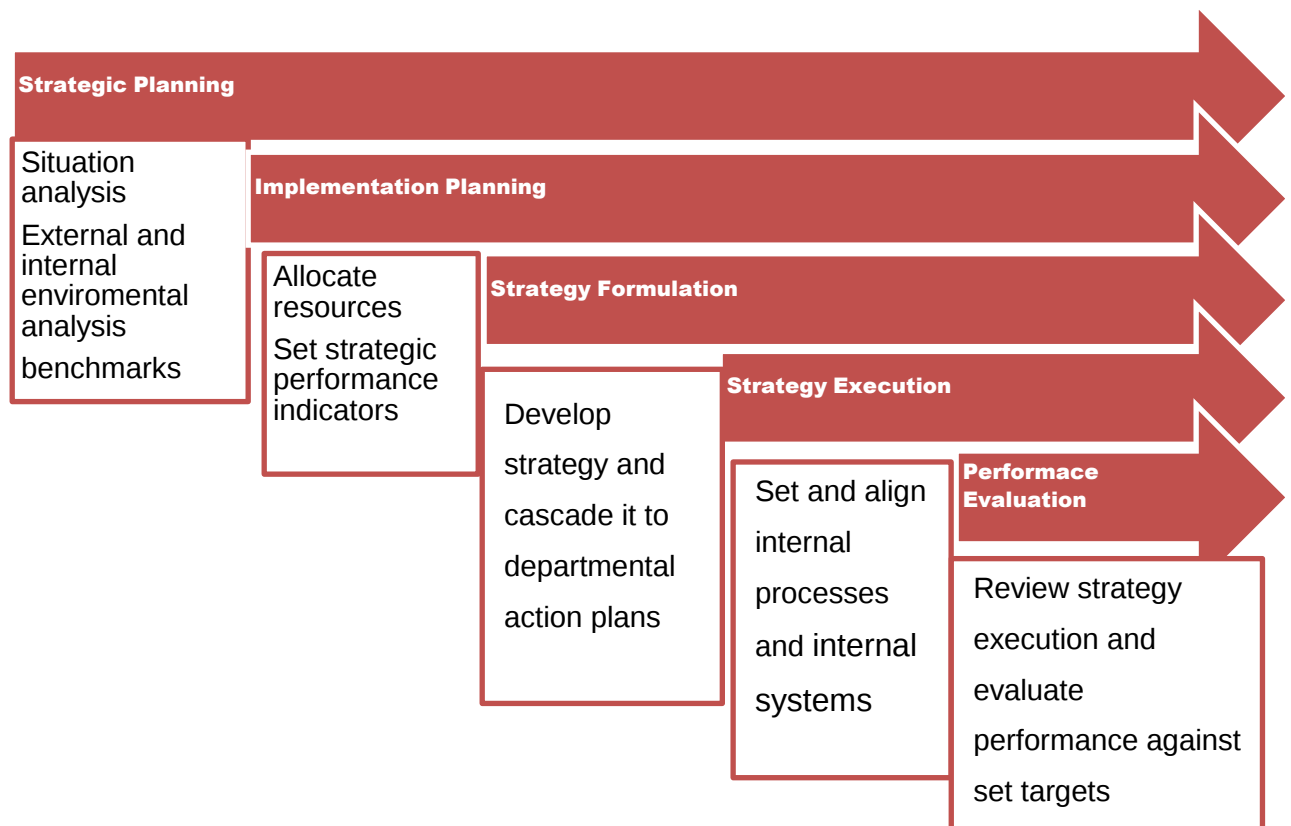
Wortman (1979) suggests that strategic management research is not very visible within public sector and non-profit making institutions. He further suggests that application of strategic management principles developed for private sector can be very helpful in public organisations.

The importance of strategic management augment in organisations is further emphasized by Poister & Straib, who argue that effective public management requires central and integrated strategic management processes, where strategy is supported by enablers such as resources, leadership, culture etc.

Ring & Perry (1985) indicates that strategic management is integrative in its nature, as it requires focus and attention from all departments, the process integrates all other management processes to provide a systematic and effective approach to establishing and achieving organisational strategic objectives.

According to Poister (2010) strategic management is concerned with strengthening the long-term viability and effectiveness of any organisation. He further indicates that it is essential to link operational and day to day operations and decisions to long-term strategic objectives

The diagram below demonstrates the different processes that are recognized for effective strategic management.



This diagram above illustrates a continuous process that can assist organisations in making informed strategic decisions about its long-term goals, near-term activities and organisational capabilities that are in alignment with their visions. Although defining strategic objectives, formulating strategies, implementation and evaluation are viewed and recommended as the key conceptual elements in managing strategy. The process is not necessarily followed through within the MOEs of City, and managers do not necessarily adhere to best practises and recommended processes.

It should also be noted that if strategic management process is undertaken in isolation of other organisational processes, the organisations are very far from achieving their set visions through strategy execution. What will bring about the desired results in any organisation is moving towards strategy focused organisations, where strategy is an integral part of running the organisation.

Strategic Plan as a key component in Strategic Management Process

In support of the previous theories on strategic management, Thompson & Martin (2005) argue that all organisations irrespective of their size and nature have a purpose, which is articulated by a strategic vision, and therefore strategic plans are a means to achieve the desired outcomes. They indicate that strategic plans are concerned with mapping a clear direction for the organisation.

According to András N 2006, Strategic Plan is a;

“statement outlining an organization’s mission and future direction, near-term and long-term performance targets, and strategy, in light of organisation’s external and internal situation.”

There are however key elements that are critical in a strategic plan, which are relevant in achieving the desired outcomes. These elements such as resources, knowledge and expertise, leadership, culture are determinants in whether the strategy will bring about the desired change. These two writers further argue that, strategic plan alone is not the answer to achieving the set goals; organisations have to take these key elements when formulating strategies.

Kay (1993) reflects that it is beneficial for organisations to adopt a formal planning process and that strategic management can be done in a cycle, such as planning; implementation and monitoring. He also argues that the strategic planning must start with evaluating the organisations capabilities and weakness, so that the strategic plans can be focused on what the organisation

is good at, and not what it would like to be good at. The importance of ensuring strategic plans are adaptive and opportunistic is key in Kay's view, in that organisations focus on their key strengths in order to achieve their set goals objectives and desired vision (Kay 1993).

Cumming& Wilsons (2007) views strategic planning as a tool that organisations utilise to define how to move towards their desired change. Wilson argues that the critical component on any strategic plan is change. The strategic plans are developed with the aim to move an organisation to a certain direction, that's seeks to achieve its vision. Wilson reflects that strategic plans are used as decision making tools, in order to guide the organizations on what actions to take and which direction to follow, especially in times when change has to take place. There are views amongst strategists such as Wilson, that corporate strategic plans reflect how decision making and leadership in strategic management are interrelated. (Cummings, Wilson 2007).

The views of Cummings 2003 and Kay 1993, confirms that indeed strategic planning is essential as a tool to pan out how to reach the organisations desired goals, even thou their work has only been limited to strategic planning as a fundamental concept in business management and its importance in organisational development. These theories are not key contributors to this study, as they do not articulate the alignment of strategic plans to the organisations vision.

Other theories on strategic planning reflect that, strategic planning is only a process of strategic management that relates to these three pillars:

- Knowing where you area as an organisation, this relates to understanding the current environment in which the organisation operates in, which involves doing an assessment of the organisations strengths, weaknesses and develop strategies that seeks to use the identified opportunities and strength for the realisation of their vision.

- Knowing where and what you wish to be: an organisation needs to state where it seeks to be in the future, so that strategic plans can align to the stated desired goals can be developed.
- Knowing how to get there: this relates to mapping out ways to realise the set vision

Kaplan & Norton (1996) also reflect that the crucial aspects in strategic planning are to ensure that there is alignment between strategic plans to the vision and that resources are focused to the strategic plan. He argues that effective strategic management is about creating synergies between various departments within the organisation, so as to ensure that there is alignment between the strategic goals and the strategic vision. Thompson & Martin (2005) further indicates that;

“It must therefore be noted that past and current organisational successes do not guarantee success in the future”.

This statement further indicates that what defines the City from other City Councils goes beyond just formulating good strategic plans but rather having a strategy that seeks to respond and move the organization towards its strategic vision is what matters.

Through strategic planning process, strategic plans are formulated, also referred to as strategies. These strategies or strategic plans are just a management plan that provides direction, in order to fully accomplish the benefits of strategic management, organisations needs to look beyond just formulating plans but rather integration of strategy into mainstream organisational management processes.

What drives Strategy? And what are the key strategic enablers?

It is often said strategy on its own will not bring about the change that is desired in any organisation. It is a well-founded principle that organisations should assess the key enablers that will help them support their strategies such that the set objectives and goals are attained.

The enablers represent what organisations need to deliver on, in order to achieve their strategic vision. This therefore implies that the strategy should be underpinned and supported by key enablers.

However, it is not enough to simply formulate the best strategic plans /strategies. The most successful companies organise themselves by focusing on key enablers that allow them to achieve the maximum results.

Key 'enablers' found within successful companies include, but not limited to the following are Organisational structure and culture; communication across all levels; effective and functional processes, systems& governance structures; leadership & management capabilities, resources such as (human, financial, technological etc.)

Another important factor to consider on enablers of strategy is who drives strategy. This is an interesting questions to explore in the sense that, depending on who drives strategy within the organisation, there is potential of failure no matter how great the strategy is, if is driven from a position of no influence. A key enabler is ensuring that strategy is driven from those that set the direction, such that it is cascaded down to all levels, but the influencer within the organisation, needs to be strategy focused in order for the objectives in the strategy to be achieved.

The vision of the CoJ

CoJ is the biggest metropolitan in South Africa in terms of population size, growth and its local government budget and revenue base. Being the capital of Gauteng Province as well as the country's economic hub, Johannesburg has placed itself as an international brand, and the largest city in the world that is not along the lake (Masondo 2011).

The previous executive mayor of CoJ, articulated the translation of the CoJ's vision, in his 2011 state of the nation address as follows;

“The vision promises that Johannesburg will be the business city, a city of opportunities where the benefits of economic growth will be shared to enable residents to access the ladder of prosperity and where the poor will be supported out of poverty to realise upward social mobility. The vision also directs us to equity, spatial integration, decent accommodation and excellent services, high standards of health and safety, good quality of life and last but not least, good governance”

This is the same city that is confronted by high levels of inequality and poverty, where social and economic spatial divisions based on class and race still pose a major challenge to address.

The state of infrastructure and levels of inequalities are a concern within City, where the most affluent areas are well serviced and infrastructure is well maintained, whilst in the poorer areas pockets of poor infrastructure maintenance is observed, and quality of living is still very undesirable. Over the last decade the City has made strides in transforming the standards of living, within its jurisdiction. The City has committed to provide a promising future, with its vision of creating “A world Class African City that is resilient, sustainable and liveable.” (IDP 2012/16)

This vision captures the essence of Johannesburg as the city, and highlights the transformation requirements to make the city a place where everyone who

lives in it enjoys the benefits of the high quality living standards. With the institutional arrangements demonstrated above this implies that the City, as the metropolitan, is fully reliant on the established MOE's to deliver on this nicely painted vision. The role of the City is to co-ordinate and to provide direction to all the MOE's, such that they formulate strategies that supports and work towards attainment of the set vision.

Conclusions to Literature Review

From the literature review, it is evident that strategic management is an important process in organizations development and growth. There is a concurrence from most of the research conducted, which provides evidence that, indeed strategic planning seeks to provide ways of achieving the anticipated outcomes, and mapping out how to get the organisations move forward.

Through the consulted literature, the role of strategy and its effectiveness in helping organisations to improve been well founded. The important point that has been noted is that, strategy is concerned with long-term direction. It also requires major resources and other enablers such as leadership culture, integration amongst others. It has been well noted that strategies are directed by vision.

Even thou the City has a strategic planning framework that guides strategic management processes within the MOEs, this is not adequate. First theory suggests that strategic management process involves more that strategic planning process. There are other crucial and beneficial processes that ensure the formulated strategies are executed.

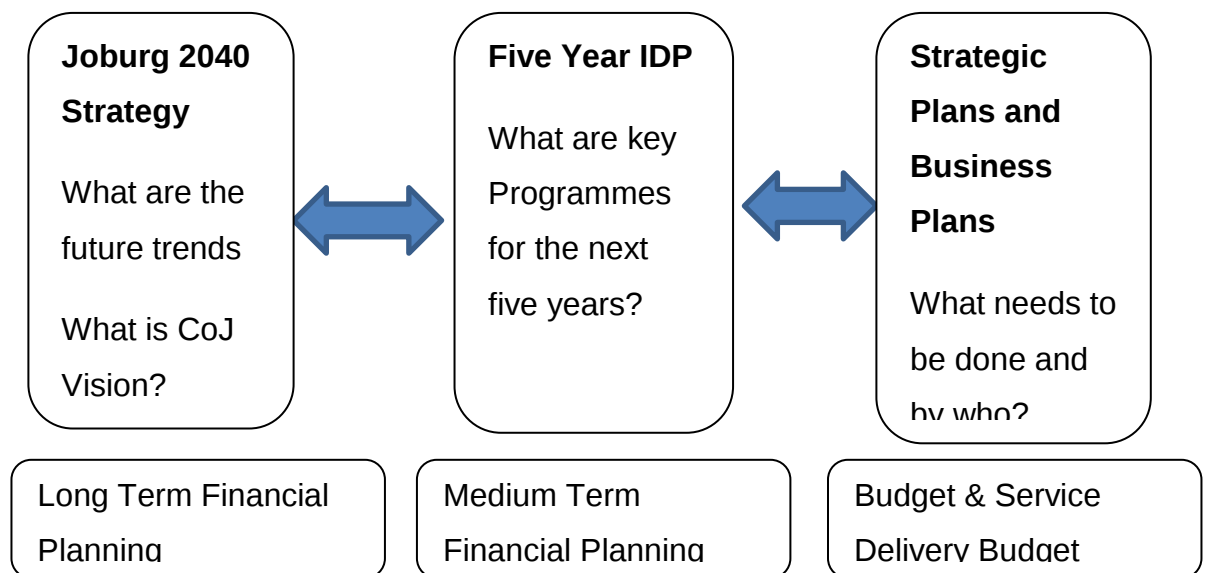
The monitoring of performance by the City on the MOEs is reliant only on MOEs submitting statutory reports, to report on their performance. If evaluation of strategic targets and objects was integrated in the strategic management processes, that would mean the City and or the MOE is proactive in undertaking

performance evaluation in order to put controls on any deviations from the strategic decisions that have been undertaken.

It has been noted that strategic goals cannot be through formulation of well thought strategies alone. There are key enablers that should support strategy implementation.

Within the MOEs, the following can be indicated as key strategic enablers that are critical to consider and incorporated in strategic management processes.

The CoJ has a strategic planning framework which is depicted below:



Source: IDP 2012/16 pg. 4

This framework reflects that the City has a strategic planning process in place, and as theory suggests the output of this process is formulation of strategic plans particularly for MOEs. The framework suggests that the strategic plans of MOEs should take into account the long-term strategy of the City such that their strategic plan moves the City towards being, “A World Class African City”.

To ensure there is integration within the functions undertaken by different MOEs, the City established a cluster approach, where MOEs are strategic

pillars to facilitate development within the Johannesburg. The City's IDP reflects that "a cluster approach in managing service delivery was established as part of institutionalising the Joburg 2040 strategy and go beyond operational boundaries and to attain a common vision. (IDP 2012/16) pg. 5

Institutional arrangements within the City and its entities depict the role of the City as that of providing an overarching strategic direction. Ideally the role of the shareholder in a structure like City and MOE's is to shape the vision and strategy, and the entities are expected to take the tune from the shareholder's vision and strategies direction, as guidance to align with the direction set by the shareholder. The MOE's are required to report quarterly and annually to the City on performance against the set targets of each MOE, and reporting on challenges and mitigation factors encountered during the implementation of the strategic plan. The findings and recommendations that emanated from this research will inform the proposed strategies for enhancing strategic alignment between the City and its MOEs.

This chapter gathers current practices of four MOEs in their strategic management processes, these companies all provide essential and municipal core services, even though they are not the same size in terms of customer base, budget allocation and their revenue collected. However the contribution that each is required to make in attaining the City's vision cannot be overstated. The MOEs have their own independent set of strategic processes in place; however they are much similar amongst each with few deviations. Some MOEs have pockets of strategic management processes that assist the organisation in strategic planning up until the evaluation and performance management stage.

The processes of strategic management that are recognised are:

- Strategic planning which involves only the executive management, as well as the board of directors. The outcome of this process would be formulation of strategic plan for the organisation.

- Strategic Implementation has also been a noticeable process such that all the programs and intervention that are reflected in the strategic plan are executed.
- Monitoring of strategy implementation is undertaken in isolation, by each business department, and there is no central responsibility at an organisational wide level.
- Evaluation of performance, against the set targets as indicated in the Balanced Scorecard of the organisation is also another process, which is recognised by all the MOE's that form part of this study.

Structurally the function of strategy in some MOEs follows a bottom-up model, as seen below where the strategic initiatives within the entities are identified by the respective departments responsible for the programmes to be implemented.



Figure: Levels of strategic formulation within the MOE's

This practice is well accepted in that strategy has different levels, as articulated on the ones of the MOE strategic framework, as follows: The overall strategy is gathering of strategic initiatives and actions developed by respective managers and key employees within the organisation

CHAPTER 3: RESEARCH METHODOLOGY

Introduction

Neuman, (2006) argues that the understanding of the origin of an argument or unit of analysis is a useful knowledge base in research of social realities. The origin of arguments can be influenced by different approaches such as positivism, interpretative to name a few. He refers to positivism as when knowledge is the integral part and the evidence that is drawn is based on defined practices that can be replicated, whereas interpretative social science is based on the unit of analysis that places value to everyone, and that no value is superior than the other. This approach also relates to the thinking that people are free to make their own choices, and are masters of their own destinies.

Research methodology relates to the systematic way the research problem will be solved. Neuman (2006) further argues that "research methodology can be understood as a science of studying how research is done, scientifically". He indicates that it is not enough for researches to know the research methods and techniques in conducting research the methodology to be followed, is as important.

Therefore research methodology has a wider scope, and research methods are comprised within the research methodology, hence research methodology considers the reasons and judgments behind the methods and techniques that will be used in a particular research study, and why such techniques will be used in order to assess the outcome of the research.

Research Paradigm

Hussey & Hussey (1997) defines paradigm as “progress of scientific practice based on people’s philosophies and assumptions about the world and the nature of knowledge “Two main paradigms in research are qualitative and quantitative.

The table below outlines a comparison of the two paradigms:

Qualitative	Quantitative
Social reality is subjective and multi-dimensional.	Reality is objective and mostly one dimensional.
Researcher interacts with the subject being researched.	The researcher is independent from what is being researched.
Data obtained is value-laden and thus biased.	Values are not relevant, data is unbiased.

Source: Hussey & Hussey 1997 p48

This study followed a qualitative research, paradigm. Qualitative approach to research relates to subjective review of opinions, behaviours etc. This approach is relevant for this study in that qualitative research by its nature aims to explore, illustrate etc. as opposed to proving a point or argument. This type of research assisted in discovering the underlying reasons or contributors to the problem statement. This study is triggered by observations made, across a number of strategic plans of various public entities in line with their vision statements. O’Connell et al indicates that vision statement is a starting point for any organisational transformation, and the vision statement should underpin corporate strategies. (O’Connell 2011)✓

Qualitative research method can provide acumen which may not be possible to interpret with purely quantitative methods. It can be described as

“a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant’s setting” (Lemanski and Overton, 2011)

Lemanski & Overton went further to describe different philosophical approaches that are widely used in qualitative research, which are referred to as, world views. The diagram below shows different world views as articulated by Lemanski & Overton.



Source: Lemanski & Overton, 2011: Introduction to Qualitative Research

Lemanski & Overton further argue that these approaches provide guidance on the choice of theoretical framework and research methodology. The two worldwide approaches that are mostly preferred and used in science education are positivism and constructivism.

In Lemanski & Overton views, these approaches can be explained as follows:

Positivism: *“Holds the view that a scientific approach can be used to understand both the physical world and human interactions. It is the world’s view most often held by scientists starting out in pedagogic research and quantitative methodologies often follow from it.”*(Lemanski and Overton, 2011)

Constructivism: *“Holds the view that humans generate and construct their own knowledge and understanding from their interactions with the world around them”* (Lemanski and Overton, 2011).

The theoretical framework of this study is based on ethnographic research, which according to Lemanski & Overton, the researcher observes the actions of the research subjects, “with respect of time” (Lemanski & Overton 2009)

Research Design

Polit & Hunger, 1995 refer to research design as the outline for undertaking the study such that the research has utmost control on critical factors that may interfere with the soundness of the research outcome. They argue that research design maps out how will the researchers gather answers to the research questions. This study will use case study methodology, which is defined as *“empirical enquiry that investigates a contemporary phenomenon within its real-life context”* (Yins’ 1984 p23).

The objective of the case study method is to acquire an in-depth understanding on alignment of strategic plans of City’s MOE’s with the vision of the City. This approach will provide views on how relevant are the strategies in realising the desired vision. A case study methodology by its nature seeks to answer the how’s and the why’s in social realities.

Data Collection

Data collection in ethnographic research should be “*under natural settings*” or normal practice environments, such that the environment or current practices are not adjusted for the purpose of the research. (Hamersley & Atkinson). The data was collected based on the current practice of strategic management within the City and the MOEs, and no adaptations were made for the purpose of the research.

A current practice of how strategy is managed in four entities was analysed and observed as the researcher is the strategic manager in one of the entities, and has an in-depth interactions with strategic management processes within the four MOE's that the study is concerned about. Polit & Hungler (1999) describes data as information gathered during the process of the enquiry. This study used interviews, as the primary data and document analysis as the secondary data. The rationale for relying on primary data, is that it is often unbiased and authentic.

These tools provided an in-depth understanding on the alignment of strategic plans and vision statements. Burns (2000) refers to interviews as “a purposeful conversation in which one person asks prepared questions,(interviewer) and the other answers (respondent). He further indicates that interviews are conducted to acquire information on the area of interest to the researcher. Purposeful Sampling also referred to as non-probability sampling is a method which involves intended variety of particular units that will create a sample which represents the population of interest to the inquiry .The researcher followed convenience sampling, where the researcher conducted interviews with a fixed number of officials of the City and the senior and executive managers of four MOEs relevant to the enquiry,

The senior officials interviewed were relevant in that they are responsible for formulating sound strategic plans, and ensuring that the City's long-term vision is realised through the strategies that are developed, further to this the support

person in the office of the accounting officer of the City was interviewed, so that an understanding of the challenges and experiences in formulating strategic plans that are aligned to the vision of the City, in order to draw recommendations based on the challenges experienced.

The Five (5) year strategic plan of the City, referred to as Integrated Development Plans, (IDP) was reviewed, in order to assess and analyse the contents of the document against MOESs broader strategic plans. Other documents such as the City's Growth and Development Plans were also analysed to get an in-depth understanding on whether these long-term planning documents have an alignment with the city's vision of being the "World class African City". All the MOEs Business Plans with their relevant Balanced Score cards was reviewed.

The advantages of the interviews are that practical tools that may lead to further research using other techniques such as observations and experimental can come out. The open ended structure of interviews that was used for this study allowed the researcher to probe deeper, from the initial responses, and to gain a more detailed understanding on the questions posed. This also allowed the responded to talk freely and expand on the challenges, and experiences they face in aligning strategic plans with the vision statement.

A focus group consisting of five (5) officials in different ranks within one MOE was gathered with the aim to explore the level of understanding of strategy amongst the employees. The constituency of the focal group was as follows: 2x senior Managers; 2x Directors/ General Managers 1x Middle Manager; the idea of this convenient sampling was again to gather how strategy is viewed across all levels of the organisation. The set-up of the focal group discussions were open ended discussions on strategy and the vision of the City, all the discussions were led by the researcher, shaping discussions around how we can achieve the vision of the City, and what is needed to be done differently by the MOE.

Data Presentation

Chapter 1	Introduction	Introduction to provide the necessary background or context for the research problem. It covers the following elements: • The research problem also referred to as the purpose of the study. • The context has set the tone for the research question in such a way as to show its necessity and importance. • Presentation of the rationale of the proposed study and clearly indicate why it is worth doing.
Chapter 2	Literature Review	It ensures that there is no “reinventing the wheel”. Gives credits to those who have laid the groundwork on the topic of strategic management and also demonstrates the researcher’s knowledge of the research problem.
Chapter 3	Research Methodology	Covers how the researcher plans to tackle the research problem. It will provide work plan and describe the activities necessary for the completion of your project. How the data was be gathered and analysed, and what instruments were used for data collection.
Chapter 4	Significance of Research	Explains what will be the implications of this study, who will it benefit, how is it going to be relevant.
Chapter 5:	Limitations and Ethical Considerations	Identifies potential weaknesses of the study, and mitigation factors that will be employed to respond to the constraints that are identified.
Chapter 6:	Research Management	Describes timeframes and how the research is planned out, when certain activities will be undertaken and completed.

Data Analysis

Qualitative data analysis involves interpretation of the raw data that has been collected as part of the research study, in order to discover any underlying trends or patterns so as to provide understanding, and interpretation relating to the problem statement. The purpose of analysing qualitative data is to scrutinize the significant content of what has been collected or found within the data.

What this study intends to explore is whether the strategies formulated within the MOEs strive to create "A World Class African City" as the long-term vision.

The responses gathered from the interviews were analysed using informal methods, such as categorizing the data according to specific research questions that they are related to on this study. The data was analysed frequently, in conjunction with document analysis such as reports, in order to ascertain that the views shared are generic to the MOEs' or they are individual views.

The discussions that emanated from the focus group discussions were also summarised interpreted and formed the basis for the findings of the research questions poised. These discussions also framed the recommendation that the report will make.

Validity and Reliability

Basson & Uys (1991) defines validity as the;

“ Degree in which an instrument measures what it is supposed to be measuring. Whereas reliability refers to the extent to which any measuring procedure capitulates the same results repeatedly in order to draw satisfactory conclusions, or make claim about the research enquiry”.

In essence the reliability is that if any other researcher can carry out the same experiment, under the similar environment and they must produce the same outcome, in order to support the findings for the hypothesis. Validity and reliability aims to reinforce the findings so that the hypothesis is accepted widely by the scientific community. The motive for undertaking this research is for individual interests, with an interest to become an expert in the field of strategic planning and strategic management.

Limitations and ethical considerations

There are limited research studies in the area of strategic management particularly on how strategic management processes play a key role towards achieving the set vision. Strategy is generally a sensitive and confidential subject in some organisation, especially where there is potential completion involved, resistance from some senior officials to participate was therefore experienced. Some of the limitations that were experienced were:

- Interviews were not easy to secure.
- Informal interview method required expertise from the interview to ensure the relevant information is obtained.
- Responses from the targeted officials were expected to be biased, to protect their employers.

In order to unblock these limitations the writer targeted to interview people that are easily accessible but relevant to the problem statement, as there is a direct professional relationship that the researcher has with, the targeted people. Also the structure of the interviews was tailored such that the discussions are more open, and the researcher will provide a platform for non-biased responses, by structuring the discussions in a non-judgmental manner. The researcher indicated to the City and MOEs officials that anonymity and confidentiality of information shared will be given, and the pseudonym names will be used as opposed to real names where necessary. The researcher works for one of the MOEs that are part of the study. Caution was exercised when analysing the data to ensure that, the findings are based on observations and what has come out from the interviews, focal groups and document analysis process, and the data was analysed in an appropriate context.

The names of the four MOEs, that the research focused on, will be withheld, for ethical consideration, and sensitivity to displaying information that may somehow compromise the researcher's working relations and put in question the leadership and management capabilities of those that are placed with the responsibility of managing the MOEs. The MOEs will be referred to as Entity 1, Entity 2, Entity 3 and Entity 4, with the order not suggesting any preference or the MOEs performance ability.

Chapter Conclusions

Following a recognised research process is important, such that a correct order is followed, and solid understanding of research methods is instilled. This study is a combination of a descriptive and exploratory research approach to describe systematically the problem statement as well as describing attributes to the problem of strategy linkages between the MOE's and the City's vision.

This type of approach was undertaken to explore an area where little is known or to investigate the possibilities of misalignment within MOEs and the City. The mode of enquiry followed in this study, was an unstructured approach, to allow flexibility in the entire research process. The collection of data was under natural setting such that current practices are not adjusted for the purpose of the study and to allow the researcher to obtain non-biased data.

The primary data in the form of non-structured interviews provided meaningful conversations that allowed the researcher to probe further on the areas of interest. The primary data collection took two forms namely interceptive interviewing and focus group interviewing. This methods were both beneficial, in that they provided the researcher with the understanding of the employees, about the concept of strategy and its significance in the organisation, which was crucial information to help draw recommendations from.

Analysis and interpretation of data involved a number of closely related operations which were performed with the aim of summarising the collected data, and organising it in such a way that it responds to the research questions.

CHAPTER 4: PRESENTATION OF FINDINGS

Introduction

Chapter three deliberated on the design and methodology that this study followed, including validity and reliability of the study. This chapter presents the findings from the data collected from executive management of the interviewed MOEs, City Senior official and senior managers that were gathered in a focus group, with open ended discussions on gauging the effectiveness of strategic management processes within the MOEs, and establishing their understanding on linkages between MOE and the City's vision 2040.

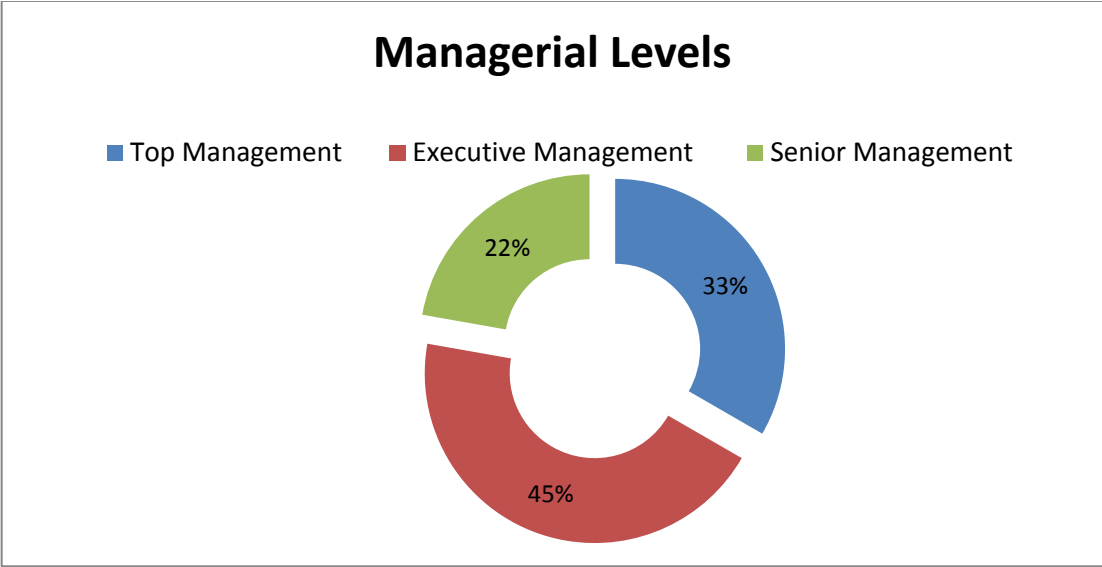
Exploration and review of literature on strategic management processes, as well as key enablers that drive strategy and linkages of strategy and vision statements enabled the structure of the discussion. These topics informed key questions which guided the interviews and the focus group discussions.

The interviews were carried out with senior and executive managers within the four (4) entities and City official. The interviews were approximately 45 to 60 minutes long, for a sample of nine participants, targeted to senior managers of MOEs and City Official, executives and CEO's of the four (4) entities relevant to the study. These managers are all in the value chain of strategy formulation, as some are head of strategic department's managers. The interviews were all carried out in an informal manner, through an open discussion. The key terms were explained thoroughly to the official's such that there is an understanding of the subject matter. The discussions were not only based on current practices relating to strategic management, the discussion were also about gauging if the interviewees have knowledge of strategic management at all, and also to give their views on the status of strategic linkages with the City in their respective entities, and whether it could be improved and how.

Sampling

A sample of 9 people from the four MOEs and City was interviewed constituting of, 7 members of Executive Committee, and two Senior Managers responsible for Strategy within the MOEs. The discussions were related to strategy and achieving of long term goals. The interviews were open discussion, and conducted in a non-formal manner.

Figure below shows the management levels that were interviewed. All these managers are structurally involved in strategy making, or in driving strategy within their respective entities.



Interview Topics and Responses from Management

The following topics guided the discussions or interviews with all the levels of managers interviewed.

- Linkages on City Vision with MOE’s Strategy

In the top level management, which is 33 % of the sample, which refers to the Accounting Officers of the entities, 66% indicated that, yes they think that there is a certain degree of linkages. However they view strategy as a long term plan that should guide the organisation in its growth.

In the same level of management 33% indicated that strategy is overrated, most importantly to achieve the vision one must focus on implementation such that services are delivered.

Between the Executive Management level and Senior Managers, the respondents indicated that in their knowledge strategy is really to define how to get to a particular point; however they do not necessarily think that there are linkages with the company's vision. The views expressed by about 54% of this management level was that strategy is important, mostly in profit making organisations, but for public and government enterprises, it is not so necessary to give this function so much attention.

- What is the understanding of leadership role in driving strategy, and who should be involved.

Almost 100% of the interviewees view the role of strategy to be primarily of the executive management. The responses were that strategy should be driven by the leadership of the organisation, and the operational managers should be involved in implementation. These interviewees are all in the forefront of strategy formulation in all these entities of focus, view this strategic management processes as a key strategic role that is primarily a function of the executive leadership.

- Understanding of strategic management processes, and whether they are effective in their organisations.

About 66% have an understanding of strategic management process in line with how it was defined by the interviewer; however these respondents indicated that these processes are not followed in their own organisations in the full value chain. The processes are there in bits and pieces but there seems to be no

linkages from one process to the next, as they are carried out by different departments, silos mentality have been indicated as the key problem on linkages of all the processes of strategic management.

Questions related to knowledge of City's visions were asked, because it transpired from the focus group discussions that some managers did not know of the revised City's vision in which the GDS (2040) supports. In one entity it was found that their strategic documents, reports and even their website still reflected the old vision of the City. Even though 88% of the interviewees had knowledge of the City's vision, what was found was that there was no common understanding of what can be regarded as "World Class African City", there are no clear standards on what the City, aspires to be like. One Accounting Officer of Entity 4, responding like " *We cannot compare ourselves and want to deliver services in line with how City of New York does, we are different and we have different challenges, what seems feasible in my view is to be the best in the Region, hence the term "African City" in the City's vision.*"

It was also founded during the engagements with the focus group that some managers had not seen their own organisation's strategic plan. It was therefore relevant to ask all the managers interviewed on whether they see it as their responsibility to cascade the Strategy document to other levels below them, in which 44% view the communication on the strategy to their sub-ordinates as important and within their area of responsibility whilst 56% do not see it as an important action, as the strategy is for high level managers.

The results are presented below.

Table 1: Management Responses

Interview Date	Feb 2013	Feb 2013	Feb 2013	Feb 2013	Feb 2013	Feb 2013	Feb 2013	Feb 2013	Feb 2013
Level at organisation	C	B	B	B	A	A	C	B	A
Duration in minutes	55	50	45	45	60	40	45	60	45
Knowledge of the CoJ's Vision	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Is Leadership role in strategy visible?	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Strategic Document shared with lower level staff	No	No	Yes	Yes	Yes	No	No	No	Yes
Who should be Involved in strategic processes	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex
Knowledge of Effective Strategic Management Processes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes

Apathetical letter representing levels in organisation: Accounting Officer: A; Executive Manager B; Senior Management C,

Executives – Ex;

Research Discussions and Responses of Focus Group

The focus group was held for a duration of one hour and 45 minutes,(1h45min) at the working committee rooms of Entity 3. It was a mix group of employees and the discussions were also very open ended, the views of this group provided a clear picture that will also frame basis of the conclusions of this research, the views were seen to be very authentic, in that it was a mixture of employees across all levels. It should be noted that the focus group was only set up for one MOE; therefore it was a group of employees working for the same organisation.

The findings from the focus group can be presented as follows:

- Achieving vision goes beyond strategy: the views expressed by some members of the group was that, strategy is over rated, and that their belief was that strategy is just a list of actions and activities, and that has no linkage whatsoever with achieving the vision. Within the focus group the most senior member understood the importance of strategy in running successful organisations, and believed that within the organisation the challenge that has been observed,(as an employee who had been there for more than 10 years) is that strategy is seen and undertaken as a “as and when function”.

The views shared by some members of the focus group was that it is somehow a function that is undertaken within a very short timeframe and deadline, for submission of strategies to the MOE’s board and approval by the Mayoral Council. In that case the quality of the strategic management process and the quality of the strategic plan document is often been poor over the years.

- Role of the City, in strategy co-ordination amongst the MOEs: what emanated from the discussions was that the City's role in the whole process of strategic management can be improved, such that the City is able to hold the entities accountable in the case of non-performance. The views shared were that entities set their own targets and key performance indicators each year, and in many instances choose key performance indicators that are easily achievable. The views were that if the City had a system that verifies, evaluates and monitors performance of the entities, such that those processes form part of the strategic management procedures, some problems can be curbed.
- Communication of strategy not undertaken: One focus group member indicated that in the six years that he had worked for the entity, he had not seen the entity's strategic plan, and did not know if it exists. He further indicated that *"whether there is a strategy or not my team has work on the ground to do each day and we are not impacted on strategic objectives at all"* The communication of company strategy is just a function that is not in existence in the organisation, where even some managers do not know the key strategic objectives for their MOEs that they work for. It leaves one wondering on how the manager's performance plans and that of his subordinates are aligned to the company goals.
- Need for holistic strategic approach: successful organisations are moving towards sustainable development. The views were that there is no integration and synergies within departments internally, where each department functions in "silos", One participant of the focus group indicated that "in our organisation strategy is a top management function" and as long as you do not sit at executive committee, you are not involved in strategic formulation" Yet I am expected to drive projects and programmes, that I do not even know how they contribute to the bigger picture".

- To close off the discussions the researcher asked each focus group participant, what could be the reason in their views, Entity 2 performing better than this entity, in terms of financial viability and delivering of services? There was consensus in the responses which were along the lines that Entity 2, seems to have a common vision, or the leadership in Entity 2 seems to have a common goal, and that makes it easy for everyone in the company to align themselves, with the flow of direction. Entity 2 also has a long term 5 year strategy, in which their annual business plans stems from. The views were that, in a nutshell in entity 2, they are very serious about changing what is not working, and they are very bold in taking new decisions, that results in new ways of doing things.

Presentation of Findings to Research Question 1

The results of this research have been organised according to the research questions, as reflected in chapter 1 of this report.

1. What are the challenges, trends and experiences of the MOEs in aligning strategies with the CoJ vision?

MOE's, are required to formulate business plans in order to comply with the Municipal Structures Act, (Act 87 of 2000) requirements. There have been challenges encountered by the four entities in formulating key intervention programmes that will have a meaningful impact on their customers, such that overtime the City's vision is achieved. The City identifies strategic pillars or key priorities, with the view that the MOEs would come up with strategic plans that link to those priorities, such that there is an alignment with the overall vision of the City. Over the years all the MOEs business plans had been approved by the Mayoral Council of the city, and that may be interpreted as that the MOE's business plans are satisfactory to the City, and are building towards "A World Class African City." There has been a level of compliance that has been a key driver in strategic planning efforts within the City and its MOEs. This is seen by

not having formal processes to monitor and evaluate the approved plans, apart from submission of statutory reports, participation of MOEs in established governance structures with the City.

However the interviews with the key MOEs officials do suggest that even though there is a process that is followed to plan strategically, the MOEs find difficulties to formulate key interventions that will support the City in its vision of being a World Class African City by 2040. The importance and understanding of strategic focus and thinking, in the MOEs it is also a missing aspect. What has been gathered as the key challenge is the level of ambiguity in what strategy is or what it is meant to be. There is clearly a misunderstanding in the difference between strategy, strategic plans and business plans.

In the Method Framework the following is articulated

“Strategic Planning is misunderstood and often misused term, lacking a well-defined and widely agreed upon definition. Strategy, and the planning associated with it, has origins dating back to its military usage as early as the 6th century. In the corporate world, strategic planning generally refers to the defining of the organization’s go-forward plan for the future and accompanying desired outcomes. The spectrum of corporate strategic planning models and processes is broad, and the term has taken on many different connotations over recent decades.”
(Method Frameworks, Division of Forte solutions Group: Strategic Planning, CEOs Series)

Academic Literature suggests the Strategic plan is the blueprint that defines the steps and procedures the business will take to achieve its vision and objectives. Without a mission or vision statement, the business cannot define its objectives, nor can it establish the strategies for success. The successful strategic plan is built around the business’s missions and objectives and, its success is dependent upon the organisation attaining its vision, however the business plan is usually a short term plan that defines how the organisation will achieve its

goals, it defines key interventions, programmes and projects that will be implemented to achieve the long term strategy that in turn seeks to achieve the vision.

Therefore one of the key challenges is that the three,(3) of the four,(4) MOEs relevant for this study do not have strategies that sets its own long term goals and objectives that supports the City's vision. The year on year business plans that are formulated should be guided by a long term strategy of the MOEs. The City has a long term strategy, the GDS 2040 as well as an Integrated Development Plan, which is a five year plan. These two long term plans of the City are key and essential plans that should give basis to the MOEs to develop long term plans to guide the entities, for long term direction.

It would obviously be a continuous challenge as it is currently, to draw operational plans, such as business plans without a clear long term view. One of the challenges that cause the misalignment is that the interventions or programmes that are prioritised are not integrated within the MOEs and across the MOEs, it's a mixture of fragmented approaches.

From the responses on understanding and views of the interviewees on strategic management processes, the responses suggests that pockets of strategic management processes are in place, but not very effective .What had been observed and found is that even though business plans are formulated, lack of a holistic and effective strategic management processes weigh down the effectiveness of the business plans. The key challenges that are crucial to point out are failure to integrate strategic management processes with organisational wide processes. For instance; budget allocation processes from the City is undertaken prior the MOEs having formulated their business plans. This therefore forces the MOEs to fit in, key interventions and priorities within the allocated budget.

An accepted strategic management process recognises budget as an enabler to implement strategy, hence academic literature suggest and recommends

long term strategies and short term business plans to be developed such that these plans are resourced accordingly, where financial resources are allocated, human resources and all other key enablers that should support the strategies.

The current process is that MOEs are required to submit their budget requirements that will support the coming years business plans, prior the formulation of the actual business plans, then financial resources are allocated provisionally by the City where the MOEs are expected to come up with key programmes and projects that will be implemented in the coming years, and cost them such that budget would be allocated.

It is noted that within recognised strategic management process, allocation of resources such as financial, human are undertaken after the strategy or business plans had been formulated, where prioritisation is undertaken and costing of key priority activities is done, allocating resources to the programmes that are viewed to change the direction of the organisation.

The challenge in the structure of management process as used by the City and its MOEs is that, strategy does not drive the business, but it is viewed as a once off function or process to be undertaken to develop business plans to comply with the legislative requirement.

What came out of the discussion with interviewees and focus group participants was that the budget process and the internal strategic management processes do not align, and it therefore forces the entity to formulate the business plans in retrospect trying to fit strategic objectives within the leaner budget that is already allocated. The leadership within the City has been calling for all MOEs to “change course” such that change is seen by Johannesburg citizens and the interventions that are prioritised by the entity brings about the desired change in people’s lives.

However it seems as though with such practices of processes that are not aligned, the practice perpetuates continuation of the notion of “carrying on with

what we have been doing” It is however within the control of each MOE to establish their own effective strategic management process, such that there is alignment with the requirements of the City.

The key challenge that came out of the discussions is that, on what basis are the programmes identified and prioritised, in to acquire funding if the MOE’s have not formulated their strategic plans, and how relevant are these identified programmes to support the attainment of long term goals. Being strategically focused, means there is change that will be seen in service provision, but in order for that change to be effected things have to be done differently. This pragmatic approach of mechanistically squeezing strategy within the organisational processes where there is no fit, promotes the defaults that happen in many organisations, such as doing the same old things even if they are not producing maximum return to the organisation. Selections of programmes and projects to be implemented as part of strategy execution, must be informed by strategic objectives, and functional processes and systems must be established to support programme implementation as seen in the diagram below.

Linkages of Programmes with Strategic Objectives



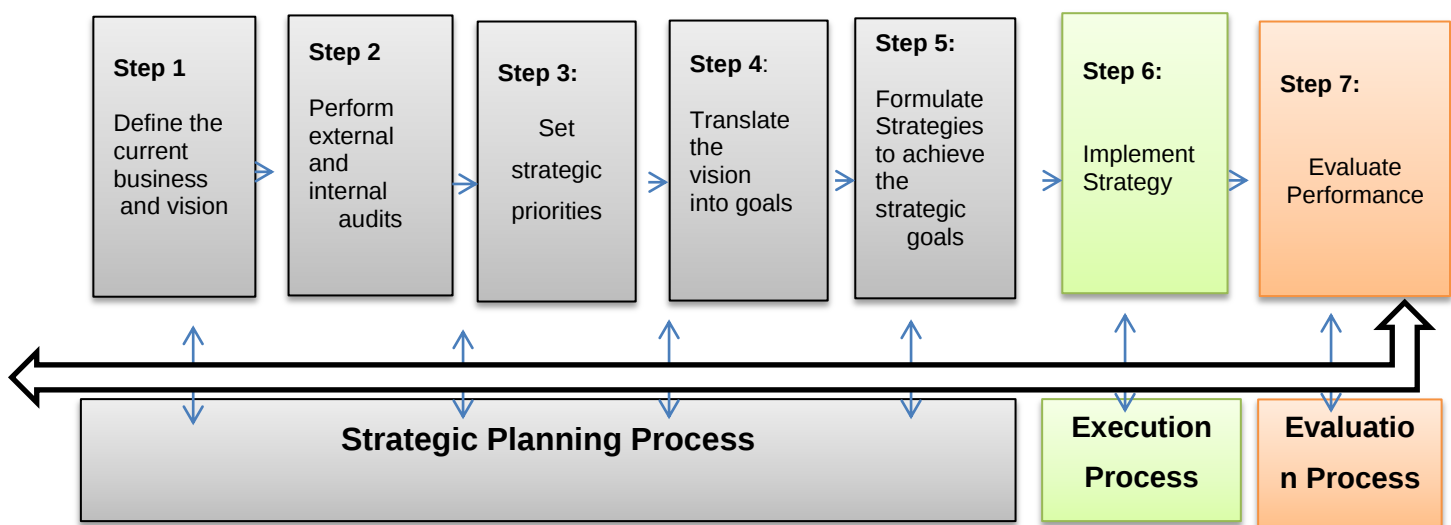
Presentation of Findings to Research Question 2

What are the strengths and weaknesses on strategic management processes within the 4 MOEs?

Within the context of the city and its MOEs, the city sets the strategic agenda, and strategic themes that have to be attained over the next years.

The observed weakness in the strategic management process in all the four, (4) MOEs is linkages in the process whereas in about three,(3) MOEs its effectiveness of the processes. As earlier indicated pockets of strategic management processes exist, but one does not feed into the other, and that impact on their effectiveness. Because each component of strategic management entails judging whether to continue with things as they are or to make changes, the task of managing strategy is a dynamic process- all strategic decisions are subject to future modification. Changes in the organisation's situation and ups and downs in financial performance are constant drivers of strategic adjustments.

Below is a typical recognised strategic management process that is used interchangeable in private sector or public organisations. The weakness and strengths of the four, MOEs will be assessed against this process.



Against the above diagram. The table below shows strengths and weaknesses that have been found within the MOEs processes.

Strengths	Weaknesses
Implementation of strategies is very effective Strategic planning, through workshops is undertaken religiously	Lack of common vision Not too much depth on strategic analysis,(internal and external) Priorities remain unaltered for years No synergies on the processes depicted about Planning process is no robust enough Each process is in isolation, not feeding into the other. Evaluation process is not undertaken effectively, if at all undertaken

What was found in one, (1) entity was that, to a certain degree the strategic management processes as it is carried out, is in a much robust way. To a point where it was reported that, the key question senior management asked, at a strategic breakaway, which was led and championed by the Accounting Officer was “*what needs to be done for the entity to be more financially viable*”. And that seemed to have set the tone on the key strategic priorities, because the direction is clear. The strategic planning process included an in-depth analysis of what are the drivers of business.

In setting long term goals the MOE followed the principle as articulated below;

Phase I Situation Assessment	Phase II Strategy Workshop	Phase III Implementation and Monitoring
1. Agree on the key issues, the planning process, a multi-view assessment of the current state.	1. Define the strategic plan for the organisation, including broad goals, measurable objectives, specific strategies and priorities.	1. Develop action plans for priority strategies. 2. Implement the communication plan. 3. Implement the strategies. 4. Report progress. 5. Adjust the plan as needed

Key challenges that had been observed in the process, where the function of monitoring and evaluation does not exist, and therefore performance review against set objectives is undertaken to simply comply with statutory reporting, quarterly, mid-year term and annually, rather than to correct or improve. Each one of the processes of strategic management requires constant evaluation because the process of managing strategy is on-going.

In the other three,(3) MOEs the processes are not done in a holistic manner. The process of situation assessment, is not quite holistic, which is a key process as it answer the” where are we now” questions and provides directions on what has to be undertake and prioritised on. Understanding the current situation is vital to identifying the approaches needed to drive success. A full understanding of the current situation includes an analysis of several areas. The list below shows assessment areas relevant for strategic plan formulation, in which have been found to be weaknesses in the first step of the planning process.

These are important diagnostic questions that should inform the strategic formulation process, and reviewing the MOEs business plans and gauging by the interviews and discussion with the officials, such assessment analysis is an area that is not robust.

- What are the current and future needs? What are their perceptions of our performance?
- What are their perceptions of our organisation and how we can improve? How can we make them more effective in their roles?
- What have been recent shifts in the industry? What shifts are anticipated for the future?
- Performance trends - How are we performing by public value, delivery of public services, by National imperatives, standards and priorities?
- Recent goals and initiatives - How are we achieving against previous plans?
- Organisation profile - What are our strengths and areas for improvement with regard to our organisational structure, processes, technology, culture, etc.?

Presentation of Findings to Research Question 3

What should the enablers of the strategies be to achieve the vision?

It is now understood that strategy alone, as a well-designed or crafted document, will not make any in-roads unless there has been concerted efforts to support it with key enablers to ensure that the strategic goals are realised. Nadelea & Paun express their opinions on key enablers that organisations need to consider, for the successful realisation of the set strategic goals, as articulated below: (Nadelea & Paun, 2010)

- internal organisational structure;
- organisational skills/technical know-how /operating capabilities;
- the organisation's systems of reward and incentives;

- internal policies, practices and procedures;
- culture
- Leadership

One of the critical steps which is ideally undertaken during the planning process, is resource analysis, such that the organisation can understand what resource are required to support the set objectives, and further than that, analysing the internal structure of the organisation such that there is confidence that the internal structure is fit enough to support the goals. In some instance as it is in the case of Entity 3 it has been founded that structural incapability's are at the integral part of the challenges it faces with regards to performance. The structural set up, where key functions are misplaced and therefore the ability to thrive and contribute to the expected performance is compromised.

It was noted in Entity 1 that, on the review of their long-term strategy, key question was asked. *“Can this structure take the organisation, to its desired state? Can the skills and human resources that currently exist within, contribute positively towards the attainment of the set goals?”*

Subsequently new functions emerged and a full organisational structure was reviewed and further revised, an exercise of re-shuffling senior managers to different portfolio was undertaken to ensure the right skills are where they are best required.

One of the key enablers that really have proved to support effective strategic management is leadership. What had been found is that depending where is strategy driven from, translates the returns that will be realised. The results of the interviews reflect that 100% of the respondent's view strategy setting and formulation to be a high level function undertake by the senior management. This view suggests that in those MOEs the notion of creating, “Strategy Focused Organisations” according to Norton & Kaplan will not suffice where strategy becomes an organisational matter or issue. Literature shows that if employees within the organisation are not engaged in strategy formulation and

they are not involved, the danger is that the implementation could also be compromised.

This was observed in Entity 1, firstly structurally the function of strategic management is spearheaded by a personnel who is in the leadership position, within the Accounting Officer's office, this model has been observed as effective across other organisations, that are viewed to be strategically focused, that strategy is directly influenced by the accounting officer, as the person with the responsibility of setting direction.

The following elements are key to consider in supporting strategy management, as articulated by: Nadelea and Paun, (pg. 100)

- "Building an organisation capable of carrying out the strategy successfully;
- Developing budgets that steer resources into those internal activities critical to strategic success;
- Motivating workers in ways that induce them to pursue the target objectives energetically so as to execute the strategy successfully;
- Creating a work environment conducive to successful strategy implementation:
- Installing strategy-supportive policies and procedures;
- Developing an information and reporting system to track progress and monitor performance;
- Exerting the internal leadership needed to drive implementation forward and to keep improving on how the strategy is being executed."

The last research question will form part of the recommendation, as it provides suitable strategies for consideration to ensure alignment.

Chapter Conclusions

Of critical importance in the entities are the strengths and shortfalls that exist within their strategic management process, as they are a stepping stone towards attaining the overall vision. The first thing that was considered and was asked to the interviewees of the entities was “what business are they in, and what should it look like in the coming years?”

The contradictions in the number of responses indicated lack of common vision, and what was found is that there is different interpretation and understanding of what the entities must achieve in future, which creates weakness in driving a common goal.

The major weakness in the strategic management processes have been found to be not undertaking the processes more holistically, such as developing actions plans or business plans without having defined strategic goals. This is one of the contributors that cause misalignment.

Communication of the plan and strategies is also a gap that has been attested by the interviewees and focus group participants, and the results of such are misalignment of departmental activities; individual performance plans and strategic goals.

Some scholars such as Henry Mintzberg indicate that strategic management is for the top-level management. Those in leadership positions must understand that strategic management is their responsibility. They are responsible for establishing a climate in the organisation that is congenial to strategic management.

Whilst the writer notes that setting the direction and paving way forward is the core responsibility of those in leadership position, however there should be process that are established such that all levels within the organisation are involved, through engaging of employees in a mechanism that allows them to

input on the formulation of strategies such that they're better equipped to drive the implementation of the strategies.

In the GDS 2040, the "World Class African City" is clearly defined. "The GDS 2040 is an aspirational strategy that defines the society the City aspires to achieve by 2040." (GDS pg. 8). The vision serves as a mental picture of the city by 2040, with clear four,(4) major outcomes, outputs and indicators.

The difference in articulating common understanding of what "World Class" relates to in each entity can be a contributing factor to challenges of aligning strategies of entities with the City's vision, because if there is no common understanding, that certainly affects what each entity does and what it prioritises on ,building up to the 2040 vision.

The City can improve its processes by having a Strategic Management Framework that stipulates its own strategic management processes, and monitor the MOEs to develop their own strategic framework with clear processes that are linked to the City's ,this creates harmonious alignment and linkages in the processes.

CHAPTER 5: INTERPRETATION AND ANALYSIS OF FINDINGS

Qualitative research begins with questions and its ultimate goal is to learn, one of the critical aspects of this type of research is digging deeper, into the findings to get some understanding of what lies underneath them and what does all the information mean, such that the voice of the researcher comes out. Bloomberg (2007 45467)(pg.27)indicates that analysis of data is about deconstructing the findings which is an essentially post-modern concept.

This chapter presents an analysis and interpretation of the findings as presented in chapter four (4). The findings as articulated in the previous chapter are seen as having a direct tie with the research title in that the results from the interviews and focal groups reflect the gaps with the strategic management processes. This chapter aims to provide a fair and thorough analysis of the results from the primary data and secondary data, which is document analysis. The findings are interpreted and analysed taking into account the literature reviewed in chapter two (2), and overall research question for this study.

Theoretical framework

The literature review that is outlined in chapter two (2), looked at different theories behind strategic management, including elements of strategic management processes, in a full value chain ranging from strategic planning, right to the last process of strategic valuation, which is undertaken by evaluating the performance of the institution against set key performance indicators. The literature reviewed concluded by providing a theoretical framework that is relevant for this study.

As reflected on chapter two (2) in literature review there is a misconception, particularly in public entities that strategic planning as a function refers to

strategic management, with the increasing pressure to provide acceptable quality of services, to improve set social outcomes. It is becoming more and more important that municipalities comply with municipal regulations, whilst improving effectiveness within.

To meet these considerable challenges it is important that strategic processes are improved. Strategic management process encompasses all the relevant organisational internal and external issues, threats, opportunities and so on, in to developing long term plans that provide a balance on how to manage internal strengths and weakness, with external opportunities and threats towards achieving the organisational objectives.

The theory that is chosen and underpins this study is the following:

“Formulation of strategy brings in the critical issue of how the targeted results are to be accomplished. While objectives are the “end product”, the strategy is the “means” of achieving them. The task of formulating the strategy entails taking into account all of the relevant aspects of the organisation’s internal and external situation and coming up with a detailed action plan for achieving the targeted short-run and long-run results” (Nadelea & Paun 2009, pg. 98)

A number of scholars concur with this theory, where Norton & Kaplan indicate in order for organisations to have meaningful strategies it is vital that their vision statements are affirmed, such that goals and outcomes can be determined, to pave way in formulating clear business or action plans. Poister and Straib takes these theories further and argue that for public organisations to be effective, central and integrated strategic management processes is essential, where strategy is also supported by key enablers such as right culture, leadership and resources. These theories serve as a basis in which this study used to analyse and understand the current processes of strategic management processes of MOE’s in line with the vision of main shareholder the City.

Strengths on strategic management processes of MOEs (what is working well)

As earlier indicated that are certain elements within the strategic management processes that are working well for some of the entities, and these can serve as a good base to build from. To interpret the finding in a fair way, the strengths or things that are working well within the entities will be grouped for all the four(4)MOEs as there are more common synergies in what works amongst them, though not the same.

Tier levels in planning

The basic structural model for planning recognises the key managers that are to be involved in strategic planning. This is a business wide model where only two or three levels of management are involved in strategic planning, depending on how complex is the organisation. Within the entities the corporate level or executive management level provides direction on how the organisation as a whole will reach their long term goals, where the next tier focuses on balancing the inputs with outputs and setting up activities that will support the corporate performance indicators.

Development of middle management into leadership level

During the reviewing of the MOEs business plans, the study established that there is a drive and plans to move towards making the MOEs sustainable organisations. There are different kinds of developmental programmes that are aimed at capacitating internal middle managers to develop a cadre of senior managers, this are done ranging from programmes such as seconding key employees to executive coaches. This is indeed a meaningful strategic direction that focuses on developing a cadre of leaders, and it has also assisted in some cases in better decision makings but various managers.

Shared sense of strategy and its importance

The interviews and focal groups determined the level of knowledge of senior managers on the subject and understanding of the concept of strategy. The study found that there is a shared sense of strategy within the majority of the managers and that the importance of strategy to drive effective organisations is well appreciated. The study also established that the view of strategic planning or management is associated with developing business plans and not as a cyclical process. 3

The limitations that such a view has especially on senior and executive management is that the processes that supports strategy, such as leadership development, change management resource allocations, amongst others become fragmented where each business unit undertake their functions in isolation. On the impact it is likely to have other units and company at large.

Strategic management is viewed as a broader process of managing an organisation in a strategic manner, on continuous basis, where strategic planning is a key process of strategic management and includes resource allocation, management, implementation, control and evaluation.

Treodore H; Poister B; Koteen (1989) also indicates that strategic management intends or aims to improve organisations on decision making and provide guidance on actions that determine the long term performance of the organisation.

The positive issue was that, the appreciation of the importance of the structured strategic management process exist, and in my view it provides a good basis for the MOE's to enhance that knowledge and follow best practices on the approach of strategic management

Political direction

Porter (2001) suggests that in a profit generating co-strategy is influenced highly by competitive forces, and Kemp et al(1993) further indicates that even in a non-profit environment, that approach on strategic management is highly driven by the operating environment in which the government agency operates in. This brings a very critical element, in that the study established the note and influence of political principals in providing direction on strategic intent and focus.

This was viewed as a positive trait in that it intends and advocates for integration amongst the different entities of the city, such that key interventions can be intertwined to support and complement each other, for instance as one of the requirements from the City to approve MOE's business plans, is imposing on MOE's to cluster programmers and interventions, where they are common benefits such that financial resources are also managed.

To see maximum benefits on ensuring integration, some gaps also needs to be addressed. As indicated the political direction is set and very clearly for all entities to align their focus and set medium to long term plans, in to place, and this process is undertaken by robust engagement and consultative approach, across the political and administrative leaders, and the process cascades down to executive and senior management of each entities between the City and the MOE's.

Strategic management enablers' positive migration

The study established that some of the MOE's relevant for this study had undergone an organisational restructuring; this process was initiated to ensure that the business plans are supported by functioning structure. It is always understood that strategy on its own cannot bring about the desired change in any organisation key enablers are not given attention. How the organisation is structured has an influence on whether strategic management can be effective.

Noting that strategy sets out how the organisation will use its major resources, in the same thought, organisational structure assist the organisation to set out, how the pieces will fit together internally. Hence it's important to ensure that the structure and strategy should seamlessly support each other. An organisational review was undertaken which was followed by merging various departments and transferring key skills to other areas within the MOE's where they would be best fit, and add meaningful value.

Different managers were rotated to other business units or departments, to foster challenge and new motivation. The positive migration towards critical enablers certainly indicates a focus on other key and crucial enablers that have a direct effect on effective strategic management.

Areas of improvements

Municipalities are the grass roots mechanism into which basic services are provided to communities and beyond that commercial activities rely on municipalities to provide essential services for their operations. Johannesburg is the economic hub of the region, and it's subjected to provide quality and credible services to all its customers. With pounding pressure to move towards developing sustainable communities, municipalities are pressured to focus on outcomes and improve on efficiency and effectiveness of the organisations.

It has therefore become imperative for even public organisations such as MOE's to focus on strategic management process, as a basis and foundation of productivity increase, and meeting demands of service provision. The study has found a lot of gaps within the strategic management process of the MOE's and it impacts largely on the expected outcomes. There is a logic and principle that strategic management is outcome based and enablers for those outcomes to be attained. The gaps identified as part of the study emanates from the problem statement which refers to the misalignment, of strategic management process of the MOE's, MOE strategies with City's vision statement.

Culture and change management

For a strategy to be formulated and implemented successfully, it is essential that organisational culture is able to support the strategic intent. Organisational culture includes shared beliefs, norms and values within the organisation. Culture within the organisation can serve many purposes, such as unifying employees help create common norms that employees must follow. The study also revealed that within MOE's, there are no common values and beliefs. The focal group discussion revealed that in (MOE 3) culture is so segregated as if, top executive management is one company and the lower levels belong to another company. So there is a culture of top executives, not taking into account the operational issues that are raised, in the spirit of defend themselves amongst their executive peers, this therefore indicates a culture that does not support strategy progression and implementation, because a culture of partnership, and teamwork is not present.

Another challenge relates to a culture of being complacent and complying to rules and regulations and external and internal factors, this culture does not enhance commitment among employees, resulting in less of focus on productivity and bringing about change, but rather maintenance of status quo which prohibits success on strategic planning implementation. Because of lack of culture alignment within the MOE's, it impacts on strategy implementation.

As the organisations are not efficient in their operation and it results in difficulty between the top management and the operational personnel to work as teams in developing strategic initiatives.

The study also established that there is a lack of change management mechanism, that should be initiated to steer a new thinking, and a way of doing things in line with the strategic priorities and objectives, while literature indicates that *"a bulk of strategy implementation is about change management, and launching new initiatives"*(Bossid L and Charon (2002)

It is understood that the MOE's have been focusing largely on measuring their performance, based on inputs and outputs with less or no focus on outcomes, whereas strategy implementation requires strong action oriented culture that focuses on outcomes, as opposed to routines and activities, because implementation in its nature is converting knowledge into doing or action.

Change management initiatives can be a good mechanism to support all employees to ensure that, the organisation responds to the environment it operates in, such that there is a common culture that is promoted.

Involvement of wide stakeholder in strategy formulation

The study revealed a number of challenges that are contributing to the MOEs not to fully achieve the outcomes of their strategies, and these challenges link to the research problem, which is to establish the challenges that result in MOE's not having their strategies aligned to the City's vision.

The interpretation of the responses of the interviewed executives and senior management, suggest that, strategy is viewed as a top management function. There are still gaps in as far as involvement of wider stakeholder, such as the partners, vendors, key commercial customers, civil society organisations and etc. That fail to deliver during execution are often built upon flawed logic and incorrect underlying assumptions.

For social services such as what these MOE's are providing, it is important to get buy-in and engagement from consumers such that there is smooth implementation. Also internally within the MOE's, the lack of wider and broader engagement and cascading down the strategy to lower levels, can be an impediment during execution, disengaged employees create a change management barrier, as it is understood that strategy implementation is highly reliant on hard work drive for change, dedication of the organisations employees. If one considers that each employee of the organisation implements strategy on a day to day basis, through their daily activities.

What the study established is that not everyone in the organisation fully believes that their actions are relevant to the realisation of the organisational long-term goals and strategic objectives.

Linkages on performance Management Systems and organisational performance indicators

The study established that generally the performance management system with each entity is not aligned to the set performance indicators. For instance in MOE 3, the strategic plan has key performance indicators with clear targets for the next three (3) years, whilst the performance management system which is administered by the human resources department, do not match bonus qualification with the set organisational targets, a classical example was that the organisational target is to achieve 95% response time on queries lodged ,within a specified time, whereas the performance management system's rating for bonus qualification is achieving 90% of that same target. This obviously does not motivate employees to go beyond the organisational target in the sense that, they qualify for bonuses even when the set target is not achieved.

Chapter Conclusions

The study discussed and provided an analysis of the research findings. It emerged on the analysis that strategic management can be viewed as a tool to lift levels of organisational performance, if it is undertaken effectively.

The analysis also revealed that the MOEs have taken small positive steps to support the City's vision, however further steps should be taken to improve some of the dependences that could assist in effective strategic management processes, such that there is an improvement in delivery of services. For example according to Poister and Streib, the importance of effective strategic processes is articulated below;

“effective public administration in the age of results oriented management, requires public agencies to develop a capacity for strategic management, a central management process that integrates all major activities and functions of an organisation directing them towards advancing an organisational strategic agenda” (1999:308)

In strategic planning process, the operational realism is very critical, such that it informs the top management on the operational realities across the organisation. The lack of wider and broader engagement at all levels has a direct impact on the misalignment of goals within the MOE’

CHAPTER 6: CONCLUSIONS & RECOMMENDATIONS

Introduction

This chapter provides a summary of the content of the study as well as the purpose of the study. The study endeavoured to look at different views on strategic management processes to form basis for the most appropriate tool to assist the MOEs in aligning their efforts towards the City's set vision. Empirical tests were undertaken to satisfy research objectives and research questions, that in turn seeks to address the research problem.

Kernaghan K & Siegel D, indicate that

"New approaches to management in the public sector are imperative as governments enter the new millennium. Market dynamics have created challenges for public organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources."(1999)

It therefore became evident from the literature review that an approach, which incorporates modern strategic management tools, is necessary for the public sector to achieve improved performance and overall service quality.

The concept of strategic management provides a crucial issue about how the targeted strategic goals are to be achieved. While objectives are the end product, strategy provides means to achieving that end result. Formulation of strategies requires that all the organisation's factors are considered, internal and external factors, such that an action plan is devised with clear medium to long term plans. It is therefore important to view strategic management as a continual process, because each component of strategic management involves evaluating on whether to continue with the status quo or to modify certain things, hence it is referred by (Nadelea S & Paun LA) that *"the task of managing strategy is a dynamic process."*(2009)

A collective understanding and sense of strategy is very critical to managers within the public sector, in that it assist in positioning the organisation to face multifaceted and unclear future about the organisation.

Strategic management processes can be used effectively by public managers to focus efforts and priorities of the organisation, as well as providing a sense of guidance on decisions related to resource allocation, organisation performance and appropriate or suitable action plans.

The study looked at literature on strategic management processes, and the full value chain or process of strategic management process. The research attempted to establish the linkages between vision statements and strategy. Strategic vision is a critical component in strategic management, meaning that strategic plans and business plans of organisations must be consistent with vision statements of the organisations, such that they are an anchoring guide in each step of the strategic planning process.

Literature review was undertaken to get basis from the academic literature on what is known and recognised in the field of strategic management. Based on the sound research methodology followed, which included data gathering and analysis, the writer has learnt and found that what is important in aligning MOEs strategies with the City's vision goes beyond just formulating business plans.

On the basis of findings the study identified key contributors that are an influence in the gaps identified within the MOEs strategies and the vision of the City. Different factors were identified which are: Inadequate communication and involvement of a wider stakeholder in strategy formulation; strategic management not views holistically as a continual process within the MOEs with elements of silos amongst business units, the role of leadership in strategy communication and cascading it to all levels of the organisation.

The study also established that the lack of organisational strategies, in which annual business plans should be derived from, is a key contributor.

When organisational strategies are in place and are done well, with a mature and robust process that guides the effort to ensure completeness - the outcomes can be meaningful and can put the organisation to lead the competition and in the case of MOEs they can help to improve outcomes and increase outputs of the organisations, while simultaneously improving efficiencies and effectiveness.

There is a lot of pressure coming from a broad group of stakeholders demanding accountability for spending, yet only a small percentage of the MOEs operate with mature planning models that yield complete and comprehensive strategic plans. The majority do not fully operationalise their strategy to get maximum benefit. Fully operationalised strategic plans are more comprehensive, going further than just defining business strategy by addressing all of the actions and resources required to implement the strategy.

All of this provides the holistic picture of the existing landscape and the organisation's proficiencies within it. Such plans allow managers to monitor progress and remove impediments to goal accomplishment. Data suggests that most organisations would certainly benefit from adopting a more formalized approach to strategic planning and that many companies have routinely failed to successfully and fully implement their strategic goals.

Of the four (4) MOEs relevant to this study the following can be concluded: There is no differentiation between 'Goals' & 'Strategies'. They are interchangeably used. While 90% of them have three (3) year 'Goals' they hardly have any defined strategy". A very small percentage of employees within the MOEs have a clear understanding on their organisation's business strategy; only senior management staff's incentives are linked to business strategy

McKinsey and Company offers an excellent summary of the environment in which the public sector now operates.

²“We believe there are five main implications for the public sector: governments must radically increase the productivity of public services; change their relationship with constituents to address their ever increasing demands; redraw their organisational landscape to deliver better services; achieve a major cultural change that puts data at the heart of policy making and management practice;

The City is also not different as it's faced with the challenges as articulated above. To address the aforementioned challenges with the City it is important that it revisits and improves strategic management processes as well as measurement systems, such that there are linkages in what is measured for performance and the strategic goals. This statement may seem generic, referring to public organisations, but the phenomenon articulated above is not only peculiar to municipalities but rather to most public organisations at large.

Recommendations

In the case of the City and its entities a clear framework is required from the shareholder that outlines a clear and comprehensive process of effective strategic management, which takes into account timeframes within the process to ensure that one process feeds to the other, such that there are smooth linkages within the City processes as well as MOEs, the framework must provide emphasis on entities to develop long term strategies in which the annual business plan will stem from.

The guiding norm in any strategic management process, irrespective of whether it is the public or private sector, it is about being thoughtful of what changes are needed, how to plan, implement and manage these changes, and how to craft a roadmap for sustaining developments that lead to better performance.

² M. Barber, A. Levy and L. Mendonca, “Global trends affecting the public sector”, McKinsey and Company, June 2007, p1

There is a general concurrence that leadership plays a critical role in setting and formulation of strategy with involvement of other levels, and the role of other managers in translating strategies into action plan, and lead implementation. To realise set objectives the process must be followed with clear performance indicators set and ways in which the performance will be monitored and measured, linking to individual performance plans, to ensure linkages that will support alignment with the broad goals.

The role of effective strategic management is vital, in order for the City and its MOE's to effectively function. The City just like any other metropolitan city in Johannesburg, where there are so many challenges pertaining to service delivery, and the need to ensure quality of services are provided, sound financial management, the need to comply with compliance with municipal legislation etc., these obligations are too large and complex to deal with, without effective strategic management processes.

There is a mounting pressure for the City, to show progress towards being "A World Class African City" therefore the MOE's are expected to move towards the same direction as defined by the city, to improve performance and create public value, strategic management that provides the necessary means of achieving improvements.

MOE's are expected to motivate employees and instill a positive working culture; a turn on strategic management can help leaders and managers to achieve employee motivation. Strategic management has emerged to be a multi-purpose instrument that can assist an organisation in short to medium-term in attainment of the long-term desires. The MOE's have better understanding of strategic management by going beyond analytics to move towards strategic outcomes.

To MOEs on effective strategic management processes

The recommendation is that MOE's must follow a consistent structured strategic management process, such that more focus is given on long term planning to plan for global issues, such as global climate changes and migration, all these issues require a systematic way of management. Even though there are advantages in a structured strategic management process, introducing it for may have some difficulties, hence it is important that a gradual approach is followed.

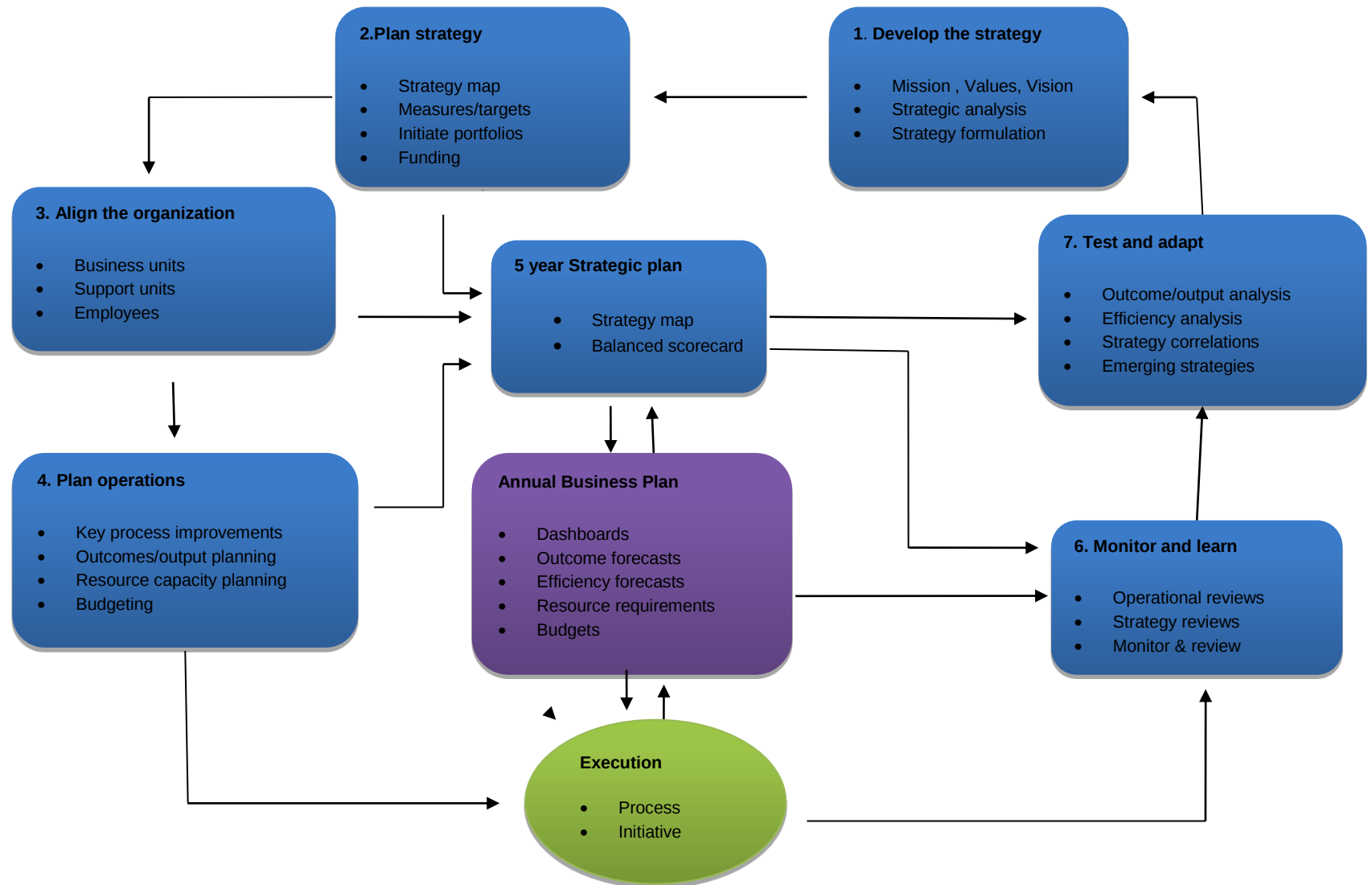
One of the key causes of misalignment, is that the MOE's do not have strategic plans in place but rather operational or annual business plans, the challenge is that the business plans do not articulate long term goals, but place emphasis on yearly programs or projects to be implemented for the coming year. Lack of effective and integrated strategic management processes is also a key impediment to the alignment of the MOE's strategic plans and the vision of the City.

The following strategic management process is recommended for MOE's which is viewed as a mechanism to ensure alignment of the MOE's strategies to the vision of the City.

The writer recommends the Norton and Kaplan strategic management systems, in conjunction with John Bryson changing cycle. The proposed process is recommended for its simplicity and that it links strategy with operations. This ensures that strategies are cascaded down in to the development of business plans, such that there is a linkage with departmental activities and performance indicators of departments with company objectives and goals.

The Proposed Strategic Management Process: Linking strategy to operation.

Source (Kaplan R & Norton D)

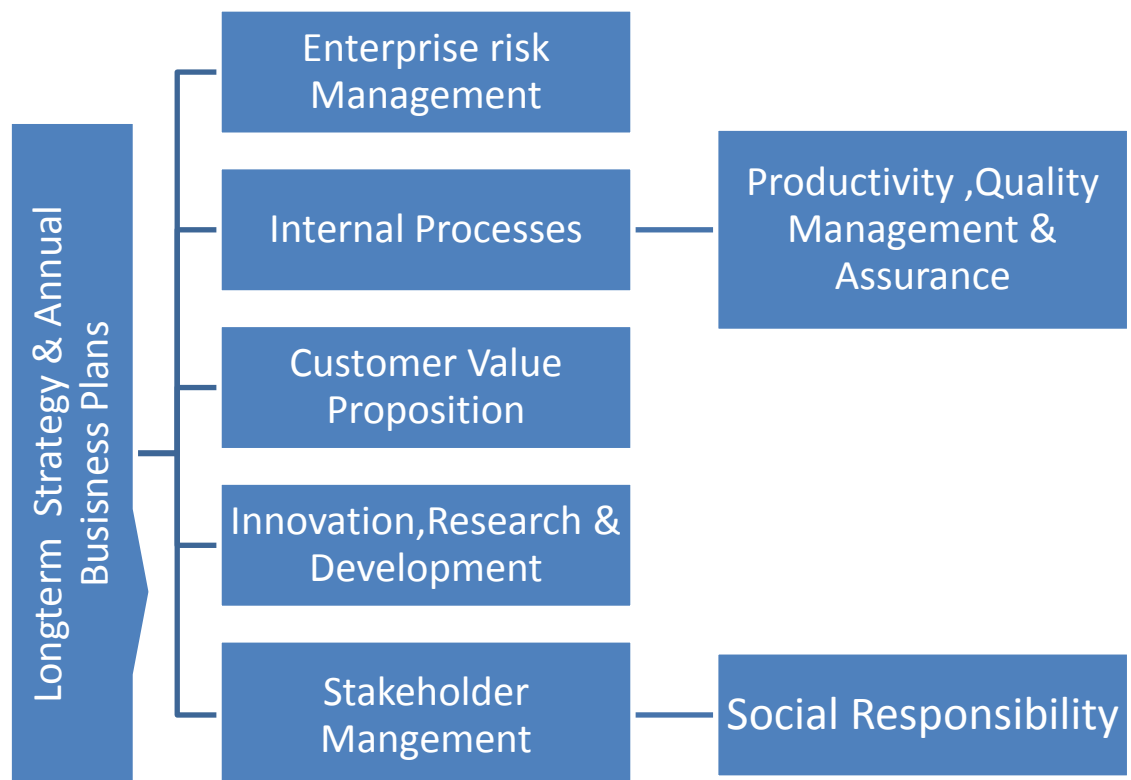


The proposed integrated strategic management process ensures that all the needs of different stakeholders are catered for, and they serve as an underlying principle in formulation of strategy as well as execution thereof.

Prior to formulating the strategy, it's important that a vision and values of the organisation are re-stated such that they underpin the new long term strategy. Review of internal and external environment should be undertaken as part of strategic analysis.

Key enablers that support formulation of strategy

The following enablers need to be considered, some of the critical ones within MOEs are as follows: These enablers needs to support formulation of long term strategies and support execution of business plans, for improved performance



The application of this model helps to identify the components for success and the capabilities of an organisation in its strategic management planning. The organisation's ability to respond to these critical strategic issues and challenges is manifest in their vision and the mission statement describing what they do, with/for whom they do it, their distinctive competence and why they do it. The strategic goals and specific strategies for achieving these goals should be formulated in an operational plan that also addresses change management issues. From this point, a review of this process and performance should be on-going

Recommendations to other Metros

Metropolitan municipalities execute all functions of local government, and it's the municipalities within the cities where there are a lot of economic activities taking place. Within this type of municipalities, integrated development planning is very essential, because metropolitan municipalities provides all the municipal services ranging from transport, water, electricity, refuse collection etc. It is therefore important that a holistic approach in planning is followed.

In order to respond to the rising pressures of society and businesses that are serviced by the metropolitan municipalities, a structured strategic management process is essential. Such that the full value chain of strategic management is implemented effectively, from planning to measurement of performance. The metropolitan municipalities need to have the function of strategic management as a key function that drives the agenda for the medium to long term planning. The same model as articulated above from Norton and Kaplan is also recommended for utilisation by metropolitan municipalities, to ensure that there is an alignment with, where the organisation intends to go and its strategy.

Recommendations to SADC and the Continent

With growing social and economic challenges within the continent and regionally an integrated approach in planning is essential. As a result SADC developed a Regional Indicative Strategic Development Plan (RISDP), that sets a strategic direction for all programs and projects that are implemented in SADC. This framework provides a basis such that all intervention undertaken within the region is driving towards a common vision and goal. It is recommended that within the region, the concept of strategic management is given more emphasis and focus, and to recognize that having a clear and rational strategy is indeed beneficial than absence of a strategic direction. Within the continent recognition and adherence to effective strategic management processes is recommended where key determinants such as institutional and organisational environments, leadership, influences strategic management success, and these determinants should be taken into account during the process of strategic management.

Global Cities: Lessons to learn from COJ Strategic management processes

What is important to note is that public and private organisations function in different circumstance which determines their way of operation. CoJ as an organ of state is highly pressurised to provide services that are of satisfactory quality to its citizens, and move close to the set vision of being a world class African city. The concept of strategic management within the CoJ has received some momentum, and it has evolved over the years moving from a host of isolated city planning strategies to a single integrated growth and development strategy. The challenges in seeing the results stem from gaps within strategic management processes, where there has been less focus on involvement of a wider key stakeholder, less attention and focus on facilitation and organisational learning as an integral part of strategic management, looking at the strategic management processes as a once off task or function as opposed to a

continual process. All these contributors have had a negative impact in as far as aligning strategic management processes between the MOEs and the CoJ, as some processes were seen not to feed into each other such as the allocation of resources prior to formulation of strategic and business plans. Lack of evaluation and control mechanisms disabled the MOEs for improvements on the current strategies, and paving new ways for successful strategic implementation. It is vital to note that even good strategies can be improved, to take into account new emergence opportunities on threats, hence it is critical to monitor how well the chosen strategy is working and how successful is its implementation.

Recommendation on further research

The study attempted to establish level of alignment of MoE's strategies or strategic plans with the CoJ's vision statement that has to be attained by 2040, the focus of the study was to look at challenges faced by the MOEs in strategic management, and to explore key contributors that may contribute to the misalignment of the strategies and vision statements.

The concept of strategic management has gained some momentum particularly on public administration, this is highly driven by public agencies required to deliver outcome based results, satisfactory levels of services and legislated requirements for the public agencies to comply with management principles on spending, impact of social services to the consumers etc. Mandell & Kovach indicate that the concept of strategic management is still very premature in public sector, with much practise in the private sector for over 20 years; he argues that there is a need to look at this concept in terms of how relevant is the concept and its application onto public organisations. (1990)whist Bryston J et al 2010 indicate that whist a lot of literature is available on suitable and appropriate models on strategic management across the public organisations, and there is less emphasis about the applicability and usefulness of these models. (2010)

Additional research would be suggested to expand on the current practise of public organisations in as far as strategic management is concerned, to understand in practise what models are working for those public organisations that are seen to be performing. And further capture how strategic management is undertaken in other public organisation, and to emphasize on the connections between traditional business processes, and the linkages they should have with strategic management processes.

Chapter Conclusion

The challenge for MOEs is to build customer focussed strategies that are well designed, satisfy customer needs and provide superior levels in product and service performance. Amidst these changes, Joiner emphasizes that it is important to remember that *“nothing happens in a predictable, sustained way unless you build mechanisms that cause it to happen in a predictable, sustained way”*, (Joiner L. B, 1994. P79.)

Strategic management has gained a lot of positive prominence, particularly in the public organisations, and more and more literature is coming forth on putting the concept on the high agenda. The study has summarised key challenges faced by the MOEs in strategic management processes, and areas where there are positive strides by the MOEs to remain focused strategically to support the CoJ with its 2040 vision. Recommendations provided by this study stems from the analysis of data collected and literature reviewed. The study does not answer all the challenges of strategic management within CoJ and its MOEs; however it provides a very good base for a structured approach into effective strategic management, and further research can expand and look at the applicability of the suggested models of strategic management

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