
**STRATEGIC PLANNING IN THE MINISTRY OF FINANCE
(MoF) IN SWAZILAND**

Bheki G. Ndzinisa

**A Research Report Submitted to the Faculty of Management,
University of the Witwatersrand, in Partial Fulfilment of the
Requirements for the Degree of Master of Management in
Public and Development Management.**

DECLARATION

I declare that this research report is my own, unaided work. It is submitted in partial fulfillment of the requirements of the degree of Master of Management (in the Field of Public Development Management) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other university.

.....

B. Ndzinisa

September 2011

ACKNOWLEDGEMENTS

I would like to thank a number of people who contributed to the development and completion of this study. They include Dr. Johnny Matshabaphala, my supervisor, for his constant support and guidance throughout the study. I also wish to thank my parents Mr. Michael K. Ndzinisa (deceased) and Mrs Thuli P. Ndzinisa for believing in me and motivating me all the time. My sincere thanks go to my family, friends and colleagues for their full support during the study.

ABSTRACT

The main purpose of this research is to investigate the systems designed to integrate the revenue collection and expenditure management i.e. whether they exist or not within the operational processes of the Ministry of Finance.

Secondly the research aims to determine to what extent these systems are being implemented in the event they exist.

Finally, a recommendation of the necessary strategies that can be put in place to either set-up or utilize the systems necessary for the integration of revenue collection and expenditure management policies.

Qualitative research techniques were used in the investigation of the systems for the integration in the revenue collection and expenditure management in the operations of the Ministry of Finance in Swaziland.

Several documents prepared for and by the Swaziland Ministry of Finance itself, The Central Bank of Swaziland and other local and international consultants on revenue and expenditure management were reviewed in particular those that made mention of systems. This involved current and previous documents that looked at mainly information systems. Observations made over the years were also used in the analysis of the report.

The results indicated that several systems of revenue and expenditure management are available in the ministry of finance and these are namely the MTEF System, Tour Advance System, ASYCUDA system among others.

All these systems are suitable for expenditure control and revenue management as they were designed and they should continue being operated. More or additional systems should be used if a need arises in future.

List of Abbreviations

UN-WHO:	United Nations World Health Organization
PRSAP:	Poverty Reduction Strategy and Action Plan
NDS:	National Development Strategy
MDG'S:	Millennium Development Goals
MoF:	Ministry of Finance
GDP:	Gross Domestic Products
MTEF:	Medium Term Expenditure Framework
GoS:	Government of Swaziland
MBO:	Management By Objectives
IMF:	International Monetary Fund
WB:	World Bank
AFDB:	African Development Bank
UN:	United Nations
MTBF:	Medium Term Budget Framework
SACU:	South African Customs Union
CSDRMS:	Commonwealth Secretariat Debt Management System
CTA:	Central Transport Administration
PFM:	Public Financial Management
MP'S:	Members of Parliament
PPP'S:	Public Private Partnerships
SADC:	Southern African Development Countries

Table of Contents

DECLARATION	2
ACKNOWLEDGEMENTS.....	3
ABSTRACT	4
List of Abbreviations.....	5
Chapter I	9
1.0 INTRODUCTION	9
1.1 HISTORICAL BACKGROUND OF THE KINGDOM OF SWAZILAND.....	9
1.2 THE GOVERNMENT OF SWAZILAND	9
1.3 THE SWAZILAND MINISTRY OF FINANCE.....	10
1.4 THE SWAZILAND ECONOMY	10
1.5 PROBLEM STATEMENT	11
1.6 PURPOSE STATEMENT-The Study Constitutes Four Goals	12
1.7 RESEARCH QUESTIONS.....	13
1.8 CONCLUSION	13
CHAPTER 2	14
2.0 LITERATURE REVIEW	14
2.1INTRODUCTION.....	14
2.2 ROLE OF LITERATURE REVIEW IN RESEARCH.....	15
2.3 STRATEGIC PLANNING IN THE MINISTRY OF FINANCE.....	15
2.4 STRATEGY	16
2.5 PLANNING.....	19
2.6 STRATEGIC PLANNING.....	20
2.7 DEVELOPMENT OF STRATEGIC MANAGEMENT IN NON-PROFIT ORGANISATIONS.....	21
2.8 ORGANISATIONAL PERFORMANCE	22

2.9 STRATEGIC PLANNING IN THE PUBLIC SECTOR.....	22
2.10 STRATEGIC PLANNING AND STRATEGIC MANAGEMENT	24
2.11 ALIGNMENT OF STRATEGIC PRIORITIES AND PERFORMANCE	26
2.12 STRATEGIC ALIGNMENT AND PERFORMANCE: A THEORETICAL FOUNDATION.....	27
2.13 Long-range Planning Through Program Budgeting.....	28
2.14 ARGUMENTS FOR AND AGAINST PLANNING.....	29
2.15 PLANNING SCHOOLS OF THOUGHT	30
2.16 MAKING STRATEGY WORK	32
2.17 THEORIES.....	33
2.18 CONCLUSION	37
CHAPTER 3	38
3.0 RESEARCH METHODOLOGY.....	38
3.1 INTRODUCTION.....	38
3.2 RESEARCH DESIGN	39
3.3 Conclusion	41
CHAPTER 4	43
4.0 RESULTS.....	43
4.1.1 TREND ANALYSIS OF THE GAP	43
4.1.2 MEDIUM TERM EXPENDITURE FRAMEWORK.....	44
4.1.3. ASYCUDA SYSTEM	46
4.1.4 PROCUREMENT SYSTEM.....	47
4.1.5 TOUR ADVANCE SYSTEM	48
4.1.6 COMMITMENT SYSTEM.....	48
4.2 Existing Strategic Planning Practices.....	49

4.3 Recommendations of Future Strategic Planning for Setting-up or Application of the Necessary Systems	51
4.4 Conclusion	52
CHAPTER 5	53
5.0 DISCUSSION/INTERPRETATION AND ANALYSIS	53
5.1 Theoretical Framework	54
5.2 What Works Well In the Ministry Of Finance	55
5.3 Areas of Improvements.....	56
c) Improvement in the Level of Commitment to reform	57
CHAPTER 6	59
6.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	59
6.1SUMMARY	59
6.2 CONCLUSION	59
6.3 RECOMMENDATIONS.....	61
REFERENCES.....	64

Chapter I

1. INTRODUCTION

1.1 HISTORICAL BACKGROUND OF THE KINGDOM OF SWAZILAND

The kingdom of Swaziland gained its independence in 1968 with the first post independence elections held in 1972 and it is territorially the third smallest among the least populous countries on the African continent. Geographically, the Kingdom of Swaziland is a small landlocked country covering 17,364 square kilometers and situated between the Republic of South Africa and Mozambique in the Sub-Saharan region (World Bank, 2006).

Swaziland is divided into four topographical regions: Hhohho, Manzini, Shiselweni and Lubombo and it is further subdivided into 55 Tinkhundla constituencies and approximately 360 chiefdoms. The Tinkhundla structure is a decentralized system of Governance. The population census of 1997 reported that homesteads and households were respectively estimated to be 126,414 and 172,416 and in 2006 the population was projected to be approximately 1.1 million with rural dwellers making up about 78% of the population (UN-WHO, 2006).

1.2 THE GOVERNMENT OF SWAZILAND

Swaziland has inherited a dual system of governance, where modern and traditional systems co-exist. The modern is based on the “Westminster” system of a bi-cameral parliament, a judiciary and an executive. There are four regional administrators and a system of urban local government’s began in 1964 and includes two cities, three town councils and seven town boards which run in parallel with the traditional institutions of local Government (World Bank,2008).

In 2006, the Government of Swaziland produced a Poverty Reduction Strategy and Action Plan (PRSAP) as one of the key documents for rolling-out the National Development Strategy (NDS) and attaining the Millennium Development Goals (MDG’s) and the vision 2022. The PRSAP is a strategic planning document designed by the Government of Swaziland to guide the formulation for poverty reduction in all key areas

of development, (PRSAP 2006:13). Recently, the Government of Swaziland in its 2010/11-2012/13 medium term budget policy statement has continued to make Economic Growth, Education, Health Care, Poverty Alleviation and HIV and Aids key priority areas of its development focus.

1.3 THE SWAZILAND MINISTRY OF FINANCE

The mission of the Swaziland Ministry of Finance (MoF) is to promote macroeconomic stability by formulating and implementing fiscal and financial policies that optimize economic growth and improve the welfare of its citizens in response to the changing regional and global environments. Among its various departments, the Budget and Economic Affairs Department is responsible for the budget preparation and expenditure management of the government and the Fiscal Affairs Department is responsible for the Revenue collection of the Government.

1.4 THE SWAZILAND ECONOMY

The Swazi Economy performed exceptionally well around the 1980's and drastically dropped around the 1990's whereby average real GDP growth hovered close to the population growth rate estimated at 2.7% by the 1997 census. This rendered real per-capita incomes remaining virtually stagnant in the mid-1990. Pre-1994, the strong growth of the Swaziland economy was as a result of the high benefits of Foreign Direct Investment (averaged 6% of GDP between 1985 and 1989), the country's political stability, tax incentives, liberal regulations on profit remittances, and the existence of sanctions imposed on South Africa that resulted to the relocation of enterprises to Swaziland.

Further Swaziland has maintained strong economic links with South Africa for one reason that South Africa is a large economic neighbor. South Africa is the a country of 30% Swazi exports and 90% of its imports with migrant laborers from Swaziland to South African mines remitting approximately 15% of Swaziland GDP. Moreover World Trade Organization and Southern Africa Regional Trade Negotiations coupled with the post-1994 inflationary developments in South Africa resulted to an increase in inflation

for Swaziland from 8% in 1992 to an average of 15% in the next four years (World Bank, 2000).

Real GDP growth kept declining, from 2.1% to 1.8% in 2004-05 periods, partially due to strong external shocks. This included exogenous factors such as prolonged droughts, high oil prices and the loss of textile quotas in 2005 which resulted in the loss of 50% of jobs in the garment industry. The appreciating currency has also hurt Swazi exports. Despite being one of the few lower middle-income countries, in Sub-Saharan Africa, two thirds of the Swazi citizens continue to live in poverty (World Bank, 2006).

However, "The country is already experiencing the effects of the recent 2008 economic crisis given the strong links to international markets and this situation is envisaged to prevail until the medium term period. The impact of the global financial crisis was not evident in the local economy in 2008, even though its manifestation peaked during 2009. As global and domestic demand slowed down, the economy started experiencing lower export earnings, reduced consumer spending, higher oil prices and slowing private sector investment. Real GDP forecasts indicated a further decline to 0.4 % in 2009 whilst it could recuperate to 2.7% in 2010 should the current situation show drastic improvements" (Swaziland Medium Term Budget Policy Statement 2010/11-201/13:8).

1.5 PROBLEM STATEMENT

Currently there is an imbalance in the revenues and expenditures of the Swaziland Government which has led to a very huge budget deficit of 14.5% for the fiscal year 2009/2010 and which has been projected to increase to 17.5% in the medium term.

Strategic planning is becoming increasingly important for the viability and effectiveness of the Swaziland Ministry of Finance and to enable it overcome the challenges it faces as a critical and very important Government wing particularly in the setting up and application of systems for integration of revenue collection and expenditure policies.

The Swaziland Ministry of Finance is tasked with the responsibility of strategic planning for the financing of government programs and projects with local and international financial institutions. The effective implementation of the PRSAP will depend on the

efficient management and coordination of the National Planning and Budget Framework for projects and programmes which are facilitative of pro-poor development. The Medium Term Expenditure Framework (MTEF) principles and a more strategic or systematic planning system with specified objectives, priorities and ceilings guiding the budget has to be ensured by the Ministry of Finance and Economic Planning and Development (Swaziland PRSAP, 2006).

More research is required to explore a number of theoretical and practical issues in order to expand the knowledge of strategic planning for the Swaziland Ministry of Finance particularly the strategic alignment and integration of operational processes in the Fiscal Affairs Department responsible for revenue collection and the Budget and Economic Affairs Department responsible for expenditure management.

Experience has shown that delays in information flow within the operations processes within the Ministry of Finance at least over the past five years has always been delayed posing a great challenge to the operations especially of the two departments and requires improvement.

Brignall and Ballantine (2003) argue that the design, implementation and use of systems enterprise management systems (SMME's) may be studied using Pettigrew's "context, content, process" for successful organizational change and performance improvement.

1.6 PURPOSE STATEMENT-The Study Constitutes Four Goals

The main purpose of this research is to investigate the systems designed to integrate the revenue collection and expenditure management i.e. whether they exist or not within the operational processes of the Ministry of Finance.

Secondly the research aims to determine to what extent these systems are being implemented in the event they exist.

Finally, a recommendation of the necessary strategies that can be put in place to either set-up/utilize the systems necessary for the integration of revenue collection and expenditure management policies.

1.7 RESEARCH QUESTIONS

1. What are the key systems for the integration of revenue collection and expenditure management in the operations of the Ministry of Finance in Swaziland?
2. What are the existing practices in the strategic planning for revenue collection and expenditure management in the Ministry of Finance in Swaziland?
3. What are the considerations for recommendations of future strategic planning for setting-up or application of the necessary systems?

1.8 CONCLUSION

This chapter gives an overview of the historical background for Swaziland together with its geographical position and size of its boundaries. This is followed by a brief background of the government of Swaziland (Gos) whereby the governments' development initiatives like the PRSAP are highlighted. The mission statement of the Ministry of Finance (Mof) is mentioned and this is followed by a lengthy discussion of the Swazi economy. The problem statement of an imbalance between the revenues and expenditures of the Swazi Government is stated as the current problem and then the purpose statement of the study is described. Lastly a highlight of the three main research questions of the study is made.

This chapter is followed by chapter 2 of the report which looks at the literature review followed by chapter three which is the research methodology followed in conducting this research, chapter four is the presentation of the results and chapter five involves the discussion and interpretation and analysis of the results. Chapter six provides the summary of the study together with the conclusions and recommendations.

CHAPTER 2

2. LITERATURE REVIEW

2.1 INTRODUCTION

According to Neuman 2010 “literature review is about reviewing the accumulated knowledge about a question which is essentially an early step in the research process for almost all the approaches of a social science research. As in other areas of life it is best to find out what is already known about a question before trying to answer it yourself. It is critical for the consumer of research and for the professional researcher beginning a study that the cliché about wasting time reinventing the wheel is a reminder to do your homework before beginning an endeavor that requires an investment of time and effort. A literature is based on the assumption that knowledge accumulates and that people learn from and build from what others have done. Scientific research is a collective effort of many researchers who share their results with one another as a community. Although some studies may be especially important and individual researchers may become famous, a specific research project is just a tiny part of the overall process of creating knowledge.

Reviews vary in scope and depth. Different kinds of reviews are stronger at fulfilling one or another of four goals. It may take a researcher over a year to complete an extensive professional summary review of all the literature on a broad question. However the same researcher might complete a highly focused research review in a very specialized area in a week. When beginning a review a researcher decides on a topic, how much depth to go into, and the kind of review to conduct.

Researchers report their research projects in several forms: books, scholarly journal articles, dissertations, government documents or policy reports. They also present them as papers at the meetings of professional societies.

2.2 ROLE OF LITERATURE REVIEW IN RESEARCH

The role of literature review in research involves first of all “to demonstrate a familiarity with a body of knowledge and establish credibility. A review tells a reader that the researcher knows the research in an area and knows the major issues . a good review increases a reader’s confidence in the researcher’s professional competence, ability and background.

Secondly, to show the path of prior research and how a current project is linked to it. A review outlines the direction of research on a question and shows the development of knowledge. A good review places a research project in a context and demonstrate its relevance by making connections to a body of knowledge.

Thirdly to integrate and summarize what is known in an area. A review pulls together and synthesizes different results. A good review points out areas where prior studies agree, where they disagree, and where major questions remain. It collects what is known up-to a point in time and indicates the direction for future research.

Lastly to learn from others and stimulate new ideas. A review tells what others have found so that a researcher can benefit from the efforts of other’s. A good review identifies blind alleys and suggests hypotheses for replication. It divulges procedures, techniques, and research designs worth copying so that a researcher can better focus hypotheses and gain new sight” (Neuman 2010:111)

2.3 STRATEGIC PLANNING IN THE MINISTRY OF FINANCE

For the purpose of this study, strategic planning in the Ministry of Finance in Swaziland is considered key. Several arguments have been made around strategic planning as a tool for successful organizational performance beginning in the 1960’s and 1970’s. Martinet (2010:1) reveals that “H. Igor Ansoff was the prominent reference in the field of corporate strategy field, especially during the 1960’s and 1970’s”.

According to Litman(2010:1) “planning refers to the process of deciding what to do and how to do it. It happens at various levels starting from day-to-day decisions made by the individuals and families and it grows to big decisions taken by businesses and

governments. This is a noble profession which has always been underappreciated yet it requires specialized skills and perspectives in which the planners facilitate decision making. Planners do not make the final decisions themselves but rather they support management by coordinating information and activities through the creation of logical, systematic decision making process which results in the best line of action. Planners greatly help in the translation of theoretical goals into specific actions. Planning is sometimes viewed as an art as well as a science because it requires judgment, sensitivity, and creativity and it often deals with in-between issues and so it requires what artists call negative space. Further, planners facilitate change and so must overcome entrenched practices and interests and in their role as objective negotiators, planners are often in the middle of conflicts as they always tend to have most knowledge about a program and its likely impacts of a particular decision and so are often responsible for anticipating unintended consequences and representing the interests of people who are underrepresented in the decision making process, like children, the poor and future generations. It is imperative though to understand that planners are also not perfect; they can also make inaccurate predictions and very bad recommendations and a planning process can encounter unexpected problems, however planning failures stand-out because they are unusual.”

2.4 STRATEGY

The word strategy comes from the Greek for generalship, *strategia*, and entered the English vocabulary in 1688 as *strategie*. Strategy is very much different from tactics in the sense that these are immediate measures in the face of an enemy according to the James' 1810 military dictionary. However strategy defines what is done out of sight of an enemy and its origins can be traced back to Sun Tzu's *The Art of War* from 500BC. New views of business strategy originated in the early 1960's and whilst the rest of the world discovered love, hallucinogenics and Jimi Hendrix, managers discovered strategy as their new holy grail and this was done and published in a book on *Corporate Strategy* by Igor Ansoff published in 1965. This serious, analytical and complex corporate strategy had a great significant impact in the business world and it forced consideration of strategy into a new dimension. The final product of strategic decisions is fairly simple,

a combination of products and markets is selected for the firm. This combination is achieved by the addition of new-product markets, divestment from some old ones and the expansion of the present position, Anshoff (1965).

This leads us to recognize the importance of information strategy. There is greater economic value from generating, using and selling information and this is growing significantly faster than the traditional value added by production of goods and services. Davenport and Prusak (1997) explain that “Any good strategy promotes communication, debate, consensus; more than anything it gets managers to talk to each other. Strategy is about choices and emphasis- which types of business to pursue, products to create, markets to address. Information strategy also means making choices, not carving out a master plan in stone. Ecologically minded managers will strategize about which information to focus on, what information activities to emphasize, and how information will help their organization meet its objectives.

- Strategy is a continual, incremental process of setting and resetting organization.
- Strategy should not be elaborated or detailed, because we cannot anticipate the future in detail.
- Strategy is a dialogue rather than a document
- Strategy and planning should be done by business managers, not “strategic planners.”

The concept of strategic intent is also very helpful. This term indicates that a strategy can specify only an approximate destination for an organization, one we'll probably never reach. If managers insist that the only successful strategy is one that has been fully implemented, they're headed for a fall, especially in the ever-shifting world of information use. But if they think like information ecologists, simply viewing strategy as a guide to action, these managers may find that “success” means more than implementing a local area network or creating a website. It is true that most organizations do not have information strategies. What's more, most of them survive

despite this managerial lack, so why clutter the strategy shelf with another binder?
There are at least five good reasons to think strategically about information:

- Information environments in most firms are a disaster
- Information resources can always be better allocated
- Information strategies help organizations adapt to change
- Information strategies make information more meaningful
- The kind of information strategy proposed is not burdensome”

Ilbury and Sunter (2001) believe that “The best people to paint scenarios and shape the strategic direction of an organization are those who are expected to implement the strategy. The best strategists in a team are often the last people to speak up. Long documents on strategy tend to contain figures that are based on consensus forecasts and therefore kill the imagination, the very faculty that allows people to think outside of the box. Above all long papers on strategy normally confuse strategy with tactics yet strategy differs materially from tactic; the latter belonging only to the mechanical movement of bodies, set in motion by the former. Therefore in brief, strategy is the direction of the business and the tactics are how to get there. What this means is that a handful of strategic decisions determine all future operational decisions. Strategy, the aim of the business should not change that often, while tactics to stay on course will vary according to how the game evolves. This has lead to a definition of seven principles of strategy.

- Strategy is direction. Tactics are how to get there.
- Strategy formulated without first consulting the context will end up probably being a bad strategy.
- Strategy is as much about ruling in potential paths that fit your scope as ruling out others that don't.

- Good strategy can be turned into bad strategy by a future change in the context; scenarios are a way of exploring alternative futures which might necessitate a change in strategy.
- Bad tactics can destroy good strategy, but no tactic can rescue bad strategy.
- Good strategy has a better chance of being converted into good results if tactics are accomplished by a set of measurable outcomes to which people can aspire.
- Above all, strategy is about understanding what you do and don't control, and what is certain and uncertain about the future-and knowing when to change direction to avert unintended, and possibly tragic, consequences”.

Van Der Waldt and Knipe ,(1998:4) define strategy as the concept in a management context that shows a suitable plan or method for achieving the aims of the institution irrespective of change and four aspects of strategy can be identified namely the mission or overall aim of the institution, the transformation technology used, the strategic and operational planning to achieve the aims, and strategic control.

2.5 PLANNING

According to Kerzner (1979:533-536), “planning, in general can be described as the function of selecting the enterprise objectives and establishing the policies, procedures, and programs necessary for achieving them. Planning is of course, decision making since it involves choosing among alternatives. Planning is a required management function to facilitate the comprehension of complex problems involving interacting factors. Planning is decision making based on futurity. It is a continuous process of making entrepreneurial decisions with an eye to the future, and methodically organizing the effort needed to carry out these decisions. Furthermore systematic planning allows an organization to set goals. The alternative to systematic planning is decision making based upon history. This generally results in reactive management leading to crisis management, conflict management, and fire-fighting”.

2.6 STRATEGIC PLANNING

Anshoff (1965) gave the view that “strategic planning was a plausible invention, and received an enthusiastic reception from the business community. But subsequent experience with strategic planning led to mixed results. In a minority of firms, strategic planning restored their profitability and became an established part of the management process. However a substantial majority encountered a phenomenon, which was named ‘paralysis by analyses: strategic plans were made but remained unimplemented, and profits/ growth continued to stagnate”.

Bryson (1995:2) views strategic planning as designed to help Public, non-profit organizations and communities respond effectively to their new situations and argues that, “it is a disciplined effort to produce fundamental decisions and actions shaping the nature and direction of an organizations activity within legal bounds”.

National Government is generally always criticized for poor performance in delivering services particularly to poor citizens. Similarly the Ministry of Finance in Swaziland has always received technical advice and assistance on strategies to improve performance in revenue collection and expenditure management. Haycock and Labuschagne (2006:257) argue that “it is frequently indicated that the reason why strategic planning fails is as a result not of a poor plan but rather of a lack of support from those who are crucial to its success. The separation of thinking from acting is furthermore regarded as a fundamental mistake and a call is consequently made for new behaviors that are far more bold and attuned to the unique nature of our time”.

Therefore as a result of the mistake of separating of thinking from acting, planning becomes very important. Planning is regarded as “the process of establishing objectives and choosing the most suitable means for achieving these objectives prior to taking action. Planning is considered to be anticipatory decision making. On the contrary, strategic planning is defined as the process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve that future, and the envisioning process is considered to be different from

long-range planning which is simply the extrapolation of current business trends” (Goodstein et.al,1992:3).

According Knipe et.al,(2002:47),”Some form of strategic planning is done at all levels in organizations. Strategic planning at the organization level results in a set of organizational strategic objectives. These objectives are converted into business strategies by business managers. Business strategies in turn are carried out through programmes and projects whose strategy is the project approach or plan.

2.7 DEVELOPMENT OF STRATEGIC MANAGEMENT IN NON-PROFIT ORGANISATIONS

According to Wortman Jr. (1981), strategic management as a field began to develop during World War II. This happened as part of efforts to fight a major war, whereby governments were forced to plan the long-range utilization of capital, material resources and human resources. After World War II and as a result of the stability in the socio-economic environment there was little emphasis on strategic planning. Once in a while, strategic activities were employed by a few non-profit organizations and the rate of change increased during the 1960’s and 1970’s when such organizations shifted their emphasis to staff corporate development and seized being involved in strategic planning development.

Non-profit organizations have not only failed to reach the strategic management stage of Development, but many of them have not even reached the strategic planning stage of 15 to 20 years ago which were initiated in profit oriented enterprises. Actually the planning efforts at non-profit institutions are at very elementary levels in such a way that some of the most common challenges in non-profit organizations include a) plans and planning with lack of credibility, b) plans that are not actionable, c) planning activities straight jacketed by tradition, d) plans production being a sterile exercise, e) planners try to decide too much too soon and f) plans not dealing with what is really important in an organization. Planning of this kind almost always tend to be reactive rather than proactive. Therefore if non-profit organizations were able to make the quantum jump

from little or no planning to strategic management, then they would be more likely to meet their goals.

2.8 ORGANISATIONAL PERFORMANCE

Strategic planning in the Ministry of Finance is aimed at improving the performance of the Ministry in its operational processes in the areas of revenue collection and expenditure management. Brignall and Ballantine, (2003:1) explain that “In a world obsessed with performance, many organizations welcome systems that claim to offer a structured solution to improving performance such as Strategic Enterprise Management (SEM) or Medium Term Expenditure Framework (MTEF) adopted by the Ministry of Finance in Swaziland. “In fact, Ansoff was deeply convinced that deliberate strategies are necessary to achieve long-term performances and targets” (Martinet, 2010:2). In similar light, Humphrey and Owen, (2000); Power (2000) in Brignall and Ballantine, (2003:225) confess that, “in this age of anxiety, performance is an obsession. From schools to universities, businesses to Government departments we have become an audit society absorbed in performance measurement and the assessment of relative success which can affect the allocation of resources and fates of institutions and individuals”.

Further, Brignall and Ballantine, (2003) highlight that the drivers creating such cultures of continuous improvement are familiar and in the public sector it's particularly due to league tables and naming and shaming which is the order of the day. They argue that whilst much has been written in recent years about how to measure performance, very little is known about Performance Measurement and Management (PMM).

2.9 STRATEGIC PLANNING IN THE PUBLIC SECTOR

Strategic thinking and action in the public sector is becoming increasingly important. The recent global economic and financial crisis disturbances have further necessitated a new dimension in the strategic planning of the Ministry of Finance in Swaziland particularly as a result of the continued decline of revenues and ever increasing expenditures on pro-poor development programs. Bryson (1995:74) observed that “traditional sources of revenue for governments are stable at best or highly

unpredictable or declining at worst". Further, while the public may be against higher taxes, and while transfers of money from central to local governments are typically stable or declining, the public continues to demand a high level of government services.

According to Thomas Moore in (Bryson 1995:3), these changes have led to leaders and managers of governments faced with challenges in the future years as upheaval and change surrounds them. He further explains that organizations that want to survive and prosper must respond to these changes. Their response may be to do what they have always done, only better; it may also involve important shifts in organizational focus and action. These environmental and organizational changes are aggravated by the increased interconnectedness of the world, whereby changes anywhere typically result in changes elsewhere.

Litman (2010) explains that public involvement is often quite an important component of strategic planning. He says it enables the consideration of plans from various dimensions and perspectives, which greatly helps in the identification of potential problems very early in the process and in gaining support of a plans implementation. Muller (1992:143-145) explains that "It is in some ways paradoxical that the theoretical refinement of the rational planning model that occurred in the 1960s was accompanied by the emergence of a practical concern with citizen involvement in planning processes. Demands for the democratization of planning following the abuses of urban renewal and disregard for constitutional civil rights which surfaced in the United States, coincided with the findings of the planning advisory group on the need for community involvement in planning in the United Kingdom. While procedural planning theory was- in the perception of its detractors- removing itself from the intrinsic substance of planning activity, growing attention was being paid to facilitating the engagement of the public in the planning function. Much was written in about strategies for, levels of and approaches to citizen participation and although most publications addressed the issue in terms of content, some focused on the procedural aspects of participation. The engagement of the public in the conventional rational planning procedure is well illustrated by the local planning process. This model makes provision for participation at

three stages; definition of goals, generation of objectives derived from the local situation survey, and the choice of the best alternative. While the methodology reflects the features of procedural theory, the underlying approach is essentially practical – as indeed it must perforce be in dealing with the reality of public opinion. It is in fact a far cry from the sophisticated complexity of the systemic processes developed a decade earlier”.

According to Van Der Waldt and Knipe (1998:6), the experience is that “the relevance of strategic management in the public sector of South Africa is not generally accepted and is a relatively recent phenomenon in public institutions. An obvious feature of public institutions is that they do not have a strategic vision of the future. No planning is done and a short term ‘quick fix is usually used. Crisis management is applied particularly during periods of change and uncertainty”.

2.10 STRATEGIC PLANNING AND STRATEGIC MANAGEMENT

There has always been a thin line between strategic planning and strategic management and quite often the two terms have always been used interchangeably. Koteen (1989) in Poister and Streib (1999) define strategic management as “a broad concept that embraces the entire set of managerial decisions and actions that determine the long-run performance of an organization whilst Toft (1989) portrays it as an advanced and coherent form of strategic thinking attempting to extend strategic vision throughout all units of the organization encompassing every administrative system”. On the other hand Van Der Waldt and Knipe (1998:6) sees strategic management as “a comprehensive term, indicating the total management of an institution. This implies that strategic planning is merely a tool or phase of strategic management. The difference between strategic planning and strategic management is that the latter also includes the implementation (management) of the strategy. The most significance difference between strategic planning and long-term planning is that long-term planning assumes that the future is simply a continuation of the past, whereas strategic planning takes into consideration the changing nature of the environment and continually adapts as expected.

As first postulated by Anshoff (1965), "Strategic management was a combination of strategy planning, planning of organizational capability and effective management of resistance to change, typically caused by strategic planning. He described it as a comprehensive procedure which starts with a strategic diagnosis and guides a firm through a series of additional steps which culminate in new products, markets and technologies, as well new capabilities".

Poister and Streib (1989) further explain that a strategically managed public agency is one in which "budgeting, performance measurement, human resource development, program management and other management processes are guided by a strategic agenda that has been developed with a buy in from key actors and communicated widely within the organization and among external constituencies".

This forms the bases for sustainability planning which requires that strategic planning and as explained by Litman (2010) should emphasize the integrated nature of human activities and therefore the need for balancing economic, social and environmental objectives. The interest in sustainability emanates as a major reaction to overly specialized decision-making focused on easily measured goals and impacts, whilst ignoring those that are indirect or more difficult to measure. Sustainable strategic planning requires comprehensive analysis that accounts for all significant impacts, including those distant in space and time. It strives for increased quality rather than increased quantity and takes into consideration resource constraints and ecological risks such as fossil fuel depletion, habitat loss and climate change. Whilst conventional planning tends to ask if it works, sustainable planning tends to ask if it fits, i.e. whether individual decisions fit into overall long-term goals.

The figure below illustrates sustainability issues in strategic planning.

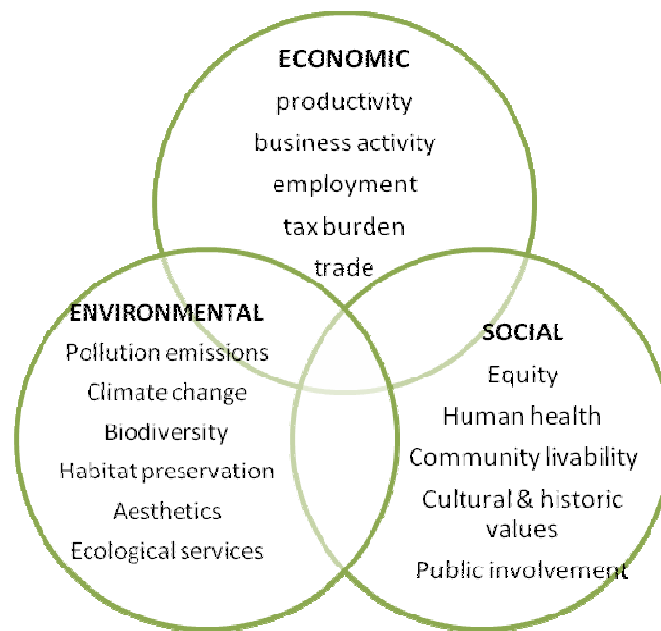


Figure 1.0 Sustainability Issues

2.11 ALIGNMENT OF STRATEGIC PRIORITIES AND PERFORMANCE

Joshi et.al, 2002 argue that theoretically, strategic priorities at the functional level are always in line and in support of business level priorities. If organizational priorities are well aligned, they tend to make a huge contribution to enhanced performance of the organization and in a similar manner, misalignment of organizational priorities tend to lower performance. They further agree that strategic consensus or alignment is achieved when various levels of employees in an organization all agree on what is important for the organization to succeed. And they also agree to the simple definition of strategic consensus as that level of agreement within an organization with regards to costs, quality, delivery and flexibility to the organizations operational goals. Basically strategic consensus as suggested by other writer's is achieved when all employees are strongly focused on the attainment of an organizations key goal.

This usually involves identifying a target and developing strategies to achieve it. According to Anshoff (1965), "Under management by objectives (MBO) strategy formulation is a conscious, rational process. The process is backed with hard data and analysis so that a single, right answer can be identified and a clear plan articulated. In

practice, MBO demanded too much data. It became overly complex and also relied too heavily on the past to predict the future. The entire system was ineffective at handling, encouraging or adapting to change. MBO simplified management to a question of reaching A from B using as direct a route as possible. Under MBO, the ends justified the means. The managerial equivalents of highways were developed in order to reach objectives quickly with the minimum hindrance from outside forces. While MBO sought to narrow objectives and ignore all other forces, success (the objective) is now less easy to identify. Today's measurements of success can include everything from environmental performance to meeting equal opportunities targets. Success has expanded beyond the bottom line. Another fatal flaw in the conventional view of strategy is that it tended to separate the skills required to develop strategy in the first place (analytical) from those needed to achieve its objectives in reality (practical). The divide between analysis and practice is patently artificial. Strategy does not stop and start, it is a continuous process of redefinition and implementation".

2.12 STRATEGIC ALIGNMENT AND PERFORMANCE: A THEORETICAL FOUNDATION

In following the "vertical linking process", management often seeks to reinforce a hierarchy of coherent, mutually supportive strategic priorities within an organization. In reviewing the overall business strategy and relating it to all functional areas there has been found a monotonic relationship between coherence and performance of organizations strategies. For example, in successful firms there is more visible alignment between strategic and operational aspects. This has therefore resulted to the conclusion that business strategy should be integrated with functional strategies to achieve a competitive advantage. Also consensus allows for strategic decisions to be easily coordinated and implemented leading to better performance of the organization which attributes and simply reflects that consensus has a positive relationship to organizational performance. When examining the comprehensiveness of the decision process at a corporate level, top management team agreement about the process, was positively related to positive performance, however at Strategic Business Unit level, the presence of consensus does not universally lead to positive performance but this only

happens in the case of a particular strategy being implemented and usually the environment moderates the consensus performance relationship (Joshi et.al, 2002).

2.13 Long-range Planning Through Program Budgeting

Only one element is important in the planning activities of an organization and this involves answering the question on how to make use of the available resources and this is key because in every sphere of the activities of the organization's activity the amount of resources sets limits to what can be accomplished. Long-range planning of the organizations total program is the strategic and most comprehensive form of planning. In business such planning usually comprehends the full set of product lines and productive functions of an extremely diverse corporation, whilst in government it may contain the programs of an entire Department or Ministry or even the development of a five year plan for an entire jurisdiction. Quite often, the long-range planner faces the challenge of choice at several levels of planning. In most cases and at the higher level, the various programs of an organization and objectives compete for their shares of the organizations total resources or budget. However at a lower level, the problem of choice focuses on decisions among alternative measures of carrying out a program (Jantsch, 1968).

According to Meredith and Mantel, Jr.(1989) "Planning-Programming-Budgeting System was developed in the late 1960's in trying to deal rationally with the budget of National Defence By Robert McNamara. PPBS is basically program budgeting and planning system oriented to identifying, planning, and controlling projects that will maximize achievement of the organizations long-run goals. The system focuses on funding those projects that will bring the greatest progress toward organizational goals for the least cost. However this system nowadays has fallen from grace and enjoys only limited use by a few state and local Government agencies and some social service organizations. Its precepts however have been embodied in the budgeting procedures of many organizations"

The potential contribution from long-range planning as explained by Broom (1969:75) is that "managers and students of business policy may know that the rate of business

failure is low, that most firms are today profitable and that most of them are doing a good job of providing goods, services and employment to the public. Because of this they may feel that it is appropriate to ask the question “why bother about long-range planning?” The answer lies in the fact that managements face a changing world, an altered economic environment, which means that unaltered policies and fixed strategies could see a dwindling of profits in the years ahead. Without effective planning for the future, a firm cannot assure continuity of profits, much less business survival itself. Then, at some future date it would have to accept a merger with a stronger firm to save of disaster. Long-range planning is indeed useful”.

2.14 ARGUMENTS FOR AND AGAINST PLANNING

2.14.1 Economic Arguments

Various arguments for leaving out planning, minimizing regulation and reducing the size of government are generally accompanied by calls for increased reliance on private sector investment and competing forces of the market. The basic argument is that Government intervention in the market is not necessary and destructive as they impede entrepreneurial initiative, innovation and impose unnecessary financial and administrative burdens on the economy.

2.14.2 Pluralist Arguments

Other arguments for and against planning emerged during the 1960s and 1970s to complement the economic arguments. The pluralists argue that Government involvement should not be based on long-range planning and comprehensive coordination but on increased dependence on existing political bargaining processes. This argument assumes that political competition like market competition reduces the requirement for independent government action, planning and coordination. According to pluralists, competition between formal and informal groups pursuing a range of divergent goals and interests is assumed to place all important issues on the public agenda, guarantee that no group dominates the public arena, maintain political stability and improves individuals' intellectual and deliberative skills.

2.14.3 Traditional arguments

These arguments as an independent function of Government promoting the collective public interest opposed the economic and pluralist arguments for Government action to provide public or collective consumption goods.

2.14.4 Marxist arguments

Marxist theories have added a new dimension to the debate about the feasibility and desirability of planning. From this perspective planning plays a major role in contemporary society as which can only be understood by recognizing the structure of modern capitalism as it relates to the physical environment (Klosterman, 1985).

2.15 PLANNING SCHOOLS OF THOUGHT

SITAR i.e. Synoptic, Incremental, Transactive, Advocacy and Radical schools of planning thought are compared based on their weaknesses and strengths which at the same time reveals ways in which they are always complementary. The application of more than one of these theories is usually important in order to arrive at valid conclusions on social issues and appropriate action implications.

2.15.1 Synoptic Planning

This is the dominant tradition sometimes referred to as the rational comprehensive approach which forms the point of departure for most planning approaches and represent either modifications of synoptic rationality or reactions against it. It has got approximately four classical elements which include goal-setting, identification of policy alternatives, evaluation of means against ends, and implementation of policy. The process is however not always undertaken in this sequence, and each stage permits multiple iterations feedback loops and elaboration of sub-processes.

2.15.2 Incremental Planning

Charles Lindblom describes this approach as “partisan Mutual adjustment” or “disjointed incrementalism”. In this approach, policy decisions are better understood, and better arrived at, in terms of the push and tug of established institutions that are adept at getting things done through a decentralized bargaining process well suited for to a free

market and democratic political economy. Incremental planning emanates from various criticism of the synoptic rationality including its insensitivity to existing institutional performances capabilities and failure to appreciate the cognitive limits of decision makers.

2.15.3 Transactive Planning

This approach focuses mainly on the intact experience of people's lives revealing policy issues to be addressed. Planning is not carried out with respect to an anonymous target community of beneficiaries, but in face-to-face contact with the people affected by decisions and it constitutes less of field surveys and data analyses but more of interpersonal dialogue marked by a process of mutual learning.

2.15.4 Advocacy Planning

This movement grew up in the sixties rooted in adversary procedures modeled upon the legal profession and usually applied to defending the interests of weak against strong community groups, environmental causes, the poor and the disenfranchised against the established powers of business and Government. It has proven successful as a means of blocking insensitive plans and challenging traditional views of a unitary public interest.

2.15.5 Radical Planning

This is considered an ambiguous tradition with two mainstreams of thinking that occasionally flow together. The first version is associated with spontaneous activism guided by an idealistic but pragmatic vision of self reliance and mutual aid. It also recognizes the importance of personal growth, cooperative spirit and freedom from manipulation by anonymous forces (Hudson, 1979).

2.15.6 Collaborative Planning

Healey (2003:104-117) explains that "collaborative planning was thus first inspired by the perception of planning as an interactive process. Second, planning was understood as a governance activity occurring in a complex and dynamic institutional environments, shaped by wider economic, social and environmental forces that structure, but do not

determine, specific interactions. Thirdly it's focused on planning initiatives concerned with maintaining and enhancing the qualities of places and territories. Lastly collaborative planning is motivated by a moral commitment to social justice, especially as realized in the fine grain of daily life experiences in the context of culturally diverse values about local environments and ways of life. Collaborative planning develops an approach to understanding and evaluating governance processes, and especially those that focus on developing qualities of place and territory. Thus the planning portrayed in collaborative planning is clearly something broader than the practices of regulatory land-use planning that is all that seems to be left of some planning systems in Europe. It is about strategic approaches to the governance of place. It involves attention to the qualities of place and of process, the good city and its good governance understood in a social and constructivist and relational way. Collaborative planning is a plea for the importance of understanding complexity and diversity, in a way that does not collapse into atomistic analyses of specific episodes and individual achievements, or avoid recognizing the way power consolidates into driving forces that shape situational specificities”.

2.16 MAKING STRATEGY WORK

In his argument for the case of what he calls strategic programming, Mintzberg (1990) argued that “In an era of constant and unpredictable change, the practical usefulness of strategy is increasingly -and loudly-questioned. The skeptics argue that it is all well and good to come up with a brilliantly formulated strategy, but quite another to implement it. By the time implementation begins, the business environment is liable to have changed and be in the process of changing even further. He further argues that strategy had for too long been housed in ivory towers built from corporate data and analysis. It had become distant from reality, when to have any viable commercial life strategy needs to become completely immersed in reality. The new emphasis is on strategy as part of the corporate development brief with small teams working on distinct projects calling on outside consultants when necessary. The role of the consultants principally lies in benchmarking corporate performance, monitoring and identifying external trends and helping develop a corporate vision”.

2.17 THEORIES

Jantsch, (1968:47-48) argues the fact that “planning is enjoying its vogue without benefit either of a supporting framework of ideas intrinsic to it or even of a small piece of theoretical ground it can claim as its own-something that is part of, yet distinct from, the surrounding culture-and on whose soil one might hope to grow those generalizing and organizing principles, those operationally verifiable methodologies, those legitimate and discrete applications that most other serious disciplines possess.

Beyond the fact that it involves the future, and that the steps in terms of which it is described must be ordered in relation to some goal for planning, we have neither a general theory nor special theories of it, we have nor widely accepted language that communicates its logic, nor structure that organizes its predictive or explicatory propositions into an operational model, we do not even have such propositions. In sum, whatever it is that we call planning lacks that solid foundation from which it should be possible to strengthen and flesh-out, to direct and evolve, to dispute and adjust the corpus of the practice itself”.

2.17.1 Business Portfolio Models

Grant and King, (1982:153) argue that “At the corporate level executives must think in terms of a flexible collection of divisions or strategic business units (SBU's) that they intend to operate for varying periods of time and in ways that should continually make the package of operating units attractive as an investment unit to the financial community”.

On the other hand, Ansoff argue that “The fuel for the modern growth in interest in all things strategic has been analysis. There are two basic problems with the reliance on analysis. It is all technique. Watching the implementation of a strategy which is solely based on analysis is like listening to a synthesizer recreates the sound of a Stradivarius. It is hollow and dehumanized. Even in the technological age, dehumanized management remains a contradiction in terms.

The second problem is more self increasing loop. The belief is that more and more analysis will bring safer and safer decisions. If analysis is insufficient, the manager begins to feel guilty and to assuage the guilt they carry out some more analysis. The process continues, relentlessly delaying any decision making. In such cases strategy is driven by guilt and fuelled by analysis. Eventually enough data is bound to filter through and a strategy of sorts will emerge. The process is, however, time consuming and tortuous. Before the resulting strategy becomes action, it is likely that the self perpetuating combination of analysis and guilt will continue to interfere with and slow the process.

The traditional view is that strategy is concerned with making predictions based on analysis. Predictions and the analysis which forms them, lead to security. The bottom line is not expansion, future growth or increased profitability-it is survival. The assumption is that growth and increased profits will naturally follow. If, by using strategy, we can increase our chances of predicting successful methods, then our successful methods will lead us to survival and perhaps even improvement. So, strategy is to do with getting it right or, as the more competitive would say, winning. Of course it is possible to win battles and lose wars and so strategy has also grown up in the context of linking together a series of actions with some longer-term goals or aims. This was all very well in the 1960's and for much of the 1970's. Predictions and strategies were formed with confidence and optimism (though they were not necessarily implemented with such sureness). Security could be found. The business environment appeared to be reassuringly stable. Objectives could be set and strategies developed to meet them in the knowledge that the overriding objective would not change. This approach became known as management by objectives.

2.17.2 Basic Model of a Business Portfolio:

According to Nutt and Backoff (1992), "This model is viewed as necessary for companies that seek to develop and exercise proactive portfolio strategies reaching beyond the financial dimensions through conceptualizing alternative product-market positions in terms of a growth-share matrix. In this model and in such a matrix the

ultimate objective of careful positioning of SBU's in such a matrix is to stimulate consideration of strategic alternatives that are feasible for various types or classes of businesses. A typical example of such businesses could be cash-cows which are described as those businesses having a high relative market share but low growth rate-are normally expected to generate more cash flow than is required to finance their mature and profitable market position. The excess cash flow suddenly becomes available to finance the growth of star businesses or to undertake the risks associated with aggressive development of seedling businesses.

According to the basic model of business portfolio, the developing businesses that eventually succeed in enhancing their market positions should move into the star category and later evolve into cash cows. During failure, the developing businesses deteriorate into dogs which must be revitalized through improved market segmentation or liquidated through divestment or other disposal processes. The objective in all such actions is to strike a balance of resources in the three positive cells while minimizing the problematic businesses in the dog category”.

Nutt and Backoff, (1992:104) also argue that “the ideas of the portfolio approach can also be used for issue management in a public or third sector organization. In this adaptation, relative stakeholder support and tractability are substituted for market share and industry growth, respectively. Issues are then analyzed instead of products or services”.

This model is not relevant for this particular study because it is more applicable in solving private sector business challenges.

2.17.3 More Sophisticated Business Portfolio Model:

Grant and King (1982:155-156) explain that different strategic business units require a combination of various interdependent actions which could be a more complex process. In this case, the basis of the growth-share matrix as portrayed in the basic model of a business portfolio are expanded by the addition of eight designated circles portraying

the proportion of corporate assets devoted to each strategic business unit. This model is sometimes referred to as a “bubble chart”.

The shaded areas show the estimated share of the served market serviced by the strategic business unit with the arrows pointing the strategic direction of the SBU within its market and both the current position and planned future position of the portfolio components are depicted. Usually in this model there is a high possibility that the aggressive development of plans of several SBU’s may strain the resource generation capacity of other business units so that some plans might have to be delayed and external resources secured.

For this particular reason, this model is not suitable for this particular study.

2.17.4 Goal or Benchmark Model:

Bryson, (1995:198) argues that “goal or benchmark models are generally applied at the community, regional or state levels. They are designed to gain reasonable agreement on overarching goals or indicators (benchmarks) toward which relatively independent groups, units or organizations might then direct their energies. Consensual agreement on goals and indicators thus provides a weak surrogate for the corporate control exercised in layered models. In the fragmented, shared power environments in which most public problems occur, the approach may be the only viable approach. Most community strategic plans are implemented via goal or benchmark markets. Large numbers of leaders and citizens are typically involved in the process of goal setting and strategy development. Then action plans outline what each organization might do to help implement the strategies and achieve the goals on a voluntary basis”.

This model is not applicable to this study due to the interests groups involved in the goal setting and strategy development”.

2.17.5 Applied Strategic Planning Model:

According to Goodstein et al, (1992:8-9), “the new and applied strategic planning model is useful for the medium sized and small organizations and it is as useful for

government agencies and not for profit organizations as it is for business and industrial organizations.

Using the applied strategic planning model provides new direction and new energy to the organization. The major difference of this model from other models is picked in its continual concern with application and implementation at every step along the way and not just after completion. It also differs from other models in its emphasis on values-driven decision making and its heavy focus on creatively envisioning the ideal organizational future.

The model involves nine sequential phases, with two of these phases (performance audit and gap analysis) essentially two differentiated aspects of a single; the model also includes two continuous functions (environmental monitoring and application considerations), both of which are involved at each of the sequential phases (values scan, strategic business modeling, and integrating action plans) in ovals rather than rectangles to differentiate those elements that are different from the usual approaches to strategic planning.

In the sequential steps, after gap analysis can be readily resolved, the process can move onto the next phase-integrating action plans. But if this is not the case, strategic, business modeling phase must be revisited". This model forms the theoretical framework of this study.

2.18 CONCLUSION

Strategic planning is a very important activity for a profit and non-profit making organization. Literature review of strategic planning involved the consideration of what other writers had to say about the various aspects of planning and strategy. Several arguments for and against planning were reviewed in this chapter and these were followed by the review of various theories on strategic planning under which several schools of thought on planning and strategy as explained by previous researchers were considered. The applied strategic planning model formed the theoretical basis of this study.

CHAPTER 3

3. RESEARCH METHODOLOGY

3.1 INTRODUCTION

There is a difference between research methodology and research methods. Quite often research methodology embraces methods. This means research methodology is bigger than methods and covers methods. Research methodology is thus defined as understanding the social organizational context, philosophical assumptions, ethical principles, and political issues of the enterprise of social researchers who use methods. Methods on the other hand are just a set of specific techniques for selecting cases, measuring and observing aspects of social life, gathering and refining data, analyzing the data and reporting on the results. (Neuman, 2010). Strauss and Corbin (1998:3) describe methodology as a way of thinking about and studying social reality whilst methods are a set of procedures and techniques for gathering and analyzing data.

Bailey, (1994:34-35), defines methodology as “The philosophy of the research process. This includes the assumptions and values that serve as a rationale for research and the standards of criteria the researcher uses for interpreting data and reaching conclusions. A researcher’s methodology determines such factors as how he or she writes the hypothesis and what level of evidence is necessary to make the decision whether or not to reject the hypothesis. The main point is that there is a wide range of alternative methodologies, or approaches and criteria for understanding social phenomena, in social science. These range from qualitative to quantitative”.

The major difference between qualitative and quantitative research methodologies is their flexibility. Generally quantitative techniques are fairly inflexible particularly considering surveys and questionnaires whereby the researcher asks all participants identical questions in the same order and with closed-ended or fixed response orders from which participants may choose. Qualitative methods on the other hand are very flexible and mostly ask open-ended questions which give the participants freedom to answer in their own words (Family International, 2003).

Strauss and Corbin (1998) describe qualitative research as any type of research that produces findings without using statistical procedures or other means of quantification. It refers to research about people's lives, experiences, behaviors, emotions as well as organizational functioning, social movements, cultural phenomena and interactions between nations. In this type of research some of the data may be quantified but the bulk of the analysis may be interpretive. Data may be gathered by interviews and observations which are techniques associated with qualitative methods. However the data is coded in a manner that will allow statistical analysis. There are several reasons for doing qualitative research and one reason is preferences and or the experience of the researcher. Another reason for using qualitative research and perhaps a more valid one is the nature of the research problem. Basically there are three major components of qualitative research and these include the data which can come from various sources such as interviews, observations, documents, records and films. Secondly there are the procedures which the researcher can use to interpret and organize the data. Written and verbal reports make up the third component.

Quantitative research methods are more simply and parsimoniously defined as the techniques associated with gathering, analysis, interpretation and presentation of numerical information. Answers to quantitative research questions are presented in numerical form. A research hypothesis is a specialized quantitative research question in which investigators make predictions based on theory, previous research or some other rationale about the relationship about a phenomenon before conducting a research study. Quantitative (statistical) data analysis is the analysis of numerical data using techniques that use simply describing the phenomenon of interest or looking for significant differences among groups or variables (Teddlie,C. and Tashakkori, A. 2009)

3.2 RESEARCH DESIGN

In consideration of the above and for the purpose of this study, exploratory qualitative research techniques were used in the investigation of the systems for the integration in the revenue collection and expenditure management in the operations of the Ministry of Finance in Swaziland.

3.2.1 Data Collection

Collection of secondary data through review of documents relating to the systems for integrating revenue and expenditure management instead of interviews was done. The major reason is due to time constraints and ethical reasons. Therefore several documents prepared for and by the Swaziland Ministry of Finance itself, The Central Bank of Swaziland and other local and international consultants on revenue and expenditure management such as the United Nations (UN), the International Monetary Fund (IMF), the World Bank (WB) and the African Development Bank (AFDB) were reviewed in particular those that made mention of systems for integrating revenues and expenditures in MoF. This involved current and previous documents that looked at mainly information systems. Observations made over the years were also used in the analysis of the report.

Secondary time series data on Swaziland Government Revenues and Expenditures for the past ten years will be used in displaying the trends of the effects of the availability or non-availability of the systems that lead to the integration in the revenue collection and expenditure management processes.

3.2.1 Data Analysis

The collected documents on particular systems were reviewed and information on each system was presented in a write-up suitable for extracting the required information as part of the data analysis.

Results from the researcher's observations over the years were used to explore and explain the identified systems available for the integration of the revenue collection and expenditure management processes.

An analysis of the trends in the two data sets (revenues and expenditures) was conducted to display the effects of the availability of the systems for the integration of the revenues collection and expenditures management processes in the Ministry of Finance in Swaziland at least for the past ten years.

3.2.2 Significance of the Study

Strategic planning in the Ministry of Finance in Swaziland is required to give direction and energy in particular to the revenue collection and expenditure management departments. This is very critical in view of the fact that Swaziland Government revenues have significantly decreased and expenditures keep on escalating resulting in unsustainable budget deficits.

3.2.3 Limitations of the Study

Organizational strategic planning is much more appropriate if conducted for the overall organization, however due to resource and time constraints this study only focuses on only two departments of the Ministry of Finance in Swaziland which are the revenue collection and expenditure management departments. The main reason for focusing on two departments of the ministry is because the study is meant to identify strategic systems for expenditure management and revenue collection as these influences each other and thus an improvement in each one of them will also have an effect on the other and cannot be done in isolation of the other.

The study only intends to explore the systems that are available for the integration of the revenue collection and expenditure management in the Ministry of finance, to give an overview of the trends in strategic planning and to make recommendations for future strategic planning.

The study does not intend to analyze the impact of previous and existing strategic plans or systems available for revenue collection and expenditure management in the Ministry of Finance.

Lastly it is acknowledged that the traditional and westminster system of governance have an impact on the planning and on the study, however further research is recommended along these lines.

3.3 Conclusion

This chapter gave an overview of the research methodology, which took into consideration the need for a method that would both answer the research questions and

address the purpose of the study. The researcher encountered challenges in surfing the information on systems of expenditure control and revenue management from the key documents reviewed.

CHAPTER 4

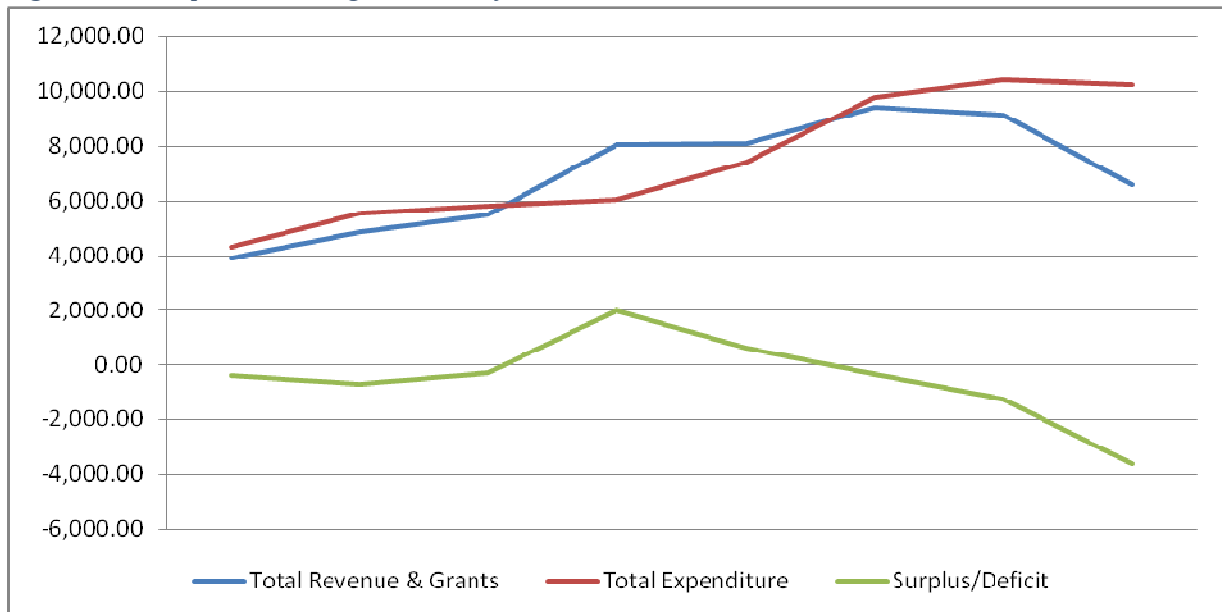
4. RESULTS

The results obtained from the book and documents review and analysis are presented mainly in narrative and graphical form.

4.1.1 TREND ANALYSIS OF THE GAP

The graph below shows that the total government expenditures have always been above total government revenues except for the years 2004 to 2007 where revenues were greater than expenditures which resulted in a government surplus. This has resulted from the various strategic planning systems applied by the Ministry of Finance in its management of revenues and expenditures.

Figure 2.0 Comparative Budget Summary



Source: Ministry of Finance

Several systems were found to be in existence within the Ministry of Finance and applied across Government Ministries and Departments and these included a) The Medium Term Expenditure Framework System b) The ASYCUDA System c) The Procurement System d) The Tour Advance System and e) The Commitment System.

4.1.2 MEDIUM TERM EXPENDITURE FRAMEWORK

The main objective of the MTEF system in Swaziland was to enhance the budgeting system across all Government ministries with the aim of shifting from the line item system of budgeting, moving towards program based budgeting system and application of the zero based budgeting method as opposed to the incremental budgeting system.

The Medium Term Expenditure Framework (MTEF) is one of the latest reforms to public expenditure management in developing countries. Different governments have introduced MTEFs in different forms and this approach has been criticized severely for failing to meet all its objectives. The exact definition of the MTEF process has evolved on the basis of the needs of governments implementing it (Muggeridge, 2000).

The implementation of a Medium Term Expenditure Framework (MTEF) is increasingly being accepted as an appropriate response to the problem of failure to link policy, planning and budgeting in developing countries. Three levels of development are considered in order to define a Medium Term Framework.

A Medium Term Fiscal Framework (MTFF) is the first, necessary step towards an MTEF. It contains a statement of fiscal policy objectives and a set of integrated medium-term macroeconomic and fiscal targets and projections.

A Medium Term Budget Framework (MTBF) builds on this first step by developing medium term budget estimates for individual spending agencies. Its objective is to allocate resources to the nation's strategic priorities and ensure that these allocations are consistent with overall fiscal objectives. This leads to some degree of budget predictability to spending agencies, whilst ensuring fiscal discipline.

A Medium Term Expenditure Framework (MTEF) develops the approach further by adding elements of activity and output based budgeting to the MTBF framework. These methods seek to enhance the value for money of public spending, in addition to reinforcing fiscal discipline and strategic prioritization (Oxford Policy Management, 2000).

In Swaziland, the brief experience as observed over the years has been that the MTEF budgeting system has been partly implemented by Government Line Ministries during the budget process and it has been used alongside with the line item budget process especially after the piloting of the process with a few ministries, some ministries began to present their budgets using the MTEF approach whereby they managed to outline the expected revenues and program expenditures at least for the three outer years of implementation.

In Swaziland initially the system worked even though its impact was not clear after a couple of years of implementation. The reasons why the MTEF budgeting system had less impact in achieving its intended objectives was because of lack of funds to finance most of the programs submitted by the Line Ministries. A few programs would succeed in getting funding after presentation to the budget committee and this was a disincentive for the planning officers to apply the system in the budget years that followed. In simple terms the lack of integration between revenues and expenditure resulted to a reduced impact of the MTEF budgeting system. Another reason was that there was less demand for Line Ministries to apply the MTEF system of budgeting from the authorities.

It is also observed that the MTEF system in Swaziland was designed to manage revenues for government and to control over expenditures by the government. However the Line Ministries of The Government of Swaziland were not able to integrate revenues and expenditures through the application of MTEF. This was evident in the continued dwindling of revenues of government and escalating expenditures mainly due to the reduction in SACU receipts which accounted for a greater proportion of Government revenues.

4.1.3. ASYCUDA SYSTEM

This system was intended to pullout the Swazi Economy which has been engulfed by socio-economic challenges such as high poverty prevalence rate; the rise in the mortality rate due to the HIV/AIDS pandemic (with Swaziland rated amongst countries with the highest infection rate in the world); high unemployment rate due to labor market failure to absorb the more than 10,000 school leavers yearly with the main focus being the revenue diversification and enhancement.

Fiscal reform programs initiated over the years still remained on the Government Agenda. The ASYCUDA system was highly aimed at improving the Government fiscal position mainly through exploring the diversification and enhancement of revenue as well as expenditure control. On the revenue aim involves the improving of revenue collection to mitigate the drastic decline and heavy reliance on SACU revenues. Thus the system involved the enhancement of the internal revenue sources particularly income taxes, sales tax and various user fees through the improved collection of imports and exports revenues through introduction of the ASYCUDA system at all border posts in Swaziland post. This particular system was expected to increase sales tax collection once established and fully functional in 2008/09 financial year. The system basically attempts to improve compliance and enable the Government to achieve maximum and effective tax administration through a Large Tax Payer Unit set within the Department of Taxes aimed at large tax payers that contribute a large proportion of total tax collection (Central Bank of Swaziland, 2008).

However, the experience in Swaziland has been that no matter how best the system is in terms of tax collection efficiency it does not provide a clear focus on how much revenues will be collected and it also does not encourage business people to do more trade with nearby countries as most business people get the courage to evade tax payment at the border post.

The system did not work well in most of the border posts of Swaziland particularly at the implementation stages because not all the border posts were computerized, therefore some of the border posts did not have the system installed. However these accounted

for a fewer imports and exports due to their geographical location with South Africa as the major trading partner for Swaziland. The other factor that compromised the maximum performance of the system included corrupt practices where by traders would try to evade the tax declaration of imported and exported goods.

4.1.4 PROCUREMENT SYSTEM

For purposes of expenditure control strategy, government has streamlined the procurement system along with the introduced commitment system to ensure that budget ceilings are not exceeded and funds are committed only if they exist. Government has always prioritized fiscal discipline by ensuring that scarce resources are allocated efficiently to key sectors and that the expenditure trends remain within the approved appropriation annually (Central Bank of Swaziland, 2008). The introduction of the procurement system resulted in the establishment of the corporate services and supply chain management unit responsible partly for the issuing of tenders through the tender selection board within the Ministry of Finance.

In Swaziland the experience has been that the introduction of the procurement system has resulted establishment of the tender board committee that is responsible for issuing of tenders for government supplies.

The major challenges for the Swaziland Government is to align expenditures with available limited resources, however the procurement system is not electronic to enable the tender board committee to award tenders for the supply of goods and services to Government on the basis of availability of funds and avoiding over expenditures at the same time.

The other reason that contributes to the inefficiency of the procurement system is the tendency of government suppliers of hiking prices for goods and services supplied to the Government on the basis that government takes a very long time to effect payments and this resulted to line ministries experiencing over expenditures at the end of the financial year.

4.1.5 TOUR ADVANCE SYSTEM

This is a system designed for the control of external travel by officials in line ministries.

This system is targeted at accounting officers' at all ministries involved with tour advances.

Its main objective is to record the process of a tour advance application on the computer system. It basically contains functions to capture, amend and do enquiries on a tour advance application, including the approval by the head of department within a line ministry and the treasury department's common services unit. The system also tries to achieve the target of keeping the budget up to-date with expenditure by commitment of tour advance applications.

The Swazi experience is that the system will validate if the tour reference number is valid and it also validate that the same accounts used to commit the budget is used to retire the tour. The system also forces the user to add accounts that have been used in the event they are omitted and update the expenditure with the actual amounts spent on the tour (Swaziland Government, 2005).

However due to the use of the manual ordering system prior to the implementation of the tour advance system and the pressure exerted by civil servants to travel agencies with regards to traveling air tickets, this system also could not work properly because people could still order traveling tickets directly from travel agencies on the premise that government will pay for it later perhaps as travel arrears resulting to over expenditures on external travel.

This was inefficient because it was only designed to manage expenditures resulting from external travel alone yet the Government needed to control expenditures from all lines of spending and not just from external travel alone.

4.1.6 COMMITMENT SYSTEM

This system is aimed at replacing the manual ordering and recording of goods and services procured by the Government.

The Swazi experience with the commitment system is that previously Government ministries used to have the order book which served as the manual ordering system and this was supposed to be replaced by the electronic ordering system. The electronic system aimed at committing all government orders against budgeted fund in order to avoid continuous ordering for goods and services against funds that were overcommitted thus resulting to over expenditures.

The commitment system did not work well and the reason is that during its implementation it was done in parallel with the manual commitment system or ordering system which resulted in both systems running parallel. The other reason for failure of this system is because there was no way the system could stop the ordering person from committing over expenditures due to access to the manual ordering system which could commit funds through a gentleman's agreement between the order holder and the supplier. Also the manual ordering system had a high risk of goods being ordered and not supplied or supplied in excess and government being charged exorbitantly by the supplier.

4.2 Existing Strategic Planning Practices

The identified gap in strategic planning practices within the ministry of finance is that there is lack of well harmonized systems for managing revenues and control of expenditure. Almost all systems that are implemented seem to seek to solve one particular problem that might have emanated in isolation of other problems of revenues and expenditure management system

The results from the book review analysis of the key systems available in the Ministry of Finance for revenue and expenditure management reveal that there are only the short term strategic planning practices as opposed to long-range strategic planning practices used in the Ministry of Finance of Swaziland. This is clearly evident in the way and culture on how each of the revenue and expenditure management systems is developed. Quite often, a revenue and expenditure management system is developed when there is a problem that needs an immediate solution. In most cases this approach or practice creates an oversight of the other existing systems of management due to its

short term objectives and usually the sustainability of the developed system gets compromised as a new expenditure or revenue management system is adopted.

Several factors account for the failure of the short term strategic planning practice and these may include;

- a) The shortage of funding to fully implement the strategic system
- b) Capacity constraints to implement the strategic system
- c) Time constraints for implementing the strategic system
- d) Technological challenges for implementing the strategic system
- e) Limited resources available within Government coffers resulting mainly from the decline in SACU receipts

Therefore long-term strategic planning practices are needed because the application of various expenditure and revenue management systems on a short term interval renders the existing short term strategic planning systems unsustainable and expensive to install and require more labor to implement whilst at the same time require more time.

The attempts at implementation of the long-term strategic planning practices within the Ministry of Finance have been made particularly with the implementation of the MTEF budgeting systems. However it happened that during this implementation there were less incentives for Government officials to pursue the system. This was mainly due to the fact that officials would prepare their budget using this system but due to limited resources for Government, their programs would not get funding in time such that they would have to re-submit their MTEF budget proposals in the following year's budget round. This was a great disincentive for officials to pursue the system in the following year's budget round.

Therefore it is arguable that long-term strategic planning practices in Swaziland Ministry of Finance has not been successful and this is because of the many challenges that the

country is faced with which normally favor the implementation of short term strategic planning practices over long-term ones.

According to the (World Bank,2008:160) “strategic planning has so far failed to address weaknesses in policy formulation and the budget system. Weak policy formulation has been identified as an area of improvement. Strategic planning should improve policy formulation but instead has revealed a key weakness of the budget process, i.e artificial fragmentation of the budget. Strategic plans drawn by line Ministries are biased towards new priorities and initiatives without fully reviewing and rationalizing existing programs. New programs are only vaguely prioritized and inadequately integrated with the MTEF”.

Further, the (World Bank,2008:160) “strategic plans have not been formulated within an overall budget constraint. A successful MTEF assist and requires relevant decision maker’s to balance what is affordable in aggregate against policy priorities”. In this regard, the short term strategic plans in the Ministry of finance in Swaziland have not been realistically fitted into the overall fiscal and Macroeconomic framework.

4.3 Recommendations of Future Strategic Planning for Setting-up or Application of the Necessary Systems

There are several factors and initiatives that the Ministry of Finance and the Government can apply for successful strategic planning.

First of all the Ministry of Finance should harmonize the application of the various systems of revenue and expenditure management available. This can be achieved through the linking of all the available system to one umbrella system for expenditure and revenue management.

Secondly there must be a strong political will to enforce the application of these systems of revenue and expenditure management. This can be made possible by making the senior government officials and politicians appreciate the importance of using the systems particularly those that can be used for reporting purposes.

Thirdly the Ministry of Finance should ensure that traditional systems of expenditure control and revenue management are not run in parallel with the new systems aimed at

actually replacing the old one. This can be achieved through forcing the various line ministries to prepare and present their reports using the new systems of management.

The Ministry of Finance should ensure that the use of any new system comes with an incentive to the user of the system. This means that the Line Ministry should realize the benefits of application of the new system. This can be achieved by ensuring that Ministries that do not comply with the application of the new system do not get their budget released as some form of forcing them to comply.

Lastly for successful strategic planning in both the Ministry of Finance and the Government is to always fit strategic systems within the overall fiscal and macroeconomic framework.

4.4 Conclusion

The objective of the book, policy documents review and reports were to find out about the available systems for revenue and expenditure management systems available in the Ministry of Finance. Several systems were discovered to be available for this objective, however they appeared not to be very much successful in meeting their objective due to several reasons unique to that particular system.

CHAPTER 5

5. DISCUSSION/INTERPRETATION AND ANALYSIS

In light of the results, the Ministry of Finance is fully committed in managing the expenditures and revenues. This is evident in the various systems applied by the Ministry in this regard, which includes the Medium Term Expenditure Framework, ASYCUDA System, Procurement System, Tour Advance System and the Commitment System.

Although with all these systems up and running, the Swaziland Government revenues continue to decrease whilst the total expenditures increase. This indicates inefficiency in the implementation of the systems which is a result of several reasons such as poor coordination of the management systems by the various agencies or implementing units within the ministry and across Government at large.

Further, the systems seem not to be implemented fully and according to the guidelines. Based on observation, one system is set up and run for a particular period, however, prior to it being monitored and evaluated, a new system is implemented to deal with whatever challenge that the Government considers being priority.

In most cases the systems seems to be designed with the sole aim of complementing what one system cannot perform. As a result this ends up with the creation of various systems which do not speak to each other or which are not aligned and linked to one another.

The implications of the results to the Ministry of Finance is that it should try to link or integrate the various systems it has put in place for expenditure and revenue management. Even though this is intended to be carried out in the proposed Integrated Financial Management System.

Overall, according to (Katsioloudes 2002) these results brings us to the point that “strategic implementation is part of strategic planning process. The ultimate outcome depends on how well everything fits together. To formulate strategies without some

serious thoughts toward implementation seems a serious waste of the strategist's time. It has been said, quite correctly that a strategy is really nothing but a fantasy without successful implementation. Poor implementation can cause appropriate strategies to fail. Yet excellent implementation can rescue an inappropriate strategy. No matter how carefully you work to formulate the "perfect" strategy, it will be hard (perhaps impossible to achieve , at least with any regularity, without some careful attention being paid to exactly how you are going to pull it off. What a well crafted implementation plan may give you, then, is a way to make less-than-perfect strategies better".

According to the Fiscal Adjustment Roadmap document several factors led to the lack of integration of revenues and expenditures in the Ministry of Finance and these include slowing of economic growth, worsening of fiscal outlook, Challenges in the Monetary Sector and the External Sector.

5.1 Theoretical Framework

The Applied Strategic Planning Theory forms the theoretical framework of this study. This model is useful for the ministry of finance because it is designed for government agencies and not for non-profit organizations. This framework is necessary for the provision of a new direction and energy in the Ministry of Finance. This model calls for the application and implementation of the particular system at each and every step of the process and not just at completion of the design of a model. This is very important for the Ministry of Finance to consider in the design, application and implementation of any particular system for revenue management and expenditure control. If the Ministry of Finance is in the process of application and implementation of the MTEF System, ASYCUDA System, Procurement System, Commitment System or the Tour Advance System to give new direction and energy to the ministry the continual application and implementation of these at every step along the way and not just after completion should be exercised.

This theoretical framework also makes greater emphasis on values driven decision making and has got a very heavy focus on creatively envisioning the ideal organizational future. In the Ministry of Finance each system applied using this

framework should have a much more greater emphasis on values driven decisions with greater focus on an organization with an ideal strategy of increasing the country's revenues and reduction in expenditures in the future.

The framework calls for the application of nine sequential phases and two of these phases include performance audit and gap analysis. For every expenditure control and revenue management system available within the Ministry of Finance there should be a well designed performance audit and gap analysis to determine the efficiency of the system and identification of gaps in the implementation of that particular system.

The framework also involves two continuous functions of environmental monitoring and application considerations. According to this framework, for every system implementation for revenue and expenditure management within Finance the changes within the operational environment should be monitored along with an in-depth application consideration at each and every one of the sequential phases such as the values scan, strategic business modeling and integration of action plans. Further in every implementation of an expenditure and revenue management system can move on to the next step of integrating action plans after gap analysis can be readily resolved.

5.2 What Works Well In the Ministry Of Finance

Even though most revenue and expenditure management operations within the Ministry of Finance do not work well, a few activities within this operation do function well. The collection and compilation of revenue data within the Fiscal Affairs Division is well organized as opposed to the collection and compilation of expenditure data in the Budget and Economic Affairs Division. This data becomes very useful in the preparations of the National budget and in the compilation of the economic classification of revenue and expenditure and also in giving a clear picture of the operations of the General government.

External Debt repayment by the Ministry of Finance is also well captured through the use of the newly installed Commonwealth Secretariat Debt Management System (CS-DRMS). Within this system all due debt is recorded when repayment needs to be made.

The system also provides readily available data with regards to all external debt that is managed by the Ministry. This system has had a positive effect in terms of guiding the Ministry on the amount of debt that it can acquire with respect of the country's percentage of Gross Domestic Product.

5.3 Areas of Improvements

There are several areas of improvement in the operations of the Ministry of Finance and these include the following;

a) Adjustment of Expenditure Levels;

Following the decline of revenues particularly the Southern Africa Customs Union receipts the Ministry of Finance has to ensure that it aligns the expenditure budget to be within the limited resource envelope and thus reducing the country's deficit. This is the major responsibility of the Budget and Economic Affairs Department. Measures like the reduction of expenditures on durable goods and services, external travelling by government officials and the reduction of the civil service wage-bill should be applied. The expenditures on Central Transport Administration (CTA) should also be reduced through the complete transformation of this government garage into a fully fledged parastatal.

b) Improvement in the Public Financial Management

A two pronged Public Financial Management is required to address short term public expenditure control requirements and also provide a platform for engaging with medium term PFM reform needs. Therefore this reform strategy should encompass both short-term and medium term measures of improvement. The current PFM framework does not facilitate effective aggregate control, efficient allocation of resources or economy in the use of resources. The MoF should refrain from the introduction of fire fighting measures of public financial management but should focus on the introduction and implementation of sustainable PFM measures.

c) Improvement in the Level of Commitment to reform

Budget management reforms and systems like the MTEF and other systems failed to be sustained and ongoing legislative and procurement system reforms are making very slow progress. Even after the recent economic crisis the reform process seems to be more politically and institutionally complex with the extent of senior management commitment being highly uncertain which creates a very difficult environment to initiate bigger changes. The MoF should ensure that cabinet ministers and members of parliament fully agree and take part in the reform measures that it introduces. This can be done by provision of workshop sessions for the MP'S and Cabinet minister's whereby they are told about the importance of putting such measures in place for them to enforce disciplinary measures to controlling officers who do not adhere to the requirements of these systems.

d) Credibility of Government's Budget;

Frequent reallocations and provision of supplementary budget for selected activities, requiring off-setting savings elsewhere, seems to have downplayed the effective implementation of originally budgeted activities. The MoF should not allow frequent reallocation of funds and passing of supplementary budgets especially at the very beginning of a new financial year because this causes line ministries to think that there is money for them to pursue their programs which did not get funding during the normal budget process or rounds.

e) MTEF and Expenditure Budget Formulation;

The MTEF process should provide a framework for allocation of resources that reflects strategic government priorities. The process should provide an opportunity to discuss public service delivery policies and outputs and agree on strategic priorities of government. Strategic government priorities like health, education and poverty alleviation programs should get funding during the budget formulation process. This should also encourage line ministries to focus on pro poor programs necessary for poverty alleviation. The MTEF process should encourage an indication of input output budget formulation and presentation to the MoF.

f) Commitment, Expenditure Release and Cash flow Management Systems;

The current commitment and cash flow forecasting and control systems do not provide a sound basis for securing effective budget execution and expenditure management. The regulatory framework supporting these financial control systems has not been updated for many years. The accounting system is obsolete and offer limited functionality and the documentation for the system and skill set necessary to maintain it are no longer readily available.

CHAPTER 6

6. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 SUMMARY

Strategic Planning in the Ministry of Finance in Swaziland is a study based on the setting up and application of systems within the Swaziland Ministry of Finance to enable it overcome the challenges it faces with regards to the revenue collection and expenditure management policies. Therefore the objectives of the study were to investigate the systems designed to integrate the revenue collection and expenditure management and to determine to what extent are these systems applied. And lastly to make a recommendation of viable strategies that can be put in place to either set-up or utilize the key systems available for revenue collection and expenditure management policies.

A review of documents was done instead of collecting data using questionnaires. The major reason was due to time constraints and ethical reasons. Therefore several documents prepared for and by the Swaziland Ministry of Finance itself, The Central Bank of Swaziland and other local and international consultants on revenue and expenditure management were reviewed in particular those that made mention of systems. This involved a mix of current and previous documents that looked at mainly information systems. Observations made over the years were also used in the analysis of the report.

Therefore several factors were observed by the researcher to be the major cause of the lack of integration of revenues and expenditures in the ministry of finance in Swaziland and these included poor budget forecasts, organizational structure, organizational culture, corruption, lack of capacity, leadership and technological advancement.

6.2 CONCLUSION

Several systems of revenue and expenditure management are available in the ministry of finance and these are namely the MTEF System, Tour Advance System, ASYCUDA system among others.

All these systems are suitable for expenditure control and revenue management as they were designed and they should continue being operated, however the systems need to be strengthened in their enforcement. More or additional systems should be used if a need arises in future. The purpose of the study i.e to investigate the systems available for revenue management and expenditure control was achieved.

During the study, the researcher found that there has always been a gap between total government revenues and total government expenditures. It was found that the MTEF budgeting system in Swaziland did not succeed in the integration of revenues and expenditure management.

It was also found that the ASYCUDA system did not work well in the countries border posts particularly during the implementation stages because not all the border posts were computerized, thus some of the border posts did not have the system installed.

The procurement system was found to be inefficient because of the tendency of government suppliers to hike prices for goods and services supplied to the government on the basis that the government took a very long time to issue payments resulting to line ministries experiencing over expenditures at the end of the financial year.

The Tour Advance system was also not quite successful because of the parallel operation of the manual ordering system whereby officials could still order travel tickets directly from the travel agents on the premise that government will effect payment later.

It was also found that the commitment system did not work well because it was also implemented parallel with the manual system of commitment or ordering. It also failed because there was no way the ordering system could prevent a person from committing over expenditures due to access to the manual ordering system.

The findings shows that the Ministry of Finance is committed in managing expenditures and revenues as seen in the various systems applied for this purpose. However the systems seem not to be fully implemented and guidelines not completely followed by the ministry itself and line ministries. New systems of revenue and expenditure management seem to be designed and implemented in order to perform what an

existing system cannot perform instead of fitting the new system into the one existing. Therefore the MoF should try to link the new systems to the existing ones.

The Applied Strategic Planning Theory forms the theoretical framework of this study and its useful for finance because it provides a new direction and energy for the ministry.

Some activities within the operations of the ministry of finance do work well and this partly includes the collection and compilation of revenue statistics, the repayment of external debt using the CSDRMS.

6.3 RECOMMENDATIONS

Recommendations are made to the Ministry of Finance, National Government, Regional countries, globally and to researchers in strategy and financial management.

6.3.1 The Ministry of Finance

In consideration of the view that there are several systems for revenue and expenditure management within the Ministry of Finance, it is therefore recommended that the Ministry should strengthen the application of all the identified systems.

The Ministry of Finance should implement public financial management reforms which will include modernizing of the ministry of finance, strengthening the budget system, consolidating procurement reforms, expenditure reporting and internal and external auditing. Modernizing the MOF is the first critical step to Public financial management reforms to ensure that the Ministry can strengthen its broad oversight and accountability of public resources and thus play a central role in directing the requisite improvements.

6.3.2 The National Government

The National Government should prepare national budgets in line with the medium term expenditure framework (MTEF) guidelines as well as implement a medium term fiscal framework that clearly defines the resource envelope and policy priorities. Government should exercise greater control of its expenditure patterns by closely monitoring expenditures through quarterly reports on sectoral spending.

The Government should use Public Private Partnerships (PPP's) to deliver more and better services to the people. Government should therefore supplement its limited resources by having partnerships with the private sector as this has the potential to bring foreign investment to boost domestic investment. Therefore government should prepare and finalize a policy framework for PPP's to facilitate private involvement.

The government should improve its competitiveness to be in a position to attract foreign direct investment. This should be aimed at improving Swaziland's standing with regards to the World Bank's "Doing Business Report". In the medium term government should streamline licensing arrangements to reduce the current number of days required for licensing and registration of business.

6.3.3 Regional Countries

According to Katsioloudes (2002:273) "Strategic planning and development in the public sector creates a complex web of transactions. The complications posed by inter and intra-organisational coordination in which agencies or work units stake out their claim for domains of action often creates considerable inertia. Therefore public sector departments must consult internally and externally before taking action which makes strategic change difficult to initiate. To create strategy in the public sector one must recognize that action depends on a coalition of interests that push things along. To overcome inertia, a coalition of interests can be created which helps keep the process on track.

The coalition identifies contextual features, carries out situational assessments, forms issue agendas, and identifies strategy. Strategy development in public sector often tends to be more reactive. However strategy must take place as an incremental process which balances opportunities with threats. Being too reactive can force the organization to always concentrate in putting out fires and being too proactive can crystallize opposition, which may hamstring future efforts. Opportunities for public organization can also arise from the funding and use of services found in enabling legislation. Also tacit authority to deal with broad societal concerns can produce opportunity". Therefore it is

important for regional countries particularly those that fall within SADC to form a coalition that will deal with PFM challenges within the Ministries of Finance.

6.3.4 Global World

Ministries of Finance from the rest of the world facing PFM challenges should learn from experiences learned by other countries on how they successfully dealt with such. These experiences may not be similar to their challenges, however the methods and systems applied to deal with revenue and expenditure management challenges might be the same and maybe suitable for application to other countries from the rest of the world.

6.3.5 Researchers in Strategy and Financial Management

Researchers in strategic planning in the ministries of finance should follow the applied business model framework. However other frameworks especially their strong points in dealing with strategic planning can be explored for various institutions and situational environments for the formulation of strategies suitable for solving specific challenges faced.

Recommendation for further research; it is recommended that further research for the Swaziland Ministry of Finance on strategic alignment and integration of operational processes in the fiscal affairs department and Budget and Economic Affairs department.

REFERENCES

World Bank (2006), Swaziland Public Expenditure: Strengthening Public Expenditure Policy and Management for Service Delivery and Poverty Reduction, Volume I

United Nations (2002), Swaziland World-Health Organization Country Cooperation Strategy 2002-2005

World Bank (2008), Interim Strategy Note: A framework for scaling up support for the kingdom of Swaziland for the Period of 04/2008-04/2010

Swaziland Government (2006), Swaziland Poverty Reduction Strategy and Action Plan, volume 1, Ministry of Economic Planning and Development

World Bank (2000), Swaziland Reducing Poverty Through Growth: Poverty Policy Study Overview Report

Swaziland Government (2010), Swaziland Medium term Budget Policy Statement, 2010/11-2010/13, Ministry of Finance

Brignall, S. and Ballantine, J. (2003). Strategic Enterprise Management Systems: *New directions for research*. Management Accounting Research, 15(2004) 225-240

Neuman, L. (2010). Social Research Methods: Qualitative and Quantitative Approaches. Sixth edition. Pearson International edition, New York.

Strauss, A. and Corbin, J. (1998). *Basics of Qualitative Research; Techniques and Procedures for Developing Grounded Theory*. Sage Publications, California, United States of America.

Martinet, A. (2010). *Strategic Planning, strategic management, and Strategic foresight: The Seminal Work of H.Igor Ansoff*. Technological foresight and social change.

Litman, T. (2010). *Planning Principles and Practices . Efficiency, Equity, Clarity*. Victoria Transport policy institute

Bryson, J. (1995). *Strategic planning for Public and Nonprofit Organization: A guide to strengthening and sustaining organizational achievement*. (Revised Ed.). San Francisco: Jossey-Bass

Haycock, E and Labuschagne, J. (2006). *Achieving performance excellence by aligning strategies and operations in local government context in South Africa*. 25(3), 257-272

Goodstein, L., Nolan, T. and Pfeiffer, J. (1992). *Applied strategic planning: A comprehensive guide*. California: Pfeiffer & Company

Knipe, A., van der Waldt, G., van Niekerk, D., Burger, D., and Nell, K., (2002), *Project Management for success*. Heinemann Publishers (Pty) Ltd, Capetown, South Africa.

Poister, T.H. and Streib, G.D. (1999). Strategic Management in the public sector: concepts model and processes. *Public productivity and management review*, 22(3), 308-325. retrieved from JSTOR database.

Grant, J. And Backoff, R. (1992). The logic of strategic planning. Boston. Little Brown and Company

Nut, P. and Backoff, R. (1992). Strategic Management of Public and Third Sector Organizations: *A handbook for leaders*. San Francisco: Jossey-Bass publishers

Muller, J. (1992). From Survey to Strategy: twentieth century developments in western planning method, Johannesburg, RSA.

Klosterman, R. (1985). Arguments for and against planning: The town planning review, vol.56, No.1. Liverpool University Press.

Hudson, B. (1979). Comparison of Current Planning Theories: Counterparts and Contradictions.

Healey, P. (2003). Planning Theory. Collaborative Planning in Perspective, vol 2(2): 101-123. Sage publications.

Davenport, T. and Prusak, L. (1997). Information Ecology. Mastering the Information and Knowledge Environment. New York, Oxford University Press.

Ilbury, C. and Sunter, C. (2001). *The Mind of a Fox; Scenario Planning in Action*. (first edition), Human and Rousseau (Pty) Ltd and Tafelberg Publishers Ltd, Cape Town, South Africa.

Van Der Waldt, G and Knipe, A (1998). *Project Management; For Strategic Change and Upliftment*. International Thomson Publishing (Southern Africa) (Pty) Ltd, Johannesburg, South Africa.

Kerzner, H(1984). *Project Management; A Systems Approach to Planning, Scheduling and Controlling* .Second Ed. Van Nostrand Reinhold Company Inc. New York.

Mintzberg, H. (1990), *The Rise and Fall of Strategic Planning*

Jantsch E.(1969), *Perspectives of Planning*. Proceedings of the OECD Working Symposium on Long-range Forecasting and Planning, OECD, Bellagio, Italy

Meredith J.R. and Mantel J.S. Jr.(1989), *Project Management. A Managerial Approach*. Second Edition. John Wiley and Sons, Inc, Toronto, Canada.

Broom H.N (1969), *Business Policy and Strategic Action; text, cases and management game*. Prentice-Hall, Inc. Englewood Cliffs, New Jersey.

Muggeridge, L. (2000), Reflections on the Medium Term Expenditure Framework

Oxford Policy Management, (2000), OPM Review Supporting Strategies for Economic and Social Reform.

Central Bank of Swaziland (2008), Annual Report, Inter-agencies, Manzini.

Katsioloudes, M. (2002), Global strategic planning: cultural perspective for profit and non profit organizations. Butterworth Heinemann, New Delhi.