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GRADUATE SCHOOL OF PUBLIC AND
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UNIVERSITY OF THE WITWATERSRAND
JOHANNESBURG

PH.D. THESIS

# Strategic Leadership Challenges in the Management of Projects in the Parastatals

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A thesis submitted to the Faculty of Commerce, Law, and Management, University of the Witwatersrand, Johannesburg, in fulfilment of the requirements for the degree of Doctor of Philosophy in Public and Development Management.

September 2010

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**DECLARATION**

I declare that this project is my original work, achieved through research studies of my own efforts. It is submitted for the degree of Doctor of Philosophy in Public and Development Management at the University of the Witwatersrand, Johannesburg. This work has never before been submitted to any institution for academic credit. All sources have been duly acknowledged.

**Signed:** 

**Date:** 27 September 2010

## DEDICATION

To my late father, who never went to any formal school, yet was able to indoctrinate me on getting freedom through education, I hereby say, I have satisfied your desire by leading our clan in the academic crusade. To my wife and children, I appreciate your reluctant understanding when I took up this challenge and your unwavering support of being on my side during this journey. The struggle for enlightenment should continue until all Africans can read and write.

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The rest of the support teams comprising P&DM management, P&DM staff, Wits library personnel, Sue Cook and Reetsang Setou of the Eskom library for their roles in affording me resources to use in my academic journey, and Hendia Baker for editing this thesis.

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## ACRONYMS AND ABBREVIATIONS

ANC – African National Congress
APMA – Association of Project Managers
APMBOK – Association for Project Management Body of Knowledge
ASGISA – Accelerated and Shared Growth Initiative for South Africa
BASC – Business Application Solution Centre
BBBEE – broad-based black economic empowerment
BEE – black economic empowerment
BMF – Business Management Forum
BWO – black women-owned businesses
BSC – balanced scorecard
CPA – Community Projects Africa
CE – Chief Executive
CEO – Chief Executive Officer
CIO – Chief Information Officer
CO – Chief Officer
CSO – civil society organisation
GDP – gross domestic product
GEAR – Growth, Employment, and Redistribution
Dx – Distribution Division in Eskom
ED – Enterprise Division in Eskom
ERP – enterprise resource planning
Eskom – South African government enterprise utility company
GBLF – Generation Business Leadership Forum
Gx – Generation Division in Eskom
HR – human resources
IMF – International Monetary Fund
IPMA – International Project Management Association
IPPs – independent power producers
IS – information systems
ISPO – Information Systems Portfolio Office
IT – information technology
KPA – key performance area
KPI – key performance indicator
KPMG – auditing company

LOPP – life of plant plan
MD – Managing Director
META – information technology research company
NGO – non-governmental organisation
NP – National Party
PFMA – Public Finance Management Act
PMBOK – Project Management Body of Knowledge
PMCoE – Project Management Centre of Excellence
PMI – Project Management Institute
PMP – project management professional
Prince2 – standard methodology for project management
PTA – parent-teacher association
PVO – private voluntary organisation
Red Cross – humanitarian mission organisation
RDP – Reconstruction and Development Programme
SADC – Southern African Development Community
SAP – comprehensive integrated business application software
SMMEs – small, medium, and micro enterprises
SME – small to medium-sized enterprise
SOE – state-owned enterprise
Transnet – South African government enterprise transport company
TQM – total quality management
Tx – Transmission Division in Eskom

## ABSTRACT

Since South Africa is a developing state, the roles of the parastatals in stimulating economic growth and contributing to the alleviation of unemployment and poverty eradication are inevitable. South African parastatals find themselves with numerous initiatives that become projects as part of these initiatives. The projects vary from small to large capital investments. Parastatals are strategic assets that need to account for taxpayers' funds. This thesis considers that the executed projects can add value only if there is a link to the strategic objectives. The effectiveness of this link can be established by having benefit realisation metrics. The metrics should have a process of measuring performance of projects based on strategic objectives. The thesis views projects that are executed outside strategic objectives as not viable. Without a clear process of using strategic objectives as a guide to measure success of projects, the expenditure in parastatals will remain unaccounted for, resulting in what could lead to a PFMA issue.

The argument in this thesis, as well as its theoretical concept, is that the lack of strategic leadership has resulted in the challenges facing parastatals with regard to capital expansion and small projects that are executed without linking them to strategic objectives. Aggravating this situation is the blind loyalty to the PMBOK framework used by parastatals in executing projects; yet the framework has a gap regarding the knowledge areas of leadership and change management. The development of the thesis is through in-depth interviews carried out in two parastatals, namely, Eskom and Transnet. The interviews were conducted with respondents who are involved in projects, ranging from senior executives down to project administrators.

The research was done in order to assess whether the projects executed in parastatals do, indeed, support strategic objectives. The effectiveness of the link between projects and strategy was based on the premise that when strategic leadership components are practised by the leadership, an execution process requiring proof of value add to the business through a link to the strategic objectives will be the basis for executing projects.

The research found organisational structures that were rigid, and bureaucracy was the norm. The PMBOK framework that had been adopted was inadequate. Major findings were that most projects were not linked to strategic objectives and that there was poor strategic leadership at all levels. In view of this, there is a need to get the right leadership and have a rigorous process of ensuring that initiatives that become projects are, indeed, linked to the strategic objectives.

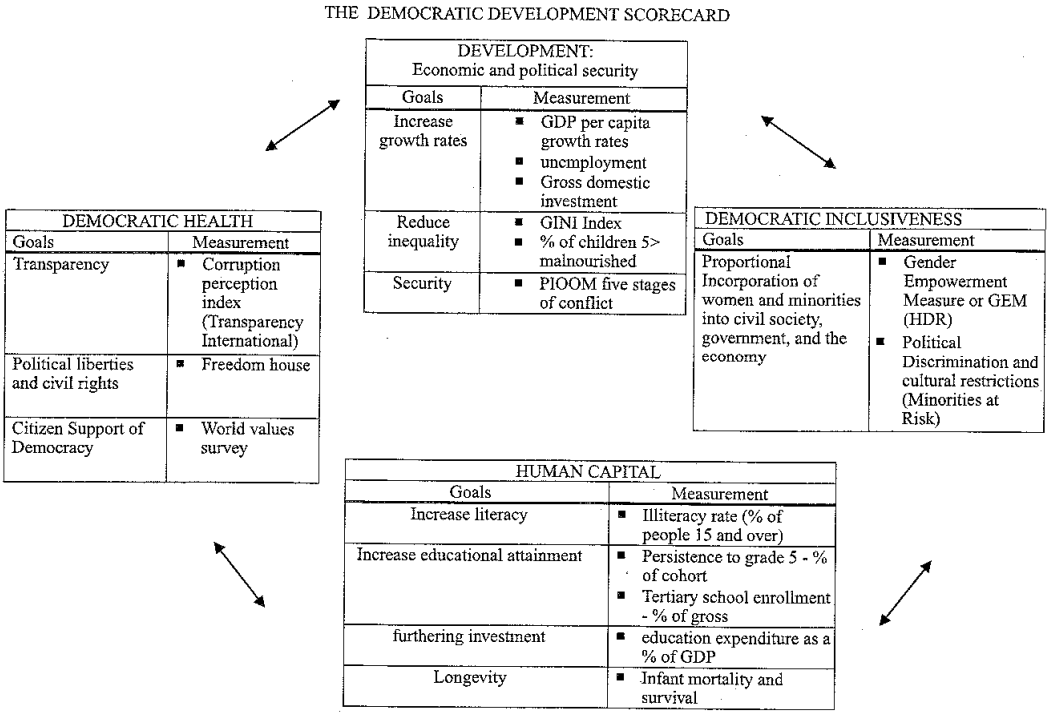
# CHAPTER 1

## 1. INTRODUCTION

### 1.1. THE CONCEPT OF DEVELOPMENT

The concept of development will be described here in order to give an understanding at macro level as well as in the context of the role parastatals play in South Africa. The concept of development covering human progress is general development, democratic health, democratic inclusiveness, and human capital (Holmes & Pińeres, 2006). The descriptions of each category will give an understanding of the intentions of the government with respect to the role played by parastatals. Human progress requires all people to have access to democratic institutions. The institutions are not meant for the privileged few with political or economic power, but for all citizens, including vulnerable groups. General development looks at the growth of the country to levels where the gap between the rich and the poor is reduced. Democratic health entails citizen participation in democratic processes, human rights, and access to the means of fulfilling basic needs. Democratic inclusiveness means allowing all citizens and, particularly, the disadvantaged equal opportunities. Human capital refers to uplifting the population by reducing the illiteracy rate through programmes that enhance the educational levels of the population. Having said this, the concept of development will be discussed in the contexts of the role the state plays in development, the role played by civil society in conjunction with the state, the role of the private sector and non-governmental organisations (NGOs), and the role of the parastatals, in general, and the cases in this research, namely, Eskom and Transnet, in particular. The concept of development is best described in the figure below.

**FIGURE 1: THE DEMOCRATIC DEVELOPMENT SCORECARD**




Source: Holmes and Pińeres (2006, p. 63). Democratic development: a comprehensive concept of comparative assessment.

The concept of development has its roots in the organs of state, which have to be functional for development to take place or to be sustained. These organs can be functional if they have effective leadership, have metrics for measuring performance, take time to plan, communicate their programmes, and execute them efficiently (McGill, 1995). The institutional developments require a non-partisan legal infrastructure that protects and enforces the rule of law and prevents abuse of power by government or ruling party officials (Tabellini, 2004). A typical example of this abuse in Southern Africa is the case of Zimbabwe, where the government became dysfunctional due to the lack of the rule of law and rampant abuse of power by the state. The result of the dysfunctional state is that development is literally retarded at a very fast pace and the economy significantly destroyed in the process.

Development is thus a political process characterised by policy concerns, human needs, and functional institutions under the guide of the rule of law.

## 1.2. ROLE OF STATES IN DEVELOPMENT

The state has a responsibility of providing the public with goods and services, reducing inequalities in income and opportunities, stabilising excessive economic fluctuations, protecting property rights, economic development, reducing unemployment, sustainable budget balance, competitive currency, protecting the environment, trade and political liberalisation, and a stable macroeconomic environment that improves the lives of its citizens (Tabellini, 2004; Deng, 1998). Some regional bodies such as the SADC in Southern Africa have been formed to seek cooperation agreements in economic integration for development purposes within the region.

The role of states in development is summed up in a discussion on development management in Africa, in which state functions are viewed as the foundation of development. While the context is the developing world, the functions can be applied universally, as Picard and Garitty (1995, p. 77) argue:

> ***The state as a provider***
>
> This function includes its core functions of government such as producing a coherent set of policies for socio-economic development. It also includes construction of major infrastructure, and other functions related to national sovereignty such as defence, foreign policy and public order.
>
> ***The state as a facilitator***
>
> This function is primarily related to the implementation of policies and the control of the proper environment for development. The importance of enhancing the indigenous private sector is part of this process. It is also important for the state to allow the emergency [sic] of as many initiatives as possible within the whole constellation of non-public organisations. The current trend is to encompass NGOs/PVOs and the private sector in the development process. Government as a facilitator is the most important component of the developmental state.
>
> ***The state in partnership***
>
> The state has a responsibility to build a climate of cooperation and trust among the public, private and non-governmental sectors through the development of formal consultative process, policy forums and joint marketing activities internationally. These and other forms of partnership need to be explored and used, though with caution. The public sector partnership eventually is related

not only to the whole or partial ownership of some corporations or parastatals, but most importantly to the creation of a climate of cooperation and trust, rather than hostility or defiance between public and private sector in their broadest sense. From this development priorities would include:

Defining the appropriate balance between public sector and private sector responsibilities for social and economic development. This requires analytical capacity to develop policies within the context of both prevailing market forces and social needs.

Developing the potential for societies to move from single centres of decision making (usually within the government) to multiple centres of decision making; decentralising public sector decision making to the primary unit of government; and overall, developing multiple channels of influence and mechanisms of consultation and communication between societal associations and public sector institutions.

Promoting institutional development for sustainability by developing a capacity to implement policy change through appropriate policies, effective organisations and the introduction of management technique and skills.

In order to meet the responsibilities mentioned above, projects are initiated at various levels as part of development through the state, civil society, the private sector, and NGO participation in the development of the state.

### 1.2.1. STATE, CIVIL SOCIETY, NGO, PRIVATE SECTOR PROJECTS

While the state embarks on development, it is guided by objectives such as reducing unemployment, creating jobs, social uplifting of the people, developing the skills of the ordinary people, and making sure people do things for themselves within their communities as opposed to waiting for handouts from the government or private sector or developed countries and NGOs (Hundsdörfer, 1995; CPA, 2009; Swartz & Roux, 2004). The development described above is meant to be executed through small to medium-sized enterprise projects that give direct benefit to the local people in terms of bettering their lives in all respects, from employment, technology, research, health, infrastructure, housing, and education, right through to making people enjoy the fruits of democracy. The projects in which communities are stakeholders let them have a sense of ownership and responsibility

for success. Involving communities makes it possible for governments to understand their requirements. The state's objective of rendering a service to the people is achieved through the local people's eagerness to participate in projects.

As much as the state can have access to the people through its projects that assist to alleviate poverty, it is important to allow other organs such as civil society, NGOs, and the private sector to function optimally for the benefit of the country. While it has been noted that civil society is a direct result of the increasing size of the state (Gray, Bebbington & Collison, 2005), its role becomes important, as the state is not able to be in every society at any one time. CSOs and NGOs, therefore, utilise the available space to execute projects to benefit communities. It should be noted, though, that as much as NGOs execute projects, their mandate is normally short term, as they cannot be accountable for long-term development projects for sustaining the country, which should be carried by the state. The short-term mandate is so because each donor country only wants to assist for a short period to help the needy state, while long-term projects are meant for own development needs (Barakat & Strand, 1995). One aspect of the NGOs that is helpful in executing projects is their ability to source funds from the international community, as they also work in both stable and unstable states. NGOs are a legitimate entity recognised by the UN, and their operation is functional rather than sovereign, which, in turn, gives them the autonomy to work anywhere, as the Red Cross does. The functional activities include huge humanitarian projects such as peacekeeping, refugee resettlement, and training resources for election processes (Nachmias, 1999).

The private sector comes in handy with finances in partnership with government, where guarantees are agreed up front. The partnership with governments is done through major expansion projects, where the private sector projects contribute to the GDP of a country. The other benefit of a partnership with government is to facilitate the required permission from the state to operate in specific projects in situations where there is a need for licences such as a communication network, power stations, and mining. Some of the private sector projects come in the form of social responsibility to finance initiatives in a country.

### 1.3. GENERAL ROLES OF PARASTATALS

A company wholly or partly owned by a government is called a parastatal. These companies are also called state-owned enterprises, and for this research, the two terms will be used interchangeably because they describe the same institution. State-owned enterprises are entities whose role is to be an arm of government and that are used as a vehicle for

development through defined programmes set by the state. The state uses them as its own national asset, which is strategic to its objectives (Loo, 2009; Chimtengwende, 2005; Sicgau, 1996). While the noble idea of establishing these state enterprises is noted, the research will not deliberate on the notion of their poor performance as alluded to by Sun (2000) and Heymans (1995). The research will seek to use South African parastatals as framework, with the focus on Eskom and Transnet in particular. The majority of the examples will be biased towards Eskom as the company in which the researcher is currently employed.

The role of a South African parastatal, in general, is the same as that which has already been described. The framework for South African parastatals is guided by the policies set by the ruling party and the state. The South African context of state enterprises needs to be seen as perpetuating the objectives of the ruling organisation, which is the ANC in this case. In view of this, one has to go back to the ANC draft resolution on transforming the state by the ANC National Policy Conference, in which it stated its position regarding the role of the parastatals as follows:

1. That a number of parastatals, including provincial and municipal enterprises, are a significant strategic public asset that must be included as an integral component of our approach to building an active developmental state;
2. Strengthen and consolidated [sic] existing efforts to redirect the parastatals towards meeting the developmental goals of the country.
3. To extend the National Framework Agreement to provincial and local government levels.
4. The ANC must place greater attention on the role of parastatals in improving public access to basic services, and their broader role in development and growth.
5. That these entities are continuously monitored and evaluated against the goals of a developmental state.

The above is translated into guiding principles by the state on the role of Eskom, as the previous CE of the organisation, Maroga (2009), argued:

1. A united, democratic and prosperous South Africa.
2. Eradication of poverty and unemployment.
3. A thriving economy connected to the world and integrated with the broader African continent.
4. A sustainable economy, not harmful to the environment and committed to climate change mitigation initiatives.

5. Enhancing the potential of each citizen through an integrated education and skills development system.
6. Leveraging the role of financially sustainable SOEs to set a foundation for growth and development of the economy.

### 1.3.1. SPECIFIC ROLES AND FUNCTIONS OF STATE-OWNED ENTERPRISES

#### 1.3.1.1. ESKOM'S ROLE, MAIN FUNCTIONS, AND ACTIVITIES

The message in the 2009 Annual Report gives a clear distinction of the role of Eskom in relation to the state expectations such as providing electricity and being the vehicle for development of both the state and the previously disadvantaged majority. The description of Eskom's role as contained in the report is described below:

> Eskom, as a state-owned enterprise, has a greater role to play in addition to the supply of electricity. We also support South Africa's growth and development aspirations. Eskom's value proposition to the country can be summarised as follows:
>
> **Providing electricity to all South Africans.** Electricity is a necessary and important input to all economic activity, and in particular is important for realising national socioeconomic objectives. The consequences of operating a power system with a limited reserve margin became apparent in January 2008 when Eskom was forced to introduce emergency load shedding. Investment in electricity generation and transmission infrastructure is a necessary precondition for sustained economic growth. Fundamentally, new investments in other sectors can only proceed if the future supply of electricity is secure.
>
> **Supporting other industries.** Over and above supplying electricity, the size of the organisation's current operations and expansion makes Eskom an important economic stimulant. For example, as electricity generation uses approximately 50% of the country's coal production, the continued operation of Eskom is therefore an integral part in ensuring sustainability of the coal mining sector and related industries – sectors that provide substantial employment.
>
> **Driving transformation.** Eskom's affirmative procurement strategy has a direct bearing on redistributing wealth and income in society. Eskom continues to support procurement with BEE and BWO suppliers, thereby channelling significant amounts of money into these sectors.
>
> **Creating jobs and new industries.** Over the five years to March 2013 Eskom plans to spend R385 billion on capital expenditure. This is the biggest build programme in the country and will have large spin-offs through the awarding of

> contracts, investment by suppliers and purchasing of goods and services sourced from South Africa. This will help to create approximately 40 000 direct and indirect new jobs, with the related skills development benefits.
>
> **Providing a reliable electricity infrastructure.** For direct foreign investment, a secure and reliable electricity supply is a prerequisite. Eskom must ensure that South Africa remains an attractive investment destination.

Source: Eskom Holdings Limited Annual Report 2009.

The Eskom vision, values, and strategic objectives are then created in line with meeting the objective of the government, as a shareholder, of providing electricity while adhering to aspects of climate change, social responsibility, PFMA, and restoring public confidence in its service as described below. It should be noted that Eskom has the monopoly, as it is the only power utility in South Africa. Be as it may that the government has been satisfied with the political agenda of Eskom, the economic situation has faced reality regarding the promises of cheap electricity, on the one hand, versus the production costs of electricity and aging infrastructure, on the other. The situation resulted in load-shedding in 2008, which was started due to the strain caused by the aging infrastructure, poor management of coal reserves, perceived hostility to competition from IPPs, skills shortages, and selling electricity cheaply to neighbouring countries, among other reasons speculated at the time.

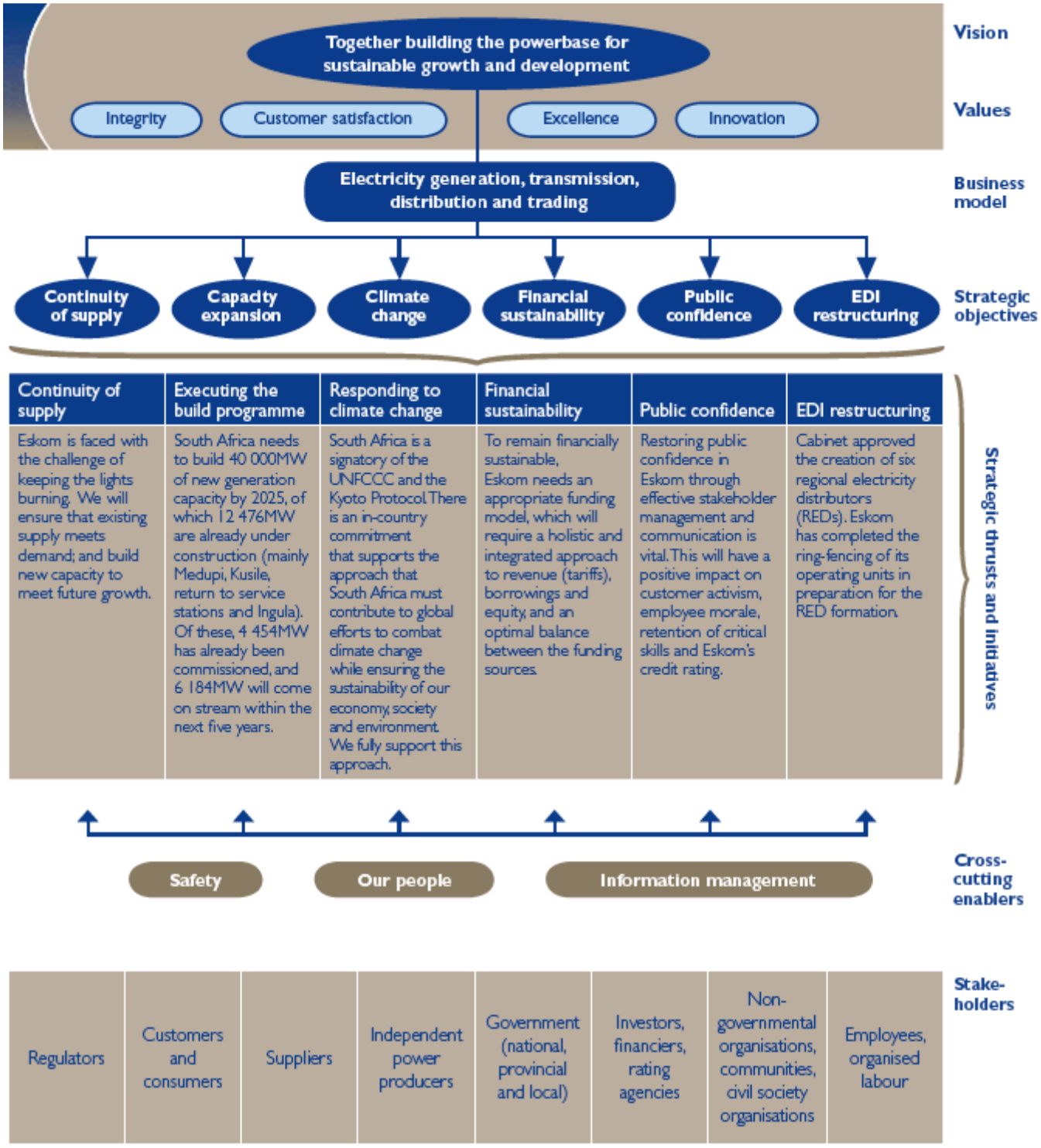
As the reality of electricity shortages became inescapable, the government realised the need to allow independent power producers (IPPs) to assist Eskom to produce enough electricity and have sustainable reserves. Way back in 2003, the South African Cabinet had visualised the need for independent power producers; however, the myth of privatisation and its perceived implications of taking away jobs from the indigenous people while enriching the capitalists may have played a part in the delay by government to allow independent producers to compete with Eskom. This mentality by African governments is supported by Basu (1994, p. 44), who argues:

> Privatisation is still a much misunderstood concept in the developing countries of Asia and Africa. People and politicians in these countries feel that privatisation is being imposed by IMF-World Bank in support of their structural adjustments programme and that it disenfranchises the nationals of these countries by “selling the family silver” to the foreigners.

The very nature of allowing the IPPs to sell to Eskom shows that it is not so convincing as an economic decision, yet it protects the undesirable effects of the political situation that could arise due to the reaction of the majority of the poor who are supposedly supporters of the

ruling party. Eskom, therefore, adopts the vision, values, and strategic objectives to align itself with the country's development needs as depicted below.

**FIGURE 2: ESKOM VISION, VALUES, AND STRATEGIC OBJECTIVES**




Source: Eskom Holdings Limited Annual Report 2009.

As much as the role of Eskom does address the expectation of the government as a shareholder both from a political and economic point of view, the lack of competition leaves a lot to be desired regarding its efficiencies. Political opponents see Eskom as a tool for the ANC to perpetuate its interests, as was recently established how it gained financially through the contracts at the new Medupi Power Station. This is supported by the Democratic Alliance's leader, Zille (2010), who alleges: "The ANC has a R5,8-billion stake in the deal, from which it will make an estimated R1-billion profit." The appointments of some senior executives are viewed with suspicion as being inclined to the ruling party rather than as being on merit.

#### 1.3.1.2. TRANSNET'S ROLE, MAIN FUNCTIONS, AND ACTIVITIES

According to the Acting Group Chief Executive of Transnet, Wells (2009), the role of this parastatal is described as follows: "Transnet's key role is to assist in lowering the cost of doing business in South Africa and enabling economic growth by providing appropriate ports, rail and pipeline infrastructure and operations in a cost-effective and efficient manner and within acceptable benchmark standards."

Supporting this statement is the strategic intent of the organisation from an economic perspective, which is described in detail in the 2009 Annual Report below, which, in summary, seeks to meet the objective of meeting the shareholder compact:

> Transnet's strategy continues to be guided by its mission to lower the cost of doing business through the provision of port, rail and pipeline infrastructure and operations in a cost-effective and efficient manner and within acceptable benchmark standards.
>
> The unfolding global economic crisis is expected to curtail the growth rate in freight volumes handled by Transnet over the next 12 to 18 months. This poses a challenge, following soon after the Company's strategy had transitioned from the initial turnaround phase into a growth phase.
>
> However, the achievements of the past four years signify that the Company is well positioned to maintain stability through turbulent economic times while continuing to deliver on its mandate. During 2009, several key initiatives were implemented to strengthen operational efficiencies, human capital development and financial and risk management.

> Commercial and operational integration has significantly improved through the implementation of freight corridor teams along the four primary freight corridors: namely, the Cape, Natal, Richards Bay and Sishen-Saldanha corridors.
>
> Steady improvements in operational productivity and efficiency and enhanced customer centricity will continue to characterise Transnet's strategy going forward. In addition, opportunities exist to expand into new markets, refocusing efforts where the Company has a low inland market share such as containers on rail and domestic coal. The export channels for coal and iron ore show growth prospects, albeit at lower rates than historical projections, and our plans to expand the capacity in these channels remain on track. In the year ahead, given the anticipated lower volumes, greater attention will be focused to [sic] reducing costs, optimising the capital investment programme and to raising required funding cost-effectively.
>
> The ability to deliver profitable and sustainable volume growth is dependent on Transnet focusing on a set of strategic initiatives within the framework of the growth strategy.
>
> Whilst the strategic initiatives identified during 2009 will continue to receive priority attention to embed and extend the gains achieved, five key focus areas have been identified for the year ahead to respond to current economic challenges as set out alongside.

Below are the expectations of government in the 2009 Annual Report on the objectives of what it expects Transnet to achieve both in the political and economic space in which it has a monopoly in some respects such as rail, national ports, and the pipeline:

> **Shareholder's expectations**
>
> Transnet is committed to the promotion of economic growth by providing appropriate integrated port, rail and pipeline infrastructure and operations in a cost-effective and efficient manner and within acceptable benchmark standards, thereby reducing the cost of doing business in South Africa. This commitment is consistent with Transnet's Shareholder's expectations as set out in, amongst others, the Shareholder Compact between Transnet and the government of the Republic of South Africa. The Company continues to give meaning to its strategic intent through the implementation of the four-point growth strategy.

> The growth strategy focuses on accelerating profitable and sustainable volume growth, improved service delivery to customers and long-term financial performance. The strategy is underpinned by the following four pillars:
>
> Reengineering through organisational integration, productivity enhancement and efficiency;
> Capital optimisation and financial management;
> Risk management, with an emphasis on safety and effective governance; and
> Strategic human capital optimisation.

The operational model is then derived through the strategic vision and mission and values that prescribe how it runs its business:

> **Vision and mission**
>
> Transnet is a focused freight transport company, delivering integrated, efficient, safe, reliable and cost-effective services to promote economic growth in South Africa. This is to be achieved by increasing the Company's market share, improving productivity and profitability and by providing appropriate capacity to customers, ahead of demand, within affordability limits.
>
> **Values**
>
> Transnet would like its customers:
>
> > To select its services because the Company is reliable, trustworthy, responsive and safe; and because,
> > Its employees are committed, safety conscious, accountable, ethical, disciplined, and results orientated.
>
> Transnet employees have identified the following behaviours to underpin these values:
>
> > A safety mindset; Good communication; Respect and dignity; Being empowered to perform in their jobs; Business focus; Recognition and reward for good work; and
> > Delivering on our promises.

Source: Transnet Limited Annual Report 2008.

In the same context as was the case with Eskom, the political agenda is met by the other facets that are incorporated into the governance, such as affirmative action and the commercial codes of good practice that seek to promote the previously disadvantaged groups through BBBEE, BWO, and SMEs. While the government sets targets for parastatals

as part of addressing the political scores, it requires effort to meet them. The economic aspect always remains ineffective due to factors such as monopoly, alleged political meddling in leadership appointments that impact the company negatively, lack of skills, and disdain for privatisation.

In summary, the parastatals would be guided by a framework that promotes economic growth in order to meet the basic service needs of all South Africans. The state aims to do so under good management of tax payers' money. Parastatals would assist in ensuring black economic empowerment by way of contracting through BEE companies and now BBBEE. The shareholder compact would have metrics for expectation management. This would, in turn, help alleviate unemployment, particularly among the majority of blacks who were disadvantaged by the previous system. The state would create partnerships with the private sector to sponsor huge infrastructure projects such as the build programme for Eskom and to set up contract partners and service providers that require transfer of skills using the ASGISA conditions in order to enhance human capital and self-reliance. The small and medium-sized initiatives in parastatals emanating from these partnerships are executed as projects. The initiatives require effective and efficient project execution that is aligned to strategy and has proven benefits for the parastatals. The parastatals experience challenges in the process of executing developmental tasks through projects, hence the purpose of this research.

## 1.4. BACKGROUND OF PROJECT MANAGEMENT

Project management is a concept in which knowledge, skills, tools, and techniques are applied to tasks and activities in order to meet the prescribed requirements using the five processes of initiating, planning, executing, monitoring, and control and closing (PMBOK, 2004). The project management field has been adopted by companies as a way of addressing the challenges facing them today such as escalation of costs, pressure from stakeholders, changing environmental conditions, lack of borrowing power with financial institutions, bureaucracy, traditional structures, rapid change of technology, and an integrated effort of complexity that is brought about by modern times (Kerzner, 2001). The concept appears to possess solutions for organisations to manage the complex world by providing them with techniques; yet the challenges with respect to aligning projects to strategic objectives seem to remain in parastatals. Worrying is the fact that the identified challenges have not been resolved; yet they are known to require attention in order to progress in the new approach of executing tasks in organisations. The fundamental

challenge is the apparent lack of strategic leadership that would ensure that strategy is implemented through project execution.

In parastatals, projects are executed with the intention of meeting the main strategic element of state enterprises, which is to spur growth and development for the state, in general, and uplift civil society through delivery of services and provision of jobs (Sicgau, 1996). Parastatals, therefore, help the government play its role of meeting its obligations to the citizens. The projects emanate from initiatives such as the capacity expansion undertaken by both Eskom and Transnet. The expansion programmes on both the rail network and electricity contribute to the development of the Southern African Development Community (SADC) region. This study focuses on parastatals in order to explore the challenges experienced by these organisations in the process of executing projects.

It is with this in mind that the development of the discipline of project management will be explored to give a picture of its origins together with the role leadership played in the infancy stages of project management. Leadership could have played a role in successful projects such as building ancient icons such as the pyramids, where exquisite engineering skills were displayed in early times. The African people around the Nile Valley are credited with having started civilisation, as they dealt with the challenges of the conditions in that region (Diop, 1996, 1974). There have been other less complex, successful projects in civil society such as funerals, weddings, birthday parties, building homes, and tribal wars, to mention but a few of the projects that have succeeded without formal application of PMBOK (Project Management Body of Knowledge) or APMBOK (Association for Project Management Body of Knowledge) principles, project life cycles, project processes, and methodologies as they are today. The successes of these projects show that strategies applied as well as leadership components played a significant role in what is called project management today, as successes were achieved without following specific principles, life cycle models, and methodologies.

In the last 20 years (Kerzner, 2001; Lewis, 2001), project management's profile has risen significantly to the extent that its value to the organisation is no longer a matter of choice, as Kerzner (2001, p. 47) argues: "Today, several companies foolishly think that they still have a choice." Project management organisations such as APMA (Association of Project Managers) in Europe, PMI (Project Management International) in the USA, and others in Canada, Australia, and Russia have been formed to organise the profession and set standards. In South Africa, Eskom and Transnet have adopted the PMBOK as "the bible" of project management, with the aim of enhancing effectiveness and success in project

implementation through project life cycle models aligned to PMBOK. How embedded this philosophy of management is practised and understood in the parastatals still remains to be seen, as this research will unravel and the reader will judge. What role leadership plays in its success will be tested in the process to determine whether the success of project management has any relationship to the leadership factor.

The periods of project management development are explained by Kerzner (2001, pp. 47-68), who describes the periods in the following manner:

The **1960s** was a period of informal project management, where the authority of the project manager was minimised. Projects took place in functional disciplines. This was a period in which there was recognition of management techniques and organisational structures that could adapt to change. Understanding of human behaviour in project management was insignificant.

The **1970s** saw the complexity of projects growing to the extent that it required project management to be structured in order to formalise the project management processes. It was a period in which executive management were sceptical of the revolution created by project management because they feared it would require substantive organisational changes. Other fears within functional management involved relinquishing power, lack of visibility from top management as project managers took centre stage, and the “disruptive nature” of resource utilisation created then.

The **1980s** was a period of technological revolution, whose increase is emphasised by Kerzner (2001, p. 55), who argues that “Technology as expected has the fastest rate of change, and the overall environment of a business must adapt to rapidly changing technology”. This situation required the use of project teams to act as temporary management systems to meet urgent solutions.

The **1990s** was a period in which project management became a necessity rather than a choice. Project life cycles were developed for programmes. These became corporate tools for implementing projects together with methodologies developed to integrate business processes. Benefit realisation processes were developed. Authority became decentralised, with the project manager’s authority increasing significantly as organisations adopted structures that suited project management principles. Recognition of project management as a profession gained momentum.

The **2000s** was a period in which multinational companies needed multinational project management to cater for the competitive and survival needs of companies. Programme management was developed where managing a portfolio of projects became necessary, as the majority of tasks were approached as projects. The first half of the **2000s** saw the development of portfolio management, which looked at investments, governance, alignment of projects, and a strong allegiance to benefit realisation of projects, all in an attempt to showcase the effectiveness of managing through projects.

In the midst of the project management revolution, failures became inevitable, as shown by the case study conclusions on information technology managers interviewed in the chaos report below on four companies, namely, DMV, CONFIRM, HYATT, and ITAMARATI. The intention is not to dwell on the subject of project failures, but to use it to show how leadership contributes to project implementation.

The information technology (IT) success and failure profile report compiled by the Standish Group in 1995 is used below to show the impact of leadership on the project success rate as perceived by IT executive managers. While all the factors identified in the table below are somehow linked to leadership, the author identifies 1, 2, 3, 5, 7, 8, and 9 in bold as critical leadership responsibilities on a project, and these add up to **66.4%**. Personal experience regarding this report suggests that close to two thirds of the success of projects rests with leadership. The items identified in the 1995 Standish report are supported by the author's own experiences and interpretation of projects as described below.

***User involvement*****:** leadership needs to allow a process where the users understand the reasons for projects being initiated and the benefits that these projects have for their daily operational tasks. This requires good change management to be executed as part of the process.

***Executive support*****:** leadership's visibility in projects, both at steering committee level and in project execution, is essential to show the importance of projects, hence elevating the discipline profiles.

***Clear statements of requirements*****:** leadership needs to put processes in place to ensure that user requirements are explicit in order for project deliverables to be clear. When the scope of the project is not clear, it leaves room for scope creep and unnecessary pressure on the project manager and results in conflict on the project.

***Realistic expectations*****:** leadership needs to be reasonable and set realistic expectations in order not to put unnecessary pressure on the execution team. The impact on quality, scope changes, time, and costs needs to be investigated in order to manage expectations.

***Competent staff*:** leadership has a responsibility to make appropriate resources available for a specific project. Selection of the right skilled resources and allowing the teams to develop are foundations of success. Do tight timelines allow this? Perhaps not.

***Ownership*:** leadership's involvement shows accountability for the project to the organisation. Project managers require support from senior leadership in order for them to remove any obstacles that could impede progress on the project.

***Clear vision and objectives*:** these need to be set clearly, and it needs to be shown how they are linked to the strategy of the company. Through change management and effective communication to all stakeholders, there is a need to clearly understand how a project addresses the strategy and how this can be measured to confirm that support.

**TABLE 1: SUCCESS/FAILURE PROFILE ON WHY INFORMATION TECHNOLOGY PROJECTS SUCCEED**

| Project success factors | % of responses |
|---|---|
| 1. **User involvement** | 15.9% |
| 2. **Executive management support** | 13.9% |
| 3. **Clear statements of requirements** | 13% |
| 4. Proper planning | 9.6% |
| 5. **Realistic expectations** | 8.2% |
| 6. Smaller project milestones | 7.7% |
| 7. **Competent staff** | 7.2% |
| 8. **Ownership** | 5.3% |
| 9. **Clear vision and objectives** | 2.9% |
| 10. Hard-working, focused staff | 2.4% |
| 11. Other | 13.9% |

Source: The Standish Group International, Inc. (1995). All rights reserved.

Although project managers contribute to failures of projects, the environments in which these projects function are set up by the organisation's leadership, which is responsible for the organisational structures, resourcing process, appointments of project managers, entrenching a culture of project management, and taking strategic decisions for operational issues, as Steyn (1999) argues: "Management must lead the overall efforts and foster an environment conducive to teamwork." Does this exist in parastatals? Let the research reveal the practical experience out there. Kerzner (2001, p. 3) states that, in projects, work should flow horizontally as well as vertically within the company, and this requires that line functions talk to one another horizontally in order to perform tasks smoothly.

Organisational structures of parastatals are still traditional and bureaucratic and impede the flexibility required to meet international standards (Denton & Vloeberghs, 2003, p. 87). Project management as a way of managing has never been easy for senior management, especially if the organisation has been traditionally managed, as Meredith and Mantel (2000) argue: “Moving from a non-project environment to one in which projects are organised and used to accomplish special tasks to a full-fledged project-oriented organisation presents senior management of a firm with an extraordinarily difficult transition.” To overcome this challenge, organisations have reorganised to accommodate project management by adapting organisational structures such as functional, matrix, projectised, and mixed structures, all in an attempt to make a success of projects within organisations.

This research seeks to explore the current knowledge on the role leadership plays in the management of projects in parastatals. It endeavours to showcase how leadership and project management have evolved over the centuries and the purpose they have served during that period, as well as their relationship. The aim is to interrogate the role and type of leadership required in project implementation and the impact thereof both at project level and at top management level regarding the effectiveness of project execution in parastatals. Related to the role of leadership in project management is the question of understanding how the link between strategy and operations within project execution is affected by the presence or absence of leadership. As projects are executed at operational level to address strategic requirements, the role leadership plays regarding project successes and failures requires some investigation.

## 1.5. THE ROLE OF LEADERSHIP IN PROJECT MANAGEMENT

The concept of “project management” is used in many companies and is sometimes confusing to many, as Kerzner (2001, p. 3) argues: “Project management can mean different things to different people.” It is apparent that leadership has a role of making sure that the concept is understood in the same way in an organisation or else the concept will not mature, as executives, managers, and employees at operational level will have a different understanding of it, which, in turn, creates challenges that are currently experienced. Perhaps defining what project management is will help. It is the process of planning, organising, directing, and controlling company resources in order to work the plan (Gido & Clements, 1999; Kerzner, 2001).

The structures of organisations, their environment, organisational power politics, and the maturity of the organisations all play a significant role in the effectiveness of managing through projects because the facets that will support this require leadership ability in order to execute the plan. The leadership component has an impact on how companies embrace project management and implement it in order to contribute to the effectiveness of this management concept. The researcher intends to explore how the leadership and appropriate organisational structures have been missed in the hype surrounding discussions on the failure of projects. In parastatals, this is compounded by the nature of their history in terms of their formation, their mandate to the state, and the transformational phase in which they find themselves.

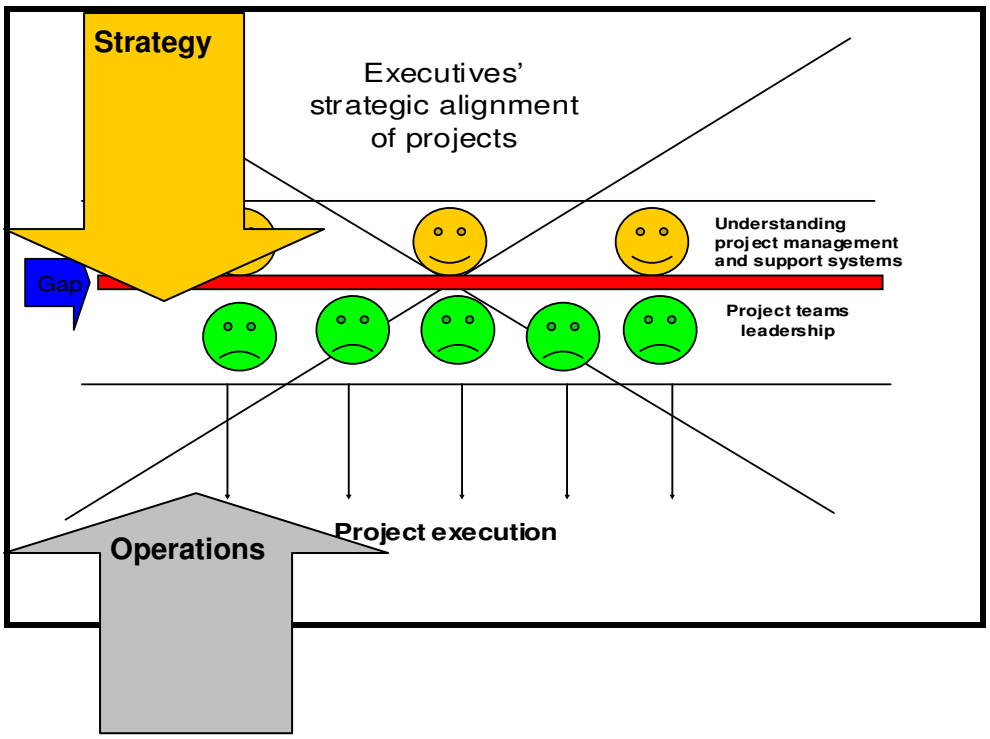
The researcher aims to investigate the role of leadership and how it affects the effectiveness of project management in parastatals in view of leadership being responsible for creating the vision, the culture, and the strategies and mobilising and focusing energy towards that direction (Bennis & Nanus, 1985; Jones, George & Hill, 2000). Project management as a discipline is prevalent in parastatals and needs to be investigated in relation to the leadership factor in terms of how it is entrenched and applied as a way of doing tasks in these organisations. The researcher intends to gather relevant literature that speaks to this phenomenon, holistically, from the history of project management, organisational strategies, the role of leadership in understanding project management (including transformational leadership in parastatals in South Africa), and the link between all of them. All of these factors need to be understood in the context of how their relationship affects effective project management in parastatals. The researcher intends to establish what factors need to be present for project management to be effective and what role leadership plays in achieving this. A strategy as a doctrine of the company is used as a metric to measure the success of projects, but this may not be holistic enough, as leadership and, especially, the transformational leadership role have not been explored enough regarding their role in effective project management in parastatals.

The choice of Eskom and Transnet in this study is based on their being two major parastatals in South Africa. The two companies have a common landscape in terms of their role as parastatals; however, the intention is not to make this a comparative study, but rather to seek to acquire lessons from both companies that can be further developed rather than validated. These companies have a majority male leadership of Afrikaner origin. They have been mandated to transform and reflect the demographic face of the South African political landscape. Young black males and females are jostling for leadership positions in these organisations. Resistance to change is manifested among the white community.

The majority of black adults (predominantly male) at lower levels of the company look up to the few blacks (supposedly educated) at the top to protect and promote their interests. As project management is practised as a way of managing tasks at operational level, the link to the strategic intentions of leadership is paramount for companies to successfully implement projects that add value to the organisation through measured and tracked benefit realisation processes. This process requires a leadership dimension, as it is the leaders who lead into the vision and strategy through focus, buy-in, commitment, and living the vision.

The intention of this investigation is to understand the underlying causes of ineffective project management in parastatals and to find out what role leadership plays in the gap depicted below. The information gathered will assist in determining recommendations to address the fundamental flows in the discipline of project management and the effect it has on parastatals.

**FIGURE 3: THE GAP IN PROJECT MANAGEMENT IN PARASTATALS**

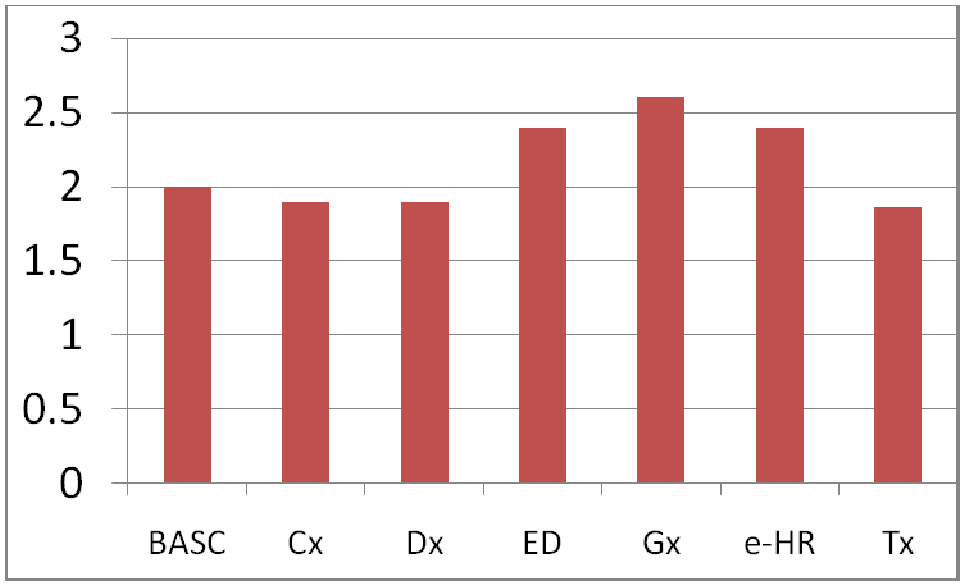


## 1.6. PROBLEM STATEMENT

In the process of managing tasks through projects, the two parastatals manifest a lack of strategic leadership at the top and at various levels, including at project level. This is with special reference to Eskom and Transnet, which are two of South Africa's parastatals. The researcher's experience is that, in both parastatals, the leadership challenges have resulted in failure to mature the project management discipline in the organisations. For example, the project management maturity assessment report on Eskom's project management maturity confirms this conclusion, as seen below.

**FIGURE 4: ESKOM IS/IT PROJECT MANAGEMENT MATURITY ASSESSMENT REPORT OF 2008**

The levels range from 1 to 5, where 1 is lowest and 5 is highest, and include all of Eskom's six divisions.




Source: PMCoE November 2008 Report to Eskom BMF.

This has been proven by the company embarking on an intensive recruitment drive due to the electricity capacity build programme mandated by the government. It is also evident that project management has not been adopted throughout the organisation as a way of managing tasks, and when adopted, it is not uniform throughout the organisation. Leadership is, therefore, responsible here because it introduced management through projects, but never put in place processes to assist employees to cope with the change. That leaves organisations assuming that change has taken place when this has not been achieved at individual level (Breu & Benwell, 1999). As a result, some departments are still working on projects with no life cycle model or methodology, let alone qualified project

managers leading their project teams. The parastatals themselves operate in a mixture of functional, projectised, and matrix environments, which are hardly understood, as these structures do not necessarily complement one another. How leadership is dealing with this is not clear. There is no process closing the loop between strategic direction and projects executed, thereby not showing the benefits realised on projects, particularly information technology ones, due to their small size in terms of rand value when one compares them with engineering ones on the build projects that have values in the billions. The point here is that, traditionally, investment has been viewed from a financial aspect with KPIs to measure success, while consideration of the alignment of projects to the corporate strategy has not been taken seriously by way of having them formalised and embedded in the organisation so that they are understood (Lefley, 2004).

The advent of deregulation and development has brought about the need to effectively and efficiently implement projects in parastatals, as competition with private companies has become inevitable. Meeting country demands for electricity in the case of Eskom and high targets set by the shareholders has resulted in a rush to implement projects, thereby compromising other considerations that would enhance the effectiveness and efficiency of project management in these institutions. The application of principles of project management alone will not realise effectiveness without first creating an appropriate environment and understanding of it, in which leadership plays a significant role. Failures of projects have been attributed to various reasons, except leadership. However, the relationship that exists between strategy, leadership, project leadership, and parastatal structures needs to be investigated. While parastatals have realised the need to introduce this new concept of management as an implementation tool, their organisational structures are still traditional, with silos being distinct.

Although research has been done on project management, little is known about the challenges of implementing it in a traditionally hierarchical parastatal that is in a transformation phase and about the impact of the leadership on project success. Considering the three types of environments in which projects can be executed, namely, projectised, matrix, and functional, it is clear that differences exist and have an effect in terms of how projects should be handled in these environments. It is clear then that the application of PMBOK cannot be done generally without considering the kind of organisation in which projects are executed. The answer may come through the investigation of those factors that hinder project management implementation in traditionally hierarchical parastatals, not only from an operational perspective, but from a leadership one, too. The link between strategy, leadership, project leadership, and parastatal organisations will

unravel all facets that need to be addressed in the wake of understanding project management and creating a conducive atmosphere for it to thrive effectively, thereby benefiting these organisations that have chosen to manage through projects.

## 1.7. THE PURPOSE OF THIS RESEARCH

The purpose of this research is to investigate the factors that lead to the lack of a link between projects and strategic objectives in the execution of projects in parastatals. The researcher will further present the findings on the leadership and management of projects in these parastatals. Interpretation and analysis of the findings will be done as an imperative of this epistemological project. Finally, the researcher will make conclusions and recommendations on what can be improved in so far as leadership challenges in the execution of projects in the two parastatals are concerned.

The role leadership plays in the project management discipline in parastatals is to be investigated in order to ascertain what part it has played in the way the concept of project management has been implemented and, likewise, in the execution of projects. In the same context, one would like to find out whether there is a relationship to the success rate of projects. It would be interesting to find out whether the profiling of project managers in these organisations makes a contribution to the success rate, too. The appropriateness of the environment created for the project management discipline needs to be investigated as much as the effect of the legacy of South African parastatals. While the PMBOK principles seem to have been adopted as a framework, one does not know whether this has been done blindly with its current flows without seeking to evaluate its appropriateness to parastatals.

The link between strategy and operations requires having outcomes consistent with what was intended to be achieved by a strategy. The failure to implement and manage projects has been as a result of poor leadership, lack of direction, lack of alignment to strategies and continuous assessment against the metrics set, not seeing the holistic view, and lack of processes, planning, and implementing a project environment (Dooley, Lupton & O'Sullivan, 2004). While this applies to parastatals as well, there is a need to revisit strategic objectives and to measure them against the metrics used to motivate the business cases, as most of these projects are never analysed or tracked for benefits. Leadership of high calibre at strategic and project level is, therefore, necessary in order to give direction and make decisions promptly for the projects so that they are successful in order to realise the benefits to the organisations (Gido & Clements, 1999; Kerzner, 2001). It is inevitable that the role of

leadership in executing strategy is visible both at top level and project execution level for implementation to be successful and for intended benefits of projects to be realised.

## 1.8. THE RESEARCH OBJECTIVES

The purpose of this research is:

To investigate the contributing factors that hinder project success in parastatals;

To evaluate and analyse the role played by leadership in project execution;

To evaluate and analyse the missing link between leadership at all levels in project executing in parastatals;

To interpret and analyse the findings in this study in relation to project management and leadership; and

To make recommendations for the enhancement of effective and efficient project implementation.

## 1.9. THE RESEARCH QUESTIONS

While project management is the perceived way of managing projects in parastatals, the level of understanding and application of this concept is very poor. One needs to consider whether minds and planning have been applied in the adoption of this concept in view of the organisational structures of parastatals. The philosophy behind project management is that it is used as a tool to execute strategy, and the question is how effective this philosophy has been in achieving a link between strategy and projects in view of numerous projects currently being executed in parastatals.

Basing the understanding of project management on the guide of PMBOK principles and its nine knowledge areas, some understanding of the concept in the South African parastatal environment is necessary in order to address the perceived challenges experienced in the execution of projects and the perception of failure in the context of the role leadership plays in the results of projects. The researcher seeks to understand to what extent PMBOK principles and their understanding/application by stakeholders and the support systems thereof contribute to project management success. The role leadership plays in the relationship between the business strategies, the role of project managers, and the organisational structures contribute to project success. An understanding of the strategic intentions of the organisation, together with the issues of ownership and visibility of leadership, is viewed as affecting project success.

Core to these challenges is the need to use the strategy as a guide for alignment purposes for each of the executed projects. Without strategy as a guide, projects may not be serving the purpose for which they were initiated and can become wasteful expenditure. Having said that, it is also necessary to investigate the experience on the project execution challenges faced by those who are involved on a day-to-day basis in the operations within the project management philosophy in order to understand the current challenges facing parastatals by asking the following questions:

1) Are the projects aligned to strategy?
2) How effective is top leadership support in the execution of projects?
3) How appropriate is the environment in which projects are executed?
4) How effective are metrics for success of projects?
5) What are the trends in execution of projects regarding leadership?

The questions for this research are detailed below:

1) What do you think **hinders effective project implementation** in this company?
2) What are your views on the **role senior leadership** plays regarding ownership of projects it initiates?
3) What are your views on the **visibility of senior leadership** in the life cycle of projects in your company?
4) What are your views on the **level of leadership of project managers** on projects in this company?
5) What are your views on the **link between the company strategy and the executed projects** in this company?
6) To what extent do you think project management principles **(PMBOK or any other) are understood** in this company?
7) To what extent do you think **the project management principles are applied** in this company?
8) What do you recommend should be done to **enhance effective and efficient project execution** in your company?

## 1.10. LIMITATIONS OF THIS RESEARCH

The researcher's passion for the project management concept will create biases in assessments due to having worked in both organisations and, hence, possibly having a preconceived perception of issues under discussion. This will require some extensive reflexivity and discourse on the views and conclusions of the study in order to minimise the bias. The in-depth interviews will be conducted in an atmosphere of scepticism about the

researcher's objectives, as the perception of the culture of Eskom is that if one has not been in the organisation long enough, one's initiatives are met with comments such as "Who is he/she? Perhaps he/she is spying for management?", "Do not reinvent the wheel", "In Eskom, we do it this way", and "It has worked in the past twenty years I have been here". Fear of victimisation becomes apparent, as some information and revelations may be a betrayal of alliances. As a male researcher, one will lack that contextualisation of events and understanding that give the perspective of women. Gender bias, race, and social and cultural factors can have an effect on the way data is analysed (Ritchie & Lewis, 2003, p. 9). The amount of data being dealt with will require high levels of organisation, and this can be a challenge, even if planned properly.

### 1.11. THE FLOW OF THE THESIS

Chapter 2: the literature will be explored in order to understand the concepts of strategy, leadership, and project management and how they relate to one another in the parastatal environment. The aim is to find the effect of leadership in project management in parastatals – and this question of leadership is both at a senior and project level – and the gaps in the current PMBOK in relation to the leadership factor. Exploring the leadership factor will be done in order to find how it could influence PMBOK principles and show why strategy should link to projects. The concepts of effectiveness and efficiency will be discussed in order to show their relevance to project execution and how leadership needs to apply them in projects. The chapter will finally address the conceptual framework of this research. It seeks to unpack the key concepts and show how they relate to one another. The chapter will look at project management and its related PMBOK principles, at the leadership factor's effect in creating the environment for the execution of projects at all levels, and at how this is impacted by the way parastatals are currently designed in South Africa, with Eskom and Transnet being the cases for this research.

Chapter 3: the research methodology to be adopted will be explained in detail. It seeks to link the parts of the theoretical framework that inform this research. Although the method involves two case studies, the research will not be a comparative study, as mentioned earlier. It will rather seek to establish what analytical generalisation can be done, what lessons one can get for further development and research, and why there are two cases. The discourse is, therefore, that of exploring the relationship and not comparing the two cases. The corroboration of information from the two parastatals will be important for this research. The design, instruments used, and a specific way of analysing data will be discussed.

Chapter 4: findings that are specific to the respondents interrogated will be presented here. The findings ring-fence the two South African parastatals, namely, Eskom and Transnet, with specific interest in the area of project management in terms of its implementation and execution. The departments that practise project management are the unit of analysis from which the findings are gathered. The leadership components that require consideration will be interrogated for their part in being viewed as contributing to the strategic leadership challenges currently faced by the parastatals in the execution of projects in parastatals. The perceived missing relationship between strategy and projects will be analysed in the next chapter, depending on what comes out as the main concepts that contribute to the challenges of connecting strategy and executed projects.

Chapter 5: this chapter consists of interpretation and analysis of the findings, in which the reader will be informed about how the research will be done practically. The researcher will explain why a particular method, in this case the in-depth interview, was adopted. The meaning of repeated words will be explored and meaning found. If patterns from two different organisations are created, it would be interesting to find out what they mean. If words represent a concept, the research will reveal and show whether the concept is of a theoretical nature. The theoretical links to the findings will be described.

Chapter 6: while conclusions and recommendations in this chapter will be relevant to parastatals in South Africa, the researcher will articulate them in the context of their relevance to the leadership factor in relation to effective and efficient project execution and project management principles as depicted in the PMBOK. It is hoped that solutions to the leadership challenges experienced in executing projects in parastatals will go a long way to address the perceived perennial problems encountered by these organisations in the philosophy of managing through projects.

## 1.12. CONCLUSION

The relationship between strategic leadership, operations at project level, and deliverables on projects plays an important role in the success and failure of projects. Leadership is required both at a senior leadership and at a project level. The role of leadership in creating a conducive environment and having appropriate structures to support projects will go a long way to shed light on the factors contributing to the success of projects. The strategies need to be executed and measured against the objectives and metrics set. It is envisaged that, in the same context, the scrutiny of PMBOK together with its implementation and the practice

of project management in parastatals will highlight the perceived challenges of leadership that affect project execution. Leadership provides companies with a vision for the future through change. Leadership makes sure that there is alignment to strategy regarding the operational activities and that stakeholders accordingly understand them in order to implement the vision. Leadership ensures successful motivation in order to overcome the challenges of change (Kotter, 1999; Kouzes & Posner, 2002; Kreitner & Kinicki, 2001; Lynch, 2000). This research seeks to find out whether it is the case in parastatals that projects are the vehicles to execute strategy. This will help to identify the attributes that can contribute to the question of the need for strategic leadership in these organisations in order to enhance project execution, which, by its nature, requires vision and the implementation of change. The concepts of leadership, project management, systems thinking, parastatals, organisational structures, and performance will be explored in the literature in order to have an understanding of the context in relation to the strategic leadership challenge required to deal with the missing link between strategy and projects in parastatals.

In the next chapter, the researcher will seek information about what is already known about the subject of study and interrogate it in relation to its purpose. The conceptual framework will be explored and be used to guide the arguments in the study and provide the supporting evidence.

# CHAPTER 2

# 2. LITERATURE REVIEW

## 2.1. THE CONCEPT OF LITERATURE REVIEW

The assumption taken regarding literature review is that previous knowledge has been gathered and that researchers can use it to find out what is already known in the area they intend to research before they embark on answering it themselves (Neuman, 2006).

The concept of literature is important for any research, as it pegs a particular research in a specific position in relation to what is already known. With this in mind, various explanations are given as to why literature review is important for any research. The concepts of literature review are explored, starting with contextualisation, about which Henning (2004, p. 27) argues: “The literature review is used first and foremost in the contextualisation of your study to argue a case, identify a niche to be occupied by your own research and so on.” Sharing information on the results of other studies closely related to the study with other readers, providing a framework for reasons why the study is important, and benchmarking for comparing the results with other findings are some of the concepts articulated by Creswell (2003, p. 29). In view of other academics having been discussing the same topic before oneself, the analogy of first listening to discussions before contributing is used by Bak (2004, p. 17), who argues: “You can only contribute fruitfully to a conversation once you know what it is all about.” The concept of literature review as an integral part of the entire research process is explained by Kumar (2005, p. 30), who argues:

> In the initial stages of research, it helps you to establish the theoretical roots of your study, clarify your ideas and develop your methodology, but later on the literature review serves to enhance and consolidate your knowledge base and helps to integrate your findings with the existing body of knowledge.

The concept of using literature review to know your topic very, very well as a researcher is supported by Leedy and Ormrod (2005, p. 64), who argue:

> It can offer new ideas, perspectives, and approaches that may not have occurred to you.
>
> 1. It can inform you about other researchers who conduct work in this area – individuals whom you may want to contact for advice or feedback.
> 2. It can show you how others have handled methodological and design issues in studies similar to your own.
> 3. It can reveal sources of data that you may not have known exist.

4. It can introduce you to measurement tools that other researchers have developed and used effectively.
5. It can reveal methods of dealing with problem situations that may be similar to difficulties you are facing.
6. It can help you interpret and make sense of your findings and, ultimately, help you tie your results to the work of those who have preceded you.
7. It will bolster your confidence that your topic is one worthy studying, because you will find that others have invested considerable time, effort, and resources in studying it.

The literature review concepts are summarised in the form of goals by Neuman (2006, p. 111), who argues:

1. *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 major issues. A good review increases a reader's confidence in the researcher's professional competence, ability, and background.
2. *To show the path of prior research and how a current project is linked to it*. A review outlines the direction of the research on a question and shows the development of knowledge. A good review places a research project in a context and demonstrates its relevance by making connections to a body of knowledge.
3. *To integrate and summarise what is known in an area*. A review pulls together and synthesises 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.
4. *To learn and stimulate new ideas*. A review tells what others have found so that a researcher can benefit from other efforts of others. 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 insights.

This literature review will consist of the following concepts: strategy, leadership, project management, organisational structures, effectiveness, and efficiency. The theoretical framework that describes this research will conclude the literature review.

## 2.2. PURPOSE

The purpose of a literature review is to understand the current knowledge in the area of study through reading relevant literature and to establish a foundation for the knowledge base. This means revealing the established and generally accepted facts regarding the situation being studied. It helps to understand theories that have been used by previous researchers. This helps to bring clarity and focus on the research problem, improve on methodology, and broaden the knowledge in the area of research, ongoing discussions in literature, and the identification of gaps in the knowledge. By so doing, the study's importance is consolidated (Amaratunga & Baldry, 2001; Creswell, 2003; Kumar, 2005; Merriam, 1998).

Concepts such as strategy, leadership, project management, organisational structures, and the theoretical relationships will be discussed in this chapter, with strategic leadership constituting the theoretical framework of the study as alluded to in the introduction in which strategic leadership is viewed as the missing link in project execution.

## 2.3. STRATEGY

It is not the researcher's intention to discuss strategy in isolation, but rather to discuss it with special focus on its effect on projects as determined by the leadership factor. Strategy in any organisation is concerned with the basic direction for its future, purpose, ambitions, resources, and how it interacts with the world (Lynch, 2000, p. 5). The direction for the future during the execution of strategy is not defined in a tested model to follow, leaving a gap in implementing strategy, particularly in project implementation. While Lynch generalises, the strategy is not so generic as to be applicable to any situation, but rather is executed differently, especially in the area of project management. The focus of project management is to execute the strategic objectives and be able to measure their success. All aspects of the organisation such as people, processes, technology, and the external environment are looked into by leadership, with the objective of satisfying the shareholder compact. The role of executing this responsibility is shared among all its employees, with the executive leadership and top management taking the leading role. Having said that, as project management was invented as a tool to execute strategy, it is important then that leadership is intrinsically involved in the projects it initiates in order to ensure that the strategic objectives are consistently realised in the life cycle of any project. There is no discussion of projects being used to implement strategy in the PMBOK; yet it is used as a framework for managing projects.

Strategy execution entails applying minds through planning, making sure there is commitment to what the organisation has focused on to achieve, seizing the opportunity that has appeared, optimising resources, using the strategic position to gain advantage, being flexible regarding alternatives, and keeping things simple (Cohen, 2004). Other facets of strategy entail leading with the right skills, transforming organisational psychology, focusing on your energy, rewarding success (Watkins, 2003), concentrating on core business, balancing a mix of initiatives, balancing risk of return versus investment, having rigorous metrics, closing non-core business ventures, prioritising initiatives, gaining better visibility regarding the value that investment delivers to the business, communicating consistently, and stopping the madness (Hartman, 2004). Strategies could fail due to various reasons such as failure to get buy-in from those who implement strategy, insufficient resources, bad strategy, having a checklist, and outperforming the competitor (Sterling, 2003). The missing element is the process to follow in ensuring that the metrics for implementing strategy are measured, and this is compounded by challenges around the shortage of skilled labour in organisations. Parastatals experience some of the items described here such as not prioritising and being in a mad rush to execute initiatives, of which the majority may not be linked to any specific strategy. While the strategy is defined, the format of implementing, tracking, and measuring in projects seems to be hazy, with no effective follow-through. This is typically so due to the lack of strategic leadership at different levels of the organisation, which, in turn, results in projects being executed without a clear link to strategy and firm direction as defined by the company's vision. This, again, results in projects that are executed being misaligned to the strategy, hence failing to comprehensively contribute to the objectives of meeting the shareholder compact.

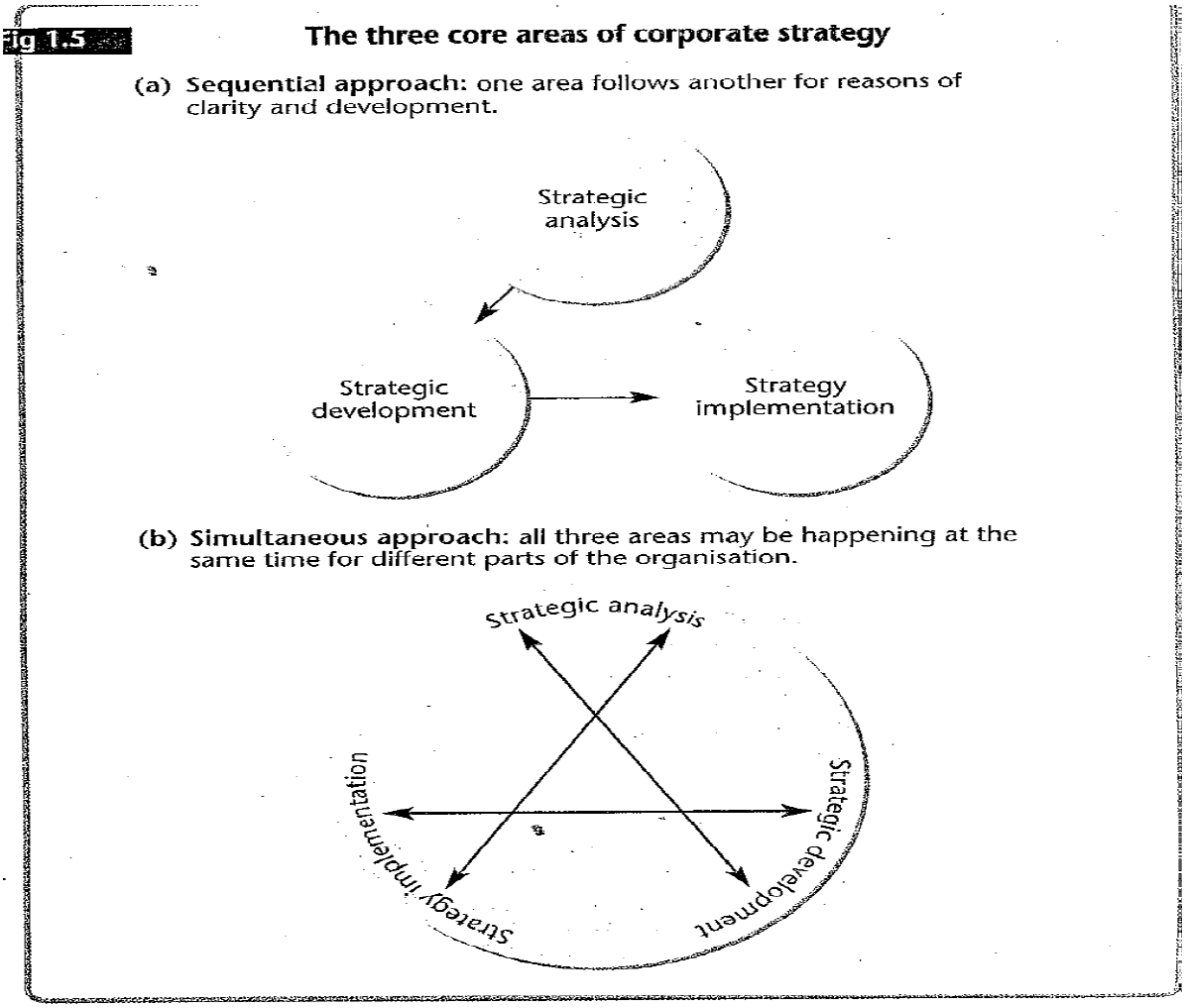
The core areas of strategy, as presented by Lynch (2000) below, are strategy analysis, strategy development, and strategy implementation. The challenge in parastatals is to involve the people, an element that Lynch also does not seem to project in the argument on strategy analysis. While it is expected that leadership takes a leading role, ignoring the opinions of the rest of the people in the organisation alienates the employees and prevents them participating and understanding the reasons behind a specific strategy. While it is acknowledged that high-level analysis can be done by leadership, the details of the analysis should involve the operational employees so that it enhances their understanding of the strategic intentions as they execute projects. The same would go for developing strategy, as the understanding of meeting customer satisfaction and having an edge over competitors will be clear to all employees. The execution of projects will be understood in the context of satisfying both internal and external customers, if not exceeding their expectations. Strategy implementation is perhaps the part in which projects reside, and it is in this that one requires

the strategic mind to understand the link between strategy and the executed project. If strategy becomes a leadership issue alone without cascading it to lower levels in a systematic way, then the desire to use projects as a tool to execute strategy may not be realised. To support this management practice, which enhances stronger management, Sitd and Bradach (2009, p, 35) argue:

> They each worked hard to clarify their organization's strategy; they established meaningful metrics with which to assess progress; and they made it a priority to assemble a balanced team at the top. They also made a point of engaging the organization to adopt these changes in ways that were consistent with – and propelled by – the overall vision.

It requires strategic leadership and certain competency levels to operate at that level from a leadership point of view. Of importance, though, is the intertwined relationship depicted below between these core strategic areas that need to be understood in project execution.

**FIGURE 5: THE THREE CORE AREAS OF CORPORATE STRATEGY**




Source: Lynch (2000, p. 19). The three core areas of corporate strategy.

It is, therefore, important to have these core areas imbedded in the project management execution through a defined process that ensures addressing them in every phase of the project. What is lacking in this conclusion is to highlight that the execution effectiveness of implementing the above is dependent on the project business processes that will link the development, implementation, and analysis of strategy as part of project execution steps, which has not been catered for in the previous research thus far. The culture of assessing strategy implementation seems to be pegged at top leadership, while the implementers fail due to the lack of processes that determine the ensuring of implementing strategy through projects.

### 2.3.1. METRICS FOR STRATEGIC LEADERSHIP

Measurements are necessary in order for leadership's effectiveness and success to be realised. This aspect includes measuring whether the strategic objectives of the organisation have been implemented as desired. The opportunity to evaluate the progress made against the metrics is the one way in which an organisation can establish whether it is moving with the times or is simply remaining behind as other learning organisations progress. This will then support the concept of performance, which has become a challenge to parastatals due to their nature of servicing stakeholders with diverse interests. Some of the metrics identified by McLean (2005) are listed below:

*Think and act as strategic leaders*
*Human capabilities are needed to implement that business strategy effectively*
*All employees need to recognize that they not only perform a functional role, but also a strategic role in their organisation*
*A workforce must collaboratively understand and practice its strategy on a daily basis*
*Teams have strategic responsibilities*
*A leadership culture*
*Share a common vision of its future*
*Continuous strategic conversation*
*Concisely communicate*
*Impact of your behaviour on other people and the organisation*
*Strategic mindsets, when cultivated correctly and continuously*

In many cases, when employees are asked about what the business strategy is, different answers emerge. This is a sign that while executives define strategy and desire to

implement it, the ordinary employee does not possess a similar understanding. Compounding this within parastatals is the lack of use of change managers in projects, which, in turn, exacerbates the lack of knowledge about what component of strategy is being addressed by a specific project. This can be enhanced by having a clear relationship between leadership and business strategy through a change management process. The literature seems to discuss strategy as if it exists in a vacuum. The execution of strategy depends on the people and, for this research, particularly project managers and the relevant stakeholders. While leadership should be driven by strategy in its daily tasks, the same should be sought for the entire workforce at operational level for the strategies to be implemented successfully. As projects are executed to address tasks that complement attainment of strategic objectives, it is essential that the strategy is understood by the leadership at project level or else projects will be executed without any benefit.

The following – clarifying aspirations and business strategy, identifying capabilities to implement strategy, assessing those capabilities, making leadership development a key component, and getting top leadership support – are recommendations from Hughes and Beatty (2005), who define them as the five steps to leading strategically.

The same concept of having metrics for leadership in order to improve the success factors is supported by Prabhakar (2005), who argues:

> **Idealised influence** indicates whether you hold subordinates' trust, maintain their faith and respect, show dedication to them, appeal to their hopes and dreams, and act as their role model.
>
> **Inspirational motivation** measures the degree to which you provide a vision, use appropriate symbols and images to help others focus on their work, and try to make others feel their work is significant.
>
> **Intellectual stimulation** shows the degree to which you encourage others to be creative in looking at old problems in new ways, create an environment that is tolerant.
>
> **Individualised consideration** indicates the degree to which you show interest in others' well-being, assign projects individually, and pay attention to those who seem less involved in the group.

The challenge is to apply these metrics in developing countries such as South Africa where a skills shortage is prevalent. At the top of what Prabhakar proposes should be the link between leadership metrics being married to project metrics of success so as to ascertain that the company strategy and the project execution are intertwined. These should typically

be the cornerstones of leadership at project level that the team members expect from project leadership, as they create an appropriate environment for motivation. The leaders at project level require tact to deal with the unexpected, as this is typical with projects where there could be a change of scope or critical resources resigning. They should assume a change agent role, while ensuring that all resources are on top of their game with regard to tasks and deadlines. The challenge to these metrics is that they do not show that they have been constructed with special attention to issues such as cultural background, personalities, politics, literacy levels, or economic circumstances, which may result in different metrics when considered. The impact of such omission may yet be found in terms of the leadership issue in project management situations, as the environment brings together different resources, sometimes across continents, with a variety of different cultures, including work ethics, to mention a few.

In the same context as with strategy, companies use processes to describe how individuals perform their day-to-day activities. Having the leadership success factors as defined by Prabhakar without strategy embedded in business processes and follow-up sanity checks is not enough to give confidence that projects are executed according to the defined strategy, thereby creating a gap between implementation and strategic objectives. Even if the leadership met the criteria in terms of these definitions, other factors influence the success of projects, as has just been described. It is important that the lower levels of employees understand the need for the link in their day-to-day tasks through processes that compel alignment during their design stage.

## 2.4. HISTORY OF THE THEORY OF LEADERSHIP

As one looks at the theories of leadership, a comprehensive understanding of the history of the theory of leadership can also assist in contextualising the accuracy and relevance of these theories in relation to project management. The theories seem to have been developed as academics tried to find what constituted a leader. In the midst of variations, this dilemma of leadership is still being debated today. What has compounded this leadership issue is the realisation of its masculine definition. In the process of challenging theories of leadership in view of their lack of comprehensiveness, some generalisation has emerged, such as that by Irby, Brown, Duffy, and Trautman (2002, p. 305), where they argue:

1. “Great men” leadership models excluded the female experience in theory development.

2. Theory development was limited to males, as corporate leadership positions were exclusively to males.
3. Male-dominated agencies and/or corporations sponsored many of the studies which led to leadership theories: military; Xerox Corporation; General Electric; American Management Association; Exxon; Bell Telephone Labs; Alfred P. Sloan Foundation.
4. Sexist language was present, as a leader/manager was defined in male terms (“he,” “his,” “fine fellow”).
5. Females, when mentioned, were not expected to have the same career aspirations as males. Further females were expected to behave like men. If females did not produce the same results as males, their results were simply ignored.
6. While some of the theories advocated democratic leadership styles, the theories themselves were undemocratic because only one gender was represented in the theory development.
7. Several theories opposed paternalism as a leadership style, yet they affirmed it in gender-biased descriptions of leaders.
8. Some of the theories recognised the need for participative, democratic, employee-friendly, and consensus building approach to leadership; however, when these models were not present, theorists did not consider this absence as attributable to the fact that female leaders were not included in the theory development.
9. The theories were generalised to both males and females, even though they did not take into account the female experience or significantly include females in the sample population for development.

The generalisation above shows the lack of diligence in the way the theories have been developed. This generalisation has led them to conclude that the current theories do not promote gender equity, are irrelevant to the female situation, are a perpetuation of barriers against women, stereotype females, and marginalise them. The other thinking about theories is that they negate the subjective realities of an individual leader. The theories ignore process and are prescriptive by ignoring the life experiences of individuals, their values, and their emotions (Turner & Mavin, 2008). Theory development has not taken the difference in individuals into account; theories have relied on management ideas and past theories of management (Fairholm, 2004). They use traits defined from a male perspective, charisma (which is equality disputed due to its limitations such as its link to legitimacy and the modern

world), situational factors of individuals, and circumstances of individuals (Paul, Costley, Howell & Dorfman, 2002).

Having observed the history of theories of leadership, it follows that the concept of theories of leadership has not yet been benchmarked due to its flows. This leaves project management in parastatals with a problem of identifying the kind of strategic leader that is required in order to deal with the challenges currently faced by these organisations due to the leadership factor. Understanding the difference between leadership and management can help, as the two components complement each other in a project environment.

### 2.4.1. MANAGEMENT VERSUS LEADERSHIP

This is a subject that sometimes results in emotional debate, as the older employees, if at leadership level, are by default assumed to be more inclined to rigidity tendencies, while the younger employees are regarded as dynamic and accepting of change and innovation. The researcher's personal experience in Eskom of the above is there for interpretation, with the following expressions used in some of the meetings I have attended: "Where has it been proved?", "You are reinventing the wheel", "In Eskom, we do it this way", and "In my twenty years in Eskom, we have always done it that way, and it works". One of the quotes tends to want to maintain the status quo, and this was so in Transnet as well. As projects are the vehicles of change, it became clear to me that the kinds of responses above are reflective of the challenges faced by projects if the leadership does not get rid of the current mindset. This way of thinking does not support project philosophy of driving and implementing change, let alone continuous improvement. Parastatal leadership has to deal with this mentality, as it does not help project execution, since it contravenes the philosophy of projects being there to bring about change by continuously improving processes.

However, there have been common tendencies among managers and leaders to behave in certain prescribed ways, such as managers being rigid and resisting change, as Schein, cited in Latchen and Hanna (2001, p. 53), argues: "The significant difference between leaders and managers is that the former create and change cultures, while the latter live with them and work for acceptable compromise." This point is supported by Zaleznik, cited in Latchen and Hanna (2001, p. 53), who argues: "Managers hold the view, 'if it ain't broken do not fix it.' Whereas leaders understand that, 'When it ain't broke may be the only time to fix it.'." There is no evidence in Eskom to suggest that this distinction is understood, and perhaps it is managers who are leading projects, hence the difficulties the projects are experiencing in terms of the strategic leadership gap. There has not been appropriate

leadership groomed to lead projects or to lead the organisation, for that matter, and this remains a challenge for the organisation in terms of organisational change and in projects, in particular.

With the current changes in technology, political landscape, and world economy, including South Africa's own democratic change, what kind of leadership is, therefore, required in the parastatals? Perhaps those with clear vision can take risks and motivate their employees to want to do better. It is leaders and not managers who will create the appropriate environment conducive to the needs of South Africa with its current challenges, and this applies to projects, too. This conclusion is supported by Latchen and Hanna (2001, p. 53), who argue:

> Leaders are the living embodiment of the idea that mental attitude dictates performance. They create visions of exactly what they want to achieve, believe that they will succeed and often "see" the steps to realising their goals. Leaders are also people who have the capacity to motivate and inspire others to think beyond their current frameworks to what is desirable, necessary and possible. They inject spirit and energy, creating optimal environments for innovation, quality and enterprise. They change mindsets and practices and gain collaboration and commitment, even in environments initially characterised by low trust and low morale. They redefine and reform organisations.

There should perhaps be another study to find out what qualities and characteristics are required for someone to manage a project and whether it is true that both are needed in a project. If the traditional approach to management prevails in parastatals, it could mean that the crop of project managers may not be the right one for the role of managing projects in such dynamic environments. Another view of management is that it deals with current aspects, making it reactive "firefighting". This is common in parastatals such as Eskom. The current prevailing firefighting mode could be a result of lack of vision and leadership in the parastatals, which has contributed to an endless firefighting mode. Leadership has a vision of what needs to be done in future, hence making it proactive. This assessment is supported by Kotter (1996, p. 25), who argues:

> Management is a set of processes that can keep a complicated system of people and technology running smoothly. The most important aspects of management include planning, budgeting, organising, staffing, controlling, and problem solving. Leadership is a set of processes that creates organisations in the first place or adapts them significantly to changing circumstances.

> Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite obstacles.

The difference between management and leadership is explained in the following exhibit.

**TABLE 2: MANAGEMENT VERSUS LEADERSHIP**

| Management | Leadership |
|---|---|
| ➢ *Planning and budgeting:* Establishing detailed steps and timetables for achieving needed results, then allocating the resources necessary to make it happen.<br>➢ *Organising and staffing:* Establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation.<br>➢ *Controlling and problem solving:* Monitoring results, identifying deviations from plan, then planning and organising to solve these problems.<br>➢ Produces a degree of predictability and order and has the potential to consistently produce the short-term results accepted by various stakeholders (for example, for customers, always being on time; for stakeholders, being on budget). | ➢ *Establishing direction:* Developing a vision of the future – often the distant future – and the strategies for producing the changes needed to achieve that vision.<br>➢ *Aligning people:* Communicating direction in words and deeds to all of those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies and accept their validity.<br>➢ *Motivating and inspiring:* Energising people to overcome major political, bureaucratic, and resource barriers to change by satisfying basic, but often unfulfilled, human needs.<br>➢ Produces change, often to a dramatic degree, and has the potential to produce extremely useful change (for example, new products that customers want, new approaches to labour relations that help make the firm more competitive). |

Source: Kotter (1996, p. 26).

Parastatals are caught napping here, as there is no evidence regarding whether they employ leaders or managers for both senior and project positions. Perhaps individuals with both

characteristics are required, as attributes from both sides are necessary in management of projects. The concept summarised by Murphy (2000), who suggests that management relies on authority, while leadership relies on support from the employees, is shown below.

**FIGURE 6: STRATEGIC LEADERSHIP VERSUS STRATEGIC MANAGEMENT**




Source: Murphy (2000). Copyright BMK Associates.

Perhaps management was relevant in the days when parastatals did not face competition, but the current circumstances of parastatals require leadership whose attributes clearly are a prerequisite for success due to their ability to thrive in changing environments. Leaders are, therefore, required in transforming organisations such as Eskom and Transnet. Massive changes need to take place both in terms of future direction and the current running of these businesses in view of the global economy in which they compete and the shareholder expectations they need to meet. As projects are run, it is inevitable that leadership at this level has become a crucial component of the change that results in execution of projects. While the terms “leader” and “manager” are sometimes confused, it appears that what may be required are leaders in projects. Being a leader alone without elements of management will not be enough, as the role of project manager requires skills in both aspects described. This may require selecting some attributes of management and those of leadership to describe the ideal project manager. Until such time as the configuration of this individual has been thoroughly researched, speculation will remain among scholars, to the detriment of the quest of companies to find the right project managers.

### 2.4.2. TRANSFORMATIONAL LEADERSHIP

Due to the pressure of the external environment on organisations, they require leadership that can understand how to deal with the change brought about by projects. This is supported by Beugrė, Acar, and Braun (2006, p. 53), who argue: “Transformational leadership is the leadership that brings change in organisations.” These changes are as a result of external factors, deregulation, rapid technology change, politics, and globalisation. South African parastatals are, therefore, compelled to institute change or else find themselves fighting a losing battle to sustain themselves under the changes. Parastatals are not spared this change; hence leaders such as Saki Macozoma in Transnet and Ruel Khoza in Eskom were selected to lead these organisations at the critical time of transformation so as to satisfy economic, political, and transformational changes during that period. It should be noted that to get the desired transformation that the parastatals are seeking, leadership should play a crucial role in consolidating this vision through transformational leaders, whom Khoza (2005, p. 172) describes as “a style of leadership that embraces all traditional disciplines of management, and sets out to change both leaders and the lead [sic] into people with great ambitions”. Transformational leadership is essential for leadership to reduce the pain of transformation, as Tichy and Devanna (1986, p. 122) argue:

> Transformational leaders must not only diagnose the organisation’s strengths and weaknesses and match them against the environmental opportunities, but they must also find ways to inspire employees to meet these challenges. This vision of the future should be formulated in such a way that it will make the pain of changing worth the effort.

In the transformation phase, employees should not be left alone, but be given all the support needed for the change process to be effective, and this should apply to project execution as well in which change is cast-iron, as Tichy and Devanna (1986, p. 157) argue: “Whether the transformational leader explicitly recognises and frames the change process in the organisation is not important. It is important, however, that he intuitively understands the need to provide space and support for the people as they work through the transition.” Leadership incorporates all levels of employees, and one does not need to be at the top level in order to start thinking about leadership. It should be applied consistently down to task level in order to improve project task execution. To support this thinking, Kouzes and Posner (2002, p. 20) argue: “Leadership is a relationship between those who aspire to lead and those who choose to follow.” It means, then, that for transformation to be effective, it should not only be a vision for the top leadership alone, but be bought into, and be

supported by, all employees. Everyone in the company should celebrate change for success to be realised – and more so at project level.

The transformation within parastatals in South Africa is twofold, as it revolves around competitiveness, on the one hand, and changing the look of these companies in terms of equity issues pertaining to race and gender, on the other. While these parastatals were created to allow government to be in control of the economic backbone of the country, they were also used to systematically empower a section of the community so as to have total economic control, as Southall (2006, p. 2) argues:

> First South Africa's parastatals were initially developed to service what Fine and Rustomjee (1996) term the "Minerals-Energy Complex" (MEC), and remain central to it. On the whole, the state sector has enjoyed a symbolic relationship with private capital, and it follows that the present government is proving reluctant to cede ownership of strategic assets to economic forces and actors which might be beyond its control. Second, the parastatals have always been central to class and ethnic mobilisation, and just as the National Party (NP) used them historically to promote the development of Afrikaner capital and of an associated bourgeoisie, so the ANC today views them as key instruments for black economic empowerment (BEE).

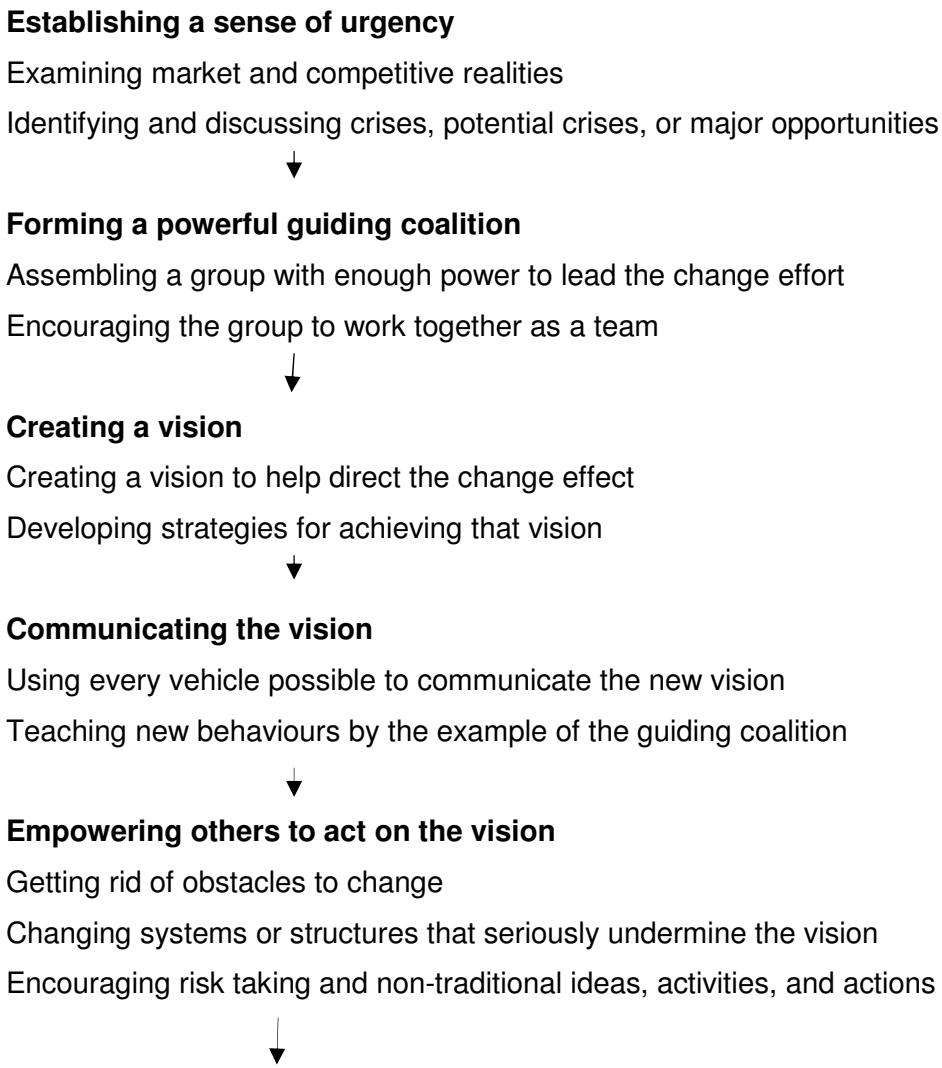
The legacy of this arrangement is that the management levels of parastatals had leadership that was not necessarily selected on merit, as Southall (2006, p. 4) argues: "The extension of the state sector was accompanied by appointments of Afrikaner businessmen to key positions on state economic boards, just as Afrikaners were favoured for public service and senior and middle management positions within parastatals." Khoza (2005) agrees when he argues: "The upper ranks were exclusively white males." This leaves the parastatals today with a lot to do regarding leadership in these organisations in order to correct the imbalances created by the past. Projects are affected by this legacy, and it requires an emphatic approach to address not only the imbalance at project level, but to select that right project leader (manager), too. This transformation has required tact, as parastatals would tend to find some resistance from those who had comfort in positions they held and would mainly be white males, and "a push" from blacks seeking leadership advancement in a predominantly white environment (Khoza, 2005, p. 171).

There have been failures, though, in such transformations where there has been no visionary leadership, which has resulted in some of the failures, such as not establishing a great sense of urgency, not creating a powerful enough guiding coalition, lacking vision,

under communication of vision by a factor of ten, not removing obstacles to the new vision, not systematically planning for and creating short-term wins, declaring victory too soon, and not anchoring changes in the corporation's culture (Kotter, 1999). This challenge exists in parastatals today 16 years into democracy, and projects are suffering due to a lack of progress, which has been a result of leadership not taking accountability for correcting the environment by making the right decisions in project management space.

If parastatals require transforming and enhancing their success rate to reverse the dangers mentioned above, then they at least need to apply the following eight steps to transform organisations, as Kotter (1999, p. 92) argues:

**FIGURE 7: EIGHT STEPS TO TRANSFORMING YOUR ORGANISATION**



Recognising and rewarding employees involved in the improvements

↓

**Consolidating improvements and producing still more change**

Using increased credibility to change systems, structures, and policies that do not fit the vision

Hiring, promoting, and developing employees who can implement the vision

Reinvigorating the process with new projects, themes, and change agents

↓

**Institutionalising new approaches**

Articulating the connections between the new behaviours and corporate success

Developing the means to ensure leadership development and succession

Source: Kotter (1999, p. 92). Eight steps to transforming your organisation.

The same concepts apply to any project, and hence, having appropriate leadership at this level will help develop the culture. My experience in parastatals is that the view above is meant for the top leadership.

Transformational leadership is composed of many characteristics, which are summarised by Singh and Bhandarker (1990), who argue for “Empowering attitude, not afraid of taking risks to achieve results, clarity of mission, purpose and goal of organisation, capability of an effective team and not losing balance in face of calamities”. These are ingredients for leadership at project level, too. Currently, with the crop of managers at this level in parastatals, projects are likely to suffer due to the lack of strategic direction.

Top leadership needs to behave in certain expected ways that can be described as “behaviour becoming of a leader”. Some of the ways are noted in the practices and ten commandments by Kouzes and Posner (2002, p. 22).

**TABLE 3: THE FIVE PRACTICES AND TEN COMMANDMENTS OF LEADERSHIP**

| THE FIVE PRACTICES AND TEN COMMITMENTS OF LEADERSHIP | |
|---|---|
| **PRACTICE** | **COMMITMENT** |
|  Model the Way | 1. Find your voice by clarifying your personal values.<br>2. Set the example by aligning actions with shared values. |
|  Inspire a Shared Vision | 3. Envision the future by imagining exciting and enabling possibilities.<br>4. Enlist others in a common vision by appealing to shared aspirations. |
|  Challenge the Process | 5. Search for opportunities by seeking innovative ways to change, grow, and improve.<br>6. Experiment and take risks by constantly generating small wins and learning from mistakes. |
|  Enable Others to Act | 7. Foster collaboration by promoting cooperative goals, and build trust.<br>8. Strengthen others by sharing power and direction. |
|  Encourage the Heart | 9. Recognise contributions by showing appreciation for individual experience.<br>10. Celebrate the values and victories by creating a spirit of community. |

Source: Kouzes and Posner (2002, p. 22).

While acknowledging the commandments, if there is no scientific selection criteria applied during the deployment of project managers, this will remain a concept. There is no individual born configured to suit the commandments, but rather certain training, coaching, and mentoring could be handy here in order to achieve the objective of having project managers

possessing the described commandments. The processes and organisational factors will still have an influence in this exercise.

The fact is that parastatals were designed hierarchically, which was fertile ground for individual status and empires; one now finds those individuals within these organisations feeling threatened by change doing all they can to remain in power. This manifests itself in alliances that border on psycho fear and hero worship of individual leaders in order to gain favours, notably promotion and belonging to the right alliance. I have personally experienced this in Eskom. This is a disaster waiting in projects, as it works against the very fundamentals of requirements in project management where teamwork is paramount. It is strong leadership that is able to change the mindset of employees who have been brought up in the previous parastatal culture. The element of change management needs to be part of the tools deployed permanently in the organisation in order to effect changes in the organisation.

The kind of leadership sought in parastatals is transformational leadership, which is proven to promote project success due to its style, which includes seeking top management support, extra effort to improve quality of deliverables, having technical knowledge, high team performance, cohesion, intellectual stimulation, empowerment, individual recognition, conflict management, communication, team relationships, leadership influence, less absenteeism, and all members of the project team being clear on the strategic objectives the project is addressing (Atwater, Spangler, Dionne & Yammarino, 2003; Beugrė et al., 2006; Eisenbach, Watson & Pillai, 1999; Thite, 1999). As much as this is the exact requirement for projects, the basic application of management principles cannot be neglected. The importance of looking more broadly in deciding on the kind of leader for projects is essential. It appears that the project manager should perhaps have many qualities of leadership and should satisfy different theories of leadership and management to be the perfect match for the position. The challenge to leadership is where to find this “animal” and to find out what it entails to groom the right project manager. Will there be a one-size-fits-all leader in the complexity that comes with projects, or will it be a trial-and-error approach in the selection of these individuals until perhaps some theories are developed on the subject and the characteristics for a project manager are pegged when relevant research has been concluded? With such variations of requirements for the same individual, no wonder there is scepticism regarding project managers’ abilities to lead, resulting in apportioning the blame on them when projects fail.

Perhaps while wondering about leadership theories and types trying to describe the appropriate effective leader to manage projects, another dimension that has recently come to the fore is the emotional intelligence attribute, which is seen as supporting transformational leaders as opposed to transactional ones. This thinking is supported by Palmer, Walls, Burgess, and Stough (2001) who, in their abstract, argue: “Effective leaders were identified as those who displayed a transformational rather than transactional leadership style as measured by multifact or leadership questionnaire. Emotional intelligence correlated with several components of transformational leadership suggesting that it may be an important factor of effective leadership.” Emotional intelligence brings another dimension to leadership, forcing companies to further invest in several scientific tests in order to get the “right” material for leadership positions and, in particular, in projects where emotional balance is crucial, as one works with dynamic teams that require believing in their leadership. It is, indeed, crucial that the element of emotional intelligence is thrown into the mix of the leadership debate.

### 2.4.3. LEADERSHIP AS A COMPONENT

The advancement of the organisational strategy is dependent on both leadership and the employees’ understanding and willingness to make it work. Leadership is, specifically, the component that defines how this success comes about by laying foundations that breed the intended results, as Lynch (2000, p. 448) argues: “Leadership is defined as the influence that is the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of the group’s mission.” This is essential, particularly in the new project management concept that the parastatals are trying to instil. It is noted that this strategic change of managing through projects comes with difficulties that require paradigm shifts and enough preparation, as Kotter and Schlesinger (1999, p. 29) argue: “It must be considered that there is nothing more difficult to carry out, or more doubtful of success, or more dangerous to handle, than to initiate a new order of things.”

Leadership needs to focus on people and building their strengths. This focus should aim to align human resources and the vision of the organisation. The employees need to be pulling in the same direction with the leadership and, in so doing, complement one another’s skills as they work in teams of projects. This requires correct structures of jobs in Eskom’s case, project-related management jobs, reporting relationships that, in any case, are determined by the organisational structures, training, communication of plans such as the project management philosophy in the organisation, incentives (which currently pose a problem as a result of unclear profiling of the project management profession as with parastatals), and

clear plans of implementation (Kotter, 1999). Some attributes recommended are to recognise the challenge of change, determine a transformational strategy, have extensive innovation, manage system change, and upgrade leadership processes (Francis, Bessant & Hobday, 2003).

The missing component of planning the implementation of project management in the midst of transformation is the challenge that parastatal leaders need to revisit so as to create an environment of effective and efficient project management. When all levels of employees take leadership as part of their roles and responsibilities, it helps create a culture of being part of strategy generation and implementation. Responding to change would then be carried out seamlessly because of the organisation's ability and human ability to deal with it through a sustainable strategic mindset of all employees (McLean, 2005; Nicholls, 1994). Whether employees in parastatals share the same vision in execution of projects is the question.

Parastatals, in their current state, are not ideal for project management to thrive. Managing through projects becomes difficult for project managers who have to execute projects across silos and functions and spend time convincing functional managers to release the experts. Project managers currently play various roles such as those of change managers, politicians, salespeople, and managers/leaders. The situation found in parastatals today, where project management has not been adopted properly and fully, is a result of leadership that has not prepared employees for change, and as such, they still feel the pain of abandoning their familiar past. If the leadership had coordinated activities that put together strategy, people, and systems, the implementation of project management would have been a success (Kipp, 2005). Parastatals implemented project management more than 20 years ago, but are still struggling to standardise systems to execute projects up to today, and the employees do not have a common vision or understanding of what needs to be done due to the leadership that has failed to see this relationship and has not applied systems thinking. Strategic leadership should make sure that they are able to deal with capacity for change implementation when they undertake the vision to change to managing through projects (Taylor-Bianco & Schermerhorn, 2006).

In the context of understanding whether project management was introduced with due consideration of critical issues in Eskom in particular, one needs to look into the analysis below as presented by Kotter for considerations of both failure and success.

**TABLE 4: COMMON ERRORS IN IMPLEMENTING CHANGE**

| |
|---|
| Allowing too much complacency |
| Failing to create a sufficiently powerful guiding coalition |
| Understanding the power of vision |
| Intercommunicating the vision as a factor of 10 (or 100 or even 1 000) |
| Permitting obstacles to block the new vision |
| Failing to create short-term wins |
| Declaring victory too soon |
| Neglecting to anchor changes firmly in the corporate culture |

Source: Kotter (1996, p. 21). The eight-stage change process of creating a major change.

**TABLE 5: EIGHT-STAGE CHANGE PROCESS**

| |
|---|
| Establishing a sense of urgency |
| Creating the guiding coalition |
| Developing a vision and strategy |
| Communicating the change vision |
| Empowering broad-based action |
| Generating short-term wins |
| Consolidating gains and producing more guidance |
| Authorising new approaches in the culture |

Source: Adapted from Kotter (1995, p. 61).

Perhaps the parastatals have been engaged in the larger transformational issues to such an extent that the introduction of project management as a way of managing tasks has not been prioritised as a strategy. The lack of attention of the parastatals to how project management has been implemented is a result of not paying particular attention to the role of the leadership component. This manifests itself in a lack of strategies to improve effectiveness of individuals and teams, at which project management is good if implemented and executed correctly (Hughes & Beatty, 2005). If leadership put in place evaluations that could measure the success of project implementation and execution, this would make them realise that the envisaged success in managing through projects has not been realised (Ashton, 1998), and they should be able to do something about it to meet the previously established metrics of measuring the implementation and success of project management.

Depending on the context and metrics set by each company, the effectiveness of leaders is, therefore, another topic for further research, as the environment in which it resides dictates what is construed as good leadership (Svensson & Wood, 2006). This concept of leadership, together with a relatively new concept of project management, will require some further understanding as a component. The implications of leadership in projects will remain a

challenge for now due to the complexity of the leadership question that cannot be pinned down as the debate rages on.

### 2.4.4. THE CONCEPT OF LEADERSHIP AND ITS IMPLICATIONS FOR PROJECT MANAGEMENT

For the purposes of the discussion to follow, references to leadership will refer to both top management and project leadership and the relationship to the environment created for projects. As one tries to understand leadership in a project situation, the difference between good and bad leaders comes into the mix. It is acceptable that the meaning of leadership is not unanimous, and good or bad leadership means different things to different people (Fulop & Linstead, 1999; Nicholls, 1994). What is unanimous, though, is that leadership is about the ability to influence other people and motivate, inspire, and direct activities to achieve organisational goals (Bennis & Nanus, 1985; Jones et al., 2000). This is what is required on projects, as the expertise is already provided by the team members, and the leader's role becomes that of influencing for optimum performance. Leadership is legitimised in a project by the team members, who develop respect for, and trust in, their leader through the leader's conduct.

The importance of trust is emphasised particularly as requiring a strong leader when the risk on the project is high, as Curran, Niedergassel, Picker, and Lekker (2009, p. 458) argue:

> We therefore reason that projects with a high level of trust among participants are less likely to need a strong project leader. A trustful relationship should require less safeguards of the company or project team and in consequence the project leader would not have to be as strong. On the other hand, if a project is risky for a company because it could be treated unfairly (which is basically in opposition to a trustful relationship), then the project would need a stronger leader.

As much as the statement above is true, trust is just one of the many components required in project leadership; however, other constraints in organisations need to be addressed and be right in order for the strong leader to be effective. The trust element alone would not create the success envisaged, as other organisational dynamics have an influence on how the trust element manifests itself in an organisation.

Early leadership was contextualised by historians from a moral perspective, and leaders were either religious or political, or both, and artistic. Great leaders were those of

unquestionable morality, as Mazlish in Kellerman (1984, p. 2) argues: “The ‘great man in history’ approach was often accompanied by a moral judgement.” This was only one aspect of the strategic leadership considerations addressed, leaving strategy, action, and cultural and socio-political considerations. Otherwise, generally, leaders were of mythical creation and were larger-than-life individuals, as they were seen to possess extraordinary powers. In the late nineteenth and early twentieth century, however, modern ways of understanding leadership were developed in the line of their psychological make-up. At this stage, psychology replaced morality in terms of benchmarking leadership. In the middle of the twentieth century, new theories emerged – one from sociology, in which power and leadership flowed from the top to the bottom, which opposed the Marxist view of power to the masses. This was designed to maintain control over communications, which was crucial for organisations. The psychological theory was to use the spiritual health and development of a leader as the benchmark. Psychoanalysis, which was development psychology used by historians, was founded by Freud. Mazlish in Kellerman (1984, p. 8) argues: “Freud’s original theory used a drive model: libidinal and aggressive energy, in a closed system, seeking satisfaction and, if denied direct satisfaction, manifesting itself if repressed, sublimated, symptomatic, and other such forms.”

In the context of the present circumstances of technology and education, the execution of projects requires expertise, which becomes another factor that can influence how project teams react to leaders. Each project team member has an important role to play and is regarded as an important part of the team, and as such, different characters and experts in a project team require more than just being a leader in the project. While morality plays a role, the new leader should be able to deal with egoistic, temperamental, antisocial, and various other characters within a project team. In parastatals, this means dealing with more dynamics brought about by race, gender, and other transformational agendas dictated by government.

Considering that leadership is a requirement of society, it is, therefore, conceptualised differently in different institutions, as it is affected by other facets of society such as religion, politics, culture, and other challenges facing those institutions. This is supported by Fulop and Linstead (1999, p. 202), who argue:

> Leadership is very much a product of society in which organisations operate, and these are now becoming international or global societies. Cultural variables will affect how managers from different cultural backgrounds manage in expatriate or foreign cultures with culturally diverse groups. Leadership is also

a product or is defined in terms of the problems or circumstances facing an organisation.

Applying the above situation means that a project is a society of its own; hence, leadership at this level is required to be cognisant of differences of its own team members on issues of religion, culture, politics, and gender. Failure to understand these will be a recipe for failure, as the motivation of the project resources is affected when leaders do not recognise these differences and cater for them accordingly. There have been tendencies by authors to define leadership in terms of European or African. This, to the researcher, is using a racial mirror, which translates into having different qualities of leadership based on race. This concept would not work when executing projects, as leadership in projects requires particular qualities such as charisma and transformational leadership, which cut across all races. One wonders about the implications of the large numbers of white males currently occupying positions of leadership in parastatals in relation to project leadership challenges faced, some bordering on racial conflict. The projects themselves cut across racial lines, hence the irrelevance of the definition. The notion of using the "ubuntu" concept to want to define African leadership is neither here nor there, as ubuntu is a concept of good societal human relations that exists in every culture. It is not distinctively a concept of leadership, but would enhance the behaviour of leaders if incorporated into their everyday activities (Van der Colff, 2003). At project level, it is important, then, to have leadership that understands how to deal with issues of the dynamics of South African society represented in parastatals. The leadership challenge is to get those individuals with the right acumen and political astuteness to deal with the challenges within parastatals. Identifying and employing the said leaders could be the first challenge on which leadership has to work.

Leadership should be consistent with exemplary behaviour, creating the right environment for employees to be motivated, be flexible to accommodate others' ideas, ensure a vision common to all, have a bird's-eye view of the future, and listen to its subordinates. This is what is required at project level in order to enhance success. It is leadership that communicates, listens to its employees, and is able to handle diversity that comes with project environments. On the other hand, employees should be allowed to be innovative, challenge the status quo, be trusted, be valued, and be motivated to achieve the objectives of the organisation. Leadership should be proactive to keep problems from occurring and should possess both emotion and cognitive commitment from subordinates such that, while the intention is to make employees become passionate about their jobs, they also need to apply their minds to issues and create platforms to debate them (Barber & Warn, 2005). Research will seek to find whether these qualities exist in parastatals and whether the

leadership has created the appropriate environments due to the prescriptive nature of their design.

Missing in all the discussions on leadership is what role it should play in order to enhance project successes. Many causes of failures are attributed to project managers or team members, but not top leadership who develop the strategy. The question one would want answered is what parastatals have done to remedy the issue of project failure. In looking at ways to improve project performance, there cannot be a solution that does not include the concept of the right leadership both at project level and at the top.

One needs to define the transactional and charismatic leader in order to understand which leader may be relevant for parastatals. Kreitner and Kinicki (2001, p. 567) define the two as follows: “Transactional leadership focuses on interpersonal interaction between managers and employees and charismatic leaders transform employees to pursue organisational goals over self interests.” In transactional leadership, rewards are used to motivate employees, and there is a reactive approach to performance, while charismatic leadership uses the behaviour of the leader, inspirational messages, intellectual stimulation, self-sacrifice, performance beyond normal duty, and self-confidence (Kreitner & Kinicki, 2001, p. 567). In project situations, both these types of leadership are required to complement each other. Successes in projects require celebration and reward, while focusing on the project goals of delivery is equally important.

The leadership required for transforming parastatals is that which motivates employees to believe that the achievement of organisational goals is to their benefit. The charismatic leader suits parastatals well, as mentioned earlier. This type of leadership should be the same throughout lower levels of management in order to succeed and have a common vision throughout the organisation. What the researcher has experienced, though, are visionary leaders at the top and conservative leaders at the next level of senior management, which impedes the objectives of transforming parastatals. Perhaps this is caused by the large number of white Afrikaners who occupy the senior levels of these organisations, as this was necessitated by the favourable public sector and parastatals, where they took up 60% of the positions, and senior and middle management positions were reserved for them (Southall, 2006). This group is then crucial for any transformation to be effective, as it could be reluctant to change and could make concerted efforts to maintain the status quo that brought benefits to it. Ideally, the aim would be to have charismatic leaders at every level of the organisation and at project level in order to keep focusing on project deliverables.

Transformative leadership is sought in projects in parastatals so as to be capable of dealing with transformation, rapid changes, flexibility, and continuous learning. It has become mandatory, as organisations require this type of leader in order to survive the harsh competitive environment. This also applies to project situations, as change is what is brought about by any project. This is supported by Kotter (1999, p. 53), who argues:

> Leadership, by contrast, is about coping with change. Part of the reason it has become so important in recent years is that the business world has become more and more competitive and more volatile. Faster technological change, greater international competition, the deregulation of markets, overcapacity in capital-intensive industries, and unstable oil cartels, raiders with junk bonds, and the changing demographics of work force are among the many factors that have contributed to this shift.

Theories have subsequently been developed in order to understand leadership. This has been done, as researchers could not agree on what constituted a good leader, as Fulop and Linstead (1999, p. 163) argue: "The inability of researchers to identify a fixed set of leadership traits led to a growing focus on leadership behaviour, that is, how leaders act, not what in some innate sense supposedly 'are'." Perhaps further research should determine whether there is a special leadership required for projects.

The focus is on leadership because of the role it plays for projects to be implemented successfully. Early leadership in America was viewed in the context of leaders being privileged by default, as Mazlish in Kellerman (1984, p. 5) argues:

> In America, the earliest settlers did not even aim at an equalitarian democracy. Far from it. John Winthrop, probably the first great leader in America, bluntly informed his fellow Puritans in 1630 that God had allotted each individual his unequal space in society; and each was to follow his calling in that place, fulfilling God's purpose, without insubordination.

The leadership described above cannot apply to current circumstances in project management because expertise is provided by resources in the execution of tasks, and these resources will ask questions and challenge decisions made by the leader. Experts or specialists prefer not to be told how to do their work, but rather what needs to be done. It is, therefore, important that project team members' contributions are paramount due to their expertise on the execution of tasks. Business processes are now mandatory, and change has become part of the daily experience of organisations, as technology is enabling

business processes, thereby creating complexity that requires the ability to adapt, see the bigger picture, and design strategies for competition, globalisation, change, and development. The concept of "adapt or die" becomes inevitable and a great challenge, as Kouzes and Posner (1995, p. 15) argue: "Our first leadership challenge is to rid ourselves of these traditions and myths. They foster a model of leadership antithetical to the way real-life leaders operate. They also create unnecessary barriers to the essential revitalisation of our organisations." This applies to project situations where leadership components referred to earlier need to be applied in order to achieve success by addressing the impact of leadership on projects.

Having observed the concept of leadership and its definitions, definitions in the literature come across as gender biased. Seeing leadership from a male perspective has serious implications for a patriarchal society that is trying to create equality between man and woman and, worse still, for projects in parastatals where gender equality and equity issues are now part of the shareholder compact. The lack of a convincing leadership configuration that takes into account the gender factor leaves one with a dilemma of dealing with a unique situation, as lack of relevant information to use as a benchmark for deciding what leadership is appropriate for project management both at senior level and at execution level creates a challenge. Perhaps theories that encompass gender, settings, and other psychological complexities are required in order to bring about the appropriate leaders for projects. In the midst of these theories, parastatals are expected to address the imbalance caused by the discrimination against women and, particularly, black women.

### 2.4.5. THEORIES OF LEADERSHIP AND THEIR RELATIONSHIP TO PROJECT MANAGEMENT

What constitutes 21st-century leadership needs to be understood in the context of further exploration beyond psychology, as Schmikl (2003) argues:

> If we are compelled to draw upon the sciences to create, lead, and effectively manage today's 21st century organisations, it is essential that we ground our work in the sciences of our time. This requires that we need to pioneer beyond the psychology of the past century and begin to explore and build on the new frontiers of science and knowledge that are starting to engage the soul.

Theorising leadership was a result of discussions and debates on trying to understand what constituted leadership. The analysis of the relationship between leaders and their

interpretation of their environment culminated in the manifestation of the following main theories, as Lynch (2000, p. 449) argues:

> *Trait theories.* These argue that certain types of individuals can be identified who will provide leadership in virtually any situation. According to the research that has been done, such individuals will be intelligent, self assured, able to see beyond the immediate issues and come from higher socio-economic groups. In recent times, such theories have been discredited because the evidence to support them is inconsistent and clearly incomplete in its explanation of leadership. Purpose here would be decided largely by the individual leader.
>
> *Style theories*. These suggest that individuals can be identified who possess a general style of leadership that is appropriate to the organisation. For example, two contrasting styles would be the authoritarian and the democratic: the former imposes his/her will from the centre and the latter allows free debate before developing a solution. According to research, this has some validity, but leadership is much more complex than the simplicities of style. For example, it needs to take into account the varied relationships between leaders and subordinates, the politics of decision making and the culture of the organisation. Such theories have therefore been down played in recent years. Purpose here would be defined by the leadership style.
>
> *Contingency theories*. These explore the concept that leaders should be promoted or recruited according to the needs of the organisation at a particular point in time. The choice is contingent on the strategic issues facing the organisation at that time and leaders need to be changed as the situation itself changes. Thus the leader needs to be seen in relation to the group with whom s/he will lead and the nature of the task to be undertaken. For example, recovery-from-disaster strategies will require a different type of a leader from the steady development type of strategy. There is some evidence to support this approach but still anecdotal and oversimplifies the leadership task. Purpose here would clearly depend on the strategy in the strategic situation.
>
> From a strategic perspective, the contingency theory approach holds the most promise for two reasons. It is the one that best captures both the leader and the relationship with others in the organisation, and it also identifies clearly the importance of the strategic situation as being relevant to the analysis of leadership.

In view of the environment of projects, which always gives a different dimension, perhaps one should be looking at the issue of performing a balancing act between the theories. While the trait theory is appropriate because it means that the project manager could suit any situation, the organisational structures and politics could be a challenge. Individual ability and personality become important. Similarly, having individuals who are appropriate for organisations as the style theory suggests would be like cloning people for positions. Each project manager could be appropriate based perhaps on his/her knowledge, skills, and experience.

The contingency theory suggests recruiting according to the needs at a particular time. One wonders what would happen when the needs change. In the context of transformational requirements of parastatals such as equity and the employment of the disabled, the situation is even more complicated. The theory would be difficult to maintain in project mode using internal permanent resources, as one cannot just terminate their employment based on needs at a particular time. Perhaps it could work for contract employees who would be expected to leave once the project has finished. It would be folly for parastatals to employ project managers based on theory, as the theories are not conclusive and do not give all-round leaders who would be appropriate for parastatals that normally employ people permanently. The effectiveness that companies seek in project leadership needs to be consolidated by getting the right leaders in the first place for the effectiveness to last, as Daniel (2004, p. 24) argues: “The kind of leaders that we release will determine how effective we will become, and how long that effectiveness will last.” This should, however, be within the framework of fitting in with the desired addressing of equity issues in which parastatals take a lead in assisting the government to address the gender imbalance.

Applying the trait and style theories leaves one with certain questions. How are these individuals identified for leadership positions? Does that not compromise objectivity in the selection process, especially if the process has to address other equity parameters? Neither theory supports the value of fairness in the selection process, as it is not known what metrics are applied when identifying leaders. This could be subject to abuse, as was the case in parastatals during the apartheid era when leadership was based on a racial criterion. In the project environment, these theories undermine the very purpose of having an appropriate leader, which should be according to the leader’s ability to lead motivated experts who will deliver in a project. The question is how the parastatals then deal with the issue of gender equity in relation to identifying specific individuals. It is itself a challenge to apply the theory without relating it to the context of the objectives regarding employment equity.

As the debate as to which was the best leadership style continued, theories X and Y were developed as the support of democracy over totalitarianism became apparent. A set of assumptions developed by Douglas McGregor were used to define the environment in which leaders operated and also to present the perceived best way to manage, as Fulop and Linstead (1999, pp. 163-164) argue:

> **Theory X**
>
> The average human being has an inherent dislike of work and will avoid it if possible
>
> Because of this most people should be coerced, controlled, directed and threatened with punishment to put adequate effort into the achievement of organisational objectives
>
> The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition and wants security above all (McGregor, 1960:33-34)
>
> **Theory Y**
>
> Work is as natural as rest or play
>
> External control and threat of punishment are not the only means of bringing about effort towards organisational objectives. People will exercise self direction and self-control in the service of objectives to which they are committed
>
> Commitment to objectives is a function of the rewards associated with their achievement
>
> The average human being learns under proper conditions not only to accept but to seek responsibility
>
> The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problems is widely, not narrowly, distributed in the population
>
> In most work organisations, the abilities of most employees are only partially utilised (McGregor, 1960:47-48)

The danger with both theories is the reliance on assumptions. Theory X is particularly negative in its definition, which diminishes the issue of trust in teams. The implications of making an assumption that a team member dislikes work and will avoid it destroy trust among the team. As tasks are executed by experts, it is prudent that trust comes first, as professionals are not told how to do their work, but are rather told what needs to be done as

with projects. The assumption that people work because of fear of being punished is not supported by facts either. Taking human beings for granted and classifying them as was done here poses a lack of understanding of other factors of human behaviour that affect them. While the components of the theories could be true, this could be so in circumstances relevant to what the human beings' surroundings at the time are. In a project scenario, these theories should be contextualised cautiously, as human beings change their behaviour due to their environmental circumstances. An introspection of the environment should be a factor that leadership scrutinises before applying these theories abruptly. The application of these theories in the context of projects where resources are assigned temporarily poses another challenge, as the theories themselves have not been proven in project environments.

One must consider the continuous changes affecting the organisation and the role of project management in the execution of tasks, the right project manager, and the environment in which effectiveness and efficiency of projects would prevail. Using theories to select project managers will cause challenges due to the nature of the bias associated with these theories. The challenge is whether parastatals apply any of these theories in appointing project leadership and the top leadership itself. Considering the legacy of apartheid and its employment practices in parastatals, are there plans put in place by top management from a strategic point of view with the aim of creating a conducive project management leadership environment to get the correct type of leaders and retrain those who became leaders by default of their being apologists of the previous system? Parastatals are, therefore, left with a big task of decisive consideration of correcting the situation they have adopted and preparing a future leadership that is consistent with the current government objectives. A holistic look at the theories and selecting the right managers is necessary. Theories should be used only as reference knowledge to support the decision taken. Theories as they appear will not be used as a benchmark from which to start.

## 2.5. THE CONCEPT OF PROJECT MANAGEMENT

Projects are initiated as a result of the need to change a business process, an opportunity, or continuous improvement (Gido & Clements, 1999, p. 1). The success of projects requires understanding of this field by all stakeholders involved in projects and, in particular, leadership, as it has facets that touch on issues that are directed by leadership such as organisational processes, cost, time, quality, and culture. This is supported by Kerzner (2001, p. 5), who argues:

> The definition of project success as the completion of activities within the constraints of time, cost and performance. This was the definition that pertained

for the past twenty years or so. Today the definition of project success has been modified to include completion.

- Within the allocated time
- Within the budgeted costs
- At the proper performance or specific level
- With acceptance of customer/user
- When you can use the customer's name as a reference
- With minimum and mutually agreed scope changes
- Without disturbing the main workflow of the organisation
- Without changing the corporate culture

Nowhere do the definitions above touch on the aspect of strategy; yet it is what determines what projects are to be executed. It is imperative that projects are executed only when they align to strategic objectives. This is supported by D'Amico (2005, p. 252), who argues: "One of the keys for determining whether or not to fund a project is knowing how closely that project meets the company's strategic objectives." The fact that recognised project management gurus and institutions such as PMI have omitted the strategy component in their definition of a project is proof as to why strategic alignment is not taken seriously in project execution. The metrics in project performance currently do not measure the success of alignment.

What is clear is that there are variables in measuring success on projects, depending on one's hierarchical level in the organisation (Jiang, Motwani & Margulis, 1997; Ojiako, Johansen & Greenwood, 2008). If there are different evaluations and criteria for measuring success, it shows the lack of integrated alignment of project management activities, resulting in increasing the challenges for the leadership. While it is understood that projects are unique and, therefore, may have different criteria to measure success, the point is that measurements should be contextualised in relation to strategic alignment and benefits of the project. This will mean that any stakeholder in a particular project will have the same context regarding the outcomes, which, in turn, helps in managing expectations.

Project management requires putting in place appropriate support systems. The changes initiated by these projects require adaptability and flexibility in order for the organisations to remain competitive and to have strategies that are relevant (Landrum, Powell & Paris, 2000). When one looks at the parastatals, one starts questioning whether the appropriate environment is created for project management to prevail. The level of understanding of the

discipline of project management by stakeholders will be investigated in order to ascertain the challenges faced and what role leadership has played, resulting in the current status quo. There appears, though, to be a simplistic view of projects, as if they operate in isolation with no link to strategy, too. The integrated view of projects looks at their environments and the related impact roles of the leadership, organisational structures of parastatals, and the project management discipline's profile in these organisations. The issue of roles played in a project together with the culture prevailing in parastatals has a serious impact on effective and efficient project execution, as Mochal (2003, p. 1) argues:

> In successful organisations, people typically know the role they play on projects and what is expected of them. This includes active sponsors, interested clients, and engaged management stakeholders. The sponsor, for instance, needs to perform a quality assurance role and be the project champion in his or her organisation. If your organisation starts projects and leaves the project manager in a leadership vacuum, you're not going to be consistently successful.
>
> Culture plays perhaps the biggest role in whether your organisation is successful in executing projects. If your organisation has difficulty completing projects successfully, you can't blame the project managers. They're only toiling within a culture that's not supportive of their efforts. Managers, including the head of the organisation, need to step up and evaluate the project culture. Until the culture changes, project managers will consistently struggle to be successful.

Due to globalisation, competitiveness, and streamlining, organisations themselves are left with no choice but to execute business strategies by managing tasks through projects and enhance quality of products and service, optimise resources within limited budgets, and complete them within short timelines and budgets. The issue of how leadership impacts success on projects has been absent or vaguely addressed in the literature, as it does not go deeply into how leadership has contributed to the success rate of projects. The process of linking projects to strategy can be resolved through answering certain questions. What does this project enable? Why is it necessary to execute? How will it be executed? Who are the stakeholders? (Webster, 1999). Strategies change, and the project managers and their teams become agents of change as they implement them through projects (Dooley et al., 2004; Kallio, Saarinen & Tinnilä, 2002). With this in mind, one has to now look at the current state of parastatal projects. Huge projects have a high profile due to their financial stature, meaning they are checked for alignment. Could that be the case with the rest that are not

high profile? The research will reveal whether the perception that the projects are not necessarily aligned to strategy is wrong or correct and, in particular, the smaller IM/IT-related ones. It would be interesting to find out what mechanisms are put in place to monitor the alignment of the projects to strategy and the evaluation of the project managers as change agents in terms of their ability to understand the purpose of the project they are managing. The same should then apply to the rest of the stakeholders in the project. It requires leadership to put this in place.

Perhaps projects require leaders to become agents of change in organisations such as parastatals. This is supported by Zenger and Folkman (2002, p. 75), who argue:

> With most organisations today in a constant change, from dramatic growth to downsizing and re-structuring, a critical skill for leaders is leading successful change efforts. A turbulent business environment puts leaders to the test: excellent leadership can turn significant change into a pleasant journey, while poor leadership might be better described as a "trip to hell". We know that the best leaders inspire the troops to rally around a change, whereas poor leaders have to push, persuade, or even threaten employees to accept change. Top performing leaders become effective marketers of projects, programs, or products, gaining support for them along the way. Conversely, poor leaders fail to engage or commit others to change.

While this could be true, it is unfortunate that leadership is being contextualised as something for top management. The researcher's view is that leadership should exist at all levels, including lower levels, of employment, which means at task level, so as to be able to realise benefits. This will allow issues of responsibility, accountability, and authority to be managed earlier. The definition of a project that excludes the role of a project as an initiative that addresses a specific strategic objective cannot be right. All companies exist to perform certain functions that support strategic objectives, and so should the projects. Alienating strategy from the project definition contributes to the misalignment currently experienced, where projects are executed with no metrics to ascertain their purpose as far as strategic objectives are concerned. Perhaps a look at the PMBOK, which is used as a framework, will give insight into the strategic alignment factor together with the leadership role.

### 2.5.1. PROJECT MANAGEMENT BODY OF KNOWLEDGE (PMBOK)

While the concept was discussed earlier, it is crucial to define a project in order to have a common understanding of what it is. A project is a temporary endeavour undertaken to

create a unique product or service or result. This takes place within stipulated time frames with a start and an end date (PMBOK Guide, 2004, p. 5). The project management process involves having a plan, which is then executed accordingly, in order to meet the objectives of the project (Gido & Clements, 1999).

Project management has nine knowledge areas that have a relationship that is defined by one of its areas, called integration (coordinating of processes and activities in other knowledge areas), the other eight being scope, time, cost, quality, risk, human resources, and procurement management. These areas do not function in isolation, but require an understanding of systems thinking from the leadership at both top and project level for project execution to be realised.

Project management as a concept is an application of knowledge, skills, tools, and techniques to project activities to meet project requirements. As Cowie (2003, p. 256) argues: “Essentially project management allows the right people, with the right skills to come together at the right time to solve issues.” The question is how many of the right people there are in parastatals in view of the appointment of the team members and the selection of the project managers. It should be understood that the process to get the right people is set by leadership as dictated by the parastatal equity employment targets. Project management is executed through processes, namely, initiating, planning, execution, controlling, and closing, of which every task is managed following the five processes.

As already mentioned, there are nine knowledge areas into which these processes are organised. Integration management describes processes required to ensure that various elements and processes of activities are properly coordinated. Scope management describes processes required to ensure that the project includes only all the work required to successfully complete the project. The issue of scope requires that guidelines on expectations from the originator on the scope need to be addressed. Many a time the scope is not understood by the business and client themselves; yet they expect the project to start. Time management describes processes required for the timely completion of the project. Cost management describes processes required to ensure that the project is completed within the approved budget. The timelines set are at times unrealistic to the extent that one wonders whether the client is setting the project up for failure. Quality management describes processes required to ensure that the project will satisfy the needs for which it was undertaken. There has been a tendency to use sign-offs as quality measure instead of defining a process to measure quality in projects. Communication management describes processes required to ensure timely and appropriate generation, collection, dissemination,

storage, and ultimate disposal of project information. A very important knowledge area whose emphasis is low and does not reflect the risk associated with it is lack of communication or distorted communication and what it does to the morale and stakeholder management. Risk management describes processes concerned with identifying, analysing, and responding to project risk. The tendency to sweep under the carpet those risks associated with leadership seems to confirm the fear at lower levels that goes with hierarchical structures. Procurement management describes processes required to acquire goods and services externally. The lack of understanding of the project processes together with understanding of the procurement timelines seems to allow the creation of unrealistic timelines. Human resource management describes the process required to make the most effective use of the people involved in the project (PMBOK Guide, 2000, pp. 6-8). Human resources management brings in strategic leadership considerations that are critical for the effective and efficient management of projects because it deals with the issue of human resources, which is required both from a leadership and team member point of view. Surprisingly, the PMBOK does not seem to have any discussion of the role that leadership both at top and at project level plays as the nine areas revolve.

Interestingly, even though the field of project management has grown significantly and got recognition worldwide, nowhere does one come across the theory of project management. This is viewed as one of the main reasons that project management has not made progress both as a discipline and as a profession (Koskela & Howell, 2002). The PMBOK also does not mention strategy in its definition; yet it is the framework for the project management profession. Until such time as strategy becomes the guide for project execution, the nine knowledge areas alone will not create the project success required, which should be based on alignment to the strategy.

### 2.5.2. PROJECT MANAGEMENT PRINCIPLES

While the opportunity to challenge the current PMBOK principles will be explored here, it is important to note, though, that the project management principles alone are not a guarantee of success. Many other factors such as understanding and applying the nine knowledge areas and the five related processes, organisational maturity, the value chain, the culture and structures, the project management structures, and the right skills of people needed in the formation of project teams contribute to what may be termed successful project execution. The PMBOK is lacking in this aspect of its framework. The contribution and support a client or a business person provides by being involved and taking ownership of an initiative that becomes a project should not be underestimated, as the ownership and

commitment of both the client and business are of paramount importance for project success. In all this, strategic leadership becomes the driver of the whole process, thereby determining the level of success that can be attributed to a project in terms of its performance during execution, which, in turn, produces the required deliverables, if not delivering beyond expectations.

Methodologies alone are not a solution either, as is argued in The Antidote (2000, p. 31):

> All too often, project management methodologies are brought into an organisation in an endeavour to find instant solutions. But such methodologies rarely fit the unique and changing circumstances within any particular organisations. Ward warns that "a methodology is no substitute for thinking or managing", and what organisations need are project managers with the right attitude – not simply systems and procedure.

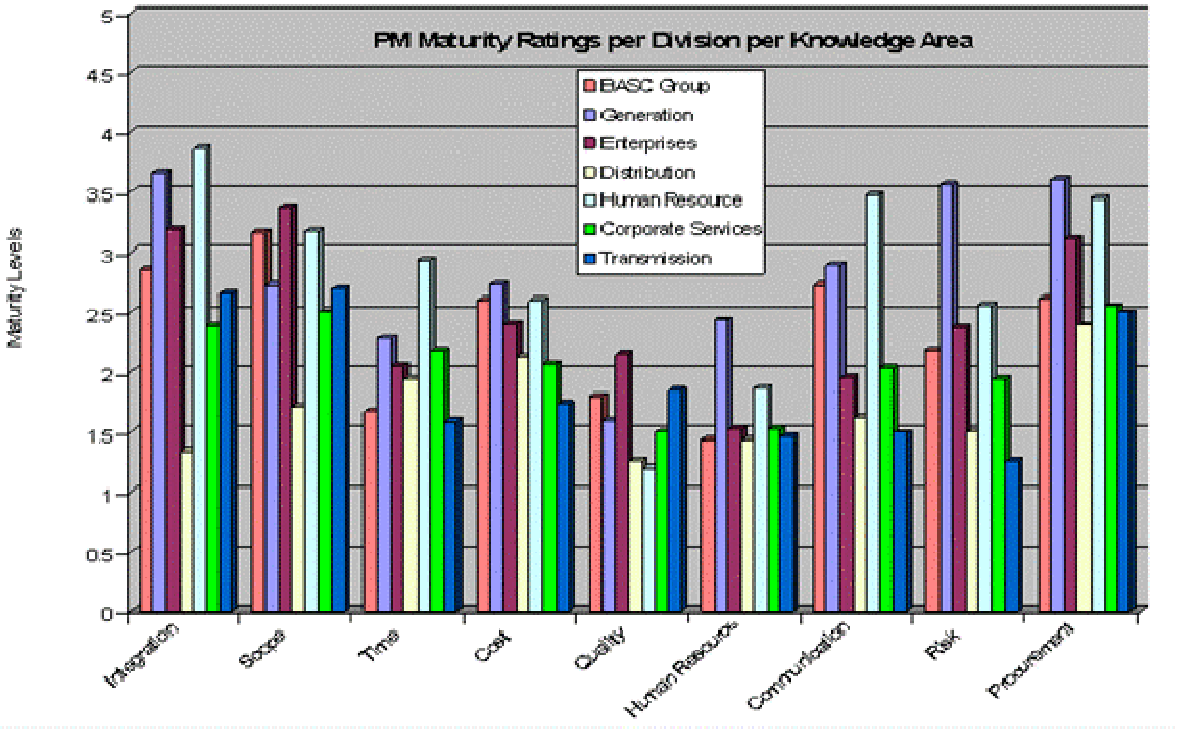
In this case, parastatals have adopted methodologies without necessarily tailoring them to suit their processes or applying flexibility as the environment changes. As an example, an adopted methodology such as Prince2 will not know the investment or commercial processes in an organisation. It becomes apparent, therefore, that there is a need to link the adopted methodologies to the organisational processes. While the methodologies have shortcomings that have been observed by project management practitioners, the issue of the lack of a project management theory has been identified as the root cause of the crisis of this discipline (Koskela & Howell, 2002).

Maturity in this research will be defined from the project management perspective described by Kerzner (2001, p. 74), who argues that "Maturity in project management is the implementation of a standard methodology of accompanying processes such as there exists a high likelihood of repeated success". For the purposes of this research, maturity is discussed in relation to the concept of project management in parastatals, the aim being to showcase how project management maturity affects the way project management is implemented in these organisations and the effectiveness and efficiency of its execution.

Looking at the maturity of project management in a parastatal, the following factors need to be the guide to the reasons why this discipline gets recognition as the challenges of executing tasks become complex. These driving forces are when projects have a high value that produces capital assets for the business, an increase in customer expectations, competitiveness, executive understanding of the discipline, new project developments, and effectiveness and efficiency (Kerzner, 2001, p. 61). Taking the example of Eskom, which has

been using project management for many years, the results of its own assessment of information management projects at the maturity level of using the nine knowledge areas show a huge gap in the company, as depicted below. It requires strategic leadership to address the glaring shortcoming after such a long period of practising project management in this parastatal; yet the maturity is still found wanting.

**FIGURE 8: THE DETAILED PROJECT MANAGEMENT MATURITY RATING FOR THE ASSESSED PROJECTS PER KNOWLEDGE AREA**




Source: PMCoE November 2008 Report to Eskom BMF.

The maturity of project management in an organisation plays a role in achieving the appropriate environment for project execution, as the leadership gives the necessary direction to achieve the desired outcome through preparing the ground for maturity as per Dr Kerzner's 16 points to project maturity:

1. Adopt a project management methodology, and use it consistently.
2. Implement a philosophy that drives the company towards project management maturity, and communicate it to everyone.
3. Commit to developing effective plans at the beginning of each project.
4. Minimise scope changes by committing to realistic objectives.
5. Recognise that cost and schedule management are inseparable.
6. Select the right person as a project manager.

7. Provide executives with project sponsor information, not project management information.
8. Strengthen involvement and support of line management.
9. Focus on deliverables rather than resources.
10. Cultivate effective communication, cooperation, and trust to achieve rapid project management maturity.
11. Share recognition for project success with the entire project and line management.
12. Eliminate non-productive meetings.
13. Focus on identifying and solving problems early, quickly, and cost-effectively.
14. Measure progress periodically.
15. Use project management software as a tool, not as a substitute for effective planning or interpersonal skills.
16. Institute an all-employee training programme with periodic updates based on documented lessons learned.

It would be interesting to find out how much of this is done in parastatals in order to enhance maturity, which, in turn, enhances effective and efficient project execution. Another metric glaringly omitted in the points above is the issue of strategic alignment of projects, which would determine the value of the execution of a project. The success measure should revolve around complementing certain strategic objectives of the organisation, and this could be measured through the strategy alignment fit of the project.

Personal experience in both organisations shows little adoption of any of the 16 points identified, let alone strategic alignment. There is no follow-through as would have been the case had there been strategic leaders intrinsically involved in projects. The Eskom maturity assessment shows a gap in the strategic leadership that could have done something about the lack of progress in the concept of managing through projects, which has been in the organisation for more than 20 years. The issue with parastatals is to establish whether the strategy of managing through projects has been implemented comprehensively, whether the people have been mobilised for the change, and whether the top leadership gets involved in projects in order to keep them aligned to strategy, give support in project execution, and measure the performance of the executed projects against the metrics set for success. Perhaps these strategic elements are not present, hence the low level of project management maturity in Eskom despite having adopted the philosophy many years ago. Perhaps the answer lies in the human resources policies and management of these, which can either support or not support the project management philosophy.

### 2.5.3. PROJECT HUMAN RESOURCES MANAGEMENT

Before the introduction of the project concept, organisations managed tasks in traditional functional divisions that were hierarchical with a top-down approach. The new concept requires working across divisions and reporting to two leaders, namely, the project and functional manager, simultaneously. Organisations have been made flat to accommodate working across divisions and having a holistic picture of the different divisions interlinking (Graetz, 2000). The project management philosophy fits well with this concept that requires high-performing teams composed of the best available expert resources for specific tasks, as Kreitner and Kinicki (2001, p. 420) argue: “As competitive pressure intensifies, experts say organisational success increasingly will depend on teamwork rather than individual stars.” This means that the human resource component has a bigger role to play in shuffling and juggling the resources to meet the demands of projects, and this requires leadership that can see the bigger picture and its relationships.

The challenge is whether the human resources departments of parastatals have the capacity and expertise to function in a flat structure. Parastatals will need to find ways of defining how the resources are managed across functional silos in order to meet the demands of the ever-changing environment. In view of the project environment, issues of selection of team resources need to be explicitly defined. While the literature discusses issues of collapsing the vertical structures to accommodate expertise, it does not address the real issue of the selection of team members and the composition of the team. The organisations can be flat, while they do not have the correct processes of selecting team members and environments allowing teams to develop. If I may use an analogy here: a project manager who has no say in the selection of team members is as good as a soccer coach managing a team selected by the chairman, yet being accountable for the performance and results during play. The challenge is for leadership in parastatals to create an environment in which the human resources add value through allowing team selection and the process of team development to prevail.

This process needs to start at the strategic level of the organisation where human resources strategies should be consistent with the project management concept. The recruitment process, the profile of project managers, their remuneration, resource utilisation, and the skills database are other facets of effectiveness and efficiency that need urgent attention in order to be in line with organisational strategies. The legacy of recruitment arrangements practised during apartheid needs to be revamped to reflect the new dispensations that promote government objectives in parastatals. The drives for equity and gender

advancement need to be applied to a project environment that is still male and white dominated. While addressing the imbalances of the past, the parastatals must not lose sight of selecting the right project managers and allowing them to select their teams seamlessly. It will require strong leadership to deal with this challenge, as it can be construed to be racial when it comes to meeting equity targets, while being seen as undermining the authority of project managers if they have no say in the selection of team members.

### 2.5.4. THE ROLE OF LEADERSHIP IN PROJECTS

Leadership has been debated by researchers, and different definitions have been given to it. This has resulted in confusion, which has led to its meaning different things to different people. This is so due to the failure to harmonise the meaning in the context of its common vocabulary, technical meaning, and the confusion in referring to other terms such as “manager”, “authority”, and “boss”, implicitly referring to leadership (Yukl, 1989). Researchers have failed to come up with leadership traits on which to model (Smit, Cronjé, Brevis & Vrba, 2008, p. 279), and as a result, this research will choose the components deemed necessary for the research. The following are the competencies or components of leadership that will be used to define it in this research. Leadership is all about ***vision***, which creates focus, which, in turn, creates intensity and commitment. Intensity and commitment, by nature, are magnetic and, hence, in turn, draw others into buy-in. ***Communication*** makes things happen because it involves the management of meaning. ***Trust*** is the lubrication that makes it possible for organisations to work by maintaining their integrity. ***Empowerment*** allows employees to make decisions and have accountability for their tasks. ***Managing oneself*** requires one to take leading as a personal business, while recognising the strengths and weaknesses one has (Bennis & Nanus, 1985, p. 26; Burton, 1994). One would like to find out how this leadership component is manifested in the parastatals and its impact on the execution of projects.

In defining leadership, as this research is on the subject of project management, there will be bias towards the definition by Kerzner (2001, p. 260): “A style of behaviour designed to integrate both the organisational requirements and one’s personal interests into pursuit of some objective.” The common elements of leadership in the context of projects are the leader, the team members, and the project environment (Kerzner, 2001, p. 260). This confirms the importance of the relationship between the concept of leadership, project management, and the parastatals, as the project environment mentioned is the same environment that is created by leadership in order for projects to be executed. The execution

of projects is, in essence, the execution of tasks that support the strategic objectives of the organisation.

What is worrying, though, is that while the leadership escapes being apportioned the blame in project post mortem reviews, more than 100 academics, consultants, and practitioners around the world at a conference in London in May 2000 identified senior leadership as the underlying cause of project failures (The Antidote, 2000, p. 30). It was the same opinion expressed in different ways at the IPMA World Congress that while project failures were attributed to many causes, the overall reasons were laid at the door of management (meaning leadership). Borrowing from the phrase commonly used in South Africa, one would then say that “the buck stops with management or leadership”.

The question of leadership in parastatals becomes obvious, as the descriptions above have shown that it is leadership that creates the right platform to practise the philosophy of project management. The challenge is how to exercise strategic leadership in an environment that is deemed unsuitable for project execution due to the traditional nature of its structures. Parastatal leadership should have seen that it has not been able to optimally introduce and implement the project management philosophy by now. Perhaps the lack of components of strategic leadership has contributed to this anomaly. Own experience in these parastatals shows project management being introduced, yet appearing as “dumped” as a philosophy, as not much attention is being given to its development and sustainability. This raises the question of the right leadership that can match the challenges created by this approach.

Having said that, does it matter then to squeal about the organisational structures, lack of understanding, and invisible leadership without taking the bull by the horns and making the best of the philosophy of project management? This brings in the issue of this strategic leadership being present at all levels from a responsibility point of view in order to find amicable ways of executing projects despite the challenges created by the missing strategic leadership element currently perceived to be experienced in project management in parastatals. Without strategic leaders at project level, this will result in project managers not understanding the strategy and linking projects to the strategy, not focusing on strategic intentions of projects, not having the ability to mobilise their teams, and not seeking to get metrics for project success other than the common ones such as time, cost, and scope as described by the PMBOK principles. If these aspects are missing in project leaders, the parastatals will be faced with challenges of translating strategy implementation through project management.

### 2.5.5. PROJECT MANAGEMENT LEADERSHIP

Project leadership requires those individuals who can integrate both organisational and personal objectives and communicate them clearly to team members (Kerzner, 2001; Longman & Mullins, 2004). The appointment of project managers in parastatals is, therefore, crucial, as it has to satisfy affirmative action objectives, organisational strategies, and equity and also deal with the removal of artificial barriers placed by those who want to maintain the status quo. The process of selecting project managers in parastatals needs to be addressed by leadership in order to mitigate the challenges created by satisfying various stakeholders in the appointment criteria.

The behaviour and the relationship of the project manager with the team members and other stakeholders, therefore, encompass participation, delegation, teamwork, trust, responsibility, accountability, and exemplary leadership, which are some of the qualities required to lead projects. Only leadership with authority can achieve this; otherwise, the project manager is left without power to exercise in the management of human resources in the project. The project leadership needs to be consistent with the maturity of the team's formation and project phase in terms of the decisions made by the project manager. Below is a diagram describing the different behavioural relationships required for a project manager in a project. Quadrant one represents a situation where the leader gives instruction; in quadrant two, the project manager makes decisions and explains them to the team members; in quadrant three, brainstorming in the team leads to team decisions; and finally, the team members make their own decisions (Kerzner, 2001), as seen below.

**TABLE 6: RELATIONSHIP BEHAVIOUR**

**HIGH**

| | |
|---|---|
| **S3 = PARTICIPATING**<br>Share ideas and facilities in decision-making | **S2 = SELLING**<br>Explain decisions, and provide opportunity for clarification |
| **S4 = DELEGATING**<br>Turn over responsibilities for decisions and implementation | **S1 = TELLING**<br>Provide specific instructions, and closely supervise performance |

**RELATIONSHIP BEHAVIOUR**

**LOW** **TASK BEHAVIOUR (Guidance)**

**HIGH**

Source: Kerzner (2001, p. 262). Expanded situational leadership model. (Adapted from Harsey, P. (1985). Situational selling. Escondido, Calif.: Centre of Leadership Studies.)

The increase in women in the organisation in pursuit of advancing government policies should be brought into context regarding its effects on project leadership. The similarities and differences in male and female leadership need to be understood in the context of their role in, and effect on, project management. Different styles need to be adopted in project teams in order to complement situational differences that enhance effectiveness and efficiency between the different genders.

An analysis of these gender leadership issues is viewed from this research perspective: men and woman differ in their roles within groups; men represent overall and task leadership; women represent more social leadership; leadership styles vary by gender; women are democratic and participative, while men are autocratic and direct; females and males were rated equally effective (this being a positive outcome, considering the barriers women face and the negative stereotyping of women leaders); men were rated more effective than women when their roles were defined in masculine terms and women more effective when roles were defined in less masculine terms; and finally, men were more effective leaders than females in situations where there were more male leaders and male subordinates, and surprisingly, the same bias did not exist in leadership effectiveness among women (Kreitner & Kinicki, 2001). These results are important for effective management of projects in parastatals, and project management should take into consideration the issues of gender leadership in projects together with the composition of project teams.

The size and myriad of departments in parastatals require leadership that can deal with diverse environments, which Lee-Kelly (2002) defines as situational due to its adaptability to different situations. Appointing project managers to lead teams without giving them authority would be a challenge to the parastatals, as this creates leadership without authority. Summarised, it means that they cannot influence the people they lead when their authority is limited; trust and respect diminish without that authority (Oertig & Buergi, 2006, p. 25).

### 2.5.6. STRATEGIC AND SYSTEMS THINKING IN MANAGING PROJECTS

Strategy is concerned with the direction the company is taking in its future vision and objectives on a short- and long-term basis, how these relate to its environment, and how to achieve them (Lynch, 2000; Singh & Bhandarker, 1990). Systems thinking is the logical and disciplined process of problem solving (Kerzner, 2001). Considering that projects are initiated as part of various tasks that are executed in order to achieve organisational strategies, it is, therefore, important that systems thinking is clearly understood by leadership at both project management level and at top leadership level so that the resulting consistency creates an environment for effectiveness and efficiency by looking at the bigger picture on how strategy and systems thinking connect. Whether this is the way in parastatals remains to be seen.

Large corporations such as parastatals, due to the nature of their design in which they have silos, rigid policies, and government mandate, need to resolve complex management problems that they face. They need systems thinking applied throughout the leadership in order to be effective. It gives leverage on decision-making and prioritisation of problems (Balle & Jones, 1995). The role of systems thinking enhances success in projects, as the analysis is always from a bird's-eye view, giving the opportunity to see the bigger picture. The lack of viewing the relationship of the structure of the organisation, its strategy, the leadership, the project environment, the business environment, the project leadership, and the expertise of resources in a project will hamper all efforts to execute strategies through projects and render them useless. There must be processes that provide the link in order for success to be realised (Cusins, 1994).

Technology, due to its accelerated pace, has increased the complexity of challenges facing parastatals that require strategies to sustain stability as the organisations deal with change. The complexities demand that leaders move out of their cocoon and see the bigger picture of organisational needs as well as the bigger picture brought about by the change through projects, thereby connecting the complex institutions. Strategies and the systems thinking

approach have become a vehicle of organisational transformation. The understanding of the system together with how sub-systems are interwoven makes accountability and responsibility easier to delegate. Engineers are, by their trade, expected to apply systems thinking in their solution of complex problems (Frank, 2002). This could be an advantage for both Eskom and Transnet, for which engineering resources are core to their businesses.

Change brings about fear, as Wheatley (1992) argues: “In a universe that is on a relentless road to death, we live in fear. Perhaps we become so fearful of change because it uses up valuable energy and leaves us only with entropy.” The challenge to parastatals is how prepared employees are for changes that are brought about by projects. Does the fear of the unknown affect them? What strategies are put in place to demystify these fears among employees? This again brings in the point of leadership, as it is required to put in place mechanisms for accepting change as projects are executed. It is important for parastatals to recognise the importance of human beings in an organisation.

If management still use a mechanistic systems approach (Conti, 2006), they are likely to fall far behind progressive ones, as human beings require much more understanding than machines would do. Systems thinking would then be used to support the holistic approach of putting together issues of culture, linking parts of the organisation, the mindset of employees, working environments, and continuous improvement. The linking of strategy, leadership, and strategic components becomes the tool for organising resources for projects.

Strategies that put employees first and recognise their contribution are critical in parastatals. Employees need to be regarded highly and viewed as adding value to the organisation. The self-motivation generated by this empowerment creates a positive drive to support the company’s strategies through successful management of projects. Subscribing to total quality management and merging that with systems thinking will enhance the ability to create well-defined objectives and facilitate the principle of “doing the right thing right first time” (Conti, 2006), which is critical in project execution. While advocating systems thinking, it is not clear whether it is something one can learn or whether it belongs within personalities. The challenge brings back the issue of finding the right individuals to lead in parastatals and projects in order to enhance the link between strategy and projects by having leaders who keep checking these alignment issues in their projects and ensure that metrics for strategic alignment are present for performance measuring.

### 2.5.7. MEASURING PROJECT PERFORMANCE

The concept of measuring performance in projects in parastatals will be discussed in order to find out how this is linked to the current state of evaluation as to what is seen as a successful project in these organisations. A balanced scorecard (BSC) will be used to determine what is deemed a successfully executed project. It will be essential to then understand the meaning of effectiveness and efficiency in relation to project execution and the challenges facing leadership when it encounters this phenomenon.

An analogy that is fascinating when it comes to performance is that which says that unless you keep the score, it is difficult to know whether you are winning or losing (Hatry, 1978). It is within the same context that performance of projects in parastatals should be viewed. Some say that "what cannot be measured cannot be managed". Critical in this debate is to recognise the element of strategy as being measurable and a yardstick to ascertain the success of projects. Performance measuring has become a critical aspect of improving business processes. Leadership has played a crucial role in making this aspect a culture of organisations from performance measurements of tasks, individuals, and the company as a whole. In this research, the performance of individuals, which is normally related to bonuses or rewards, will not be discussed, even though it is the basis for the key performance indicators (KPIs) used for specific departments. The KPIs have become the predefined measurements according to which the determination of performance is evaluated. The essential performance, which is linked to projects, thereby contributing to the overall company, will be discussed. It should be noted, though, that establishing KPIs and executing them is not enough until this becomes entrenched in the organisation as a way of living. It requires strategic leadership to make sure that the performance and its measurement are communicated to the employees until they are embedded as a culture and become part of each business process. What this research will explore is the relevance of strategic leadership on the issues of performance at parastatals in view of the challenges within project performance measurements. Whether leadership walks the talk in terms of making sure performance at project level is measured is the question.

One cannot talk performance without mentioning production, which is the cornerstone of every employee's purpose in being at work. Productivity is defined as the ratio of output to input for a particular activity. The same productivity measurement has been used in the public sector as encompassing efficiency and effectiveness (Hatry, 1978, p. 28). The efficiency and effectiveness will be discussed later. To address this aspect, balanced scorecards (BSCs) have been introduced by top management. The BSCs are merely

reporting mechanisms of the key performance indicators (KPIs), which define the areas of performance that need to be measured against some scores (Bourne, Franco-Santos, Kennerley & Martinez, 2005, pp. 1-6; Wilkes, 2005). This is applicable throughout the organisation from an individual level, codenamed compacts in Eskom, to a company level, which determines whether a parastatal has achieved the shareholder compact KPIs. There is, however, considerable concern about the dysfunctional aspects of performance measurement in the public sector, of which parastatals are part (Pidd, 2005, p. 482). Once the government is the shareholder, it creates a myriad of stakeholders for parastatals, ranging from politicians, to citizens, consumers, suppliers, and the external fraternity. Meeting all their expectations becomes difficult to define as a KPI, as some of the stakeholders have conflicting interests (Pidd, 2005; Rantan, Kulmala, Lönnqvist & Kujansivu, 2007). In the last few years, for example, Eskom's leadership has had to find a balance between charging realistically for its electricity production and adhering to the government's strategic positioning, which (as the shareholder) desires to pretend to cushion the poor people against their worsening economic plight or else lose votes in the 2009 election. Eskom did not raise electricity tariffs until after the elections in which the ANC won, which was in line with the government's strategy.

Considering the results of the Kable Research of March 2005, which summarised government departments, the performance was measured on employee awareness of strategic objectives, department alignment, and communication (Wilkes, 2005) – the KPIs coincidentally match the components of leadership discussed earlier on. This then suggests that leadership has a role in defining performance measurements (KPIs) and making sure that these are aligned to the company strategy, which (from a project perspective) justifies the execution to support the strategy. The challenge then is for leadership to make sure that the project stakeholders understand the benefits brought about by the project and its contribution to the company strategy.

The leadership challenge for parastatals is to find measurements for projects that are consistent and give them what they intend to achieve. It should be noted that stating performance measurements themselves requires a comprehensive understanding of the process, which can be difficult through a poor design and implementation process. It has become apparent that more integrated measurements are required (Neely & Bourne, 2000). While the use of KPIs and the BSCs is common in parastatals, the challenge will be for leadership to have the ability to create value with the process of establishing KPIs and using the information from the BSC reports to continuously improve the business process and performance and have it intrinsically linked to the strategy. If parastatals were using this

approach to project management as a discipline, would they be finding themselves in the current state of project management maturity, and what role has leadership played in contributing to this impasse? It would be interesting to find out where these entities fit in relation to the notion of the 1980s to 1990s where the wrong things were measured, and too much was measured, which seems is still happening now (Neely & Bourne, 2000). The question is whether the parastatals had made use of the information related to performance measurement, as this should address some of the current challenges in projects in these organisations. It requires strategic leadership to consistently measure performance whose basis is strategic fit. The researcher's own experience is that there have been no effective metrics to comprehensively measure project success, since the element of strategic alignment is silent, as there are no metrics for it in the first place.

While deliberating on the issue of performance, it is important to understand the distinction between project and project manager performance, as there is a difference (Bryde, 2001). The leadership in parastatals needs to have this understanding in order not to fall into the trap of measuring the wrong things. It requires vision, ownership, accountability from leaders, and not creating a culture of using the system as part of compliance with requirements (Radnor & McGuire, 2004). It should be noted, too, that performance should be a continuous exercise that seeks to improve performance, including measuring performance, or else it becomes a futile exercise. This is supported by Neely and Bourne (2000, p. 3), who argue: "The whole process of measuring performance is completely wasted unless action is taken on the performance data that are produced." The process without strategic metrics of success is not comprehensive either.

In terms of project management in parastatals, the strategic leadership components become relevant in order to ensure that the concept has metrics to evaluate its performance. The metrics on project performance should be holistic by covering leadership factors, business involvement, support systems available, project manager performance, and strategic metrics in order to enhance their effectiveness. The impact of organisation structures on this should be interrogated as well.

## 2.6. ORGANISATIONAL STRUCTURES

The issues relating to organisational structures, project structures, and maturity have been discussed with their link to the strategic leadership factor. From a process point of view, it becomes important to understand and distinguish the roles played by leadership in delegating authority, responsibility, and accountability in a project. Authority can be

delegated to lower levels, and responsibility is a natural professional obligation, while accountability means being totally accountable for a specific assignment. Accountability becomes the summation of both authority and responsibility, thereby producing the equation accountability = authority + responsibility (Kerzner, 2001, p. 100). The effect of organisational structures, maturity, and the project structures thereof is determined by the adopted organisational structure, as it defines the project management infrastructure. The issues mentioned above have a direct relationship to the selection of the project manager, the team members, and the environment created for the execution. This, in turn, has a bearing on the success of the project, depending on what is defined in the balanced scorecard by the leadership of the organisation. It is, therefore, important to have strategic leaders who will provide direction and design the organisation for project fit and benefit.

Organisational structures, which are typically designed by the leadership, play a role in creating an appropriate atmosphere for the project management philosophy to prevail. A look at the way in which parastatals are structured shows a very strong bias towards hierarchy and silos. This, unfortunately, points to what are termed traditional structures, which are not ideal for managing projects. There are five general indications that support this statement, according to Kerzner (2001, p. 97), citing Grinnel and Apple. These are:

1. Management is satisfied with its technical skills, but projects are not meeting time, cost, and other project requirements.
2. There is high commitment to getting project work done, but great fluctuations in how well performance specifications are met.
3. Highly talented specialists involved in the project feel exploited and misused.
4. Particular technical groups or individuals constantly blame one another for failure to meet specifications or delivery dates.
5. Projects are on time and to specifications, but groups and individuals are not satisfied with the achievements.

It is, therefore, important to structure organisations to meet environmental and external demands and, in particular, project management. This has to be in sync with the understanding of how these structures define roles and responsibilities in parastatals in view of delegated authority in these hierarchical organisations. This, in turn, helps define responsibilities of individuals and accountability for project deliverables. Ideally, one would like to use Kerzner's (2001, p. 100) definition, which is as follows:

> *Authority* is the power granted to individuals (possibly by their position) so that they can make final decisions for others to follow.

*Responsibility* is the obligation incurred by individuals in their roles in the formal organisation in order to effectively perform assignments.
*Accountability* is the state of being totally answerable for the satisfactory completion of an assignment.

In the researcher's personal experience, delegation of authority is inconsistently applied in parastatals, with some divisions formally delegating, while in others individuals assume the authority by the kind of tasks they need to do. It becomes a case of "get the job done". Whether leadership at parastatals has been able to exercise this delegation in its rigid hierarchical structure remains to be seen through this research. The tendency is to keep the power vested in a few individuals. The government objectives that manifest themselves through the compacts of parastatals become part of the challenges the leadership has to face as it tries to create a balance between meeting the shareholders' expectations and the reality presented by the formation of these organisations that are bureaucratic in nature, have rigid structures, and operate in divisional silos as if competing against one another, yet aiming to achieve the same objective for the shareholders. The question is whether the leadership creates the environment in which it can manage expectations from projects effectively in order to achieve strategic objectives. In order for a win-win situation to prevail, structures must be right, as Covey (1989, p. 223) argues:

In the Win/Win agreement, the following five elements are made very explicitly:
*Desired results* (not methods) identify what is to be done and when.
*Guidelines* specify the parameters (principle, policies, etc.) within which results are to be accomplished.
*Resources* identify the human, financial, technical, or organisational support available to help accomplish results.
*Accountability* sets up the standards of performance and the time of evaluation.
*Consequences* specify – good and bad, natural logic – what does and will happen as a result of the evaluation.

The strategic leader in parastatals could have observed the difficulties experienced by those at the operational level due to the pain resulting from executing projects in hierarchical and silo environments. Why it has taken so long to get a remedy of structuring the parastatals to suit the strategy of managing through projects is a mystery that can only be related to the poor understanding of project management process requirements and lack of strategic leadership in the organisations together with the lack of the will to adapt. If one looks at the strategic leadership components, it is clear that the elements of flexibility and changing the

organisational structure to suit strategy and processes are not practised; hence, the challenges on projects in parastatals have become a reality.

### 2.6.1. PARASTATAL STRUCTURES AND THEIR EFFECT ON PROJECTS

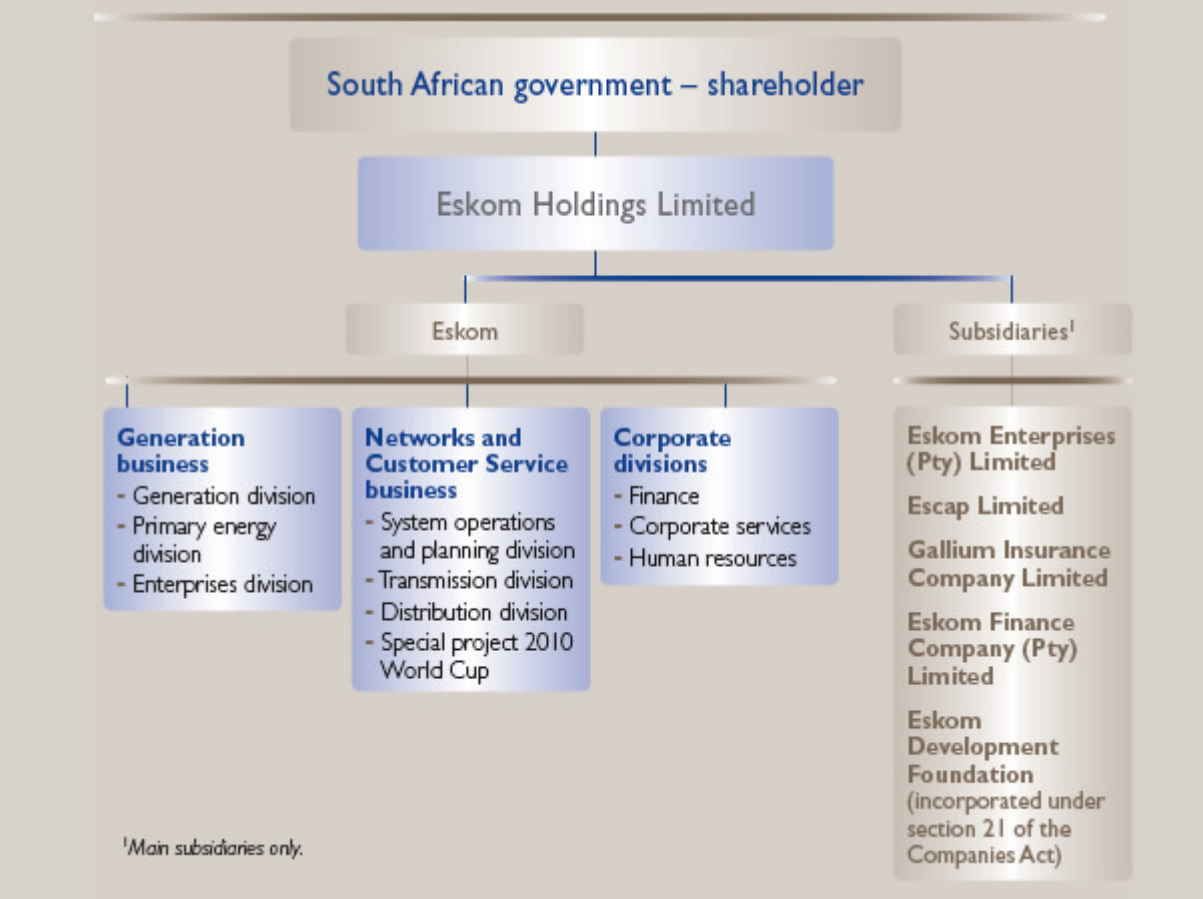
The two parastatal structures are led by a Group Chief Executive for Transnet and a Chief Executive for Eskom, both of whom report to the board. The structures below them are headed by Chief Executive Officers (CEOs) and Managing Directors (MDs), respectively. The structures depict a functional and divisional focus, which is typical of traditional structures. Interestingly, the structures do not even attempt to show the connection within the organisation. The value chain at divisional level is left for people to guess, while the picture shows consolidated silos.

**FIGURE 9: TRANSNET LIMITED GROUP STRUCTURE**

| | |
|---|---|
| TRANSNET freight rail | Transnet Freight Rail (TFR) is focused on transporting bulk and containerised freight. During the current financial year, the division transported 179.9 million tons of freight for export and domestic customers. Its business lines comprise the coal and iron ore export channels and the general freight business. |
| TRANSNET rail engineering | Transnet Rail Engineering (TRE) consists of eight product-focused business units, which provide services ranging from refurbishment, conversion, and upgrades, to the manufacturing of rail-related rolling stock mainly for the South African Rail Commuter Corporation. While this division has focused on supporting TFR, it is now also growing its external revenue. |
| TRANSNET national ports authority | Transnet National Ports Authority (TNPA) is responsible for the safe, efficient, and effective economic functioning of the national ports system, which it manages in a landlord capacity. TNPA is also a provider of port infrastructure and marine services at all seven commercial ports in South Africa. The eighth port, and the newest, is the Port of Ngqura, which will be operational in 2009. |
| TRANSNET port terminals | Transnet Port Terminals (TPT) manages 15 cargo terminal operations situated across six South African ports. It provides cargo handling services for container, dry-bulk, break-bulk, and automotive cargoes. TPT is gearing itself to operate the Port of Ngqura when the container terminal is commissioned in 2009. |
| TRANSNET pipelines | Transnet Pipelines (TPL) transports a range of petroleum products and gas though 3 000 km of underground pipelines traversing five provinces. This excludes the New Multi-Product Pipeline (NMPP), which is due for completion in 2010. |

Source: Transnet Limited Annual Report 2008.

**FIGURE 10: ESKOM ORGANISATIONAL STRUCTURE**




Source: Eskom Holdings Limited Annual Report 2008.

This research will not go into details of the divisional structures, but it should be understood that they define the line of business by grouping people with certain expertise who produce a certain product or service (Jones et al., 2000; Lewis, Goodman & Fandt, 2004). The point the researcher will be dwelling on is the issue of what these structures mean for project execution in terms of their appropriateness to enhance effectiveness and efficiency if the element of the strategic value chain is missing. It is clear that the structures are silos in design and require some level of a bird's-eye view to understand their relationship in terms of the value chain among the divisions. The assumption is that all projects in the different divisions serve the same corporate strategy. The issue then is to find out whether the projects executed operationally address the same strategy. If so, what mechanisms are there to justify alignment to strategy? What mechanisms are there to keep the divisions from competing against one another at the expense of strategic objectives? Perhaps further research could be initiated to establish the feasibility of working cooperatively when the KPIs on strategic metrics are not the same in these different divisions.

The issue of how projects prevail in functional departments or divisions needs to be addressed in relation to the fragmented approach to executing a project. The fact that a task can be well done in a specific function means nothing if that is not integrated with the whole delivery. As was mentioned earlier in the description of parastatals, they are traditionally structured; fragmentation is embedded in this structure (Anumba, Baugh & Khalfan, 2002, p. 262). It requires leadership to create structures that put together the fragmented parts and provide a cohesive unit to support the value chain. While current leadership of these organisations has inherited the hierarchical structures, there is no evidence that there has been a practical change in structures to accommodate project management, which it seems to have adopted as a way of managing. These challenges bring us back to the issue of leadership in relation to the integrated view of business; authority, that is, effectiveness and efficiency, cannot be achieved without changing the structures to suit the demands of the project.

The issue of authority is critical in the sense that, in a project environment, it can cause failure if not natured correctly. As communication and information are critical, authority needs to be at a level where it can counter the bureaucracy and distorted information. The information needs to cut across the levels, and so should authority. The project environment requires a horizontal or flat structure in order for projects to thrive. This allows the project manager to be accountable for the project. This thinking is supported by Jones et al. (2000, p. 295), who argue: “If managers at higher levels give lower level employees the responsibility to make important decisions and only manage exceptions, then the problems of slow and distorted communication noted previously are kept to the minimum.” This is what suits project managers because they manage experts who take decisions on their tasks. The challenge is to see parastatals allowing the decentralisation of authority, which would then suit the project environment. The current structures will see project managers’ authority being undermined per se, ignorantly so or because the structures promote that. The question then is what leadership has done to create the right structures that enhance successful project management.

Due to these structures, the researcher’s own experience is finding senior people questioning whether resources in projects work in matrix. An example of such comments is the comments made by a department head whose resources work on projects from time to time. “If it is **matrix reporting** you seek to implement, then let’s explore that, discuss and agree on how to implement it.” To have senior people still not understanding the concept of the matrix in 2009 in a project is rather a concern, considering that the organisation has been managing through projects for more than 20 years now. The notion of scepticism of the

project manager is linked to the way the organisation functions, and this is supported by Paton, Hodgson, and Cicmil (2010, p. 164) who argue:

> The levels of scepticism encountered by project managers across sectors undermine the confidence of those who assume the status of "project manager", exacerbated and reinforced by the lack of authority and legitimacy of the role. In particular, the research highlights that this role is typically compromised by structural and cultural aspects of the organisational and industrial context, the credibility of project management and the authority, resourcing and autonomy afforded to those taking up this role.

The findings above, while accurately describing the author's experience in parastatals, require strategic leadership to understand the impact of the organisational structures on the project managers' effectiveness and to create the right culture once a position has been taken to manage through projects. It is clear that organisational structures and, in particular, South African parastatals are, indeed, an obstacle to the optimum functionality of a project manager, hence affecting the effectiveness of project execution.

## 2.7. EFFECTIVENESS

The aspect of effectiveness will be discussed in the context of what it means in parastatal business, in general, and in the project environment, in particular. The concept of leadership's role in allowing effectiveness in project execution will be evaluated in view of the parastatal environment. The subject of effectiveness has various definitions. This research will seek to use the understanding that may be deemed common, such as seeking value from performance.

Effectiveness, just like efficiency, is a driving force that exists in conjunction with other forces in order to endure the rigours of growth. It encompasses credibility (which requires sound decision-making), priority (which entails motivating the benefits of a project), accessibility (which seeks to have an open line of communication with top management), and visibility (meaning being visible at appropriate times) (Kerzner, 2001). On the same subject, Bennis and Nanus (1985, p. 21) argue that "effectiveness is an activity of vision and judgement". Hatry (1978, p. 28) argues: "Effectiveness indicates the amount of end product, the real service to the public that the government is providing." In the context of Eskom and Transnet, the two organisations should show their service to the public as much as the core government departments. The challenge comes when effectiveness is found wanting in the process and is missing in the execution of projects, as this is the way tasks are executed. If

the projects have no metric for effectiveness, then it is of no value to consider providing good service. Projects implement change, and change implies questioning current processes and practices (Gold, 1998). It is of paramount importance to recognise the need for effectiveness in project execution for the benefits to be realised fully. One would like to believe that this entails benefits that are aligned to strategic objectives. If there is no benefit realisation programme in the organisation, it means that the effectiveness may be defective.

Effectiveness will be measured on how the country perceives these two parastatals in the way they provide their service and whether they meet the demand of the public and the shareholder compacts. It will be left to this research to find out what challenges leadership faces in these organisations as projects are executed. Leadership can achieve this by placing metrics for what is deemed effective project execution, which would be related to effective implementation of strategy. If the metrics of project success are not linked to strategic benchmarks and benefit realisation, the parastatals will continue underachieving using this philosophy of management; yet it has room for success if implemented and executed with explicit metrics for success that are holistic in nature. The alternative is that the parastatals may rest on their laurels, thinking that they are doing well; yet it could be a case of doing the wrong thing well, particularly if it has no link to alignment and with no metrics for strategic objectives to measure against.

**2.8. EFFICIENCY**

Efficiency has a very close relationship with effectiveness, as they are both forces of continuous improvement and growth. It has definitions that vary as much, too. Hatry (1978, p. 28) argues: “Efficiency indicates the extent to which the government produces a given output with the least possible use of resources.” Bennis and Nanus (1985, p. 21) argue that “Efficiency is an activity of mastering routine”. Neely and Bourne (2000, p. 3) argue: “The efficiency issue is associated with simplicity and automation.” It would be interesting to note whether leadership at parastatals buys project management tools and methodologies, hoping these will bring efficiency. An interesting definition is that by McLean (2005, p. 13), who argues for “Efficiency as a ratio of the output and input”. Interestingly, this definition is closely related to the one on productivity, where Hatry (1978, p. 28) argues: “Productivity is most often defined as the ratio of output to input of a particular activity.” It is clear from the definitions that effectiveness and efficiency result in productivity and that the two are intertwined.

Leadership in parastatals now has a challenge of allowing efficiency to prevail. In the same context, efficiency needs to be seen to be prevalent in the execution of projects. At this level, some leadership is required to make it achievable. If one looks at the project environment, the question is whether there are efficiency and effectiveness in the execution of projects. If not, does it mean then that there is less productivity? Nonetheless, the issue is for efficiency to be appropriate, meaning that it is achieved through addressing strategic objectives through projects. The aspect of productivity in parastatals will have to be associated with processes that have strategic alignment embedded in the daily tasks of executing projects. What is fundamental in this research is to find out what challenges leadership faces when creating effectiveness and efficiency around projects, which, in turn, facilitates the increase in productivity and success in project execution. It is clear from these concepts that a holistic approach in implementing project management in parastatals is required. The leadership factor in making sure efficiency is consistent is required. The research will reveal whether the integrated relationships were thought of in the first place before embarking on managing through projects and what role leadership at the top and project level has played thus far.

As the literature has proved, theories on the leadership required for projects are not cast in stone due to the complexity of the subject. It remains a challenge, though, for parastatal leadership to address the concerns regarding the project management discipline. It should also be noted that the loose application of theories of management and leadership to the concept of project management is immature. The literature shows that while the concept of project management has been adopted, the application of concepts and theories that were developed without referring to the complexity of managing through projects will remain a challenge, especially if the processes are developed outside the confines of strategic fit and measured throughout the phases of projects. At every project meeting, the issue of strategic alignment should be checked and corrected, and each project member should understand the purpose of the project in terms of its intent on supporting the company strategy.

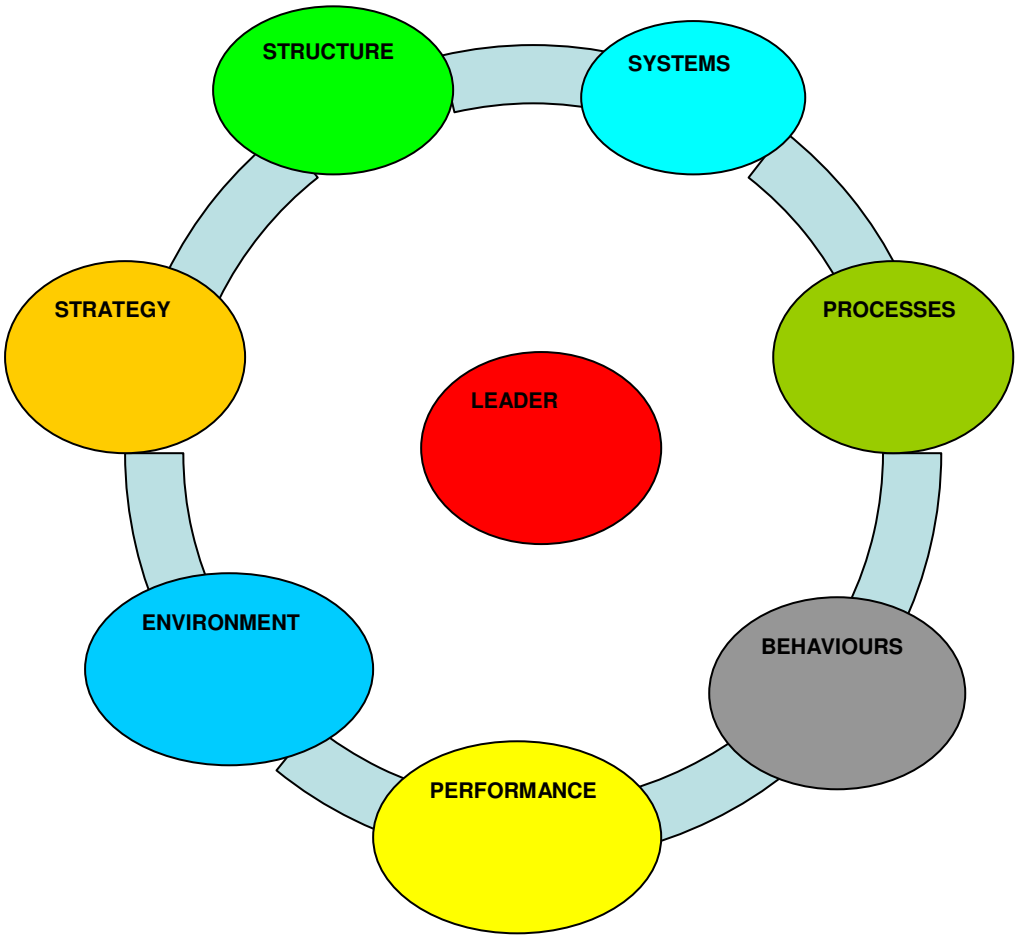
Defining leadership can no longer be narrowly used as simply to influence others to accomplish goals, but must be used to holistically seek to establish what relationships in a company contribute to what can be perceived as appropriate leadership through its ability to deal with complex situations that prevail in a modern environment. As such, just as it requires certain characteristics to be a leader in an organisation, it is equally so for a project environment that has become complex due to the lack of common understanding of the role of the project manager and the problem of distinguishing between managers and leaders and how these complement each other if the qualities reside in one individual. Equally important are the project tools in place to facilitate efficiency of the project management.

More than just theorising leadership, this determination may no longer be applicable, as Stumpf (1995, p. 41) argues:

> Leadership would no longer be defined as influencing others to accomplish specific goals, but as a process in which it is more valuable and important to explore and move towards something than to accomplish it. Leadership involves creating and sustaining fields of energy in which relationships grow, develop, and become increasingly purposeful, dynamic and effective. Excitement and energy come from anticipations and wonderment about the next round of events. Organisations will continue, no doubt, to measure things that have passed. The leaders should be guided by the excitement of the future more than by the past accomplishments.

The strategic leadership components need to be present in order to ensure that what is routine in terms of how project management execution happens in parastatals is, in fact, progressive for the project management philosophy to be effective. This needs to be evaluated against the metrics set for efficiency and continuous improvement. In order for efficiency to be related to mastering effective routine, the processes need to be checked against the achievements of the projects and organisational effectiveness in terms of implementing strategies through projects. The interrelationship of strategic leadership with other business facets is to have relationships as depicted below, in which the leader is represented by a red button. This allows projects to be viewed in relation to the whole business engine. The relationship as depicted in Singh and Bhandarker, without the red circle in the picture, shows connection in one dimension. The picture could be more relevant with all points connected to the red button that has been inserted by the researcher to emphasise the leadership factor, showing a leader in the midst of all the challenges to be thought about for success at project level. This is a system with interrelationships evolving from strategy and executed by all stakeholders in a project.

**FIGURE 11: TRANSFORMATIONAL LEADERSHIP RELATIONSHIPS**




Source: Singh and Bhandarker (1990, p. 7).

Within projects, there are management skills, namely, planning, control, organising, and motivating, which are required for administrative activities (Murphy, 2000). In project leadership, skills to harness the different human resources and motivate them to perform are required. While they are recognised as essential, they are not comprehensive to deal with the fast pace and higher standards set by the modern world. Without the strategic leadership components as the framework for parastatals, the link between strategy and projects will remain a challenge. As the leadership components have been discussed and their relationship to project management shown, it is relevant to depict the researcher's conceptualisation of the strategic leadership issue and project management by presenting this concept of strategic leadership and other existing facets of an organisation. The challenge is for the leadership of parastatals to understand this relationship in order to apply it in project execution so as to explicitly realise that there needs to be a link between strategy

and projects; otherwise, projects become a waste of money. The theoretical relationship is summarised below.

**FIGURE 12: THEORETICAL RELATIONSHIPS**




The concept of linking strategy, structure, environment, processes, systems, behaviours, and performance in business is reflected below. The strategies can effectively be executed in an appropriate environment created for them by the organisation. Both leadership and employees need to possess the correct mindset and vision. The technology needs to enable the business processes and forms of systems. It should be noted that methodologies that are not linked to the business process will not solve the problems. This intertwined relationship yields results when everybody pulls in the same direction, from leadership down to the lowest level of employees, as projects are executed. Motivated employees will enhance the success of projects through their understanding of the link to strategy, while

being led by appropriate strategic leaders both at the top and in projects in order for the link to be realised.

## 2.9. THEORY AND STRATEGIC LEADERSHIP

The focus of attention turns to strategic leadership due to the perceived problem of the lack of it in parastatals, hence the desire to find the impact of its absence and see whether one can confirm the accuracy of these findings after conducting interviews. Contextualising leadership in this study is through relating it to the connection of theories of leadership to strategic leadership as previous authors have already done in the literature. The findings that leadership is letting go and understanding emergent strategy would help in ensuring that projects are, indeed, aligned to strategy. The need for marketing would keep the employees stimulated by the new project and keep them excited, while punting on the benefits. The learning paradigm is to create a culture of ownership among employees, as one cannot learn for someone else. Leadership of, as well as leadership in, gives another dimension of leadership that suggests that one does not have to be a senior manager to be a leader. In the context of this research, these descriptions fit the attributes of strategic leaders, which, in turn, highlight the need for strategic thinking in leadership, which gives a bird's-eye view of the organisation and understanding of how projects align to strategy (Bowerman, 2003). These findings are the essence of this research, which intends to find out the impact on projects of the perceived absence of strategic leaders in parastatals.

One dimension of producing leadership required for organisations is through leadership development. This is viewed as creating competent leadership for organisations while using coaching and working with peers in coaching meetings (Ladyshewsky, 2007). The weakness in this theory is the lack of the role of individual characteristics and the environment in which this is executed. What if the competence metric is not right and the organisation grooms an individual using the wrong metrics? Compounding this is the way an organisation may position itself independent of best practice, including lack of comparison with similar competitors. This could lead to boasting of success in creating leadership whose credentials may be unacceptable anywhere else. This leadership theory fails to address how the strategic leader can be developed through its design, which does not help this research in terms of the perception of lack of strategic leadership at parastatals.

The leadership that seeks to ask questions such as "Where are we now?" gives the understanding of the current circumstances and situation. "Where to next?" helps put a vision in place. "How will we get there?" gives the implementation plan. "How will we know

when we get there?" checks the success against metrics defined earlier in the process (Eacott, 2010). This is typically what others have argued as attributes of a strategic leader because they put a vision in place, plan the implementation plan and metrics for success, and check whether those metrics are achieved, which is what is required if one is executing a project, as projects require measurements against alignment and, specifically, against strategy. Vision, focus, and implementing, which contribute to the bottom line (Neumann & Neumann, 1999), are seen as constituting a strategic leader, as following these steps will compel reverting to the vision and strategy when executing projects in order to verify alignment during execution.

While on the subject of leadership, as part of distinguishing the difference between supervisory and strategic leadership by Narayanan and Zane (2009) documented here, the focus is on strategic leadership as a theory and its implications for this study. The argument they present is that strategic leadership as defined gives challenges around the drawing of the line between the strategic leader and the supervisory leader who, to some extent, do the same in promoting strategy, the difference being that the strategic leader gives direction, but is not closer to the employees, as is the supervisor. This makes sense; however, it means that this research cannot be conclusive until some definition that is agreed on by all scholars is in place. What compounds this is viewing leadership through a male lens, which defeats the whole purpose of the equity agenda pushed by parastatals, making it a mockery. Perhaps theorising strategic leadership could be the answer to the challenge of a common way of describing a strategic leader. Some generic elements will be used in the conclusions of this research. The synergistic leadership theory, which is positioned in postmodernism, looks at the female interests in its construction of the theory when looking at the attributes such as leadership behaviour, organisational structure, attitudes, beliefs, and values, and external forces (Irby, Brown, Duffy & Trautman, 2002). The context of gender issues in the discussion is important for the parastatals as they try to close the equity gap in their recruitment of leaders and project resources.

If the shortage of skills forces parastatals to recruit from overseas, as has been done in Eskom, the leadership role in execution of projects would be affected if one takes into account the implicit leadership theory, which says that different nationalities and ethnic backgrounds play a role in relationships between leaders and subordinates, since interpretations of leader expectations are quite different, as Subramaniam, Othman, and Sambasivan, 2010 argue:

> It is important to counsel leaders, particularly when leading followers from a

> different culture, to be mindful that they are sometimes perceived and assessed using different cognitive lenses than they are accustomed to in their country of origin. Their effectiveness in leading host country superiors is affected by their ability to understand the role of leadership as seen from the point of view of their followers. Pre-departure briefing for expatriate superiors needs to incorporate this awareness in the program. Leadership training for expatriate superiors needs to recognize that host country nationals may have a different expectation of them.

It is particularly important, especially in a project environment, to have strong relationships between leader and subordinates. When a harmonious understanding prevails, there is less conflict of roles, and naturally the focus becomes one of making the best of every task an individual is performing due to motivation among the team. It is, therefore, imperative that the preparation for leadership within parastatals in the context of the shortage of skills and hiring international labour is taken seriously, as it has a huge impact on projects. The presence of tension between Eskom's permanent employees and the consulting house workers at the Medupi and Kusile Power Stations is testimony to the implicit leadership theory.

The question for this research is the impact of this theory in relation to the skills shortage and the consequences for projects should expatriates end up managing particularly critical projects. Huge budgets are involved, such as the new power stations and return-to-service projects in Eskom and capital projects in Transnet. The impact could be catastrophic if not properly addressed, as could the effect of such resources on the desire to ensure alignment of projects to strategy. It could be fatal if these leaders pay attention to their relationships with resources in their projects while ignoring the focus on meeting strategic objectives.

## 2.10. STRATEGIC LEADERSHIP AS A THEORETICAL FRAMEWORK

The research has focused on the strategic leadership concept as its theoretical framework. To understand this, the unpacking of strategic leadership will help. Strategic leadership is leadership that has vision and influence, focuses on its people, implements the vision, has integrity, stretches employees for high performance, is an agent of change, and keeps focused on the objectives (Neuman & Neuman, 1999; Appelbaum, St-Pierre & Glavas, 1998; Beerel, 1997; Taylor-Bianco & Schermerhorn, 2006; Miller, 2006; Marzec, 2007). The execution of the strategy is seen as a responsibility of the senior leadership function. This thinking is supported by Davies (2000, p. 26), who argues: "Whereas policy is a legislative

function, strategy is an executive function. The responsibility for formulating and implementing a corporation's strategies rests, therefore, with a company's senior management, under the leadership of the chief executive officer." The strategic leaders must have the following: they must have a vision to change the current status depending on internal and environmental factors; they must be change agents in making sure that the strategy is implemented by developing, mobilising, and motivating people who understand the vision; the leaders should be flexible and be able to change the organisational structures to accommodate new strategic requirements; they should measure performance in order to exceed customer and shareholder expectations; they must have the integrity through their practices and controls for governance; and finally, they must be focused on the strategic objectives of the organisation.

The strategic components mentioned have been used for discussing how they affect the following concepts in this research, namely, project management principles, organisational structures, leadership in projects, performance, effectiveness, and efficiency. The rest of the discussion has unpacked the key concepts in this research and identified the relationships among these concepts (Badenhorst, 2007, p. 21). The researcher has proven how the concepts of leadership, project management, organisational structure, and the strategic leadership factor are linked and relate to one another and, in particular, the contribution strategic leadership makes to the successful, effective, and efficient execution of projects. With this in mind, one would like this understanding to be the basis for companies to embed this relationship in their project execution. As it is now, parastatals are still functionally structured. This means that leadership has to think more about integration, as the business processes are related through a value chain with or without silos with the sole purpose of satisfying the strategic objectives through project execution.

## 2.11. CONCLUSION

While the concepts of this research have been explored, it is important to understand that the road to be travelled in this research has been cleared and that there is the hope to journey with the reader in understanding the challenges parastatal employees at project level together with the leadership currently face in the project management discipline. It is clear that taking project management as some form of "buzzword", if I may use the term, to be loosely used in isolation, will exacerbate the challenges. There is a need for the vision of project management to be translated into reality (Bennis & Nanus, 1985) if parastatals are to reap the benefits of managing through projects.

All stakeholders need to have a comprehensive understanding of all facets contributing to projects and the purpose of projects through the vision of the organisation. A culture of taking the project management discipline seriously and evaluating how much maturity has been realised in all the years the project management concept has been applied needs to start. Without measuring effectiveness and efficiency of the concept and its implementation if comprehensive assessments reflecting the bigger scheme of things are used, project management philosophy and the role leadership plays in achieving success will only lead to superficial implementations and executions that do not add value.

The importance of strategic leadership throughout the different levels and at project level becomes the basis for dealing with challenges currently faced by the absent link between strategy and executed projects in state-owned enterprises. Strategic vision, processes of the organisation, leadership, culture, organisational structures, change management, and having a project environment complemented by the right skills all contribute to the success of creating the link between strategy and projects during the selection of projects and their execution. The element of change management in view of the role of projects in producing new ways of doing things needs to be taken seriously to allow it to dictate the speed at which changes are brought about.

The leadership has to be present throughout the execution and remove all obstacles faced by the project manager. While it has been noted that there is still some confusion around the terms “leader” and “manager”, they complement each other in project execution, and until such time as ideal leadership for project management is defined, the present generation has to live with the best of what academics and scholars have put forward in their arguments. The gap in the linking of projects to strategy should be guided by the relationship between leadership, project leadership, management, human resources, and organisational structures. These need to be set up in such a way that they support project execution in order for the benefits of projects to be realised in terms of strategic alignment.

In conclusion, the research highlights numerous debates and critique that emanate from the literature review. The debate on the development and implementation of a company strategy has not been conclusive, as it is not generic enough to be a one-size-fits-all. There is no agreed strategic model to be used as a framework, and compounding this is the inability of top management to communicate strategy comprehensively to the employees. Following is the issue around processes that are documented and have no linkage to strategy and its implementation. The processes are left to function as an operational guide; yet the strategic link is absent. Project management is a new philosophy, which is currently under scrutiny for

its failure to have a theory, thereby making it vague to its users and open to numerous interpretations. This has resulted in the subject being talked about, with no clear authorities defining it through proven theory. The issue around leadership has been another debate, with various opinions and no firm agreement, with descriptions of transactional and transformational leadership debate, as well as dealing with various theories around the leadership concept. These debates have not come up with metrics for leadership, leaving a trail of debates that are inconclusive and not contained. Compounding this is the societal nature of definitions that are male gender-biased as well as the psychological nature of leadership, which adds to the complexity. The theories of leadership have not helped, as they are developed through a male mindset, with no representation of female perspectives. The debate on management and leadership comes into play, with the appropriateness of each extremely difficult to separate due to the interwoven relationships between the two, to the extent that both become a perquisite for any leader. Performance also comes into the mix, with authors touching on balanced scorecards (BSCs), key performance areas (KPAs), and key performance indicators (KPIs). The weakness around these models is the lack of understanding and implementation that results in disputes due to different interpretations. This has not helped the cause of ensuring that performance is, indeed, embedded in the organisations. Organisational structures are debated, resulting in many formats that fit some or other design of a company. There is no specific format of a structure that suits all or is flexible enough to accommodate strategic changes. This has an impact even on the issue around project management, which has not been able to find an appropriate structure for it to be sustainable in implementation and execution. The articulation of these debates and the critique that followed leave one with the hope that, through this research whose methodology will be unpacked in the next chapter, some knowledge will be obtained for adoption as well as further interrogation by other researchers.

The researcher will now describe the way this research will be undertaken in order to find those factors that have an impact on project execution in these two important state enterprises whose effectiveness and efficiency have a long way to go to dictate the development and success of the South African economy.

# CHAPTER 3

# 3. THE RESEARCH METHODOLOGY

## 3.1. ROLE OF METHODOLOGY IN RESEARCH

A methodology is used to provide a framework that provides guidance about all components of the investigation. This gives the researcher a framework for organising logistics and procedures to be followed. It makes the reader understand the researcher's perspective and his/her logic. It seeks to provide control as to the way the inquiry will be undertaken (Creswell, 2003; Kumar, 2005). The methodology is a guide to context, explaining relationships, evaluating the information and its validity, and helping develop theories, strategies, or actions required to address the problem (Ritchie & Lewis, 2003; De Vos, Schurink & Strydom, 1998). The methodology will help show the link to the theoretical framework that informs this research.

### 3.1.1. CONVENTIONAL RESEARCH METHODS

There are two conventional methods of approach to research, namely, qualitative and quantitative. These differ significantly, depending on the way one intends to generate knowledge through the type of inquiry undertaken. A qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives or participatory ones, or both. The key to understanding qualitative research lies in the saying that meaning is socially constructed by individuals as they interpret the world in which they live (Merriam, 2002; Schurink, 1998). In the quantitative approach, the researcher uses post-positivist claims for developing knowledge, using experiments and surveys to produce data that is eventually used to test a hypothesis (Creswell, 2003; Schurink, 1998). The characteristics of each approach are explained in the table below.

**TABLE 7: DIFFERENCES BETWEEN QUALITATIVE AND QUANTITATIVE RESEARCH**

| **Quantitative** | **Qualitative** |
|---|---|
| Objective | Subjective |
| Research questions: How many? Strength of association? | Research questions: What? Why? |
| "Hard" science | "Soft" science |
| Literature review must be done early in study | Literature review may be done as study progresses or afterwards |
| Tests theory | Develops theory |
| One reality: focus is concise and narrow | Multiple realities: focus is complex and broad |
| Facts are value-free and unbiased | Facts are value-laden and biased |
| Reduction, control, precision | Discovery, description, understanding, shared interpretation |
| Measurable | Interpretive |
| Mechanistic: parts equal the whole | Organismic: whole is greater than the parts |
| Reports statistical analysis<br><br>Basic element of analysis is numbers | Reports rich narrative, individual; interpretation<br><br>Basic element of analysis is words/ideas |
| Researcher is separate | Researcher is part of process |
| Subjects | Participants |
| Context-free | Context-dependent |
| Hypothesis | Research questions |
| Reasoning is logical and deductive | Reasoning is dialectic and inductive |
| Establishes relationships, causation | Describes meaning, discovery |
| Uses instruments | Uses communications and observation |
| Strives for generalisation<br><br>Generalisations leading to prediction, explanation, and understanding | Strives for uniqueness<br><br>Patterns and theories developed for understanding |
| Highly controlled setting: experimental setting (outcome-oriented) | Flexible approach: natural setting (process-oriented) |

| | |
|---|---|
| Sample size: n | Sample size is not a concern; seeks "informal rich" sample |
| "Counts the beans" | Provides information as to "which beans are worth counting" |

Source: Sanghera, B. (2009).

The choice of going the route of a qualitative approach in the context of this research gives the opportunity to obtain answers that are free from subjectivity and allows the researcher to comprehend the responses by probing follow-up questions, as he/she is part of the research process and is not estranged by merely seeking answers from respondents. The individual context and setting are paramount for this kind of research, as the conditions of the respondents are taken into consideration, including the confidential and secretive nature in which in-depth interviews are conducted, thereby giving respondents the confidence to state their opinion without fear. The information is gathered through the natural setting of respondents, making it rich. The qualitative approach allows for patterns to be created and develops theory that will help the research in establishing any similarities in the way parastatal projects are executed as well as allowing for an understanding of the factors that impede project execution in these organisations from the perspective of the respondents. This method is rich in that it gives reactions and statements and tells the researcher what he/she is looking for as opposed to just getting numbers.

In view of this research, which seeks to get the context from respondents and get their own views about the circumstances surrounding them, the qualitative method will be adopted. This view is supported by Ritchie and Lewis (2003, p. 3), who argue: "In particular, there is a fairly wide consensus that qualitative research is a naturalistic, interpretative approach concerned with understanding the meanings which people attach to phenomena (actions, decisions, beliefs, values, etc.) within their social worlds." This research will use the qualitative approach alone, as it is more focused on understanding context and deals with a subject that is vaguely understood, sensitive issues, and a deeply rooted parastatal culture and requires a specific group of people that has been passionately involved in projects (Ritchie & Lewis, 2003).

## 3.2. IMPORTANCE OF THIS RESEARCH

This research is important, as it seeks to understand the parastatal environment that is beset with politics and a culture perceived to lack desire as far as leadership is concerned around the issues of project management and its execution. While some research has been done around some facets to be discussed, there has not been research that deals with a comprehensive link in project management in terms of the factors around leadership that impede its successful implementation. Understanding this environment requires getting the context from those who reside in it. Once the context is understood and data has been collected, it will help find the theory that can help solve the leadership challenges currently prevailing in these organisations as they try to improve on performance, create a culture of working hard, and are in a position to deal with challenges brought about by transformation, parastatal culture, technology, globalisation, and project management. The assumption that these problems exist in parastatals requires some research to be conducted in order to qualify the assumptions and then come up with solutions to the perceived challenges. The understanding of the social theory of parastatals will provide the context for readers to fully interpret the evidence generated through the interviews (Ritchie & Lewis, 2003).

A leadership element and an understanding of project management in organisations are virtually absent from the debate regarding challenges and failures of projects in organisations, let alone in transforming ones such as the parastatals in South Africa. This research is undertaken with the desire to find the missing link between projects and strategic objectives and also the effect the leadership component has on project execution. The intention is to investigate the role of leadership in the situation of project execution to find the missing link with strategy and to narrow it down to operational components at project level. This research intends to form theoretical grounds to show the gap that currently exists in organisations in terms of strategic leadership, organisational structures, and project management and its implementation. Hopefully, the research will overhaul the way the concept of project management is implemented in parastatals and will indicate the link with the role of strategic leadership in a project situation. This will be done with the aim of enhancing effective and efficient project management in parastatals in view of the historical purpose of their establishment, their transformation, and rapid technological development.

### 3.2.1. SCOPE OF THE RESEARCH

Two South African companies, Eskom and Transnet, were chosen because of their being parastatals. The two cases may replicate, thereby allowing support for the theoretical sampling to be used for this research (Eisenhardt, 1989, p. 537). Through these interviews,

one would want to reach saturation point in the interview process and cap the number of interviews to be conducted as a result of the saturation. It should be noted, though, that this approach is subjective, as it is not a decision based on scientific evidence (Kumar, 2005). However, there will be no point in continuing with interviews if the results become common. As a general rule, it is appropriate that sample size will be guided by similar stories, themes, and topics emerging from interviewees, meaning that a sufficient sample has been reached (Boyce & Neale, 2006). The scope is restricted to project management environments that cover both information technology or systems and engineering-related projects. The cases of project execution from both Eskom and Transnet are used to showcase how projects are executed in these parastatals. The information illustrating the way projects are executed in parastatals will be gathered through a set of questions originally used by Eskom's PMCoE in the assessment of project execution while evaluating the maturity of project management in the organisation.

The research covers executive management, programme office managers, internal and external project managers, and project administrators because these are generally the individuals intrinsically involved in project management in the majority of their tasks. The strategy used in collecting data will be through interviewing, observing, and analysing documents, as is usually done in case study research (Merriam, 1998). The interviewees were selected based on the need to cut across the spectrum of the company in terms of levels of employees who are stakeholders in projects. This gives the opportunity to interview from the top management down to operational levels of projects. This approach of a large spread of different levels of the hierarchy helps to provide comprehensive evaluation of results, in that different views from the levels selected will facilitate an unbiased view of the results and conclusions. This approach will allow the use of different levels of the organisation to substantiate the case validity because validity will be used to confirm facts, which, in turn, will result in generalisation sought in this research.

Top management will provide their strategic intentions on projects and a helicopter view of events at operational level. The effectiveness of appointing project managers and team members will be investigated. The project managers will provide their day-to-day activities as well as challenges in relation to managing projects in these organisations, including the effectiveness and efficiency thereof. Programme and project administrators will give a picture of operational challenges, and these will be evaluated in relation to the strategic intentions of the organisation, measuring how effectively these are carried out at an operational level. Within this, there will be an assessment of the level of understanding of

project management as a tool to execute strategy and the concept of leadership in a project situation.

### 3.2.2. RESEARCH DESIGN

The design has five components, namely, a study's questions, its propositions, its unit of analysis, the logic linking data to the propositions, and the criteria for interpreting the findings (Yin, 2003). This research will seek to deal with three of the components: a study's questions, its unit of analysis, and criteria for interpreting the findings. The propositions will not be applied in the design, as this research does not test a theory or a hypothesis. The research intends to develop theory rather than test it.

While it is noted that there are numerous designs that one can use, the design used for this research is a case study – one that seeks each respondent's situation regarding that which is being studied. This research intends to do an in-depth study of two parastatals using a selected small number of respondents that fit a particular setting, hence the choice of the study. The intended research seeks to use recorded interviews as well as observations during interviews to have a deep understanding of the situation around project execution in parastatals. As the respondents are from different levels in the organisations, though with special interests in project execution, it allows for categorising them per their profiles and eventually uses the results to find out whether the answers are consistent across the board. The case study approach design is, therefore, appropriate for this research because the perspective of the respondents in relation to their environment is what it seeks to achieve and suits the design, whose characteristics are explained together with others available as seen below.

**TABLE 8: DISTINGUISHING CHARACTERISTICS OF DIFFERENT QUALITATIVE DESIGNS**

| Design | Purpose | Focus | Methods of data collection | Methods of data analysis |
|---|---|---|---|---|
| Case study | To understand one person or situation (or perhaps a very small number) in great depth | One case or a few cases within its/their natural setting | • Observation<br>• Interviews<br>• Appropriate written documents and/or audiovisual material | • Categorisation and interpretation of data in terms of common themes<br>• Synthesis into an overall portrait of the case(s) |
| Ethnography | To understand how behaviours reflect the culture of a group | A specific field site in which a group of people share a common culture | • Participant observation<br>• Structured or unstructured interviews with "informants"<br>• Artefact/document collection | • Identification of significant phenomena and underlying structures and beliefs<br>• Organisation of data into a logical whole (for example, chronology, typical day) |
| Phenomenological study | To understand an experience from the participants' point of view | A particular phenomenon as it is typically lived and perceived by human beings | • In-depth, unstructured interviews<br>• Purposeful sampling of five to 25 individuals | • Search for "meaning units" that reflect various aspects of the experience<br>• Integration of the meaning units into a "typical" experience |
| Grounded theory study | To derive a theory from data collected in a natural setting | A process, including human actions and interactions and how they result from and influence one another | • Interviews<br>• Any other relevant data sources | • Prescribed and systematic method of coding the data into categories and identifying interrelationships<br>• Construction of a theory from the categories and interrelationships |
| Content analysis | To identify the specific characteristics of a body of material | Any verbal, visual, or behavioural form of communication | • Identification and possible sampling of the specific material to be analysed<br>• Coding of the material in terms of predetermined and precisely defined characteristics | • Tabulation of the frequency of each characteristic<br>• Descriptive or inferential statistical analysis as needed to answer the research question |

Source: Leedy and Ormrod (2005). Distinguishing characteristics of different qualitative designs.

The research design will use three of the four common tests to substantiate their validity through testing the empirical evidence. These are construct validity (which seeks to confirm facts), external validity (which seeks to confirm credibility), and reliability (which seeks to confirm that which can be audited) (De Weerd-Nederhof, 2001; Yin, 2003). Internal validity is not applied, as it is not the intention of this research to link events through causal relationships.

In the context of this research, interviewing as many as 65 respondents within the five categories of employees from executives down to project administrators gives a wide range of sources of evidence (construct validity). This allows the research to get lessons from this research for further development should there be relationships that are connected (internal validity). The use of multiple cases helps in generalising findings from different cases being studied (external validity). The findings become reliable if they can lead to similar results in another similar setting using the same research methods (reliability). All of these are facets of ensuring the quality of a research study whose results or findings can be said to be valid and reliable. The table below will reflect on the instances when tests occur.

**TABLE 9: TEST FOR QUALITY IN EMPIRICAL SOCIAL RESEARCH**

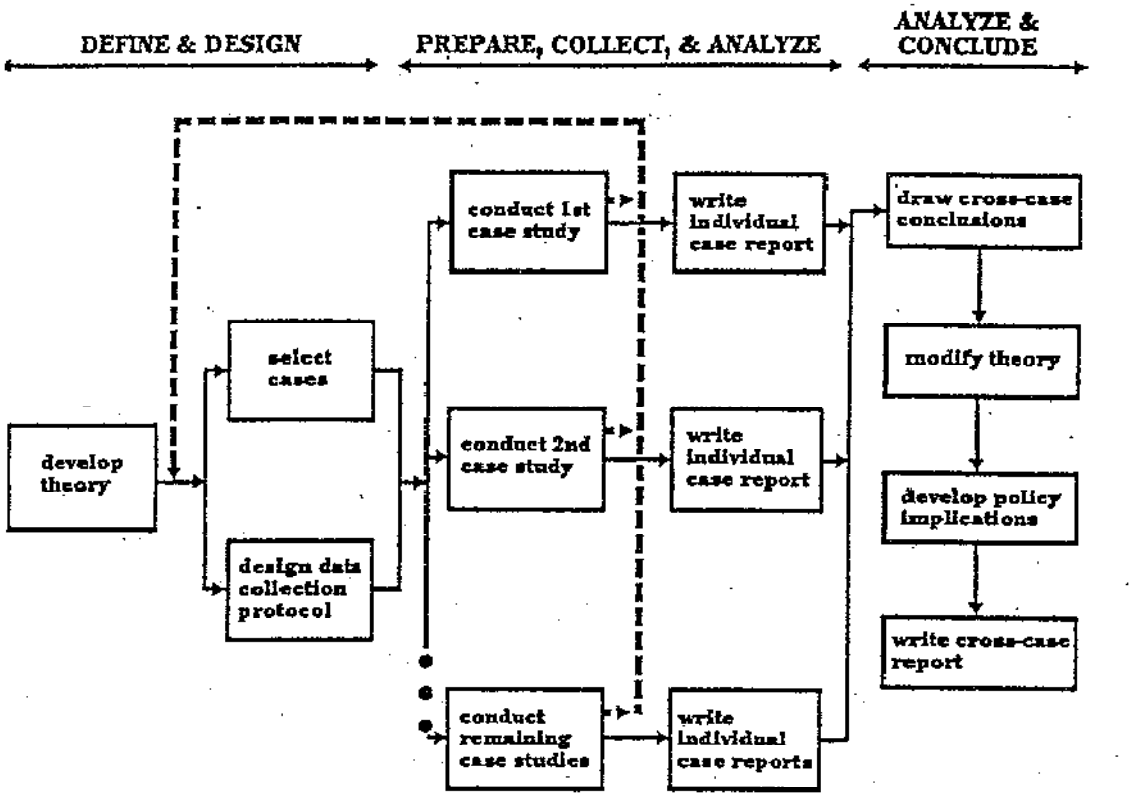
| **Tests** | **Case study tactic** | **Phase of research in which tactic occurs** |
|---|---|---|
| **Construct validity** | • Use multiple sources of evidence<br>• Establish chain of evidence<br>• Have key informants | Data collection<br>Data collection |
| **Internal validity** | • Do pattern-matching<br>• Do explanation-building<br>• Address rival explanations<br>• Use logic models | Data analysis<br>Data analysis<br>Data analysis<br>Data analysis |
| **External validity** | • Use theory in single-case studies<br>• Use replication logic in multiple-case studies | Research design<br>Research design |
| **Reliability** | • Use case study protocol<br>• Develop case study database | Data collection<br>Data collection |

Source: COSMOS Corporations in Yin (2003). Case study tactics for four design tests.

The replication approach will be adopted as a way of developing theory as shown in the figure below. This is so in order to allow the production of two reports – one for Eskom and another for Transnet – where the reports provide a summary that will help to describe solutions to the challenges faced by parastatals in project execution. The tactic will be to use the selected 11 cases, six from Eskom and five from Transnet, and list their similarities and differences in order to have greater understanding of the way projects are executed in these companies while using the data gathered in the interviews to consolidate the viewpoints from the respondents. The process will also allow the emergence of unique patterns for each case before generalisation kicks in (Eisenhardt, 1989). Similarities emerging from the summaries will be used to build patterns. The experience gathered will help establish lessons in both organisations from their context and use them for further development rather than for validity purposes. Creating databases for each company will provide the chain of evidence required for confirming facts (De Weerd-Nederhof, 2001).

The designing of this research replication approach will provide the opportunity to study each case independently and allow the writing of reports for each case once completed. The number of cases is also irrelevant (Yin, 2003), since this research does not use sampling logic. The cases researched should support any other study done in South African parastatals under the same conditions and will be expected to produce similar results as far as project execution challenges are concerned. The results on the two parastatals are expected to produce conclusions that will be similar if the design is repeated on each or any other parastatal in South Africa. The theory should be developed based on the evidence obtained through the research; alternatively, company policy could be developed in the field of project management within parastatals based on the reports generated by the research.

**FIGURE 13: CASE STUDY METHOD**




Source: COSMOS Corporations in Yin (2003). Case study method.

This research requires data resulting from respondents, which includes their perspectives; hence, the research will be of a qualitative nature. The research will recognise that a study of human beings requires a comprehensive picture, as it considers feelings and the effect of their surroundings, which is summarised by Neuman (1997, pp. 61-62), who argues: "Humans think and learn, have an awareness of themselves and their past, and possess motives and reason. These unique human characteristics mean that a special science is needed to study the social life of people."

Qualitative research was chosen because it gives a complete picture of the world view from the perspective of the participants, thereby giving the researcher the opportunity to develop theory due to its inductive process. It is also appropriate for the purposes of this study, whose aim is to build concepts and theories (Merriam, 1998). The rich nature of qualitative research and its emphasis on the views of the participants fit well with this research, which deals with perceptions of human beings on the subject of leadership in project management and the project situation. This emphasis is supported by Merriam (2002a, p. 6), who argues:

> In summary qualitative research attempts to understand and make sense of the phenomenon from the participant's perspective. The researcher can approach the phenomenon from an interpretive, critical, or postmodern stance. All qualitative research is characterised by the search for meaning and understanding, the researcher as a primary instrument of data collection and analysis, an inductive investigative strategy and a richly descriptive end product.

This choice of approach is supported by Leedy and Ormrod (2005, pp. 134-135), who argue as follows:

> *Descriptive*. They can reveal the nature of certain situations, settings, processes, relationships, systems, or people.
>
> *Interpretative*. They enable a researcher to (a) gain new insights about a particular phenomenon, (b) develop new concepts or theoretical perspectives about a phenomenon, and/or (c) discover the problems that exist within the phenomenon.
>
> *Verification*. They allow a researcher to test the validity of certain assumptions, claims, theories, or generalisations within real-world contexts.
>
> *Evaluation*. They provide means through which a researcher can judge the effectiveness of particular policies, practices, or innovations.

Traditionally, there are three social scientific approaches to science, namely, positivist science (used by natural scientists), critical social science (intends to change the world), and interpretative science (which seeks to understand the human being's interpretation of his/her environment). An interpretative social science approach will be adopted here, as it is often used for participant observation and field research. The understanding of meaning and different experiences of participants will bring about the richness of the study, as I combine the different viewpoints to produce a whole that will generate meaning. The interpretative approach allows the study to give meaning to the participants and recognises how they construct meaning in their surroundings (Neuman, 1997). This will allow the study to be relevant and add value to the two organisations on which the study will be undertaken.

### 3.2.3. CASE STUDY APPROACH

Case study research is regarded as an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2003). The definition shows emphasis on the context, which one can also use as the basis to justify its use, as it considers all factors, including the effect of surroundings at the time of an experiment. Case studies are, therefore, a valuable way of looking at the world around us (Rowley, 2002). What is important is that data needs to be analysed in an appropriate context, procedures reviewed, the sources tested, and critique and reflexivity applied in order to increase the confidence in the validity of the data (Carspecken & MacGillivray, 1998; Patton & Appelbaum, 2003). As Stake (1995, p. 12) argues: “A good case study is patient, reflective, willing to see another view of the case.”

The guide to the case study design will be based on the following components, namely, study questions or selecting phenomena (who?, what?, where?, how?, why?), its proposition (scope of study or bounding the case), seeking patterns of data to develop the issues or its unit of analysis (what is the case?), the logic of linking data to the propositions, triangulating key observations, the basis for interpretation, and the criteria for interpreting the findings, including developing assertions and generalisation about the case (Stake, 2005; Yin, 2003).

Eskom (where the researcher is currently employed) and Transnet (where the researcher worked for eight years) will be used for comparative purposes in view of their being parastatals established for similar reasons and also that the researcher has worked for both. This strategy has emerged as an option, as it suits research projects that are based on the researcher’s workplace and allows comparison of a limited number of organisations. It also allows the survey data collected from a number of organisations to be used for generalisation purposes (Rowley, 2002). For the purposes of using two parastatals, the case study approach will be applied in order to generate theories and distinguish patterns in these organisations that will assist in generating theory. The use of patterns is supported by Nieto and Pėrez (2000), who argue: “More specifically, the case studies by patterns of behaviour are suitable for the construction of theories and elaboration of explanations concerning the behaviour of organisations and their integrants.”

The researcher is aware of the less favourable view of case study research from the natural scientists, as Patton and Appelbaum (2003) argue: “Advocates of the natural science model assume that an objective world exists independently of the researcher and that one can

uncover ‘universal laws’ of human nature and social reality.” This deliberately ignores the impact of the context. The same natural scientists have manipulated samples, tampered with data, and had dishonest respondents as well, such that some of their conclusions, such as that white males are more intelligent than females and blacks, have not been scientifically proven (Patton & Appelbaum, 2003).

The ultimate aim of the case study is to have a road map for the research, in which the following steps are followed: determining the object of study (meaning the topic of focus), selecting the case, building theory through a literature review in which the theory is verified, collecting and organising the data gathering (meaning remaining focused on the object of study), and analysing the data and reaching conclusions (meaning uncovering patterns, determining meanings, and building theory) (Amaratunga & Baldry, 2001; Patton & Appelbaum, 2003). The unit of analysis will be project management in parastatals and, specifically, in Eskom and Transnet. The nature of the cases will be located through the unit of analysis and will go deeper, as it is fundamental to a study of this nature, which involves two similar organisations. Hopefully, lessons from the study will provide a platform for further development rather than just validity.

The quality of the case study research will be measured by the four tests widely used for social research, which are as follows: construct validity (whose aim is to reduce subjectivity), internal validity (which seeks to show relationships in findings), external validity (which shows repetitive results from which one can generalise), and finally, reliability (which seeks to show that the same results would be obtained if similar research were done) (De Weerd-Nederhof, 2001; Rowley, 2002).

Leedy’s four points will be useful in this research, as they give credibility to the research through giving a comprehensive understanding of the environment being researched and a good understanding of the researcher, the topic and its surroundings, the interviewee, and the theories and concepts related to the study. The validation of assumptions, claims, and theories is extensive, leading to a clear understanding of the conclusions thereof. Although generalisation is identified as a technique to establish reliability, this study will use an approach whereby the results of the data analysis will be verified with the participants and measured against the hypothesis to conclude that the results are reliable.

This research has adopted the case study strategy among the five situations in order to enquire why and how the phenomenon of parastatals (state-owned enterprises) has developed over time and what relationship exists in their making. This is supported by Yin

(2003, p. 6), who argues: “In contrast, ‘how’ and ‘why’ questions are more explanatory and likely to lead to the use of case studies, histories, and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than more frequencies or incidents.”

In the context of this research, the development of theory and further studies relating to the application of project management both in general and in South African parastatals, in particular, can be done, thereby enhancing the improvements required for sustainable company policies as well as project management principles. The research strategy fitting this research is one that will apply both the linear-analytic and theory building as shown below.

**FIGURE 14: RELEVANT SITUATIONS FOR DIFFERENT RESEARCH STRATEGIES**

| Type of Structure | Purpose of Case Study (single- or multiple-case) | | |
|---|---|---|---|
| | Explanatory | Descriptive | Exploratory |
| 1. Linear-analytic | × | × | × |
| 2. Comparative | × | × | × |
| 3. Chronological | × | × | × |
| 4. Theory building | × | | × |
| 5. “Suspense” | × | | |
| 6. Unsequenced | | × | |

**Figure 6.1** Six Structures and Their Application to Different Purposes of Case Studies

Source: COSMOS Corporation in Yin (2003, p. 152).

The preferred structure for the case study strategy for this research is that which is linear-analytic, together with theory building, because both cover the requirements of this research, which starts with a perceived problem, referring to the previous studies around the problem, what methods will be used to find, collect, analyse, and reach conclusions from findings (linear-analytic), and the theory building that gives another dimension of further investigation on statements one can derive from the findings. The two have been chosen among the six

structures because the explanatory nature of the research has sought to build theory through causal arguments whose logic depends on issues under discussion (Yin, 2003). The issues under discussion have, over time, been prevalent in the leadership of parastatals and have had an effect on project execution over time.

### 3.2.4. WHY TWO CASES?

The choice of two cases over one case was a decision based on allowing the investigation to show whether there are similarities within parastatals and also to maintain the common understanding that evidence from more than one case is convincing and regarded as thorough (De Weerd-Nederhof, 2001; Eisenhardt, 1989; Yin, 2003). The researcher has chosen two cases, which is the minimum. This choice was made so that it could be manageable, considering the time available (Nieto & Pėrez, 2000). Although it is recommended to have between four and 10 cases, there are some who advocate a minimum of two as proposed by Hedges (as cited in Perry, 1998), which is why two cases were the choice. The fourth format of writing a multi-case report (Yin, 2003, p. 149) will be adopted for this research.

### 3.2.5. APPLICATION OF PROJECT MANAGEMENT PRINCIPLES

In an effort to illustrate how the project management principles are applied, the researcher chose to use Eskom data that was gathered in 2008 by the Eskom Project Management Centre of Excellence (PMCoE) because it covered both IT/IS and engineering projects. The projects evaluated in this exercise were 15 in total, with 10 from IT/IS and five from engineering projects at power stations. This data was acquired after an internal study had been done in order for the PMCoE to verify whether the project management principles were adhered to in Eskom in order to enhance success on projects. The data was derived from a questionnaire with 16 questions that covered critical tasks in the nine knowledge areas and sought to highlight deficiencies, if any, by benchmarking against the best practice of executing projects. Though the questions were defined by the PMCoE, they covered items seen as key to project success, as Riggs (2006, p.15) argues: “Clearly defined objectives, good planning and control methods, excellent project management, management support, adequate time and resources, commitment by all, high user involvement, good communications, good project organisation and structure, and being able to stop a project when needed.” The questions covered the area around the sponsor, who, in most cases, was a senior executive in the organisation whose role was to give the right support. This gave the opportunity to ascertain whether senior executives played their role during project execution in Eskom.

### 3.2.6. SOURCES OF DATA

The evidence used to gather data in the two cases is in-depth interviews, observations, documentation, and archived records, which is in line with the recommendation by Yin (2003, p. 80) as shown below. These are the sources adopted for this research.

**TABLE 10: SIX SOURCES OF EVIDENCE: STRENGTHS AND WEAKNESSES**

| Source of evidence | Strengths | Weaknesses |
|---|---|---|
| Documentation | • Stable – repeated review<br>• Unobtrusive – exists prior to case study<br>• Exact – names, etc.<br>• Broad coverage – extended time span | • Retrievability – difficult<br>• Biased selectivity<br>• Reporting bias – reflects author bias<br>• Access – may be blocked |
| Archival records | • Same as above<br>• Precise and quantitative | • Same as above<br>• Privacy might inhibit access |
| Interviews | • Targeted – focus on case study topic<br>• Insightful – provide perceived causal inferences | • Bias due to poor questions<br>• Response bias<br>• Incomplete recollection<br>• Reflexivity – interviewee expresses what interviewer wants to hear |
| Direct observation | • Reality – covers events in real time<br>• Contextual – covers event context | • Time-consuming<br>• Selectivity – might miss facts<br>• Reflexivity – observer's presence might cause change<br>• Cost – observers need time |
| Participant observation | • Same as above<br>• Insight into interpersonal behaviour | • Same as above<br>• Bias due to investigator's actions |
| Physical artefacts | • Insight into cultural features<br>• Insight into technical operations | • Selectivity<br>• Availability |

Source: Yin (2003, p. 86).

### 3.2.7. ACCESS

Access to both Transnet and Eskom was arranged with the respective Group Chief Executives. The questions and the objective for the research were evaluated before permission was granted. This included access to documents within the company to which participants might refer and for referencing when validating information provided. These documents could be company reports, archived documents, and secondary sources. The researcher's request was communicated down to create awareness of the intentions in the study. Access to respondents was done individually after each had been sent correspondence regarding the research. The arrangement for individual interviews was independent of the generic agreement to conduct the interviews in these organisations to allow participants to feel comfortable during the interviews. The number of interviewees was 65 in total, and the approach was to interview at least three respondents from a particular level in the organisation, which is considered appropriate for a Ph.D. thesis (Perry, 1998, p. 794).

### 3.2.8. SELECTION PROCESS OF RESPONDENTS

The selection process was based on the way project organisations are usually structured, be it functional, projectised, and all the different matrix organisations, in which there is one sponsor of the project who, in most cases, is a senior executive of the company, one programme/portfolio/project office manager, the project manager, and the team resources (Gido & Clements, 1999; Kerzner, 2001; PMBOK Guide, 2004). The numbers for each category were based on the operational activities of project execution in which the project manager does the most work through writing reports, facilitating meetings between executives and the team and among the team members, and ensuring that all project deliverables adhere to the requirements of the nine knowledge area activities. The project manager becomes the person who gives an accurate picture from an execution point of view, as he/she has more authority, responsibility, and accountability for the project success than anyone else in the project, hence the decision to interview more project managers. The number of executives was based on their role as sponsors who raise and support a project to address strategic gaps. The numbers for programme or project office or portfolio managers were decided based on their role, which is not necessarily found in every organisation depending on maturity, but plays a role in making sure the project manager has the necessary support to succeed. The number of project administrators was based on their role, which is that of assisting the project manager with the logistics and administrative duties required in a project. Their role is not as critical as that of the project manager, hence the smaller number of respondents. The specific numbers are, therefore, a reflection of the

responsibilities that each category has in the day-to-day operations and tasks within the execution of a project. The project managers' number had to be higher than the rest of the categories due to the nature of the tasks they perform in executing a project. The researcher used the premise described above to come up with the numbers of respondents depicted in the table below.

**TABLE 11: NUMBER OF PARTICIPANTS INTERVIEWED**

| **Designation** | **Number of interviewees** |
|---|---|
| Executive managers | 9 in Eskom and 7 in Transnet |
| Programme/project/portfolio office managers | 7 in Eskom and 8 in Transnet |
| Project managers | 15 in Eskom and 10 in Transnet |
| Project administrators/coordinators/officers | 5 in Eskom and 4 in Transnet |
| Total number interviewed | **65** (36 in Eskom and 29 in Transnet) |
| Participants who confirmed the results | 15 in Eskom and 9 in Transnet |

### 3.2.9. SAMPLING

Sampling in qualitative research is done from rich descriptive data sources such as participant observations, in-depth interviewing, and document analysis (Mouton, 1996). The identification of samples depends on what research questions one is trying to answer. This means that the researcher makes a selection of the sample based on the population that will yield the most information about the topic under investigation (Leedy & Ormrod, 2005, p. 145). It should also be noted that the sample size in qualitative research is of no significance, as it does not seek frequency, estimates, or representation, but is usually small because the focus is on the richness and manageable size and the right spread to give more information on the phenomenon as in this research (Ritchie & Lewis, 2003; Neuman, 2006; Merriam, 2002; Cohen, Manion & Morrison, 2001). This research will adopt the approach described above due to its nature of seeking rich information and going beyond to the silent to get it because the selected respondents have first-hand experience of the project management environment and the impact of leadership on the discipline.

Twenty-two males and 14 females were interviewed in Eskom, while 29 males and 10 females were interviewed in Transnet. The answers from the categories will be tabulated in order to establish the frequency of specific responses, and they generate any patterns or similarities or variations on answers given by the different groups of respondents within the companies, on the one hand, and between the two companies, on the other. The table below provides the details of the description of the sample.

**TABLE 12: DETAILS OF THE SAMPLE**

| Category | Gender | Transnet | Eskom | Total |
|---|---|---|---|---|
| Executives | Female | 2 | 2 | 4 |
| | Male | 5 | 7 | 12 |
| Programme/ portfolio and project office | Female | 0 | 1 | 1 |
| | Male | 8 | 6 | 14 |
| Project managers | Female | 4 | 6 | 10 |
| | Male | 6 | 9 | 15 |
| Project administrators | Female | 4 | 5 | 9 |
| | Male | 0 | 0 | 0 |

The sample of respondents was selected in view of their experience in working in a project management environment. This rationale is seen as an opportunity to provide the necessary information that will respond to the perceived challenges of leadership in the management of projects in parastatals by the respondents who are involved both at operational and executive level. The criterion was reached by narrowing the area of study so as to concentrate only on the project management discipline in parastatals. The selected respondents were executives, programme or project office managers, project managers, and project administrators. This approach is supported by Merriam (2002, p. 20), who argues: "Not only should we know how the sample was selected, and the rationale for various selection criteria, we should be given a description of the final study participants." Replication logic will be used for this research, as it is appropriate for case study research. It allows careful selection of cases – in this case, two South African parastatals – and the results will either be similar or contrasting, depending on the results, which will allow the development of theory (Yin, 2003).

### 3.2.10. DATA COLLECTION INSTRUMENTS

The approach to data collection was based on the principles of having many sources of evidence such as interviews, observations, documents, and records archived, where possible. This data was then collected in two sets: one representative of Eskom and the other of Transnet. Both collections would have multiple sources as the chain of evidence from different levels in the organisation to use later for triangulation and validation (Yin, 2003).

In conducting interviews, the researcher adopted a step-by-step approach as follows: he chose respondents, making sure interviews were representative of groups, identified questions needed, and got permission to conduct the interviews in these organisations. This was followed by identifying the leaders of each department and then getting the names and permission to contact the respondents individually to set up appointments. This would help in establishing and maintaining rapport with participants, allowing participants to express themselves from their perspective, and recording responses. The approach was not to react to participants' responses, taking responses as perceptions, and focusing on the actual rather than the hypothetical (Leedy & Ormrod, 2005). Seventy respondents originally accepted participation in the interviews, and a digital recorder and field notes were used to collect data. Some respondents were unavailable at the time of the interviews.

Individual interviews were chosen, as they are mostly used in qualitative research due to their ability to provide an undiluted focus on an individual (Ritchie & Lewis, 2003). The form of interrogation was in-depth interviews, which allowed deep vertical understanding of that which was being investigated. This approach has five key elements that would suit this type of research. They are its ability to combine structure and flexibility, its interactive nature, its allowing probing in order to get context and elaboration, its allowing generation of knowledge depending on the ideas put forward, and finally its giving a face-to-face opportunity, which is rich in giving the researcher various ways of noting reactions to questions such as body language, facial expressions, tones of voice, and the physical encounter with the respondent for deep exploration (Ritchie & Lewis, 2003).

### 3.2.11. DATA COLLECTION PROCESS

The research adopted the three major sources of data collection in qualitative research, namely, interviews, observations, and documents (Merriam, 2002b). The documents used ranged from company reports, secondary sources, minutes of meetings, emails, diaries, letters, and archived information, to information on the websites of the relevant companies (Creswell, 2003). The data collection process took a holistic approach, with some activities such as collection and analysis happening concurrently and applied in the following manner.

*Anticipation:*

Review or discover what is expected at the outset in the way of a case study.
Consider the question, hypothesis, or issues already raised.
Read some case study literature, both methodological and exemplary.

Look for one or more studies possibly to use as a model.
Identify the “case”. Was it prescribed, selected to represent, or merely convenient?
Define the boundaries of the case (or cases) as they appear in advance.
Anticipate key problems, events, attributes, spaces, persons, vital signs.
Consider possible audiences for preliminary and final reporting.
Form initial plan of action, including definition of role of observer on site.

*First visit:*

Arrange preliminary access, negotiate plan of action, arrange regular access.
Write a formal agreement indicating obligation for observer host.
Refine access rules with people involved, including union, PTA, officials, etc.
Discuss real or potential costs to hosts, including opportunity costs.
Discuss arrangements for maintaining confidentiality of data, sources, reports.
Discuss need for persons to review drafts to validate observations, descriptions.
Discuss publicity to be given during and following the study.
Identify information and services, if any, to be offered hosts.
Revise plan of action, observer’s role, case boundaries, issues, as needed.

*Further preparation for observation:*

Make preliminary observations of activities. Use other sites for try-outs?
Allocate resources to alternative spaces, persons, methods, issues, phases, etc.
Identify informants and sources of particular data.
Select or develop instruments or standardised procedures, if any.
Work out record-keeping system, files, tapes, coding system, protected storage.
Rework priorities for attributes, problems, events, audiences, etc.

*Further development of conceptualisation:*

Reconsider issues or other theoretical structure to guide the data gathering.
Learn what audience members know and what they want to come to understand.
Sketch plans for final report and dissemination of findings.
Identify the possible “multiple realities”, how people see things differently.
Allocate attention to different viewpoints, conceptualisations.

*Gather and validate data:*

Make observations, interview, debrief informants, gather logs, use surveys, etc.
Keep records of inquiry arrangements and activities.
Select vignettes, special testimonies, illustrations.

Classify raw data; begin interpretations.

Redefine additional data, replicating or triangulating, to validate key observations.

*Analyse data:*

Review raw data under various possible interpretations.

Search for patterns of data (whether or not indicated by the issues).

Seek linkages between programme arrangements, activities, and outcomes.

Draw tentative conclusions, organise according to issues, organise final report.

Review data, gather new data, deliberately seek disconfirmation of findings.

*Provide audience opportunity for understanding:*

Describe extensively the setting within which the activity occurred.

Consider the report as a story; look for ways in which the story is incomplete.

Draft reports, and reproduce material for audience use.

Try them out on representative members of audience groups.

Help reader discern typicality and relevance of situation as base for generalisation.

Revise and disseminate reports and materials. Talk to people.

(Stake, 1995)

As data collection and the validation process were done simultaneously, starting with reflexivity, being ethical as data was gathered, the data and its results were authenticated, a relationship of trust was developed with the participants, and rigour was applied in all aspects of this study. The triangulation method, which seeks to compare multiple data sources, was employed to validate data and make it reliable (Creswell, 2003; Leedy & Ormrod, 2005; Merriam, 2002c). The credibility of this study went further than triangulation by seeking to use a strategy that sought to support the validity of the study, as Leedy and Ormrod (2005, p. 100) argue:

> *Extensive time in the field:* The researcher may spend several months, perhaps even a year or more, studying a particular phenomenon, forming tentative hypotheses, and continually looking for evidence that either supports or disconfirms those hypotheses.
>
> *Negative case analysis:* The researcher actively looks for cases that contradict the existing hypothesis, then continually revises his or her explanation or theory until all cases have been accounted for.
>
> *Thick description:* The situation is described in sufficiently rich "thick" detail that readers can draw their own conclusions from the data presented.

*Feedback from others:* The researcher seeks the opinion of colleagues in the field to determine whether they agree or disagree that the researcher has made appropriate interpretations and drawn valid conclusions from the data.
*Respondent validation:* The researcher takes his or her conclusion back to the participants in the study and asks quite simply, Do you agree with the researcher's conclusions? Do they make sense based on your experiences?

### 3.2.12. IN-DEPTH INTERVIEWS

**In-depth interviews** are defined as excellent tools to use in planning and evaluating extension programmes. They are open-ended, discovery-oriented, and deeply explore the respondent's point of view, feelings, thoughts, and perspectives, including exploring new issues in depth (Boyce & Neale, 2006; Guion, 2001). Unlike structured questionnaires, these interviews give an opportunity for long discussions that are given in a flexible manner, as they are not controlled by questions. In-depth interviews are appropriate for this research, as they are done in an atmosphere that allows in-depth understanding of the situation as expressed by the respondent as the issue is explored. Face-to-face interviewing has been chosen, as it maximises engagement and provides in-depth exploration of respondents' opinions (Garson, 2008).

The in-depth interview merely extends an ordinary conversation into a formalised one. Individual perceptions, facts and forecasts, opinions, reactions to findings, and potential solutions can be determined (PRA Inc, 2006). In-depth interviews are important in this study, as they provide an opportunity for the participants to lead the discussion as they express their opinions in the context of their surroundings. The contextualisation of information enriches that data (Wright, 1996). The descriptions and interpretations will provide multiple views of the cases. Each interviewee will have a unique experience, and this is helpful in preparing issues rather than specific questions (Stake, 1995, p. 65).

The in-depth interviews formed the basis of a discussion of specific leadership issues that affect project management such as the environment in which projects are executed, teams, senior management support, the level of understanding of project management and the effect of organisational structures, strategy, alignment of projects, the profile of the project manager in the organisation, the role of the project manager, and the way forward. In these sessions, the respondents were allowed to express their objective opinions. The results were recorded and analysed.

Interviews took an hour to conduct. They were arranged individually in order to allow participants to attend at convenient times as alluded to earlier. Permission to record digitally was sought from respondents individually. Confidentiality was stressed before the interviews were started in order to eliminate any atmosphere of fear or scepticism that could be harboured by the respondents. Adequate time was allowed when setting appointment schedules so as to avoid surprises. The first 20 minutes were used to set the scene by explaining the purpose of the interview, discussing confidentiality issues, seeking permission to use the recorder, and answering any questions respondents could have, having had the questions earlier. Documenting of demographic information was done last before the digital recording started. The demographic information was collected in order to record individual characteristics such as job title, age, and time with the company (De Weerd-Nederhof, 2001). Sensitive information such as educational level, motivation, and experience was discarded in order to create an atmosphere of trust.

### 3.2.13. SURVEY QUESTIONS

Eight open-ended questions were designed as instruments for the research. The choice of open-ended questions was to allow respondents to give their perspective and ideas on issues in the questions and to give a guide to the flow of information intended for extraction. The questions had been brainstormed with a group that comprised different levels in the organisation, from project administrators, project managers, and programme managers, right through to executives. The intention of the discussion was to establish whether each item related to the perceived problems in the organisation and whether the questions touched on the aspects that affected respondents from a leadership perspective. The length of interviews once the scene setting was complete depended on respondents and varied from 20 to 40 minutes.

The use of open-ended questions allowed the respondents to give responses according to their interpretation of the world around them. This allowed deep exploration of respondents' points of view, feelings, and perspectives (Guion, 2001). The choice, by default, compels respondents not to use "Yes" or "No" answers, which do not give the context of what is being enquired about. If this were allowed, it would contradict the very essence of this research, which seeks to get a view of the interpretation of their environment from the respondents. While the method is rich in context, the establishment of a rapport and trust during scene setting is important so as to avoid creating uneasiness on the part of the respondents (Medico, 2005). This is supported by Fontana and Frey (2005, p. 708), who argue: "The goal of unstructured interviewing understands it is paramount to establish rapport with

respondents; that is, the researcher must be able to take the role of the respondents and attempt to see the situation from their viewpoint rather than superimpose his or her academia and preconceptions on them."

The researcher was successful in setting the scene, as this was considered fundamental in getting the respondents to speak their mind without fear, especially those from his own company who may have been sceptical about the "hidden" agenda in the research. It was for the reasons mentioned above that no other method, according to the researcher, was best positioned to allow respondents to tell their story through descriptions of their settings, giving the depth and context sought, which the ethnographic method would not do. This method was appropriate in that understanding of the world of the respondents would be obtained by seeing through their eyes and using their shared meaning (Elliott & Jankel-Elliott, 2003).

### 3.2.14. DATA ANALYSIS

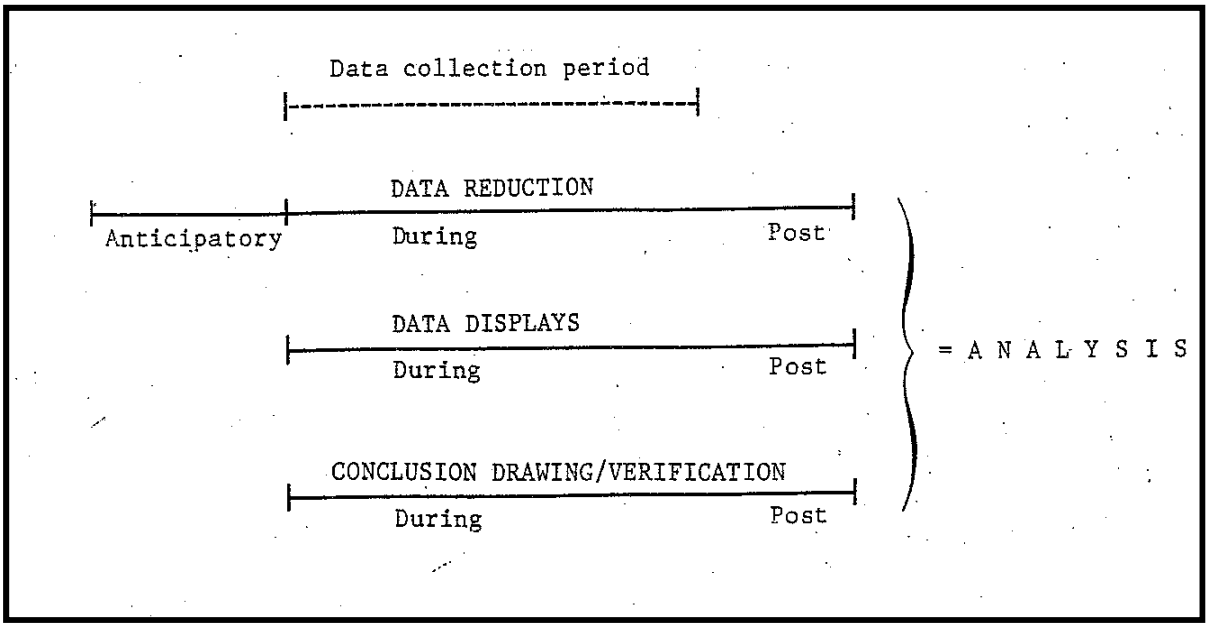
Data analysis in qualitative research is done at the same time as it is collected, and the reliability of data is enhanced by the approach. This is supported by Merriam (1998, p. 151), who argues: "Data collection and analysis is a simultaneous activity in qualitative research. Analysis begins with the first interview, the first observation, the first document read." It gives the researcher the opportunity to analyse data immediately, thereby allowing the researcher to make adjustments along the way, even to the point of changing the data collection method. This approach allows the testing of emerging concepts, themes, and categories against subsequent data (Merriam, 2002d). This will be the strategy adopted, which will bring order to the collected data, considering the size and formats that are not merely numbers, but mostly statements from respondents, as Patton (2002, p. 432) argues: "The challenge in qualitative analysis lies in making sense of massive amounts of data." It gives the researcher an opportunity to show that the conclusions reached will be derived from the data.

Data analysis is the heart of building theory in case study research (De Weerd-Nederhof, 2001). It is for this reason that the theory will be developed as data is analysed through a recognised process. The approach taken for this research after collecting data for analysis includes data reduction, data display, and conclusion drawing and verification (Miles & Huberman, 1984). A separate report for each case is used in order to showcase the similarities or differences that might result and the patterns that could develop from the two reports. The approach is suitable for qualitative research, whose data is in words and describes observations as respondents react to questions, in answers from respondents, and in documentation to support claims. This data requires exquisite processing, as it is in

words, whose interpretation is more challenging than when it is in the form of numbers. Through this process, data is transcribed to produce themes, patterns, and meaning. The data will be presented in the qualitative descriptive form (Boyce & Neale, 2006).

The process of analysing data is to organise it in a logical way, categorise it into meaningful groups, interpret the data through scrutiny, seeking themes, patterns, and meaning, and lastly, come up with generalisations that may require further studies of a phenomenon (Creswell & Stake, as cited in Leedy & Ormrod, 2005). In the context of this research, the data will be collected and reduced through summarising, and then it will be organised into cases, then categories, and finally similarities. While verifying the validity of responses and seeking confirmation of the data collected, the analysis will seek to find any emerging patterns, similarities, and the meaning of postures and reaction of respondents during the interviews. The findings will lead to conclusions and recommendations for parastatals to adopt as policy or academics to pursue for further research. This process is supported by Miles and Huberman, who have summarised it in a flow model as shown below.

**FIGURE 15: COMPONENTS OF DATA ANALYSIS: FLOW MODEL**




Source: Miles and Huberman (1984, p. 22).

Data will be analysed at different stages and in different contexts and will use different sources, commonly known as triangulation, to evaluate similar situations in order to validate and consolidate facts. Feedback will be sought from respondents when the reports have been done to make sure that the interpretation is reflective of their opinions about the research.

### 3.2.15. DATA INTERPRETATION

The interpretation will also include the researcher's own personal perspectives. This is supported by Stake (1995, p. 135), who argues: "Qualitative research is a highly personal research. Persona studies are studied in depth. Researchers are encouraged to include their own personal perspectives in the interpretation." The repetition of words from the collected data means that the respondents feel very strongly about these issues. The repeated words are used to describe a pattern in terms of matching the predicted outcome, which then strengthens the internal validity (Yin, 2003, p. 116). The challenge in the interpretation is to avoid choosing what data to report, as this has been experienced before (Denzin & Lincoln, 2005). Reflexivity will be applied to mitigate bias and personal feelings. Interpretation of the meaning of each individual case will be used, as this is relevant for this type of research (Stake, 1995). Any patterns emerging from each case will be used to draw conclusions. Words expressed will mean concepts, and these will then be used to develop theory.

The findings will be interpreted in the following manner in order to generate meaning, namely, patterns and themes, seeing plausibility, clustering, helping the analyst see what goes with what while making metaphors, relating the pieces of data, differentiating and splitting variables, subsuming particulars into the general, factoring, noting relations between variables, finding intervening variables, building a logical chain of evidence as the data is assembled, and finally, making conceptual theoretical coherence (Miles & Huberman,1984).

Quotes from respondents will be recorded within the context in which they are used in order to add credibility to the information (Boyce & Neale, 2006). This will be done in confidence with no identification of the person or the parastatal in order to protect the individuals. There could be a possibility that the individual would be identified if he/she commonly used the same quote in other discussions within the organisation.

The audience for the case study reports has been identified and their special needs attended to. The following is the audience identified for these reports: academics, executives, portfolio/programme/project office managers, project managers, and project administrators of both parastatals (Eskom and Transnet). It should be noted that the reports will not serve the same purposes for this audience due to their varying interest in the subject of study (Yin, 2003, p. 143). It is for the purposes of making the reports relevant to the readers that the audience has been identified up front. The executives expect projects to align to the strategy and be executed proficiently. The portfolio/project/programme officers expect them to meet the requirements of the executives, while making sure that they have

the right resources for the number of projects and that the environment for project execution is ideal. They seek to have their offices as focal points of maintaining project management practices and sustaining the culture of the discipline. The project managers expect to manage projects whose scope is clear and have the authority to exercise their expertise by making the right decisions. The project administrators expect the project managers to be leaders who have a clear understanding of their field and have the ability to execute projects on their own, while giving clear instructions in the process of execution. It should be noted that the report will aim to serve all of the audience by applying care and consideration. The academics will expect to find the contribution of the thesis to research and that the writing standard is maintained. It is for this reason that the reports will first be shared with randomly selected groups covering the different categories of audience in order to obtain their satisfaction with the content. This will be done at the two parastatals in order to allow the difference that exists as independent companies so as to increase the validation of the information documented as evidence. The academics will have input into the writing when all relevant information has been validated in the reports.

While the assumption on identifiable readers is clear and, perhaps, their reaction anticipated, the unknown readers' reaction will not be known. The writing of the reports should cater for the model reader whose interpretation may be different from what is assumed from the target audience. The researcher will share these reports with independent people so as to find out what they think and how they react to the report. This is supported by Stake (1995, p. 125), who argues: "Parts of the reports can be read by surrogate audience members, some deliberately role-playing a type of a reader. Colleagues, spouses, friends just knowing some of the concern you have about reception, can be helpful in reading a draft."

Patterns or similarities developing from each case will be noted and used to write a report. The conclusions will be drawn from the cross-case study to develop policy implications for the two cases. Lastly, a cross-case report will be used to generalise and develop theory from the concepts that develop from the reports. While there are four types of reporting, namely, that for a classic single-case study, for a multi-case version, for multi- or single-case versions, and the report for multi-case studies only (Yin, 2003, p. 149), this research will adopt the latter in such a way that a report for each case will be done, and then both results will be consolidated into one report, which represents both parastatals. The reports will adopt the following approach: rationale for the study, detailed description of the facts relating to the case, description of the data collected, discussion of the patterns found, and finally, the connection of the larger scheme of things pertaining to the case in relation to the findings (Leedy & Ormrod, 2005, p. 136).

### 3.2.16. CONCLUSION

Collation of data from multiple sources will be used for triangulation, and various pieces of evidence will be used to substantiate the evidence. Repeated words will be used to represent concepts. The data deemed irrelevant will be discarded during the data reduction stage. The verification of the data and reports will be used to confirm conclusions. Two reports for each case will be produced and given to selected respondents covering the spectrum in each case to verify and validate them. The development of patterns and similarities will be evaluated. Interpretation of the data will result in the development of theory. Having described the process of acquiring raw data, the next chapter will present the findings of this research.

# CHAPTER 4

## 4. PRESENTATION OF FINDINGS

The findings presented in this chapter seek to present the results that are specific to the interrogated and how these relate to the literature. The concept of leadership will be interrogated in terms of its role and implications in South African parastatals in view of the concept of managing through projects. The leadership theory will be tested against the application of project management principles, parastatal organisational structures, the leadership at project level, and the implications of the role leadership plays in enhancing performance through effective and efficient project management.

The chapter will aim to showcase how leadership has contributed to project management success or lack of it in parastatals by bringing in other related factors that have implications for project management success such as organisational structures, the type of leadership in parastatals, organisational politics, the purpose of executing projects in terms of their link to strategy, and the level of understanding and practice of the concept of project management. The researcher will seek to find out the root cause of challenges experienced by parastatals, by finding out how the concept of project management has been implemented by the leadership of these organisations. The findings will test how the environment created affects project management. The level of understanding by all stakeholders involved in the project management concept, particularly the leadership, will be shown by the findings. The perception that the concept of project management is viewed as a strategy that leadership introduces and then leaves for lower-level employees, particularly project managers, to make the most of will be tested and presented through the findings.

The challenges of managing projects in parastatals have long been experienced by all involved, with perceptions from the leadership that projects are just a waste of money, since they take too long to complete and, hence, do not meet customer needs by the time they deliver and, mostly, fail to deliver due to poor project management. This has resulted in two perceived camps in organisations: on one side, there is leadership that has found it convenient to blame the project managers for the failures of the investments; the other side has operational resources on projects who silently grumble about lack of support systems in place and a reluctant leadership with vain interest in, and little knowledge of, projects they initiate, only to come down hard on project managers and project offices when there is failure. There is a perception that leadership participates only when a project increases its profile in the organisation; otherwise, it is the project manager's role to get the job done.

The situation of the discipline of project management in South African parastatals is dire. The findings will be used to address the gaps currently perceived as lack of leadership support, a poorly implemented and understood concept, no support systems for project management to thrive, and no sign of a remedy to change the status quo, despite having introduced the concept many years ago without much success. The research will reveal the underlying factors that have been the crux of the challenges, while commotion resulting from the blame syndrome, poor leadership, and lack of support systems for project management in organisations carries on unabated.

Referring to the literature review, one can, indeed, confirm that companies have not used projects to execute strategy due to the lack of leadership and processes that would compel such performance measurement. The concept of project management seems misunderstood, while the organisations themselves are not geared for project management in the way they are structured. These conditions diminish the theoretical link that would have allowed the relationships between the concepts of strategy, leadership, project management, and organisation structures to be the platform for sustainable project management that is effective and efficient. Compounding this is the gender bias that is reflected in the structures of the organisations, which requires another study in order to find the impact of gender imbalance on the current factors that impede successful project management in parastatals.

### 4.1. GENDER NUMBERS FROM THE SAMPLE

While the research did not focus precisely on gender equity, the findings reflect that the sample is biased towards males. These parastatals are dominated by males at senior level, with females occupying lower positions within the project management environment. The number of females as a percentage of the total sample was almost 37%. This number is, indeed, a reflection of the patriarchal society that is still dominant in South Africa, which, in turn, is reflected in the corporate world. This is supported by Mathur-Helm (2005, p. 56), who argues: “South African women, irrespective of their racial identity, have always stood in the secondary echelon of society. Past policies and laws deliberately favoured men, particularly white men.” Further research will have to deal with the influence of these policies and their implications for the skills bases of stakeholders in the projects in parastatals and their consequences for project execution.

## 4.2. STRATEGIC ALIGNMENT OF INITIATIVES

While the strategy has already been defined in the context of parastatal business, it is a buzzword used by senior executives in boardrooms and documents, but signifies nothing at operational level, as the evidence suggests that it is not known. There are certainly no metrics for alignment success in project execution. If projects are a vehicle for strategy implementation, as has already been discussed, it is surprising that these parastatals never put strategy as a metric both in their projects for project managers as well as in compacts of senior executives to ensure that projects are, indeed, executed to carry out strategic objectives. Considering the cash shortage and reliance on government support that these parastatals experience, project execution (especially when funds are not readily available) should strictly be guided by strategic link and ensure alignment.

Comments from respondents such as “I wonder if we work towards the same strategy” or “What strategy?” are a sign that not all is well around project execution, both from a strategic alignment point of view and from the ignorance of what strategy is in these parastatals. No wonder Davies (2000, p. 29) argues: “Understanding what strategy is has been complicated by the proliferation in the number of schools of strategic thought and by the undisciplined, even reckless, use of the term.” With scarce resources, the alignment of projects to strategy should be assisting in ensuring realisation of benefits of executing projects in parastatals.

It is clear from the findings that parastatals are not spared the challenge to implement strategy through projects and require some overhaul in the way projects are executed in the line of recommendations such as aligning organisational design and capabilities with strategy, considering potential competitor reactions to the strategy (not much for these parastatals that are a monopoly, though), involving managers in the strategy development process, consistently and persistently communicating, budgeting for the plan and action, monitoring success levels, ensuring accountability of metrics, and showing support from leadership (Sterling, 2003). If the strategic alignment is missing, it throws the whole project management concept into disarray because the question then is why projects are being executed in parastatals if they are not necessarily aligning to strategic objectives, and the understanding of the strategy itself is blurred. The issue of strategy becomes a big factor contributing to challenges of project execution based on the findings.

## 4.3. PROJECT MANAGEMENT CONCEPT

For the purposes of clarity, the term “project office” will mean the programme office as well as the portfolio office, as these are terms interchanged in many organisations, yet meaning the same or performing the same roles. As discussed previously, the project management concept seeks to address the optimisation of finances, resources, quality, and planning in order to accomplish a task, especially in these dynamic technology-driven times (Gido & Clements, 1999; Irja, 2006; Kerzner, 2001; Santosus, 2003). The concept of project management will be explored in terms of the role the project, programme, or portfolio office is expected to play in a project. As described earlier, the project office provides the knowledge base for the practice and application of principles in the organisation. The utilisation of budgets, resources, reporting to senior leadership on the portfolio of projects or programmes, prioritisation by making sure only projects that have a link to strategy are executed, and providing support to project managers are some of the roles expected to be played by the project office.

What the research will unravel is the current state of project management in parastatals in view of the expectations as described above. The principles cannot be applied in isolation, as other factors such as the culture of the organisation, the skills to execute projects, the structure of the organisation, the leadership, and the support systems put in place contribute to the success of the concept. The status quo is rather discouraging, as the concept operates in an environment set up for failure, as the research will show. There is a myriad of challenges that are related and pose a challenge to the leadership of parastatals. Since projects are initiated to change the previous way of doing things, it is logical to value the impact of this change on the end-users and cater for it strongly, as the success of projects is synonymous with acceptance by the users.

The structures in parastatals are designed for functional delivery, which impedes the very essence of project management, whose success depends on the cross-functional approach of acquiring resources and utilising them for the specific period. It would be interesting to find out what those who have succeeded in managing projects in these organisations have done to circumvent the challenges that seem to beset these organisations when it comes to project management. Having a general shortage of skills affecting this field, one wonders how the lack of skills has been addressed by the organisations, which the findings will show. The project administrators end up in a situation where “the blind lead the blind” should the project manager not be skilled enough to manage projects. The challenges affecting project offices, project managers, and project administrators emanate from the bigger picture where

leadership has not addressed the challenges for a long time and, perhaps, keeps repeating the same mistakes, sometimes called experience by some.

There seemed to be an element of fear of challenging the status quo prevalent among those at lower levels of the organisation. When interviewing project office managers, project managers, and project administrators, the respondents sought assurance that their identity would not be revealed, as they could face serious victimisation since they were eager to tell the "truth". The seeming lack of understanding of the field of project management and its processes by the business showed that it would be difficult to execute projects in such an atmosphere.

What was found lacking in these organisations was the ability to translate strategy through projects. The numerous projects executed and the firefighting mode were typical of the lack of a systematic way of selecting projects using strategy, which, in turn, showed that projects were not necessarily used to implement strategy. This was a flaw, as the effectiveness of managing through projects became irrelevant. This is supported by Longman and Mullins (2004), who argue: "Installing effective project management includes putting in place mechanisms to evaluate every project to its fit with strategy before implementation. This needs to occur early in the game, during project definition if at all possible." The failure by parastatals to include the metrics of strategic fit means that their success factors ignore the very fundamentals of going in the right direction through implementing a vision by executing a strategic plan. If strategy cannot be measured, then it is not surprising that strategic fit is not managed for success evaluation of projects in parastatals. Remember the adage "what is not measured cannot be managed" and, worse still in parastatals, "if it is not compacted, it is not done".

### 4.4. ORGANISATIONAL STRUCTURES

It was clear that both organisations were still functioning traditionally. The desired structures for project execution are the matrix and project organisation (Appelbaum, Nadeau & Cyr, 2008; Carpenter, 1983; Gido & Clements, 1999; Kerzner, 2001; Sy & Côté, 2004). How they have survived is perhaps due to their being monopolies and not having time to do proper evaluation of their performance or how they spend their funds. The current structures in parastatals were effective in the twentieth century, but are no longer effective for the current environment (McMillan, 2008).

The complexity brought about by technology, market demands, and customer expectations should by now have had an effect on the parastatals to the extent that they will have realised that their structures are not ideal for managing through projects. Suffice it to say, the respondents showed a gloomy environment in which they were expected to thrive in project execution; yet the organisation was not designed for such. What was clear was that success in projects in these organisations was limited and due to experienced project managers' ability to manoeuvre through the terrain and obstacles embedded in these organisations because of their traditional structures. The apparent ignorance of leadership of the wrong structures in which projects were expected to thrive was astonishing. The rigid functional structures in parastatals have become a hindrance to good project management practice due to the limitations they present in project management, which is a process-driven concept that will not prosper in a functional-driven atmosphere.

Respondents who had been in these organisation for longer periods seemed to have accepted that nothing would change with the current leadership, while those relatively new showed a lot of frustration and a desire to leave. Projects in parastatals were viewed by those in operations of projects as some management system that worked very well if the organisations were structured properly, but as a pain in their current arrangement. The parastatals seem to have bought this management philosophy, but are ignorant of the silo implications in order for them to be competitive. The apparent sticking to the old way of doing things in order to maintain the corporate brand seems to override the need for innovation and a project management style of management. Considering the time at which the Eskom and Transnet brands were established, it is clear that a lot in terms of culture and organisational behaviour requires change in order to be consistent with the modern world whose requirements and changes are more complex now than ever before. The maintenance of the status quo does not have the desired effect, as the organisations have inappropriate structures that are not ideal for projects and performance. This assertion is supported by Chernatony and Cottam (2008), who argue: "A static and rigid organisational structure is as harmful as an inconsistent and divided culture, because an evolving brand cannot be delivered through an intransigent culture."

Another element found in these organisations was the inconsistencies regarding the approach to project execution in methodologies and practices. It was sometimes difficult to believe it was the same organisations that appeared so different. It is typical of branded organisations that want to maintain the status quo at all costs; yet the culture prevailing does not support innovation and change required for projects. This is supported by Chernatony and Cottam (2008, p. 20), who argue:

> A problem amongst the brands studied was a high degree of inconsistency and multiple, diverse subcultures which resulted in considerably weakened brands. Whilst it can be argued that subcultures are always likely to exist in large organisations, work should be done to help the subcultures be as similar, complementary and brand supportive as possible.

The respondents spoke a lot about the organisations not having relevant processes, hence the difficulties experienced in managing projects. They accused the business of not knowing what it wanted, and as a result, the scope of work was always murky. This is a sign that the processes either are not there, are not followed, and are immature or, if there, are not relevant to the new way of managing through projects. Considering the size of these organisations, one cannot expect the processes in the silos to be the same. However, the leadership should at least be emphasising governance as a way of doing things in each silo; yet this was not the case. This showed poor governance, which is typically what is expected of the leadership. Success in project management will follow if the processes for governance are followed. This is supported by Mochal (2003), who argues:

> Many organizations have processes in place, but no one follows them. This highlights a problem with management governance. In simplistic terms, governance is the management function that has to do with making sure people do what they're supposed to do. Typically, if your management structure is engaged and interested in projects, and if managers make sure that your project management process is followed, you'll be more successful. If every project manager is on his or her own and management support is haphazard, however, you'll tend to fail.

The issue of lack of processes was highlighted in both organisations. The processes help define the roles and responsibilities in a particular task and put in place the logical events that are required to complete the task. As this appeared absent and not well understood in parastatals, the result was the pain experienced at operational level of projects in parastatals, as it was not always clear who did what. This is against the project management concept, in which roles and responsibilities are a cornerstone of planning and execution and, in particular, the project ownership role, which has been abandoned except for a few cases.

### 4.5. LEADERSHIP CONCEPT

The experience in the interviews was that when dealing with leadership in the two organisations, a picture of very important people who were always busy and difficult to

schedule for interviews became a reality. The researcher was perturbed by the aloofness of executives prevailing in these organisations when it came to problems experienced at operational levels. The executives were divorced from the challenges experienced at the operational level of project management and did not show signs that they understood the magnitude of this challenge. Looking at Burton's (1994) leadership components, namely, vision, communication, empowerment, trust, and self-management, it was, indeed, a sad story in the two organisations. Comparing the five components with what is on the ground, one could say that if the strategy is not well known, there can be no effective vision. The aloofness and poor communication work against the very essence of influencing through communication. The current hierarchical and autocratic culture can only breed mistrust. As the programme and project managers yearn for authority, it is clear that, with the status quo, it will be difficult to achieve empowerment. Lastly, the self-management that allows for enthusiasm for people and recognising resources for their ability is non-existent in these parastatals.

Looking at the leadership in these organisations from a perspective of expectations in terms of what would bring success and behaviours associated with leadership, one could consider the nine suggestions put forward by Davies and Davies (2004), who argue:

> Strategic leaders have the organizational ability to:
> 1. Be strategically orientated;
> 2. Translate strategy into action;
> 3. Align people and organizations;
> 4. Determine effective strategic intervention points;
> 5. Develop strategic competencies.
>
> Strategic leaders display:
> 6. A dissatisfaction or restlessness with the present;
> 7. Absorptive capacity;
> 8. Adaptive capacity;
> 9. Wisdom.

Summarised for the parastatals, this means that leaders will have an action plan for converting strategy into action by making sure that all employees understand the strategy and that projects are aligned to strategy. The respondents spoke as if strategy was some senior management initiative that was rather blurred. The leadership would change strategy when the need arose; yet in the case here, a century later, the strategy and management style advocated appear irrelevant to the requirements of managing through projects. The leadership seems content with the status quo and does not show any intent to change the

present, though it is glaringly obvious that it has become retrogressive to continue in the same way. There is a seeming failure to adapt to suitable leadership requirements that accommodate the project management style of management in the organisations.

The project leadership capability at these organisations worried some due to the lack of confidence in the project managers' ability to lead. As projects require control and order, the situation of managing projects needs a proactive approach in order to sustain control and avoid chaos and firefighting. This is supported by Barber and Warn (2005, p. 1032), who argue:

> Although problems will always arise and deviations from plan will occur, the need for control requires a shift away from reactive behaviours, the fire fighter style, where the focus is on tackling immediate problems. A focus on outcomes depends on a proactive leader, a firelighter, who is able to explain the big picture, anticipate events and even prevent problems.

In view of the dynamics of projects, the role leadership of a project manager has become a necessity. Focusing on managing risks has been overtaken by focusing on outcomes, meaning that the bigger picture has to be understood, including having a passion for success. The project manager has multiple roles now more than ever before, such as liaison, monitoring, entrepreneurship, and being a spokesperson, intellectual stimulator, organisational catalyst, resource allocator, and leader (Gottschalk & Karlsen, 2005; Thite, 1999). The project managers in parastatals were moaning and whingeing about being powerless, as if authority was a given; yet it was expected to be exercised by project managers as they performed their work. Missing in the project leadership in parastatals was the proactive and transformational leadership that could deal with the complexity in projects and the necessary changes to be implemented. The project managers were at their best when they applied transformational leadership to their teams and stakeholders. This is supported by Limsila and Ogunlana (2007), who argue: "On the practical side, it seeks to inform project managers that they can adapt their leadership behaviours in order to enhance subordinates' organizational commitment, improve work performance, and consequently increase a positive working atmosphere."

It was surprising to find that project managers had no say in the composition of their teams. They were not involved in selection, nor allowed their teams to develop. This showed the lack of courage and understanding of principles of team development and the impact thereof. Allowing this to happen was the inability of the resolve to be adamant if the project managers were not allowed to practise their profession under such conditions. The

leadership and, particularly, executives who sponsored projects in parastatals did not seem to understand their role in project execution, and compounding this was the fact that they were not strategic in the way they carried out their duties. This has left a major gap that has contributed to the factors that diminish the link between projects and strategy in parastatals.

### 4.6. PERFORMANCE OF PROJECTS

Some projects in the two organisations appeared to have been embarked on without clear strategy. This means that the goals and objectives of these projects are not clear either. This, in turn, means that the projects are not effective, as they do not support the strategy (Longman & Mullins, 2004). It is not surprising that the projects do not show any value, since they cannot be linked back to strategy. In cases where the strategy is there, it is prudent that the process of identifying initiatives from the strategy is done consciously, with measures put in place in order to evaluate the value add of the projects generated; otherwise, the strategy is not useful. This situation is worse for parastatals, where strategy does not seem to be clear from what respondents projected. Project management's effectiveness will be realised when the discipline is used for executing strategy. This is supported by Longman and Mullins (2004, p. 54), who argue:

> Any strategy formulation session worth its salt ultimately distils vision into critical business issues, and if an organisation is really serious, these issues then get translated into projects, with discrete deliverables and back up plans. Project management is a discipline that often gets overlooked when attempting to move strategy from boardroom to back offices and market place.

The projects in parastatals were not measured for performance. With a kind of leadership that is perceived to be aloof and does not participate, this is not surprising. The lack of measurement in projects diminishes the very essence of checking whether strategic objectives have been met or not (Bititci, Mendibil, Nudurupati, Turner & Garengo, 2004; Pritchard, 2007).

Perhaps the question of the effectiveness of project management in functionally based organisations will be addressed when it is known that it does not thrive in such organisations. With a leadership that does not seem to focus on its subordinates, the leadership in these organisations sits with a workforce that has lost hope, whose performance is perhaps guided by year-end performance appraisal rather than motivation (Dierendonck, Haynes, Borrill & Stride, 2006; Limsila & Ogunlana, 2007). The type of executive leaders in both organisations did not match those who encourage performance by

their subordinates through their effectiveness by setting clear goals, being exemplary in positive behaviour, supporting subordinates to seek satisfaction, and pushing employees to their optimum levels of performance (Limsila & Ogunlana, 2007).

The traditional organisational structure in parastatals impedes innovation and performance, as it is a military structure, which implicitly means that those below get orders from the top. This is supported by Bourne and Walker (2005), who argue:

> The structure, culture and language of the military has been the pre-dominating one in the world of organizations, and still drives the dominant paradigm by which senior management is “in command” and therefore “in control”. The implication of the traditional, military-based organizational culture is that it is management who generate ideas, make decisions, and provide leadership, and it is staff’s role to work to deliver management vision.

The researcher found that, in these organisations, the people at operational levels were not listened to, as executives thought they were the beginning and end of what was required. It made sense when the following comment was made: “The majority of executive managers have not changed or forgotten their days in the army.” Under these circumstances, there is no way professionals can contribute positively and have high morale at work. This will, in turn, lead to negative performance from the employees, who feel their inputs are not valued. The speed, complexity, flexibility, and innovation resulting from technology require agile and motivated employees, which does not seem to be the case with the respondents due, in their opinion, to the inept management of the project environment.

### 4.7. SURVEY QUESTIONS

Question 1 sought to find out the many challenges faced in these organisations in the field of project management. The identification of these challenges will then be discussed in view of what they tell us about the leadership in these organisations and the rate of success and failure to resolve these challenges in order to enhance effective project implementation.

Question 2 sought to find out how much responsibility was owned by those in leadership who initiated projects. The question sought to showcase what support was obtained from the top in order for projects to succeed. This will test the effectiveness of the ownership issue, which could leave the project manager at the mercy of the stakeholders if the initiator of the project finds comfort behind the scenes.

Question 3 sought to find out how visible the leaders were in the projects they initiated. This will showcase whether they help the project manager by showing the importance of the project and marketing the project to the organisation. The visibility of senior leadership enhances project success by way of showing the importance of the project to other executives.

Question 4 sought to find out the capability of project managers to take up leadership roles in the projects they managed. The role of the project manager is to lead the team and take up a leadership position in the project. The test will show whether the level of project leadership in these organisations is sufficient or not.

Question 5 sought to find out whether the projects executed were linked to the company strategy. This will, in turn, prove the effectiveness of project management as a way of executing tasks resulting from strategy. As has been alluded to, if the strategy is not there or is not understood, the chances of projects adding value to the business are diminished.

Question 6 sought to find out how well the project management principles and methodologies adopted were understood by the stakeholders and, in particular, the project managers. This will answer the effectiveness of the current crop of project managers in the current environment in which projects are executed.

Question 7 sought to find out how many of the principles of project management were applied in the process of executing projects. This will shed some light on governance taking place in these organisations and adherence to the processes. The level of training required should also be seen to be consistent with the gap of training that is seemingly obvious in these organisations.

Question 8 sought to find out what was viewed by the stakeholders as actions required in order to enhance effective and efficient project execution in these organisations. The recommendations, in a way, give suggestions to the leadership challenges experienced by the respondents.

### 4.8. CASE STUDY REPORTS

The approach for reporting will seek to describe the purpose of the reports, which, in this case, is to showcase the challenges faced by the two parastatals in the management of projects. The scope defines the extent to which the research was pegged in terms of the

organisations researched and the description of the respondents, including the categorisation used. The data collection method is described, and then limitations for this research are described, assumptions documented, and the findings described (Ballard & Bates, 2008; Grenier & Burke, 2008; Jones, Comfort & Hillier, 2006; Smith, 2008; Talha, Sallehhuddin & Mohammad, 2006). The emerging issues from the findings are highlighted and patterns noted, and then there is generalisation on South African parastatals based on the evidence and similarities in the two companies being researched.

There is no intention of doing a comparative analysis, but the intention is rather to show how different or similar the two organisations are based on the data collected. One report combining both organisations, Eskom and Transnet, was produced. This approach was adopted after the emerging issues from the independent results of data collected showed similarities. Where emerging issues are unique to an organisation, they will be identified and described accordingly as such. What should be noted is that the respondents gave their perspective, and the report is representative of their views. Before the report was produced, it was sent to all the respondents for comments and validation that the results were, indeed, a true reflection of my contextualisation of their responses. Not all respondents replied to confirm the findings. Forty-two per cent from Eskom and 24% from Transnet responded, covering the four categories of respondents, namely, executives, project office managers, project managers, and project administrators.

During the interviews, the researcher noted the catchphrases used by respondents to describe situations. These were noted and respondents informed that these quotes would be recorded without revealing sources as part of maintaining the confidentiality condition of the research. The quotes can help to get the feeling of respondents when they summarise their surroundings in relation to the research. The research report would not be as credible without quoting from respondents (Boyce & Neale, 2006). The same method is used to describe themes, as Ryan and Barnard (cited in Denzin & Lincoln, 2007) argue: “A widely used method for describing themes is the presentation of direct quotes from respondents – quotes that lead the reader to understand quickly what it may have taken the researcher months or years to figure out.”

**FIGURE 16: DIRECT QUOTES FROM RESPONDENTS**

| |
|---|
| "The way project management is practised here is scary" |
| "Here there is a culture of shoot the brave" |
| "If you pay peanuts you will get monkeys" |
| "I wonder if we work towards the same strategy." |
| "I have worked as a project manager for more than twenty years with no formal training" |
| "Leadership is conspicuously absent" |
| "The executive managers involved with projects do not understand project management at all" |
| "Project managers are used as a post office" |
| "Leadership confuses technical expertise and in the process appoint technical experts to manage projects" |
| "Racism is rampant here and practised silently" |
| "There is no culture of planning but more of executing (do, do, do) in our organisation" |
| "Some projects are initiated by individuals to cover their backside" |
| "The culture of status has stopped project management to report directly to the top" |
| "Fear of career limiting statements is common" |
| "Leadership hardly engage with people except when dishing orders" |
| "Leadership is always stuck in meetings" |
| "There is a permanent crisis mode of working" |
| "There is no provision for creating project teams" |
| "Our project teams are like having a football team whose players meet for the first time in a match" |
| "Transformation and continuous change is damaging the morale" |
| "There is a culture of undermining those who have project management qualifications" |
| "The majority of executive managers has not changed nor forgotten their days in the army" |
| "The blame syndrome is the order of the day" |
| "Monkey see monkey do basis" |
| "If it's not compacted it's not done" |

Respondents from both organisations confirmed the data collected as being accurate and, hence, representative of their experience in the parastatals. Comments from the respondents as they confirmed the results were fascinating in that while some displayed emotion and passion, others showed concern about the bleak reflection on these organisations. The table below reflects on the comments being confirmed as an accurate reflection of the captured data. The table will not reflect the respondents who simply

confirmed that the data was a true reflection. The table will show comments where respondents went further to air their views in follow-up comments in the process of confirming the data. Notably, it was the project administrators who did not make any further comments; the reason for this is not known. The information is provided in such a way that it hides the identity of the source of comments within the two organisations. The comments are not direct quotes, but rather edited versions of the respondents' follow-up statements.

**TABLE 13: COMMENTS FROM RESPONDENTS AS THEY CONFIRMED DATA**

| | |
|---|---|
| Executives | • The key to our success is the project life cycle process.<br>• Clearly, management still has work to do in embedding this further. |
| PMO/portfolio/programme managers | • The need for very strong portfolio management that results from strategy is now more than ever evident, considering prioritisation that is required. We need a top-to-bottom kind of project management strategy that is linked to business strategy, with strong portfolio management at the top.<br>• I found this interesting reading.<br>• I am of the opinion that the Q1 answers on the skills shortage and too many projects might be exaggerated. I do, however, believe that they were correct at the time of the interviews. |
| Project managers | • The feedback paints a very grim picture of projects.<br>• The project management discipline has not been as effective as expected, as it is difficult to manage roles with the other parties, but I gather the adoption of a matrix structure will help, along with all the other lovely executive support that is required.<br>• In general, my experience has been that when a full suite of project management principles is applied, it is seen as red tape. |
| Projects administrators | • No follow-up comments. |

The researcher acknowledges the four formats of writing case studies, namely, the classic single-case study, the multi-case version of the classic in the first format, a version that is multiple or single, but does not contain the narratives, and a fourth that applies to multiple cases only, which contains cross-case analysis (Yin, 2003). The case reports here will adopt the fourth approach that satisfies the intention of the research, which is to find out the similarities and differences of the two cases. It also allows the opportunity to describe the emerging issues and state them according to the respondents' perspective by way of explanation. The structure of the reports will be the introduction, purpose, scope, method,

limitations, assumption, emerging issues, a discussion of the patterns and similarities that may be emerging from the one case, and finally, the generalisation that can be made from the information analysed from the two cases. The reporting structure will represent both organisations, as will the emerging issues.

## 4.9. DISCUSSION OF THE ESKOM AND TRANSNET REPORT

### 4.9.1. INTRODUCTION

South African parastatals, by nature of their establishment, are hierarchical in design and, as government enterprises, seek to emulate operating like private companies. The challenge created by this arrangement is that as the parastatals try to manage through projects, the issues of reporting, authority, delegation, silos, “empires”, status, power, and bureaucracy, which are cancers embedded in hierarchical organisations, become real. The culture created by the traditional order is not consistent with requirements for new management through projects and is, in fact, designed for the opposite.

While projects thrive in flat, matrix, or projectised reporting organisational structures, maintaining the same structure in a new way of managing seems to be the fundamental hurdle similar to putting a round peg in a square hole. The challenge is how leadership tackles these challenges in the process of allowing project management to function with fewer hurdles in parastatals with their unfavourable structures for project management. The concept of project management is itself new or is bandied about in the parastatals as if it is a way of life; yet it is only talk, talk, and very little walking of the talk. The report will use the term “parastatals” with reference to both Eskom and Transnet.

The terms “respondents” and “participants” will be used interchangeably in the report with reference to the interviewees.

### 4.9.2. PURPOSE

The purpose of the report is to find out what the challenges are that are faced by the role players in the process of the execution of projects in parastatals and the reasons given for these challenges from the perspective of the respondents. The respondents’ proposals for solutions to the challenges will be of assistance in understanding the expected solutions.

### 4.9.3. SCOPE

The scope was limited to the project environment in areas of Information Management, Build Projects, Maintenance, and Corporate Divisions in Eskom, while, in Transnet, it covered Capital Projects, Re-engineering, Business Intelligence, and Information Technology. The respondents had to be individuals currently working on projects or having worked on projects before. The respondents ranged from senior leadership identified here as executives, programme/portfolio/project office managers (who are middle managers), project managers (who are the lowest level of managers), project administrators, and in some cases specialists who are project team members. The reason behind interviewing across the spectrum covering executive management down to the project administrators and specialists at execution level was to allow a balanced view of the challenges in different categories of levels in these organisations. The scope covered both permanent and contracted respondents. The categories were chosen based on the need to cover the spectrum of role players in projects, with the exception of the end-users or clients. This approach will be used to assess whether respondents from different categories will have any common or similar answers to the questions. The list of potential respondents was not exhaustive because of the logistic and time frame limitations. However, those who were available in the period were interviewed as scheduled.

### 4.9.4. DATA COLLECTION METHOD

Permission to conduct interviews was sought from the Chief Executives of both organisations. Once clearance had been obtained, the approach taken was to identify the areas in which projects were executed, together with the names of the executives who would give direction in terms of identifying the rest of the potential respondents at the operational levels. Once the respondents had been identified, communication was established and an extensive explanation given regarding the reasons behind the research and the permission that had been granted. Appointments were set up, accompanied by the questions and the purpose of the research.

### 4.9.5. LIMITATIONS

The researcher had underestimated the logistics involved and the availability of respondents, together with the time it took to conduct the interviews. The element of bias was always a concern, as this study involved a subject of the researcher's discipline, and he was working for Eskom after having worked in Transnet before. The clients and end-users were not interviewed, which denied the researcher the opportunity to get their feedback and opinion

regarding project management. The respondents not at leadership level could have found an opportunity to vent their frustrations and anger at leadership, possibly distorting the magnitude of the challenges.

The interviews did not include people who were not working on projects; yet they may have had experience of the same in the organisation, and their input could have given a different dimension. The opportunity to get the opinions and perceptions of “armchair critics” on project management was eroded by the failure to interview larger samples in both organisations. The attitude or scepticism of respondents in both organisations was allayed through explanations before interviews so that the respondents would not feel it could be another spying mission for management. The research could also be interpreted as “career limiting”, to quote a respondent, as the questions led to exposure of gaps in leadership in these organisations, which the leadership would like to be kept under wraps while solutions to the challenges are being found.

The research centred on two parastatals in South Africa, which could limit the nature of findings compared to if the research had covered all parastatals. Some of the South African parastatals such as Telkom, the Agricultural Research Council, the Human Rights Commission, the National Student Financial Aid Scheme, the Council for Scientific and Industrial Research, the Industrial Development Corporation, the South African Broadcasting Corporation, South African Airways, and South African National Parks, to mention but a few, are not covered by this research. The results will, therefore, not be representative of South African parastatals. Other case studies on all the remaining parastatals will help either to consolidate the findings that will come out of these two or be altogether different.

### 4.9.6. ASSUMPTIONS

The atmosphere set for the interviews was right. The questions were understood by respondents and were not viewed with any suspicion, considering that they had been given the green light by the top leadership. The researcher carried out the work professionally and ethically under the circumstances. Respondents gave answers to the best of their ability and without prejudice. The data collected together with its confirmation is proof that it is valid for the particular organisation. The data collected will demonstrate the cases to the best of the researcher’s ability.

### 4.9.7. EMERGING ISSUES

#### 4.9.7.1. ORGANISATIONAL STRUCTURES

This aspect appears to be a fundamental challenge facing project management. While it has been noted from the literature that project management functions well in matrix or projectised structures, neither of these structures is in place; nor are there attempts to restructure the organisation to function in a form that would enhance the success of projects. Although a minority of smaller projects are successful in these organisations, in the majority of cases, the experienced project managers have to go through luck and the pain of manoeuvring. The larger projects fare much better relatively and are helped by their high profile in which leadership seems to get involved and make decisions that allow the discipline to function within the unsuitable organisational structural conditions.

A concern was the seemingly ignorant leadership on issues of the appropriate structures for projects. The acknowledgement of the presence of silos was intense from executives as well as the rest of the categories. While the operational employees viewed the “wrong” organisational structures as stumbling blocks, leadership did not show concern other than just acknowledging that silos existed. They seemed to think that the status quo should continue and that project management should function as is. They focused on project managers having too many projects or not being good enough and even felt that the discipline was not respected with its low profile. It was clear that the issue of the organisational structure as well as its impact on projects was not known by leadership. This casts doubt on the extent to which leadership understands project management. At times, the 2003 model of “eyethu”, which was a concept of “one Eskom” established to project one organisation, seemed confused with a matrix structure. The worrying thing here is that if leadership cannot identify this very fundamental issue as a challenge, it could mean that the status quo will prevail for some time until the leadership changes or some catastrophe in a big project forces leadership to think again and perhaps seek consultants to tell it that its organisational structure is not appropriate for projects. The performance management system does not support matrix reporting either, is still functionally focused, and supports the silo mentality. The continuous changes happening at leadership level in these organisations are not helping either, as the mostly acting senior leadership hardly pegs structures while it is temporarily in charge. The field has shown that issues of organisational structures are as pertinent to project success as any other. The evidence suggests that unless the organisational structures are right, the project management discipline will continue to suffer the obvious challenges.

#### 4.9.7.2. STRATEGIC LINK OF PROJECTS

Strategy is very much the reason organisations define their future direction. It was worrying to find that there was a split within the executives regarding whether the projects were linked to strategy, with the majority of respondents overwhelmingly suggesting there was no link. As this is a leadership-driven exercise and needs to be understood by all employees, if projects are executed without showing what they address in a strategy, it is frightening. It could mean that the reason some projects are executed in parastatals is not necessarily for the good of the organisation, but to satisfy individual goals. Considering this organisation has a government as a shareholder, the public would want to see that funds are used in alignment to the strategy; otherwise, it is money wasted.

The situation in parastatals regarding strategy is worrying, as was clear from most of the respondents, and those from Eskom, in particular, felt that the projects either were not linked to strategy or were sometimes poorly linked. The situation at Transnet was different in that the majority felt that the link between projects and strategy was there. One could attribute the Transnet situation to the two strategies adopted by the former CE, the first being the turnaround strategy in 2004, then followed by the second: the four-point turn growth strategy in 2008 (Transnet Limited Annual Report, 2008). What is learnt here is that big companies do not communicate their strategies well, as is the case especially in Eskom according to the findings. This is a concern, as the project environment – supposed to be the executioners of the strategy – does not understand it. Companies that want to be progressive and perform better use their employees as a source of that competitive advantage through a belief in strategy, which, in turn, dictates the values, norms, and culture that prevail in the organisation. The alignment, vision, and future are achieved through adopting an organisation strategy (Bergeron, 2004). The evidence on the employees in the parastatals shows that the use of strategy for competitive advantage will not work until the strategy is clearly understood. This lack of strategy is perhaps a contributory factor to the proliferation of projects, which are not seen to support the strategy, particularly in Eskom.

The concept of strategy and its relationship to projects need to be understood in the context of projects being a vehicle to measure whether strategic intentions have been met. This starts with the metrics for the strategy itself being identified, creating awareness about them in the business, and finally, making sure that the selected projects are linked to the strategy (Lefley, 2004). When this is missing, the purpose of executing projects is not clear and does not add value. What was evident from the respondents was that rushing to execute projects without understanding what they served in terms of the company strategy was not helpful, as

the strategic reasons behind a particular project make everyone pull in the same direction. The issue of the strategic intent of the project is important for the stakeholders to know their commonality in terms of the strategic objectives of the company, which is implemented through project execution.

#### 4.9.7.3. SILOS

Most respondents apportioned the blame to the presence of silos. This was expressed right through among the different categories. The presence of silos was, according to respondents, viewed as causing dysfunction in both the implementation and execution of project management in parastatals. The experience of the respondents is summed up well by Goman (2009), who argues:

> The organisation disintegrates into a group of isolated camps, with little incentive to collaborate, share information, or team up to pursue critical outcomes. Various groups develop impervious boundaries, neutralising the effectiveness of people who have to interact across them. Local leaders focus on serving their individual agendas – often at the expense of the goals of the rest of the organisation.

What respondents highlighted as challenges were often symptoms of silos, such as poor communication, internal competition, lack of cooperation, mistrust, organisational politics, jockeying, manoeuvring, building alliances, undermining enemies, working around obstacles, preparing positions, fighting corners, waging budget and turf battles, and inefficiency (Côté, 2002; Mitchell, 2008).

While it has become obvious that silos are dysfunctional, the parastatals have not broken them down, despite claims of a one-company concept advocated by the leadership. Perhaps the leaders must adapt or die. This thinking on silos is supported by Collins (1997), who argues: “Functional silos make or break companies and they must be broken down.” The findings show that parastatals are still operating in silos; yet they have adopted a project management concept that requires flat or matrix reporting, thereby allowing seamless working across functions. This remains a challenge to be tackled by the leadership of these organisations, as the silos do not support the project management philosophy.

#### 4.9.7.4. BUREAUCRACY

In the two parastatals, it is popularly known as governance. The unfortunate result of this phenomenon is that it is perceived by operational respondents as a tool to show power and status. The individuals and committees with delegated responsibility to make decisions hardly consider the urgency required on projects when making their decisions and, therefore, will take time to reach a conclusion. The effect of this on projects is enormous, as it puts timelines out by significant periods. This has an impact on deliverable times, which are consistently late, particularly in technology-related areas. The silos present in these organisations allow the level of inconsideration that prevails in project execution to the detriment of the success and deliverables of projects. It was worrying to find that almost every respondent seemed to think of bureaucracy as a main stumbling block to project execution.

The culture of hierarchy is consolidated by this phenomenon to the extent that it is regarded as high-profile if one is a member of these governance bodies. The respondents, however, said this provided the opportunity for the same individuals to give their preferences when deciding on organisational matters. What is worrying is the fact that executives identified bureaucracy as a stumbling block, yet had done nothing to address it or optimise governance. As this phenomenon has connotations of totalitarianism, obedience, authority, conformity, procedures, and punishment (Hoy, 2006; Höpfl, 2006), the nature of the connotations is not consistent with project management, which requires the very opposite of bureaucracy in terms of innovation, speed of delivery, and allowing experts to make decisions on their related tasks. Projects come with deadlines and speed of delivery; yet the findings show that, in the case of parastatals, projects are hampered by red tape.

It is from one committee to another and from one governance body to another, they say, the unfortunate thing being that none of the committees or governance bodies has any concern about the delays caused and the impact delayed decisions have on projects.

#### 4.9.7.5. COMMUNICATION

The respondents believed there was no communication on projects. Communication is supposed to be the medium to showcase the progress of the project to the stakeholders. The same is used to identify and address the challenges or risks through meetings and escalations, where necessary. Communication is supposed to create common ground and bring stakeholders together (Yamauchi, 2001). This is not the case in these parastatals where one set of key stakeholders in operations of projects is totally disgruntled with the lack

of communication. Issues identified show that employees working together in projects do not know what is going on due to lack of communication in projects. This communication challenge has been the crux of the lack of communication that seems to have beset the adoption and implementation of the project management philosophy in the two organisations.

Other than meetings, reports, and emails among the project's exclusive stakeholders, there has not been a concerted effort to communicate projects to the bigger audience in the organisation, which has led to projects having a poor identity and low profile. The communication on projects in parastatals takes place more at corporate level in high-profile projects where the stakes are high and could lead to elevation of those leading them. This culture alienates the rest of the projects and reduces them to levels of less importance. It is worrying that many projects fall into a category that does not appear to support the company strategy and, hence, may have been initiatives of no value and importance to the organisation. The lack of communication on many projects leads to lack of identity and diminishes the trust in executing these projects (Goczol & Scoubeau, 2003).

As has been said before, communication in parastatals is worsened by the silos and lack of a cohesive understanding of the need to cooperate within the functional areas that are, in fact, competing for glory, using all means possible to gain the upper hand. While communication is very important in projects, the findings show that the situation in parastatals is dire.

#### 4.9.7.6. SKILLS SHORTAGE

It should be noted that skills in South Africa had been designed to benefit whites in order to support the apartheid system. This is supported by Swartz and Foley (1996), who argue:

> One legacy of apartheid has been to segment skills acquisition along racial lines, and the country has historically suffered from a dire shortage of skilled labour. In the early 1990s approximately one-third of the 1,800,000 managerial and professional posts could not be filled. In the new South Africa, the skilled managers and professionals will have to come from the black community who have historically been severely underrepresented at tertiary education level.

This issue was mostly raised by all categories, except project administrators. The issue of skills was of a mixed description, covering both the capacity and capability of the skills set. In other instances, it could also refer to experience. The skills shortage being described was

specific to project managers and, to a lesser degree, to any project resources. This issue is, however, related to the general skills configuration set up by the apartheid system, which deliberately disadvantaged the black majority of citizens through classification of skills, the schooling system, and management roles for whites (Mathur-Helm, 2005; Mlambo-Ngcuka, 2006). This issue is particularly prevalent in parastatals where government wants to lead by example on equity in employment, which has, in turn, affected the project management discipline. The reference, therefore, to a skills shortage is another way of highlighting the lack of skills among the blacks working in this discipline. While the issue is true, one can also link this to the perception that whites are skilled and blacks are not.

With the numerous projects being initiated, the issue of a skills shortage identified by respondents is linked to the very lack of selection and prioritisation of projects. The difficulties experienced in manoeuvring through silos and bureaucracy require some enhanced skills and experience in project management. A novice project manager would not survive in such a maze of obstacles as those in parastatals. The attraction of relevant skilled project managers will require a conducive environment and good salaries. Since findings have shown that there are unsuitable structures in parastatals and the project management profession has a low profile, it follows that the salaries in parastatals are not attractive. One respondent commented “If you pay peanuts, you get monkeys” to support this conclusion. The organisations will not attract the best project managers, let alone related professionals, due to the conditions mentioned above.

#### 4.9.7.7. LACK OF PROCESSES

A very frightening feature was the lack of business processes in both organisations, which is related to the continuous change that seems to have beset them. Business processes are a way of performing tasks in a particular environment from an operational and support point of view. Operationally, processes relate to strategy, while infrastructure is provided to give the support processes (Armistead & Llewellyn, 2000). With this simplistic view in mind, it is frightening to comprehend such big organisations as parastatals functioning in such a maze when it comes to business processes. The relationship that exists between functions and the logical sequence of activities that must be performed and the integration of such activities define the quality of the product (Armistead & Llewellyn, 2000; Climent, Mula & Hernández, 2009; Hindle, 1997; Jones, 1994).

The question is how one plans, measures, or controls the production of services in such a vacuum. It is, indeed, frightening to find such a huge organisation functioning without clear

business processes – the very essence of describing how the business should be run, as processes connect strategy and operations. The view of a lack of processes poses a question regarding how effective and efficient the services are that both organisations provide. This is supported by Jones (1994, p. 25), who argues: “Today more emphasis is being placed on externally focused objectives, i.e. the fulfilment of specific customer requirements; the achievement of high and improving levels of customer satisfaction; adapting the organization to the needs of a changing market and business environment.”

If the processes are not there, which means the business is itself not understood, then it is not surprising to find the lower levels of employees admitting that there are no processes in place. Seeing as the executives did not mention the issue of processes, perhaps they have not been communicated properly to the rest of the employees; otherwise, they are not shown through a value chain. This is rather a tall order for processes to function cohesively across silos, though, since parastatals are still functionally organised. Most respondents felt that where the processes were present, there was neither consistency in their application throughout the different units, nor proper education on them. Again, the challenge goes back to the question of how leadership has allowed such huge organisations to operate with unclear processes for so long. The seemingly continuous changes prevalent mean that there is an element of instability as far as the processes are concerned, as they need to be changed as frequently as new leadership comes in. It is a challenge for leadership to stabilise processes, as they are important for project execution to be effective.

#### 4.9.7.8. SCOPING

The quality of a product is determined by what it was meant to be and how that would be proved through certain metrics. This is done through scoping of the services to be rendered or product to be delivered right at the beginning of the project once the need has been identified, pegging the scope by defining what work needs to be done to complete the task (Duggan & Blayden, 2001; Gido & Clements, 1999; Kerzner, 2001; PMBOK Guide, 2004). It is, indeed, a concern that project managers felt that the scope was not always clear. How they then move on from there to manage projects and deliver to the clients is a mystery or must be a very intricate experience for them. This situation is not surprising in view of the lack of strategy and business processes described earlier. These two aspects are the cornerstone of defining the needs of the business. The absence of these leaves project managers at the brunt of dealing with scope changes, scope creep, and even runaway projects as a result of failure to peg a clear scope of what is wanted right at the beginning of the project.

The importance of scoping seems to be a thorny issue in parastatals. Poor scoping and poor scope management are two of the major reasons why projects fail. This conclusion is supported in a survey conducted by Liebowitz (1999) to find the main reasons why projects fail:

> The respondents were asked “for those information systems projects that fail, at what IS development stage do they often fail?” The results were:
>
> - about 55 per cent fail during problem scoping and inception;
> - about 20 per cent fail during requirements analysis;
> - about 5 per cent fail during design;
> - none during coding;
> - about 15 per cent fail during testing;
> - about 5 per cent during implementation and maintenance.

The results show that a significant chunk of project failure is a result of poor scoping. If this is such a major problem with project managers whose responsibility is to execute activities within a scope, then a lot is still to be done to alleviate this scourge in Eskom. The fundamentals of project management are glaringly missing due to the conditions that are clearly not meant for management through projects. Even if experienced skills become available, it will require some level of astuteness to circumvent the challenges caused by unclear scope.

The element of scope being unclear has its roots in the unclear strategy, the lack of processes, and the lack of ownership of projects. This feature in the findings showed that parastatals were functioning without clear direction, as scoping would be easier to deal with if the strategy that was being fulfilled was clear or the processes that were being enabled were documented.

#### 4.9.7.9. ENTERPRISE PROJECT/PORTFOLIO OFFICE

The prevalent feeling was that parastatals were still functioning in silos. This creates a myriad of project offices in every division and, sometimes, in departments. Following this are different methodologies being adopted, duplication of effort by doing similar projects independently of one another, and lack of standardisation. Being the big organisations that they are, it is understood that there could be differences of activities within certain divisions. In Eskom, Generation, Transmission, Corporate Services, and Distribution provide services in maintenance mode, and Enterprises Division, which is in construction mode, builds power

stations. The same would apply to Transnet's Freight Rail, Rail Engineering, Port Terminals, National Ports, and Pipelines. However, seeing things from a higher level requires having one office consolidating reports to minimise the risk of editing reports before they are shared.

Project offices in parastatals are designed to suit silos rather than for the benefit of the parastatals to get a holistic view of the performance of projects. Many respondents felt that unless an enterprise project office was established, the issue of standardisation would remain a dream, as each silo aimed to promote its own methodology and reporting mechanism within the functions it supported. Findings showed that respondents were hopelessly craving one office to control project management activities in these organisations.

The subject of project management and standardisation of methodologies should not be affected by this difference. Most participants felt that the failure to have one project office resulted in a huge financial miscalculation of the total costs of projects as well as some loss due to lack of optimisation of resources through managing company projects as a portfolio. Projects needed to show value by way of proving that the investment was beneficial, especially from a financial point of view (Datz, 2003; KPMG, 2005; Krow, 2004; Walton, 2002).

The establishment of an enterprise project or portfolio office would go a long way to achieve this goal in parastatals. This is supported by the KPMG report (2005), showing the value of having an enterprise office in an organisation as shown below.

**TABLE 14: THE GOLDEN RULES – GETTING VALUE FROM YOUR INVESTMENT**

| | |
|---|---|
| Govern to achieve | Establish an integrated governance framework end-to-end, driven by the executive (top management culture), at least starting from business cases and with measuring the actual value. |
| Prioritise to realise | Establish an enterprise-wide prioritisation process that objectively and continuously evaluates projects to help maximise and realise the value from investment. |
| Align to adjust | Aim to ensure that all initiatives are clearly aligned to business strategy, and where appropriate, adjust to maintain alignment (or reinvest funds elsewhere). |
| Safeguard to value | Control benefits leakage by clearly defining what value you expect to receive, how you will get it, and when; then reassess regularly throughout the project. |
| Hold to account | Clearly define individual accountability for realising benefits, including integrating proposed benefits with operational plans and budgets. |
| Invest in people and processes | Recognise project disciplines, acknowledging the link between strategy and project execution. Develop capability, capacity, and risk models to suit your organisational maturity and culture. |

Source: KPMG (2005).

This can apply equally to any projects and parastatals that are found wanting due to the chaotic management of projects caused by lack of a bird's-eye view of what projects are being executed and of what benefit they are to the organisation. Without an enterprise project office, it is a cumbersome exercise that involves consolidating scattered information across these organisations. This breeds human mistakes in the process, eventually providing leadership with unreliable information, leading to wrong decisions.

#### 4.9.7.10. POOR PLANNING

In order to deliver, you need to have good planning. It is rather absurd that planning is ignored; yet projects are expected to deliver. Planning is a project management process that is repeated in all nine project management knowledge areas. Most participants believed that this aspect was not valued in the way projects were started and executed. It is worrying that planning, which should occur as a management principle (let alone as a project management process), is ignored. The failure to plan is a recipe for failure in risk, procurement, quality, communication, cost, human resources, time, scope, and integration management.

Planning is regarded as a one of the key fundamentals for the success of any project and, in some quarters, as the most important of the project activities. Planning allows time to reflect

on the issues of selecting the right projects, selecting the right resources, timing of the projects, establishing quality planning metrics, and designing methodologies that have planning as a main component of project management (Aladwani, 2002; Greer, 1999; Hällgren & Wilson, 2007; Lee, Kang, Park & Park, 2008; Murphy & Ledwith, 2007; Tanner, 2001; Zwikael & Globerson, 2006). The lack of planning will, by default, leave these organisations running in crisis mode for some time to come until the culture changes.

It is, indeed, a concern that requires urgent attention by all involved, especially the leadership who needs to pay attention to the culture of starting projects without proper planning. In view of the previous emerging issues in parastatals, lack of planning is likely to compound the already chaotic and unstructured conditions under which projects are executed here. It should be worrying to leadership, let alone the shareholders who are the South African government, to find that funds are used in projects without proper planning. The size of budgets these parastatals use for executing projects deserves far more cautious and thorough planning in order to benefit the bottom line of the shareholders; otherwise, the parastatals will have to rely on government funds in order to survive as businesses. These parastatals are code-named state enterprises for the very purpose of running like a business. How this will be achieved within the seeming rush to start working on the project with little planning is difficult to comprehend.

The findings show a culture of a lack of planning. This again points to leadership that has not allowed structures for planning to function. Without strategy and processes, not knowing your own business and too many initiatives are not ideal situations for planning to take place. There is an anomaly in such huge organisations in which government invests and to which government looks to apply their minds when using public funds.

#### 4.9.7.11. NUMEROUS PROJECTS

The majority of project managers felt that there were too many projects being rolled out. With no strategic link, unclear scope, and poor planning, this was not surprising. While project management was adopted because of its systematic and logical approach to executing tasks, overwhelming project managers with projects does not help either, as it takes away the focus on deliverables. This phenomenon is manifested from the very lack of prioritisation of projects. If the projects are not vetted for their viability, it will not be amusing to find many initiatives ending up as projects, even though they may not be adding value to the organisation. The quality of deliverables was compromised, as project managers had too many at a time.

Considering the many projects being rolled out and the seemingly chaotic situation of executing projects, it was not surprising to hear that the quality of deliverables had borne the brunt of this phenomenon. It appears that there is concentration on having quantities of initiatives that result in projects without necessarily putting emphasis on quality. The public out there expects quality service through the execution of projects, not the high volumes that do not add any value. This assertion is supported by Blanchard and Johnson (2004, p. 21), who argue: “Quality is simply giving people the product or service they really want and need.”

The findings show a multitude of initiatives that become projects, with no strategic link and screening or prioritisation whatsoever taking place. In essence, any initiative that originates from some executive can become a project without many eyebrows being raised as to what benefit the initiative has for the business. This is so due to the two organisations still operating in silos. The initiatives are viewed functionally, not organisationally. One wonders how much duplication of effort and projects goes on in parastatals, as there is no mechanism to prevent it.

#### 4.9.7.12. AUTHORITY OF A PROJECT MANAGER

Several project managers, in particular, became agitated when discussing this issue. Common among them was the perception that they had not been allowed to exercise their role due to restricted and undermined authority, and their hands were “very tied” in terms of executing their profession unhindered. This was to be expected, as the hierarchical culture of these organisations still assigned the delegated authority somewhere else higher than the project manager. Typically, when this happened, the project managers felt that they ended up performing project administrator duties, as they were limited by circumstances.

Issues such as the project manager’s involvement early in the project, being included in the scoping, team selection and team development, budget, and empowering did not exist in the parastatals. Many felt that executives seemed to become involved operationally in the initiation of the project and to make decisions for the incumbent project manager. What was a common feature was that, most of the time, the project managers felt that when the decisions made earlier in the project proved to have been wrong later, the executives were nowhere to be seen, nor eager to defend the position. The project manager had to face the wrath of the upset stakeholders.

It was common practice in these parastatals that team members reported to their respective functional areas during the project phase. The project managers made no contribution to the performance management of these resources, except at times for certain evaluations sought once a year by the functional managers. The question the project managers wanted answered was how they were expected to be accountable without the authority to make decisions for which they would be responsible and be ready to defend with reason. As the culture did not allow this, it left the project managers extremely exposed and powerless in the face of challenges within their projects.

The project managers felt that, despite these circumstances, when projects failed, they were accountable. This notion of reasoning is against the three basic key elements that form the backbone for achieving any success in project management. These are authority, accountability, and responsibility (Charvat, 2002).

As with other previous issues, there is a relationship among these issues that requires some soul-searching and brave decisions about how these organisations function. Perhaps, in finding what project managers want in parastatals and what leadership is expected to do, one needs to look at the advice from Charvat (2002), who argues:

> The old axiom, “The buck stops here,” applies to both executives and corporations trying to hold project managers accountable for a project’s success. Companies need to allow project managers a far wider range of authority if they are to successfully manage their projects. Far too many “old-world” organizational structures stifle today’s way of doing business. If project managers are empowered, they’ll happily accept being held accountable.

This was the common expression from project managers who felt that no one was concerned about their lack of authority and that it would be business as usual, even if the odds were against success. While it was clear that authority was missing, project managers agreed that they had a responsibility of overcoming this challenge through improved stakeholder management and getting support from senior leadership as a way of making a success where limitations were abundant. The respondents and, particularly, project managers seemed to have a common culture of expecting authority to be handed down by some senior person above. What they did not seem to realise was that, by default, some authority already existed in their profession, and perhaps the authority they needed was that which would enhance quicker decision-making on issues pertaining to governance.

#### 4.9.7.13. HIRING OF PROJECT RESOURCES

Several respondents felt that the process of hiring resources in projects was not helping projects. Project managers felt that they had no say in the selection of the project team members. The feeling was that the recruitment process was faulty, as it allowed people not trained as project managers to function in those roles. The prevalent feeling of respondents was that it became a demoralising factor for those with the right qualifications, who sometimes found themselves reporting to people who did not understand the subject of project management at operational level. The restricted choice in identifying resources for a project and allowing them to develop was seen by respondents as a bad start for a project. The prevalent feeling, especially among project managers, was that parastatals set up projects for project failure through the processes through which projects go in their execution.

Many respondents felt that the recruitment methods used to acquire project managers were not consistent, as they resulted in some unqualified individuals performing the duties of project managers. Compounding this situation was the inability of project managers to have a say in the choice of resources in their projects and to get time to develop their teams. Again, we see a relationship to the organisational issues here that points to the failure by leadership to create appropriate organisational structures for hiring the right resources and developing project team members.

#### 4.9.7.14. TRAINING

Several respondents felt that project management training was required in order to make improvements. Project managers proposed that training was required for all stakeholders, including executives, who they claimed did not understand the project management processes, hence their continuous interference. The executives, on the other hand, viewed project managers as requiring project management training.

A worrying trend among the project managers was their lack of basic project management training. It appears that the parastatals have only now in 2008/2009 realised the need to equip this discipline by allowing proper training in project management, such as certification in PMP and Prince2. To hear a respondent say “I have worked as a project manager for more than twenty years with no formal training” is a sign that this discipline has not come of age in the parastatals. In view of the above quote, the reasons for advocating training for project managers by executives are understood. To close the gap of the perceived lack of understanding of the principles of project management, it is, therefore, envisaged that

executives go through basic training in order to enhance project success. As it stands, the parastatals have not taken project management seriously enough to use it as a platform to execute strategy.

The project managers require technical skills in the field as well as people or soft skills in order to be effective in their work. The behaviour of the project manager and his/her leadership skills are a necessity (Bourne & Walker, 2004; Cervone, 2008; Cowie, 2003; Jacques, Garger & Thomas, 2008). The respondents' concern was the tendency to appoint technical leaders as project managers without the checks and balances of verifying their competence in soft skills, which are critical for a project manager position.

#### 4.9.7.15. POOR AND ABSENT LEADERSHIP

If leadership in parastatals start projects and walk away, they should know they have set that project up for failure. Literature has shown that project success is determined, to some extent, by the presence of top leadership in the execution of projects they initiate. This is supported by Narayanan, Douglas, Guernsey, and Charnes (2002, p. 19), who argue:

> We have found evidence that the behaviour of top management is a primary determination of the success of teams. For successful implementation, top management needs to perform two major functions:
> 1. They should create a strategic imperative, acting in unison to show case the need for change and involving middle managers in the choice of fast projects
> 2. They should manage the organisation context by choosing project leaders who are likely to be successful, balancing empowerment and monitoring of the project leaders, providing protection to the teams and managing the expectations of the rest of the organisation

So, let us now look at the situation of the parastatals regarding the absence of leadership in projects. The prevalent feeling was that executive leadership was not visible, and various reasons were given. The reasons given were lack of interest, being too busy in meetings, having no sense of ownership, only coming down when there was a disaster, visibility on high-profile projects that enhanced their status, and simply using a "hands-off" approach, to mention but a few. Several participants felt that project managers lacked leadership skills. Project management is not simply about managing the project, but rather leading a team of experts who execute different tasks in a project.

Employees require leadership guidance when executing activities. This involvement by leadership needs to be taken seriously, as it can make or break initiatives (Howard, 1997). The findings show a case of parastatals that is worrying because leadership does not seem to be giving the guidance and support as expected in projects. Most participants agreed that the conspicuously absent leaders contributed to the low morale of project teams and reduced the effectiveness and success of project management. This lack of involvement resulted in executives not having first-hand information, which damaged the execution of projects. Executives need to be part of the project management processes in order for their role to be effective and to enhance project success.

The issue of lack of top management support is cited in many articles and reports as being the main cause of project failure (Capon, Kaye & Wood, 1995; Whittaker, 1999). Given the abundance and availability of these reports, one would have expected executives in parastatals to do something about the behaviour of abandoning projects. The respondents felt that the absence of leadership created a vacuum in times when decisive action needed to be taken. The processes of decision-making took a long time, as executives had to be consulted outside project timelines to get their opinions and decisions on issues arising; yet had they been present, decisions could have been reached faster. The findings also show that it was difficult for a project team to remain motivated on projects whose owners showed minute interest.

#### 4.9.7.16. LACK OF OWNERSHIP OF PROJECTS

Several respondents strongly felt that executives abdicated their ownership roles in projects. The respondents felt that executives initiated projects and moved on, while expecting the project managers to run with the show and give reports when requested. It was felt that perhaps executives did not want to be involved for fear of being seen to be too operational. The ownership issue is neither strategic nor operational, but the sense of pride in what one has started should rather be the guiding factor in parastatals.

Participants felt that where executives took ownership, projects were marketed across the company and had a high profile. The ownership of projects has huge implications for project performance, project profile, user acceptance, and strategic alignment (Liu, 2009; Olsson, Johansen, Langlo & Torp, 2008). It is worrying that executives have not realised the implications of the lack of ownership for projects. With the lack of planning, business processes, poor scoping, silos, and the absence of leadership to provide guidance to project

managers in parastatals, there are bound to be many project failures as a result of the current challenges.

The findings show serious neglect of projects by the executives who initiated them. What we can learn is that this is so because the projects do not serve any purpose for the strategic intentions of the organisation and that accountability is still not taken seriously by parastatals. It is unimaginable that one would source funds for a project and not be concerned about its success and return of investment for the business. Projects were seen as being like “abandoned babies” left to project managers to nurture, while the executives who had initiated them went on with their business in parastatals.

#### 4.9.7.17. PROJECT MANAGEMENT DISCIPLINE

Considering that the project management principles are a guide to the way tools and techniques are applied in the execution of project management processes, the picture portrayed in parastatals regarding project management principles is not convincing. Respondents were split in terms of the understanding of the project management principles, as they were on the application of the same principles. Of significance was the 50/50 split within the fraternity of project managers. If the discipline professionals themselves cannot convince on the level of understanding and application of their own guide, the question of competence of the project managers becomes inevitable.

In order for the project managers to add value, they need to show some level of competence through having the right knowledge and the skill to execute projects. The success of projects requires certain processes and procedures (Riggs, 2006; Ruuska & Vartiainen, 2003), which can only be executed if they are understood by the project managers. The lack of confidence in both is a grim view of the level of execution of projects in the parastatals. The competence of project management at organisational level is, indeed, a concern, as was evident from the prevalent feelings among the different categories that the principles and their application were not of such a level as to give confidence. The executives were equally split regarding project managers’ ability, which, in turn, showed a lack of confidence in the ability of project managers. While the focus was on project managers’ ability to understand and apply principles, it was clear from the very same project managers that they wanted the whole business to understand its processes in order for them to manage expectations well. Most project managers felt that the business and, in particular, the executives did not seem to understand the project management processes, hence the lack of support from top management.

What most respondents were concerned about was the profiling of the project management profession within the parastatals, which was viewed as very low compared to other disciplines such as engineering. Organisations have adopted project management as a way of managing tasks, executing strategy, and implementing change (Bryde, 1997; Orwig & Brennan, 2000; Pheng, 2007).

It is not an ideal situation to find that, in parastatals, the discipline has such low regard according to the respondents; yet worldwide, many companies have formalised the project management philosophy, having realised the importance of the discipline. This is supported by Cicmil (1997), who argues:

> Project management philosophy should be communicated to all levels of organizational structure because of:
> • its increasing application to processes of organizational development and strategic change (such as implementation of quality initiatives, new market or product development, or formation of strategic alliances) consequently with immense and immediate strategic implications for the parent organization;
> • the unlimited potential for organizational learning and culture change with respect to internal, cross-functional and cross professional integration and team work, as well as partnering, networking and cooperation within the external customer supplier chain;
> • the need to establish a basis for real TQM practice where all processes and efforts involved in the project are linked and managed with the primary aim of ensuring that the goals of the project are continuously monitored for clarity and validity throughout the project life cycle, and that the client's (and other project customers') expectations are fully met;
> • the need for unbounded thinking in optimal planning for time, cost and resources which should reflect realistic assessment of these expectations, anticipate possible changes in the project context and accommodate aspects of organizational behaviour of the parties involved in the project.

The feeling among respondents regarding the perception that executives viewed the project management discipline as not important was cause for concern. What we learn here is that while parastatals, on the one hand, want projects to be executed professionally, they appear to be ridiculing the very same profession and undermining its principles, on the other hand, according to respondents. What is clear, though, is that the project managers are in a state of despondency, which does not appear to have been noted by executives.

#### 4.9.7.18. CHANGE MANAGEMENT

The respondents felt that this concept had not been fully adopted or executed properly in projects executed in parastatals. This resulted in many projects delivering what became white elephants. At worst, the projects delivered according to scope, but encountered heavy resistance from users when it came to using the new systems. Projects in the parastatal environment were reminiscent of wasteful expenditure, as most respondents thought that projects were sometimes initiated when the business did not really know what it wanted. The issue of unclear scope encountered earlier supports this assertion. The users are never involved in the decisions of what is being implemented. Since the processes are also not very clear, this is not surprising. What is learnt from this is that the lack of strategy, poor planning, unclear scope, and lack of processes all demand that change management be used to close the glaring gaps.

The concept of change is, therefore, not being attended to in these organisations, both from an organisational point of view and, in particular, from a project point of view as well. It is imperative that change becomes embedded in the organisation, with the leadership being able to utilise change when required to influence and negotiate during implementations of projects. This is so because leadership should be visible and should show a shared vision on the project, establishing a communication plan and resources to support the change brought about by the project (Kirby, 2005; Tikkanen & Pölönen, 1996). The situation in parastatals is nowhere near what is envisaged here, leading to numerous challenges within projects, which could be resolved by leadership playing its role in the change process.

Without change management, many challenges such as product functionality, bugs, employee reluctance, lack of awareness, provision of strong leadership, and organisational alignment (CIO Executive Board, 2003; Kallio et al., 2002) will be experienced by parastatals. Due to the challenges of a lack of change management in projects, many companies have adopted it in order to prepare and get value out of the changes made. The perception of change needs to be understood by the leadership, has to have effective plans for it to be of value in organisations and, in particular, in projects (Diefenbach, 2007; Saka, 2003; Taskinen & Smeds, 1999), and is important in parastatals, as if that lacks, then change will not be effective either.

The situation is that parastatal projects require attention to change management initiatives, as without them, the problems of lack of change management in projects will be perpetuated. It requires leadership to see change management planning and implementation

as part of its responsibilities in order to experience successes in projects. Project success is not only about time, quality, and cost, but rather about acceptance by the customers who use the delivery during their day-to-day duties (Kurruppuarachchi, Mandal & Smith, 2002). The evidence from respondents is that nothing is being done about the issue of change management or, rather, it is not taken seriously in the execution of projects. This should be a disappointing turn of events in view of the clear challenges that are encountered in numerous projects due to poor, or lack of, change management in projects.

What the findings show is that often there is confusion surrounding the issue of change management – whether it is a human resources issue or project issue. What is clear, though, is that the positioning of change management is neither here nor there, but rather the need for it in projects is obvious and necessary. What we have learnt from this is that adopting the project management principles alone will not help, as change management is not part of the project management principles. This gap in PMBOK should be addressed by the leadership taking the initiative of providing change management as an integral part of project execution, which will then help get acceptance from users. The findings show that many projects are being driven from the top down, with no attention given to the end-users; yet they are critical for the operations of any business. What we have learnt here is that, no matter how experienced the project manager – and with the best resources around him/her – there is a need to treat the human element with special care through change management; otherwise, failure becomes inevitable for full acceptance of what has been delivered.

## 4.10. PATTERNS AND SIMILARITIES BETWEEN ESKOM AND TRANSNET

The connection, in the larger scheme of things, is what is being looked at here. The identification of similarities or patterns is based on challenges that are common to both parastatals. The concept of pattern matching used for this research seeks to confirm predictions in order to strengthen the validity of the data collected (Yin, 2003). Without complicating issues, patterns for the collected data in this research will use the concept that the meaning is derived from patterns that occur repeatedly over and over again within certain conditions, which is referred to as correspondence (Stake, 1995). The validation is further consolidated by the data from other respondents, which is cross-checked together with observations until such time that it gives empirical grounding (Miles & Huberman, 1984). The challenges are identified in the conceptual framework, explored in the literature review, and used in the questions to understand the link between the collected data. Even using Strauss and Corbin's (1998) concept of patterns, organisational structures, project management principles, measurements, and leadership, the identified challenges can be

used as properties to formulate patterns. Stake and Yin's concept will be applied. The emerging pattern is that of words repeated over and over again as depicted below, with some explanation associated with meaning as perceived from the context of respondents.

The discussion of the patterns will seek to put closely related challenges together in order to enhance understanding. The patterns will be grouped together in the following manner: the first group consists of silos, bureaucracy, and the authority of a project manager; the second group consists of absent and poor leadership, unclear roles and responsibilities, and poor planning; the third group consists of numerous projects, the skills shortage, and training.

### 4.10.1. SILOS

The parastatals are still confined to the traditional silo functions. Surprisingly, leadership has not realised that the success of project management has been proven to function well in matrix or projectised environments. Even though these organisations purport to be one, there is clear evidence that they lack the vision to have a value chain connecting all the divisions. Attempts to have a one-company mindset have not worked, as the functions still compete, and there is no evidence of valuing one another in the process of executing their functions. What is clear is that silos are a common phenomenon that all levels accept exists, but it has become a thorn for the operational levels of projects and, in particular, project managers. The researcher is constantly challenged by the same silos, but the interesting thing is that while all feel they should be removed, it is not clear who should remove them at the executive level. The question is whether the executives are not concerned; and if so, why not? Or is the leadership that is meant to resolve this scourge not courageous enough to introduce mechanisms such as re-engineering that can see silos fall and status positions disappear? This, as a challenge to leadership, means that a leadership that is prepared to challenge the status quo is the only one on which to pin the hopes of these organisations.

The researcher wonders whether the same leadership that has tolerated silos for so long in the midst of preaching a one-company mindset can have any desired resolve to challenge the obvious snag that is slowly destroying these organisations with performance that is not great at all. The element of communication has emerged as a challenge due to the obvious nature of the structures in which communication is normally top-down, which has proved to be ineffective, let alone for projects. What these silos breed is, unfortunately, bureaucracy.

### 4.10.2. BUREAUCRACY

This is what the researcher refers to as the kingdom of status. Once one is in a silo, which – by design – is hierarchical, the first concern is at what level the individual is. This pattern was consistent among the respondents, to the detriment of the organisational objectives. The perception among respondents was that you needed to be at a certain level for your opinion to be considered and that decisions were made for you at higher levels. It was about who was in charge or in control. Typically, this meant that many people had to approve a work flow process. The flip side of this control was that it caused delays in the execution of projects. The level of delays caused by waiting for a signature was severe, as it at times delayed scheduled times with intended contractors or was delayed by various committees along the way that were meant to approve mandates.

The bureaucracy is conveniently referred to as governance in parastatals; yet the respondents thought it was a way for individuals to exert their status, as some decisions were preferential ones rather than benefiting the company. It is in these governance structures that the rules are rigid, and they are perceived to have a one-size-fits-all mentality. This cannot work for projects that are, by default, unique and, hence, require flexibility to suit their individual nature. While it should be noted that governance is critical, if it is not optimised, it becomes irrelevant to the purpose that it was designed to serve. It appeared that there was a lack of open minds when it came to these issues, which made them organs of the parastatals that were perceived to cause delays and to have no interest in the projects, but rather in governance.

### 4.10.3. AUTHORITY OF A PROJECT MANAGER

The pattern emerging is that a project manager in a parastatal operates in the midst of this hierarchy. While the project is meant to serve across functions, the project managers (who, by job profile, are just below the middle managers) find themselves with no powers to execute projects for which they are meant to be responsible. The trend was that they had no say in their team selection, decisions were made for them, and budgets were never discussed with them; yet they were expected to meet the expectations of the clients. The low profile of the project managers meant that, when they wanted to communicate with senior people, they had to abide by the protocol of getting approval from those above them, which sometimes involved many layers.

The pattern is that a project manager is not someone seen as adding value to the organisation. The perception of feeling hopeless is prevalent among project managers, who

feel that parastatals have not adopted this profession. The term “project manager” is synonymous with delays in the business, which does not understand governance in the company or perhaps deliberately prefers that governance does not happen in its initiatives in order for project managers to deliver fast. Most projects in parastatals are delayed due to governance issues. It requires project managers who are experienced in the political space of a particular parastatal in order to be able to manoeuvre through the terrain to keep the project schedules as per the baseline. In the majority of cases, this has not been the case, as most projects are delivered late. Project managers, therefore, find themselves expected to carry the responsibility and accountability for executing projects; yet the authority is limited.

### 4.10.4. ABSENT AND POOR LEADERSHIP

The emerging pattern is that leadership is perceived as not visible at all. Leadership is perceived to operate in crisis mode and to only appear when a project has a crisis. There is no sense of strategic visionary leadership present to make prompt decisions. This is compounded by the lethargic approach of leadership to project meetings, including steering committees, which it either delegates or never attends at all. This attitude creates the impression that the leaders have very little interest in the proceedings.

Another emerging pattern is the perception of a lack of leadership across the board. The question specifically referred to the leadership of project managers and, in turn, the other issues that the respondents raised to point to the leadership vacuum at the top as well. What this really means is that the parastatals generally have poor leadership in the context of managing through projects. If there is any leadership, then it is perceived as existing only in pockets at levels that have no influence in the organisation; otherwise, it is dwarfed by the majority, whose leadership qualities are not appropriate for the modern trend of managing through projects. The culture in parastatals is that when one talks leadership, it is about top management, which is a completely wrong assessment, as each individual at whatever level exercises leadership in the execution of his/her tasks. This is typically as a result of the hierarchical structures that limit individuals in exercising their leadership skills as they perform tasks.

There is the question of a lack of understanding of project management processes. This seems to create conflict between project managers, on the one hand, and the business, including executives, on the other. The reason for this is that the feeling is that if the project management principles and processes are not known by the business and the leadership, it

will be very difficult to execute projects without coming across people who challenge decisions made by a project manager, not because they know what they are talking about, but rather though sheer ignorance of how the process works. If the processes are not known, then the issues of roles and responsibilities become real.

### 4.10.5. UNCLEAR ROLES AND RESPONSIBILITIES

The pattern emerging is that there are no processes in parastatals, and in essence, this means that employees do not necessarily know what to do and when in the process of executing their duties. If there are any processes, they are not well documented or understood by employees. There is no flow of activities guided by professional rules and company policies. This, in turn, causes issues regarding accountability and creates commotion when regarding task execution and decision-making. The leadership in parastatals will have done well for itself by starting with vision, then strategy, followed by the processes that help guide employees on the flow of activities and the responsible individuals on executing prescribed tasks.

Lack of processes has resulted in the blame syndrome, which seems common in the parastatals, with a perception that those in senior positions have leeway due to their seniority and, hence, are hardly blamed when things go wrong. The executives viewed reasons given by junior employees as excuses for lack of delivery. On the other hand, junior employees perceived executives as abandoning their responsibilities, only to come down heavy-handed on those below when things went wrong, while never admitting their failures or supporting junior employees for the genuine decisions they made under unfavourable conditions.

The lack of processes creates obstacles for projects, which depend on clearly understood processes in order to harmonise the activities that constitute a project. Typically, what happens in parastatals is coming across initiatives that have no known processes, and by default, this naturally affects the pace of delivery and level of acceptance by users, hence the urgent requirement for change management initiatives. Due to the chaotic nature of working in an environment without processes, projects are initiated without knowing what processes are being enabled, and the value chain concept is ignored. The result is that silos are consolidated, and the use of projects to execute strategic objectives is not met. The chaos becomes a recipe for ad hoc requests that breed poor planning and, unnecessarily, too many projects to execute at a time.

### 4.10.6. POOR PLANNING

The pattern emerging is of organisations that are in a continuously hurrying mode. Planning is not one of the key components of executing tasks in parastatals. Planning is an iterative process present in all project management processes; yet this is ignored. In the two organisations, the theme is how quickly one moves to the next step; yet this negates the very reasons why projects succeed, namely, good planning first before execution. The presence of speedy delivery is not supported by the necessary structures such as quick decisions and the presence of top management support. The situation leaves projects as initiatives that are not thought through, while still expecting the production of quality projects in the process.

The presence of a pattern of chaos is not surprising either, as the rushing mode impedes the process of planning that requires minds to get together, to strategise on how to execute, and to document the plan beforehand. The systematic lack of planning was so prevalent that there were instances where projects had only been scheduled and not planned. It became apparent why there was some confusion in the parastatals about the difference between a project plan and a schedule, with some of the respondents referring to a project schedule as a plan. The culture of no planning was so embedded that even project managers quietly went on with project execution without questioning themselves about project planning. This pattern of lack of planning resulted in all tasks being done in a fashion of chaos, with no sequencing of tasks and understanding of the impact of one action on another, due to the uncoordinated approach that had nowhere to refer to.

It is, indeed, worrying that leadership has allowed these organisations to perpetuate a culture of not planning, which has dire consequences such as wasteful expenditure, poor quality of deliverables, late deliverables, lack of measurements, lack of prioritisation, and unhappy customers. The lack of planning breeds crisis management, which, in turn, results in many initiatives that are meant to address the seemingly many wrong things in the organisation. This situation erodes stability and encourages many projects, which become a burden to project managers.

It is not surprising to find that, in parastatals, there is more crisis management than systematic planning right through the organisations due to the culture of starting things without planning.

### 4.10.7. NUMEROUS PROJECTS

The pattern emerging is that of a tired force due to many projects coming the way of project offices and project managers. A close look at the situation linked to lack of planning also reflects the inability to substantiate the need for those projects through some screening mechanism such as a challenge session that would provide a platform to justify projects and prioritise them at the same time. With an ungoverned selection of projects, a pattern becomes apparent, in that all initiatives become projects in these organisations once they have passed the investment mandate.

The lack of the prioritisation of projects based on a strategic link has resulted in the obvious many initiatives, with some being of no significant value to the organisations. The worrying thing is the lack of a bigger picture view of these initiatives due to the silos, which, in turn, allow similar initiatives to exist in different divisions, thus wasting a lot of money through these duplicates. The consolidation of the projects remains a thorn for these organisations. The inability to control the number of projects has resulted in project managers being overwhelmed by the number of projects, creating a lack of focus as they run around in an unplanned fashion trying to focus on many projects and, relatively, doing none of the projects any good. The other pattern is that the novice project managers and new ones in the organisation took a very long period to settle, due to the chaotic nature of the project environment and the way these businesses operate. This has resulted in project managers being viewed as unskilled or lacking in expertise. With the current pattern of numerous projects, it is not surprising to find the general feeling among respondents being that there is a skills shortage in the discipline.

### 4.10.8. SKILLS SHORTAGE

The pattern is that the respondents viewed project managers as lacking in skill. It is not surprising to come across this perception in view of the numerous projects being executed by a small number of project managers. Compounding this is a scenario of extreme challenges in which project managers find themselves operating due to circumstances beyond their control.

A very worrying aspect is another pattern, showing that not many project managers have formal training in the discipline. It appears that individuals became project managers through recruitment methods that did not verify their skills in the discipline. The consistent reference to a lack of skills is proof enough that the current crop of project managers is not viewed with confidence in relation to their roles. The question is whether this scenario is as a result of the

black majority being denied opportunities to advance, which is supported by Swartz and Foley (1996), who argue: “There is already evidence that companies are anxious to recruit well-qualified, competent black graduates. Regrettably, there are very few, owing to the past policy of separate development to educate for inequality and inferiority”, or simply incompetence by the project managers as a result of the recruitment methods, since the skills issue is not directed at a specific race.

Another dimension to this skills argument is the issue of establishing what exactly is being referred to as a shortage of skills. It appears that the element of leadership skills contributes to the lack of confidence in the project manager in the parastatals. Perhaps the answer is summarised by Jacques et al. (2008) when assessing leadership behaviours in project managers and their impact on project success, in which they argue: “This study serves to make the case that the style of leader behaviour associated with project managers represents an under-researched element of project manager performance and organizational outcomes, and that selection and training of project managers based on behavioural tendencies of project managers can relate to project success.”

As this pattern of a shortage of skills is discussed, we need to be cognisant of the legacy of apartheid in terms of the limitations on the majority population in acquiring skills, which creates the demand for a more skilled workforce today. Globalisation has augmented the problem so that it is general rather than specific to project management and related skills due to the sharing of resources and competing for the same globally. This has perhaps prompted the need for training in order to accelerate the acquisition of the needed skills.

### 4.10.9. TRAINING

The word “training” was repeated, and the meaning was that it reflected the seeming perceived lack of capability within the project management fraternity, in which training was viewed as a way of enhancing that ability.

While the meaning of “training” was understood in the context of requiring further knowledge and skills, the respondents’ reasons for proposing training varied from technical to soft skills. What seemed apparent was the need to have effective control of the project together with communication that kept the stakeholders up to date on the status of the project. It was clear that the behaviour of the project managers perhaps created perceptions among the stakeholders that determined whether they would be respected or not. This was tantamount to being viewed as clueless, hence the need for further training. This could have been a

result of stakeholders not respecting the discipline or not understanding what was required in the execution of a project and, ultimately, issues of change management, which would not have been dealt with decisively in the project, hence the disdain (Cervone, 2008).

"Training" was also used in relation to the ability of project managers to manage stakeholders as well as their people skills towards their teams. Without adequate training on people skills, it does not matter how good technically the project managers are; the success of their projects will be hampered (Cowie, 2003). It was clear that the respondents felt that some training on soft skills was seen as lacking among project managers. This concept of training involved other aspects important to project management such as understanding financial control by being able to budget, forecast accurately, and manage the cash flow.

Respondents constantly referred to "training", on the one hand meaning that the basic understanding of the project management principles was suspect and not convincingly understood by project managers in parastatals. On the other hand, "training" referred to the need for training of the whole business on the basics of project management processes and principles rather than for these to be understood by project managers only. The training of all stakeholders is crucial for managing through projects (Loo, 1996) in order to have effective project management in the organisation. The awareness of project management would enhance the buy-in and top management support that seemed absent in the parastatals and the team members due to a lack of understanding of the processes involved in the discipline.

## 4.11. CASE STUDY APPLICATION OF PROJECT MANAGEMENT

The researcher sought relevant case studies done in Eskom to ascertain the process and effectiveness of executing both IT and engineering projects in this organisation. This was done by verifying whether Eskom's IT/IS and engineering projects were applying project management principles appropriately. Eskom had already in the year 2008 used its Project Management Centre of Excellence to evaluate and verify how the projects were executed using the renowned nine knowledge areas of the PMBOK. This exercise was based on the Eskom guideline for maturity validation, which, in essence, gave information on how projects were executed in different divisions of Eskom. The verification on the execution of projects was guided by the questions below and applied to Transnet projects as well during the research. It should be noted that the questions were merely a checklist of how projects were executed as per the PMBOK principles and that the research would keep an eye on consistency on at least 13 randomly selected projects, six from Transnet and seven from

Eskom. This number gave 52% of the projects managed by each of the 25 project managers interviewed per single project they managed.

**FIGURE 17: QUESTIONS ASKED DURING THE VERIFICATION OF PROJECTS IN ESKOM AND TRANSNET**

1. What is the project all about?
2. When did it start?
3. When should it end?
4. How much is it going to cost according to the initial plan?
5. In what phase is the project at the moment?
6. Was the project sponsor identified for this project to ensure timely decision-making, advocate for needed resources, overcome organisational conflict/barriers to project performance, and act as coach and mentor for the project manager?
7. How long have you been on this project?
8. Was the project manager appointed by the project sponsor?
9. When was the project manager appointed, that is, early or before execution of the project?
10. Has a user requirements specification been developed?
11. Has the project charter been developed and signed?
12. Has an overall project plan been developed?
13. Does it contain all nine PMBOK knowledge area plans?
14. Is there a standard project plan template used by project managers?
15. Was the project plan approved before execution?
16. Do you use a single system or multiple systems that are regarded as project management systems?
17. Do you use project management systems to update the schedule, project meetings, cost variance (plan versus actual), contracts in place, etc.?
18. Do all the activities in the schedule have durations and dependencies, and are they loaded on the project management systems program?
19. Is the schedule up to date?
20. Do all the activities on the project schedule have assigned owners?
21. Have all the documentation supporting cost estimates been documented, that is, assumptions, calculations, supporting details, surveys, etc.?
22. Are there formal or informal quality standards for performance on this project?
23. Is the project organisation structured in such a way that it facilitates the accomplishment of project objectives?

Source: PMCoE November 2008 – questions to Eskom project managers.

Below are the results of the data collected in illustrating the application of project execution in the two parastatals as obtained from the five project managers showing how the projects are executed in terms of application of the project management principles as defined in the PMBOK guide.

**FIGURE 18: TRANSNET PROJECT MANAGERS' RESPONSE ON APPLICATION OF PROJECT MANAGEMENT**

| QUESTIONS | CASE 1 | CASE 2 | CASE 3 | CASE 4 | CASE 5 | CASE 6 |
|---|---|---|---|---|---|---|
| 1. What is the project all about? | Time and attendance | Fixed assets stabilisation | Creating service codes | Diversion of pipeline services | Terminal upgrade | Depot optimisa-tion |
| 2. When did it start? | 2006 | 2009 | 2008 | 2007 | 2009 | 2009 |
| 3. When should it end? | 2008 | 2010 | 2010 | 2010 | 2015 | 2010 |
| 4. How much is it going to cost according to the initial plan? | R35m | N/a | R180 000 | R5m | R240m | R25m |
| 5. In what phase is the project at the moment? | Testing | Execution | Post-implementation | Close-out | Execution | Complete |
| 6. Was the project sponsor identified for this project to ensure timely decision-making, advocate for needed resources, overcome organisational conflict/ barriers to project performance, and act as coach and mentor for the project manager? | Yes | Yes | Yes | Yes | Yes | Yes |
| 7. How long have you been on this project? | 2 years | 2 years | 2 years | 2 years | 1 year | 1 year |
| 8. Was the project manager appointed by the project sponsor? | No | Yes | No | No | No | No |

| | | | | | | |
|---|---|---|---|---|---|---|
| 9. When was the project manager appointed, that is, early or before execution of the project? | Before execution | Early in the execution | Definition phase | Before execution | Before execution | Before execution |
| 10. Has a user requirements specification been developed? | Yes | No | Yes | Yes | Yes | Yes |
| 11. Has the project charter been developed and signed? | Yes | Yes | Yes | Yes | Yes | Yes |
| 12. Has an overall project plan been developed? | Yes | Yes | Yes | Yes | Yes | Yes |
| 13. Does it contain all nine PMBOK knowledge area plans? | Yes | Yes | No | No | Yes | Yes |
| 14. Is there a standard project plan template used by project managers? | No | Yes | No | No | No | Yes |
| 15. Was the project plan approved before execution? | Yes | Yes | Yes | Yes | Yes | Yes |
| 16. Do you use a single system or multiple systems that are regarded as project management systems? | Single | Single | Multiple | Multiple | Multiple | Single |
| 17. Do you use project management systems to update the schedule, project meetings, cost variance (plan versus actual), contracts in | Yes | Yes | No | Yes | Yes | Yes |

| | | | | | | |
|---|---|---|---|---|---|---|
| place, etc.? | | | | | | |
| 18. Do all the activities in the schedule have durations and dependencies, and are they loaded on the project management systems program? | Yes | Yes | Yes | Yes | Yes | Yes |
| 19. Is the schedule up to date? | Yes | Yes | Yes | No | Yes | Yes |
| 20. Do all the activities on the project schedule have assigned owners? | Yes | Yes | | Yes | Yes | Yes |
| 21. Have all the documentation supporting cost estimates been documented, that is, assumptions, calculations, supporting details, surveys, etc.? | Yes | No | Yes | Yes | Yes | Yes |
| 22. Are there formal or informal quality standards for performance on this project? | Formal | Formal | Formal | Formal | Formal | Formal |
| 23. Is the project organisation structured in such a way that it facilitates the accomplishment of project objectives? | To some extent | Yes | Yes | Yes | Yes | Yes |

**FIGURE 19: ESKOM PROJECT MANAGERS' RESPONSE ON THE APPLICATION OF PROJECT MANAGEMENT**

| QUESTIONS | CASE 1 | CASE 2 | CASE 3 | CASE 4 | CASE 5 | CASE 6 | CASE 7 |
|---|---|---|---|---|---|---|---|
| 1. What is the project all about? | To optimise PCM configuration | Business processes | Quality management | Business application roll-out to Medupi Power Station | Geographic information system | People and asset location | Process mapping |
| 2. When did it start? | 2010 | 2008 | 2007 | 2010 | 2009 | 2010 | 2010 |
| 3. When should it end? | 2011 | 2011 | 2011 | 2013 | 2010 | 2010 | 2012 |
| 4. How much is it going to cost according to the initial plan? | R1 477 754 | R53m | R15m | R12m | R2 593 566 | R349 650 | R4m |
| 5. In what phase is the project at the moment? | Definition | Execution | Execution | Execution | Execution | Concept | Planning |
| 6. Was the project sponsor identified for this project to ensure timely decision-making, advocate for needed resources, overcome organisational conflict/ barriers to project performance, and act as coach and mentor for the project manager? | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 7. How long have you been on this project? | 6 months | 2 years | 10 months | 6 months | 9 months | 5 months | 5 months |
| 8. Was the project manager appointed by the project | No | Yes | Yes | No | No | No | Yes |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| sponsor? | | | | | | | |
| 9. When was the project manager appointed, that is, early or before execution of the project? | Before execution | Before execution | Before execution | Early | Before concept, 2nd PM – before execution | Before the concept phase | Early initiation |
| 10. Has a user requirements specification been developed? | Yes | Yes | Yes | Yes | Yes | Yes | Not yet |
| 11. Has the project charter been developed and signed? | Yes | Yes | Yes | Yes | Yes | Yes | In progress |
| 12. Has an overall project plan been developed? | Yes | Yes | Yes | No | Yes | Yes | In progress |
| 13. Does it contain all nine PMBOK knowledge area plans? | Yes | No | No | N | No | No | Yes |
| 14. Is there a standard project plan template used by project managers? | Yes | Yes | Yes | Yes | No | No | Not yet |
| 15. Was the project plan approved before execution? | No | Yes | No | Yes | Yes | No | Not yet |
| 16. Do you use a single system or multiple systems that are regarded as project management systems? | Yes | Multiple | Multiple | No | Multiple | Multiple | Multiple |
| 17. Do you use project management systems | Yes | Yes | Yes | No | Yes | Yes | Yes |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| to update the schedule, project meetings, cost variance (plan versus actual), contracts in place, etc.? | | | | | | | |
| 18. Do all the activities in the schedule have durations and dependencies, and are they loaded on the project management systems program? | Yes | Yes | Yes | No | Yes | Yes | No. Some do not have dependencies, for example, change management. |
| 19. Is the schedule up to date? | No | Yes | No | Yes | Yes | Yes | No. Most activities fall outside the delivery date. Project team still working on it. |
| 20. Do all the activities on the project schedule have assigned owners? | Yes | Yes | Yes | Yes | | Yes | Yes |
| 21. Have all the documentation supporting cost estimates been documented, that is, assumptions, calculations, supporting details, surveys, etc.? | No | No | No | No | | Yes | Yes |
| 22. Are there formal or informal quality standards for | Informal | Formal | Informal | Yes | | Formal | Yes |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| performance on this project? | | | | | | | |
| 23. Is the project organisation structured in such a way that it facilitates the accomplishment of project objectives? | To some extent | Yes | No | Yes | | To a lesser extent | Yes |

What is evident from the illustrations above in the way projects are executed in both organisations is the lack of consistency in the application of principles as well as disparity in the processes undertaken in project execution. The evidence clearly shows that the adoption of project management is still chaotic despite the practice having been in place for several years in these organisations. The results show lack of established processes linking to business processes on how to manage projects using defined processes supported by templates, where applicable. These illustrations confirm the poor level of maturity of project management in both parastatals as well as correlate the responses on the research findings to the responses illustrated in the execution of projects in parastatals.

With reference to responses to the research questions, a similar picture is reflected in the summary of the data collected from both organisations as depicted below, with variations in the way project execution takes place and a myriad of challenges experienced such as lack of direction from leadership, lack of defined processes in execution, chaotic initiation of projects with no metrics for strategic fit, poor resources for a project manager to execute efficiently, and executing under unfavourable conditions. The summary below depicts the challenges in project execution as experienced by project managers, project administrators, and programme, portfolio, and project office managers in parastatals.

**FIGURE 20: COMBINED SUMMARY OF COLLECTED DATA**

| | **Executives** | **Portfolio/Programme/PMO** | **Project managers** | **Project administrators** |
|---|---|---|---|---|
| Q1 | Bureaucratic governance<br>Skills shortage<br>Company works in silos | Bureaucratic governance<br>Skills shortage<br>Lack of maturity of project management<br>Project management and discipline are not respected | Bureaucratic governance<br>Skills shortage<br>PM has no authority<br>Lack of understanding of project management processes<br>Operating in silos<br>Lack of ownership of projects by business | Communication is poor |
| Q2 | Leadership is seen as playing a limited role in projects | Leadership plays a limited role in projects and gets involved in governance | Leadership abdicates its role in projects | Leadership lacks involvement |
| Q3 | Poor visibility of leadership, except for crisis management | Leadership visibility in projects is minimal | There is poor visibility in projects by leadership | Visibility is limited |
| Q4 | Leadership of project managers is generally lacking, and the little there is depends on attitude and experience | Low leadership qualities by project managers<br>Varies with attitude and experience | Project managers lack leadership skills<br>Varies on attitude and experience, with only pockets of excellence | Lacking and varies depending on attitude and experience |
| Q5 | A majority sees the link between strategy and projects, while a minority does not see it | Close to 50-50 split between those who see a link between strategy and projects and those who do not see any link | Close to 50-50 split between those who see a link between strategy and projects and those who do not see any link | Do not see any link |
| Q6 | Close to 50-50 split between those who think project management skills are understood and those who think they are not | 50-50 split between those who think project management skills are understood and those who think they are not | Close to 50-50 split between those who think project management skills are understood and those who think they are not | The majority thinks the project management principles are understood, while the minority thinks that they are not |

| | Executives | Portfolio/programme/PMO | Project managers | Project administrators |
|---|---|---|---|---|
| Q7 | Close to 50-50 split between those who think project management principles are applied and those who think they are not | Close to 50-50 split between those who think project management principles are applied and those who think they are not | Close to 50-50 split between those who think project management principles are applied and those who think they are not<br>When applied, they are applied poorly | The majority thinks the project management principles are applied, while the minority thinks they are not |
| Q8 | Project management should be treated as a discipline<br>Have a career path and training for project managers<br>Leadership needs to embrace and understand project management and its processes<br>Track benefits of projects<br>Introduce post mortems and lessons learnt<br>Optimise processes<br>Entrench culture of project management<br>Empower resources<br>Link projects to strategy<br>More effort on planning<br>Understand people effect | Training is required for project managers<br>Raise the profile of project managers<br>Too many projects at a time<br>Adopt international standard practice of project management<br>Share lessons by using knowledge management<br>Apply change management in projects<br>Set up one enterprise project office<br>Leadership should be involved in projects | Training of project managers<br>Optimise governance<br>Project managers require authority<br>Introduce change management<br>Reduce number of projects<br>Introduce enterprise portfolio management<br>Basic understanding of project management is required for all<br>Introduce change management<br>Operate as one business by removing silos<br>Enhance communication<br>Optimise processes with clear roles and responsibilities | Improve on communication<br>Training for project managers<br>Share lessons learnt<br>Hire right skills<br>Business should take ownership of projects<br>Scope of projects must be clear |

## 4.12. CONCLUSION

Repeated words such as “bureaucracy”, “too many projects”, “poor leadership”, “lack of ownership”, “wrong organisational structures”, “silos”, “skills shortage”, “lack of processes”, “authority”, “non-existent support structures”, and “poor implementation of project management” are a reflection of poor leadership that has failed to re-engineer the organisational structures, which are currently not consistent with the project management philosophy.

The research has shown some glaring leadership challenges in the discipline that have not been attended to for a very long time, causing pain to the operational employees in the discipline. While executives, on the one hand, relax, thinking it is business as usual for project management, the programme managers, project managers, and project administrators, on the other hand, face permanent obstacles that render management through projects a challenge. While the philosophy of using project management to execute tasks is a noble idea, the leadership has not allowed this philosophy to thrive due to poor implementation and inability to deal with the necessary structural changes to support it. The philosophy was a good vision, which lacked strategy to support it, as no thorough thought was evident in terms of what needed to change in order to implement the project management philosophy.

The astonishing feature of parastatals is that there are known aspects of challenges that have besieged these organisations for a very long time; yet there appears to be no comprehensive plan to deal with the challenges. What is missing at leadership level is the visionary leadership that can take control and use strategy to initiate the change in order for parastatals to adapt from their military state to learning organisations of the 21$^{st}$ century. How these parastatals are surviving, yet have been functioning for many years in such a muddle of project management, leaves one surprised. If perhaps there had been metrics for measuring performance, the effectiveness of the philosophy of leadership at parastatals would have realised how badly it was performing in terms of project management.

What has emerged in the data collected is a systematic repetition of a style of leadership that has not had the courage to change these organisations. With due respect to the transformation that has been introduced, the visionary leadership that is prepared to deal with structural changes and has the courage to make unpopular decisions seems to have contributed to the current impasse in the status quo. As long as the leadership knows the

challenges and does not deal with them decisively, the challenges of project management will remain, and the poor project managers will bear the brunt. In any case, the fact that leadership has known about them and has done nothing thus far could mean that nothing will be done until some real disaster takes place or a different kind of leadership takes over and does something about it. What the researcher observed was leadership that wanted to retain its position, even though it had failed the organisations. This is summarised by Leipzig (2004), who argues: “Uninspired leaders’ greatest concern is to maintain leadership at all costs, which means that they must always turn their attention to the four corners that constantly tug on the very fabric of their ability to maintain that leadership.”

On the evidence of leadership knowing the challenges, yet doing nothing about them, the researcher uses an example in Eskom, in which the Generation Business Organisational Effectiveness Department did a survey of the top leadership in the Enterprise Division on the perceived culture of Eskom. Interesting to note is that the results of that survey identified exactly the same challenges as this research has unearthed, namely, challenges in managing projects in parastatals. These results not only help validate the findings, but confirm that there are, indeed, challenges for leadership in parastatals that need resolution now in order to progress.

Below are the findings of the survey conducted by HR in Eskom in 2008. The researcher is eager to know what the action plan is for dealing with these challenges. The challenges, though specific to Eskom, were generally the same as the ones gathered in the interviews in Transnet. These results clearly show a vacuum in the kind of leadership that can decisively deal with these organisational issues still present in such a fast-changing world. This evidence from Eskom leadership assessment validates the data that was collected from both parastatals as proof of the leadership challenges facing these organisations. The perception of the Eskom Generation business leadership clearly supports the notion that there is lack of strategic leadership in this organisation. The finding in the survey is supported by this research, which has found that the project execution environment lacks strategic leaders as far as Eskom results are concerned, as shown below.

**FIGURE 21: ESKOM CULTURE AS PERCEIVED BY THE GENERATION BUSINESS LEADERSHIP IN 2008**




Source: John (2008). Eskom's Generation business leadership survey results in 2008.

Parastatals still face challenges of understanding project management principles, dealing with organisational structures that have not changed in more than fifty years of their existence, lack of leadership to match the fast changes, no metrics to measure performance, and the general lack of effectiveness and efficiency. The theoretical links of these issues are discussed in the next chapter in the analysis process in which the researcher seeks to showcase that the findings, indeed, show a flow in the way projects are executed, which is compounded by the lack of strategic leaders in parastatals. The vision and strategy are defined by the top leadership, but the execution of these is not evident through the projects, nor is it understood in the organisation, as the next chapter will show. As long as strategy is developed and not executed, it will remain dead until such time as strategic leaders are on board to ensure its execution through projects. The interpretation and the analysis of these findings in the next chapter will give a comprehensive picture and the context of how these findings relate to the problem statement and the purpose of this research as well as highlight the gap in parastatals as far as the link between the strategy and projects is concerned.

# CHAPTER 5

## 5. INTERPRETATION AND ANALYSIS OF THE FINDINGS

The reason behind the approach taken in this research was to use the two cases for increasing generalisation, for deepening understanding of the two cases, and for pinning down the specific conditions under which the findings will occur. The analysis will be based on the respondents' categories used, the frequency of the items, and how they relate to one another (Miles & Huberman, 1984). With this in mind, the strategic components will be used to analyse the findings in the context of strategic leadership concepts in projects executed in parastatals.

The general analytic strategy will be used to analyse the findings using the theoretical propositions that reflect on the research question of this study (Yin, 2003; Stake, 1995). This concept is supported in case studies with another similar perspective by Stake (1995, p. 74), who argues: "Two strategic ways that researchers reach new meanings about cases are through direct interpretation of individual instances and through aggregation of instances until something can be said about them as a class." This approach will be used under the method of agreement, which focuses attention on what is common across the cases (Neuman, 2006). This research will seek to make theory and concepts explicit in the analysis so as to avoid ambiguity. This is supported by Neuman (2006, p. 459), who argues: "Without the analytic interpretation or theory provided by the researcher, the readers of qualitative research may use their own every day, taken-for-granted ideas. Their commonsense framework is likely to contain implicit assumptions, biases, ethnocentrism, and ill-defined concepts from dominant cultural values."

The layout of this chapter will be to discuss the analysis in terms of the strategic leadership components. This will, in essence, provide the current experience of parastatals in terms of leadership challenges faced by these organisations in projects in relation to the lack of a link between the strategy and the executed projects. Observations from the respondents' perspectives in Eskom and Transnet will be used to create understanding as to the impact of the gap in the strategic leadership at various levels in these organisations in terms of project management. The organisational structure together with the will to change it in order to accommodate the new processes associated with project management will be analysed. The mobilisation of resources and motivating them into being ambassadors of the vision will be evaluated in terms of the experience of the respondents from parastatals and how this has been manifested as a challenge. The measuring of performance on projects will be analysed

in terms of the metrics of showing the link and the benefits thereof in executing these projects in parastatals. Finally, the integrity of the leadership at all levels will be analysed in terms of their executing of duties within the parameters of strategic leadership components in view of the effect this has on the link between the strategy and executed projects in these organisations.

## 5.1. ANALYSIS OF COLLECTED DATA

The analysis of the collected data will detail the responses as summarised from both parastatals in Figure 20 and reflect on that collected per category. This process will give meaning to the summarised answers, and their meaning, what they mean together, how they address the research questions, what is missing, how they relate to one another, and the link to the findings will give a holistic understanding of the collected data (Henning, Van Rensburg & Smit, 2004).

Question 1, which sought to find factors hindering effective project implementation, shows that there are issues around bureaucracy, the skills shortage, silos, project management maturity, and poor communication across the different categories of respondents. While reverting to the problem statement, which refers to a lack of strategic leadership, it becomes apparent that these organisations are sitting with well-known factors that hinder the link of executing projects with company strategy. Executives are well aware of silos, bureaucratic governance, the skills shortage, and lack of maturity of project management; yet there has not been any evidence of attempts to remedy the situation. Surely, if the leadership had been strategic, there would have been metrics of success to interrogate the progress and address the gaps. The perceived lack of communication at lower levels gives signs of leadership that is not in touch with reality at operational levels of projects. The maturity of project management cannot be realised without the right skills, and project management operates in process mode, which cannot happen with silos around. Just as much, communication cannot be realised in projects, as it is not promoted in silo-structured environments. All of these are, indeed, very serious factors that contribute to the lack of a link between projects and strategy, and poor leadership is responsible for this prevailing in parastatals.

Questions 2 and 3 are related to the issue of the role and visibility of the leadership in projects, respectively. The findings show a limited role played by leadership in, and extremely poor visibility during, project execution. This has a further impact on change management, with very serious challenges for the buy-in of implemented projects that

sometimes end up being white elephants. Senior leadership is only present to come down hard when there are problems in projects, yet are also not available to understand the same problems and help project managers to remove obstacles with quick decisions. The absent leadership in projects leaves projects running without direction and confirmation of linking to strategy, where leadership could play a significant role in ensuring alignment. The results of the findings confirm the absence of strategic leadership that would have been involved and would have led in ensuring alignment and supporting project managers in the execution of projects. The issue of absent and aloof leadership in projects becomes a part of the factors that contribute to the absence of the link between projects and strategy in these parastatals.

Question 4 sought to look at the level of leadership of project managers. The findings show poor leadership at project level. The very lack of skills mentioned earlier, together with the poor senior leadership, compounds a situation that is already dire. If the senior leadership themselves acknowledge the gap and have not proven that there are, indeed, plans to address the gap, this will have an effect on the execution of projects in parastatals. The link to strategy is affected, as well as confirming that there is no strategic leadership at the top that would have had the capacity to address the gap.

Question 5 sought to get the views of respondents around the link between strategy and projects. At top leadership level, there was a perception that the majority of projects showed a link, while the minority did not. What emerged in the interviews was that senior leadership referred mostly to big projects in terms of value. The middle level, covering programme and project managers, was split halfway, while in the lowest category, the perception was that there was no link. The findings confirm that the leadership is not strategic, as it does not see the bigger picture by only looking at big projects alone, while ignoring the numerous smaller projects that contribute to a big chunk of the budget. This is, indeed, a lack of strategic leadership at senior level in that it chooses to concentrate on the big projects and ignores smaller ones that also contribute to the strategy in the same way as the big ones do. The findings confirm that the link between projects and strategy cannot be sustained and is, therefore, something not taken seriously enough by the two parastatals.

Question 6 sought to get an opinion around the understanding of PMBOK or any principles that are used as a framework of project execution in these organisations. A 50-50 split in findings does, indeed, show that whatever framework there is guiding project management in the organisations, it is not fully understood. How leadership has not done anything after so many years of adopting project management is a mystery. This is an example where leadership is again confirming its lack of strategic attributes by not embedding the framework

through training. Change management is equally important and has an impact on project success, as the key findings in a study conducted in the United Kingdom confirmed, as Buckingham and Seng (2009, p. 12) argue:

> The study identified four important focus areas that were highly correlated with project success and helped to close the change gap:
>
> 1. real insights, real actions;
> 2. solid methods, solid benefits;
> 3. better skills, better change; and
> 4. right investment, right impact.

The lack of skills compounds the situation, as the quality of project managers becomes suspect. The thought of a link between projects and strategy cannot be contemplated, as close to half of the project managers struggle with the application of principles. The very fact that they struggle with project management principles will mean that the execution of projects is an enormous task for them. It is very difficult for them to even think of the link while they have pain in carrying out the basics of the profession, as they do not understand the framework that guides how they should work.

Question 7 sought views on the application of principles. Again, the principles cannot be applied when they are not understood. The findings show another 50-50 split, which would support the thinking that if the project managers do not understand the principles or framework guiding how they should execute projects, they cannot be expected to apply those principles. The link between projects and strategy is, therefore, hindered by this lack of knowledge. The skills shortage finding consolidates this finding and leaves a question regarding the leadership's ability to address these challenges, which become factors that contribute to the poor performance of projects, as they are not achieving anything if they are not linked to strategic objectives.

Question 8 sought recommendations from the different categories on enhancing effective and efficient project execution. Many items were recorded, ranging from training, making project management a discipline that would define a career path for project managers, a different kind of leadership that was strategic in nature, introducing benefit realisation, improved processes, involvement of leadership in projects, and enhanced communication, to hiring the right skills, among others. All of these recommendations show an appreciation of the strategic leadership gap and address the already confirmed factors that hinder an effective link between projects and the company strategy. The issue of a lack of strategic

leadership in relation to a lack of assurance on the link between projects and strategy cannot be dismissed, as the findings have proven.

## 5.2. ANALYSIS OF STRATEGIC LEADERSHIP COMPONENTS IN PARASTATALS

The strategic components will be the basis on which the findings will be analysed in the context of strategic leadership in relation to projects. This analysis will look at the things being done well in SOEs, evaluate them against the project management processes, and finally link them to the strategic components in order to establish whether there are gaps.

### 5.2.1. VISION

At the time when parastatals made a decision to manage through projects, a vision was formed. A vision is when leadership puts the position of the company in a perceived future and seeks to energise its resources by inspiring them in getting there. This concept of the picture of the future is supported by Morden (1997, p. 668), who argues: “Vision is holistic; and is defined as an imagined or perceived pattern of communal possibilities to which others can be drawn, which they will wish to share, and which will constitute a powerful source of energy and direction within the enterprise.” It is important to note that the evidence gathered is to the contrary on this phenomenon in the two cases researched as far as managing through projects is concerned. Neither enthusiasm nor momentum has been generated in parastatals, resulting in failure to achieve the benefits of this vision due to a lack of direction. The use of strategy and projects to attain the vision has been besieged with problems that depict a serious strategic leadership gap at the top and at project level, resulting in numerous projects being executed without tangible benefits to strategy.

The leadership is conspicuous by its absence in project execution to the extent that those operationally involved in the execution cannot guarantee that the projects support a specific strategic objective. There was overwhelming evidence suggesting a lack of visibility in projects. There seems to be presence of leadership only in high-profile projects where the limelight benefits individuals’ leader status. The parastatals find themselves lacking the strategic leadership at the top that would make sure alignment of projects is the basis for project approval and that would support them throughout to provide guidance in terms of fulfilling strategic intent. A similar gap was evident at the project leadership level where project managers and their teams were not privy to what strategic objectives their projects were aligned to.

If the strategies are not clear, as is the case in projects in parastatals, that seems to diminish the vision, as the vision can be achieved through strategic execution, which, in this case, uses the projects as vehicle to attain such objectives. As the project management process involves initiation, planning, execution, control, and closure, these aspects need to be executed fully in terms of leadership involvement as part of strategic execution. What seems to transpire in parastatals is initiation of projects, followed by a haphazard execution of the rest of the processes, manifested in a lack of thoroughness, as projects become activities that are not monitored for performance, nor linked to strategy. The evidence gathered shows that the introduction of the concept of project management has not undergone the full project management processes, which could have allowed evaluations of project performance. Currently, the evidence suggests that changing of the management of tasks through the project management concept of managing has not been implemented effectively. The resources are not motivated and do not visualise what their projects contribute to the strategy intentions of the organisations, and projects do not perform optimally due to the numerous challenges that remain unresolved as a result of a lack of strategic leadership at all levels.

The two parastatals generally show little strategic leadership at various levels, which has resulted in the link between strategy and projects being non-existent in the majority of cases, except on high-profile projects as mentioned earlier. The projects are blindly executed, with no attempts to understand their relationship to the strategic objectives of the company. The void of the vision through the strategic intent becomes apparent in this situation.

### 5.2.2. CHANGE AND FLEXIBILITY

It is recognised that change breeds pain and anguish (Kotter, 1996); it is the responsibility of leadership to be aware of the challenges that are brought about by change. Taking the situation of the parastatals into consideration, the project management philosophy has brought about a style of management of tasks that, in itself, has brought about serious challenges in projects on issues such as team development, team performance, change, lack of top management support, firefighting, reporting structures, project organisation, and the organisational culture. The traditional way of managing functionally is still deeply entrenched in the parastatals, which contradicts the new matrix reporting that suits project management.

Some respondents described their organisations as “military”, which is typical of traditional organisations. The structures of these parastatals have done little to rearrange their

structures for project management, but have remained hierarchical. As the philosophy of project management is process driven, there was a need to pay attention to the value chain structures that would support project management. The respondents felt that the leadership was failing them by practising a philosophy in a wrong organisational structure. The relationship between the philosophy and the structures in parastatals can be described as a square peg in a round hole, as this is how those who manage projects feel about the impact of the current structures on their project execution. While it is acceptable that project management can be practised in traditional structures, the situation in large organisations such as the two parastatals requires a full matrix or projectised structure for effectiveness in project execution to be realised. The value chain expected to be serviced by projects is such that it requires structures that will connect the different divisions, departments, and resources to work for the common goals. The leadership has not been strategic enough to see the bigger value chain connection within the company. The respondents felt that the environment was still traditionally very rigid, with very operational and functionally focused leadership, who focused on departmental needs with no regard for the impact this had on the rest of the organisation. Little time was spent on strategic thinking and planning, leaving the whole organisation working on operational issues and firefighting, with very little time spent on the bigger-picture issues.

The strategic intentions of the organisations can be achieved through all employees sharing the same objective through change management and being flexible enough to change the way of doing things. This is the way to make sure that the gap between the vision and the strategy can be closed. This is supported by Dolan and Garcia (2002, p. 116), who argue:

> Ideally, planned strategic change should always be the consequence of strategic reflection which involves a systematic re-positioning at all levels, including of course, at the level of beliefs and values. In reality however, in many situations there exist a sense of urgency, coupled with a lack of training and mental preparation on behalf of corporate management in formulating strategy and managing change. The result is a poorly managed planned change process, which often leads to disappointments or even catastrophes.

The experience in the parastatals regarding project management is also disappointing, though perhaps not yet a catastrophe, but rather should be a concern as it is. There has not been acceptance or understanding of the project management principles and processes, resulting in failure to use projects as vehicles to execute strategy. As a result, changing to managing tasks through projects has not been effective. This has resulted in parastatals losing their competitive advantage, as some departments have not changed their processes

to suit project management; yet project management is seen as the new way of managing. The aspect of losing the competitive edge is illustrated by Kirby (2005), who argues: “Change is a pervasive feature of modern business life. Managers and their staff are required to adjust at unprecedented levels to maintain competitive advantage.” As the change to managing through projects has not followed through a rigorous process, the parastatals are faced with more serious challenges of extinction should the government allow private investors to compete with them, since they are currently a monopoly in their niche, especially Eskom in energy.

As of now, though both parastatals have adopted the project management philosophy, the change management that should have been followed to make sure that the employees were on board has not been effective. As a result, the philosophy is talked about with very little understanding of what it entails to execute tasks by projects. This has led to numerous challenges in the project environment that have left the employees at operational levels rather despondent about the failure by leadership to create effective change based on this philosophy. Typically, when respondents talk about the environment not being conducive and the understanding of the project management process being poor across the organisation, it reflects badly on the change process as well as the strategic leadership that has failed to address this impasse over many years. It is more disturbing when respondents’ perception is that the project managers have no confidence regarding the level of understanding of the principles among their business counterparts, especially the leadership.

The myriad of challenges is as a result of initiating a concept and almost “abandoning” it at inception, with no plans to execute it, nor applying control and monitoring measures to evaluate its success. This philosophy has remained open without closure, as no follow-through action plan has been put in place to evaluate its relevance and success. The change management steps would have been the tool used to assess the philosophy’s effectiveness and the buy-in among the stakeholders with effective communication around this philosophy. As it stands now, project management is some buzzword, about which the evidence in both parastatals shows that it has not been implemented appropriately and that its processes are not understood by the majority of employees. This leaves the philosophy open to being belittled and carrying a low-profile stigma, which would not have been the case had it been comprehensively implemented and rolled out according to the very project management processes and principles. The poor communication that is prevalent in the two parastatals has compounded this challenge.

Both parastatals have shown little regard for change management when introducing new things such as the project management philosophy. This has left the parastatals with little change in their processes from before the philosophy was introduced more than 20 years ago. While the talk is project management, the philosophy is practised in an aura of confusion and chaos and lacks basic application of principles due to limited understanding of the project management processes. There is a lack of strategic leadership that would direct change, hence the current circumstances in parastatals where change is viewed with scepticism. The project management philosophy would have been adopted successfully if the leaders had driven the change to managing tasks through projects.

### 5.2.3. MOBILISATION AND MOTIVATION

One of the teething problems uncovered in this research was the frustrations of the employees involved in operations of projects due to the numerous obstacles they encountered in their day-to-day carrying out of tasks. The frustration caused low morale among employees, as they felt abandoned by the leadership who was expected to be around to remove the obstacles and make decisions quickly to enhance project execution. To compound this, poor communication was prevalent in both parastatals. These issues are indeed demotivating, as Rabey (2001, p. 27) argues: “Major de-motivators will always be frustration and uncertainty. One precondition for action is critical and inescapable – a willingness and a desire by management at all levels to ask, to listen and to respond.” The atmospheres in which employees are expected to internalise the desire to be active participants towards the vision of the organisation remain a pipe dream in parastatals. The tendency in such a demotivated force is to compel employees to go in a certain direction, even though they may not believe in it, as they do not see their contribution being recognised or the value they derive.

In parastatals, the evidence is that there have not been enough efforts to mobilise and motivate employees using relevant actions that meet the human needs as is expected from strategic leadership, as Kotter (1999, p. 60) argues:

> Leadership is different. Achieving grand visions always require an occasional burst of energy. Motivation and inspiration energise people, not by pushing them in the right direction as control mechanisms but by satisfying basic human needs for achievement, a sense of belonging, recognition, self-esteem, a feeling of control over one’s life, and the ability to live up to one’s ideals. Such feelings touch us deeply and elicit a powerful response.

What has been absent in both parastatals is the will to showcase the project management principles as the new way of executing tasks from a leadership perspective, on a larger scale, and applying the same culture to specific projects, on a smaller scale. As the parastatal employees do not understand the link between the projects they execute and the strategy, it immediately diminishes the value of said strategy. The lack of consensus among respondents regarding the link demonstrates lack of understanding of the company's vision and strategy, leading to responses from respondents such as "What strategy?". The parastatals have failed to do the basics of motivation such as showing the value to the employees of the vision and strategy, improving the poor involvement of the workforce, supporting employees with relevant programmes to enhance their motivation for the cause, and rewarding where successes have been achieved (Kotter, 1999).

The experience of the respondents was that of leadership starting initiatives and abandoning them as soon as project managers were allocated to projects. This left them without the necessary tools to succeed, such as top leadership support, decisive decision-making, listening to their challenges, removal of obstacles, and understanding what their projects contributed to the strategy. When these tools are missing, it results in the blame syndrome where, by default, the project managers find themselves being accused of lacking skill, having the wrong attitudes, not being proactive and assertive, and sometimes being described as not knowing what they are doing. If strategic leadership had been present at both levels, these challenges could have been identified and dealt with as a matter of urgency, as they have a huge impact on the success of any project.

### 5.2.4. MEASURING PERFORMANCE

While it is widely accepted that you cannot manage what you cannot measure (Scholey, 2005; Catasús, Ersson, Gröjer & Wallentin, 2007), the adage "what gets measured gets managed" can lead us astray when simplistically taken without context. The issue here is that this adage cannot be used in isolation, but must rather be used in relation to the issue of measuring the right things. If perpetuated in its current context as is the case in parastatals, it can result in wrong behaviour encouraged by the kind of individual compacts in these organisations and resources wasted managing wrong things. In the case of parastatals, the lack of metrics for project success has left a void in the desire to assess the alignment of projects to strategy, success of projects, and the benefits to business. The lack of strategic metrics on performance will result in companies focusing internally, as only visions and strategies allow them to look at their competitors, partners, and factors of the environment (Hass, Burnaby & Bierstaker, 2005). While Eskom has implemented benefit realisation in its

information-systems-related projects, the manual process has not had buy-in from business, leaving project managers with the task of convincing business to track benefits, while the top leadership expects the process to yield comprehensive results. The evidence from respondents does not reflect that, in parastatals, the metrics for project success or for strategic alignments are discussed up front when projects are initiated. This leaves some projects running without alignment and with subjective success rates. This lack of clear measurement in parastatals matches what is sometimes described as firms that adopt less-than-perfect surrogate measures and, in extreme cases, dumb down measures to support strategic scorecards (Walsh, 2005).

Attempts to measure were found in Eskom where benefit realisation was used as an instrument to measure how much value the projects added. Though this process was introduced in the information management space in 2005, having been authored and implemented by this researcher, its implementation was met with resistance and lacked sustainability due to the poor change management in the project. Another factor is that it is used in information-systems-related projects where there are numerous projects with no effort to introduce a similar model that would cover the bigger build projects in order to give a holistic view of the expenses and benefits these projects yield. A systematic approach of measuring on all projects is lacking in parastatals, and as a result, the value of all projects and the losses may never be verified. The absence of exact measures can lead people to emphasise the wrong things that do not help strategic objectives (Walsh, 2005).

There was a vague knowledge regarding the strategies of the two parastatals; however, the little knowledge by a few was not complemented by effective communication or use of projects in which metrics would be derived from the strategic objectives. Considering that strategy is critical to the success of the company, the experience of the two parastatals seems to be that of the top leadership deciding strategy and expecting execution, to which projects contribute, to just happen without a plan. No matter how good the strategy is, if execution activities are not aligned or measured against it, it becomes insignificant to have one. This is supported by Scholey (2005, p. 12), who argues:

> The execution of a properly formulated strategy is not only good business; it's just plain common sense. So why doesn't everyone just do it? Why can't every organization just take that good strategy it has and roll it out? There are a myriad of theories and a rationale for this. Experience has convinced us that execution suffers because of one large misstep: the leaders who craft the strategy do a poor job at communicating the strategy to the "doers" of the organization to help make it real and tangible at their level. On the surface, the

> solution seems to be: communicate, defining the strategy in a context employees can understand and work with. This is an appropriate answer, but traditional strategy tools make it very difficult, if not impossible, to roll out strategy effectively. Bulky strategic planning documents and long-winded senior management speeches simply don't cut it.

The projects become the obvious method that parastatals are expected to utilise when executing strategy. As this is blurred and at times non-existent, as the respondents put it, the chances of focusing on wrong strategic objectives increase in these organisations. If the metrics for strategic success through projects lack execution similar to the project management process, where there are initiation, planning, execution, control and monitoring, and close-out, they would provide the necessary guide for validating the link between projects and strategy. It requires strategic leaders to implement a process that will provide an effective measurement mechanism to ensure that projects are linked to strategy in parastatals. As the leadership was absent in project execution in parastatals, surely the link cannot be expected to be effective, considering that those at leadership level who understand it are not intrinsically involved and leave it to juniors to merely execute without strategy, metrics, and direction. If they had been strategic leaders, they could have been there to ensure alignment. A similar picture was prevalent at operational level, where the project managers also lacked the strategic leadership skills that could have prompted them to seek an understanding of why they were executing specific projects and which strategic objectives they were aiming to satisfy.

To merely execute a project without seeking and understanding how it fits into the bigger picture of the organisation is a sign of lacking strategic leadership. When the thesis questioned the role and visibility of leadership in projects together with the question of the link between strategy and projects, it was the intention of the researcher to explore the presence of leadership in project execution, which, as the evidence shows, was conspicuous by its absence. This became a recipe for lack of alignment, since there were no metrics or guidance. Appropriate performance measures help leadership have a long-term visionary outlook, which will give it the opportunity to prioritise those projects that give significant gains to the strategy (Tangen, 2003). The evidence shows that parastatals have strategies that are not communicated effectively to the employees. This is compounded by projects whose link to strategy is neither known nor understood at operational level.

If the leadership had been comprehensively measuring project performance on projects, some of the challenges experienced now such as organisational structures and their effect

on effective project management and general poor performance would have been identified and dealt with.

### 5.2.5. INTEGRITY

The adage “walk the talk” comes to mind when discussing integrity. This refers to being honest about what you preach and consistency in behaviour while committing to the promises. The element of trust is the cornerstone of integrity, as it is the basic principle of leadership (Scarnati, 1997). This assertion is supported by Covey (1989, p. 195), who argues: “Personal integrity generates trust and is the basis of many different kinds of deposits. Lack of integrity can undermine almost any other effort to create high trust accounts.” What was evident in the parastatals was the lack of trust, manifested in attacks on the leadership while discussing challenges of the perceived failure and lack of desire to create the necessary resources and decisions to support project management. The credibility of leadership in the parastatals was eroded by its perceived selfish desire to get credit on initiatives without acknowledging the role of low-level employees.

As trust is the glue that binds the relationship together, the disjoint relations between executives who initiate projects and the operational employees have been eroded in parastatals. The environment in parastatals was not conducive to supporting strategy, as that cannot happen without the employees believing in their leadership. The employees were executing projects in an atmosphere of despondency due to the feeling of not enjoying and seeing the bigger picture and how it benefited them. In order for an organisation to consolidate alignment of projects to its strategy, all resources should be pulling in the same direction with vigour and understanding of what the business intends to achieve. The success of companies in their development objectives depends on the leadership’s ability to maintain high integrity capacity levels. This is supported by Petrick and Quinn (2001), who argue: “The four key dimensions of integrity capacity include: process, judgment, development and system. Each of these dimensions constitutes an intangible strategic asset for an organization and presents challenges for business leaders.”

Employees in parastatal projects do not see any leadership involvement, and as they see their leadership as abandoning them, surely the element of trust cannot be expected in such circumstances. This lack of involvement depicts a lack-of-interest attitude by the leadership, which has resulted in respondents thinking that the leadership only gets involved when there are problems. Some were described as coming down like a ton of bricks and venting their anger at project managers for failures; yet they are absent when leadership decisions need

to be made. The development mandate of parastatals, therefore, needs strategic leaders who are supportive of their projects. It is prudent that the leadership of parastatals recognises that in order for the company's strategic objectives to be met, there is a need to harness, mobilise, and get the employees and other stakeholders behind them in support of initiatives. The actions of leaders are, therefore, important for organisational effectiveness (Caldwel & Hayes, 2007; Simons, 1999; Storr, 2004; Huberts, Kaptein & Lasthuizen, 2007; Washington, Sutton & Field, 2006), and parastatals should be included in this statement. The parastatals were found wanting when it came to integrity, and as such, it requires the organisations to use strategic leaders to look at this specific challenge and improve the trust element if their strategic objectives are to be met through projects. Projects, by nature, involve working in teams, and if trust is not the basis of common understanding, it will pose a big challenge at execution level. Did this researcher not hear through the grapevine how trust relationships in the capital projects of the two parastatals have had serious financial implications due to decisions carried out without the trust element?

### 5.2.6. OBSERVATION OF THINGS WELL DONE IN PARASTATAL PROJECTS

As much as there are challenges in project management in both cases, it is not all doom and gloom, as there has been some success in some of the projects. There are rigorous commercial processes and policies that are the envy of any organisation seeking control and accountability. The committees of various governance organs such as investment, commercial, and architecture are very firm regarding their policies and sometimes too rigid for those facing stringent deadlines due to their laborious and critical nature. There have been successes, though, in the period these parastatals have been in existence.

Eskom has been executing maintenance projects called outages at power stations for many years with great success. These have been done through good planning and effective execution. These are activities scheduled during low-demand periods and have been very successful, even under difficult financial circumstances. The power stations have a technical plan that describes activities that will be required in the entire life of the power station. This plan is then executed on a five-year basis based on the results of the prioritisation that results from the challenge sessions for the LOPP.

Eskom's power stations draw up five-year technical maintenance plans, which are challenged first within a station among different disciplines, then within clusters (which are clusters of power stations in close proximity), and finally among all power stations. This process entails listing the projects that have to be executed within the five-year window,

prioritising the projects, and finally making available a budget that is meant to complete the execution of the final recommended projects after the challenge session between all power stations. This is an exercise that is effective in Eskom and would be even better if it were inclusive of information systems and other related projects, too. The investment and the commercial processes follow after the challenge sessions.

Some huge investments in the ERP system such as SAP have been successful in both organisations, as has the Intergraph Engineering Suite of applications for Eskom's construction and engineering phase of the build projects. This enterprise software has been implemented successfully and has helped the parastatals in enhancing their performance. The two parastatals have embarked on huge capital expansion projects, with Eskom at R26 357 million (Eskom Holding Limited Annual Report, 2008) and Transnet at R15 780 million (Transnet Limited Annual Report, 2008) in the financial year April 2008 to March 2009. The execution of such huge projects requires solid financial, commercial, architecture, and project execution, with diligence of the highest order. It was, indeed, an achievement for the two parastatals to record such success in their expansion.

### 5.2.7. THINGS NOT DONE WELL

In the midst of relative success, there are some challenges that, indeed, require resolution by the leaders. The isolated pockets of success are overshadowed by a myriad of challenges experienced by the majority of employees at operational levels and, in particular, those who work on projects. The mechanism for deciding which projects to execute through prioritisation is not practised effectively, in particular regarding those projects that are of less value. The projects with a smaller value are in the majority, and there was evidence of no prioritisation taking place. The projects are not contained in one basket in order to visualise their relationship in the value chain in order to match the strategy, but rather are initiated through chaos. As a result, there is a lack of clear relevance and value added to the majority of the projects, as the link between them and the strategic objectives is not clear either.

The two organisations have not re-engineered their structures to accommodate the philosophy of project management. What was evident was that they were still traditionally designed according to functions, and project management philosophy was expected to fit into the organisational structures. This causes untold pain for those working on projects, as coordinating teams in such disconnected divisions and departments that have a functional culture is extremely difficult. It sometimes requires experience and knowing the right people for a seasoned project manager to make some headway in project execution. Due to the

silos that are embedded in these organisations and the culture of power and status that has developed over the years, human resource management in projects is made very difficult through a lack of understanding of matrix reporting, together with functional managers' fear of losing power. Project managers find themselves facing challenges at the start of executing projects due to a misunderstanding of what roles the functions and their resources play in projects.

Because the projects are themselves initiated out of chaos and the teams put together abruptly, project managers find themselves with no opportunity to first select their resources. The situation in parastatals leaves project managers with no say in the resources that are allocated to their projects. Furthermore, there is no time to allow team development due to the rush caused by lack of planning and clear strategic intention. The projects are then allowed to proceed with every recipe for failure, as both activities are critical to the success of project execution. The situation described above leaves a disjointed "team" and creates discipline problems for project managers to manage resources who do not have a culture of reporting outside their functional areas. This headache for project managers was prevalent in the two parastatals and seemed not to have been attended to despite clearly being an obstacle to project success.

### 5.3. ANALYSIS OF ILLUSTRATED CASES

The practice of project management in both parastatals is rather chaotic, to say the least, as evidence from the illustration of twelve projects has shown. There are similar inconsistencies in both companies regarding the following:

- The appointment of the project manager, who is normally appointed by the sponsor of the project, lacks a clear process.
- The stage of the project in which the project manager is appointed varies.
- In some cases, there were no user requirements available to define the scope of what needs to be done.
- The nine knowledge areas of the PMBOK principles are not applied consistently.
- There are no standard templates guiding project execution, leaving it to project managers to do it their way.
- There are numerous systems used when executing projects, showing that in one company different systems are used by different project managers.
- Some schedules are not up to date.

> Not all project managers have documentation for their projects, showing again that leadership is not on the ball, for this should not be allowed according to project principles.
>
> The project managers in one company do not utilise the available systems as expected, and nothing is done, firstly, to make it part of the process and, secondly, to ensure that every project manager adheres to it.

The similarities above, indeed, reflect serious challenges in the organisations in terms of consistency, standardisation, processes, and leadership. The projects are executed in an environment that, in some cases, has no templates and a lack of leadership for effective execution of projects to prevail. It appears that it rests on each project manager to "make a plan" if they are to reduce the risk of failure due to the numerous factors that do not favour seamless project execution. In the illustrated cases, a few other worrying concerns that seem to be specific to Eskom were recorded:

> Some projects can be executed without an approved plan contrary to basic PMBOK principles, and one worries how leadership at sponsor's level can even allow a project to start without a plan.
>
> There are no quality standards in project execution, leaving the results of products or service at the mercy of the service provider. Interestingly, in the assessment of the execution of the nine knowledge areas in Eskom by the Centre of Excellence, quality had the least points.
>
> Some Eskom project managers see the organisational structure as being inappropriate for the project management environment.

The conclusion from the evidence is that leadership has not helped the project environment, and project managers in both organisations are operating under circumstances that can be described as "set up for failure". With no guiding templates, no standards, processes, or leadership help, and a general lack of an appropriate environment, it leaves these organisations with a lot of work to do in order to improve the current situation, with some of the potential areas of improvement identified. In the context of Eskom, the illustrated cases and findings from the respondents, indeed, support the results of the survey in Figure 21, which tests the views of the participants on the effectiveness of Eskom as an organisation from a Generation business point of view. In the survey, the following, which are already part of the current research findings and illustrated Eskom cases, are highlighted: bureaucracy, silos, poor decision-making that links to lack of strategic leadership, lack of focus on people (which is also an attribute of lack of strategic leaders), together with lack of vision and an environment that is not appropriate for the execution of tasks.

## 5.4. POTENTIAL AREAS OF IMPROVEMENT

The element of trust was found to require some serious introspection by the leadership. It was clear that both the leadership and the operational employees did not trust each other, with each side blaming the other for the lack of success in projects. Leadership thinks project managers are simply not skilled enough, while project managers feel that the business and leadership, in particular, do not understand the project management philosophy.

A lack of strategic leadership at the top management level and at various other levels, including at project level, has caused challenges in the execution of projects in parastatals. The common lack of understanding of the strategy and the failure to link strategy with executed projects, which are the basis of any sustainable success in a company, were the main fundamentals of the challenges in the two cases. These challenges are linked to strategic leadership, as has already been deliberated in this research. The parastatals need to improve the culture of leadership at every level in order for the strategic objectives to be clearly understood and executed through projects showing a solid link between the two. Top leadership can do better by focusing on strategy and planning so that it becomes easier for lower levels to execute tasks. When top leadership spends time on operational issues and firefighting, it leaves a gap in the strategic focus.

The perception of leaving strategic understanding to top leadership is a fallacy. All levels in the organisation need to understand strategy and visualise how they contribute in their day-to-day execution of tasks. The responsibility to execute tasks should come with the relevant authority to make decisions by each individual. As much as it is expected that strategy is developed by leadership, the rest of the employees should know it by heart in order for the effectiveness of the strategy to be realised. As the projects are executed, a constant process of validation of the relevance of the project and its link to strategy should be embarked on in order to instil a culture of taking projects seriously among employees in terms of why they are being executed. Parastatals require a process to start by putting together all projects and evaluating them in terms of their relevance to the strategic intentions of the parastatals. This will, in turn, allow each project to go through this process and, at the same time, incorporate a culture of understanding the link between strategy and executed projects. A better method could be developed to make sure that each project manager is aware of the relevant contribution of his or her project to the strategic objectives.

The philosophy of project management comes with its own preferred structures and way of doing things. The parastatals cannot expect success with their rigid traditional format of

structures, which impedes other important facets of project management such as team development, matrix structures, authority of project managers, and sustainment of the value chain. These elements require being part of the nature of parastatals in order for projects to serve their purpose. Leadership should have the courage to re-engineer the organisation to fit in with the desired project management philosophy, which is a process-oriented way of executing tasks. Flexibility and change are some of the strategic leadership attributes that are required in the two cases.

While there was the good intention to introduce project management, improvements could be made in mobilising employees in order for them to fully understand the implications and value add of this philosophy. The leadership has not been doing enough in terms of mobilising employees for the projects being executed. Some employees are not aware of very important projects going on in the organisation. The element of motivating employees needs to be taken seriously, too. Employees will be motivated when they understand and see the benefits of the project management philosophy. Strategic leadership uses motivation as an important facet for its employees, and as such, parastatals need to look at the human factor of motivation and not expect high performance from grumpy employees. This can be done with the right strategic leadership at all levels, as such leadership understands the importance of happy employees as an attribute of good performance.

There is a need to create an atmosphere of trust in these parastatals. Behaviour unbecoming of leaders will lead to employees at lower levels not believing anything coming from the top or reluctantly taking instructions. The lack of trust could lead to disastrous consequences if not attended to. It is time that parastatal leadership walks the talk and convinces its followers that they can have confidence in their leadership. Performance cannot survive where the low-level employees view themselves as tools of management. There is a need to strengthen relationships between leadership and lower-level employees. When those working on projects feel that senior leadership abdicates responsibilities and only comes down on them when there have been mistakes, this results in a mutual lack of trust and confidence. The seemingly poor communication needs to be dealt with decisively, as it is communication that breeds understanding of what is required and creates a culture of transparency of what is going on in the organisation. Due to poor communication, there was a tendency to view one group as conspiring against the other as a result of a lack of trust.

The parastatals need to measure the performance of projects holistically by making sure that there are metrics for project team performance and metrics for the deliverables. The current situation of tolerating late and runaway projects and, at times, less quality cannot be allowed

to continue. The tendency to focus only on the budget diminishes the other aspects of success such as the team, top management support, a realistic baseline schedule, and earned value. A model of performance of projects needs to be in place in order to enhance consistency and continue improvement on project performance. Compacting individuals on narrow aspects of performance such as cost, time, and scope cannot be sustainable. Compacts should cover a broader sphere, which incorporates all facets that are deemed to contribute to project success, and this should apply to senior management as well.

As it is in the two cases, teams are not selected, but individuals are rather simply “thrown” into a project to become what is deemed a team. The process of selecting a team does not exist, and as such, teams are not allowed to develop through the four stages of team development, namely, forming, storming, norming, and performing (Gido & Clements, 1999). The role of project managers can no longer be ignored in the selection of teams, as this leaves them with discipline, trust, and commitment challenges from the members, in whose selection they had no say. The value of teamwork can only be achieved through the understanding of a common goal and through each member contributing his or her part in the achievement set. This cannot be realised if there is no interdependency or integrated effort to see the success of the team’s goal. The current approach of teams in parastatals breeds individualism, egoistic behaviour, lack of information, blame syndrome, and persistent challenges to project managers who thrive on seeing teamwork and cohesion in the functioning of their teams. These challenges could be minimised with strategic leadership that has insight into the long-term effects of such hasty team formation as happens in parastatals. The pressure of deadlines also cannot be used as an excuse for ignoring the proven basics of team formation. Project managers need teams like any other team formation such as that in sports. Functional managers can no longer be allowed to dispatch individuals to join project teams without seeking the opinions of those who lead the teams. The success of the teams depends on the project manager’s authority to have a say in the selection and to get time to develop the team. Hurrying the process can only be a recipe for failure.

The concept of governance is understood in the context of ensuring that public funds are used appropriately by parastatals. The enormous sizes of these organisations truly require some measure of control. The aspect of control becomes detrimental to progress if the governance that goes with it is rigid and not optimal. The situation in parastatals does not help in its current state, as the governance processes are viewed as being difficult and narrow-minded. The lack of flexibility to match circumstances is ignored to the disadvantage of the projects. If the senior leadership views governance as an issue as much as the

operational employees do, then this should be contained easily by revisiting the governance procedures and evaluating their relevance today. It appears that some control measures have been used for very long periods, resulting in some committee members being comfortable with them despite the obvious pain they cause those executing projects. Strategic leadership at project and executive level should have attended to these governance challenges a long time ago, as they have been around for a while now.

Leadership is viewed as starting initiatives and abandoning them for project managers to deliver without delay. This is, unfortunately, accompanied by the absence of leadership at crucial times of decision-making such as project team and steering committee meetings. The executive leadership and, particularly, those who initiate projects need to give unconditional support to project managers and their teams for their initiatives to be a success. After all, the project teams are there to execute projects on their behalf, and that does not mean leadership taking no role and becoming aloof from its own projects. This is prevalent in parastatals, with all sorts of assumptions from the teams such as executives being too busy, that they lack interest, or that they only come for governance or when there is a crisis. Projects require top management support in order to increase their success rate. Waiting to be visible on high-profile projects alone does not help either, as each project is important due to its contribution to the strategic objectives of the organisation. The leadership's involvement should, therefore, be natural, as leaders should be seen to want to see their initiatives succeed. After all, the leadership has a role of pitching its projects at higher levels in order to enhance their profiles. This cannot be done detached from the execution. Visibility by top leadership makes the rest of the organisation pause and check what is going on because there is evidence of vested interest from the senior leadership.

### 5.5. THEORETICAL LINK TO THE FINDINGS

The outcome of the findings, indeed, leaves a disturbing picture for parastatals, unless some drastic action is taken in view of the project management challenges currently besieging these institutions. Senior executives have a culture of not being visible on projects. They appear wielding sticks when there are problems on projects. This cannot continue, as it does not help the project execution, which is seeking top leadership support. The type of leadership that allows organisations to have perennial challenges on projects for years without resolving them cannot be allowed to continue if the project challenges are to be minimised and the value of executing projects is to be realised. Leadership that abandons projects it initiates cannot be trusted by employees, let alone to lead in resolving the developmental needs of the country. The leadership should own the projects it initiates

rather than be involved in machinations against project managers. There is a glaring lack of vision and strategic thinking, as the issues of alignment to strategic objectives are never attended to convincingly.

The parastatals need to look at their traditional hierarchical structure and evaluate how much pain this causes to project execution. The continuation of structures that do not serve their purpose contributes to the challenges facing these organisations. One cannot expect a project environment that thrives on matrix reporting to function optimally where functional managers still control compacts and have the power to pick and choose resources for projects without contributions from project managers. This is caused by a lack of insight into the bigger picture of the organisational objectives and represents a rather narrow focus of what there is for the profile of the functional area. This is another example of a lack of strategic leadership, which is also experienced at functional level.

The mindset has not changed among the employees on the fundamentals of project management such as matrix reporting; yet project management execution is expected to flourish under such conditions. If change management had been effective, this challenge would have been eradicated. The lack of motivated employees to embrace project management is a sign of a lack of mobilisation towards the strategy of executing through projects. This is another sign of the strategic leadership gap, as these types of leaders would have used motivation and mobilisation as the pillars of the success of project management implementation in the parastatals. Change management should not be an option of reaction to challenges, but be part of a project and be proactive in dealing with minds as paradigm shifts are implemented.

While controls are necessary, parastatal governance has become synonymous with delays, the committees not seeing the bigger picture, using outdated policies that have not changed for years because they worked then, and making individual preferential decisions at the expense of what is good for the company. These are some of the experiences concerning governance structures as perceived by respondents in these organisations. The optimisation of these governance structures is overdue, as they have just become instruments of power, status, and obstacles that have no significance for the progress sought by many who have experienced these governance committees in parastatals. Bureaucracy has become the operational mode of parastatals at the expense of getting the job done.

Lastly, parastatal leadership has formulated strategies at the top; yet it does not give plans to execute them through projects. This has allowed the manifestation of various initiatives

that do not contribute to ensuring that projects executed are linked to strategic objectives. When this is allowed to continue, it leaves the finances of these organisations vulnerable to those leaders who perpetuate their selfish agendas at the expense of the parastatals. Many of the projects initiated may actually be of no value to the sustainability of these parastatals; hence, the issue of linking projects to strategy should not be compromised, but appointment of the right leaders in the first place needs to take place at the top and project management levels.

All the items identified in the findings as depicted below are leadership issues that require leadership to deal with them decisively. Borrowing from the concept of Miruka (2007, p. 237), the linkages of this research are presented below.

**FIGURE 22: THEORETICAL LINKS TO THE FINDINGS**

| **Leadership expectations** | **Challenge to projects** | **Implications for project management** |
|---|---|---|
| Visibility | Lack of visibility in projects | Profiling of project is low and is perceived as not adding value to the business. Its priority is very low. |
| Ownership of projects | Lack of ownership of projects | Creates conflict and leaves project managers exposed to ridicule by stakeholders as they try and defend the business initiative. |
| Organisational structure | Silos and hierarchical structures | These do not support managing through projects and will always be permanent obstacles even before the project starts. |
| Unwavering support | No top management support | The importance and value of the project diminish. Decisions take time to be made and negatively affect the project. |
| Change management | Lack of change management | It is the crux of lobbying for both stakeholders and end-users to accept the delivery. There cannot be success in a project without users accepting the deliverable as that which will enhance their productivity. |

| | | |
|---|---|---|
| Clear processes | Bureaucracy | Governance that is not optimised does little to assist project execution. This is particularly so in the build environment as opposed to the operational or maintenance mode of these businesses. Projects will always be late as a result of slow governance. |
| Strategic alignment | Lack of strategic leadership | Projects become activities that do not support the strategy and are, hence, rendered irrelevant and a waste of money. |

## 5.6. CONCLUSION

The improvements discussed above could help the parastatals have the capacity to deal with the challenges currently overwhelming the project environment. The issue of having strategic leaders across the breadth of the organisation and, in particular, at top management and project manager level is crucial for the success of implementing projects successfully. The discipline of project management comes with a framework of requirements such as organisational structures that are appropriate, a correct matrix reporting mindset among the employees, top leadership support, and basic understanding of the project management principles. When the framework of requirements has the correct nature with the strategic leadership at the helm of both the organisation and the projects, the chances of success in both implementing the philosophy and the execution of projects will be increased.

The current situation in parastatals paints a gloomy picture due to the failure to deal with the fundamentals of creating a supportive environment for the project management philosophy to prosper. Compounding this is the lack of strategic leadership at the top and in projects in order to deal decisively with the glaring challenges that have been experienced over the years. These challenges can be overcome through direction and commitment by all employees. The desire to change things, as was seen from the respondents' recommendations, is there, but lacking are the courage and the strategic leaders that will take the bull by its horns and deal with the challenges comprehensively. This could mean re-engineering the organisation for the sake of making sure that the project management philosophy is practised in a supportive environment. The next chapter will conclude and give

recommendations for this research, and there is the hope that the parastatals will learn of this research and be bold enough to accept it and adopt some of the recommendations.

# CHAPTER 6

## 6. CONCLUSIONS AND RECOMMENDATIONS

This chapter interrogates the purpose statement, links it to the findings, and relates how the findings have been interpreted in the context of the strategic leadership factor and its implications in parastatal projects. The purpose of this research was to investigate the factors that lead to the lack of a link between projects and strategic objectives in the execution of projects in parastatals. In view of the findings in which factors contributing to this challenge were identified, the conclusion and recommendations are provided based on the interpretations of the researcher in the context of the implications of the strategic leadership factor for project execution, in general, and the execution of projects in parastatals, in particular. Beyond parastatals, the recommendations will highlight limitations in the current PMBOK literature regarding the strategic leadership phenomenon and come forward with new recommendations. The research will opt to give recommendations to the Treasury regarding the total cost of ownership of the major capital projects, which currently leaves the information technology component, and seek to provide a holistic assessment of the smaller projects by looking at the implications of other facets such as delays in making decisions, quantifying the value of idle time spent by resources on a project while waiting, and the bureaucratic impact. Finally, the research will discuss the subject of project management, which currently has a low profile tag, and give recommendations that can help raise its profile in parastatals and the scientific understanding of the discipline internationally through research.

### 6.1. CONTRIBUTING FACTORS

The following were factors that contributed to the lack of a link between strategic objectives in the execution of projects in parastatals. While the list could be very long, those elements related closely to strategic alignment have been used to highlight the factors that have a larger impact as far as contributing to the failure of the link between strategy and executed projects in parastatals.

Strategic components were generally absent in the organisations. The evidence proved that the vision and strategy of these organisations might have existed on paper, but practically were neither understood nor implemented. To make it worse, there was the lack of a concise plan to deal with both the lack of understanding of the strategic intentions of the organisations and the realisation that projects were meant to support strategy through

execution of initiatives that supported the strategic objectives. It was not surprising to find that those working on projects, when asked about strategy, quipped “What strategy?”.

Even though the philosophy of changing and managing through projects had been taken up, no effective communication in sensitising employees about the philosophy seemed to have happened. The change process had been ignored, and the projects were largely ignoring it, too. The parastatals did not seem to practise a culture of implementing new things by applying proven change process methodologies. The lack of change that, by default, comes together with communication resulted in employees executing projects that appeared meaningless to the larger enterprise, as they were not communicated organisation-wide and, therefore, meant nothing to those not directly involved.

The issues of trust and honesty are important in any environment; however, in parastatals, integrity is considered a value; yet it was glaringly absent from the perspective of the employees. As has been documented before, the employees perceived management in a bad light, with no trust in its leadership, while management displayed the same concerning employees’ competence. It is prudent to note that this scepticism concerning honesty and trust among the employees cannot augur well for sustained team functioning as well as task execution. A strategy cannot be believed if the originators are not trusted as well. It leaves strategy as a management thing that has very little to do with the workers.

As projects had been executed, there had not been a comprehensive mechanism to measure performance. Very narrow measurements such as time, budget, and scope were made, while leaving other factors with serious implications such as decision-making, top management support, and project ownership issues. The issue of performance should be critical for evaluation of projects, and if it is not comprehensive, wrong behaviour could be encouraged through measuring the wrong things. As project performance did not include leadership performance, it is not surprising that the leadership was quick to apportion the blame to the operational environment and, in particular, project managers.

Mobilisation and motivation were glaringly missing starting from the decision to introduce project management and its application in parastatals. The employees seemed to have been left behind regarding this philosophy, with scattered acknowledgement of its existence and use for executing tasks. There was no zest about the philosophy, perhaps showing that it had not been sold attractively to the recipients by senior leadership. Project management has become one of the most talked-about phenomena; yet it was hardly understood or given a platform to excel as a philosophy in the two cases.

Organisational structures were traditional and militaristic. There was such dominance of hierarchy to the extent that those below found themselves marginalised if not alienated by decisions made by the leadership. The decisions that were crucial for experts to make were at times overshadowed by preferential ones driven by influential individuals with higher status in the parastatals. This does, in fact, affect the discipline of project management, which relies on experts for making the correct decisions. While the parastatals had adopted the project management philosophy, their structures had remained the same. No re-engineering of structures had been done in order to suit the new management paradigm, and as a result, the traditional structure had become an impediment to the smooth execution of projects. The rigid form of structures did not support dual reporting, focused on functional rather than company-wide strategy, and had linear expertise, while communication was top-down.

The PMBOK limitation in terms of its focus on the nine knowledge areas alone has become another contributing factor to the challenges of project management in parastatals. The lack of literature on other related issues such as the leadership factor and, particularly, strategic leadership and the effect of change management has contributed significantly to the many projects with no link to strategy. While parastatals have adopted methodologies inconsistently, the blind loyalty to PMBOK without applying minds to the gaps in the principles has contributed to the current challenges. As much detail is followed on the principles, very little is being done to close the gap regarding the lack of change management. In many cases, it has become one reactive step of introducing the change management concept when it starts becoming clear that not everyone has bought into the new way of doing things introduced by the project. In the worst circumstances, employees find themselves under all sorts of threats from the top to adopt systems or else.

Bureaucracy has been one process supporting traditional organisations. This was seen as governance by the various bodies in these organisations that had delegated authority to apply it. Governance, though, had become a hindrance to progress due to its rigidity. In most cases, the committees were run by individuals who had been in the organisation longest and had not changed, nor seen the light. Compounding this was the fact that these committees were powerful and had status in the parastatals. In the process of protecting their status, some decisions had not necessarily been good for the companies, but rather individually beneficial at the expense of what was good for the business. After taking another look at the way parastatals were run, it seemed that committees had been created and mandated to make team decisions, and this might be another sign of having strategic leaders who would

take the risk and make decisions that left decisions to committees. Was it perhaps to share the risk should the decision backfire?

The lack of skills is another factor causing this lack of a link between strategy and projects. While the capacity of project managers in parastatals might be rather low due to poor salaries compared to the private sector, an element of skill had only been directed at project managers and their teams. This is not complete, as the skills of the leadership came into question once the challenges seemed to be perpetuated, as was the case in the two cases as far as project management was concerned. Therefore, the perceived lack of skills of project managers was not the only factor, but the leadership contributed as well, as it had not demonstrated enough skill to deal with the challenges since the philosophy of project management had been introduced in the organisations. The low profile of this discipline had resulted in it being neglected to the extent that there were different job profiles for a project manager in the different divisions in the parastatals.

The absence of portfolio management and the confusion it caused with programme management in the parastatals resulted in the missing step in parastatals to help link the projects to the strategy. PMBOK (2004, p. 16) distinguishes the two as follows:

> A programme is a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. A portfolio is a collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives.

As much as the PMBOK had been adopted as the framework for executing projects, the concept of portfolio management had not been implemented fully, thereby leaving a gap in establishing a link between projects and strategic objectives. The scanty information regarding portfolio management in the PMBOK literature had not helped the cause either. The lack of maturity in the philosophy of project management had caused the concept of portfolio management to be talked about a lot, with little action for implementation due to the lack of direction in the PMBOK literature. The maturity of parastatals to deal with portfolio management had, on the one hand, been hampered by hierarchy and status issues, which might see the profile of portfolio managers at higher levels than that of most executives, and the lack of knowledge in the parastatals of how this phenomenon fitted in with programme and project management. The lack of knowledge had seen the term “portfolio management” sometimes interchanged with programme management, thereby escalating the confusion among those who practised the project management philosophy in parastatals.

## 6.2. FINDINGS

The link between projects and strategy was not clear, as the knowledge of the strategy among employees was not convincing, let alone the knowledge of what strategic objectives the projects aimed to achieve. The leadership in parastatals was absent with regard to project execution. The leaders were reactive on projects and came on board when there had been a problem. The ownership of projects by those who had initiated them was at a remote distance, while only wanting to be associated with the final milestones. Communication on the projects was missing both at project level and at senior leadership level. Bureaucracy was the order of the day in these organisations, with decisions taking a great deal of time, with no desire to understand the impact this had on projects. Some decisions were made to maintain the status quo and comfort zones to the detriment of project objectives. The skill set within project management and the leadership was a concern. The level of understanding of the project management principles was not convincing, and the leadership did not seem to know the processes either. At times, some of these individuals had no theoretical knowledge of the level at which they were operating, having either grown through the ranks or simply been given responsibilities they were not fit to perform. The traditional structure in parastatals encouraged a silo mentality and a culture of narrow functional allegiance, making it difficult for project team members to have a mindset of seeing the bigger strategic picture pursued by a project. Change had not been adopted in projects and was not prioritised in the parastatals. The tendency was to resort to change as a reactive process when it became clear that the reception of systems or new processes was not positively accepted by employees.

## 6.3. INTERPRETATION

A case study approach was used to build the theory. The theory was described using elements of strategic leadership to show how many of these elements were lacking in parastatal leadership, with the same going for leadership in projects in parastatals. Theory was prescribed as being important for project management and its literature and the presence of alternatives to the theory as a result of different interpretations. Finally, theory was viewed as addition to the academic knowledge and could result in further studies, as it was interrogated and interpreted by academics. Theoretical links to findings were used to describe the leadership expectations in parastatals, the challenges currently facing project execution, and the implications of not acting on these problems.

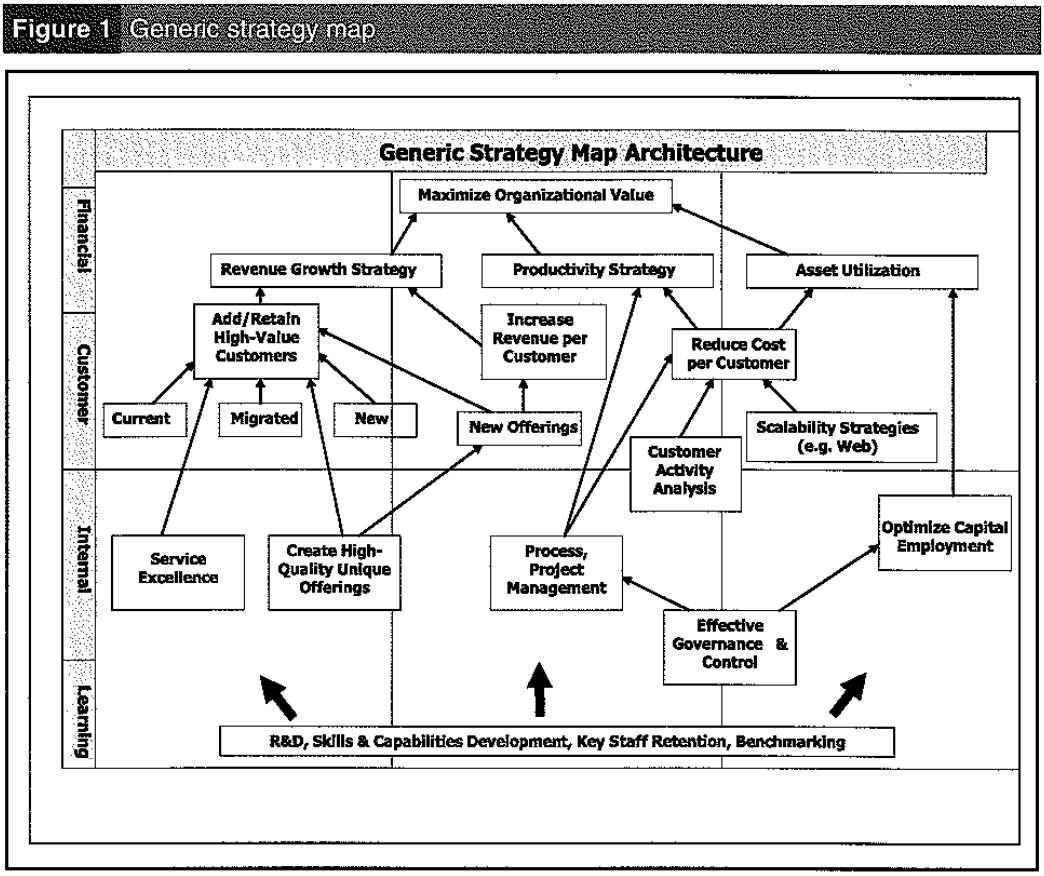
## 6.4. RECOMMENDATIONS

Since the researcher set out to showcase what could be improved in parastatals in view of the challenges facing these organisations in the project management field, the following are the recommendations that could address the problems.

### 6.4.1. STRATEGIC LEADERSHIP

In parastatals, strategies are created by senior leadership, but get lost along the way when it comes to execution, leading to the strategies not being well known across the spectrum of the organisation and, in particular, at operational level. The recommendation is for parastatals to adopt a strategy map similar to the one depicted in Scholey's strategic architecture below.

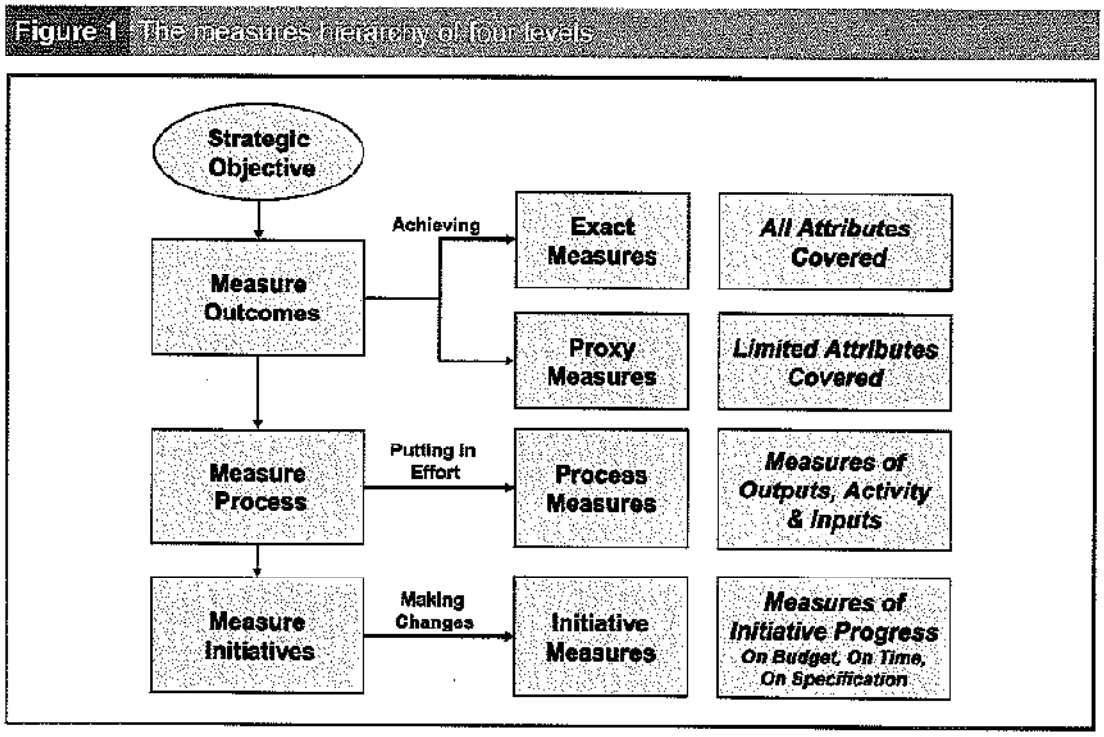
**FIGURE 23: GENERIC STRATEGY MAP**




Source: Scholey (2005, p. 13). Strategy maps: a step-by-step guide to measuring, managing and communicating the plan.

From a strategic leadership point of view, performance measurements in parastatals should be a tool used to evaluate the measure of success of achieving strategic objectives. This concept is supported by Hass et al. (2005, p. 186), who, while evaluating the use of performance measures as an integral part of an entity's strategic plan, argue that "regular monitoring of on-going operations is consistent with the expectation that performance measures help organizations manage variances in achieving stated corporate goals". An example of effective holistic measurement that parastatals could adopt to improve their alignment to strategic objectives with added meticulous planning is depicted below.

**FIGURE 24: MEASURES HIERARCHY OF FOUR LEVELS**




Source: Walsh (2005, p. 40). Insights from practice. Dumbing down performance measures.

### 6.4.2. PROJECT MANAGEMENT IN TRANSNET AND ESKOM

The implementation of the project management philosophy requires following the correct change management process in order to capture the attention deserved for a phenomenon with such huge impact. The execution of projects cannot be rushed, but requires careful planning and feasibility analysis in order to arrive at the correct assessment regarding the time and resources and mitigation of risks required before execution starts. Top management support should not be taken for granted, but should rather be driven by strategic-minded project managers who understand the bigger picture of the relationship of

their project and its strategic objectives. Never underestimate the role of senior management in providing motivation, removing obstacles, and making quick and decisive decisions and their guidance based on their understanding of the relationships within the organisation. Governance needs to support business objectives and should be optimised if it becomes bureaucratic to the detriment of progress. The support systems should not be compromised, but should be put in place to give these parastatals the ability to get effective execution and information for reporting purposes.

### 6.4.3. PROJECT MANAGEMENT GENERALLY

While the current PMBOK literature discusses many aspects of project management, the strategic leadership factor and change management have not had the attention they deserve. These aspects of strategic leadership are critical in order for projects to link to their strategic objectives, and as such, more research on this subject should be undertaken to add it onto the current PMBOK. The nine knowledge areas of project management have also not dealt enough with the critical issue of change management, which, in essence, contributes to the motivation and buy-in of the project deliverables. Looking at human resources and communication management in the PMBOK principles, one comes across resources and their utilisation as the only aspect discussed, which completely distorts the element of the effect of projects on human beings from the change management perspective. The concept of change contributes to project success and acceptance, and as such, projects cannot do without the change management concept. It should not be a matter of choice to have change management, no matter how small the project. The impact this has when not applied to projects, particularly on the aspects of resistance and buy-in, is overwhelming. The debate on the correct structures requires consolidation, particularly in the PMBOK, where there is no recommendation on the five types of organisations, namely, functional, weak matrix, balanced matrix, strong matrix, and projectised. As much as there could not be a one-size-fits-all organisation, effective research on the subject of the organisational structure should result in a streamlined recommendation of which structure is more effective to use with this philosophy.

### 6.4.4. TREASURY

The parastatals need to again look at some coordination of related projects in huge projects, as there is sometimes disconnection between the IS/IT project and the major capital projects in terms of total cost. The consolidation has not been happening, as these initiatives are disjoint. A holistic total cost of projects is being hampered by the separation of the engineering costs from their IT/IS counterpart, hence depicting a skewed view of costs. The

tendency to trivialise the IT/IS component such as systems rolled out to support the build programmes has not helped in the final calculation on which the Treasury bases its decisions on the allocation of funds to these parastatals. The parastatals should find a model that incorporates all costs on a project, no matter how trivial these activities may appear, in order to force those responsible to account for every cent spent on the project, including small items such as travel costs, logged calls, time spent while waiting, and numerous others that contribute in small numbers.

### 6.4.5. RESEARCHERS IN PROJECT MANAGEMENT

As has already been alluded to, the lack in the theory of project management needs to be addressed. Any professional discipline worth its salt requires some fundamental concepts regarding how it executes its mandate under a framework guided by theory, as Koskela and Howell (2002) argue: “One key aspect found is that the development of a body of theory is typical of a well-established profession, such as law, medicine, architecture, accounting, and nursing.” As it is in other disciplines such as engineering and medicine, the link between theory and practice is fundamental to how things are done, as processes are guided by the theoretical framework of those disciplines. It is, therefore, obvious that project management requires this relationship of theory and practice; else it loses credibility and respect among other disciplines due to its lack of a scientific approach, which would have provided validation of its principles, processes, and performance. The presence of the theory of project management in the discipline will raise the profile of this discipline in parastatals, as it is currently affected by a low profile tag. More research in the subject of project management is required in order to bring science into this discipline.

### 6.4.6. CONCLUSIONS

The research should help parastatals reconsider their approach to project management in view of the legacy of apartheid, both from an organisational structure and a leadership point of view. Dealing with the legacy and advancing in the new dispensation require courageous leadership that can take decisions without fear of hurting colleagues together with whom they have been working for years. A complete paradigm shift is required, with emphasis on applying systems thinking, which creates a modernised workforce that can adapt to the new way of managing through projects. Changing the term “project manager” to “project leader” could be the first step in contextualising the leadership concept in relation to the requirements of a project situation.

It is expected that project managers may be finding it extremely difficult to execute projects with the present structures of parastatals. The failure of projects is largely blamed on project managers, and this research shows that there is a bigger picture to the failures, and some of it points to the leadership factors. Their decisions do not create a sustainable environment conducive to successful project implementation and execution. The rigid structures and silo mentality entrenched in parastatals require experienced project managers in order to overcome the hurdles of executing projects in such environments. This may require some change management aspects, together with direction set-up in the corporate strategy, organisational structures (particularly for project management to prevail), and recruitment methods of project managers and leaders. Grand narratives of the so-called “Eskom or Transnet way” need to be challenged and ways found to create a mindset that promotes excellence and the ability to adapt, as the current mindset is that of keeping out new ideas and perpetuating the status quo by having the same people in committees without adding new blood. Some respondents called it “recycling of minds”.

Gaps in PMBOK regarding the absence of the leadership factor and of change management guidance need to be attended to in order for organisations to adopt an effective guide. The current guide is very shallow in terms of giving readers the detail they would require to fully benefit from it. As much as it is meant to work generally across all types of industry, not much detail is available to assist in decision-making due to the inability to discuss issues of change, organisational structures, leadership, and performance of projects extensively. This gap exposes these parastatals because they are blindly adopting PMBOK without putting the basics in place and challenging its shortcomings as a body of knowledge.

The vision and strategy of parastatals require a functioning implementation plan and should not be taken for granted as is the case now. Employees need to be mobilised first when new ideas are introduced in the organisation and motivated to support the initiatives. Using the stick to force adoption is not sustainable. While leading, whether in projects or at top management level and in executing individual tasks, each employee should maintain a level of integrity that portrays the brand of the company. Performance should be a daily occurrence through checking of deliverables against the metrics on a daily basis as the tasks are performed. Waiting until the end of the project to measure performance is likely to be too late for a sustainable evaluation of such. The analysis of projects requires a holistic approach and should be evaluated, covering the measurements of all aspects that will contribute to project success such as the leadership factor, organisational structures, change management, skills, and strategic alignment, which cannot be divorced from this evaluation. As organisations now operate in a fast-changing world, this requires flexibility of individuals

to deal with the changes. This applies to the organisations themselves, which need to be prepared to re-engineer themselves and change structures when necessary. The change itself needs to be led by strategic leaders who are prepared to make decisions that will, at times, remove employees from their comfort zones for the benefit of the organisations.

Strategic leadership is, therefore, an urgent requirement that can help parastatals afford to link projects with strategic objectives as part of a process in the execution of projects. Further research is required to find out whether these findings can be generalised in all South African parastatals and a similar comparison done with other parastatals in Africa and across the globe with respect to the concept of using project management as a tool for executing strategy. The results of the survey in the Eskom Generation business show that parastatals have a leadership that has failed to articulate the right environment for workers to execute their day-to-day tasks, and project execution is not exempt in this dilemma. The results of Eskom's organisational effectiveness study performed in the Generation business confirm the gap in strategic leadership in the organisation, and the same should be the situation at Transnet.

Other research can be undertaken to find ways of ensuring that projects support strategic objectives rather than just the issue of strategic leadership that has been interrogated in this research. The impact of the gender imbalance still prevalent in the parastatals has not been explored in relation to the project execution in these organisations. However, further studies could be done to ascertain what impact the current project management structures have had on the missing link due to the lack of females in strategic positions in the corporate world. The influence of males at senior leadership level should be interrogated in the context of what effect it has on both the successful execution of projects and ensuring alignment of project to strategy.

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**APPENDIX 1: ESKOM DATA**

The numbers in the headings in the table represent total respondents in the category. The numbers elsewhere in the table are used to reflect a close split; otherwise, the representation of more than an 80% majority is reflected.

| | **Executives (9)** | **Portfolio/programme/PMO (7)** | **Project managers (15)** | **Project administrators (5)** |
|---|---|---|---|---|
| Q1 | Bureaucratic governance<br>Skills shortage<br>Lack of ownership of projects<br>Company works in silos<br>Too many projects rolled out at a time<br>Project managers have no authority, and the discipline has no respect | Bureaucratic governance<br>Skills shortage<br>Lack of effective strategy for project management<br>Discipline is not respected<br>Unrealistic time frames | PM has no authority<br>Scope is not clear<br>Lack of processes<br>Bureaucratic governance<br>Unclear roles and responsibilities<br>Skills shortage<br>Operating in silos<br>No prioritisation of projects<br>Too many projects are rolled out<br>Low maturity in project management<br>Lack of ownership of projects by business<br>Hierarchical culture of status | Communication is poor |
| Q2 | Leadership plays a limited role in projects | Leadership plays a limited role in projects | Leadership abdicates its role in projects | Leadership lacks involvement |
| Q3 | Visibility of leadership is not there | Leadership visibility on projects is minimal | There is poor visibility on projects by leadership | Visibility is limited |
| Q4 | Leadership of project managers varies depending on attitude and experience<br>Maturity of project managers is very low | Low leadership qualities<br>Varies with attitude and experience | Project managers lack leadership skills, and it varies on attitude and experience (10)<br>Good leadership skills in pockets (5) | Lacking and varies depending on attitude and experience |
| Q5 | There is no link between strategy and projects (5)<br>There is a link between strategy and projects (4) | Link is not there between strategy and projects | No link between strategy and projects(9)<br>Generally there is a link (6) | Do not think there is a link |

| | | | | |
|---|---|---|---|---|
| Q6 | Project management principles are not widely understood (4)<br>Generally well understood (5) | Principles are not well understood | Project management principles are understood (9)<br>Project management principles not understood (6) | Understood (3)<br>Limited understanding (2) |
| Q7 | The project management principles are applied (6)<br>The project management principles are not applied (3) | The principles are not applied well | Project management principles are applied poorly (7)<br>Project management principles are well applied (8) | Applied |
| Q8 | Project management should be treated as a discipline<br>Have a career path for project managers<br>Project managers to get more training<br>Leadership needs to embrace and understand project management<br>Track benefits of projects<br>Introduce post mortems and lessons learnt<br>Optimise processes<br>Entrench culture of project management<br>Empower resources | Training is required for project managers<br>More involvement from top leadership<br>Too many projects at a time<br>Adopt international standard practice of project management<br>Raise the profile of project managers<br>Share lessons by using knowledge management<br>Apply change management in projects | Roles and responsibilities to be understood<br>Manage expectations<br>Create and document processes<br>Training of project managers<br>Optimise governance<br>Project managers require authority<br>Improve communication<br>Reduce number of projects<br>Introduce coaching and mentorship<br>Introduce portfolio management<br>Service-oriented effective project management | Improve on communication<br>Training for project managers<br>Share lessons learnt |

| | | | | |
|---|---|---|---|---|
| Isolated answers | Poor management of performance<br>Poor benefit tracking<br>Preference-based decisions<br>Lack of buy-in from middle management<br>Leadership is visible on projects | No focus on quality<br>Poor planning<br>Lack of integration in projects<br>Good leadership by project managers<br>Link is there<br>Generally understood | Involvement of correct users in the project<br>Project management processes not understood by business<br>Re-engineer the organisational structure to allow matrix format | Methodology not understood<br>Fail to select the right projects<br>They are involved<br>No formal training for many<br>Educate clients about project management processes<br>Have a process to select team members |
| Observations | Defending the status quo and never identifying a gap in leadership | Find themselves torn between doing the right thing and clashing with executives | Agitation and feeling of helplessness | Hopelessness |

**APPENDIX 2: TRANSNET DATA**

| | **Executives (7)** | **Portfolio/programme/PMO (8)** | **Project managers (10)** | **Project administrators (4)** |
|---|---|---|---|---|
| Q1 | Bureaucratic governance<br>Skills shortage<br>Business is not understood<br>Company works in silos<br>Scoping is poor<br>Leadership is lacking<br>Poor communication | Bureaucratic governance<br>Skills shortage<br>Too many projects<br>Poor planning<br>Lack of mature project management<br>Continuous changes | Bureaucratic governance<br>Continuous changes<br>Poor communication<br>PM has no authority<br>Lack of understanding of project management processes<br>Skills shortage<br>Operating in silos<br>Lack of ownership by business | Communication is poor<br>Poor scoping<br>Lack of ownership by business<br>Poor planning |
| Q2 | Leadership plays a limited role in projects | Leadership plays a limited role except for governance | Leadership abdicates its role in projects | Leadership lacks involvement |
| Q3 | Leadership visible (2)<br>Not visible, except when there is a crisis (5) | Leadership visibility on projects is minimal (7) | There is poor visibility on projects by leadership (6)<br>Visible (4) | Visibility is limited (3) |
| Q4 | Leadership of project managers is lacking and varies depending on attitude and experience (5) | Low leadership qualities<br>Varies with attitude and experience (7) | Project managers lack leadership skills<br>Varies on attitude and experience (7)<br>Good leadership skills in pockets (3) | Varies depending on attitude and experience (3) |
| Q5 | The is a link between strategy and projects | Link is not there between strategy and projects (2)<br>Link is there (6) | The link is poor (3)<br>The link is there (7) | Do not think there is a link (4) |
| Q6 | Project management principles are not widely understood (2)<br>Generally well understood (5) | Principles are not well understood (3)<br>Generally understood (8) | Project management principles are understood (5)<br>Project management principles not understood (5) | Competent<br>Visible |

| | | | | |
|---|---|---|---|---|
| Q7 | The project management principles are applied (4)<br>The project management principles are not applied (3) | Applied (6)<br>The principles are not applied well (2) | Project management principles are applied poorly (6)<br>Project management principles are well applied (4) | Applied (3) |
| Q8 | Optimise processes<br>Link projects to strategy<br>More effort on planning<br>Understand people effect | Training is required for project managers<br>Set up one enterprise project office<br>Leadership should be involved in projects | Training of project managers<br>Project managers need authority<br>Introduce change management<br>Operate as one business<br>Optimise governance<br>Project managers require authority<br>Enhance communication<br>Optimise processes with clear roles and responsibilities | Hire right skills<br>Training for project managers<br>Business should take ownership of projects<br>Scope of projects must be clear |
| Isolated answers | Project managers' experience is good<br>Very good | Leadership is visible<br>Visible | | Limited understanding<br>Difficult to answer<br>Not sure whether the principles are applied |
| Observations | Defensive body language | Trying, but lacking top management support | Irritation with the leadership | Hopelessness |