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# The Cluster System's contribution to co-ordination between the Department of Trade and Industry and its partners

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# The Cluster System's contribution to co-ordination between the Department of Trade and Industry and its partners

**By**

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**A research report submitted to the Faculty of Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (in the field of Public and Development Management)**

**March 2014**

# ABSTRACT

Successful implementation of policy interventions requires co-ordination between departments. The challenge for government is the establishment of co-ordination structures that enhance collaboration between government departments. To achieve South Africa's developmental objectives requires national departments to co-ordinate and collaborate on the implementation of key policy interventions. The Cluster system was implemented in 1999 as a co-ordination mechanism for the implementation of key government programmes.

The purpose of the research was to explore whether the Economic Cluster in particular improved co-ordination between **the dti** and its partners in the Cluster during the period between April 2004 and March 2008. A qualitative research approach was adopted as it was believed that this would be appropriate given the context of the study.

The findings of the study show a need for improvements to be made in the Economic Cluster as a co-ordination mechanism. These weaknesses include the lack of a clear leader or executive authority within the Cluster, the inconsistent participation of Directors-General in Cluster meetings and the budgeting process not being aligned to Cluster policy initiatives. The research recommends that despite its relative success, the Presidency does not consider the Cluster system as the only option that the government has for enhancing co-ordination amongst government institutions. The Presidency should play a leadership role and interrogate what the minimum and maximum levels of co-ordination are needed within the State to successfully plan and implement policy initiatives to address South Africa's developmental challenges.

# DECLARATION

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirements for the degree of Master of Management (in the field of Public and Development Management) in the University of the Witwatersrand, Johannesburg. It had not been submitted for any degree or examination in any other university.

_____

**Shareen Osman**

**13 November 2014**

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**Date**

# DEDICATION

This work is dedicated to my family for always encouraging me to take on new challenges and achieve greater heights. I would not have completed this study without the prayers and support of my family and friends. I thank the Lord for their presence in my life.

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# ACRONYMS

| | |
|---|---|
| DPSA | Department of Public Service and Administration |
| DST | Department of Science and Technology |
| **the dti** | Department of Trade and Industry |

# CHAPTER ONE

# INTRODUCTION AND BACKGROUND

## 1.1 INTRODUCTION

This study will investigate whether the Cluster system that has been introduced by Government has improved co-ordination between the Department of Trade and Industry (**the dti**) and particular government departments. However, the scope of this report is limited to assessing the functioning of the cluster mechanism at the Director-General and national government levels.

Government has recognised that for South Africa to achieve its developmental goals, co-ordination between the different levels of government and co-ordination between government departments is essential, as most of the developmental objectives that have to be met will not be met by individual departments operating on their own, given their cross sectoral nature. As a result, co-ordinated planning and implementation of polices is needed to allow for developmental objectives to be achieved. However, most national government departments in South Africa have been established based on individual mandates that they have to achieve. This has led to these departments having what is known as a “silo” mentality, where they focus on ensuring that they deliver and report on their specific mandate based on the budget allocation they have been given. Recognising this and the benefits of encouraging co-ordination between government departments, Government has put in place mechanisms such as the Forum of South African Directors-General to facilitate co-ordination between government departments despite their individual mandates. This forum supports the Cluster system which is the focus of this study.

## 1.2 BACKGROUND

The Constitution of South Africa makes reference to co-ordination across the three different spheres of government, namely, national, provincial and local. This is based on the belief that collectively, these spheres will be able to provide a government that will be able to achieve the developmental objectives of the country. The objective in encouraging co-ordination to take place between these three tiers of government is to "marshal the distinctive effort, capacity, leadership and resources of each sphere and direct these as effectively as possible towards the developmental and service delivery objectives of government as a whole" (Layman, 2003, p.10). The Constitution does not make explicit reference to co-ordination between departments within the same sphere of government.

### 1.2.1 Legislative issues

The White Paper on the Transformation of the Public Service (DPSA, 1995) noted that the first democratic government inherited a system with poor integration and co-ordination. There was an understanding that the focus of the state would be developmental and that policies would need to be developed and implemented to redress past imbalances. The Constitution speaks to the establishment and provision of structures to promote and facilitate inter-governmental relations. It does not explicitly state the form that inter-governmental relations should take; this is up to each sphere of government to determine. According to Layman (2003, p.13) "A number of inter-governmental forums have been established at national and provincial level, most of which are non-statutory" to allow for co-ordination to take place. An example of such an institution that has been set up to facilitate communication between the national and provincial tiers of government is the intergovernmental relations

committees of Ministers and Members of Provincial Councils, known as MINMECs (Tapscott, 2000).

There is no mandatory legislation that speaks to the establishment of structures for coordination amongst government departments on the same tier of government. However, recognising that the lack of an effective coordination mechanism meant that national policy would often be fragmented and uncoordinated, steps were taken to ensure that policy making and implementation were co-ordinated (Tapscott, 2000). As a result a new system was put in place in 1999 consisting of a new Cabinet cluster system and clusters of Directors-General (National Treasury, 2008, p.14). The Cluster system was to ensure, that concerted action was taken towards coordinated policy implementation (DPSA, 2003).

### 1.2.2 The need for co-ordination

Globally within the public sector, there is a trend to strengthen co-ordination among different departments. The common denominator here is the assumption that more extensive inter-departmental co-ordination will lead to better policy outcomes. Bakvis and Juillet (2004, p.3) show "the main argument for greater inter-departmental co-ordination seems to remain a desire for more effective government interventions in complex policy fields". It is believed that "co-ordination offers the promise of improving the outcomes of government interventions at a time when the environment seems evermore complex and the demands for accountability increasingly couched in terms of outcomes and performance" (Bakvis and Juillet, 2004, p.3). There is recognition that the challenges that government has to resolve often cut across the mandates of individual government departments. However, most government departments are focused on ensuring that they deliver on their particular mandate based on the funding that they have been given. Given this status quo, co-ordination

between departments does not come naturally and therefore has to be encouraged.

Co-ordination can be brought about by formal and informal means, depending on the environment in which public sector organisations operate. There are different dimensions of co-ordination. There is co-ordination within government departments and co-ordination between government departments and organizations outside of government. There are also different instruments and approaches that can be used to facilitate co-ordination. These include the use of authoritative power to ensure that co-ordination takes place among departments or the creation of financial incentives to encourage departmental co-ordination. The effectiveness of the approaches will vary depending on the country, organisational characteristics and policy context.

Poor co-ordination within national government has had a negative impact on policy implementation. This is due to government departments focusing on delivering on their individual mandates. To ensure that South Africa achieves its developmental goals, government departments should be committed to promoting co-ordination. Recognising this, and based on the findings of the Presidential Review Commission of 1998, it was recommended that a new system be put in place, including a new Cabinet cluster system and clusters of Directors-General.

In terms of the study, the focus will be on the clusters of Directors-General which are the institutional mechanism of the sets of departments which constitute different clusters. Five clusters were created; namely, Governance and Administration (G&A); International Relations, Peace and Security (IRPS); Economic; Justice, Crime Prevention and Security (JCPS); and Social. It was believed that the Cluster system would be an effective co-ordination mechanism to harmonise and align the work of departments with cross-cutting priorities. The associated document to this

points that, “the outputs of this would be a reduction in departmentalism and the intended outcome would be improved achievement of government objectives which cut across the functional mandates of individual departments” (National Treasury, 2008, p.16). The Cluster system focuses on the co-ordination of the implementation of programmes to achieve specific policy objectives.

For the purposes of this research, the aspect of coordination that will be looked at will be the co-ordination of the implementation of programmes which takes place through the Cluster system. It will focus on the horizontal dimensions of co-ordination; that is, co-ordination between government departments within the same sphere or tier of government. For effective co-ordination to take place amongst national government departments effective co-ordination mechanisms are required. These mechanisms must allow for the co-ordination of the implementation of programmes to be successful. The question arises as to what extent the Cluster system has been a successful mechanism of co-ordination between departments at the national level of government. The Department of Trade and Industry (**the dti**) was a member of the Economic Cluster along with departments such as Finance, Science and Technology, and Communication. This study will be limited to studying whether the Cluster system has improved co-ordination for a particular department namely, **the dti,** in terms of policy implementation. It will not be reviewing the Cluster system as a whole.

## 1.3 PROBLEM

The researcher’s understanding is that poor co-ordination within national government can have a negative impact on policy implementation. National Treasury (2008, p.16) highlights that one of the mandates of the Cluster system was to harmonise the work of departments and to reduce

departmentalism. This included collaboration and coordination where the intended output would be a reduction in departmentalism and the intended outcome would be improved achievement of government objectives which cut across the functional mandates of individual departments.

Successful implementation of policy interventions requires co-ordination between departments. The challenge for government is the establishment of co-ordination structures that enhance collaboration between government departments as successful policy implementation cannot be achieved by individual government departments on their own. To achieve South Africa's developmental objectives requires national departments to co-ordinate and collaborate on the implementation of key policy interventions. Different institutional arrangements have been proposed and set up to improve collaboration, one of these being the Cluster system. The Cluster system was implemented in 1999 as a co-ordination mechanism for the implementation of key government programmes (National Treasury, 2008, p.14).

Although a general review of the Cluster system has been done by the National Treasury in 2008, and a 2006 student research report undertaken assessed the functioning of the Cluster system, not much is known about whether the Cluster system has improved co-ordination between a particular department and its partners in a specific Cluster. This study intends to explore whether the Economic Cluster in particular, improved co-ordination between **the dti** and its partners in the Cluster during the period between April 2004 and March 2008.

## 1.4 PURPOSE STATEMENT

The purpose of this exploratory research is to investigate whether the Cluster system that has been set up by government has improved co-ordination between **the dti** and its partners in the Economic Cluster. The

study will look at factors that hinder co-ordination between **the dti** and its partners in the Cluster and how the Cluster system has improved co-ordination. The research questions that follow guided the research.

## 1.5 RESEARCH QUESTIONS

The study endeavours to answer the following research questions:

1. How did the Cluster system improve or strengthen co-ordination between **the dti** and its partners in the Economic Cluster.

2. What has been the specific influence of the Cluster system on co-ordination between **the dti** and its partners in the Economic Cluster?

3. What are additional mechanisms that need to be put in place for the Cluster to be a more effective instrument for coordination?

## 1.6 RESEARCH REPORT STRUCTURE

This report is organised according to the following chapters:

**Chapter One: Introduction** introduces the topic that will be researched. The chapter includes the background of the study, the problem statement, the purpose statement and the research questions that the study endeavours to answer.

**Chapter Two: Literature Review** reviews the literature relating to the subject of co-ordination. The chapter looks specifically at defining co-ordination and the forms that it has taken in government. It highlights issues that have to be considered for effective co-ordination in organisations and how these have been applied in a public sector context.

**Chapter Three: Research Methodology** outlines the research methodology followed in the study. It states the research approach and the research design that were used. It provides details of how the data pertaining to the study was collected. The chapter highlights issues of validity and reliability relating to the study, the limitation of the study and the ethical considerations that had to be taken account of during the study.

**Chapter Four: Data Presentation** presents the data that has been collected from the research. It outlines the themes pertaining to the data collected during interviews conducted in relation to the study.

**Chapter Five: Data Analysis** illustrates the data analysis techniques that were used to analyse the data. It presents the findings from the data based on the researcher's interpretation of the data.

**Chapter Six: Conclusions and Recommendations** provides the conclusions and make recommendations based on the findings that have emerged as a result of the study.

## 1.7 SUMMARY

This chapter introduced the subject matter of the study, which is whether the Cluster system introduced by Government has improved co-ordination between the Department of Trade and Industry (**the dti**) and other government departments. The chapter outlines the research methodology to be followed in the study in order to understand if the Cluster system has improved co-ordination between **the dti** and its partners in order to improve policy planning and implementation.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 INTRODUCTION

The aim of this chapter is to assess the literature on co-ordination. It will specifically look at the concept of co-ordination and the forms that it takes. It will review the literature to determine how co-ordination can improve the effectiveness of policy implementation. The literature review will be an in-depth review of the literature relating to the problem statement. The researcher is interested in the literature that speaks to co-ordination that takes place amongst government departments at the national or central level to improve policy implementation.

## 2.2 DEFINITION OF TERMS OR CONCEPTS

Christensen and Laegreid (2007, p.14) list five different forms of co-ordination, namely:

- Co-ordination between different governmental authorities within own sector or own field of work;
- Co-ordination with governmental authorities in other policy sectors;
- Co-ordination with local and regional government;
- Co-ordination with super-national/international organizations; and
- Co-ordination with private-sector companies, civil society organisations, and private sector interest organisations.

The main focus of this study will be co-ordination between different governmental authorities within their own sector or own field of work.

Faraj and Xiao (2006, p.1157) suggest the following definition of co-ordination, “a temporally unfolding and contextualised process of input regulation and inter action articulation to realise a collective performance”. Faraj and Xiao (2006) state that the definition recognises that co-ordinated actions are enacted within a specific context, among a specific set of actors, and following a history of previous actions and interactions that necessarily influence future action.

Co-ordination as suggested by Metcalfe (1994, p.278) means the parts of a system working together more effectively, more smoothly, more harmoniously to enable the whole to work better than the sum of the parts. Metcalfe (1994) also states that at a minimum, co-ordination implies that in working together the component parts of a system do not impede, frustrate or negate each other’s activities. According to Metcalfe (1994, p.278) this implies that co-ordination enables the whole to perform better than the sum of the parts or at least prevents disintegration and fragmentation.

Inter-organisational co-ordination has also been defined as “the process whereby two or more organisations create and/or use existing decision rules that have been established to deal collectively with their shared task environment.” (Meijers and Stead, 2004, p.3). A broad perspective on what is meant by co-ordination, according to Meijers and Stead (2004, p.3), is ensuring consistency and coherence within a set of interacting policies or projects ‘owned’ by one or more departments or organisations and ensuring that policy is translated into a consistent and coherent set of appropriate actions. Features of co-ordination according to Bauer and Rametsteiner (2006, p.36) include harmonising decisions; eliminating redundancies, incoherence and gaps; increasing coherence; and reducing adverse consequences.

Within the public sector context, co-ordination can be defined as “the alignment of tasks and efforts of multiple units in order to achieve a

defined goal. Its aim is to create greater coherence in policy and to reduce redundancy, lacunae and contradictions within and between policies" (Bauer and Rametsteiner, 2006, p.36). It involves inter-departmental dialogue, joint planning and decision-making. An important aspect of co-ordination is the interdependence among participants who choose to combine their efforts to achieve better outcomes. This suggests that co-ordination includes how officials who represent different government organisations behave as they work together to implement specific policy objectives.

Co-ordination can also be referred to as, "the need to ensure that the various organisations, public and private, charged with delivering public policy, work together and do not produce either redundancy or gaps in services" (Peters, 1998, p.5). According to Peters (1998, p.5) there are minimum and maximum levels of co-ordination. The minimal level is where organisations are simply cognisant of each other's activities and make an honest effort not to duplicate or interfere. The maximum level would require much tighter controls over the activities of organisations and some means of enforcing jurisdictional control over disputed "turf", demanding that the gaps in service be remedied and developing substantial uniformity in the standards of treatment across a country. As stated by Peters (1998, p.5) the minimal level would be a desirable pattern of behaviour, as it would be an improvement over much of the current behaviour in the public sector. It might not, however, address serious problems in the public sector. Peters (1998) states that the maximum level might require a level of omniscience and omnipotence that few public sectors possess, and the question arises of who in the public sector could enforce such a system, given the decentralisation that is current in the public sector.

The scale most often used for determining the degree of co-ordination is the one developed by Metcalfe, as presented by Bauer and Rametsteiner

(2006). The scale spans eight levels, ranging from independent decision-making to establishing and achieving common government priorities (Bauer and Rametsteiner, 2006). The scale is depicted in Figure 1 below.

**Figure 1: The Metcalfe Scale of Co-ordination**

| |
|---|
| **Level 1**<br>Independence: each department retains autonomy within its own policy area irrespective of spill-over effects on associated departments/areas |
| **Level 2**<br>Communication: departments inform one another of activities in their areas via accepted channels of communication |
| **Level 3**<br>Consultation: departments consult one another in the process of formulating their own polices to avoid overlaps and inconsistencies |
| **Level 4**<br>Avoiding divergence in policy: departments actively seek to ensure their policies converge |
| **Level 5**<br>Seeking consensus: departments move beyond simply hiding differences and avoiding overlaps/spill-overs to work together constructively through join committees and teams |
| **Level 6**<br>Conciliation-mediation: central bodies are called in by, or are imposed upon, departments to settle irresolvable disputes |
| **Level 7**<br>Limiting autonomy: parameters are predefined which demarcate what departments can and cannot do in their own policy-making areas |
| **Level 8**<br>Establishing and achieving common priorities: the core executive (Cabinet/Prime Minister/Cabinet Committee) sets down and secures at the early stage of the decision cycle, through co-ordinated action, the main lines of policy |

**Source: Bauer and Rametsteiner (2006, p. 40)**

## 2.3 THE CO-ORDINATION PROCESS

The focus of the co-ordination process is on coming together to solve a problem. Walker (2004, p.7) argues that one way of increasing the likelihood of effective policy outcomes is by paying more attention to administrative systems and structures to co-ordinate the complex variety of players involved in policy development and implementation. One answer is to focus on networks, as public administration increasingly takes place in settings of networked actors who rely on one another and yet cannot compel compliance on the part of the rest. Networks can be defined "as structures of interdependence involving multiple organisations" (Walker, 2004, p.8). A network is described by its actors, their linkages and its boundary. The linkages between the actors serve as channels for communication and for the exchange of information, expertise, trust and other policy resources (Walker, 2004, p.8). It is a "means of understanding and coping with the system with an emphasis on contacts and the development of communication networks" (Perry, 1989, p.133). The officials involved in the co-ordination process, according to Perry (1989, p.133), have to develop joint solutions for policy implementation while dealing with the structural and legal issues related to jurisdictional and operational independence. The co-ordination process is, as a result, "a complex and interdependent managerial process in which actors search for feasible courses of joint management action" (Perry, 1989, p.133).

According to McGuire (2006), within the public sector co-ordination occurs in various settings, both in a vertical context through levels of government, and in a horizontal context in which an array of public actors are mobilised and act outward towards a networked environment. A public servant may be simultaneously involved in managing across governmental boundaries, across organisational and sectoral boundaries, and through formal contractual obligations. It is often difficult to distinguish where the boundaries lie between these different environments and as a result

networks are encouraged to formalise the arrangements (McGuire, 2006, p.35). Kickert, Klijn, and Koppenjan (1997, p.31) contend that networks develop and exist because of the interdependency between organisations. The participants are dependent on each other because they need each other's resources to achieve their goals. According to Kickert *et al*. (1997), there is an assumption that there is some advantage in joint action. This advantage lies in the surplus value of the solution achieved jointly compared to outcomes pursued in isolation.

Building on the aspect of developing communication networks, the literature highlights the concept of networks as part of the co-ordination process. A network can be defined as, "a number of diverse actors that are connected through a specific type of interaction and within a certain context" (Perry, 1989, p.135). The effectiveness of the co-ordination process will be determined by how functional these networks are. Perry (1989, p. 135) observes that functional networks are those that exhibit high degrees of interaction, interdependence, trust and areas of agreement. These networks go beyond mere linking and build cohesiveness. The aim is "co-ordinating strategies of actors with different goals and preferences with regard to a certain problem or policy measure within an existing network of inter-organisational relations" (Meijers and Stead, 2004, p.4).

Co-ordination within networks, according to Verhoest, Peters, Beuselinck, Meyers and Bouckaert (2005, p.4), takes the form of co-operation between actors whose inter-organisational relations are ruled by the acknowledgment of mutual interdependencies, trust and the responsibilities of each actor. The participants within the network will have to develop some reciprocal trust so that they are able to accept other members' actions in good faith and believe that any agreements made will be kept. A government may create a network to establish a collective decision-making structure. In this way, a government can select

participants, improve mutual perceptions about an issue or solution and create relevant arrangements between organisations to achieve a certain policy goal (Verhoest *et al*., 2005).

Meijers and Stead (2004, p.4) highlight that policy networks aim to co-ordinate strategies of actors with different objectives with regards to a certain policy measure within an existing network of inter-organisational relations. It is a form of steering aimed at promoting joint problem solving, that is dependent on the participants wanting to do their jobs are well as possible. As a process of co-ordination, networks tend to eliminate conflicting ideas about policy and in doing so, also eliminate wasteful duplication when it comes to policy planning and implementation (Peters, 1998). According to McGuire (2006, p.36), in a network structure, there is a strong commitment to multi-organisational level goals and resource sharing is extensive. This is enhanced by establishing communication channels through technology and the building of relationships as a means to share knowledge and create trust.

Constraints can surface that affect the process of co-ordination within networks as they may present barriers to effective decision-making and implementation. This is because amongst other issues, the members involved in the co-ordination process must attempt to achieve objectives through bargaining within a network. There is no one best co-ordination process, and consideration needs to be given to how the co-ordination process will unfold depending on the objectives to be met. McGuire (2006) states that a flatter structure such as a network may be best in one situation, whereas a task force or a simple partnership may be best in another.

## 2.4 CONSTRAINTS TO CO-ORDINATION

For the public sector in particular, there are potential barriers to co-ordination that must be overcome in order to achieve effective and sustainable co-ordination. Hunt (2005, p.11) states that these barriers can broadly be categorised within the following areas: fragmentation, accountability, departmentalism and relationships, which is the 'people' factor. Fragmentation according to Hunt (2005) is where instead of coherence occurring when different government organisations come together, confusion arises instead due to lines of responsibility being obfuscated. Government departments instead spend a lot of time trying to work out who is in the lead and where are the overlaps. As stated by Teisman and Klijn (2002, p.203), this complexity is not only due to the fact that many actors are involved. It also has to do with the development of different perceptions of the problem and preferable solutions and strategies.

Hunt (2005) states that constraints with regard to accountability arise due to government departments having their own funding channels and therefore operating within silos, as the need to co-ordinate the implementation of policy programmes is not seen as a priority. This often results in the duplication of effort and expenditure as multiple programmes with similar target groups and objectives may be funded and implemented separately, each without the knowledge of the other (Hunt, 2005). Departmentalism is where departments and civil servants protect their own interests rather than advancing government programmes (Hunt, 2005, p.12). It promotes departmental interests and may and often does work against effective policy implementation. Bauer and Rametsteiner (2006) state that departmentalism leads to competition between government departments regarding resources and as a result hinders co-ordination. With regards to relationships or the 'people' factor, Hunt (2005) contends that the quality of relationships between people participating as individuals

or as part of an organisation contributes to the success or otherwise of the co-ordination process. As per Hunt (2005), poor co-ordination occurs as a result of poor interpersonal relationships and lack of trust within the co-ordination network.

The literature proposes that co-ordination is preconditioned by behavioural factors and structural elements. Meijers and Stead (2004) state that the quest for survival by an organisation is the prime factor motivating inter-agency co-ordination and co-ordination cannot occur without some level of internal adjustment to the structure of an organisation. According to Meijers and Stead (2004), behavioural factors that hinder co-ordination include disruptive or difficult personalities, professional defensiveness and divergent planning philosophies. These factors acting in parallel or in combination can have a powerful influence on the co-ordination process. Structural elements also can have a negative impact on the co-ordination process. These include political factors such as political backing, political style, values, ideology and policy issues such as consensus on the nature of problems and their solutions (Meijers and Stead, 2004). In addition to the behavioural and structural elements, Meijers and Stead (2004) draw attention to other environment variables that can constrain the co-ordination process. These include the administrative and time cost associated with the co-ordination process.

According to Metcalfe (1994), effective co-ordination depends on the adequacy of co-ordination capacity. This means starting from a consideration of the allocation of functions and responsibilities among government departments to identifying areas of interdependence and subsequently making an assessment of the adequacy of successive levels of co-ordination among them. Metcalfe (1994) states that this means clarifying whether there is poor co-ordination because of disagreements about the jurisdiction of government departments, or because of inadequate communication in terms of the transmission and receipt of

information. In addition to this, a further constraint to co-ordination, as indicated by Peters (2000), is that policy goals of different government organisations are often not compatible and at times directly contradictory. As a result, substantial bargaining and at times the imposition of authority may be required to make the collection of organisations perform their tasks in a co-ordinated manner. An important issue that arises in this case, as highlighted by Walker (2004) in relation to the co-ordination process, is the extent to which one or more key government departments dominate in decision-making and resource allocation. Co-ordination can be brought to a standstill if agreement between parties cannot be reached.

For co-ordination to be effective, it is important to for the participants in the process to have shared beliefs, common worldviews and mutual trust in the development of inter-departmental co-ordination (Majumdar, 2006, p.187). The literature highlights barriers to effective co-ordination that "include competitive spirit, parochial interest, personal resistance to change and inadequate orientation" (Majumdar, 2006, p.187). Because policy-making and implementation tend to be traditionally the mandate of an individual department, at times officials are not as committed to the implementation of inter-departmental programmes. In some cases, due to a focus on the individual mandate, "leaders from vertical line departments may potentially come into conflict with project leaders involved in horizontal projects" (Christensen and Laegreid, 2007, p.33). It is therefore important for government departments to, "encourage inter-departmental interactions, dialogue and exchange of information, these are all preconditions for the development of mutual trust and shared worldviews, as a strategy to enhance inter-departmental co-ordination" (Bakvis and Juillet, 2004, p.4). Government should foster co-ordination by encouraging and rewarding co-ordination activities and providing time and resources to support co-ordination.

The requirement to resolve differences due to differing objectives is inherent in terms of inter governmental co-ordination. Perry (1989, p.139) highlights the ability to bargain as an important aspect of co-ordination, as conflict over objectives can arise. As a result, the development of management strategies to deal with disputes is important. The co-ordination process sometimes involves necessary conflict arising from structural conditions such as different organisational mandates (Perry, 1989, p.139). For co-ordination to be meaningful in these circumstances a common mental framework needs to be developed among the participants in the process, and that framework must be one which enables all the participants to feel that they are gaining something, or at least not losing, through their co-operation (Peters, 2000).

However, despite the highlighted constraints to co-ordination, organisations can effectively come together if, as explained by Majumdar (2006), they can from the onset of the co-ordination process discuss real or imaginary imbalances, assess their relative strengths and weakness in terms of the initiative's requirements, and work closely to determine what each of them is best able to contribute. Respecting each organisation's values and culture and sharing power and responsibility is therefore essential.

## 2.5 TRENDS AND APPROACHES TO CO-ORDINATION

The need to pursue consistent policies across government has highlighted the need for co-ordination relating to issues that are dealt with at multiple levels of government. The literature highlights a, "dynamic relationship between specialisation and co-ordination: the more specialisation in a pubic organisation, the more pressure for co-ordination or vice versa" (Christensen and Laegreid, 2007, p.11). It is also highlighted that "co-ordination can be brought about by formal and informal means, depending on the size of the organisation, its mission and the environment it faces"

(Bakvis and Juillet, 2004, p.3). Within the public sector, national or central departments "draw from a range of approaches, instruments and resources to force or encourage inter-departmental co-ordination" (Bakvis and Juillet, 2004, p.3). In general there is no one approach to co-ordination, since, "depending on the particular situation, the effectiveness of the approaches will vary and different countries will use different approaches, depending on organisational characteristics, policy context and national administrative cultures" (Bakvis and Juillet, 2004, p.4).

Co-ordination can take on either a vertical or horizontal dimension. Vertical co-ordination can be either, "within the central government or upwards to international organisations or downwards to local government" (Christensen and Laegreid, 2007, p.12). Horizontal co-ordination tends to be co-ordination between organisations on the same level or co-ordination between government and private sector or civil society organisations. The dimension that co-ordination takes will determine the experiences and views that those government officials have in relation to the co-ordination mechanism that they are part of.

Metcalfe (1994, p.275) states that while individual organisations can "go it alone" in relatively simple and stable environments, the same approach is ineffective or even counterproductive in complex environments. The roots of inadequate performance often lie outside the boundaries of organisations as such, in weakness and deficiencies in the networks of relationships that they have with other organisations. As a result, the provision of an effective means of co-ordination for organisations in such a complex environment becomes a key priority.

### 2.5.1 Co-ordination in government

Internationally the focus on improving co-ordination has received a renewed impetus in the form of whole-of-government (WOG) or joined-up-

government (JUG) programmes. The concept of JUG was first introduced by the British government in 1997. One of the key aims of JUG was to understand and deal with issues that cut across the boundaries of individual government departments within policy areas, and "JUG was presented as the opposite of 'departmentalism', tunnel vision and 'vertical silos'" (Christensen and Laegreid, 2007, p.10). JUG was used as a basis for, "achieving horizontal and vertical co-ordination in order to eliminate situations in which different policies undermine each other, to make better use of scarce resources, to create synergies by bringing together different stakeholders in a particular policy area and to offer citizens seamless rather than fragmented access to services" (Christensen and Laegreid, 2007, p10). It is being recognised that, "societal problems can seldom be compartmentalised along sectoral lines, so increasing cross-sectoral co-ordinative capacity has become important" (Christensen and Laegreid, 2007, p.9). According to Verhoest *et al.* (2005), the JUG initiative was mainly aimed at co-ordinating the activities of public organisations when implementing a certain policy or overarching government priorities.

Given the mandates of different public organisations, there is more pressure for increased co-ordination, and the co-ordinative challenge is to get different government departments to work together on cross-sectoral problems. The structures of public organisations will influence the co-ordination process. The literature draws attention to different dimensions of co-ordination in government, namely horizontal co-ordination and vertical co-ordination. Horizontal co-ordination is more network-based, while vertical co-ordination is more hierarchy-based (Christensen and Laegreid, 2007). Horizontal intra-organisational co-ordination is co-ordination inside central government among ministries and agencies. In this type of co-ordination, the cabinet and ministries are the central actors and their authority is high (Christensen and Laegreid, 2007). Vertical inter-organisational co-ordination means co-ordination between the central administrative level and other geographical levels. In this type of co-

ordination both political and administrative leaders and important actors are included, but their authority is somewhat weaker since central control must be balanced against regional and local autonomy (Christensen and Laegreid, 2007).

The extent of horizontal co-ordination will be determined by the need for co-ordination. Metcalfe (1994, p.279) points out that co-ordination is not an all-or-nothing matter; it involves the choice of combinations of process and methods appropriate to the problems to be solved. The same set of organisations may be able to act quite independently in some circumstances while in others their activities are closely interdependent and require careful co-ordination efforts. Metcalfe (1994) developed a means of measuring co-ordination in government to determine the type of co-ordination that is needed in particular circumstances:

- Independent decision-making by ministries: where each ministry retains autonomy and independence of action within its own policy domain. If there is ambiguity or an overlap among responsibilities the likelihood is that instead of being able to formulate their own policy positions without reference to what others are doing ministries will be continually involved in "turf wars". As a result some form of co-ordination is necessary to define what tasks are co-ordinated.
- Communication to other ministries (information exchange): where exchanges of information take place which ensure that ministries keep each other informed about what issues are arising and how they propose to act in their own domains. In this regard, reliable and accepted channels of regular communication must exist. Ministries must ensure that other ministries know what they are doing on a continuing basis in a variety of ways.
- Consultation with other ministries (feedback): where co-ordination in terms of communication is two-way rather than one-way. As well as informing other ministries of what they are doing, individual ministries

consult other ministries in the process of formulating their own policies. This influence process may be quite intensive without infringing on a ministry's autonomy. Such consultation processes can have positive influences in promoting cohesion of a system of government by deepening mutual understanding of what different ministries are doing and establishing habits of discussion prior to making firm commitments.

- Avoiding divergence among ministries: where co-ordination processes are needed to ensure that government "speaks with one voice". Co-ordination mechanisms are developed to avoid open divergence of views among ministries. They do so through discussion and direct contact prior to defining policies and negotiating positions.
- Inter-ministerial search for agreement (seeking consensus): where there is intensive proactive positive co-ordination. Joint committees, working groups, project teams and research investigations are some of the ways in which an agreed basis for policy and negotiations may be established. This is still essentially a voluntary process in which ministries engage because they recognise their interdependence and mutual interest in resolving policy uncertainties and differences.
- Arbitration of inter-ministerial differences: where inter-ministerial differences of view cannot be resolved by the horizontal co-ordination process defined earlier, central arbitration machinery is needed. Third party arbitration is used to resolve conflicts that ministries have not been able to solve for themselves.
- Setting parameters for ministries: where the centre plays a more active steering role in the internal management of external relations. This is done by setting the parameters within which ministries work and defining what ministries must not do rather than prescribing what they should do. This is done by using budget constraints and setting limits on the policy discretion of ministries.
- Establishing governmental priorities: where the centre of government plays a role by laying down the main line of policy and establishing priorities. This is high level co-ordination that requires considerable

depth of analysis and collaborative preparation. Clear governmental priorities give a definite pattern and direction to the work of ministries and a clear set of expectations about how inter-ministerial differences should be resolved. Clear co-ordination processes are defined to ensure the effective functioning of the co-ordination process and functions.

- Overall governmental strategy: where government ministries are treated as a totally unified policy-making system in which ministries are merely technically convenient instruments for elaborating and implementing a strategy based on the best available information and a well-defined objective function. Strategic policy choices are made and handed down to the minister and inter-ministerial co-ordination is taken for granted. This level is included for the sake of completeness rather than because it is attainable in practice.

In relation to this study, there are three means of measuring coordination proposed by Metcalfe (1994) that are relevant to this study. These are consultation with other ministries, avoiding divergence among ministries, and inter-ministerial search for agreement. Bakvis and Juillet (2004) highlight that there are a range of approaches and instruments that can be used to foster inter-ministry or inter-departmental co-ordination. Depending on the circumstances, the relative effectiveness of these approaches will vary. Governments and public organisations will decide on which approach best suits their particular circumstances to promote effective co-ordination.

## 2.6 THE NEED FOR CO-ORDINATION

Government departments are increasingly being expected to work at establishing partnerships with other government departments and agencies at all stages of the policy development and implementation cycle. This has led to government departments establishing mechanisms aimed

at better co-ordination and integration of policy development and implementation (Hunt, 2005). Inter-organisational co-ordination is important for policy implementation as two or more government departments may be tasked with the implementation of a common programme (O'Toole 2012, p. 293). It is stated by O'Toole (2012) that for many implementation managers in the public sector, the world is a very inter-organisational one and globalisation is likely to encourage still more inter-organisational co-ordination. As the policy space becomes increasingly filled with public programmes, it is more difficult for public officials to operate without touching upon related programmes managed by other government departments (O'Toole, 2012). In addition, increasingly, as mentioned by O'Toole (2012), government officials are being asked to address problems that cannot be neatly categorised into one niche or another. These have been defined as "wicked problems" which touch upon several arenas simultaneously and require interventions that involve multiple departments for effective resolution.

Walker (2004) notes that governments around the world are realising that approaches that they have typically undertaken to address difficult or "wicked" problems have been too narrow and compartmentalised. According to Walker (2004), "wicked problems" present challenges that cannot be handled in isolation by one government department as they normally cut across the social, human, environment and economic spheres. Effective policy responses to address these problems require an intra-governmental approach, a whole-of-government (WOG) or joined-up-government (JUG) approach, with an emphasis on specific co-ordination processes. Co-ordination is emphasised in order to eliminate situations in which different policies undermine each other, to make better use of scarce resources, to create synergies by bring together relevant stakeholders in a particular policy area, and to ensure effective policy development and implementation (Christensen and Laegreid, 2007).

## 2.7 SUMMARY

A key theme that arises from the literature review is that increasing attention is being paid to effective co-ordination. The concept of co-ordination can be interpreted in different ways and various definitions are used for the term. Despite its importance in theory and practice, co-ordination is an ambiguous concept. Drawing from the literature, there seems to be a common agreement that there is not one way to define co-ordination, as various definitions exist. There are also different aspects of co-ordination in government. The success of different co-ordination structures will be based on the desire of the participants in the structure to achieve particular policy objectives. Co-ordination can also be viewed as a process which takes into account procedures and actor involvement.

Another theme that arises is that the effectiveness of co-ordination mechanisms depends on the specific context in which organisations are placed and what they want to achieve through the co-ordination mechanism they have adopted. The challenge for public organisations is to match increasing interdependence with effective means of co-ordination. This is due to the performance of these organisations becoming contingent on the supporting actions and interactions of other organisations in their environment that they work with and through. For the purpose of this study, the focus will be on co-ordination among government departments where co-ordination is an intra-organisational process.

As highlighted by Metcalfe (1994) the idea of co-ordination is in line with it being a process where it involves players who are involved in two-way communication, where a governmental organisation informs other departments of what they are doing, and consults them in the process of formulating their own policies. It involves proactive positive co-ordination through a particular mechanism such as joint committees, working groups

and project teams, in which an agreed basis for policy may be established. This is still essentially a voluntary process in which departments engage because they recognise their interdependence and mutual interest in resolving policy uncertainties and differences.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 INTRODUCTION

This chapter will outline the research methodology followed to answer the main research question of whether the Cluster system has improved or strengthened co-ordination between **the dti** and its partners in the Economic Cluster. It will consist of the research approach to be taken, research design and the methods to be used for data collection, data analysis and interpretation, validity and reliability, the research limitations and ethical considerations. The choice of research design and methods of data collection for a particular study is influenced by the research problem defined for the study, as different research questions yield different types of information (Leedy and Ormrod, 2001).

## 3.2 RESEARCH APPROACH

There are different research approaches that can be adopted, namely qualitative, quantitative or mixed methods. The selection of the research approach is based on the nature of the research problem. According to Creswell (2014), quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analysed using statistical procedures. Qualitative research can be defined as, “an inquiry process of understanding based on methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture; analyses words; reports detailed views of informants; and conducts the study in a natural setting” (Creswell, 1998, p.15). Mixed methods research is defined by Creswell (2014) as an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using a distinct

design that may involve philosophical assumptions and theoretical frameworks. The assumption is that the combination of the two approaches provides a more complete understanding of a research problem than either approach alone.

A qualitative research approach was undertaken as it was believed that this would be appropriate given the context of the study. A qualitative research approach as described by Flick (2007, p.2) is a situated activity that locates the observer in the world. It attempts to make sense of, or interpret phenomena in terms of the meanings people bring to them. A characteristic of qualitative research according to Merriam (2009, p.15) is that the researcher is the primary instrument for data collection and analysis. Therefore, a qualitative research approach will allow the researcher to explore whether the Cluster system has improved co-ordination between a set of national government departments. It will assist the researcher in exploring the positives and negatives of the Cluster system in regard to co-ordination for these departments. Another characteristic of qualitative research is that, as stated by Merriam (2009, p.15), the process is inductive; that is, the researcher gathers data to build concepts, hypotheses or theories. This is done by gathering information from interviews, observations or documents and combining it into ordered themes.

A shortcoming of qualitative research as highlighted by Merriam (2009, p.15) is that biases of the researcher might have an impact on the study. It is suggested by Merriam that rather than trying to eliminate these biases, it is important to identify them and monitor how they may be shaping the collection and interpretation of the data.

## 3.3 RESEARCH DESIGN

The approach to be taken by the researcher will be a “basic, interpretive study” (Merriam, 2009, p.22), while understanding that qualitative research is in general interpretive. According to Merriam (2009, p.22), “A central characteristic of qualitative research is that individuals construct reality in interaction with their social worlds. Constructionism therefore underlies what is being called a basic qualitative study”. The researcher is interested in gaining insight into the meaning an experience has for those involved, where, “meaning, however is not discovered but constructed. Meanings are constructed by human beings as they engage with the world they are interpreting” (Merriam, 2009, p.23). As a result, the researcher will engage with people who have taken part in the Economic and Employment Cluster to get a sense of their experience and views regarding the Cluster system as a mechanism for co-ordination in government.

## 3.4 DATA COLLECTION

Data collection is the process of collecting information to answer the research questions relating to the problem statement. Data collected can either be primary data or secondary data. Qualitative research utilises several data collection approaches. According to Creswell (1998), these fall into four basic types of information, such as, observations, interviews, documents and audio-visual materials. The researcher purposefully selects interview participants and documents that helped to understand the problem and the research question (Creswell, 2014, p.189). A purposive sample was used to select the interviewees that would be able to provide the most information about the research topic (Leedy and Ormrod, 2010, p.147). This sampling method enables researchers to use their own judgment to select cases that will best enable them to answer

their research questions and meet the research objectives (Saunders, Lewis, and Thornhill, 1997, p.175).

The researcher used one-on-one or individual interviews to obtain information from six interviewees relating to the problem statement and research questions. Formal permission was requested from each interviewee through email and questions forwarded to them prior to the interviews. This is identified as informed consent, where the researcher informs the research participants about the overall purpose and procedures of the research report, obtains their voluntary participation and includes information about confidentiality (Kvale and Brinkmann, 2009, p.71).

### 3.4.1 Primary data

Primary data was collected through the use of interviews. The researcher talked to relevant interviewees about their experiences, opinions, feelings and knowledge of the Cluster system. An interview is “a process in which a researcher and participant engage in a conversation focused on questions related to a research study” (Merriam, 2009, p.87).

There are different types of interviews, ranging from structured to semi-structured to informal. Structured interviews are more formal, with questions to be asked determined well in advance. Semi-structured interviews are more open-ended and, “consist of issues to be explored that are guided by a list of questions” (Merriam, 2009, p.90). Informal interviews are “useful when the researcher does not know enough about a phenomenon to ask relevant questions. There is not a predetermined set of questions and the interview is essentially exploratory” (Merriam, 2009, p.91). Interviews in a qualitative study are rarely as structured as the interviews conducted in a quantitative study, according to Leedy and Ormrod (2010). Instead, they are either open-ended or semi-structured, in the latter case revolving around a few central questions.

The researcher used semi-structured interviews of between 45 minutes and one hour where the interviewee was asked questions and allowed to respond. These interviews sought to identify the range of factors that facilitated or impeded inter-departmental co-ordination. It was believed that this was the best way to get information relevant to the research question and allowed the interviewee to provide more detailed responses and viewpoints based on their own particular experiences. It also allowed the researcher to get in-depth information on what had happened and why it had happened.

The researcher began interviews by indicating the subject matter. Standardised, open-ended questions were asked in order to give participants a platform to provide their understanding of the questions. This helped to reduce interview bias. Recording of the interviews was verbatim using a voice recorder, with the permission of the interviewees, and additional notes were taken during the interviews. Confidentiality was promised to all interviewees. The researcher is of the view that the interviews allowed the respondents to share their feelings, thoughts and emotions pertaining to the research subject. Based on the response from the interviewee, the researcher asked follow-up questions, where necessary that were not pre-determined. This allowed for clarification of the information provided by the interviewee and ensured, “disambiguation of interviewee’s statements to provide a more secure ground for the later analysis” (Kvale and Brinkmann, 2009, p.134). The responses from the interviewees were collated after the interview process and used in the analysis phase of the research.

### 3.4.2 Secondary data

The secondary source of data was other material relevant to the study such as reports and policy documents. A desk-top review of research and

studies pertaining to the Economic Cluster System was also conducted. This information supplemented the primary data collected.

### 3.4.3 Sampling

According to Singleton, Straits, and Straits (1993, p.159), sampling is the process used to select cases for inclusion in a research study. Sampling helps the researcher to save time, an important consideration when there is a tight deadline and a need to plan for data collection through interviews. As sampling narrows down the number of cases to be interviewed, it also enables the organisation of data collected to be more manageable as fewer people are involved and results are available more quickly (Saunders, Lewis, and Thornhill, 1997, p.212). In this research, non-random sampling was used to select interviewees.

Sampling is selecting the unit of analysis that will be used to collect data. Sampling tends to be either random or non-random. Depending on the research approach, a researcher will decide which type of sampling will be used. Quantitative researchers tend to use random sampling as their intention is to "get a representative sample, or a small collection of units from a much larger collection or population, such that the researcher can study the smaller group and produce accurate generalisation about the larger group" (Neuman, 1991, p.219). Specific methods are used to obtain the representative samples. Qualitative researchers tend to use non-random sampling as there is less focus on, "a sample's representativeness than on how the sample or small collection of cases, units or activities illuminates social life" (Neuman, 1991, p.219). For a qualitative researcher, the "primary purpose of sampling is to collect specific cases, events or actions that can clarify and deepen understanding" (Neuman, 1991, p.219).

Like random sampling, there are different methods that can be used to determine a non-random sample. These include, but are not limited to, haphazard, quota and purposive sampling. Haphazard sampling is "when a researcher haphazardly selects cases that are convenient. Such sampling is cheap and quick" (Neuman, 1991, p.220). Quota sampling is "when a researcher first identifies relevant categories of people, then decides how many to get in each category. The number of people in the various categories of the sample is fixed. This sampling ensures that some differences are in the sample" (Neuman, 1991, p.221). Purposive sampling "selects cases with a specific purpose in mind. The researcher never knows whether the cases selected represent the population. It is used to select unique cases that are especially informative" (Neuman, 1991, p.222).

Given the qualitative nature of the research to be undertaken, the researcher used non-random sampling. The researcher selected interviewees through purposive sampling because the researcher wanted to interview officials who are familiar with the Cluster process, and have the experience of engaging in the Economic Cluster in particular. Six respondents were chosen for the interviews, selected from **the dti** and some of its partner departments in the Economic Cluster.

## 3.5 DATA ANALYSIS

In general, "data analysis means a search for patterns in data, such as recurrent behaviours, objects, phases or ideas. Once a pattern is identified, it is interpreted in terms of a social theory or setting in which it occurred" (Neuman, 1991, p.467). This helps the researcher to move from describing the data collected to attaining specific insights and formulating an opinion about the data. It is a process of making sense of the data that has been collected. The process of data analysis according to Miles and Huberman (1994, p.10) is one which starts from the beginning of the

qualitative research project, as the researcher defines the research question and the data collection approaches to choose.

Merriam (2009, p176) explains data analysis as, “the process used to answer the research questions”. As stated by Dey (1993, p.94) data analysis involves a process of abstracting from the immense detail and complexity of the data collected those features that are most salient for the research purpose. This process involves classifying or categorising the data according to their similarities or differences. These classifications allow the researcher to make sense of the data and communicate intelligibly about it (Dey, 1993, p.40).

As part of data analysis, the researcher classified the data collected from the interviews. This data was based on specific questions that were asked on the Economic Cluster as a co-ordination mechanism. As Creswell (1998, p.144) explains, “classifying pertains to taking the qualitative information apart, looking for categories, themes or dimensions of information. Classification involves identifying five or six general themes”. The data from the interviews was written up and summarised to assess whether there were similar categories that arose from the interviewing process. These categories were then grouped into different themes where the data was similar or related in some particular aspect, based on particular answers that related to the research questions. The researcher then used these themes to present the findings based on the researcher’s interpretation of the data. In terms of the research problem, the researcher endeavoured to present findings to clarify whether or not the Economic Cluster has improved co-ordination between **the dti** and its partners in government.

## 3.6 VALIDITY AND RELIABILITY

Validity and reliability are concerned with being able to trust the research results. As the researcher undertook a qualitative study, there was a need to, "provide readers of the study with a depiction in enough detail to show that the author's conclusion makes sense" (Merriam, 2009, p.210). Validity is concerned with whether the findings of the research process are really what they appear to be about (Saunders, Lewis, and Thornhill, 1997, p.157). It is about ensuring that the research results can be defended as sound because they are well grounded conceptually and empirically (Dey, 1993, p.228).

Reliability means "dependability or consistency. It suggests that the same thing is repeated or recurs in identical or very similar conditions." (Neuman, 1991, p.188). According to Saunders, *et al* (1997), reliability is concerned with whether the findings are really what they appear to be about.

Triangulation was used by the researcher to improve validity and reliability. Triangulation is a process where, as indicated by Leedy and Ormrod (2010), multiple sources of data are collected to support a particular hypothesis or theory. Marshall and Rossman (1989, p.146) state that triangulation is the act of bringing more than one source of data to bear on a single point. The researcher compared the data collected from one interviewee with another interviewee. This was done to clarify the views of the different interviewees on the Economic Cluster as a co-ordination mechanism. The researcher also conducted follow-up interviews with the respondents once general themes emerged. This helped to verify whether the themes accurately captured interviewees' perspectives on whether the Cluster system has improved co-ordination between **the dti** and its partners in the Economic Cluster. In this way, "the possibility of misinterpreting the meaning of what participants said is ruled out. It is also

an important way of identifying the researcher's own biases and misunderstanding of what has been observed" (Merriam, 2009, p.217). In addition, the researcher used secondary data such as reports and policy documents on the Cluster system to supplement and corroborate the data that was collected through the interviews.

The validity and reliability of the study is also upheld by the quality of the interviewees selected. Interviewees were selected based on their in-depth knowledge and invaluable experience of the Economic Cluster process.

## 3.7 SIGNIFICANCE OF THE RESEARCH

By undertaking the research, the researcher adds to the understanding of the Cluster system as a co-ordination mechanism. In addition, the research provided information on whether the Cluster system has led to better co-ordination between a specific department such as **the dti** and its partners in the Economic Cluster.

## 3.8 LIMITATIONS OF THE RESEARCH

The limitations of the research pertain to the researcher not being able to interview all members of the Economic Cluster to get their viewpoints on it as a co-ordination mechanism because of lack of availability. In some instances, potential interviewees were not easily accessible, while in others they were not available at the appointed time for the interview. Another limitation was that some of the secondary data used pertaining to the Cluster system was collected for a different research purpose and in general, literature on inter-governmental co-ordination systems was not readily available and mainly obtained from electronic databases. In addition, as stated by Saunders, *et al* (1997, p.327), the interviewing process used to collect the primary data cannot be used to make statistical

generalisations about the population where this has been based on a small and unrepresentative number of cases.

## 3.9 ETHICAL CONSIDERATION

The research process has an ethical-moral dimension according to Neuman (1991), and is focused on the concerns, dilemmas and conflicts that arise over the proper way to conduct research. The researcher has a moral and professional obligation to be ethical.

As part of an ethical research process, voluntary consent was sought in advance from individuals whom the researcher wanted to interview. In addition, each potential interviewee was informed about the research and the reason why the researcher wanted to interview them. This was undertaken through a letter sent to each of the potential interviewees explaining the purpose of the research and asking for voluntary agreement to participate in the data collection process. Given that the researcher obtained information from interviewees in confidence, there was a moral obligation to ensure that the information remains confidential. In addition, the researcher will not be able to divulge information about the interviewees without their permission.

The researcher is an employee of the organization in which the research was undertaken on, and as a result had to ensure that the study does not have any negative ramifications for **the dti**.

## 3.10 SUMMARY

This chapter outlined the research methodology that was followed and the choice of research design and methods of data collection. It explained why qualitative research was chosen as the research approach and looked at the different data collection processes used as part of the

research process. It also addressed the validity and reliability of the research process, its limitations, and the ethical considerations that the researcher had to take into account.

# CHAPTER FOUR

# DATA PRESENTATION

## 4.1 INTRODUCTION

This chapter will present the data that has been collected from the research process. It will outline the data that was collected based on interviews conducted in relation to the study, in order to answer the research questions below:

1. How did the Cluster system improve or strengthen co-ordination between **the dti** and its partners in the Economic Cluster.

2. What has been the specific effect of the Cluster system on co-ordination between **the dti** and its partners in the Economic Cluster?

3. What are additional mechanisms that need to be put in place for the Cluster to be a more effective instrument for co-ordination?

As stated earlier, six respondents were chosen to be interviewed as part of the data collection process. All interviewees had personal involvement in the Economic Cluster as a co-ordination mechanism. The six respondents are profiled below.

| **Interviewee** | **Department** | **Date of interview** |
|---|---|---|
| A | Trade and Industry | 22 March 2013 |
| B | Trade and Industry | 26 March 2013 |
| C | Public Enterprises | 02 April 2013 |
| D | Finance | 09 April 2013 |
| E | Communications | 22 April 2013 |
| F | Trade and Industry | 30 April 2013 |

The presentation of the data begins with separating the data into different thematic categories based on interviews conducted. By organising the information into themes, the idea is to ensure that the research questions are covered. The different thematic categories were based on their similarities and the themes that arose from the interviews were namely:

1. The Economic Cluster as a co-ordination mechanism

2. The Economic Cluster's contribution to co-ordination between **the dti** and its partners

3. Improvements on co-ordination in government

## 4.2 THE ECONOMIC CLUSTER AS A CO-ORDINATION MECHANISM

Under this theme, the researcher wanted to gain an understanding of the interviewees' perceptions of the Economic Cluster as a co-ordination mechanism that improved or strengthened co-ordination between **the dti** and its partners. Three questions were put forward to elicit the interviewees' perceptions and their responses are presented.

### 4.2.1 The role of the Economic Cluster system

Respondent A (interview, 22 March 2013) was of the view that it is a mechanism to ensure that all government departments that are involved in economic policy development and implementation "swim in the same direction". The understanding was that bringing all those government departments that could have an effect on the economy under one umbrella would be a means of getting them to swim in the same direction. According to Respondent B (interview, 26 March 2013), it is meant to co-ordinate the government's economic programmes. It is supposed to be a

blockage breaker for economic activities within the government. Respondent C (interview, 02 April 2013) stated that the objective of the Cluster is generally to enhance integrated planning and improve co-ordination in the execution of projects. It means that the Cluster must ensure that the planning process across the different government departments is co-ordinated and aligned and it contributes towards the objectives that the government has outlined in the Medium Term Strategic Framework. In many instance the projects that will have a higher impact in addressing the challenges of growth and employment would require the participation of more than one department. As a result, the Cluster needs to be there to provide the platform where different departments can work together to execute those projects and ensure that they achieve the objectives of government. Respondent D's (interview, 09 April 2013) view was that the Cluster was about getting different government departments to co-operate where it was required and to focus on projects that were a priority of government in terms of its policy objectives. This was done though reporting back to the Cluster the status of programmes so that it acted as a monitoring mechanism and could also give feedback to Cabinet on those programmes.

The Cluster, according to Respondent E (interview, 22 April 2013) was to co-ordinate and ensure that there was alignment and coherence between and amongst government departments with regards to executing the government's programme of action. Departments were responsible for various things in government, and what was critical for the Presidency was co-ordination and ensuring alignment and coherence of economic policy implementation. In particular, said Respondent E, one component of economic policy that was being dealt with by the National Treasury, was looking at macroeconomic policy and fiscal policy, but there was also an element of micro-economic policy which required the working together of various departments to ensure bottlenecks in the economy are dealt with. The cluster was therefore a co-ordination mechanism to bring these

elements together. The view of Respondent F (interview, 30 April 2013) was that the Cluster was to act as a co-ordination mechanism where departments involved in economic policy were to plan, implement and monitor in a co-ordinated manner to ensure that the objectives of government were met. The cluster was supposed to co-ordinate, align and ensure coherence of government policy in relation to the country.

### 4.2.2 Improvement in co-ordination between the dti and its partners in the Economic Cluster

All the respondents believed that there had been some improvement in co-ordination between **the dti** and its partners due to the Cluster. The nuance between the respondents was the quality of the improvement in co-ordination. Respondent A (interview, 22 March 2013) believed that there has been a measure of improvement but that is because of the time-frames involved and not necessarily because of a specific process or system that guided the co-ordination between **the dti** and the other cluster departments. The respondent declared that in the case of certain programmes there were bilateral meetings prior to the cluster meetings at the level of Director-General, so if there was any kind of blockage in terms of policy development within the system, then the Director-General bilateral meeting would see to it that the blockage was removed. The respondent thought that co-ordination of **the dti** and its partners in the cluster is a strained type of relationship. This was not only for **the dti** but for all government departments party to the cluster system, under the pretext that it makes it difficult for Directors-General to deliver on their specific mandate if there is disagreement on a specific policy between government departments.

The view of Respondent B (interview, 26 March 2013), was that the co-ordination element of the Cluster was not ideal. It assisted **the dti** to a certain extent when it came to co-ordinating the work **the dti** did in

conjunction with other departments. The respondent felt that this was particularly relevant in the area of industrial policy. The challenge is that government's industrial policy is driven by **the dti**, but cannot be implemented by **the dti** alone, as it has to be implemented in conjunction with other government departments. The Cluster was critical in that, when reporting on industrial policy implementation it provided an opportunity for **the dti** to highlight the progress government was making and focus on problems in terms of implementation which needed the Cluster's intervention. Respondent C (interview, 02 April 2013) thought that the Cluster had provided **the dti** with a platform through which it could communicate its policy initiatives, especially those that it could not implement it on its own, but where it required the support of other departments. Having the policy initiative presented and supported by other Cluster departments meant that the policy initiative was adopted as part of their responsibility to implement it. However, the respondent stated that even though you could secure a verbal decision from the Cluster having it translated into actual or practical, joined collaboration was a challenge. This was because the Cluster did not have executive authority over what other departments did and it did not have a mechanism or tool to enforce the implementation of decisions. A situation would arise where the Cluster would support **the dti** and state that there was agreement on a particular approach and identify the particular departments that it needed to work with, but once the decision has been made, **the dti** would still need to go again and convince those departments. As a result there was a duplication of activities; so the question arose as to whether it was really necessary to go to the Cluster to secure a decision or whether it was better to deal with departments in terms of a bilateral engagement.

The viewpoint of Respondent D (interview, 09 April 2013) was that the Cluster had improved co-ordination between **the dti** and its partners as it allowed better insight into the work of other departments and how the policy initiatives of **the dti** affected other departments' policy initiatives. It

also helped to indentify mandate creep and departments could work out and understand what their exact role was. The Cluster also helped in determining the agenda of Directors-General bilateral meetings so that outside the Cluster there could be fruitful follow-up discussions on policy implementation. Respondent E (interview, 22 April 2013) expressed the view that over time the Cluster has improved co-ordination between **the dti** and its partners in the Cluster. It has been able to bring **the dti** closer to other government departments. The Cluster in the view of Respondent F (interview, 30 April 2013) has improved co-ordination between **the dti** and its partners in the Cluster, by making other departments aware of what **the dti** was doing. However, the respondent felt that it made little contribution in improving the delivery of the department's programmes. For example, even though there was an understanding and agreement in the Cluster on a policy initiative, outside of the Cluster **the dti** would still have to have a bilateral engagement with departments to ensure that the agreement led to actual implementation by other departments.

### 4.2.3 Challenges to improvement in co-ordination between the dti and its partners in the Economic Cluster

All the respondents were of the opinion that the Cluster did not have a negative effect on co-ordination between **the dti** and its partners, but that the co-ordination element of the Cluster still needed some work. Respondent A's observation (interview, 22 March 2013) was that while the Cluster system helped with co-ordination, the department always had to defend its policy stance which is a constraint on the system itself. The thoughts of Respondent B (interview, 26 March 2013) were that despite having the Cluster as a co-ordination mechanism, a lot of things that **the dti** wanted to see other departments doing did not get done or were not given priority. In Respondent C's view, (interview, 02 April 2013) a weak point of the Cluster was the area of implementation as it did not have the authority to ensure implementation. In addition, the wide-ranging issues

that are brought to the Cluster do not allow it to focus on the key priorities. For instance, industrialisation is one of the key priorities but because each and every member of the Cluster is equal, one cannot be seen to be prioritising certain departments, with the result that equal attention is given to things that fall at different levels of priority. Respondent D (interview, 09 April 2013) said was there was tension in the Cluster between departments based on their own mandates which they believed should be given equal attention. This was due to the policy objectives that each department had to achieve in the financial year, which at times could put a strain on effective co-ordination within the Cluster. Respondent E's observation (interview, 22 April 2013) was that some departments felt that **the dti** believed it was more important than other departments within the Cluster. As a result of this, at times departments did not want to work closely with **the dti** because they felt that they were abandoning their constitutional responsibility or mandate. This in a way, derailed progress in terms of getting co-ordination right. Similar sentiments to that of Respondent B were expressed by Respondent F (interview, 30 April 2013), who stated that where the co-ordination element was weak was in implementing policy initiatives once they had been agreed upon.

## 4.3 THE ECONOMIC CLUSTER'S CONTRIBUTION TO CO-ORDINATION BETWEEN THE DTI AND ITS PARTNERS

Under this theme, the researcher wanted to gain an understanding of interviewees' perception of the Economic Cluster's contribution as a co-ordination mechanism between **the dti** and its partners. Five questions were put forward and the responses are presented below.

### 4.3.1 the dti's involvement in the Cluster System

All respondents explained that **the dti** had initially acted as the Chair and Secretariat of the Cluster, though after 2010 this was no longer the case. Each respondent highlighted that as the Secretariat of the Cluster, **the dti** could give direction to Cluster meetings and determine the agenda for the meetings. Respondent E (interview, 22 April 2013) in particular expressed the view that **the dti** had provided strategic leadership to the work of the cluster especially on industrial policy, to try and give effect and meaning to its role as the Chair. In its Secretariat role, **the dti** had allocated responsibility to other departments and ensured that there was assessment and feedback to the Cluster in terms of the implementation of industrial policy.

### 4.3.2 the dti's involvement in the Cluster system and the planning and implementation of its policy initiatives

Each of the respondents said that **the dti's** involvement in the Cluster system had allowed it to plan and implement its policy initiatives more effectively. Respondent A (interview, 22 March 2013) declared that it allowed for the exposure of **the dti's** policies initiatives and for prior buy-in of the other government departments sitting in the Cluster. This made it easier when it came to the implementation of the proposed initiatives. A case in point would be the Industrial Policy Action Plan. During the policy development stage, the exposure to all the other government departments of the Industrial Policy Action Plan was a good thing in the sense that they could identify possible blockages and duplication, as well as effect a major buy-in, as the Industrial Policy Action Plan would be agreed upon and signed-off. This in turn assisted in terms of implementation because the other departments would not put blockages in the way. This view was supported by the other respondents and Respondent C (interview, 02 April 2013) added that being involved in the Cluster allowed **the dti** to influence

the kinds of things that would be discussed and to diplomatically try and push the implementation of some decisions. As an ordinary member it would be difficult to shape and influence the discussions of the Cluster, so playing the role of Secretariat and being one of the leaders of the Cluster allowed **the dti** to influence and shape the discussions and push its own agenda. In that way it assisted the department to plan its activities and execute them and also influence other departments.

### 4.3.3 The nature of support that the dti has received from its partners in the Cluster pertaining to the planning and implementation of its policy initiatives

Respondent A (interview, 22 March 2013) believed that the support of partners helped to solidify a policy proposal from another government department and smooth out the rough edges through engagement and debate on the policy proposal. It helped **the dti** with the refinement of policy so that by the time that the Cluster signs off, the policy could look different to the draft proposal. In this way the Cluster was a major help and that is how it impacted on the planning and implementation of **the dti's** policy initiatives. The position of Respondent B (interview, 26 March 2013) was that support from individual partners was weak, which is why **the dti** ended up relying on the Cluster. Bilateral discussions did not yield better results than the Cluster itself.

The view of Respondent C (interview, 02 April 2013) was that the Cluster as a co-ordination mechanism ensured that in the planning of its policy initiatives, **the dti** not only responded to internal **dti** priorities but also looked at what other departments are doing and built on what other departments have established. For example, the Department of Science and Technology (DST) produced a 10-year innovation plan, and **the dti** needed to ensure that its own plans for industrial innovation were aligned to what the DST was doing, and try to leverage on their budget and the incentives they had put forward. Through that collaboration and working

together it helped **the dti** to plan accordingly. Furthermore, having the Department of Finance in the Cluster as well as other departments which supported **the dti's** approach to industrialisation strengthened the business case for the department to secure more resources from the Department of Finance. This view was supported by Respondents D and E who stated that **the dti** could use the Cluster to get the buy-in and support of relevant partner departments with regard to certain policy initiatives. Respondent F (interview, 30 April 2013) declared that over time departments gave **the dti** space to be able to do its work, more so because they knew that **the dti** through bilateral meetings with the Department of Finance had secured incentives that worked in favour of **the dti**. Departments like Science and Technology, Finance and Pubic Enterprises really assisted **the dti** to deliver on the planning and implementation of industrial policy by fine-tuning the policy and bringing in their own expertise.

### 4.3.4 the dti's ability to plan and implement its policy initiatives without its involvement in the Cluster system

Five of the respondents believed that **the dti** would still have been able to plan and implement its policy initiatives without its involvement in the Cluster system. Respondent E did not share this belief. It was the opinion of the five respondents that **the dti** would have been able to develop its plans, but there would be challenges when it comes to the implementation of its plans as these would be an isolated **dti** initiative. This approach would mean that **the dti** would be required to establish a wide range of partnerships with other government departments whereas the Cluster allowed the department to engage different government departments simultaneously. The consultation work would be much more complex and difficult and a situation might arise where things were going to be included in a policy initiative that other departments would not support. In the Cluster it was possible to identify these things and address them. This

meant that **the dti** was going to be able to plan but the execution was going to be a challenge. How effective and how functional that policy would be is the key point. Would it be a duplication of what another department was doing and so be a waste of resources? It was noted by respondents that government departments have the right to develop policy outside the Cluster but then implementation would be difficult in terms of not getting other government departments' buy-in, especially when the implementation has to be financed by the Department of Finance, which could turn it down. This is what gave rise to the Cluster as a co-ordination mechanism.

Respondent E (interview, 30 April 2013) was of the opinion that **the dti** is part of the government system. It therefore cannot function outside the systems and mechanisms that have been put in place if it is going to deliver and provide a leadership role to the government, and to the economy as a whole, in the area of industrial policy. It has to function within that system because the policies that it develops are guiding policies which other departments have to follow and **the dti** has to ensure that these departments are doing what they are expected to do in implementing various objectives of the industrial policy.

### 4.3.5 Specific key initiatives that have been planned and implemented through the dti's involvement in the Cluster system

All respondents mentioned the Industrial Policy Action Plan as a specific key initiative to drive the government's industrial policy objectives. Respondents A, B and F also mentioned the Broad Based Black Economic Empowerment codes of good practice and their alignment with the Public Finance Management Act that is managed by the Department of Finance. This was an important initiative, given that **the dti** and Department of Finance would need to come to a consensus through the Cluster process and the support of other departments was important given the policy shift

that would be required. Respondent D contended (interview, 09 April 2013) that the Cluster was a co-ordinating mechanism and not a project-generating mechanism. Most departments would be responsible for planning their own project initiatives and the Cluster would co-ordinate the implementation of agreed projects.

## 4.4 IMPROVEMENTS TO CO-ORDINATION IN GOVERNMENT

Under this theme, the researcher wanted to gain an understanding of what interviewees thought should be done to improve co-ordination in government and co-ordination through the Cluster system in particular. Four questions were put forward to get the interviewees' perceptions and their responses are presented below.

### 4.4.1 The Cluster system as an effective co-ordination tool for government departments

All the respondents stated that the Cluster system helped to improve co-ordination between government departments. Respondent A (interview, 22 March 2013) believed that while the Cluster system has its shortcomings, if there were no Cluster system government could have policies that are not implementable. This is because the Cluster operates as an overall approval mechanism for policy initiatives that will be jointly implemented and therefore allows for such policy initiatives to receive funding from the Department of Finance. If a department presents its policy initiative to the Cluster system where the Department of Finance plays a major role, by the time the policy initiative is approved, the Department of Finance has already bought into it and there will not be a budget constraint. Respondents B, C, D, E and F stated that the Cluster system is effective but there is still a lot of room for improving its effectiveness. There are a few of areas that need to be looked at to improve it and make it more efficient.

### 4.4.2 Constraints limiting the operation of the Cluster system

The respondents reported several constraints. Respondent A (interview, 22 March 2013) stated that due to the time constraints of the Cluster meetings there was no time to go into detail and discuss the content of policy initiatives. Consequently the presentations and discussions on policy initiatives became a “tick-box affair”. Departments knew that they could not go to Cabinet without first having been to the Cluster in terms of the process. As a result departments would just tick the box for a Cluster meeting so as not to constrain the development of their policy initiatives. If they made a presentation and there was no substantial feedback and input from partner departments in the Cluster because of lack of time, these departments would go on with the development of the policy and proceed to Cabinet for the next stage in the approval process. This deflected the objectives of the Cluster. In addition, the respondents felt that the Cluster did not have “teeth”. Directors-General did not want to stand on each other’s toes, so to speak. Directors-General wanted to operate at a personal level. In order to maintain the smooth personal level at which they prefer to operate they were all duty bound at a policy level not to create waves, because it could be taken as personal and then it would “muddy the waters” in terms of discussions and decisions that took place in the Cluster.

The perspective of Respondent B (interview, 26 March 2013) was that one major constraint is that the Cluster is a group of equal departments. Therefore, it is difficult for a department to take the lead and influence what the other departments are doing. One can lead people when they are willing, but when people don’t like what is expected of them it is difficult to get them to agree to it. In Cluster meetings officials could sometimes be out of line and other colleagues hinted about this to them rather than addressing it directly. This status of equality posed a problem. The other issue was the misalignment of the budgeting process and the planning of

initiatives that must fit into the Cluster process, because once a policy initiative was made a priority by the Cluster there may not necessarily be the corresponding budget for immediate implementation of that policy initiative.

The opinion of Respondent C (interview, 02 April 2013) was that there is need to ensure that Directors-General participate in Cluster meetings and attendance is not delegated to other senior management staff. This is because the Directors-General have a mandate to participate and lead processes within the Cluster, which would allow for decisions to be made more quickly and the implementation of those decisions to be carried out. It was the respondent's belief that if Directors-General are not leading and guiding Cluster meetings then they are simply converted into talk shops. The participation of Directors-General in the Cluster meetings was important to ensure that they become an efficient system that enhances co-ordination with the government. The respondent also raised the issue of the budgeting process not being linked in any way to what the Cluster was prioritising in terms of policy initiatives to be implemented. As a result, there was a need for an interface between what the Cluster as an institution saw as priorities and what was then prioritised in the budget allocation. This would improve the way the Cluster works, and mean that government officials would take the Cluster process more seriously because they would know that when the Cluster makes a decision it really improves the chances of that particular policy initiative being given a budget allocation. The issue of the Cluster lacking an executive authority to ensure that decisions were implemented was another constraint raised by the respondent. The respondent felt that the role of the Presidency was lacking in this aspect.

Respondents D, E and F also raised the issue of the non-attendance of Directors-General of the Cluster meetings as a limitation on the effectiveness of the Cluster system, as this results in a lack of a quorum

and decisions can then not be made in the meeting. Respondent E (interview, 22 April 2013) in particular raised the issue of the location of where Cluster meetings are held as being a constraint. The respondent stated that depending on where the Chair of the Cluster was, sometimes meetings were held in Pretoria and other times in Cape Town which again affected a quorum being established for a Cluster meeting. This respondent did not, however, see the Cluster as a group of peers being a constraint to its effectiveness. The respondent felt that a culture of ensuring that decisions agreed upon within the Cluster should be instilled instead.

### 4.4.3 Improvement to the Cluster system as a co-ordination mechanism within government

Respondent A (interview, 22 March 2013) was of the view that if a specific government department intends to develop a policy in a specific sphere then the Cluster should establish a Cluster Technical Task Team to operate with the developers of the policy in the particular department. This would ensure that everything is accommodated from the outset so that by the time the department brings that particular policy initiative to the Cluster, the Task Team members from other Cluster departments have already made an input in terms of what their departments feel should be in the policy. In this way there could be improvement. Also desirable would be a system of removing hurdles at the Technical Task Team level where different views could be debated thoroughly in relation to the alternative policy mechanisms. so that particular policy debates do not roll over for years, retarding the progress of government. The respondent also stated that the Cluster system should consider creating a permanent level of Deputy Directors-General that could stand in on behalf of the Directors-General if they were not available for a particular Cluster meeting.

The response from Respondent B (interview, 26 March 2013) was that the role and authority of the Presidency within the Cluster system needs to be redefined. They must be the representatives of the President and come to Cluster meetings with the authority and power of their office. The Presidency must not have its own initiatives that have to be assessed as well but should play a leadership and supervisory role within Cluster meetings and be convinced that this is the role they are supposed to be playing. This should be coupled with the introduction of a technical sub-level that clearly defines the roles that other departments have to play in the development of policy initiatives. This would automatically compel other departments that have a specific role in policy implementation to do something, albeit not immediately, because it might not be practical. However, the Presidency should ensure that departments have noted the roles that they have to play and commit to the role and state the time-frames within which they must accomplish what is required. This respondent elaborated that **the dti** was trying to create a sub-structure of the Economic and Employment Cluster where departments that lead the productive sectors of the economy, determine action plans together, brainstorm on challenges and if necessary escalate them to Ministers for resolution. This would help to improve the Cluster as a co-ordination mechanism going forward as it would give a lot more time to departments to examine the development and implementation of policy initiatives, so that by the time a cluster convenes there is more time available to interrogate the content of the policy initiative.

The suggestion that the Presidency should play a more active role with regard to policy co-ordination and the establishment of technical sub-structures or committees within the Cluster to improve co-ordination amongst departments was supported by respondents C, D, E and F. Respondent C (interview, 02 April 2013) emphasised that the issue of having an executive authority within the Cluster is a major one. The respondent contended that if the Chair of the Cluster was able to issue an

instruction to another department within the Cluster to implement an agreed decision, that would really change the manner in which the Cluster works. This executive authority should ideally be the Presidency as the overall Chair of the Cluster system within government is the Presidency, with the different clusters having a Director-General chairing a particular cluster. It was the view of the respondent that the Presidency was seen as a custodian rather than an institution that was driving the overall functioning of the Cluster system. Even the Presidency would find itself trying to convince departments to participate in the Cluster rather than issuing a directive to say that this is what it expected from departments. The Presidency needed to improve the way it manages the Cluster system as a custodian to ensure that the system functions and departments can derive value from it. If departments do not see the value of participating in the Cluster system, then many will view the Cluster as a compliance institution rather than an institution that facilitates planning and improves co-ordination in the implementation of government's programmes.

Respondent F (interview, 30 April 2013) agreed that the Cluster should have authority of some sort. If a department presented its policy initiative at the Cluster and outlined the roles that other departments are expected to play in terms of implementation, the approval of the policy initiative should automatically instruct those government departments to do what they are supposed to do to facilitate policy implementation. When it has been explicitly spelt out what other departments have to do to ensure policy implementation, it should automatically require that those departments have to be involved in the process. Those departments could then agree, or say that they have already planned for the financial year and are therefore unable to play a part in the implementation of the particular policy initiative, but would automatically include it in their plans for the following financial year.

### 4.4.4 Alternative co-ordination mechanisms to be introduced within government

Respondent A (interview, 22 March 2013) noted that the idea of a super-ministry had been mooted, but the respondent stated that at a political level this was swimming against the tide. The respondent believed that if South Africa is serious about wanting to address its development challenges, then brave decisions have to be taken about how to improve co-ordination in government that might be uncomfortable for some constituencies. On the other hand, the respondent did not think that the Cluster system had to be done way with as it was not expected to function as a perfect system; the main issue was whether it has value and the general view within government was that it does. The other respondents doubted the need for a super-ministry given their perspectives of the role that the Presidency should play. They did not believe that a super-ministry would provide any additional value to co-ordination in government given the current political and administrative structure of government.

In the view of Respondent B (interview, 26 March 2013) an alternative co-ordination mechanism was not needed. What was needed was a clear leader with authority to lead the Cluster system with the establishment of technical sub-structures or committees. The most important thing to consider was the role of the Presidency which needed to be enhanced and capacity within the Presidency that needs to be improved. If a stronger Presidency was in place then it would become easier to ensure that departments participate in the Cluster system. This would help the Cluster system function as a better co-ordination mechanism and address problems of co-ordination within the system. Respondent C (interview, 02 April 2013) was of the opinion that there was a need to enhance bilateral engagements between government departments. This was not meant to replace the Cluster system but to complement it. This would ensure that outside of the Cluster system there were continuous engagements

between relevant government departments on policy initiatives and co-ordinated implementation. Such bilateral engagements would improve co-ordination in government and enhance the workings of the Cluster system. The respondent maintained that for now, the Cluster system is the only option that the government has and the focus should be on how to enhance its ability as a co-ordination mechanism. This was due to the standpoint of the respondent that the government cannot legalise co-ordination. It is something that government needs to try and build by trying to ensure that officials within government understand that the work of government is shared amongst different departments. For the government to be effective, officials will need to understand that different departments need to work together to ensure that policy initiatives can be prioritised and implemented much more effectively.

## 4.5 SUMMARY

This chapter presented the data collected based on the responses from six interviewees. The data was presented utilising the themes that emerged from the interviews. It presented the interviewees' viewpoints on whether the Cluster System has improved co-ordination between **the dti** and its partners in the Economic Cluster. The next chapter will analyse the data collected in more detail.

# CHAPTER FIVE

# DATA ANALYSIS

## 5.1 INTRODUCTION

This chapter will present the findings based on the researcher's interpretation of the data obtained in interviews. Leedy and Ormrod (2010) point out that the analysis of the data will inevitably be influenced to some extent by the researcher's bias and values. However, the researcher tried to minimise this bias by obtaining the different perspectives of the interviewees during the research process and searching for patterns in the data, in order to form a general opinion about it (Neuman, 1991).

The discussion of the analysis is approached through examining each of the themes presented in Chapter 4, as well as drawing on the literature review in Chapter 2. The themes presented in Chapter 4 will be subjected to further analysis. The objective of this study was to explore whether the Cluster system set up by government has improved co-ordination between **the dti** and its partners in the Economic Cluster between April 2004 and March 2008. Merriam (2009) states that data analysis is the process used to answer the research question; it is therefore envisaged that the analysis of the data will address this overall objective.

## 5.2 UNDERSTANDING THE ROLE OF THE ECONOMIC CLUSTER

When looking at the Economic Cluster, the respondents were clear about their understanding of why it was established and its role as a co-ordination mechanism. The findings show that there was general agreement that the Economic Cluster was set up as a co-ordination

mechanism to ensure that there was alignment and coherence amongst government departments responsible for developing and implementing government's overall economic policy objectives. This was based on the understanding by the Presidency that policy initiatives that needed to be implemented within a specific time-frame to achieve government economic objectives could not be undertaken solely by one department, but would require the active participation of other departments in the economic sphere. Through the Cluster, the departments with mandates related to economic policy development and implementation were brought together "under one roof", so to speak, in order to ensure that there was co-ordination and alignment between these departments with regard to their thinking and actions when it came to economic policy implementation.

This is in line with Metcalfe (1994) stating that at a minimum, co-ordination implies that in working together, the component parts of a system do not impede, frustrate or negate each other's activities. This implies, according to Metcalfe (1994), that co-ordination enables the whole to perform better than the sum of the parts or at least prevents disintegration and fragmentation. This view is also shared by Meijers and Stead (2004, p.3) who say that co-ordination is ensuring consistency and coherence within a set of interacting policies or projects "owned" by one or more departments or organisations and ensuring that policy is translated into a consistent and coherent set of appropriate actions.

It is the researcher's view that there is recognition by governments, including the South African government, that achieving specific policy objectives will in most cases require different government departments to work together. Given the mandates of different public organisations, there is more pressure for increased co-ordination and the challenge is to get different government departments to work together on cross-sectoral problems. This is why there is a renewed focus internationally on whole-of-government (WOG) or joined-up-government (JUG) approaches as a

way of improving co-ordination within government. This is because the development and economic objectives that have to be achieved often cut across the boundaries of individual government departments within a policy area. As a result, there has to be a mechanism that brings these different government departments together within a policy area to create synergies between them.

The Presidency in South Africa recognised that government departments could not operate in silos if the country's medium term strategic objectives were to be achieved. This is why the Cluster system was established as a mechanism to build co-ordinative capacity with the government. It was put in place to avoid situations in which different policies undermine each other and to make better use of the resources of the State. The objectives of the Cluster were to reduce the fragmentation of government and ensure that each department knew what the other was doing. The Cluster system was to enable enhanced co-ordination so that departments undertook co-ordinated administrative action that would lead to speedy and thorough policy implementation (DPSA, 2003).

## 5.3 STRENGTHS OF THE ECONOMIC CLUSTER AS A CO-ORDINATION MECHANISM FOR THE DTI

The findings show that generally the Cluster system improved co-ordination between **the dti** and its partners in the Economic Cluster. The Cluster enabled **the dti** to present its view on its own policy initiatives relating to industrial policy in particular. It created a platform where the department could solicit the input and gain the support and co-operation of other departments that it needed to implement its industrial and other policy initiatives. The participation of other departments responsible for economic policy in the Cluster allowed **the dti** to gain a better insight into the work of other departments and identified mandate creep. This enabled

**the dti** and other departments to understand what their exact role would be in relation to the implementation of policy initiatives.

The literature supports the view that co-ordination can improve the implementation of policy initiatives. Within the public sector context, co-ordination can be defined as, "the alignment of tasks and efforts of multiple units in order to achieve a defined goal. Its aim is to create a greater coherence in policy and to reduce redundancy, lacunae and contradictions within and between policies" (Bauer and Rametsteiner, 2006, p.36). It involves inter-departmental dialogue, joint planning and decision-making. An important aspect of co-ordination is the inter-dependence among participants who choose to combine their efforts to achieve better outcomes. This suggests that co-ordination includes how officials representing different government organisations behave as they work together to implement specific policy objectives. The Cluster helped, as explained by Peters (1998), to ensure that the various public organisations charged with delivering public policy worked together and did not produce either redundancy or gaps in services.

With regard to the strengths of the Cluster as a co-ordination mechanism for **the dti**, the researcher is of the view that the system allowed for at least some degree or form of co-ordination to take place between **the dti** and its partners within the economic sphere. **The dti** recognised that its policy implementation work would require the assistance of specific government departments and the Cluster gave it the platform to obtain this assistance.

## 5.4 WEAKNESSES OF THE ECONOMIC CLUSTER AS A CO-ORDINATION MECHANISM FOR THE DTI

The respondents highlighted weaknesses with regard to the Economic Cluster as a co-ordination system. The quality of the co-ordination process was raised as an issue. This included **the dti** having to "sell" its policy stance to other departments in the Cluster which at times felt that the department was dictating to them what should be done in a policy area. This resulted in tension between departments who believed they were responsible for their policy area. As a result, you had a situation where at times departments did not want to work closely with **the dti** because they felt that they were discarding their constitutional responsibility or mandate. This impacted on the priority given to policy initiatives in the Cluster as each department believed that their mandates should be given equal attention within the Cluster. The Cluster, by giving equal attention to things that fell at different levels in terms of priority, supported this standpoint. Another weakness in co-ordination between **the dti** and its partners was in the area of co-ordinated implementation of policy initiatives. When it came to the implementation of policy initiatives, the Cluster did not have the authority to ensure that implementation took place. Consequently, to improve the co-ordination process, **the dti** would have bilateral engagements at a Director-General level with other partner departments. This was to address any kind of blockage in policy implementation within the system as the Director-Generals' bilateral meeting would ensure that the blockage was addressed.

The literature supports the areas identified as weaknesses within the Cluster as a co-ordination mechanism. Hunt (2005) states that for the public sector in particular, there are potential barriers to co-ordination that must be overcome in order to achieve effective and sustainable co-ordination. These barriers include accountability and departmentalism. Constraints on accountability arise due to government departments having

their own funding channels and therefore operating within silos, as the need to co-ordinate the implementation of policy programmes is not seen as a priority. Departmentalism is where departments and civil servants protect their own interests rather than advancing government programmes (Hunt, 2005). It promotes departmental interests and often works against effective policy implementation. Bauer and Rametsteiner (2006) state that departmentalism leads to competition between government departments regarding resources and as a result impedes co-ordination. A further constraint to co-ordination, as indicated by Peters (2000), is that policy goals of different government organisations are often not compatible and at times may be directly contradictory. As a result, substantial bargaining and at times the imposition of authority may be required to make the collection of organisations perform their tasks in a co-ordinated manner.

In the researcher's view, the weaknesses that have been highlighted within the Economic Cluster as a co-ordination mechanism speak to the issues of policy-making and implementation traditionally being the mandate of an individual government department. This puts a strain on effective co-ordination within the Cluster. This is compounded by the fact that in South Africa as in other countries, each government department has a mandate that is budgeted for and that has to be delivered within a specific financial year. Consequently, government officials may not be as committed to the implementation of inter-departmental programmes as they should be. It is therefore important for the Cluster system to be a co-ordination mechanism that encourages inter-departmental interactions and dialogue as a means to enhance inter-departmental co-ordination. There is also the reality that government does afford different policy initiatives greater priority than others. For example, the issue of industrialisation is a major priority for the South African government. Accordingly, the Cluster should give policy initiatives driven by **the dti** in this area more attention despite at times the reluctance of some departments in the Cluster to do so. This can be achieved by utilising the Cluster to bring departments

together from the onset of the co-ordination process to discuss real or imaginary imbalances, to assess their relative strengths and weakness in terms of the initiative's requirements, and to work closely to determine what each department is best able to contribute. The Director-General bilateral engagements can be a follow-up to this process to ensure that they are used as a way to clarify and cement the decisions taken in the Cluster, as put forward by one of the respondents. In this way the government can make sure that potential duplication of effort and expenditure is addressed.

## 5.5 SUPPORT PROVIDED BY THE ECONOMIC CLUSTER TO THE DTI

With regard to the contribution that the Economic Cluster has made to co-ordination between **the dti** and its partners, building on the previous analysis, the Cluster had enabled the department to drive the implementation of government's industrial policy. This was due to **the dti** being both the Chair and Secretariat of the Economic Cluster. The department was therefore in a position to determine the agenda for the meetings of the Cluster and provide strategic leadership to the co-ordinated implementation of specific actions pertaining to industrial policy. A specific example given by respondents in this regard was the buy-in and the sign-off that was attained from departments within the Cluster relating to the Industrial Policy Action Plan that **the dti** was responsible for compiling. Through interactions in the Cluster with other government departments, **the dti** was given the space to present its policy proposals on industrial policy and allow for thorough discussion on the merits of the policy, the roles and responsibilities that other departments in the Cluster were expected to play, and identify potential obstacles and duplication. This in turn assisted in the implementation of the Industrial Policy Action Plan because the other departments in the Economic Cluster supported it and were aware of the different roles they had to play.

The Cluster also allowed **the dti** input into not only policy initiatives that fell within its own mandate but also into the refinement of the policy initiatives of other government departments that would have an impact on **the dti**. In this way **the dti** was able to impact other government department's policy positions and build on what other departments had proposed so that by the time that the Cluster signs off, the policy could look different to the draft proposal. In this way the Cluster was an important influence in the co-ordinated planning and implementation of key government economic policy initiatives.

The findings illustrate that the Economic Cluster played a major role in the planning and implementation of **the dti**'s policy initiatives. It is highly unlikely that **the dti** would have been able to successfully implement its policy initiatives without its involvement in the Cluster system. If **the dti** had planned and implemented its policy initiatives outside of the Cluster system it would have been required to set up a wide range of partnerships with other government departments. Consequently, the consultation work of **the dti** was going to be much more complex and difficult in order to get the buy-in of the different departments involved in the economic policy sphere. This would have had a negative impact on the effective implementation of policy, given the time and effort it would take to achieve co-ordination outside the parameters of a co-ordination mechanism.

Metcalfe (1994) states that while individual organisations can "go it alone" in relatively simple and stable environments, the same approach is ineffective or even counter-productive in complex environments. Given the complex economic policy space of **the dti**, it would have found it difficult, as the findings have revealed, to work outside the boundaries of the Economic Cluster to implement the Industrial Policy Action Plan. As a result, as highlighted by Metcalfe (1994), the provision of an effective means of co-ordination for organisations in complex environments

becomes a key priority. This was the case for **the dti** as the successful implementation of the Industrial Policy Action Plan could only have been done through the Economic Cluster. This view is supported by Walker (2004) who argues that one way of increasing the likelihood of effective policy outcomes is by paying more attention to administrative structures to co-ordinate the complex variety of players involved in policy development and implementation. As Kickert *et al*. (1997) explain, there is an assumption that there is some advantage in joint action. This advantage lies in the surplus value of the solution achieved jointly compared to outcomes pursued in isolation. Utilising the Cluster system **the dti** was able to collaborate with and co-ordinate the different departments involved in the implementation of actions pertaining to industrial policy and achieve objectives which it would not have done if implemented on its own.

It is the observation of the researcher that it is clear that while **the dti** would have been able to plan policy initiatives relating to its mandate in isolation, it would not have been able to "go it alone" when it came to the implementation of those same policy initiatives. **The dti** is the lead department when it comes to the planning and implementation of industrial policy. However, within South Africa, there are different departments dealing with different elements of economic policy; for example the Department of Finance is responsible for macro-economic policy and it would be important for **the dti** to get the support of this department with regard to any policy initiatives related to improving the structure of the economy through the implementation of particular policy initiatives. The Economic Cluster allowed **the dti** the space to refine its industrial policy initiatives and obtain the support it needed not only from the Department of Finance but other relevant departments, to be able to refine and drive the co-ordinated implementation of the Industrial Policy Action Plan.

This was helped by the position of **the dti** as Chair and Secretariat of the Cluster which put **the dti** in a powerful position in ensuring there was

engagement on the Industrial Policy Action Plan within the Cluster and that the partner departments supported its approach to industrialisation. It is open to debate as to whether **the dti** would have been able to drive the implementation of industrial policy if it was not in this position. It might still have been the case given that industrial policy is at the forefront of government achieving its developmental objectives. It is interesting to note that in the roles of Chair and Secretariat, **the dti** provided strategic leadership to the work of the Cluster, which underlines the points made by the respondents about the need for leadership or an executive authority to ensure the co-ordinated implementation of important policy initiatives through the Cluster. If **the dti** was an ordinary member of the Cluster, it would have been difficult for it to shape and influence the discussions of the Cluster, so being involved at a level of being the Secretariat and being one of the leaders of the Cluster allowed **the dti** to strongly influence the discussions and push its own agenda. This was an important way in which the Economic Cluster as a co-ordination mechanism assisted **the dti** to plan its activities and execute them with the co-operation of key government departments.

## 5.6 LEADERSHIP OR EXECUTIVE AUTHORITY WITHIN THE ECONOMIC CLUSTER

The research results have shown that the lack of a clear leader or executive authority within the Cluster was identified as a weakness of the Cluster system. One of the respondents stated that the Cluster did not have “teeth”. This was due to the collegial nature of the interactions between departments within the Cluster as it is a group of “equal departments”. Given that departments were all regarded as peers within the Cluster, it was difficult for one department to take the lead. The issue of the Cluster lacking an executive authority was a constraint to ensuring that decisions made were implemented accordingly by departments.

The lack of leadership was shown through the importance given to the attendance of Cluster meetings by Directors-General which again impacted on the effectiveness of the Cluster system. Respondents emphasised that the attendance of Directors-General as the most senior level of management within government elevated the importance of the Cluster as a co-ordination mechanism within government. It allowed for substantial discussions on policy initiatives and prevented the Cluster from being converted into a talk shop through the delegation of attendance to other managers, because no decisions would be taken in the absence of the Directors-General. The participation of Directors-General in the Cluster meetings was important to ensure that it becomes an efficient system that enhances co-ordination with the government. The participation of Directors-General in Cluster meetings also helped to ascertain whether the length of time allocated for Cluster meetings allowed for robust discussions or debates to take place on policy initiatives proposed by the departments in the Cluster. The lack of sufficient time for substantial discussions on policy initiatives defeated the purpose of the Cluster being a co-ordination mechanism. It did not allow other departments to understand the objectives of the policy being proposed and the specific roles that would need to played by partner departments in terms of its implementation, and made it a tick-box affair by the department that was proposing the policy initiative. This would lead to uncoordinated implementation of a policy initiative.

The leadership authority was also important to ensure that there was appropriate funding allocated to Cluster policy initiatives that had been agreed upon. The findings raised the problem of the budgeting process not being linked in any way to what the Cluster was prioritising in terms of policy initiatives to be implemented. As a result, there was need for an interface between what the Cluster as an institution saw as priorities and what was then prioritised in the allocation of the budget. This would improve the way the Cluster works. Government officials would take the

Cluster process more seriously because they would know that when the Cluster makes a decision it really improves the chances of that particular policy initiative obtaining a budget allocation.

Hunt (2005) states that constraints with regard to accountability arise due to government departments having their own funding channels and therefore operating within silos, as the need to co-ordinate the implementation of policy programmes is not seen as a priority. This often results in the duplication of effort and expenditure as multiple programmes with similar target groups and objectives may be funded and implemented separately, each without the knowledge of the other. According to Metcalfe (1994), effective co-ordination depends on the adequacy of co-ordination capacity. This means starting from a consideration of the allocation of functions and responsibilities in government departments. Part of this process means clarifying the reasons behind poor co-ordination which could include lack of participation in the co-ordination process by senior management, which is then compounded by the continued inadequate transmission and receipt of information. It is therefore important for senior management to take the lead in encouraging inter-departmental interactions, dialogue and exchange of information since these are all pre-conditions for the development of mutual trust and shared world views, as a strategy to enhance inter-departmental co-ordination (Bakvis and Juillet, 2004). Governments should foster co-ordination by encouraging and rewarding co-ordination activities and providing time and resources to support co-ordination.

As mentioned by Walker (2004), the links between the actors in a co-ordination mechanism serve as channels for communication and for the exchange of information, expertise, trust and other policy resources. If these links are compromised, the effectiveness of the co-ordination process will be compromised as well. Meijers and Stead (2004) point out that the administrative and time cost associated with the co-ordination

process can constrain the process as the quality of interactions between the participating departments contributes to the success or otherwise of the co-ordination process.

It is the researcher's view that while the lack of a clear leader or executive authority within the Cluster was recognised by the Directors-General who participated in the Cluster, they wanted to operate at a level of mutual respect. The Directors-General did not want to antagonise each other during the discussions on policy initiatives presented to the Cluster, nor engage in hostile interactions within the Cluster as it could be taken as personal and would "muddy the waters" in terms of discussions and decisions that took place in the Cluster. However, a balance does need to be reached in terms of authority and respect as there is a need to ensure that a co-ordination mechanism does have the authority to ensure that once a decision is agreed upon, the participating departments perform their required roles and functions in a co-ordinated manner.

In addition, the importance of the Cluster as a co-ordination mechanism is shown by the attention it receives from the executive management within government. If the executive management does not take the co-ordination process seriously then it is unlikely that officials within the departments participating in the Cluster system will take it seriously. As a result the time set aside for Cluster meetings and discussion on policy initiatives would not be viewed as important enough to ensure that there is substantial feedback and input from partner departments in the Cluster on these initiatives. Each policy initiative presented to the Cluster for the support of partner departments must be allocated sufficient time for that policy to get the support required for co-ordinated implementation of the policy initiative. If the department that is responsible for the policy initiative does not make full use of this opportunity, once the policy has been approved, co-ordination issues not addressed through the Cluster will arise during the implementation phase. This could include issues that

would impede or frustrate the implementation of the policy, such as lack of a budget. It is therefore short-sighted of departments to view their participation in the Cluster as being a 'tick-box" affair and a waste of time, rather than using it as a co-ordination mechanism to get the overall support needed for the implementation of their policy initiatives. This would negate the need for departments having separate bilateral engagements outside the Cluster to attain the buy-in needed from relevant departments.

## 5.7 STRENGTHENING OF THE CLUSTER SYSTEM

The findings have shown that generally the respondents felt that the Economic Cluster was an effective co-ordination tool for government departments. However, respondents did identify shortcomings in the Cluster system that needed to be addressed to make it a more efficient co-ordination mechanism. According to the findings the role and authority of the Presidency within the Cluster system needs to be redefined. The Presidency should take ownership of the leadership and supervisory role within Cluster meetings. It was the view of one respondent that the Presidency was seen as a custodian rather than an institution driving the overall functioning of the Cluster system. This was illustrated by the Presidency not ensuring that departments participate in the Cluster system. An important point raised was that the Presidency needs to improve the way it manages the Cluster system to ensure that the system functions and departments can be able to derive value from it. An executive authority within the Cluster would give it weight, as this would ensure that departments implement decisions agreed at the Cluster meetings. This would include agreement on the roles that other departments were to play in terms of implementation, which would be explicitly spelt out.

The respondents cited that the redefinition of the leadership and supervisory roles within Cluster meetings should be coupled with the introduction of a technical sub-level that clearly defines the roles other departments have to play in the development of policy initiatives. This technical sub-level would give input to the development of a policy by a specific government department. This would ensure that by the time a department brings a particular policy initiative to the Cluster, the technical sub-level that incorporated other Cluster departments had already had an input regarding the policy. This technical sub-level would also function to remove hurdles by allowing for different views to be debated thoroughly in terms of the alternative policy mechanisms available. This would also ensure particular policy debates do not continue for years, retarding the progress of government. An example cited was where **the dti** attempted to create a sub-structure of the Economic Cluster where departments that lead the productive sectors of the economy determine action plans together, brainstorm on challenges, and if necessary, escalate them to Ministers for resolution. This would help to improve the Cluster as a co-ordination mechanism because it would allow departments more time to examine the development and implementation of policy initiatives, so that by the time they were presented at the Cluster, there would be sufficient time to interrogate the content of the policy initiative. Another proposal put forward by respondents was the creation of a permanent level of Deputy Directors-General that could stand in on behalf of the Directors-General if they were not available.

Walker (2004) states that an important issue that arises in relation to the co-ordination process is the extent to which one or more key government departments dominate in terms of decision-making and resource allocation. Co-ordination can be brought to a standstill if agreement between parties cannot be reached. For co-ordination to be effective, it is important for the participants in the process to have “shared beliefs, common worldviews and mutual trust” in the development of inter-

departmental co-ordination. The need to resolve differences arising from differing objectives is inherent in inter-governmental co-ordination. Perry (1989) highlights the ability to bargain as an important aspect of co-ordination as conflict over objectives can arise. As a result, the development of management strategies to deal with disputes is important. According to Perry (1989), the co-ordination process sometimes involves necessary conflict arising from structural conditions such as different organisational mandates. For co-ordination to be meaningful in these circumstances a common mental framework needs to be developed among the participants in the process, and that framework must enable all the participants to feel that they are benefiting from their participation and co-operation (Peters, 2000). Furthermore, Metcalfe (1994) explains that where inter-departmental differences cannot be resolved by the horizontal co-ordination process, central arbitration is needed. Third party arbitration is used to resolve conflicts that departments have not been able to resolve for themselves.

In the researcher's view, the point raised about the Economic Cluster having executive authority has to be firstly discussed within the Cluster before it can be introduced. If not handled with diplomacy it could put a strain on the interaction between departments within the Cluster and therefore weaken the Cluster as a co-ordination mechanism. This would be due to a department not having a clear understanding and a level of trust about the role of the executive authority. It would be important to attain the buy-in of the different departments within the Cluster in terms of the redefinition of the executive authority role of the Presidency. It is important, however, that the Presidency as the custodian of the Cluster system improves the way it manages the system as a whole to ensure that the system functions and departments derive value from it. If departments do not see the value of participating in the Cluster system, they will view it as a compliance institution rather than one which facilitates planning and improves co-ordination in the implementation of government's programmes.

## 5.8 ALTERNATIVE MECHANISMS TO IMPROVE CO-ORDINATION IN GOVERNMENT

On the question of what alternative co-ordination mechanisms could be introduced within government, the general viewpoint was that alternative co-ordination mechanisms were not needed. The most important thing to consider was the role of the Presidency which needed to be enhanced to ensure departments participate and play the roles expected of them. This should be coupled with the establishment of technical sub-structures or committees to enable the Cluster system to function as a better co-ordination mechanism and solve a few problems of co-ordination within the system. The respondents were of the opinion that there was a need to enhance bilateral engagements between government departments, not to replace the Cluster system, but to complement it. This would ensure that outside of the Cluster system there are continuous engagements between relevant government departments on policy initiatives and co-ordinated implementation. Such bilateral engagements would improve co-ordination in government and enhance the workings of the Cluster system.

One respondent felt that at this stage, the Cluster system is the only option that the government has and the focus should be on how to optimise its function as a co-ordination mechanism. This respondent felt that the government could not legalislate co-ordination. It is something that government needs to build by trying to ensure that officials within government understand that the work of government is shared amongst different departments. For government to be effective, officials must understand and accept that different departments need to work together to ensure that policy initiatives are be prioritised and implemented much more effectively. The general view was that the Cluster system did not have to be discarded because it is not a perfect system. The main

question addressed was whether it has value and the general view within government is that it does.

The findings also threw up the idea of a super-ministry being introduced as a method of strengthening co-ordination amongst government departments. However, it was noted that at a political level this would be "swimming against the tide". Some respondents doubted the need for a super-ministry given their perspectives of the role that the Presidency should play. They did not believe that a super ministry would provide any additional value to co-ordination in government, given the current political and administrative structure of government.

In the literature, Bakvis and Juillet (2004) highlight that there are various approaches and instruments that can be used to promote inter-ministry or inter-departmental co-ordination. Depending on the circumstances, the relative effectiveness of these approaches will vary. Governments and public organisations will decide on which approach best suits their particular circumstances to promote effective co-ordination. Metcalfe (1994) points out that co-ordination is not an all-or-nothing matter, but involves combinations of process and methods appropriate to the problems to be solved.

The researcher's opinion is that given the relative success of the Cluster system and its acceptance as a co-ordination mechanism by government, rather than introducing alternative co-ordination mechanisms in government, complementary mechanisms should be introduced instead. These have already been highlighted by the respondents and include the introduction of technical task teams and inter-departmental committees depending on the level of co-ordination that is necessary at a particular time. The researcher is also of the view that despite the political dynamics that might come into play, given the importance of South Africa addressing its development challenges, brave decisions on how to improve co-

ordination in government must be taken, despite the fact that they might be uncomfortable for some constituencies.

It also at times made it difficult to address disagreements between departments in the Cluster which then had to be elevated to the level of Cabinet to be addressed. The issue of the Cluster lacking an executive authority was a constraint in terms of ensuring that decisions made were implemented accordingly by departments. Often bilateral engagements took place between departments outside of the Cluster to ensure that such implementation happened.

## 5.9 SUMMARY

This chapter provided an analysis of the research findings. The findings generally point to the need to for improvements to be made in the Economic Cluster as a co-ordination mechanism. The discussions show that even though it has contributed to improving the co-ordination between the Department of Trade and Industry and its partners in the Economic Cluster, there are areas that need to be addressed to make the co-ordination process more effective. The conclusion and recommendations emanating from these findings are discussed in the next chapter.

# CHAPTER SIX

# CONCLUSIONS AND RECOMMENDATIONS

## 6.1 INTRODUCTION

The purpose of the research was to explore whether the Cluster System set up by government has improved co-ordination between **the dti** and its partners in the Economic Cluster. The study looked at factors that hindered co-ordination between **the dti** and its partners in the Cluster and to what extent the Cluster system has improved co-ordination. In order to accomplish the main aim of the research, the research questions that guided the research were:

1. How did Cluster system improve or strengthen co-ordination between **the dti** and its partners in the Economic Cluster.

2. What has been the specific effect of the Cluster system on co-ordination between **the dti** and its partners in the Economic Cluster?

3. What are additional mechanisms that need to be put in place for the Cluster to be a more effective instrument for co-ordination?

This chapter will present the conclusions of the study and make recommendations based on the findings.

## 6.2 CONCLUSIONS OF THE THEMATIC AREAS

The following conclusions have been drawn from the themes in the findings.

### 6.2.1 Strengths and weaknesses of the Economic Cluster as a co-ordination mechanism

The study revealed that there was a clear understanding that the Economic Cluster was set up as a co-ordination mechanism to ensure alignment and coherence amongst government departments responsible for developing and implementing government's overall economic policy objectives. Through the Cluster, the departments with mandates related to economic policy development and implementation were brought together "under one roof" to ensure that there was co-ordination and alignment between these departments with regard to their thinking and actions in relation to economic policy implementation.

The Cluster system was set up as a co-ordination mechanism because the South African government recognised that achieving specific policy objectives will in most cases require different government departments to work together. This is because the development and economic objectives that have to be achieved often cut across across the boundaries of individual government departments within a policy area. The Cluster system was established as a mechanism to build co-ordination capacity with the government. It was a process put in place to avoid situations in which different policies undermine each other and to make better use of the resources of the State.

The analysis has shown that generally the Cluster system had improved co-ordination between **the dti** and its partners in the Economic Cluster. However, the findings show that there were weaknesses with regard to the

co-ordination system. This included **the dti** having to "sell" its policy stance to other departments in the Cluster which at times felt that the department was dictating what should be done in a policy area. Another was that the Cluster did not have the authority to ensure that implementation took place. Consequently, to improve the co-ordination process, **the dti** entered into bilateral engagements at a Director-General level with other partner departments. These engagements were used to address any kind of blockage in terms of policy implementation within the system, as the Director-General bilateral meeting would see to it that the blockage was removed. The weaknesses that have been highlighted relate to the issue of policy-making and implementation tending to traditionally be the mandate of an individual government department. This is compounded by the fact that in South Africa, as in other countries, each government department has a mandate that it budgets for and that has to be delivered within a specific financial year. Government officials are thus not as committed to the implementation of inter-departmental programmes as they should be. It is therefore important for the Cluster system to be a co-ordination mechanism that encourages inter-departmental interactions and dialogue as a means to enhance inter-departmental co-ordination.

### 6.2.2 Support provided by the Economic Cluster to the dti

The Economic Cluster has enabled **the dti** to drive the implementation of government's industrial policy. Due to its position as the Chair and Secretariat of the Economic Cluster, the department was in a position to determine the agenda for the meetings of the Cluster and provide strategic leadership to the co-ordinated implementation of specific actions pertaining to industrial policy. The Cluster also allowed **the dti** to make input into policy initiatives that fell within its own mandate and also into the refinement of the policy initiatives of other government departments that would have an impact on **the dti**. It is highly unlikely that **the dti** would have been able to successfully implement its policy initiatives without its

involvement in the Cluster system. If **the dti** had planned and implemented its policy initiatives outside of the Cluster system it would have been required to set up a wide range of complex partnerships in order to get commitment from the different departments involved in the economic policy sphere. This would have an impact on the effective implementation of policy, given the time and effort it would take to achieve co-ordination outside the parameters of a co-ordination mechanism.

### 6.2.3 The leadership or executive authority aspect of the Cluster

The findings reveal a lack of a clear leader or executive authority as a result of the Presidency not taking ownership of its leadership and supervisory role within the Cluster system. The role and authority of the Presidency within the Cluster system needed to be redefined in order to improve co-ordination in government. An important point raised was that the Presidency needs to improve the way it manages the Cluster system, to become a true custodian of the system to ensure that the system functions and departments are able to derive value from it. An executive authority within the Cluster would give it weight to ensuring that departments implement decisions agreed upon in the Cluster.

This lack of leadership translated into inconsistent participation of Directors-General in Cluster meetings. Respondents emphasised that the attendances of Directors-General as the most senior level of management elevated the importance of the Cluster as a co-ordination mechanism within government. If this were not the case, the Cluster would be converted into a talk shop through the delegation of attendance to other managers, because no decisions would be taken in the absence of the Directors-General. The participation of Directors-General in the Cluster meetings was important to ensure that it becomes an efficient system that enhances co-ordination within the government. The participation of Directors-General in Cluster meetings would also assist in determining the

appropriate length of time allocated to discussions on policy initiatives proposed by the departments in the Cluster. The lack of appropriate time to allow for substantial discussions on policy initiatives defeated the purpose of the Cluster being a co-ordination mechanism. It did not allow other departments to understand the objectives of the policy being proposed and the specific roles they would need to play in implementation, and made it a "tick-box affair" by the department proposing the policy initiative.

The findings also underlined that leadership was needed to ensure that agreed Cluster policy initiatives got the necessary budget from the Department of Finance. The findings raised the issue of the budgeting process not in any way being linked to the policy initiatives the Cluster was prioritising. As a result, there was need for an interface, such as the Presidency, to ensure that the policy initiatives of the Cluster were prioritised in the allocation of the budget. This would mean that government officials would take the Cluster process more seriously because they would know that when the Cluster approves a policy initiative, it would improve the chances of that particular policy initiative getting a budget allocation.

### 6.2.4 Improvements to co-ordination in government

The research revealed shortcomings in the Cluster system that need to be addressed to make it a more efficient co-ordination mechanism. A key constraint limiting the effectiveness of the Cluster system was the lack of a specific actor taking on the leadership or executive authority role within the Cluster system. The study showed that the redefinition of the leadership and supervisory role within the Cluster system should be coupled with the establishment of technical sub-structures or committees to enable the Cluster system function as a better co-ordination mechanism and solve problems of co-ordination within the system. These technical sub-

structures would contribute to the development of a policy by a specific government department. This would ensure that by the time a department brings a particular policy initiative to the Cluster, the technical sub-level that incorporated other Cluster departments has already had an input in terms of what their departments feel should be in the policy.

Another proposal put forward by respondents to improve the Cluster system was the creation of a permanent level of Deputy Directors-General who could stand in for Directors-General if they were not available for a particular Cluster meeting.

Based on the research findings it is believed that alternative co-ordination mechanisms were not needed. The most important thing to consider was the role of the Presidency which needed to be enhanced to ensure departments participate and play the roles they were expected to play in the Cluster system. This was to be complemented by the enhancement of bilateral engagements between government departments to ensure that outside of the Cluster system there were continuous engagements between relevant government departments on policy initiatives and the co-ordinated implementation. Such bilateral engagements would improve co-ordination in government and enhance the workings of the Cluster system.

## 6.3 CONCLUSION

In conclusion, the findings reveal that the Cluster System has improved co-ordination between **the dti** and its partners in the Economic Cluster. There are, however, weaknesses within the system that need to be addressed to improve its function as a co-ordination mechanism. These weaknesses include the lack of a clear leader or executive authority within the Cluster, the inconsistent participation of Directors-General in Cluster meetings and the budgeting process not being aligned to Cluster policy initiatives. The findings show that a super-ministry would not provide any additional value to co-ordination in government. It was more important for

the Presidency as the custodian of the system to improve the way it manages the Cluster system as a whole so that departments see the Cluster as an institution that facilitates planning and improves co-ordination in the implementation of government's programmes.

## 6.4 RECOMMENDATIONS

### 6.4.1 Reviewing co-ordination in government

It is recommended that despite its relative success, the Presidency does not consider the Cluster system as the only option the government has to enhance co-ordination amongst government institutions. The Presidency should play a leadership role and interrogate what minimum and maximum levels of co-ordination are needed within the State to successfully plan and implement policy initiatives to address South Africa's developmental challenges. This is due to the increasingly complex nature of developmental challenges that cannot be compartmentalised along sectoral lines, so co-ordinative capacity and mechanisms within government have become more important. As the literature emphasised, government officials are being asked to address problems that cannot be neatly categorised into one niche or another. These have been defined as "wicked problems" which touch upon several arenas simultaneously and require interventions that involve multiple departments for effective resolution. Based on this interrogation, the Presidency should reconceptualise its approach to co-ordination in government. It will be important to focus on the content of co-ordination (what is being co-ordinated) as well as on the mode of co-ordination. Traditional co-ordination theory emphasises the how ( the mode) of co-ordination as opposed to the what (content) and when (circumstances) of co-ordination (Faraj and Xiao, 2006). This distinction becomes increasingly important in addressing 'wicked problems', because what is required is an

understanding of the problems that need to be addressed and to subsequently fashion solutions to address the problem of co-ordination.

It is also recommended that in terms of the Cluster system, decisions that are agreed upon within a Cluster meeting are elevated to Cabinet level to be ratified by Ministers. In this way formal agreements made within a Cluster meeting would be enforced and bind the Directors-General of departments to ensure that the decisions of a Cluster are implemented by the relevant departments. It is further recommended that the Presidency should consider establishing a technical co-ordination mechanism chaired by Deputy Directors-General. Deputy Directors-General are the highest level of technical managers responsible for the development and implementation of policy initiatives. As a result, this would provide the time and expertise to give technical input to the development of a policy by a specific government department. This will ensure that by the time a department brings a particular policy initiative to the Cluster, the technical sub-level that incorporated other Cluster departments has already had an input with regard to what their departments feel should be in the policy.

### 6.4.2 The alignment of the budget with key policy initiatives

As well as the recommendations above, it is suggested that an interface be established between what the Cluster as an institution sees as priorities and what is then prioritised in the allocation of the budget. This is because currently, the budgeting process is not in any way being linked to what the Cluster is prioritising in relation to policy initiatives to be implemented. This impedes the process of co-ordinated policy implementation of the key priorities of government. The prioritisation of agreed Cluster policy initiatives would mean that government officials would take the Cluster process more seriously; they would know that when the Cluster approves a policy initiative, it would improve the chances of that particular policy initiative getting a budget allocation.

## 6.5 RECOMMENDATIONS FOR FURTHER RESEARCH

The findings of this study provide opportunities for further research in the area of mechanisms for co-ordination between government and its social partners, business and labour. As mentioned earlier, this is due to the policy space becoming extremely complex and the realisation that an effective means of co-ordination for organisations in a complex environment has become a key priority. The attainment of South Africa's developmental goals requires government to work with its social partners, and the literature has highlighted that the roots of inadequate performance often lie outside the boundaries of organisations as such, in weakness and deficiencies in the networks of relationships that they have with other organisations. Co-ordination with these social partners will be needed to make better use of the resources of the social partners and create synergies by bringing together relevant stakeholders in a particular policy area to ensure effective policy development and implementation.

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## ANNEXURE A

## INTERVIEW QUESTIONS

1. What is your understanding of what the Economic and Employment Sectors Cluster system is supposed to be and do?

2. How has the Cluster system improved co-ordination between **the dti** and its partners in the Economic and Employment Sectors Cluster?

3. How has the Cluster system not improved co-ordination between the **the dti** and its partners in the Economic and Employment Sectors Cluster?

4. What has been **the dti**'s involvement in the Cluster System?

5. Has **the dti**'s involvement in the Cluster system allowed for it to plan and implement its policy initiatives more effectively?

6. What has been the nature of support that **the dti** has received from its partners in Cluster pertaining to the planning and implementation of its policy initiatives?

7. Do you believe that **the dti** would still have been able to plan and implement its policy initiatives without its involvement in the Cluster system?

8. What specific key initiatives have been planned and implemented through **the dti**'s involvement in the Cluster system?

9. Is the Cluster system an effective co-ordination tool for government departments?

10. Are there constraints or problems limiting the effectiveness of the Cluster system? If yes please describe them.

11. How can the Cluster system be improved upon as a co-ordination mechanism within government?

12. What alternative co-ordination mechanisms do you believe could be introduced within government?

## ANNEXURE B

## REQUEST FOR PERMISSION TO BE INTERVIEWED

## COVERING LETTER FOR INTERVIEW

P O Box 2181
Northwold
2155

March 2013

Dear Respondent

**Request to be interviewed**

I am currently enrolled for a Masters of Management at the University of Witwatersrand and I am finalising a research report as part of my course requirements. The focus of my research is the Government's Cluster System's contribution to co-ordination between the Department of Trade and Industry and its partners.

You were chosen to be interviewed through purposive sampling. This is because I want to interview officials who are familiar with the Cluster process and that have the experience of engaging in the Economic and Employment Sectors Cluster in particular. I would appreciate it if you could kindly agree to participate in this research as a respondent to an interview. I will personally conduct and record the interview and be happy to respond to any queries that you may have. The interview should not take longer than 45 minutes of your time as I realise that you are a very busy person.

I assure you that all the information obtained during the interview is for academic purposes only and shall not be used for any other purpose. It will be treated with the strictest of confidence and I undertake to protect your identify as a respondent during and after the completion of the research process.

Thank you for your willingness and patience in responding to my request.

Yours sincerely

**Shareen Osman**