



VOLUME 28 ISSUE 1

# Administratio Publica



**ASSADPAM**

Journal of the Association of  
Southern African Schools and Departments  
of Public Administration and Management

# ASSOCIATION OF SOUTHERN AFRICAN SCHOOLS AND DEPARTMENTS OF PUBLIC ADMINISTRATION AND MANAGEMENT (ASSADPAM)

**Chief Editor:** Prof Danielle Nel (University of Johannesburg)

**Deputy Editor:** Prof Harry Ballard (Cape Peninsula University of Technology)

**Technical Editor:** Liza van Jaarsveldt (University of South Africa)

## Editorial Committee

Ms Adèle Burger (University of Stellenbosch)  
Dr Enaleen Draai (Nelson Mandela Metropolitan University)  
Prof Lizeal Lues (University of the Free State)  
Prof Natasja Holtzhausen (University of Pretoria)  
Dr Thokozani Nzimakwe (University of KwaZulu-Natal)  
Prof Shikha Vyas-Doorgapersad (University of Johannesburg)  
Prof Gerda van Dijk (North West University)  
Prof Michelle Esau (University of Western Cape)

## Editorial Council

Prof Christelle Auriacombe (University of Johannesburg)  
Prof M J (Jide) Balogun (Former Senior Advisor, UNDESA)  
Prof Benon Basheka (University Kabale, Uganda)  
Prof Geert Bouckaert (EGPA, Leuven)  
Prof Robert Cameron (University of Cape Town)  
Prof Valiant Clapper (University of South Africa)  
Prof Michiel S de Vries (University of Nijmegen, Netherlands)  
Dr Vain Jarbandhan (University of Johannesburg)  
Prof G K Karyeija (Uganda Management Institute)  
Prof Jerry Kuye (Chief Editor: African Journal of Public Affairs (AJPA))  
Prof Jesse Lutabingwa (Appalachian State University, North Carolina)  
Prof Cynthia Lynch (Southern University, Louisiana)  
Prof Michael Macaulay (Victoria University, New Zealand)  
Prof Anne McLennan (University of the Witwatersrand)  
Prof R K Mishra (Osmania University, India)  
Prof Dele Olowu (ISS, The Hague)  
Prof Louis A Picard (University of Pittsburgh)  
Prof P S Reddy (University of KwaZulu-Natal)  
Prof Christoph Reichard (EAPAA, University Potsdam, Germany)  
Prof Dovhani Thakhothi (University of Fort Hare)  
Prof Anthonie van Nieuwkerk (University of the Witwatersrand)  
Prof M van der Steen (University of Tilburg, Netherlands)

**ISSN** 1015-4833

## About the Journal

Administratio Publica is a double blind, peer-reviewed journal accredited with the South African Department of Higher Education and Training (DoHET) and produced four times a year and aims to promote academic scholarship in public administration and management and related fields. Analytical articles in the form of original theoretical and empirical articles, debates, research viewpoints, review articles and book reviews in English will be considered for publication. Nationally, only contributions of paid-up members of ASSADPAM will be published. International authors are welcome to submit articles for review but page fees must be paid before publication.

## Page fees and Journal subscription

- Individual and institutional subscription 2018: Local R588.00 per volume (postage of R145.00 per volume excluded) or R147.00 per issue (postage excluded); Foreign – \$100.00; €77.00 (postage of \$50 or €38 per volume excluded).
- Authors are required to pay a fee of R350.00 per page as well as R150.00 per graphic for any manuscript printed in the Journal (excluding the costs of language editing where needed). Payment is due on receiving confirmation from the Editor that a contribution is to be published in a specific issue of the Journal. Payment should be made directly in to the account of ASSADPAM, but proof of payment must also be submitted to the Editor to avoid any possible delay in the publication of a contribution.

## Account details

Standard Bank  
Account number 01 543 8511  
Branch Code 12-645  
Lifestyle Centre Centurion

## Where to send articles

All correspondence concerning articles should be directed to [assadpamjournal@gmail.com](mailto:assadpamjournal@gmail.com) or:  
Prof Danielle Nel  
School of Public Management, Governance and Public Policy  
College of Business and Economics  
P O Box 524  
Auckland Park 2006  
Tel: +27 82 463 1776  
Email: [danielleen@uj.ac.za](mailto:danielleen@uj.ac.za)

## Subscription enquiries:

Prof L Lues  
University of the Free State, Department of Public Administration and Management  
PO Box 339, University of the Free State, Bloemfontein, 9300  
E-mail: [Lues@ufs.ac.za](mailto:Lues@ufs.ac.za)  
Tel: +27 51 401 2886

# Contents

|   |            |
|---|------------|
| <b>Editorial</b>  | <b>iii</b> |
| <i>D Nel</i>  |            |
| <b>Tax Compliance and Electronic Filing</b>   | <b>1</b>   |
| <i>C J Hendriks and H Maposa</i>  |            |
| <b>Critical Considerations for Local Economic Development Strategy Design in South African Municipalities</b> | <b>25</b>  |
| <i>C Auriacombe and G van der Waldt</i>   |            |
| <b>Customer Expectations and Perceptions of Water Service Quality</b>   | <b>44</b>  |
| Perspectives of the Johanna/Boxwood Road Informal Settlement and the Implications for Consumer Policy         |            |
| <i>M S Malakoana, B R Qwabe and S I Zondi</i>   |            |
| <b>Factors that Negatively Affect the Implementation of the National Minimum Wage in South Africa</b>         | <b>67</b>  |
| <i>R S Masango</i>  |            |
| <b>Sustainable Livelihood Capitals and Women’s Development in the Eastern State of Nigeria</b>                | <b>82</b>  |
| <i>C Azunna and L Botes</i>   |            |
| <b>Enhancing the Legislature’s Fiscal Oversight with Parliamentary Budget Offices</b>                         | <b>98</b>  |
| Selected African Examples   |            |
| <i>M I Jahed and A K Kithatu-Kiwেকে</i>   |            |
| <b>POSTGRADUATE RESEARCH FORUM</b>  |            |
| <b>Private Sector and Public Sector Corruption Nexus</b>  | <b>113</b> |
| A Synthesis and Typology  |            |
| <i>D O Sotola and P Pillay</i>  |            |

**Improving the Functioning of the South African  
Multi-agency Intelligence Oversight System** **136**

*N M Masiapato, G S Cloete and C J Auriacombe*

**Citizen Engagement in Local Governments** **158**

The Role of Organisational Culture

*V M Siebers*

**EMERGING RESEARCHER'S FORUM**

**Enhancing Capacity Building for Public Service  
Ethics Management in South Africa** **178**

*N D Baloyi*

# Editorial

D Nel  
Chief Editor

In **'Tax Compliance and Electronic Filing'**, C J Hendriks and H Maposa explore to which extent tax payers' compliance behaviour affects South Africa's eFiling system, as well as whether this platform improves the efficiency of tax collection by the South African Revenue Service (SARS). The research adopted a case study methodology in which a survey was used to collect data from tax practitioners in South Africa's Free State Province. The study findings revealed that eFiling contributed positively to all four tax compliance domains, namely registration for tax, filing tax returns on time, accurate declarations in tax returns, and the timely payment of tax liability. Despite higher levels of compliance by taxpayers, the findings indicated that many taxpayers still failed to comply with tax legislation. According to the authors, "The use of eFiling in South Africa is voluntary and not compulsory, but against the benefits that it has for SARS as well as individual taxpayers, it is recommended that SARS should escalate promotion thereof through tax education and effective communication".

Contemporary socio-economic discourse reveals that development agencies and actors increasingly emphasise place-based planning and people-focused approaches to deal with LED challenges. In their article **'Critical Considerations for Local Economic Development Strategy Design in South African Municipalities'**, Christelle Auriacombe and Gerrit van der Walldt argue that local economic development (LED) strategies form a critical component of broader national and regional strategic development planning efforts in countries like South Africa. Furthermore, they incorporate various dimensions such as socio-economic realities and environmental concerns. Considering the above, the authors uncover critical considerations in the design of place-based LED strategies in South African municipalities by means of an extensive literature review. The article established that municipal LED strategies were highly diverse in nature and were dependent on local circumstances. As such, the authors argue that "a multitude of strategic considerations should be encapsulated in a more systemic and integrated approach to LED strategy design".

Citizens expect their local municipalities to deliver high-quality services, such as water provision. In **'Customer Expectations and Perceptions of Water Service Quality: Perspectives of the Johanna/Boxwood Road Informal Settlement and the Implications for Consumer Policy'**, Mandla Malakoana, Bongani Qwabe and Sakhile Zondi argue that a failure to meet citizens' service delivery expectations

could ultimately lead to widescale discontent and mass demonstrations. To this end, this article analyses the expectations and perceptions of residents of the Johanna/Boxwood Road Informal Settlement in terms of the provision of water services by the Water and Sanitation Unit of eThekweni Metropolitan Municipality. The article adopted an Expectation-Perception Theory approach to analyse customers' expectations and perceptions. Quantitative data-based random sampling was used to select 100 residents from the informal settlement. Survey results revealed positive perceptions regarding the delivery of water services to communities. However, several governance deficiencies, such as a limited culture of responsiveness, consultation, public participation, as well as openness and effective communication were also uncovered. From a developmental local government perspective, the authors highlight the need to rethink South Africa's local governance culture on sustainable water services provision at the local government sphere. In this regard, the Water Services Management model is recommended.

The promulgation and implementation of the National Minimum Wage Act 9 of 2018 is regarded as a step towards effecting the constitutional mandate of a fair labour practice in South Africa. In **'Factors that Negatively Affect the Implementation of the National Minimum Wage in South Africa'**, Rueben Masango argues that the National Minimum Wage Act of 2018 is not immune to challenges relating to policy implementation. To this end, the article assesses the factors that hamper the implementation of the Act within the context of South Africa's triple challenge of poverty, unemployment and inequality. The article commences by discussing wage determination and South Africa's National Minimum Wage structure. The article then investigates challenges such as employers' inability to pay the National Minimum Wage, employer exemptions, employers with ulterior motives, employers who resist paying their employees at least the National Minimum Wage, as well as employees' fear of taking action against employers who pay sub-standard wages. Despite these obstacles, the author argues that the institutionalisation of the National Minimum Wage structure in South Africa advances the constitutional mandate of fair labour practice and helps improve the socio-economic conditions of low-paid workers. According to the author, "Focused, legitimate and well-considered initiatives, as well as the cooperation of all stakeholders could facilitate the implementation of this policy and help realise its objectives".

In **'Sustainable Livelihood Capitals and Women's Development in the Eastern State of Nigeria'**, Chigozie Azunna and Lucius Botes evaluate factors affecting women's livelihood capitals in the rural areas of Abia State, Eastern Nigeria. The study was guided by the sustainable livelihood frame (SLF) theories, as postulated by the Department for International Development (DFID). The five livelihood capitals, namely, natural, social, human, physical and financial/economic capitals, were defined and applied to the study. The main aim of the study was to

determine how empowering rural women through farming schemes, such as the adopted village model (AVM), affected the five livelihood capitals. A structured questionnaire was used to gather information from female respondents, while the Wilcoxon signed-rank test and SPSS 25 were used to analyse the data. The research findings show that adopting the AVM brought about significant changes in the way female rural rice farmers overcame challenges, especially finance and increased productivity. As such, the study recommends that policymakers, local government authorities and rural development experts consider adopting this model in their programme planning and poverty alleviation initiatives for rural women to help improve Nigeria's food security and increase domestic food production.

International practice suggests that providing objective, non-partisan information to legislatures enhances parliaments' capacity to exercise fiscal oversight. In their article, **'Enhancing the Legislature's Fiscal Oversight with PBOs: Selected African Examples'** Mohammed Jahed and Angelita Kithatu-Kiwেকে discuss the merits of establishing Parliamentary Budget Offices (PBOs) in Africa by examining several examples of this approach. The authors argue that oversight can only take place when legislatures possess the capacity to interrogate how the executive implements policy decisions and national budgets, in particular. The authors developed and utilised a topic-specific model to interrogate how the office under study were established. An important finding is the need for the sustained supply of resources and local ownership to establish PBOs. In conclusion, the article highlights the importance of a non-partisan and objective PBO to support the fiscal oversight role for parliaments on the continent, as envisaged in the African Union Agenda 2063.

David Sotola and Pregala Pillay, in their article **'Private Sector and Public Sector Corruption Nexus: A Synthesis and Typology'**, state that the extensive but multidisciplinary nature of corruption research has rendered existing knowledge fragmented along disciplinary and methodological lines. As such, it is not as helpful as it should be. The authors conducted a systematic review of the existing theoretical and empirical works on the private and public sector corruption nexus. The aim was to organise and summarise the nature and typology of corruption interactions between private and public sectors, which have implications for anti-corruption strategies. The researchers found the relationships to be dyadic and/or triadic, reciprocal exchanges and complementary. The article found that research on private sector corruption was over-focused on bribery. As more than three-quarters of the research focuses on bribery, the authors argue that there seems to be a manifestation of the 'streetlight effect'. As such, other forms of corruption are neglected. In conclusion, this article hopes to contribute towards achieving inter-disciplinary communication in corruption research and to highlight areas for future research.

In **'Improving the Functioning of the South African Multi-agency Intelligence Oversight System'**, Mike Masiapato, Fanie Cloete and Christelle Auriacombe argue that a weak intelligence oversight system could throttle a country's efforts to preserve its national security and developmental prescripts. According to the authors, "As such, various countries strive towards developing robust intelligence oversight systems to ensure the accountability of intelligence operatives". After 1994, the African National Congress (ANC) government established a multi-agency intelligence oversight system to ensure the accountability of intelligence operatives in the democratic order. According to the authors, "Regrettably, the system did not provide clear guidance on the coordination and collaboration of the multiple intelligence oversight agencies, structures, committees and institutions and as a result, intelligence oversight work became somewhat fragmented, as various structures adopted silo mentalities based on their narrow-legislated mandates". Their article investigates various options to improve the functioning of the South African multi-agency intelligence oversight system. Systems theory is applied as research approach by using a combination of qualitative paradigm and case study design. Their article proposes an ideal framework to improve the functioning of the South African intelligence oversight system. This is critical for ensuring the full accountability of intelligence operatives and the preservation of the country's constitutional order.

Vinitha Siebers, in her article **'Citizen Engagement in Local Governments: The Role of Organisational Culture'**, explores the role of organisational culture in organising citizen engagement in local governments. The article is based on 29 semi-structured interviews with council members, board members and civil servants in three Dutch municipalities. The Organisational Cultural Assessment Instrument (OCAI) culture questionnaire was used in this regard. The author states that, while the role of culture in citizen engagement is still under-exposed, the empirical evidence in this article suggests that it does, in fact, play a role. The results indicate that the prevailing organisational culture of the bureaucracy somehow reflects in municipalities' organisation of citizen engagement. The article concludes by highlighting that local governments need to be aware of this to create an environment that supports meaningful citizen engagement.

In his article, **'Enhancing Capacity Building for Public Service Ethics Management in South Africa'**, Nhlamulo Baloyi focuses on enhancing capacity building for public service ethics management in South Africa. The author attributes poor management of ethics in the South African government to a lack of capacity. According to the author, "The government seems to have no capacity to translate the many anti-corruption strategies into well-functioning deterrents of unethical conduct". In line with this, the author investigates possible approaches to help address this lack of capacity building. This is done by determining how the South African public service can build capacity in the

area of ethics management. To this end, the article considers the existing legislative and functional capacities to address unethical conduct in the South African public service. The article found the reality of ethics management in the public service to be lethargic. Nonetheless, certain positives are also highlighted. This includes the state's continuous attempts to recognise and address the burden of public service corruption. While recognising the problem is a step in the right direction, the author argues that policy-prescribed initiatives aimed at curbing unethical conduct must be implemented to ensure effective capacity-building within the public service.

**CHIEF EDITOR:**

Prof Danielle Nel

Email: daniellen@uj.ac.a



# Tax Compliance and Electronic Filing

**C J Hendriks**

University of the Free State  
Bloemfontein

**H Maposa**

University of the Free State  
Bloemfontein

## ABSTRACT

This article explores the effect of eFiling on the compliance behaviour of taxpayers and on improving the efficiency of tax collection by the South African Revenue Service (SARS). Existing literature points out that eFiling makes it easier for taxpayers to submit their returns, allows tax authorities to do verifications and is more efficient than a paper-based system. However, although SARS makes use of eFiling it fails to collect all taxes due. This results in a loss of government revenue, which affects the funding of government programmes negatively. The research adopted a case study methodology in which a survey was used to collect data from tax practitioners in the Free State Province (South Africa). The findings of the study reveal that the implementation of eFiling has contributed to higher levels of compliance by taxpayers and has resulted in more taxpayers submitting their tax returns and paying taxes due. However, the findings also indicate that despite the success with eFiling, a number of taxpayers still do not comply with tax legislation and that the use of eFiling can still be improved upon. This is important because the functionality that eFiling offers should be fully exploited by SARS to ensure revenue collection is maximised.

## INTRODUCTION

Understanding a country's tax compliance system and framework is particularly important because tax revenue makes up the main revenue source for government. According to the National Treasury (2018:45), tax revenue in South Africa made up 90% of the total government revenue in the financial years ended 2016 to 2018.

Government funds important services such as health, education, social grants, housing, and infrastructure development from revenue collected through taxes.

The South African Revenue Service (SARS) is the South African tax authority mandated to ensure tax compliance and tax collection through the administration of tax legislation such as the Tax Administration Act 28 of 2011, Income Tax Act 58 of 1962, Value-added Tax Act 89 of 1991, and the Customs and Excise Act 91 of 1964. In managing tax compliance, SARS focuses on the four compliance domains as identified by the Organisation for Economic Cooperation and Development (OECD 2008:9), that is, registration of taxpayers, timely submission of tax returns, declaration of correct amounts, and payment of tax liabilities. Like other tax authorities, such as the United States, Australia, Singapore and Ireland, SARS continuously develops strategies to ensure improved tax compliance and to influence taxpayers' behaviour to make them more compliant. One such initiative was the introduction of an electronic system for the submission of tax returns (eFiling) for the year of assessment that ended in 2006 (SARS 2006:6).

eFiling allows for the electronic submission of tax returns and other documents to SARS through an internet connection. eFiling is increasingly being used all over the world, is more favourable with revenue authorities because it saves time, and avoids common errors that taxpayers make through manual filing (Manly, Thomas and Ristema 2005:130). However, despite the introduction of eFiling SARS still experiences non-compliance with tax legislation. For this reason, the Davis Tax Committee was appointed to determine how much revenue the government loses annually.

Existing literature on tax compliance and eFiling is limited and fragmented insofar as it concentrates only on a specific business group, like small-, medium- and micro-enterprises, covers a small geographical area like a district municipality and does not take the four universal compliance domains into consideration. The research gap for this study is that the influence of eFiling on the four domains of tax compliance has not been researched. The research adopted a case study methodology in which a survey was used to collect data from tax practitioners in the Free State Province (South Africa). The survey makes use of a questionnaire that tests the four compliance domains of tax compliance that exist for all taxpayers. The article contributes to the existing knowledge of eFiling and tax compliance by exploring the influence of eFiling on taxpayers' behaviour with a focus on the four universal domains of tax compliance.

## **NON-COMPLIANCE WITH TAX**

Although revenue authorities strive to achieve full tax compliance, there are citizens who do not comply with tax legislation. Tax non-compliance represents

an inclusive conceptualisation that refers to the failure to comply with the tax legislation requirements, and ultimately a failure to pay tax obligations, whether intentionally or not (Devos 2013:4). The magnitude of non-compliance differs, therefore the number of people not paying taxes and the exact tax gap is not known. In addition, non-compliance does not always imply the violation of legislation. Non-compliance with tax legislation normally takes the form of tax evasion or tax avoidance. These two concepts will therefore be discussed in more detail.

## **Tax evasion**

According to Rotley (2016:8), tax evasion can be described as a system where taxpayers deliberately misrepresent or conceal the true reflection of their tax position in order to reduce their tax liability, and includes the under-declaring of income or gains or overstating allowable deductions. Tax evasion involves the illegal, deliberate violation of legislation in order to reduce a tax liability and includes omission (e.g. failure to declare assets or income) and commission (e.g. under-declaring income or falsely claiming private expenses as business deductions) (Teepe 2006:13). Allingham and Sandmo (1972), in their seminal study on tax evasion, point out that tax evasion is one of the highest risks influencing tax compliance, and takes place through inaccurate declarations on tax returns (Jansen and Calitz 2015:4). Kirchler (2007:21) therefore rightfully sees tax evasion as a form of deceit, a deliberate act of non-compliance, which results in a reduced tax liability, regardless of whether the action eventuates to a subsequent conviction for tax crimes. However, Kirchler (2007:21) points out that tax evasion excludes inadvertent non-compliance that may result from inadequate tax knowledge, calculation errors or memory lapses. In South Africa the Tax Administration Act 28 of 2011 imposes penalties of at least 150% on the amount of tax evaded, as well as possible imprisonment of offenders. Persons who participate in or help a taxpayer make false or deceptive statements on a return, document or any statement made to the revenue authority are also subject to criminal charges (Republic of South Africa [RSA] 2011:235).

## **Tax avoidance**

Tax avoidance occurs when attempts are made to reduce tax liability through legal means using weaknesses or deficiencies in the tax legislation (Murray 2012:12). Tax avoidance can be defined as any taxpayer activity that minimises tax liability by contravening the object and spirit, but not the letter of the law (CRA 2016:3). Tax avoidance therefore happens when a taxpayer does not provide false information to the revenue authority, but applies the provisions of legislation in a manner that was not intended by the legislature (Murray 2012:12). According

to Sandmo (2005:645), the conceptual distinction between tax evasion and tax avoidance hinges on the legality of the taxpayer's actions. Tax evasion is a violation of the law: when a taxpayer refrains from reporting income, which is in principle taxable, they engage in an illegal activity. Tax avoidance, in contrast, is within the legal framework of the tax law. However, for the purpose of this article both actions – tax evasion as well as tax avoidance – have an influence on the tax gap (CRA 2016:3), which is discussed next.

## **TAX GAP**

The tax gap is the difference between the tax amounts (including personal income tax, corporate tax and value-added tax) payable by a taxpayer to the revenue authority (voluntarily, and on time) and the tax amounts that were actually paid for a specific year (Krstic and Schneider 2015:63). A more commonly used definition of the tax gap is provided by Alink and van Kommer (2011:194), who explain the tax gap as the difference between the tax revenue that is due to the revenue authority and the tax revenue that is actually collected. The tax gap therefore represents that portion of the revenue due that is not collected by the revenue authority. Alink and Van Kommer's (2011:194) definition splits the tax gap into two originating causes, namely the actual tax collections, which is a compliance management issue, and the potential collections that a revenue authority should collect given the current tax legislation, which is a policy issue.

According to Dubin (2012:5), the tax gap describes how much tax revenue is lost due to non-compliance with tax legislation, and consists of three categories:

- under-reporting, which is the tax revenue lost from taxpayers who file their tax returns, but under-declare their tax liability;
- underpayments, which refers to taxpayers who file returns and declare their tax liabilities correctly, but pay less or do not pay their tax liabilities;
- non-filing, which refers to tax revenue lost from tax returns that are not submitted to the revenue authority.

However, Krstic and Schneider (2015:63) indicate that it is not easy to determine the tax gap and that most countries estimate the tax gap through research; for example, by randomly sampling taxpayers, asking tax compliance questions and using the results to estimate non-compliance for the whole population. From the discussion above of tax avoidance and tax evasion it is evident that both can lead to an increase in the tax gap as taxpayers use tax evasion and tax avoidance as methods not to pay their taxes.

According to Cilliers (2017:6), it is known that a tax gap exists in South Africa, but it seems that there is no exact figure showing what the size of the gap is. The

global net tax gap is approximately 10% for developed countries, and about 30% in developing countries like South Africa (Mendel and Bevacqua 2010:66). Cilliers (2017:6) also indicates that recent studies and findings suggest that South Africa probably finds itself around the middle range of the estimated taxation gap for developing countries (i.e. between 15% and 30%). It is against this background that the Minister of Finance, Mr TT Mboweni, in his budget speech of 20 February 2019, announced that the Davis Tax Committee would assess the size of the tax gap to determine how much revenue the government loses annually (National Treasury 2019:7).

## **REASONS FOR TAX NON-COMPLIANCE**

Authors such as Allingham and Sandmo (1972), Ongwamuhana, (2011), Saad (2014) and Devos (2013) cite various reasons for non-compliance with tax legislation. The economic theory of tax evasion introduced by Allingham and Sandmo (1972:330) states that a decision to fraudulently declare tax information is a straightforward matter of maximising expected utility. The theory assumes that tax evasion behaviour is influenced by factors such as the tax rate (which justifies the benefits of evading), the probability of being detected by the revenue authority, and the penalties to be imposed for under-declaration (Allingham and Sandmo 1972:330). According to Sjogren and Skogh (2004:97) the theory of tax evasion further predicts that a decrease in the chances of being caught, or in the penalties, results in an increase in tax evasion. Taxpayers have therefore straightforward choices: to accurately declare, to under-declare or to never declare.

Devos (2013:1) identifies two major compliance variables that potentially influence compliance behaviour, namely tax morale and equity. Tax morale relates to taxpayers' beliefs and norms concerning their tax obligations, whereas equity refers to a taxpayer's opinion about the fairness of the tax system (Devos 2013:1). A study conducted by Saad (2014) in New Zealand reveals that sources of income, attitude, perceived behavioural control, tax knowledge, tax complexity and fairness perceptions are among the main contributors to non-compliance behaviour of taxpayers.

Ongwamuhana, (2011:52) furnishes the following as some of the main reasons why taxpayers decide to comply or not to comply with tax legislation:

- Morality: When taxpayers feel that others do not comply, they feel justified not to comply, but when they feel that other taxpayers are complying, they also feel the duty to comply, and fear being the ones who are not complying.
- When the government ensures that the tax system is designed to help taxpayers be compliant, and taxpayers can see the efforts of government, they also become compliant.

- When the tax administration educates taxpayers on their responsibilities with regard to tax compliance, taxpayers view it as inclusiveness and consensus building, and they become compliant.
- When taxpayers are treated as important partners of the tax system who play an important role in the economy of the nation, they become tax compliant, but when they are ignored and used as revenue sources (e.g. bad service at the revenue office), they do not comply.

The above reasons by Ongwamuhana, (2011) are by no means exhaustive reasons for non-compliance, but some of the main ones identified in tax compliance literature.

## **TAX COMPLIANCE**

Tax compliance refers to the inclination of taxpayers to act within the spirit of the tax law and administration (Saad 2014:345). It refers to a taxpayer's desistance from subterfuge or unfair attempts to reduce the tax burden. (Ongwamuhana 2011:11). The OECD lists four universal domains of tax compliance that exist for all tax payers. These domains are: registration for tax, filing tax returns on time, accurate declarations in the tax returns, and payment of tax liability on time (OECD 2013:136).

### **Registration in the tax system**

According to Farvacque-Vitkovic and Kopanyi (2014:186), registration for tax forms the cornerstone of tax compliance, as it is unlikely that taxpayers who are not registered will contribute to the fiscus. A complete tax register assists the revenue authority in not only controlling the tax gap but also in administering all other tax compliance interventions to reduce the tax gap (Tolan 2012:540). Although the number of unregistered taxpayers is difficult to measure and may depend on a wide range of external factors, it may be possible to determine the success of initiatives of the revenue authority by considering the increase in new registrations in targeted sectors (OECD 2014:29).

In developing countries, like South Africa, the number of unregistered taxpayers is estimated to be around 35% of the registered taxpayers (Ahmad and Al Faris 2010:144). Balafoutas, Beck, Kerschbamer and Sutter (2015:15) note that in countries with large informal economies or with economies in transition, which have a growing number of entrepreneurs, the tax administration will need to make efforts to incorporate businesses in the informal economy into the tax system. However, improving tax compliance requires reformed

long-term efforts beginning with strengthening and capacitating the organisational leadership of the revenue authority, implementing robust registration initiatives and building capacity in core tax administration functions (like registration) (Russel 2010:1).

Tax legislation passes the obligation of compliance to taxpayers, and an important aspect of monitoring and enforcing the tax laws is putting taxpayers into the tax register. Registration for taxes makes it possible to identify non-complying taxpayers, such as taxpayers who have not submitted their returns or who have not paid their taxes for particular tax periods (Pathak 2010:549). Registration for taxes in South Africa is administered by the Tax Administration Act 28 of 2011, the Income Tax Act 58 of 1962 and the Value-added Tax Act 89 of 1991. All the aforementioned acts require every person who is liable for any tax, or who becomes liable to submit a tax return, to apply for registration at the revenue authority (RSA 2011; 1962; 1991).

## **Timely filing of tax returns**

A tax return is defined in the tax legislation as a document that is submitted with information of the tax liability for a specific tax period (RSA 2011:45). The general principle with filing income tax returns is that whoever has income beyond the exemption limit has to file a return (Saad 2014:1072). Each tax act prescribes the manner in which returns are to be submitted. This means, for instance, that an income tax return for individuals and companies is submitted once yearly after the end of the financial year, and value-added tax returns are submitted either monthly, bi-monthly, quarterly or biannually (RSA 2011:1991).

Bergman (2009:51) defines the filing of tax returns as the accurate and timely submission of returns of tax liabilities according to the relevant legislation, and in conformance with the laws of the country. Conformance with the laws of the country implies that taxpayers are expected to refrain from engaging in proscribed behaviour, and to take action in the form of periodically filing tax returns. The United Kingdom Comptroller and Auditor General (2010:5) remarks that taxpayers comply with their tax obligations when they, among other things, file their annual tax return on time. Efficient revenue authorities will also help their taxpayers submit the correct documents within the prescribed timeline.

According to Spann (2009:117), maintaining taxpayers' compliance with their tax obligations is a necessity for taxpayers seeking tax and financial freedom. Before issuing tax clearance certificates, considering applications for compromises of tax debt and instalment agreements, revenue authorities first consider if there are any outstanding returns, and a taxpayer's request for a tax clearance certificate, compromise or instalment agreement will not be considered if the taxpayer has outstanding returns (Spann 2009:117).

## Complete and accurate declarations

When it comes to declaration of taxes, taxpayers have straightforward choices, namely to accurately declare, to under-declare or to never declare taxable income. The revenue authority's ability to ensure that taxpayers are properly paying their taxes hinges on receiving complete and accurately completed tax returns (Dare 2018:2).

According to Jansen and Calitz (2015:4), tax evasion takes place mainly in this form of non-compliance because this is when taxpayers become involved in schemes of avoiding tax liability through reducing their income or exaggerating their deductions. Rotley (2016:8) supports this by stating that tax evasion takes place when taxpayers deliberately misrepresent or conceal the true reflection of their tax position in order to reduce their tax liability, which includes under-declaring income or gains or overstating allowable deductions.

Due to the criminal nature of an offence such as incomplete and inaccurate declaration of income, Biber (2010:12) advocates that sanctions need to be imposed for inaccurate tax declarations through a robust and consistent penalty regime, which will deter taxpayers from the practice. According to the Tax Administration Act (2011), penalties such as understatement penalties as well as non-compliance percentage-based penalties can be levied in instances where taxpayers incorrectly declare their income or exaggerate their deductions (RSA 2011:160). In addition, criminal charges may also be laid against a taxpayer who furnishes SARS with inaccurate information (Croome and Olivier 2010:193).

## Payment of tax obligations on time

The payment of taxes is endorsed by the Tax Administration Act (1991), the Income Tax Act (1962) and the Value-added Tax Act (1991), which all state that '... there shall be paid for the purposes of the National Revenue Fund, tax as indicated by the Act' (RSA 2011:152; 1962:5; 1991:7). Payment of taxes is the fourth and final domain of tax compliance and, according to Ruskowski, Stankiewicz, Tyniewicki and Zawadzka-Pak (2013:399), a constitutional principle that requires all citizens to be equally subject to the duties and responsibilities of citizenship. This domain is unarguably the most important one, as collection of taxes is the reason why revenue authorities exist (SARS 2016:10).

Tax legislation supports effective tax collection through strategies like the withholding of taxes (e.g. withheld from employees' salaries by employers), provisional tax (where taxpayers pay their tax liability in advance before the assessment) and compliance risk management interventions like enforcement audits, which are focused on the prevention of non-compliance (OECD 2014:18). According to Teixeira, Maia, Moreira and Pimenta (2014:109), payment of tax obligations

and tax compliance occur because taxpayers value the public service and infrastructure their tax payments finance. However, when taxpayers perceive that the tax system is unfair in any way, they start to act in disobedience with the tax laws (Hasseldine 2017:153). Therefore, unfair taxation can lead to an increase in the tendency not to pay taxes and an increase in the tax gap.

## **SELF-ASSESSMENT**

Countries worldwide such as the United Kingdom, Ireland, the United States of America and Australia make use of a self-assessment tax administration system where it is the responsibility of taxpayers to make honest calculations of their tax liabilities, and to declare and pay the tax due (Barr, James and Pest 2010:3). The burden of proof to declare the correct amounts lies in the hands of the taxpayer, and this is discharged by keeping proper and accurate records to support their declarations (Barr *et al.* 2010:3). The process of self-assessment accepts the reality that governments are not in the best position to determine the correct tax liability for each taxpayer, but rather the taxpayers themselves, with appropriate assistance from the tax authority (Okello 2014:11).

A self-assessment system requires that the tax administrators adopt a service-oriented attitude towards their taxpayers, making sure that taxpayers have all the information, service and support required to discharge their tax compliance obligations (Okello 2014:33). The system relies on post-filing tax enforcement controls like risk-based audits, collection of taxes and prosecution measures in order to detect non-compliance (Barr *et al.* 2010:3). Targeted verification processes like third-party information matching and risk-based audits are used to verify the taxpayers' information, which enables the tax authority's limited resources to focus on tax risks that are more significant. This also leaves compliant taxpayers free to continue with their businesses without interferences from tax officials (Okello 2014:33).

Self-assessment, however, creates opportunities for risks such as tax evasion and tax avoidance (Romano 2012:427). According to Saad (2014:1069), two possible ways of ensuring tax compliance in a self-assessment are to enhance taxpayers' tax knowledge and to make use of a less complex tax system. For the above reasons eFiling was introduced to assist taxpayers with their annual tax returns.

### **Electronic filing (eFiling)**

According to Manly *et al.* (2005:130), electronic tax filing is an electronic system of submitting tax documents and communicating with the revenue authority, without submitting paper documents. Electronic filing systems for tax authorities are particularly favoured by governments because they eliminate taxpayers' errors

and encourage tax compliance (Mahmood 2013:165). Mativo (2015:2) notes that electronic filing enables tax auditors to analyse declarations more thoroughly and effectively and facilitates the identification of areas of tax evasion. Revenue authorities in developed countries such as the American Inland Revenue Services (IRS) started using electronic filing in the 1980s, benefitting from the reduction in cost of handling manual submissions and the likelihood of making errors (World Bank 2013:57). Likewise, Britain also benefitted from electronic filing, as it is faster and more accurate by reducing processing, storage, stationery and postal costs (Lymer, Hansford and Pilkington 2012:212).

In order for revenue authorities to ensure improved compliance, it is important that they can stimulate the tax compliance behaviour of taxpayers (OECD 2010:5). Knowledge of drivers of tax compliance behaviour, general behaviour and understanding of persuasion can be helpful in increasing effective communication and treatments, which will result in improved tax compliance (OECD 2010:12). As an intervention to provide a convenient way for taxpayers to file their documents, SARS moved from the manual submission of returns and other documents to eFiling from the year of assessment ending February 2006. SARS' strategic plan for the period 2006–2009 indicates the organisation's strategic outcomes, among other things, to include the use of electronic systems to improve revenue collections, to increase tax compliance and to introduce automation and digital migration to reduce volumes of manual processes (SARS 2006:12).

According to Chau and Leung (2009:37), the introduction of eFiling reduces the complexity of the tax system by making tax filing easier and quicker, which increases the level of compliance. SARS electronic filing is backed up by several other services, such as same-day processing of transactions, matching returns information with third parties (e.g. retirement annuity funds), registration for tax, lodging disputes, and many other taxpayer services that used to be manual (Al-Ajeeli and Al-Bastaki 2011:72). The benefits of eFiling are that the service is available 24 hours a day, it possesses real-time information, it reduces costs and it improves customer service to the taxpayers (Al-Ajeeli and Al-Bastaki 2011:72).

Local and international studies have been conducted on the effect of eFiling on tax compliance. Odongo (2016:36), who did research on the effect of eFiling on tax compliance among small and medium enterprises in Mombasa (Kenya) District concluded that eFiling significantly improves tax compliance. In a study conducted by Okello (2014:30) on income tax compliance through self-assessment, the findings indicate that access by revenue authorities to third-party information improves tax compliance. This finding is in line with an earlier study of Plumley (1996:18), who asserted that the automated matching of tax information by the Inland Revenue Authority's eFiling system detected non-compliance through matching tax information with third-party information. In South Africa Mongwaketse (2015:68), who did research in the Dr. Ruth Segomotsi Mompati

District Municipality determined that the majority of taxpayers had a positive experience about eFiling and its benefits, which include cost savings, quick processing and payment of tax refunds, and ease of transacting with SARS.

## **RESEARCH METHODOLOGY**

The research adopted a case study design and made use of a quantitative method to determine the causal relationship between tax compliance and electronic filing. According to Harrison, Birks, Franklin and Mills (2017:3), a case study design is viewed as ‘a bridge across paradigms’ and, as a result, some case study approaches are either quantitatively or qualitatively orientated while others encompass both qualitative and quantitative methods. For the purposes of this research, a self-administered closed-ended Likert scale questionnaire was compiled based on the four universal domains of tax compliance, namely registration for tax, filing of tax returns on time, accurate declarations in the tax returns, and payment of tax liability on time.

Purposive sampling was used to select a sample for the study. Due to their knowledge of the tax system and experience with taxpayers, tax practitioners in the Free State Province were identified as the research sample population from which data would be collected. In line with the requirements of purposive sampling, a list of tax practitioners was obtained from the regulating bodies, namely the South African Institute of Chartered Accountants (SAICA), the South African Institute of Professional Accountants (SAIPA) and the South African Institute of Tax Professionals (SAIT). A total of 136 tax practitioners were identified, and a link with the research questionnaire was emailed to each of them. A response rate of 110 (80%) was achieved.

In order to ensure both the validity and reliability of data, literature related to tax compliance was consulted, and thorough planning was done before constructing the questionnaire. This ensured that the questions were relevant and formulated to obtain the desired information. A pilot test was conducted with a web-link that was emailed to three tax practitioners requesting them to complete the questionnaire. Results from the pilot test were used to determine if there was a need to modify the research instrument. This provided the opportunity to determine the appropriateness of the data collection instrument and design.

## **RESEARCH RESULTS**

Of the 136 tax practitioners identified, 110 responded to the online survey. However, not all respondents answered all the questions, resulting in a lower

overall response rate. The lowest response for a question was 106. The results from the data analysis are presented below according to the four universal domains of tax compliance: registration for tax, filing of tax returns on time, accurate declarations in the tax returns, and payment of tax liability on time.

## Responses relating to registration for tax

Registration for tax is regarded as a cornerstone, and one of the main domains for tax compliance (Farvacque-Vitkovic and Kopanyi 2014:186). As eFiling is an intervention aimed at improving tax compliance, respondents were asked a set of questions to determine the impact of eFiling in enlisting more taxpayers into the tax register. Table 1 below provides a summary of the survey results.

**Table 1: Registration for tax**

| Questions |  | Strongly Disagree | Disagree      | Neutral       | Agree         | Strongly Agree | Total |
|-----------|--|-------------------|---------------|---------------|---------------|----------------|-------|
| 1         | SARS' use of third-party information on eFiling influences taxpayers to register for tax for fear of being caught  | 7<br>(6.5%)       | 16<br>(14.8%) | 33<br>(30.5%) | 34<br>(31.5%) | 18<br>(16.7%)  | 108   |
| 2         | The introduction of the electronic filing technology made tax processes easy and effectively inspired taxpayers to feel the economic and social responsibility to contribute towards the tax revenue | 0<br>(0%)         | 9<br>(8.3%)   | 18<br>(16.7%) | 43<br>(39.8%) | 38<br>(35.2%)  | 108   |
| 3         | The SARS online systems (e.g. NOO, TCC) are convenient and influence taxpayers to be more compliant  | 0<br>(0%)         | 11<br>(10.3%) | 13<br>(12.1%) | 46<br>(43%)   | 37<br>(34.6%)  | 107   |
| 4         | Comparing the period before and after eFiling, more taxpayers are now registered than before   | 0<br>(0%)         | 0<br>(0%)     | 16<br>(14.8%) | 48<br>(44.5%) | 44<br>(40.7%)  | 108   |
| 5         | Despite this intervention, we still have many unregistered taxpayers   | 3<br>(2.8%)       | 6<br>(5.6%)   | 19<br>(17.6%) | 36<br>(33.3%) | 44<br>(40.7%)  | 108   |

The eFiling system makes use of third-party information, which the revenue authority uses to verify the tax compliance and registration of citizens. Question 1

of the survey was asked to determine if the availability of third-party information influences whether taxpayers register for tax. Of the respondents to the survey, 48.2% agreed (16.7% of them strongly) that the use of third-party information has an effect on taxpayers' registration for tax. However, although the highest percentage of respondents agreed, this percentage was less than 50% (mean). A high percentage of respondents were neutral (30.5%), which is an indication that respondents viewed this measure as a good proactive intervention, but SARS may not utilise it fully.

According to Svernlöv and Osterman (2016:9), simplified tax systems and governments' commitments like infrastructure development and service delivery may improve taxpayers' responsibility to contribute towards taxes. Question 2 was asked to determine whether the introduction of eFiling results in more taxpayers fulfilling this responsibility and registering for tax. The majority of the respondents (75%) agree and strongly agree that the eFiling intervention induced more taxpayers to register for tax.

The eFiling system integrates several other convenient functionalities like the tax clearance certificate (TCC) application, tax ruling applications and lodging of notices of objections (NOO). Question 3 sought to determine if this convenience would improve tax compliance (e.g. a taxpayer submits all outstanding returns so that they can apply for a TCC online). The majority of the respondents (77.6%) agreed that these functionalities improved tax compliance.

Question 4 was a generic question that sought to determine, based on tax practitioners' experience and knowledge, if more taxpayers have registered for tax after the introduction of eFiling. Tax practitioners were considered to be in a position to answer this question as they register their clients for tax or assist more clients with tax matters. It is evident from the responses that a large majority of the respondents (85.2%) agreed that there are indeed more taxpayers registered since the introduction of eFiling.

Despite the introduction of eFiling and the increase in registered taxpayers, Question 5 illustrates that even after more than 12 years since the introduction of eFiling there are still a number of taxpayers who do not comply with tax legislation. The majority of the respondents (74%) agreed, which included a very high percentage of 40.7% who strongly agreed that there are still many unregistered taxpayers. This finding is a concern, as one of the objectives of eFiling is to enhance tax compliance.

## **Responses relating to timely submission of tax returns**

The timely submission of tax returns is the second domain of tax compliance and, according to the United Kingdom Comptroller and Auditor General (2010:5), taxpayers comply with their tax obligations when they file their annual

tax return on time, among other things. One of the most popular features of the eFiling system is that it facilitates the electronic submission of tax returns. A set of questions was therefore asked to ascertain if the system aided improved return submission, and hence improved tax compliance. Table 2 presents the results of the questions.

**Table 2: Timely submission of tax returns**

| Questions |  | Strongly Disagree | Disagree      | Neutral       | Agree         | Strongly Agree | Total |
|-----------|--|-------------------|---------------|---------------|---------------|----------------|-------|
| 6         | The introduction of eFiling has made it easier and convenient for taxpayers to submit SARS documents and returns                     | 1<br>(0.9%)       | 3<br>(2.8%)   | 2<br>(1.9%)   | 34<br>(31.8%) | 67<br>(62.6%)  | 107   |
| 7         | Lack of access to computers and internet discourages taxpayers from complying with tax requirements                                  | 4<br>(3.6%)       | 29<br>(26.4%) | 22<br>(20%)   | 37<br>(33.6%) | 18<br>(16.4%)  | 110   |
| 8         | Since the introduction of eFiling, refunds are paid out quicker than before  | 3<br>(2.8%)       | 9<br>(8.3%)   | 18<br>(16.5%) | 37<br>(33.9%) | 42<br>(38.5%)  | 109   |
| 9         | eFiling saves taxpayers the costs of complying, e.g. late submission penalties, travel costs   | 0<br>(0%)         | 3<br>(2.8%)   | 8<br>(7.6%)   | 53<br>(50%)   | 42<br>(39.6%)  | 106   |
| 10        | SARS' use of third- party information in eFiling influences taxpayers to timeously submit their tax returns for fear of being caught | 3<br>(2.8%)       | 13<br>(12%)   | 31<br>(28.7%) | 40<br>(37%)   | 21<br>(19.5%)  | 108   |
| 11        | Comparing the period before and after eFiling, more taxpayers submit their tax returns now than before                               | 1<br>(0.9%)       | 3<br>(2.8%)   | 16<br>(15.1%) | 46<br>(43.4%) | 40<br>(37.8%)  | 106   |
| 12        | Despite this intervention, we still have many taxpayers who do not submit tax returns  | 2<br>(1.8%)       | 5<br>(4.6%)   | 19<br>(17.4%) | 47<br>(43.2%) | 36<br>(33%)    | 109   |

From Table 2 it is clear that the majority of the respondents (94.4%) agreed and strongly agreed that eFiling made it easier and more convenient for taxpayers to submit tax returns. According to Chau and Leung (2009:37), the complexity of a

tax system affects the level of compliance, and a convenient and understandable system with clear tax rules can enhance tax compliance.

Question 7 was asked to determine if a lack of access to information technology may have a negative effect on the compliance level of taxpayers. The responses to the question indicate that 50% of the respondents were of the opinion that a lack of access to information technology does have an effect, while 30% disagreed. A large number of respondents (20%) were neutral. Although the 50% who agreed with the question do not represent a majority, it is a significant enough percentage not to ignore. If lack of access to computers and the internet discourages taxpayers, it impedes SARS' vision of improved tax compliance (Al-Ajeeli and Al-Bastaki 2011:72).

In Table 2, from Question 8 and 9 respectively it is evident that the introduction of eFiling makes it possible for taxpayers to receive their refunds quicker (72.4% agreed), while it also enables taxpayers to save on costs, for instance penalties on late submissions and travel expenses (89.6% agreed). The added financial benefits of eFiling may encourage taxpayers to comply with tax legislation, resulting in an increasing number of taxpayers who submit their tax returns on time. Question 10 was asked to determine if the use of information from third parties (like banks) to verify the correctness of tax returns had an influence on taxpayers submitting their tax returns on time. The majority of the respondents (56.5%) agreed that information from third parties had an influence on taxpayers submitting their returns, while 28.7% were neutral and 14.8% disagreed. It is important to note that while this functionality exists, SARS should make use of it as far as possible to further enhance the level of tax compliance.

A major positive indicator from the findings on eFiling is that a significant majority of the respondents (81.2%) agreed that since the introduction of eFiling more taxpayers submit their tax returns than before eFiling. However, it should be noted that 76.2% of the respondents were of the opinion that despite this intervention, there are still many taxpayers who do not submit tax returns.

## **Responses relating to accurate declarations**

Accurate declaration in the tax return is the third domain of tax compliance. South Africa, like many other countries worldwide, makes use of a self-assessment tax administration system, where it is the responsibility of taxpayers to make honest calculations of their tax liabilities and to declare and pay the tax due (Barr *et al.* 2010:3). Questions were therefore asked to determine if the eFiling system influences taxpayers' behaviour to make accurate declarations, thereby complying with tax legislation. Table 3 provides the results of the findings.

**Table 3: Accurate declarations**

| Questions |  | Strongly Disagree | Disagree      | Neutral       | Agree         | Strongly Agree | Total |
|-----------|--|-------------------|---------------|---------------|---------------|----------------|-------|
| 13        | Taxpayers trust the outcomes (assessment) of their declarations on eFiling   | 0<br>(0%)         | 7<br>(6.4%)   | 20<br>(18.4%) | 58<br>(53.2%) | 24<br>(22%)    | 109   |
| 14        | Using eFiling enhances the effectiveness of preparing a tax return, resulting in fewer errors                      | 1<br>(0.9%)       | 6<br>(5.5%)   | 12<br>(11%)   | 57<br>(52.3%) | 33<br>(30.3%)  | 109   |
| 15        | SARS' use of third- party verifications influences taxpayers to accurately declare for fear of being caught        | 1<br>(0.9%)       | 13<br>(11.9%) | 25<br>(22.9%) | 46<br>(42.3%) | 24<br>(22%)    | 109   |
| 16        | The introduction of eFiling has encouraged taxpayers to accurately declare their tax amounts                       | 4<br>(3.7%)       | 15<br>(14.2)  | 15<br>(14.2%) | 48<br>(45.3%) | 24<br>(22.6%)  | 106   |
| 17        | Despite this intervention, we still have many taxpayers who do not accurately declare their incomes and deductions | 1<br>(0.9%)       | 8<br>(7.4%)   | 17<br>(15.7%) | 48<br>(44.5%) | 34<br>(31.5%)  | 108   |

From Table 3 it is evident that the majority of the respondents agreed and strongly agreed (75.2%) that taxpayers trust the outcomes of their declarations on eFiling (Question 13). eFiling contains tax calculators and arithmetical checks that assist taxpayers to make sure the tax amounts captured are correct and add up to the designated tax amount. Question 14 was asked to determine if eFiling enhances the effectiveness of preparing a tax return and therefore results in fewer errors. Respondents agreed and strongly agreed (82.3%) that using eFiling enhances the effectiveness of preparing a tax return.

According to Al-Ajeeli and Al-Bastaki (2011:72), eFiling provides linkages with third parties such as annuity funds and banks. Question 15 was asked to determine if third-party verifications influence taxpayers to accurately declare their tax returns for fear that they may be caught and penalised. The majority (64.3%) of the respondents agreed and strongly agreed that the use of third-party information positively influences taxpayers to declare their taxes accurately. Question 16 sought to determine if the introduction of eFiling has encouraged taxpayers to declare their taxes accurately. According to the responses, 67.9% agreed and strongly agreed that the use of eFiling encouraged them to declare their taxes accurately.

Barr *et al.* (2010:3) note that the burden of proof to declare the correct tax amounts is the responsibility of each and every individual taxpayer. However, taxpayers may be tempted to make false declarations and not to pay all the taxes due. According to the information in Table 3 (Questions 15 and 16), one of the most important benefits of eFiling for the tax collector (SARS) is that it encourages taxpayers to declare their taxes accurately, which results in more accurate revenue collections. However, it is important to note that despite the application of eFiling, the majority of the respondents (76%) were of the opinion that there are still many taxpayers who do not accurately declare their incomes and deductions. Without accurate declarations, taxpayers will pay less tax than what is due and the revenue authority will under-collect revenue.

## Responses relating to payment of taxes

The questions in this segment of the questionnaire (Questions 18–20) sought to establish if eFiling influences taxpayers’ behaviour to pay taxes, and in that way improves tax compliance. An important feature available on eFiling is the function that allows taxpayers to authorise electronic funds withdrawals, pay by debit or credit card, and pay via electronic funds transfers where electronic proof of payment is received immediately (Ernst & Young 2013:30). SARS has arranged with the major commercial banks for eFiling to be able to do transfers between the banks and SARS accounts (Weltman 2016:587). Taxpayers who are owed refunds can expect to receive their refunds within a few days, compared to lengthy periods that taxpayers would have to wait before the introduction of eFiling (Weltman 2016:587). Table 4 presents the results of this segment.

**Table 4: Payment of taxes**

|    | Questions  | Strongly Disagree | Disagree    | Neutral       | Agree         | Strongly Agree | Total |
|----|--|-------------------|-------------|---------------|---------------|----------------|-------|
| 18 | The convenience of online payments makes it easier for taxpayers to pay their tax liabilities          | 3<br>(2.8%)       | 2<br>(1.9%) | 10<br>(9.3%)  | 50<br>(46.3%) | 43<br>(39.8%)  | 108   |
| 19 | The introduction of the electronic tax filing system influences taxpayers to pay their tax due on time | 1<br>(0.9%)       | 14<br>(13%) | 24<br>(22.2%) | 46<br>(42.6%) | 23<br>(21.3%)  | 108   |
| 20 | The communication platform in the eFiling system is satisfactory and convenient for tax compliance     | 4<br>(3.7%)       | 13<br>(12%) | 14<br>(13%)   | 51<br>(47.2%) | 26<br>(24.1%)  | 108   |

| Questions |  | Strongly Disagree | Disagree    | Neutral     | Agree         | Strongly Agree | Total |
|-----------|--|-------------------|-------------|-------------|---------------|----------------|-------|
| 21        | Despite this intervention, we still have many taxpayers who do not make good their tax liabilities | 0<br>(0%)         | 9<br>(8.3%) | 14<br>(13%) | 52<br>(48.1%) | 33<br>(30.6%)  | 108   |

From Table 4 it is evident that 86.1% of the respondents were of the opinion that the convenience of an online payment system makes it easier for taxpayers to pay their tax liabilities, and 63.9% believed that eFiling influences taxpayers to pay their tax on time. According to Gilligan and Richardson (2005:331), the ease of use of a tax system is an important determinant of the tax system, and may affect taxpayers' tax compliance behaviour, as a simplified system can encourage the use thereof by taxpayers.

The introduction of eFiling brought with it a functionality called 'single view', which consolidates each taxpayer's various tax types information into one view (Al-Ajeeli and Al-Bastaki 2011:72). Single view enables the taxpayer to view information on different taxes such as value added tax and income tax in one view instead of going to different systems such as the value added tax system and the income tax system to view the respective information. The use of various systems causes duplication and can be frustrating to taxpayers, as they might receive three different communications, one coming from each of the tax types: value-added tax, income tax and pay-as-you-earn (Al-Ajeeli and Al-Bastaki 2011:72). Question 20 sought to determine if the communication platform in the eFiling system is satisfactory and convenient for tax compliance. The majority of the respondents (71.3%) were of the opinion that the communication through eFiling is satisfactory and convenient for tax compliance. Effective communication through the eFiling system can encourage more taxpayers to make use thereof.

Question 21 was asked to determine if, despite the introduction of eFiling, there are still taxpayers who do not pay taxes. The vast majority of the respondents (78.7%) indicated that there are still taxpayers who do not pay their tax liabilities.

## DISCUSSION

The results of the study showed a strong correlation among the questions testing for the four domains of tax compliance (i.e. registration for tax, filing of tax returns on time, accurate declarations in the tax returns, and payment of tax liability on time). For each of the four compliance domains, the majority of respondents

agreed and strongly agreed that eFiling has a positive influence on tax compliance. Insofar as the registration for taxes is concerned, 71.5% agreed and strongly agreed that the introduction of eFiling encourages more taxpayers to register for taxes. This is a positive effect of eFiling as a complete tax register will assist tax authorities such as SARS to administer all other tax compliance interventions and ultimately to reduce the tax gap (Jansen and Calitz 2015:4).

The highest average response rate that was obtained was for the set of questions testing the second domain, namely timely submission of tax returns. For these questions 78.62% of the respondents agreed and strongly agreed that eFiling makes it easier and more convenient to submit tax returns on time and that more taxpayers are currently submitting their tax returns than was the case before the introduction of eFiling. eFiling is regarded as software that is available 24 hours per day, 365 days per year, where taxpayers and tax practitioners can electronically complete and submit any tax returns to SARS (SARS 2019:1). It can be concluded from the responses that the continuous availability of eFiling not only encourages taxpayers to submit their tax returns, but also to submit them on time.

The set of questions in Table 3 tests taxpayers' behaviour in respect of accurate declarations on income that is taxable and therefore taxes to be paid. Revenue authorities worldwide rely on a self-assessment system, where taxpayers make their own declarations and calculations of tax liabilities (Mendel and Bevacqua 2010:117). Tax evasion occurs when taxpayers deliberately misrepresent or conceal the true reflection of their tax position in order to reduce their tax liability and includes under-declaring income or gains or overstating allowable deductions (Rotley 2016:8). It is evident from Table 3 that the majority of the respondents (72.5%) agreed and strongly agreed that the introduction of eFiling and verification of declarations through third parties led to taxpayers declaring their tax returns more accurately. It can therefore be concluded that one of the benefits of eFiling is that tax compliance is enhanced through accurate declaration of taxes by taxpayers on the eFiling system.

The primary objective of SARS is to collect tax revenue and customs duties due to the state (RSA 1964). The questions asked in Table 4 sought to determine if the introduction of eFiling contributed to the payment of taxes. The majority of the respondents (73.8%) agreed and strongly agreed that the electronic filing system makes it easier for taxpayers to pay taxes and that more taxpayers pay their taxes on time. It can therefore be concluded that eFiling enhances tax compliance through the improvement of taxes paid by taxpayers.

However, despite the positive contributions of eFiling discussed in the previous paragraphs, the study also revealed that there are four major areas of concern that should receive further attention. These areas are taxpayers who (1) are not registered for taxes, (2) do not submit their tax returns, (3) do not accurately declare their taxes, and (4) do not pay their taxes due. The information displayed in Tables

1 to 4 indicates that there is a strong relationship with little variance in the responses of the respondents. In all four instances, the majority of the respondents indicated that despite the introduction of eFiling, there are still taxpayers who are not registered for taxes (74%), who do not submit their tax returns (76.2%), who do not accurately declare taxes (76%), and who do not pay taxes (78%).

The strength and importance of this study is that it provides insight to revenue authorities, tax practitioners as well as academic institutions into eFiling and the drivers of tax compliance. Revenue authorities specifically can use the findings of the study to strategise interventions that will lead to improved tax compliance and therefore improved tax collections.

As a case study conducted in the Free State Province, one of the limitations is that it is difficult to generalise the findings to a wider population like the other eight provinces in the country. The authors attempted to overcome this by designing the questionnaire in such a manner that it will be applicable to other geographical areas of the country and by using tax practitioners as a sample who have a broader knowledge of tax compliance than taxpayers.

## **CONCLUSION**

Revenue collected from taxpayers is the main source of a government's revenue and in South Africa, it forms 90% of all state revenues. Revenue authorities worldwide are therefore constantly seeking measures that may enhance tax collection through increased tax compliance. Such an intervention was the introduction of eFiling in South Africa in 2006. Based on a case study, this article has explored the influence of electronic filing on the compliance behaviour of taxpayers. The aim was to determine if the eFiling system introduced by SARS in 2006 contributed to tax compliance by taxpayers.

The findings revealed that eFiling made a positive contribution to all four of the compliance domains, namely registration for tax, filing of tax returns on time, accurate declarations in the tax returns, and payment of tax liability on time. Verification through third party information, simplification of the submission of tax returns and an integration of different functionalities encourages taxpayers to register for taxes. eFiling enables taxpayers not only to save costs on penalties for late submissions but also to receive their refunds quicker, which results in an increasing number of taxpayers who submit their tax returns on time. Tax calculators and arithmetical checks on eFiling assist taxpayers to make sure tax amounts captured are correct and add up to the designated tax amount, while the fear of being detected through third party information such as banks encourages the correct declaration of taxes. The convenience of an online payment system and the

functionality to view an individual tax obligation in a single view, combined with a convenient communication platform, increases use of the system by taxpayers.

However, the study has also revealed that despite the added benefits of eFiling on tax compliance, a significant number of taxpayers still do not comply with tax legislation, resulting in an unacceptable high tax gap. This has compelled the Minister of Finance to announce in 2019 that the Davis Tax Committee will assess the size of the tax gap. The use of eFiling in South Africa is voluntary and not compulsory, but against the benefits that it has for SARS as well as individual taxpayers, it is recommended that SARS should escalate promotion thereof through tax education and effective communication.

## REFERENCES

- Ahmad, E. and Al Faris, A. 2010. *Fiscal Reforms in the Middle East. VAT in the Gulf Cooperation Council*. Cheltenham: Edward Edgar Publishing.
- Al-Ajeeli, L. and Al-Bastaki, A. 2011. *Handbook of Research on E-Service in the Public Sector: E-Government Strategies and Advancements*. New York: Information Science Reference.
- Alink, M. and Van Kommer, V. 2011. *Handbook on Tax Administration*. Amsterdam: IBFD.
- Allingham, M.G. and Sandmo, A. 1972. Income tax evasion. *Journal of Public Economics* 1. 323–338.
- Balafoutas, L., Beck, A., Kerschbamer, R. and Sutter, M. 2015. The Hidden Costs of Tax Evasion: Collaborative Tax Evasion in Markets for Expert Services. *Journal of Public Economics*. 129:14–25.
- Barr, N.A., James, S. and Pest, R. 2010. *Self-Assessment for Income Tax*. London: Heinemann.
- Bergman, M. 2009. *Tax Evasion and the Rule of Law in Latin America: The Political Culture of Cheating and Compliance in Argentina and Chile*. Pennsylvania: The Pennsylvania State University.
- Biber, E. 2010. *Revenue Administration: Taxpayer Audit – Use of Indirect Methods*. Washington: IMF.
- Canada Revenue Authority (CRA). 2016. *Tax Avoidance, Tax Evasion, Recommended Actions*. Ottawa: House of Commons.
- Chau, G. and Leung, P. 2009. A Critical Review of Fischer Tax Compliance Model: A Research Synthesis. *Journal of Accounting and Taxation*. 1(2):34–40.
- Cilliers, T. 2017. Developing a Feasibility Framework Based on the Characteristics of Big Data to Reduce the Taxation Gap in South Africa. Unpublished M.A. dissertation. Pretoria: University of South Africa.
- Croome, B.J. and Olivier, L. 2010. *Tax Administration*. Claremont: Juta.
- Dare, C. 2018. Tax Revenue Mobilisation: Improving Personal Income Tax Compliance in South Africa. Unpublished Ph.D. thesis. Stellenbosch: University of Stellenbosch.
- Devos, K. 2013. *Factors Influencing Individual Taxpayer Compliance Behaviour*. Victoria: Springer.
- Dubin, J.A. 2012. *The Causes and Consequences of Income Tax Noncompliance*. Los Angeles: Springer.
- Ernst & Young. 2013. *Ernst & Young Tax Guide 2013*. 28th ed. Hoboken, NJ: John Wiley and Sons.

- Farvacque-Vitkovic, C. and Kopanyi, M. 2014. *Municipal Finances: A Handbook for Local Government*. Washington: World Bank.
- Gilligan, G. and Richardson, G. 2005. Perceptions of Tax Fairness and Tax Compliance in Australia and Hong Kong: A Preliminary Study. *Journal of Financial Crime*. 12(4):331–343.
- Harrison, H., Birks, M., Franklin, R. and Mills, J. 2017. Case Study Research: Foundations and Methodological Orientations. *Forum: Qualitative Social Research*. 18(1):1–17.
- Hasseldine, J. 2017. *Advances in Taxation*. Vol. 23. eBook. Bingley: Emerald Group Publishing House.
- Jansen, A. and Calitz, E. 2015. Towards Discovering the Role of Formal and Informal Institutions in Tax Gap Analyses in South Africa. Paper presented at the Biannual Conference of the Economic Society of South Africa, Cape Town, 3 September 2015.
- Kirchler, E. 2007. *The Economic Psychology of Economic Behaviour*. Cambridge: Cambridge University Press.
- Krstic, G. and Schneider, F. 2015. *Formalizing the Shadow Economy in Serbia: Policy Measures and Growth Effects*. Belgrade: Springer.
- Lymer, A., Hansford, A. and Pilkington, K. 2012. Developments in Tax E Filing: Practical Views from the Coalface. *Journal of Applied Accounting Research*. 13(3):212–225.
- Mahmood, Z. 2013. *Developing E-Government Projects. Frameworks and Methodologies*. Derby: Information Science Reference.
- Manly, T.S., Thomas, D.W. and Ristema, C.M. 2005. Attracting Non-Filers Through Amnesty Programmes: Internal Versus External Motivation. *Journal of American Taxation Association*. 27(1):75–95.
- Mativo, P.M. 2015. Factors Affecting Utilisation of Electronic Tax Registers in Small and Medium Enterprises in Kenya. *International Journal of Economics, Commerce and Management*. III (3):1–25.
- Mendel, J. and Bevacqua, J. 2010. *International Tax Administration: Building Bridges*. Sidney: CCH Wolters Kluwer Group.
- Mongwaketse, P.B. 2015. *Perceived Effects on an Electronic Filing System on Tax Compliance in a District Municipality, South Africa*. Potchefstroom: North West University.
- Murray, R. 2012. *Tax Avoidance*. London: Sweet and Maxwell.
- National Treasury. 2018. Budget Review. Available at: [www.treasury.gov.za](http://www.treasury.gov.za). (Accessed on 25 August 2019).
- National Treasury. 2019. Budget Speech by the Minister of Finance. Available at: [www.treasury.gov.za](http://www.treasury.gov.za). (Accessed on 25 August 2019).
- Odongo, R.O. 2016. *Effects of Electronic Tax Filing Systems on Compliance Amongst Small and Medium Enterprises Within Mombasa Central Business District*. Nairobi: University of Nairobi.
- Okello, A. 2014. *Managing Income Tax Compliance Through Self-Assessment*. Washington: IMF.
- Ongwamuhana, K. 2011. *Tax Compliance in Tanzania. An Analysis of Law and Policy Affecting Voluntary Taxpayer Compliance*. Dar es Salaam: Mkuki Na Nyota Publishers.
- Organisation for Economic Cooperation and Development (OECD). 2008. *Forum on Tax Administration: Monitoring Taxpayers' Compliance*. Paris: OECD Publishing.

- Organisation for Economic Cooperation and Development (OECD). 2010. *African Economic Outlook*. Paris: OECD African Development Bank.
- Organisation for Economic Cooperation and Development (OECD). 2013. *Tax Administration 2013: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing.
- Organisation for Economic Cooperation and Development (OECD). 2014. *Measures of Tax Compliance Outcomes*. Paris: OECD Centre for Tax Policy Administration.
- Pathak, A. 2010. *Legal Aspects of Business*. 4th ed. New Delhi: Tata McGraw Hill Education.
- Plumley, A.H. 1996. *The Determinants of Individual Income Tax Compliance: Estimating the Impacts of Tax Policy, Enforcement, and IRS Responsiveness*. Washington DC: Department of the Treasury, Internal Revenue Services.
- Republic of South Africa (RSA). 1962. *Income Tax Act* (58 of 1962). Pretoria: Government Printer.
- Republic of South Africa (RSA). 1964. *Customs and Excise Act* (91 of 1964). Pretoria: Government Printer.
- Republic of South Africa (RSA). 1991. *Value-added Tax Act* (89 of 1991). Pretoria: Government Printer.
- Republic of South Africa (RSA). 2011. *Tax Administration Act* (28 of 2011). Pretoria: Government Printer.
- Romano, C. 2012. *Advanced Tax Rulings and Principles of Law*. Groningen: IBFD.
- Rotley, L.M. 2016. Penalties for Imposing Tax Avoidance in South Africa. *Unpublished LLM dissertation*. Pretoria: University of Pretoria.
- Ruskowski, E., Stankiewicz, J., Tyniewicki, M. and Zawadzka-Pak, U. 2013. *Annual and Long Term Public Finances in Central and Eastern Europe Countries*. Bialystok: Temida 2.
- Russel, B. 2010. *Revenue Administration: Developing a Taxpayer Compliance Program*. Washington: IMF.
- Saad, N. 2014. Tax Knowledge, Tax Complexity and Tax Compliance: Taxpayers' View. *Procedia: Social and Behavioral Sciences*. 109:1069–1075.
- Sandmo, A. 2005. The Theory of Tax Evasion: A Retrospective View. *National Tax Journal*. 1 58(4):643–663.
- Sjogren, H. and Skogh, G. 2004. *New Perspectives on Economic Crime*. Cheltenham: Edward Elgar.
- South African Revenue Service (SARS). 2006. *Strategic Plan 2006/9*. Accessed 20 August 2019. Available at: [www.sars.gov.za](http://www.sars.gov.za).
- South African Revenue Service (SARS). 2016. *Strategic Plan 2016/2017 to 2020/2021*. Accessed 25 August 2019. Available at: [www.sars.gov.za](http://www.sars.gov.za).
- South African Revenue Service (SARS). 2019. *How to Submit Your Individual Income Tax Return via eFiling*. Accessed 3 September 2019. Available at: [www.sars.gov.za](http://www.sars.gov.za).
- Spann, B. 2009. *Tax Resolution and Financial Freedom: Using the Financial Planning Process*. Charleston: Life Span Financial Planning, LLC.
- Svernlöv, C. and Osterman, R.P. 2016. *Corporate Social Responsibility and Corporate Taxation*. Stockholm: Svenskt Näringsliv.

- Teepe, A. 2006. *Corporate Tax Evasion in a Globalised Environment*. Hamburg: Diplomica Verlag.
- Teixeira, A., Maia, A., Moreira, J. and Pimenta, C. 2014. *Interdisciplinary Insights on Fraud*. Newcastle: Cambridge Scholars.
- Tolan, P. 2012. It's About Time: Registration and Regulation will Boost Competence and Accountability of Paid Tax Preparers. *Virginia Tax Review*. 31(3):471–544.
- United Kingdom Comptroller and Auditor General. 2010. *Engaging with Tax Agents*. London: The Stationery Office.
- Weltman, B. 2016. *Small Business Taxes: Your Complete Guide to a Better Bottom Line*. New Jersey: John Wiley and Sons.
- World Bank. 2013. *Doing Business: Understanding Regulations for Small and Medium-Size Enterprises*. Washington: The World Bank.

## **AUTHORS' CONTACT DETAILS**

### **Dr C J Hendriks**

University of the Free State

P O Box 339

Bloemfontein

9300

Tel : 051 401 3040

Cell: 082 819 1471

Fax: 051 401 3947

Email: [HendriksCJ@ufs.ac.za](mailto:HendriksCJ@ufs.ac.za)

### **Mr H Maposa**

P O Box 313

Bloemfontein

9300

Tel: 051 501 3099

Cell: 072 127 3239

Email: [hmaposa@sars.gov.za](mailto:hmaposa@sars.gov.za)

# Critical Considerations for Local Economic Development Strategy Design in South African Municipalities

**C Auriacombe**

School of Public Management, Governance and Public Policy  
University of Johannesburg

**G van der Waldt**

Research Professor: Public Governance  
North-West University

## ABSTRACT

Contemporary socio-economic discourse reveals that development agencies and actors increasingly emphasise place-based planning and people-centred approaches to deal with local economic development (LED) challenges. In addition, the role that local government plays in facilitating sustainable and resilient local communities is almost universally recognised. On this basis, a number of strategic approaches to LED were designed by local government to realise developmental objectives. LED strategies form a critical component of the broader national and regional strategic development planning effort in a country like South Africa and incorporate various dimensions such as social and economic realities, and environmental concerns. However, a multitude of strategic considerations should be encapsulated in a more systemic and integrated approach to LED strategy design. The purpose of this article is to uncover critical considerations in the design of place-based LED strategies in South African municipalities by means of an extensive literature review.

## INTRODUCTION

LED is progressively advanced by development observers and socio-economic theorists as a key instrument to address lacklustre economic growth and social

ills such as chronic poverty, inequality, and unemployment. As such, it has assumed almost the status of a “new economy”. Observers such as Lafferty and Meadowcroft (2000), Lefebvre (2003), Rydin (2012), and Van der Walldt (2018) regard LED as one of the key drivers for urban resilience, the so-called “urban revolution” and the “healthy cities” movement. In this regard, successful LED demands the devolution of certain socio-economic development responsibilities to the local sphere of government. Local government thus assumes an important local development advocacy and planning role, placing increasing emphasis on the potential role of communities in local economic upliftment. To be effective in this role, it is increasingly evident that local government should pursue a more strategic, coordinated and integrated approach to LED. Such a strategic orientation will enable local government to constantly adjust to changing local conditions and ensure that municipal structures and systems are flexible to accommodate such changes.

In South Africa, LED has become solidly imbedded in national legislation and achieved some status as a key imperative towards building sustainable and resilient local economies. Sections 152 and 153 of the *Constitution of the Republic of South Africa, 1996* allocate economic and social development as “objects” of local government. In this regard, it is important to note that local government does not have jurisdiction over the majority of factors that influence economic development in local areas. Local government has the clear responsibility in terms of the Constitution to carry out its mandated functions (which include certain functions such as tourism that are essentially mainly “economic” in character) in such a manner as to promote local economic and social development. However, the particular strategic approach that it should follow to strike a healthy balance between social, economic and environmental concerns is not yet evident. A people-centred approach to LED, for example, recognises its welfare component (i.e. social development), but it seems that most municipalities regard its main imperative to be an economic one, namely the optimum utilisation of local resources to achieve reasonable and sustainable growth objectives. As an economic pursuit, the credible promotion of LED therefore requires a level of fundamental knowledge of key economic conditions and strategies and comprehension of what in fact constitutes the “economic way” in approaching development planning in municipalities. The interpretation of the essential character of LED has thus particular implications for strategy design in the local sphere of government. It is therefore imperative that critical considerations for LED strategy design in South African municipalities be uncovered and assessed to establish a more conducive and integrated strategic approach to socio-economic development in the country.

The purpose of this article is to isolate critical considerations in the design of LED strategies in local government. Such considerations will enable municipalities

to formulate a more integrated and comprehensive strategic response to socio-economic challenges.

## **STRATEGY DESIGN AND A STRATEGIC ORIENTATION TO DEVELOPMENT: A CONCEPTUAL AND CONTEXTUAL EXPOSITION**

Thompson and Strickland (1996:6) note that strategy is best conceived as “a combination of planned actions and on-the spot adaptive reactions to fresh developing industry and competitive events”. To this, Quinn (in Grant 1997:11) adds that strategy can be regarded as “the pattern or plan that integrates an organisation’s major goals, policies, and action sequences in a cohesive whole”. For Segal-Horn (2004:1), “a well-formulated strategy helps to marshal and allocate an organisation’s resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents”. In a development context, strategy should incorporate and align the fundamental components of well-being, growth and prosperity, namely society (i.e. people dimension), the economy (i.e. profit dimension), and the environment (i.e. planet dimension) (Van der Waldt 2018:697). The post-2015 Sustainable Development Goals, the respective Earth Summits, and Local Agenda 21 all place a premium on a strategic response to development as imperative to achieve key global, continental and national development goals.

Classical, alternative and contemporary theories of development, such as modernisation theory, growth and catch-up theory, dependency theory, and human development theory recognise the need for a more integrated, holistic and strategic response to development (Van der Waldt 2016:56). Contemporary development thinking on issues such as energy alternatives, economic growth initiatives, and human well-being increasingly place emphasis on the alignment of core strategic dimensions in economic development imperatives (Bennett and Krebs 1991; Bingham and Mier 1993). Scholars such as Dasgupta (2008), Gumede (2009), and Thiele (2013), for example, argue that economic growth might be achieved without detrimental consequences for the environment, but this would imply the merging of environmental and economic concerns. In this regard, Beder (1996) reiterates that the measurement of environmental gains and losses should be assessed in money terms. This will ensure that there are trade-offs in the economic system of a country. When the inevitable conflicts arise in political circles, the environment should be protected, but also by considering the economic costs thereof. Due to high levels of unemployment and poverty in developing countries like South Africa, governments often argue that economic ventures such as mining, the construction of shopping malls, and general infrastructure development,

should be approved since it will create much-needed jobs. However, it is usually the most vulnerable groups in society that suffer the most due to haphazard and hazardous developments. Local government councils due to the promises of increased revenue, job creation, infrastructure development and property taxes often approve these developments. Unfortunately, due to corrupt activities councillors often receive huge sums of money to influence a favourable decision in council meetings when these applications are tabled. In this way, the poor are continually disadvantaged by market-driven environmental choices. A more politically neutral and strategic response to LED is thus imperative. In this respect, Segal-Horn and Boojihawon (2004:31), and Auriacombe, Van der Walddt and Ackron (2019:35) recommend that local, district and metropolitan municipalities should adopt an integrated strategic response to local socio-economic needs. Such a strategic response to local development should include:

- an analysis of the internal functioning of the municipality itself, and the environment in which it operates (i.e. SWOT analysis);
- a development vision and long-term objectives for the municipality and to pursue it with strategic and transformational leadership;
- the design of macro- and micro-strategies to operationalise municipal obligations and functions;
- the monitoring and evaluation of the successful implementation of these strategies; and
- continual adjustments to establish 'strategic fit' between the municipality and the dynamic environment.

## **THE STATUS OF LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA**

Since 1994, the South African Government has established a comprehensive development framework. Initiatives in this regard include:

- the Reconstruction and Development Programme (RDP);
- the promulgation of the Development Facilitation Act 67 of 1995;
- the Growth, Employment and Redistribution Programme (GEAR);
- the Accelerated and Shared Growth Initiative for South Africa (ASGISA);
- the Medium-Term Strategic Framework (MTSF);
- the National Development Plan: Vision 2030;
- the National Strategy for Sustainable Development (NSSD);
- the Integrated Sustainable Rural Development Strategy (ISRDS);
- Provincial Growth and Development Strategies;
- Municipal integrated development planning (IDPs); and
- Local Economic Development (LED).

This development framework, to a lesser or greater extent, accentuates the role that local government should play in realising national development goals. Local government has a constitutional developmental mandate and as such needs to design strategies for socio-economic growth and prosperity (Van der Waldt 2016:52). In this regard, the former Department of Provincial and Local Government (DPLG 2006:3–8) (now Cogta), indicated that municipalities have designed a variety of strategies. Such strategies include “industrial recruitment, place marketing, small enterprise promotion and support, community economic development, international trade, and local business retention and expansion”. The challenge with these strategies is, however, that they are often uncoordinated efforts and not aligned with a comprehensive and integrated LED strategy. It is thus imperative that best practice be extracted to pinpoint critical considerations for LED strategy design.

An extensive literature survey revealed that scholars such as Nel (2001), Van Vuuren (2003:16–17), Levy and Fukuyama (2010:82), and Koma (2014:56), accentuate the following key approaches to LED strategy design:

- Conventional or traditional approaches that assert that the “key to prosperity is attracting investment (primarily manufacturing), through concessions such as tax breaks, cheap land and direct financial rewards, in return for locating in an area”. The assumption is that investment usually leads to job creation and increased municipal income.
- Entrepreneurial-competitive approaches that emphasise the importance of “local comparative advantages and small businesses in job creation”. The assumption is that municipalities play a crucial role to identify growth areas and to support local business entrepreneurs.
- An urban efficiency approach that assumes that local authorities should increase urban productivity, lower living costs, and make it easier for business to trade. Strategies in this regard include tax cuts, lower service charges, and even the privatisation of some municipal services.
- Community-based approaches that accentuate the empowerment of low-income communities and civil society entities.
- Progressive approaches that aim to align economic growth with social development. A typical example of these approaches is the requirement that financial institutions invest a certain percentage of their income in small business enterprises in the municipal area.
- Human resource development approaches that built on the premise that low productivity and skill levels negatively influence local investments. It is thus propagated that municipalities establish training opportunities and expect local businesses to promote employee training and skills development.

The diverse nature and scope of these approaches accentuate the need for a more integrated strategic response to LED in local government. In other words,

municipalities should conduct a thorough assessment of their unique circumstances, capacities and development realities and be able to determine critical considerations for the design of their particular LED strategy. According to Trousdale (2005), Rogerson (2006), Swinburn and Yatta (2006), Tomaney, Pike and Rodriguez-Pose (2011), and Auriacombe, Van der Walddt and Ackron (2019), a municipal LED strategy that follows a human resource development approach, for example, should incorporate at least the following considerations:

- Clarity regarding the nature and scope of sustainable economic growth that focuses on “investment and growth based on the appropriate, effective and efficient development and utilisation of a municipality’s human, physical, natural, financial and social resources”.
- Job creation that focuses on “initiatives that create meaningful, sustainable and long-term employment opportunities based on meaningful skills development and training”.
- Education, training and skills development that include “both formal and informal mechanisms such as mentoring and ongoing in-service training. This should be geared at developing technical and life orientation skills that encourage career growth and entrepreneurship, while the promotion of excellence in the execution of work is imperative”.
- Poverty reduction that focuses on sustainable and resilient livelihoods. Recent municipal projects aimed at promoting households’ sustainable livelihood tend to facilitate access to physical, financial and human resources and assets.
- Employment equity approaches, such as Broad-Based Black Economic Empowerment (BBBEE) in South Africa, that promote empowerment and broader economic participation of vulnerable communities.
- Industrial recruitment and place-marketing strategies that aims to promote the municipal area as a desirable business and social locality.
- Business support to Small, Medium and Micro Enterprises (SMMEs) for the creation of employment opportunities. Municipalities should ensure that businesses receive the necessary support by means of enabling economic policies, access to resources, simpler tender processes, and the establishment of small business incubators.
- Business retention, expansion and attraction through the provision of adequate infrastructure and services, the streamlining of internal municipal functions, and the overall efficiency of the municipality.
- Local partnerships and coordination to foster LED in local communities. Involvement of the community is essential to obtain commitment and to ensure that the entire community is empowered. Ensuring the involvement of the community not only forces the community to mobilise and work together to meet socio-economic development challenges such as poverty and unemployment, but also increases the chances of LED projects being more sustainable.

Partnerships should also accommodate people with local knowledge and expertise as well as women and the youth.

It should be noted that these considerations only refer to the human or social development dimension of LED. It illustrates again the multidimensional nature of LED and accentuates the need for an integrated strategic response. It should also be pointed out that these considerations, or elements of strategy design, are not mutually exclusive. They overlap significantly and limitations in one element may have negative consequences for others. Furthermore, the environment in which they are applied should also be taken into consideration before deciding on which strategy to pursue. Consideration of the applicability of a particular strategy should also take into account the national macroeconomic policies not to hamper or contradict national attempts.

Although LED is a relatively new discipline in South African municipalities, there are numerous examples of 'bad' practices. These practices should form part of the critical considerations for municipalities in the design of their LED strategies. These critical considerations, according to analysts such as Nel (2001) and Kama (2014), generally include the following:

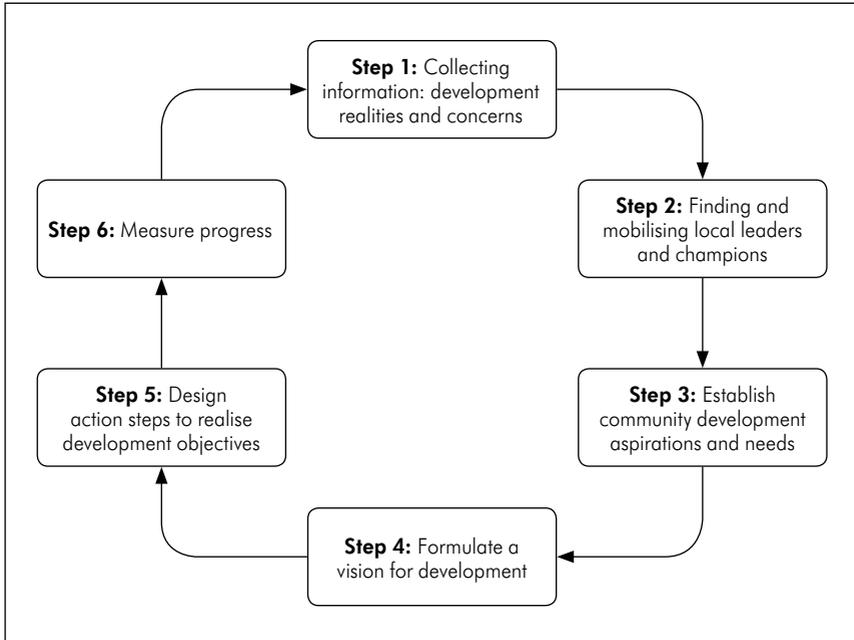
- the influence of local politics;
- lack of commitment by and accountability of LED officials;
- absence of strategic orientations;
- limited funding opportunities;
- inadequate monitoring and evaluation as well as performance data;
- a 'grant chasing' focus; and
- following the latest (untested) trends and consultant approaches.

In a further effort to isolate critical considerations for LED strategy design, it is next necessary to assess the nature and scope of processes and phases associated with the design of LED strategies. This shifts the focus to more practical 'how to' dimensions and considerations of strategy design.

## **PROCESSES AND PHASES OF LED STRATEGY DESIGN**

A literature survey revealed that the processes and phases followed to design LED strategies differ significantly from one municipality to the next depending on environmental factors and other factors that characterise the particular local area. Scholars such as Nel and Rogerson (2004) and Levy and Fukuyama (2010) argue that local circumstances will influence the nature and scope of LED strategies and that it is also dependent on the ideological-theoretical orientation of decision-makers as well as the capacity of municipalities. Also, Van Vuuren (2003:33) in this regard notes that

**Figure 1: LED strategy design cycle**



Source: (Adapted from IRI and NBI 1998:42)

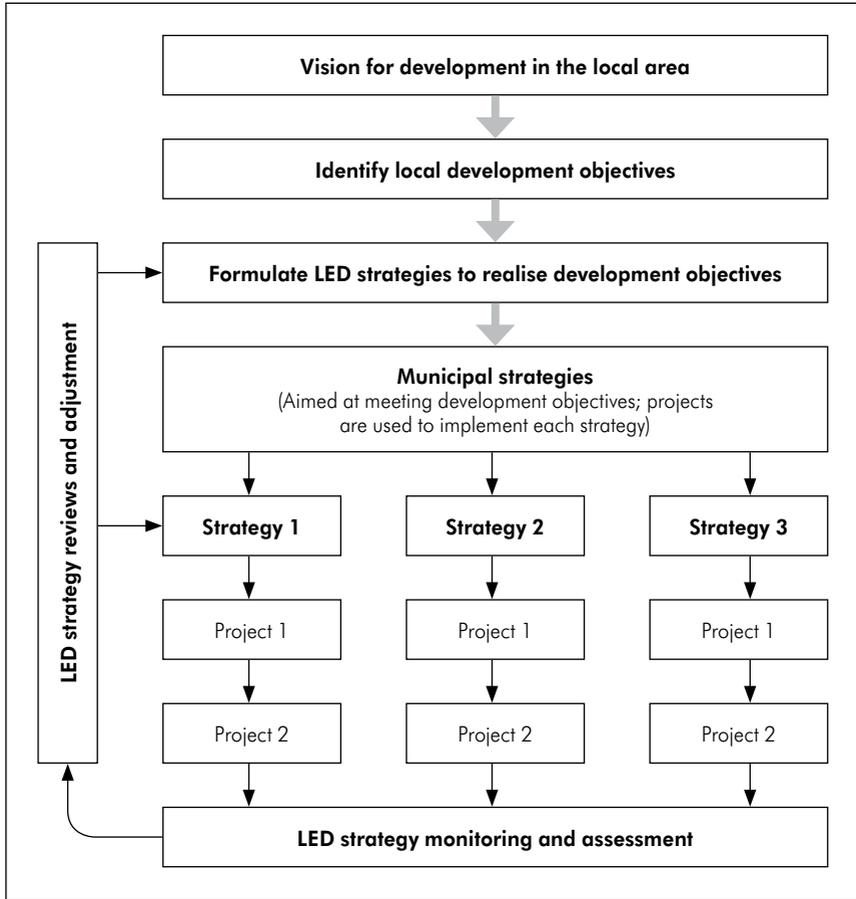
some LED strategies will require extensive planning and coordination among multiple stakeholders and others will not. LED strategy design should thus be seen as “a flexible process continuously influenced by local conditions”. Van Vuuren (2003:34) further adds that LED is not a single municipal project, but rather “a series of policies and activities that contribute to a resilient socio-economic environment”.

In spite of the unique character of LED strategies, it is imperative that municipalities pursue a systematic, integrated and coordinated effort in the design of their strategies. Without such a systematic approach, municipalities will in all likelihood neglect certain critical considerations resulting in partial or inadequate strategies and haphazard socio-economic development efforts.

Municipal councils thus need a comprehensive and detailed strategy design process to help them formulate development targets for the municipal area, determine socio-economic priorities, and to allocate the budget towards realising these development targets and priorities. This process should furthermore revolve around the nature and content of the municipality’s IDP as a broad framework for local development.

A literature survey revealed a number of processes and phases in the LED strategy design effort. According to the IRI and NBI (1998:42), for example, the LED

**Figure 2: LED strategic planning process**



Source: (Adapted from DPLG 2003:103)

strategy design process should be seen as a planned, cyclical process. Figure 1 illustrates this design cycle.

Also, the former DPLG (2003:103) made a significant contribution in this regard by outlining the planning process of LED (Figure 2).

An analysis of various processes and phases revealed that LED strategy design typically follows five distinct yet interrelated phases. It should be kept in mind that LED strategy design should be an adaptive process and one phase may continue in conjunction with another phase based on particular local circumstances. If certain issues emerge during a particular phase, it may be the result of incomplete steps taken in a previous phase. The five phases of LED strategy design,

each comprising specific steps (or critical considerations), can be summarised as follows:

- Phase 1: Organising the LED effort
- Phase 2: Local economy assessment
- Phase 3: LED strategy formulation (design)
- Phase 4: LED strategy implementation
- Phase 5: LED strategy review

## **Phase 1: Organising the LED effort**

To successfully organise an LED strategy design effort requires political commitment, adequate institutional arrangements and resources, and stakeholder involvement. In this regard, Hofisi (2014:1129) suggests that participation should be fostered by establishing a dedicated LED team to initiate and champion the design process. Also, Blakeley and Leigh (2010:74) emphasise that successful strategy design requires a collaborative effort between municipalities, the community, local business, and civil society organisations. The organising phase should thus commence with the identification of key local stakeholders. International experience shows that the expertise, knowledge and resources that stakeholders contribute to local initiatives significantly increase the likelihood of overall strategy design success. Establishing solid working relationships and partnerships often lead to beneficial long-term successes.

The first phase in LED strategy design is commonly divided into four steps that can run concurrently:

### ***Step 1: Municipal programme and system integration***

LED initiatives generally have multiple connections and interfaces with other local development programmes. Effective coordination and integration of these programmes are essential to avoid possible duplication of initiatives taken, to optimally utilise available resources, and to focus the intended outcomes of the respective initiatives. Coordination mechanisms should thus be established to ensure that all municipal programmes are aligned and integrated. Municipal programmes and strategies that should influence, and be influenced by the LED strategy may include the following:

- the municipal IDP and strategic plan;
- the Spatial Development Framework, inclusive of land use and zoning strategies;
- education and training programmes;
- transport plans and programmes;
- leisure and recreational initiatives;
- housing programmes;
- environmental protection strategies;

- anti-poverty programmes;
- crime and public safety programmes; and
- waste disposal and pollution control strategies.

A unit or department should be tasked with this responsibility. According to Nel (2001:1005), some cities in South Africa established LED agencies as an independent or semi-independent organisational unit for this purpose. Levy and Fukuyama (2010:76) suggest that “municipalities with limited resources might start with a less ambitious LED team that can be incrementally expanded through the training of staff and by making use of external experts”.

Hofisi (2014:1130) emphasises that “where LED is a relatively new function in a municipality, it is important to undertake an institutional assessment of the key departments that are involved in LED”. Such an assessment should pinpoint the required technical, professional and managerial skills, resources and organisational performance conditions needed to support LED processes. LED cross-disciplinary and interdepartmental teams should preferably comprise of highly-experienced municipal officials such as “development planners, lawyers, financial and environmental experts, engineers, architects, researchers, communication experts and others that could contribute to a local community’s economic, physical and social development” (Hofisi 2014:1130).

Rogerson (2006:102) accentuates the need for “clear terms of reference and a formal reporting system” for all stakeholder groups. Furthermore, openness, transparency and public access to information are important for overall credibility and legitimacy of the process. Municipal planners should strike a delicate balance between the LED strategy, environmental concerns and community aspirations. International best practice shows that successful municipalities typically establish coordinating mechanisms and design technical criteria to facilitate the establishment of such a balance.

### **Step 2: Secure political commitment**

Authors such as Swinburn and Yatta (2006), and Tomaney, Pike and Rodriguez-Pose (2011:25), argue that the effective operationalisation of LED strategies requires “concerted political effort and support”. When political leaders (e.g. executive mayors, councillors, ward members, community leaders, etc) are committed and closely involved in the process, it generally ensures that LED strategists obtain the necessary support and resources required for effective implementation.

### **Step 3: Build stakeholder partnerships**

As mentioned earlier stakeholders may include businesses, civil society organisations and other interested parties. Rogerson (2006:78) recommends that municipalities involve stakeholders in all LED strategy design processes, inclusive of

project implementation and monitoring and evaluation. By involving all stakeholders significantly increases credibility, transparency of the effort, building support, and overcoming resistance and mistrust. Partnerships also generally increase the efficiency of LED strategies since stakeholders can mobilise their own means to promote LED.

#### **Step 4: Appoint a municipal champion**

The establishment of organisational structures and other management arrangements to design and implement LED could be a complex endeavour. It is thus important that the municipality appoint a champion for the LED effort. Such a champion should oversee the prioritisation and allocation of municipal resources, policy directives of council, as well as LED reporting processes in council decision-making cycles. There are a number of institutional locations where LED champions could be situated within municipalities. These locations may include the following:

- **Offices of the Executive Mayor:** This location has the benefit of political gravitas. Situated in this office, LED champions will typically have higher political visibility and be able to more effectively liaise and coordinate efforts with other municipal departments. A potential disadvantage of this location is that champions as well as LED efforts may become over-dependent on Mayors' tenure of office.
- **Functional departments:** In municipal departments such as Urban and Spatial Planning or Land and Property Registration, LED champions may have access to expertise and departmental resources and equipment. A disadvantage of this location, however, is the potential that the LED strategy becomes subverted to support the major focus of this department only. This may lead to reductionism of the required multidimensional foci of LED strategies.
- **Local Economic Development Agencies (LEDAs):** This location usually has the benefit of better coordination and synergy with different governmental and non-governmental agencies and entities. LEDAs are usually less susceptible to political interference and can thus focus their efforts relatively free from external interruptions. A potential disadvantage of placing champions in LEDAs is that relatively independent LED agencies may follow a more pragmatist approach to get its work done without due cognizance of the need to involve vulnerable community groupings. LED champions should thus ensure that more equitable representation and participation of stakeholders are promoted through the establishment of stakeholder committees and consultative forums.

## **Phase 2: Local economy assessment**

According to Sarker (2006:1287), "knowing the characteristics of the local economy is critical if stakeholders are to identify and agree a realistic, practical and achievable LED strategy. To elicit key data on the local economy, an effective

local economy assessment should commence with a preliminary review of the existing economic relationships and activities within an area". Such an assessment should be supported by scientifically-sound statistics and data regarding the nature and scope of current economic development activities as well as the role and contributions of different sectors in the local economy. The assessment should ultimately inform council decisions regarding the strategic direction it should pursue to address issues such as poverty, unemployment, skill deficits, and limited business entrepreneurship. Sarker (2006:1287) highlights the fact that local economy assessments often need to consider the broader (i.e. provincial) context and need not necessarily be limited to the municipal boundaries. Such a broader perspective is especially necessary in municipalities characterised by different industrial and urban settlement regions or both urban and rural areas. Assessment data will enable targeted projects aimed at expanding or diversifying the local economy, improving public transport services, and conduct more effective spatial planning.

Local economy assessments are furthermore necessary to ascertain those LED domains that are not currently informed by scientific data and statistics. Assessments should thus identify vague or missing data that should be obtained and verified from different data sets such as:

- LED progress report data;
- demographic data;
- economic statistics;
- business data;
- existing infrastructure statistics and
- regional, national and international data sets.

Decisions regarding the nature and type of data sets to be used for data collection purposes are typically informed by factors such as the reliability and detail of statistics, the ease of access and cost of data collection, and the practical application thereof. Data triangulation endeavours of these different data sets will provide a holistic profile of the local economy. Sarker (2006:1288) cautions that "collecting detailed information about the local economy can be an expensive process, municipalities with limited funds may find challenging". In this situation, it is necessary to consider various methods and approaches to assess the local economy. Assessment instruments and tools including cost-benefit analyses, feasibility studies, fiscal impact analyses, economic impact analyses, benchmarking, and regional economic indicators may be utilised in this regard. It is essential that these different data sets enhance the ability of municipal planners to translate data and statistics into a comprehensive and scientifically-sound LED strategy. Effective LED strategy design should also include a review and analysis of the contribution of existing LED programmes and projects as well as an assessment of the validity and reliability of performance indicators for monitoring and evaluation purposes.

### **Phase 3: LED strategy formulation or design**

As alluded to earlier, an LED strategy can be regarded as a comprehensive framework with short-, medium- or long-term targets and action plans to facilitate socio-economic development in a municipal area. Such a strategy should also set a municipal developmental agenda to foster communities' economic, physical, social and environmental resilience.

According to Auriacombe, Van der Waldt and Ackron (2019:66), LED strategy formulation "should provide specific details on programmes and projects, including a hierarchy of tasks, responsible parties, a realistic delivery timetable, human resource and financial needs, sources of funding, expected impacts, results, performance measures and systems for evaluating progress for each project". In this regard, Trousdale (2005:22) proposes that "early or quick win" projects should be designed and implemented in the short term to build momentum and stakeholder confidence. Other projects should be scheduled in the medium to longer term to sustain the momentum. Tomaney, Pike and Rodriguez-Pose (2011:18) add that LED projects should be "championed" by committed and highly experienced individuals. These individuals should preferably represent the respective stakeholder groupings involved.

Levy and Fukuyama (2010:56) suggest that effective monitoring and evaluation systems are essential to analyse and review integrated LED strategies. Such monitoring and evaluation systems enable LED teams and project champions to assess overall performance, measure outcomes, defend the use of resources, effect the necessary changes, and to develop best practices. These systems should also make provision for the design and use of performance targets, performance indicators as well as performance metrics to assess all strategy-related processes and their outcomes.

Rogerson (2006:67) and Sarker (2006:1289) maintain that LED strategies should be well documented and disseminated for broader community consultation purposes. The authors argue that legitimacy of the strategy will be enhanced if ideas and input are obtained during each phase of the strategy formulation process. It is also necessary for municipalities to be open and transparent about the results of thorough impact assessments of the strategy. Openness and transparency can be promoted by making information about the LED projects accessible to the community through the local media, council sessions, and community meetings.

### **Phase 4: LED strategy implementation**

Once the LED strategy is designed and associated programmes and projects have been selected, implementation should commence. Strategy implementation is

generally driven by detailed operational plans that outline the budgetary, human resource, institutional and procedural requirements.

Trousdale (2005:24) proposes that constant engagement with key stakeholders will enhance LED implementation and the monitoring thereof. Blakeley and Leigh (2010:12) strengthen this argument by stating that “building working relationships and trust between partners assist in the process of managing perspectives and differing agendas”. This is especially important in cases where broad-based LED strategies are delivered through private sector partners.

LED strategy implementation should naturally be supported by adequate resources, political commitment, time, expertise, and accurate management information. In this regard, scholars such as Auriacombe, Van der Waldt and Ackron (2019:67) caution that in determining and agreeing a municipal budget, it should be kept in mind that LED projects compete for limited resources with other municipal departments. They continue to argue that “it is often difficult for elected officials to justify allocating scarce resources to LED efforts when other decisions are often perceived as being more important to the development of the municipality”. It is thus important that all stakeholders appreciate the fact that LED entails a considerable investment in the prosperity and growth of the municipal area. Job creation and employment opportunities, revenue growth, and increased general local economic activity, will be beneficial to all individuals and groupings in the municipal area.

## **Phase 5: LED strategy assessment and review**

LED strategies are generally formulated for a three- to eight-year period, but should be reviewed annually to make provision for changing local governance circumstances and conditions (Grant 1997). The LED strategy should thus be flexible enough to accommodate smaller adjustments in response to external pressures. Blakeley and Leigh (2010:67) propose that LED strategies should be subject to rigorous annual performance assessments and reviews based on well-formulated monitoring and evaluation indicators of the local economy. Such assessments and reviews should deliberate the overall readiness of the municipality and other organisations and agencies to successfully implement the strategy. This includes the quality of stakeholder engagement, political commitment, access to required resources, internal systems and implementation processes, deliverables per target date, and the strategy’s impact. Annual assessments and reviews will assist municipal decision-makers to make the necessary adjustments to projects used to operationalise the strategy. Blakeley and Leigh (2010:68) furthermore suggest that lessons learned should be recorded and best practice in LED projects should be formulated to serve as baseline knowledge and benchmarks for the design and execution of similar projects in future. Blakeley and Leigh (2010:69) propose that

such best practice should make provision for the following key success factors in strategy implementation:

- a shared vision for LED;
- involvement and commitment of key stakeholders and community leaders;
- integrated approaches that include physical, social, environmental, as well as economic concerns;
- the incorporation of the informal economy into LED strategies;
- the nature, scope and design of LED projects;
- the authority, role and responsibilities of LED project champions;
- municipal systems, structures and capacity;
- political commitment of councillors and the way councils drive LED strategies; and
- the nature and scope of political, financial and technical support from other spheres of government.

To these key success factors, Lafferty and Meadowcroft (2000) add that political support for, and publication of, LED project achievements are key to sustain momentum and generating enthusiasm and confidence within the community and other stakeholders.

It should be noted that there are differences between the functional and operational performance reviews and assessments that municipalities undertake, based on quarterly performance reports, and strategy reviews and assessments. Functional and operational reviews and assessments are conducted based on key performance areas and indicators outlined in the performance management system (PMS) of the municipality, while strategy reviews and assessments focus on the achievement of broader municipal objectives. Functional and operational performance reviews and assessments are thus limited in scope and mainly focus on the internal functioning of the municipality, while strategy reviews take a broader, systemic perspective focusing on the extent to which the municipality succeeds in effecting longer-term LED and general prosperity in the municipal area.

## **CONCLUSION**

This article uncovered critical considerations in the design of LED strategies by municipalities. It was established that LED strategies are highly diverse in nature and are dependent on particular local circumstances. However, in spite of the unique character of municipal LED strategies, it is imperative that municipalities pursue a systematic and integrated approach in the design of their strategies. Without such a systematic approach, municipalities will in all likelihood neglect certain critical considerations resulting in partial or inadequate strategies and

haphazard socio-economic development efforts. The identification of these considerations could aid the development of LED design checklists to further aid socio-economic development endeavours in South African municipalities.

Municipal councils require a comprehensive and detailed strategy design process to help them formulate objectives for the development of the municipal area, set priorities and to decide how to structure the municipal budget and administration towards realising the development objectives. This process should furthermore revolve around the nature and content of the municipality's IDP as a broad plan for the development of the local area.

## REFERENCES

- Auriacombe, C.J., Van der Waldt, G. and Ackron, J.C. 2019. *Module 5: Local Economic Development (LED) for Local Government*. Internal Handbook. Johannesburg: University of Johannesburg.
- Beder, S. 1996. *The Nature of Sustainable Development*. Melbourne: Scribe Publications.
- Bennett, R.J. and Krebs, G. 1991. *Local Economic Development: Public-Private Partnership Initiative in Britain and Germany*. London: Belhaven.
- Bingham, R.D. and Mier, R. 1993. *Theories of Local Economic Development: Perspectives From Across the Disciplines*. New York, NY: Sage.
- Blakeley, E.J. and Leigh, N.G. 2010. *Planning Local Economic Development: Theory and Practice*. New York, NY: Sage.
- Bobat, S., Khumalo, B. and Liebenberg, L. 2000. Local economic development. In Cockayne, P. (Ed.). 2000. *Democratic Local Government*. Johannesburg: National Business Initiative.
- Dasgupta, P. 2008. Nature in Economics. *Environmental and Resource Economics*. 39(1):1–7.
- Department of Provincial and Local Government (DPLG). 2003. *Local economic development: A resource book for municipal councilors and officials*. Pretoria: Government Printers.
- Department of Provincial and Local Government (DPLG). 2006. National Framework for Local Economic Development (LED) in South Africa (2006–2011). Pretoria: DPLG.
- Grant, R.M. 1997. *Contemporary Strategy Analysis: concepts, techniques, applications*. 1<sup>st</sup> ed. Oxford: Blackwell.
- Gumedede, W. 2009. Delivering the democratic developmental state in South Africa. Development Planning Division. *Working Paper Series No.9*. Midrand: DBSA.
- Hofisi, C. 2014. Making participation real in integrated development planning in South Africa. *Journal of Public Administration*. 49(4):1126–1138.
- International Republican Institute (IRI) and National Business Initiative (NBI). 1998. *Growth, Development and Democracy*. Durban: ARTWORKS.
- Koma, S.B. 2014. *Developmental local government with reference to the implementation of local economic development policy*. Pretoria: UP. (Dissertation – PhD).

- Lafferty, W.M. and Meadowcroft, J. 2000. *Implementing sustainable development: strategies and initiatives in high-consumption societies*. Oxford, UK: Oxford University Press.
- Lefebvre, H. 2003. *The urban revolution*. London: University of Minnesota Press.
- Levy, B. and Fukuyama, F. 2010. *Development strategies: integrating governance and growth*. Baltimore, MD: John's Hopkins University.
- Nel, E. 2001. Local Economic Development: A Review and Assessment of its Current Status in South Africa. *Urban Studies*. 38(7):1003–2024.
- Nel, E.L. and Rogerson, C.M. 2004. *Local Economic Development in Southern Africa*. New Brunswick, NJ: Transactions Press.
- Rogerson, C. 2006. Towards Pro-Poor Local Economic Development: The Case of Sectoral Targeting in South Africa. *Urban Forum*. 14(1):53–79.
- Rydin, Y.J. 2012. Healthy cities and planning. *Town Planning Review*. 83(1):xiii–xviii.
- Segal-Horn, S. (Ed.) 2004. *The strategy reader*. 2<sup>nd</sup> ed. Oxford: Blackwell.
- Segal-Horn, S. and Boojijhawon, L. 2004. International Strategy. *Wiley Encyclopedia of Management*. Vol. 12. New York, NY: Wiley Online Library.
- Sarker, A.E. 2006. The political economy of decentralized governance: An assessment of rural local government reforms in Bangladesh. *International Journal of Public Administration*. 29(13):1285–1309.
- Swinburn, G. and Yatta, F. 2006. Furthering the local economic development agenda in Africa. Unpublished paper presented by the Municipal Partnership at the Africities Conference, Nairobi. <http://www.gtz.de> (Accessed on 14 Sept 2019).
- Thiele, L.P. 2013. *Sustainability*. Cambridge: Polity Press.
- Thomson, A.A. and Strickland, A.J. 1996. *Strategic Management: Concepts and Cases*. Boston, MA: Irwin/McGraw Hill.
- Tomaney, A., Pike, A. and Rodriguez-Pose, A. 2011. Local and regional development: reflections and futures. In Pike A, Rodriguez-Pose A and Tomaney J. *Handbook of local and regional development*. London: Routledge. pp. 1–29.
- Trousdale, W. 2005. Promoting local economic development through strategic planning. *The Local Economic Development Series*. 1(5):3–122.
- Van der Waldt, G. 2016. The role of government in sustainable development: towards a conceptual and analytical framework for scientific inquiry. *Administratio Publica*. 24(2):49–72.
- Van der Waldt, G. 2018. Local Economic Development as Urban Resilience Instrument: The South African Experiment. *Local Economy: The Journal of the Local Economy Policy Unit*. 33(7):694–709.
- Van der Waldt, G. and Auriacombe, C.J. 2019. Local Economic Development (LED) for Local Government. Internal Handbook. Unpublished Draft. Johannesburg: University of Johannesburg.
- Van Vuuren, P.J. 2003. A Reading of Power Relations in the transformation of Urban Planning in the Municipalities of the Greater Pretoria Region (Now Tshwane): 1992–2002. Unpublished Doctoral thesis. Town and Regional Planning. University of Pretoria: Pretoria.

## **AUTHORS' CONTACT DETAILS**

### **Prof C J Auriacombe**

Director: School of Public Management,  
Governance and Public Policy  
University of Johannesburg  
P O BOX 524  
University of Johannesburg  
Auckland Park  
2006  
Email: [christellea@uj.ac.za](mailto:christellea@uj.ac.za)  
Tel: +27 115592385

### **Prof Gerrit van der Waldt**

Research Professor: Public Governance  
Focus Area: Social Transformation  
North-West University  
Private Bag X6001  
Potchefstroom  
2520  
Tel: +27(018) 299-1633  
Cell: 082 4511752  
E-Mail: [Gerrit.vanderwaldt@nwu.ac.za](mailto:Gerrit.vanderwaldt@nwu.ac.za)

# Customer Expectations and Perceptions of Water Service Quality

## Perspectives of the Johanna/Boxwood Road Informal Settlement and the Implications for Consumer Policy

**M S Malakoana\***

School of Management, IT and Governance  
University of KwaZulu-Natal

**B R Qwabe**

School of Management, IT and Governance  
University of KwaZulu-Natal

**S I Zondi**

School of Management, IT and Governance  
University of KwaZulu-Natal

### **ABSTRACT**

Citizens expect their local municipalities to deliver services such as water to the highest degree of quality and standards. This results in their satisfaction and positive perceptions. Any failure of government to meet citizens' expectations is likely to result in discontent and mass demonstration. This article primarily aims to analyse the expectations and perceptions of the Johanna/Boxwood Road Informal Settlement dwellers of the provision of water services by the Water and Sanitation Unit of eThekweni Metropolitan Municipality. The article adopts the Expectation-Perception Theory to analyse customers' expectations and perceptions of the quality of water services provided to them by the Water and Sanitation Unit of eThekweni Metropolitan Municipality. Quantitative data was drawn from 100 dwellers of Johanna/Boxwood Road Informal Settlement, using random sampling. While survey results revealed positive perceptions regarding the delivery of water services to communities, there are several governance deficiencies that were uncovered by the survey results. These include the failure

of an enhanced culture of responsiveness, consultation, public participation, openness, and effective communication. From a “developmental local government” perspective envisaged in the South African Constitution of 1996, the article concluded that there is a need to rethink local governance culture on sustainable water services provision at local government sphere. As such, the Water Services Management model is recommended.

## INTRODUCTION

Water services management (WSM) is a fulcrum around which basic human rights revolve. Thus the constitutional mandate for local government, including eThekweni Metropolitan Municipality, is to advance the delivery and access to potable drinking water. South Africa’s Constitution of 1996 (RSA 1996) provides that water service delivery is a human rights matter; and this has yielded the myriad of public perceptions and expectations on how water service delivery should be managed. In this regard, the government has committed to delivering water services to the highest degree of quality and of an acceptable standard. This should result in citizens’ satisfaction and positive perceptions of the government’s endeavours to improve the quality of life for all. However, despite this commitment, the anecdotal evidence from Johanna/Boxwood Road Informal Settlement of eThekweni Metropolitan Municipality points to dissent and discontent at the level at which municipalities execute their WSM mandate. Against this background, the study enquired whether the quality and quantity of water services that are provided by municipalities meet the expectations of the citizens. Hypothetically, it can be assumed that bad governance and the lack of clear institutional policies can lead to the distortion of WSM systems for many indigent communities deprived of access to basic government services such as water.

The need to address the existing challenges of poor WSM remains indispensable. Therefore, the Water Services Management (WSM) model is recommended in this article in order to achieve effective, efficient, and sustainable provision of water and sanitation in an economic manner. EThekweni Metropolitan Municipality and other WSM agencies, particularly within a local government context, must adopt a new culture of responsiveness, reliability, and assurance in the quest to meet customer expectations and satisfaction. In this context, the Expectation-Perception Theory informs the theoretical underpinnings of the article. The findings of previous research show that the quality of services can be generally measured by determining the discrepancy between what the customers want (customer expectations) and how the customers receive and experience

the services (customer perceptions) (Hosseini, Souri and Sajjadian 2018:67). In the light of the Expectation-Perception Theory, this quantitative study evaluates expectations and perceptions of the Johanna/Boxwood Road Informal Settlement dwellers in relation to the provision of water services by the Water and Sanitation Unit of eThekweni Metropolitan Municipality.

This article comprises an introduction, research design and methodology, the Expectation-Perception Theory (which informs the theoretical background for the article), the review of relevant literature including the legislative framework on water provision, global and regional perspectives and local cases, governance debates on WSM, research results, analysis and discussion, recommendations, and a conclusion.

## **EXPECTATION-PERCEPTION THEORY**

One of the fundamental duties any government is expected to perform is to satisfy its citizenry. Within the context of this assertion, the Expectation-Perception Theory adopted in this article draws its strength from the fact that all citizens, as customers, expect services to be delivered professionally by their government. In other words, most citizens expect services to be delivered with the highest degree of quality and by competent staff. In addition, organisations such as municipal entities must be customer-driven. Consequently, government institutions must constantly evaluate their services quality. Maintaining services quality remains key in attracting and retaining customers (Saleh and Al-Marzouqi 2014:140). To this end, the service quality scale (SERVQUAL) was developed by Parasuraman, Zeithamal, and Berry in 1988 to assess customers' expectations and perception of service quality (Beukes, Prinsloo and Pelser 2014:53). Saleh and Al-Marzouqi (2014:140) state that SERVQUAL is a concise, multiple-item scale, with good reliability and validity that can be used by governments to comprehend the service expectations and perceptions of consumers. An understanding of this can, and should, ultimately result in service improvement by governments for its citizens. In the course of government's discharge of its duties and service-delivery activities, services quality would refer to the discrepancy that exists between customers' perceptions and expectations.

The expectation-perception theorists highlight the need to evaluate the perceptions and expectations of customers. Musaba, Musaba and Hoabeb (2014:541), for example, hold that excellent customer service means serving customers beyond what they expect. Tsai, Hsu and Lin (2011:217) opined that customer expectations are primarily based on customer needs. Furthermore, customers' previous exposure to a particular service is another force in shaping their expectations (Shi, Tang, Zhang, Gao and Zhu 2016:394). Thus, the notion of good customer service implies the need to exceed consumer expectations, impressing consumers with empathy and understanding.

Muhammad (2012:1) accentuates the importance of organisations or institutions to continually gauge the extent to which expectations of customers are met. The author adds that the efficiency of either private or public institutions firmly depends on how that institution successfully delivers services to its target markets or customers. Equally, Houston and Sausi (2013:127) maintain that citizens' experiences and perceptions of public services remain highly significant in the identification of the needs of local communities. In turn, this helps in the design of efficient services models that result in improved service delivery standards.

Nandan (2010:103) argues that the literature has not succeeded in providing consensus on what constitutes the general elements of services quality. However, there is common agreement that citizens want and expect efficiency, politeness, and effectiveness in the process of being served, whether by politicians or bureaucrats. In the South African context, this assertion is supported by Section 33 (2) of the Constitution, which states that everyone has the right to administrative action that is lawful, reasonable, and procedurally fair (RSA 1996). In addition, post-1994, the South African government adopted a wide range of legislation that recognises water as a basic human right.

## **CONTEXTUALISATION OF WATER SERVICES IN SOUTH AFRICA**

Prior to 1994, most of the underprivileged population, including those in informal settlements, depended on water from unsafe sources. The reliance on these sources created many adversities and, to a large extent, women and children bore the brunt of fetching water from the streams, rivers, and wells, thus undermining the constitutional rights of the citizenry. Post-1994, the legislation that ensured equitable access to water services was promulgated. This shift resulted in improved access to water delivery. For example, in 2011, 73% had access to piped water inside their dwellings, while only 18% had access to piped water outside the yard (RSA 2011:59).

With the growing commitment to sustainable development and the recognition that water is a basic human right, the transformation of the water sector in South Africa has also received much attention (Siebrits, Winter and Jacobs 2014:97; Finger and Allouche 2002:online). That said, the discussion on the legislative framework that regulates the delivery of water services in South Africa post-1994 is presented next.

### **Constitution of the Republic of South Africa of 1996**

Government institutions in South Africa, including local government (Metropolitan, District and Local municipalities), derive their developmental mandate from the

Constitution, 1996. This includes the delivery of services such as water (Koma 2010:112). Chapter two of the Constitution, for example, enshrines the Bill of Rights. Section 27 (1)(b) of the Bill of Rights stipulates that everyone has the right of access to sufficient water.

## **Water Services Act 108 of 1997**

Responding to the constitutional provisions, the Water Services Act 108 of 1997 warrants all citizens their right of access to a water supply. The Act compels the water services authorities such as municipalities to ensure that they develop and adopt water services development plans (WSDPs). Moreover, the Act specifies that the water services authorities (WSAs) are accountable to their consumers (RSA 1997). Specifically, Section 4 (2) of the Act clarifies that, although it is the mandate of the water services institutions to set up conditions within which water is to be delivered, this must be achieved by prioritising the interests of the citizens (RSA 1997).

## **White Paper on Water Services**

The White Paper on Water Services sets out a comprehensive policy approach regarding the whole of the water services sector in South Africa, ranging from small community water supply and sanitation schemes in remote rural areas to large regional schemes supplying water and wastewater services to people and industries in our largest urban areas (RSA 2002). Specifically, the White Paper emphasises the right to access sufficient water and sanitation for all (RSA 2002).

## **National Water Act 36 of 1998**

The National Water Act 36 of 1998 sets the parameters within which the Department of Human Settlements, Water and Sanitation protects, uses, develops, conserves, controls, and manages water services (RSA 1998). For example, in order to promote equity, local government is tasked with providing basic amenities such as water and is expected to ensure that both urban and non-urban consumers have sustainable access to potable water (RSA 1998).

## **GLOBAL AND REGIONAL PERSPECTIVES ON WATER SERVICES MANAGEMENT**

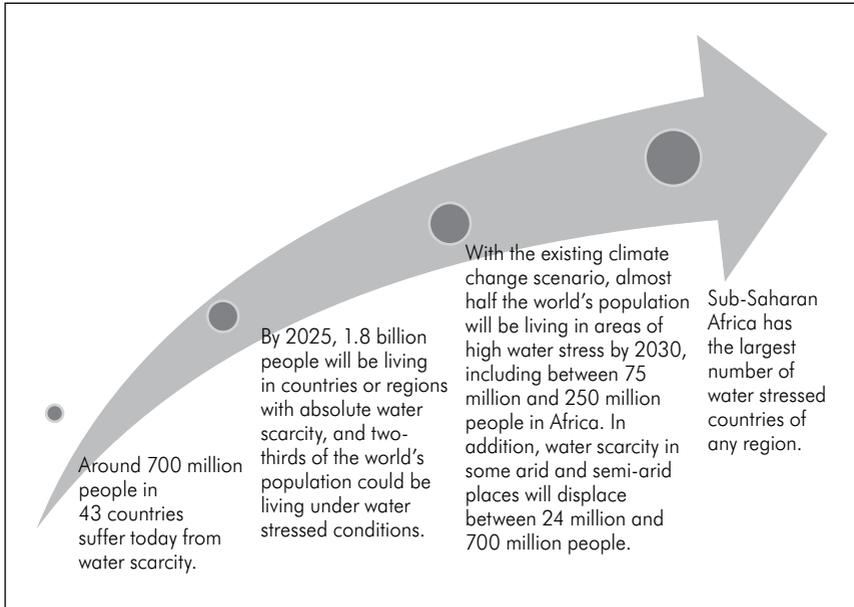
Given the contemporary nature of global politics and the mounting pressure for good governance, the literature documents various efforts made by governments

to meet citizens' expectations for improving WSM and quality of life at the community level (Rabie 2016:189). Consequently, WSM is perceived as a critical factor in the realisation of basic human rights (The United Nations Children's Fund [UNICEF] 2014:956). To this end, the commitment by various global agents, such as the World Health Organization (WHO), UNICEF, the Organisation for Economic Development and Cooperation (OECD), and other global institutions, has helped to enhance global awareness on WSM and environmental sustainability (Franceys 2013:13). Furthermore, the United Nations (UN) (2015:124) endorses access to water services as a fundamental need and a global basic human right. Other initiatives, led by UNICEF and WHO and other global institutions, to advance water and sanitation conditions at a global scale, have contributed various global awareness campaigns for WSM (Sutherland and Hordijk 2014:12). This includes the International Drinking Water Supply and Sanitation Decade (1990–2000) which increased the access to water and sanitation of the indigent populations. Sutherland and Hordijk (2014:12) state that during this decade, approximately 800 million people were afforded quality clean drinking water and around 600 million people have had improved sanitation systems. However, despite this achievement, water and sanitation still remain a colossal challenge at national and international levels, with approximately 1.1 billion people without access to water and sanitation (Sibanda 2017:1).

Owing to the pressures imposed by climate change and other environmental factors, the systems for global water management are under extreme strain (Pahl-Wostl 2013:53). Furthermore, the majority of citizens, notably rural dwellers in developing and underdeveloped contexts do not have access to potable water and are compelled to consume contaminated water from unprotected water sources (WHO 2015:12). Poor access to safe drinking water is associated with numerous negative outcomes such as poor health, incurable diseases, and the protracted cycle of poverty, inequality, and social miseries (UNICEF 2014:online). Bond (2013:101) elaborates that contaminated water, poor sanitation facilities, and open defecation contribute to the transmission of infectious diseases such as diarrhoea, cholera, dysentery, typhoid, and polio, and thus can severely impact human health. Moreover, Sershan, Rodda, Stenström, Schmidt, Dent, Bux, Hanke, Buckley and Fennemore (2016:456) argue that, while there is a perception that significant progress has been made to achieve the vision of the Sustainable Development Goals (SDGs), more specifically goal number six on WSM which aims to ensure global water sustainability, the general impression is that governments have not explored all available avenues for promoting accessibility to water services.

Sershan *et al.* (2016:456) postulate that the issue of water accessibility, affordability, and reliability is critical to the alleviation of global poverty and inequality. Likewise, Grey and Sadoff (2011:201) assert that water security, in terms of

**Figure 1: Water unsustainability**



Source: (Adapted from United Nations, Water Scarcity 2018)

acceptable standards, quality, and quantity, should serve as a yardstick for measuring global performance on water service delivery. Considering the impact of water scarcity in global and regional contexts, various studies such as Sutton, Harvey and Reed (2009), Noel and Klutse (2011) and Van Houling (2012) conclude that the context of water management poses serious ramifications for human health, influencing the quest for ending global poverty. Figure 1 depicts the growing challenges of water unsustainability on a global scale.

Figure 1 is a seminal reflection of the trends for the unsustainability of WSM in underdeveloped and developing nations. This information would be useful for the governments in these nations for decision-making relating to planning, budgeting and coordination of water management strategies. Most importantly, the statistics contained in the diagram illustrate that unless concerted efforts are made to improve water service delivery systems, the population of approximately 250 million people in the African region will be exposed to water stressed areas in 2030 and beyond (United Nations 2018:5). According to Lenton, Lewis and Wright (2015:33), the declining levels of citizens accessing water services in the Southern African Development Community (SADC) region, particularly in Namibia, Madagascar, Mozambique, Malawi, Zimbabwe and South Africa, have become critical. The WHO (2015:81) reported that in 2010, only 39% of urban

and rural communities in the SADC region had access to clean piped water suitable for drinking.

From a regional perspective, Africa is confronted with huge challenges that adversely compromise citizens' health and their socio-economic aspirations. The attempts to provide clean water in the SADC region are in many instances, curtailed by the lack of adequate infrastructure. For example, in patriarchal societies, women and children are the sole role players in the collection and transportation of water and are forced to divert their attention from the educational and socio-economic activities of improving their lives (Van Rooijen, Biggs, Smout and Drechsel 2014:107). The African Charter on the Rights and Welfare of the Child of 2015 provides many case studies that demonstrate the impact posed by the lack of water services to the educational and recreational participation of female learners in the SADC region. Arguably, constitutionalising access to water in the SADC region will not only guarantee more water security, but also contribute to the protection of human rights for vulnerable citizens, particularly women and children (UNICEF and WHO 2019:12). While it is widely acknowledged that the success of the sustainable development agenda in the SADC region depends on its natural and environmental resources, concerted efforts are being made to preserve water resources through various initiatives on the African continent, including Africa Water Vision 2025 and Agenda 2063.

## **The Africa Water Vision 2025**

Recognising the critical role of water in the daily socio-economic life of humankind, the World Bank, the African Development Bank and the Economic Commission for Africa (ECA) adopted the Africa Water Vision 2025 as a progressive commitment towards ensuring equitable and sustainable use of water for socio-economic development on the continent (Uchegbu 2017). The adoption of this vision was informed by the recognition of the essential role of water services in agricultural economic activities in the African region. Therefore, failure to prioritise water resources would imply compromising agricultural production as a primary livelihood strategy on the African continent (Soyapi 2017).

## **Agenda 2063**

The Agenda 2063 was formulated in 2013 under the auspices of the African Union (AU) to serve as a strategic framework for the African continent to fully transform its political, social and economic sectors by 2063 and become a global powerhouse of the future (Dlamini-Zuma 2013). Among the strategic visions of Agenda 2063 is the mention of access to safe water supply through effective management of natural and environmental resources in a manner that protects health.

## **LOCAL CASE STUDY ON WATER SERVICES MANAGEMENT AND RELATED DELIVERY**

Given the descriptive nature of the study and its emphasis on understanding both the public perceptions and the complexities of water service delivery, it reviewed a local case study of eThekweni Metropolitan Municipality, which will hopefully contribute to shaping the understanding of water service quality within the municipality. Local government is mandated by the Constitution of 1996 and other statutory bodies to deliver quality water and sanitation services to citizens. In this mandate, the access to water, equity, efficiency and sustainability are the keys to meeting the ever-increasing demands of water supply (RSA 2013:81). The eThekweni Metropolitan Municipality provides a good case study with its various initiatives that promote quality water service delivery (eThekweni Metropolitan Municipality 2017). This case study demonstrates the perceptions and expectations held by the local citizens of water services quality in one particular identified informal settlement within eThekweni Metropolitan Municipality.

### **Blue Water Drop Initiative in eThekweni Metropolitan Municipality**

The South African local government system embarked on a major political transition to a fully democratic dispensation in 1996. The transitional process was conducted in three distinct phases, the pre-interim, interim and new democratic council phases that ensured the realisation of the total restructuring and entrenchment of democratic values in local government (Maharaj 1997; Zondi and Reddy 2015). The new municipal system in the post-apartheid era undertook an ambitious mandate to address water service delivery backlogs, underpinned by the formulation of policies and various programmes that aspired to fulfil citizens' expectations for quality service delivery (Tshiyoyo and Koma 2011:39). In essence, municipalities should be guided by the principles of equity and sustainability in their endeavours to deliver water services that satisfy the needs of communities (Weaver, O'Keeffe, Hamer and Palmer 2017:399).

eThekweni Metropolitan Municipality in the province of KwaZulu-Natal (KZN) is regarded as the reputable municipality in the delivery of quality water services. Its commitment to quality WSM stems from the 'Blue Water Drop' initiative which was introduced in 2008 by the Department of Human Settlements, Water and Sanitation as a yardstick for measuring the perceptions of citizens on the quality of drinking water provided by South African municipalities. Although safe drinking water is endorsed as a basic human right by governments and various initiatives across the world, this endorsement lacks validity and relevance if the

quality of water is compromised. This is the context from which the Blue Drop initiative was formulated (RSA 2009:33). The proficiency criteria of this initiative is determined by the condition that the municipalities who achieve approximately 98% of positive responses from the public on water service delivery and pass 95% of microbiological compliance stand a better chance of obtaining a blue dot award (eThekweni Municipality 2017). In 2017, the national score for eThekweni Metropolitan Municipality was 98.79%, which was above the expected average. In order to provide guiding principles on the Blue Drop initiative, a Blue Drop handbook was formulated to assist municipalities to prepare for assessments of water quality management and to establish communication channels with the citizens who are the recipients of water services from municipalities (eThekweni Metropolitan Municipality 2017). Owing to its commitment to water resource management and the push to achieve the global standards of clean drinking water, eThekweni Metropolitan Municipality has achieved several milestones, one of these being the Municipal Water Quality Work Plan (MWQWP) (eThekweni Metropolitan Municipality 2017).

## **Municipal Water Quality Work Plan**

The MWQWP is another initiative of the Department of Water and Sanitation developed in 2009 to serve as a five-year plan (2009–2014) to boost the capacity of South African municipalities towards meeting the 2014 presidential targets for safe drinking water and to further accelerate the vision of the Blue Drop performance (RSA 2009:33). Among the objectives were to delineate the best international practice for water management quality and to set out the regulations that WSAs can focus their efforts on in the quest for improved sustainable drinking water and wastewater management (RSA 2009:62).

Despite good achievements attained by some municipalities on water management, in 2014 only 15% of municipalities had proper water safety plans in place, while 62% of municipalities had no water safety plans (South African Local Government Association [SALGA] 2011:29). This, together with the poor economic background of the country, lack of expertise in local government and the culture of non-payment for government services in most communities, has contributed to poor service levels in local government.

## **GOVERNANCE ISSUES ON WATER SERVICES MANAGEMENT: A GOOD GOVERNANCE PERSPECTIVE**

Governance within the context of water service delivery refers to “the range of political, social, economic and administrative systems that are in place to

develop and manage water resources, and the delivery of water services at different levels of society” (Conca 2016:63). It is increasingly recognised that the so-called ‘water crisis’ is essentially a crisis of governance (UNDP 2004). For example, in many developing countries the governance of the water sector as a whole is in a state of confusion and dysfunction with little responsiveness or accountability to citizens (Howard 2015:2545). The rationale for water governance is to validate the position and authority of the state and sub-national structures to govern water affairs; although they may decide to outsource, repeal, or disregard that authority (Avant 2014:945). However, the literature on global water governance demonstrates that challenges of WSM relate to the fact that at the national country level, the abilities, skills, and resources to manage water affairs are lacking (Goodman and Hastak 2006:12). It should also be noted that in any given state, including South Africa, the management of water services is linked to broader environment, social, political, and economic development, and is therefore influenced by policy decisions of the actors outside of the water sector (Nleya 2011:76). However, Tissington, Detteman, Langford, Dugard and Conteh (2013:44) remark that despite the emphasis of government on public participation, citizens are not actively engaged in service delivery planning and management.

## **RESEARCH DESIGN AND METHODOLOGY**

This study is quantitative in nature. The fundamental thrust of the research undertaken was to determine the perceptions of the residents of Johanna/Boxwood Road Informal Settlement on the provision of WSM by eThekweni Metropolitan Municipality. This affirms Bird’s (2009:1307) assertion that the use of questionnaires as a research tool succeeds in acquiring information related to public knowledge, standards of attitudes, and perceptions. To that effect, the expectation-perception theory, described and presented in the ensuing section, underpins the study.

Non-experimental research surveys were used to collect quantitative data using probability sampling. Through this method, a random sampling technique was adopted. A total of 100 questionnaires were administered to the residents of Johanna/Boxwood Road Informal Settlement to elicit quantitative data. The survey questionnaire consisted of three parts. The first part included socio-demographic information such as gender, age, occupation, educational level and household information of the respondents. The customers’ expectations and perceptions were measured in the second and third parts. The data collected was analysed using Statistical Package for the Social Sciences (SPSS) Version 23.

## **CONCEPTUALISATION OF WATER SERVICES**

One of the assumptions this article rests upon is that water is a human right, one which the South African government is obliged to fulfil as espoused in Section 27(1)(b) of the Constitution which is that “everyone has the right to have access to sufficient food and water”. The UN Universal Declaration of Human Rights engenders important state commitments to respect, fulfil, and protect a broad range of socio-economic rights. In 2010, the UN General Assembly affirmed water to be a human right (United Nations Human Rights Council [UNHRC] 2010). Consequently, several countries across the globe, including South Africa, have resolved to address the challenges of access to water and have taken concrete steps by recognising human rights in their constitutions. The South African Constitution, 1996, provides that access to WSM is a human rights matter (RSA 1996); and this has yielded the myriad of public perceptions and expectations on how water service delivery should be managed. Thus, this article explored the expectations and perceptions of the Johanna/Boxwood Road Informal Settlement dwellers in relation to the provision of water services by the Water and Sanitation Unit of eThekweni Metropolitan Municipality.

## **RESEARCH RESULTS**

The survey questionnaires used in this study comprised distinct sections for the collection of data on the perceptions of Johanna/Boxwood Road Informal Settlement dwellers regarding the provision of water services by the Water and Sanitation Unit of eThekweni Metropolitan Municipality. These sections ranged from community awareness to governance-related matters on delivery of quality water. The next section presents the quantitative data collected for the study.

### **Water services in Johanna/Boxwood Road Informal Settlement**

The primary data below presents community perceptions and the nature of water service in Johanna/Boxwood Road Informal Settlement.

More than half of the respondents agreed that they knew who their water services provider (WSP) was. A majority of the respondents reported accessing water sources more than 200 metres away. More than two-thirds of respondents had not submitted water-related complaints to eThekweni Metropolitan Municipality within the six-month period prior to data collection. A majority of respondents were not aware of any water-monitoring problems in eThekweni Metropolitan Municipality. An overwhelming majority of respondents did not agree that there were improvements concerning access to and quality of services compared with

**Table 1: Water services in Johanna/Boxwood Road Informal Settlement**

| Variable   | N  | Percentage (%) |
|--|----|----------------|
| <b>Know the water services provider</b>  |    |                |
| Yes  | 54 | 54             |
| No   | 46 | 46             |
| <b>Main water source</b>   |    |                |
| Metered in-house supply or yard standpipe  | 2  | 2,0            |
| Neighbour's house  | 2  | 2,0            |
| Communal tap less than 200m away   | 37 | 37,4           |
| Communal tap more than 200m away or no access to water                               | 58 | 58,6           |
| <b>Submitted water-related complaints within the last 6 months</b>                   |    |                |
| Yes  | 10 | 10,3           |
| No   | 87 | 89,7           |
| <b>Awareness of water-monitoring problems</b>  |    |                |
| Yes  | 34 | 34             |
| No   | 66 | 66             |
| <b>Improvement of access to and quality of water services from the previous year</b> |    |                |
| Yes  | 30 | 30             |
| No   | 70 | 70             |

Source: (Compiled by authors using primary data collected, 2016)

the previous year. The section below provides community perceptions on the quality of water in the area.

## Quality of water services

The primary data below presents community perceptions on the standard and quality of water services delivery to Johanna/Boxwood Road Informal Settlement.

Most respondents, that is, 29% and 35%, either strongly agreed or agreed respectively, that the standard of water services delivery to Johanna/Boxwood Road Informal Settlement was very high. This contrasted with only 11% and

**Table 2: Community perception of eThekwini Water and Sanitation Unit**

| Characteristic, n (%)  | SA | A  | SD | D  | N  |
|--|----|----|----|----|----|
| Reliable when delivering water   | 29 | 4  | 15 | 9  | 13 |
| Responsive to customer needs   | 16 | 24 | 26 | 16 | 18 |
| Adequate facilities and infrastructure                                       | 23 | 28 | 24 | 17 | 7  |
| Empathetic   | 21 | 31 | 22 | 15 | 11 |
| Inspiring confidence in customers  | 25 | 33 | 15 | 18 | 9  |
| Staff available and well trained   | 21 | 22 | 19 | 22 | 16 |
| Water delivery standard very high  | 29 | 32 | 11 | 18 | 10 |
| Conscientious in dealing with citizens                                       | 22 | 35 | 13 | 13 | 17 |
| Service comparable to rest of RSA  | 26 | 20 | 25 | 19 | 10 |
| Key: SA=strongly agree, A=agree, SD=strongly disagree, D=disagree, N=neutral |    |    |    |    |    |

Source: (Compiled by authors using primary data collected, 2016)

18% of respondents strongly disagreeing or disagreeing respectively, that the standard was high. While not statistically significant, the data above reveals that the community of Johanna/Boxwood Road Informal Settlement is satisfied with the standard and quality of water service delivered by the eThekwini Metropolitan Municipality Water and Sanitation Unit. This aligns with the Expectation-Perception Theory, which supports the notion of customer satisfaction regarding the standard and quality of government services delivered to the community. Comparably, the large number of dissatisfied people, as depicted by those strongly disagreeing and disagreeing, shows that there is a need for improvement.

### **Water services delivery and strategic interventions of eThekwini Metropolitan Municipality**

The primary data below presents community perceptions regarding WSM and strategic interventions of eThekwini Metropolitan Municipality.

Of the respondents 55% (n=55) were not aware of the municipality's free water services. This could indicate that eThekwini Metropolitan Municipality should consult the community and disseminate more widely its information on services so that citizens can be empowered. This would enable citizens to make informed decisions based on such information.

**Table 3: eThekwini Metropolitan Municipality's strategic interventions**

| Characteristic                   | Number | Percentage % |
|----------------------------------|--------|--------------|
| How aware are you of free water? |        |              |
| Fully aware                      | 34     | 34           |
| Somewhat aware                   | 9      | 9            |
| Not aware at all                 | 55     | 55           |
| Somewhat unaware                 | 2      | 2            |

Source: (Compiled by authors using primary data collected, 2016)

### Consultation strategies employed by eThekwini Metropolitan Municipality

The data below presents community perceptions regarding consultation strategies employed by eThekwini Metropolitan Municipality regarding the delivery of water services to Johanna/Boxwood Road Informal Settlement.

**Table 4: Consultation strategies employed by eThekwini Metropolitan Municipality**

| Characteristic   | Yes (%) | No (%) |
|--|---------|--------|
| Do you know who the water services provider is in your area? | 54      | 46     |
| Do you know your municipal ward councilor?                   | 36      | 64     |
| Are municipal offices in your area accessible?               | 17.2    | 82.8   |
| Have you ever submitted a water complaint?                   | 13      | 87     |

Source: (Compiled by authors using primary data collected, 2016)

Table 4 reveals that 83% of the participants indicated that municipal offices are not accessible to the community; thus 87% of participants stated that they had never submitted any complaints to municipal offices.

### EMPLOYEE PERFORMANCE AND THE DELIVERY OF WATER SERVICES

Over 55% (n=55) of the respondents were of the view that municipal employees performed their duties in good faith. At 69%, most participants either strongly

**Table 5: Employee performance and the delivery of water services**

| Characteristic   | SA    | SWA   | SD    | D     | DK    |
|--|-------|-------|-------|-------|-------|
| <b>Employees perform their duties</b>  |       |       |       |       |       |
| In good faith  | 45.92 | 9.18  | 25.51 | 11.22 | 8.16  |
| Diligently   | 42.42 | 14.14 | 20.20 | 14.14 | 9.09  |
| Honestly   | 38.38 | 16.16 | 25.25 | 13.13 | 7.07  |
| In a transparent manner  | 45.92 | 16.33 | 23.47 | 7.14  | 7.14  |
| Enhancing credibility and integrity  | 42.42 | 12.12 | 28.28 | 5.05  | 12.12 |
| Without abuse of water services  | 34.00 | 2.00  | 25.00 | 3.00  | 36.00 |
| Impartially and without prejudice  | 52.00 | 8.00  | 24.00 | 3.00  | 13.00 |
| Driven by needs and aspirations  | 36.00 | 10.00 | 31.00 | 5.00  | 17.00 |
| With ethical standards held high   | 49.00 | 9.00  | 20.00 | 12.00 | 10.00 |
| <b>Community treated</b>   |       |       |       |       |       |
| With respect   | 48.48 | 7.07  | 24.24 | 11.11 | 9.09  |
| Equally, regardless of political affiliation   | 62.00 | 7.00  | 20.00 | 6.00  | 5.00  |
| Without discrimination of any sort   | 64.00 | 5.00  | 16.00 | 9.00  | 6.00  |
| Key: SA=strongly agree, SWA=somewhat agree, SD=strongly disagree, D=disagree, DK=do not know |       |       |       |       |       |

**Source:** (Compiled by authors using primary data collected, 2016)

agreed or somewhat agreed that eThekweni Metropolitan municipal employees delivered services equally to the community, regardless of political affiliation, with no evidence of any form of discrimination.

## **DISCUSSION, ANALYSIS AND IMPLICATIONS**

As noted in the methodology section, 100 residents of Johanna/Boxwood Road Informal Settlement took part in the study. The oldest study participant was male (72 years old), as was the youngest (19 years old). The mean age of the female study participants was 35.59 years with the standard deviation of 10.64 years. More than half of the respondents were male. The majority reported IsiZulu as their home language. About two-thirds of the respondents reported having reached secondary education. Females in the sample were slightly older than males; however, this was not statistically significant. Most (66%, n=66) were

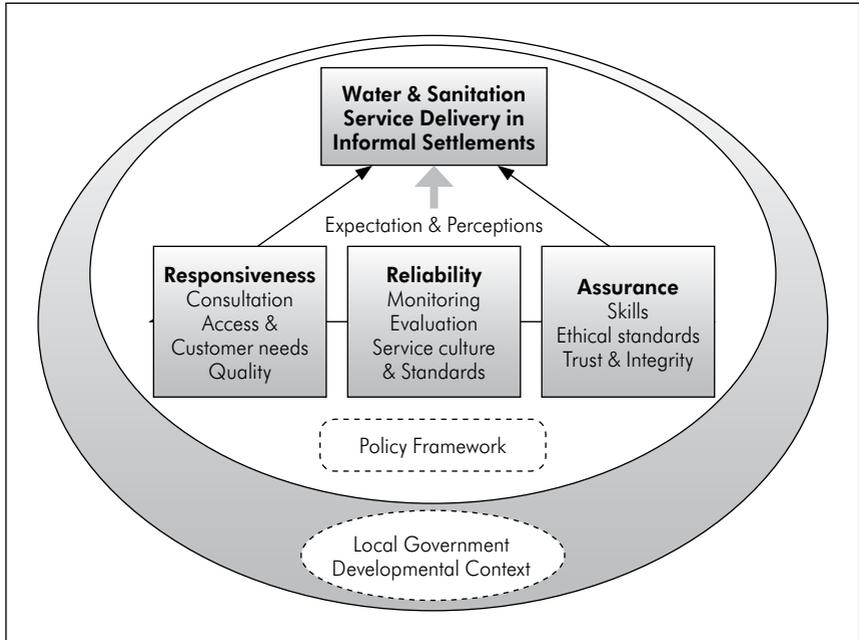
unemployed and 33% (n=33) were originally from the rural areas of the Eastern Cape, this being considered the reason for the increase in informal settlement in the area. Consequently, eThekweni Metropolitan Municipality finds itself having to cater for the unemployed, including providing them with free municipal services such as water supply.

An overwhelming majority of respondents (82.8%) perceived the eThekweni Metropolitan municipal offices to be largely inaccessible. This seemed to be true even among those who were employed (25.3%). This finding may also be a contributing factor in the very high proportion of respondents/households that had not submitted any complaints in the past six months prior to data collection. This may be a consequence of one of two things. First, it could be that there were no complaints to submit; or second, as a result of the inaccessibility of the offices coupled with lack of knowledge of other ways to submit complaints. These outcomes speak directly to the municipal efforts regarding some of the content of their community outreach programmes and awareness campaigns.

About 42% of the respondents disagreed that the municipality was responsive to customer needs. This was irrespective of the high regard the community had of the delivery of high-quality water services and the reliability in providing such services. About a third of respondents viewed the municipality as unsympathetic towards their needs when they experience water-related problems. A total of 70% of the respondents did not agree that eThekweni Metropolitan Municipality had improved their access to and the quality of water services compared with the previous year. These results signal areas in need of much attention. This would improve the community perceptions of customer satisfaction (customer-oriented service delivery).

Although more males than females participated in this study, gender did not seem to play a significant role in perceptions of water services delivery. This is important, because intervention strategies may thus not need to focus exclusively on gender. However, employment status seemed to have an effect on water services delivery in the area (Johanna/Boxwood Road Informal Settlement). More unemployed respondents reported having i) trouble accessing municipal offices from their area; ii) hardship accessing free water; and iii) little awareness of water-monitoring problems. In contrast, employed respondents were more inclined to perceive the municipality as i) reliable in the delivery of water services in their area; ii) trustworthy in the delivery of water services; having compassion and inspiring confidence; and iii) having a high quality standard of delivering water services to their area. Furthermore, the employed individuals tended to be aware of the amount of free water they were allowed to consume on a monthly basis. These differences highlight the important areas of intervention that the municipality would need to focus on in order to improve the perceptions that a community such as Johanna/Boxwood Road Informal Settlement has of them.

**Figure 2: Water Service Management (WSM) Model**



Source: (Compiled by authors based on primary data collected)

## RECOMMENDATION

Given the shortcomings of WSM within eThekweni Metropolitan Municipality reflected in the survey results reported in this article, the authors finally recommend a WSM model, as presented in Figure 2 below.

The WSM model advocates a renewed culture of local government WSM. In this context, the consumer policy frameworks must promote three critical elements which need to be entrenched in the operations of eThekweni Metropolitan Municipality Water and Sanitation Unit. These include i) responsiveness, ii) reliability, and iii) assurance. Viewed in the context of the South African Constitution, 1996 and other related local government development policy frameworks, the renewed local government WSM culture should be informed by customer consultation, access, customer needs, ethical standards, trust and integrity, and continued employee human capital development, monitoring and evaluation (M&E) in order to sustain service delivery culture and standards. Combined, these elements will assist local government in general and eThekweni Metropolitan Municipality in particular to sustain the management of water and sanitation, while sustaining community expectations and

their positive perceptions in the context of human rights and the developmental role of local government.

## CONCLUSION

This article evaluated customer expectations and perceptions on water service delivery to the Johanna/Boxwood Informal Settlement within eThekweni Metropolitan Municipality. From a governance perspective, the challenges experienced by local government and other water service delivery agencies necessitate a paradigm shift to ensure that water service delivery meets the expectations of the citizens. This is also imperative for achieving the basic human rights enshrined in the South African Constitution of 1996. The literature of the study provides some key lessons that should be emulated by South Africa in its attempt to improve the water service delivery sector. More specifically, the literature reveals that water service delivery in South Africa is associated with progressive political, social, and economic developments that ultimately influence policy decisions. The findings of the study reflect the need for a renewed water service delivery culture at local government, thus the WSD model suggested in this article.

## NOTE

- \* The article is partly based on a master's dissertation under the supervision of Dr BR Qwabe: Malakoana, M.S. 2017. Water Service Delivery in eThekweni Municipality: Perceptions and Processes in Johanna/Boxwood Road Informal Settlement. Unpublished Master of Public Administration (MPA) degree. Durban: University of KwaZulu-Natal

## REFERENCES

- African Charter on the Rights and Welfare of the Child. 2015. Geneva Convention, Andorra-Catalan: Geneva Convention.
- Avant, T. 2014. Improved Water and Community Health. *Eastern Mediterranean Health Journal*. 23(2):936–961.
- Beukes, J., Prinsloo, J.J. and Pelsler, T.G. 2014. Service Quality Expectations from Alcoholic Beverage Suppliers in the North West Province. *8th International Business Conference Proceedings*, Swakopmund. Pp 52–69.
- Bird, D.K. 2009. Use of questionnaires for acquiring information on public perception of natural hazards. *Natural Hazards and Earth Systems Sciences*. 1307–1325.

- Bond, P. 2013. The Human rights to Water and Sanitation. From Theory to Practice: *Journal of Policy Studies*. 32(2):99–123.
- Conca, K. 2016. Remarks for Water Strategy. Listening Session. *Woodrow Wilson Centre. US Department of States. USA*.
- Dlamini-Zuma, N. 2013. Building Africa – Building the Future: Inaugural Africa Maritime Indaba. Conference Proceedings. IDC Conference Centre, Sandton, Johannesburg on 24 and 25 October 2013.
- EThekweni Metropolitan Municipality. 2011–2012. Integrated Development Plan. Available at: [www.durban.org.gov/reports/documents.pdf](http://www.durban.org.gov/reports/documents.pdf). (Accessed on 5 May 2018).
- EThekweni Metropolitan Municipality. 2016–2017. Integrated Development Plan. Available at: [www.durban.org.gov/reports/documents.pdf](http://www.durban.org.gov/reports/documents.pdf). (Accessed on 1 May 2018).
- Finger, M. and Allouche, J. 2002. The transformation of the global water sector: The role of the World Bank and “Public Service TNCs”. Working paper de l’IDHEAP 6/2002 UER: Management des entreprises publiques. Available at: <https://core.ac.uk/download/pdf/149205169.pdf>. (Accessed on 12 February 2019).
- Franceys, M. 2013. The Impact of Climate Change on River Flow Regimes in the United Kingdom. Report to Department of the Environment; Institute of Hydrology: Wallingford, UK: Department of the Environment; Institute of Hydrology.
- Goodman, A. and Hastak, K. 2006. *Infrastructure Planning Handbook: Planning, Engineering, and Economics*. New York: McGraw-Hill.
- Grey, U. and Sadoff, J. 2011. Water Quality Management. *Environmental Journal of Community Studies*. 2 (3):196:240.
- Hosseini, S.M.H, Souri, M.E. and Sajjadian, F. 2018. Applying Grey E-S-QUAL Model to Evaluate the Gaps between Expectation and Perception of the Customer Based on E-services Quality: A Case Study of an Iranian Online Retailer. *Journal of Modelling in Management*. 3(1):67–80.
- Houston, G.F. and Sausi, K. 2013. State of South African Public Service in the Context of Macro Socio-Economic Environment. *Journal of Public Administration and Governance*. 3(1):126–141.
- Howard, K.W.F. 2015. Sustainable cities and the groundwater governance challenge. *Environ Earth Sci*. 73:2543–2554. DOI 10.1007/s12665-014-3370-y.
- Koma, S.B. 2010. The State of Local Government in South Africa: Issues, Trends and Options. *Journal of Public Administration*. 45(11):111–120.
- Lenton, R., Lewis, and Wright, A.M. 2015. Water, Sanitation and the Millennium Development Goals. *Journal of International Affairs*. 61(2):247–258.
- Maharaj, B. 1997. The Politics of Local Government Restructuring and Apartheid Transformation in South Africa: The case of Durban. *Journal of Contemporary African Studies*. 15(2):261–285, DOI:10.
- Muhammad, W.H.B. 2012. Customer Satisfaction: A Comparison of Public and Private Banks of Pakistan. *Journal of Social Sciences*. 1(5):1–6.
- Musaba, C.N., Musaba, E.C. and Hoabeb S.I.R. 2014. Employee Perceptions of Service Quality in the Namibian Hotel Industry: A SEVQUAL approach. *International Journal of Asian Social Science*. 4(4):533–543.

- Nandan, G.S. 2010. Determinants of customer satisfaction on service quality: A study of railway platforms in India. *Journal of Public Transportation*. 13(1):97–113.
- Nleya, N. 2011. Citizen Participation and Water Service Delivery in Khayelitsha. Unpublished PhD Thesis. Bellville: University of the Western Cape.
- Noel, H. Klutse. 2011. Managing Global Water Affairs. *Journal of Regional Ecosystems*. 1(4):113–134.
- Pahl-Wostl, Y. 2013. *Water Quantity, Service, Level and Health*. Harlow, UK.: Addison Wesley Longman.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. 1988. SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*. 64(1):12–40.
- Rabie, A. 2016. Water Management in South Africa. Report to the Inter-Ministerial Committee. Pretoria: Council for Geoscience.
- Republic of South Africa (RSA). 1996. Constitution of the Republic of South Africa of 1996. Pretoria: Government Printer.
- Republic of South Africa (RSA). 1997. White Paper on Transforming Public Service Delivery. Pretoria: Government Printer.
- Republic of South Africa (RSA). 1997. National Water Services Act. Pretoria: Government Printer.
- Republic of South Africa (RSA). 1998. National Water Act. Pretoria: Government Printer.
- Republic of South Africa (RSA). 2002. Draft White Paper on Water Services. Pretoria: Government Printer.
- Republic of South Africa. 2009. Department of Water Affairs and Forestry. Pretoria: Government Printer.
- Republic of South Africa (RSA). 2011. Census 2011. Pretoria: Government Printer.
- Republic of South Africa (RSA). 2013. Department of Water Affairs. National Water Resource Strategy. June 2013 Second Edition. Pretoria: Department of Water Affairs.
- Saleh, F. and Al-Marzouqi, A. 2014. An examination of the quality of customer service at a public utility organisation in the Gulf Region. *International Journal of Marketing Studies*. 6(1):2014.
- Sershen, N., Rodda, TA., Stenström, S., Schmidt, M., Dent, F., Bux, N., Hanke, CA., Buckley and Fennemore, C. 2016. Water Security in South Africa: Perceptions on Public Expectations and Municipal Obligations. *Water South Africa*. 42(3):456–465.
- Shi, W., Tang, L., Zhang, X., Gao, Y. and Zhu, Y. 2016. How does word of mouth affect customer satisfaction. *Journal of Business & Industrial Marketing*. 31(3):393–403.
- Sibanda, M.M.M. 2017. Monitoring Customer-Focussed Quality Service Delivery in Local Government: Conceptual Issues and Perspective for Consideration. *Independent Services Delivery Monitoring*. 1(1):1–15.
- Siebrits, R., Winter, K. and Jacobs, I. 2014. *Water Research paradigm shifts in South Africa*. 110(5–6):97–105.
- South African Local Government Association (SALGA). 2011. Water Services Local Regulations. Case Study Report for the City of Johannesburg. Johannesburg: City of Johannesburg.
- Soyapi, J.M. 2017. Water, Environment and Equality: African Theory and Practice. Water and Sanitation Program – Africa, Nairobi, Kenya.

- Sutherland, C. and Hordijk, M. 2014. Water and Sanitation Provision in EThekweni Municipality: A Spatial Differentiated Approach. *Environmental and Urbanization Approach. Bulletin*, 262. EThekweni: EThekweni Municipality.
- Sutton, M., Harvey T. and Reed, D. 2009. *Freshwater Pollution*. Global Environment Monitoring System. United Nations Environment Programme: Nairobi, Kenya.
- Tissington, K., Dettman, M., Langford, M., Dugard, I. and Conteh, S. 2013. Water Service Fault Line: Assessment of South Africa's Water and Sanitation Provision. *Journal of Contemporary Management*. 3(6):38–51.
- Tsai, W.H., Hsu, W. and Lin, T.W. 2011. New financial service development for banks in Taiwan based on customer needs and expectations. *The Service Industries Journal*. 31(2):215–236.
- Tshiyoyo, M.M. and Koma, S.B. 2011. Local Government Public Service Delivery in Africa: A comparative Perspective. *African Journal of Public Affairs*. 2(4):29–45.
- Uchegbu, S.N. 2017. *Environment, Sanitation and Health*. Enugu, Nigeria: University of Nigeria
- UN. 2018. Water Scarcity. Available at: <https://www.un.org/waterforlifedecade/scarcity.shtml>. (Accessed on 15 March 2020).
- UN. 2015. UNICEF Sanitation and hygiene strategies for 2006–2015. New York: UNICEF. Available at: [https://digitallibrary.un.org/record/562484/files/E\\_ICEF\\_2006\\_6-EN.pdf](https://digitallibrary.un.org/record/562484/files/E_ICEF_2006_6-EN.pdf) (Accessed on 13 February 2019).
- UNDP. 2004. Water Governance for Poverty Reduction: Key Issues and the UNDP Response to the Millennium Development Goals. New York: United Nations Development Programme. Available at <http://www.sciepub.com/reference/186705>. (Accessed on 12 February 2019).
- United Nations Human Rights Council (UNHRC). 2010. Resolution 15/9. Human rights and access to safe drinking water and sanitation. A/HRC/RES/15/9. New York: United Nations.
- United Nations Children's Fund (UNICEF). 2014. Progress on Sanitation and Drinking Water: 2015 Update and Global Assessment. UNICEF Quarterly Review. New York City: UNICEF. Available at: [https://data.unicef.org/wp-content/uploads/2015/12/Progress-on-Sanitation-and-Drinking-Water\\_234.pdf](https://data.unicef.org/wp-content/uploads/2015/12/Progress-on-Sanitation-and-Drinking-Water_234.pdf). (Accessed on 13 February 2019).
- UNICEF. 2014. The human right to safe drinking water and sanitation. New York. UNICEF. Available at: [http://un.org/waterforlifedecade/human\\_right\\_to\\_water.shtml](http://un.org/waterforlifedecade/human_right_to_water.shtml). (Accessed on 13 February 2019).
- Van Houling, K. 2012. Technical Paper on Climate Change and Water. *IPCC XXVIII/Doc.13. Intergovernmental Panel on Climate Change*: Geneva, Switzerland.
- Van-Rooijen, D., Biggs, J., Smout, F. and Drechse, L. 2014. Sponge City: Water Balance of Mega-City Water Use and Wastewater use in Hyderabad, India. *Journal of Environmental Studies*. 54(4):483–510
- Weaver, M.J.T., O'Keefe, J., Hamer, N. and Palmer, C.G. 2017. Water service delivery challenges in a small South African municipality: Identifying and exploring key elements and relationships in a complex social-ecological system. *Water SA*. 43(3):398–408.
- WHO. 2015. Global Costs and Benefits of Drinking-Water Supply and Sanitation Interventions to Reach the MDG target and Universal Coverage. *Geneva: World Health Organization*.

Zondi, S.I., and Reddy, P.S. 2015. Constitutional Mandate as a Participatory Instrument for Service Delivery in South Africa: The Case of iLembe District Municipality. *Administration Publica*. 24(3):27–51.

WHO and UNICEF. 2019. Progress on drinking water, sanitation and hygiene 2000–2017: Special focus on inequalities. Available at: <https://www.unicef.org/reports/progress-on-drinking-water-sanitation-and-hygiene-2019>. (Accessed on 12 May 2018).

## **AUTHORS' CONTACT DETAILS:**

### **Mandla Saul Malakoana**

Institution: School of Management, IT and Governance  
Tel: (031) 311 8147  
Postal address:  
University of KwaZulu-Natal  
2nd Floor M Block  
Westville  
Durban  
4001

### **B.R. Qwabe**

Institution: School of Management, IT and Governance  
Tel: (031) 260-7490  
Postal address:  
University of KwaZulu-Natal  
2nd Floor M Block  
Westville  
Durban  
4001

### **S.I. Zondi**

Institution: School of Management, IT and Governance  
Tel: (031) 260 8247  
Postal address:  
University of KwaZulu-Natal  
2nd Floor M Block  
Westville  
Durban  
4001

# Factors that Negatively Affect the Implementation of the National Minimum Wage in South Africa

**R S Masango**

Department of Public Management & Leadership  
Nelson Mandela University

## **ABSTRACT**

This article assesses the factors that are negatively affecting the implementation of the National Minimum Wage Act 9 of 2018 within the context of the triple challenge of poverty, unemployment and inequality that is prevailing in South Africa. It discusses wage determination and South Africa's national minimum wage structure. The National Minimum Wage Act, 2018 is not immune to challenges relating to policy implementation. As such, the article identifies and discusses challenges such as employers' inability to pay the national minimum wage; exemptions that allow employers to pay employees less than the minimum wage; certain employers with ulterior motives; the resistance of some employers to comply and pay their employees at least the national minimum wage; and employees' fear to take various actions that would compel their employers to adjust their remuneration to the National Minimum Wage Act, 2018. The promulgation of the national minimum wage in South Africa advances the constitutional mandate of fair labour practice and it contributes significantly towards improving the socio-economic conditions of low paid workers. Focused, legitimate and well-considered initiatives, as well as the cooperation of all stakeholders could facilitate the implementation of this policy and help realise its objectives.

## **INTRODUCTION**

South Africa faces the triple challenge of unemployment, poverty, and inequality. This is common knowledge, which is also clearly stated in South Africa's National Development Plan (NDP) that aims to eliminate poverty and reduce inequality by

2030 (NDP 2012). Due to the poor state of the South African economy, the country has a high rate of unemployment – especially among the youth. According to Statistics South Africa, South Africa’s unemployment rate was 29.1% in the fourth quarter of 2019, while the unemployment rate among young people between the ages of 15 and 24 was 32% (Ngcobo 2020: SABCNewsOnline). Many people struggle to find employment due to limited job opportunities. During the past two decades, this has included a large percentage of job seekers who have recently graduated from universities and colleges. The current state of affairs clearly illustrates that the high level of unemployment is severely affecting the South African society.

South Africa also faces high levels of inequality. The country is recognised as one of the most unequal societies in the world and is characterised by notable income disparities in the national labour market (National Minimum Wage Act 9 of 2018). The inequalities not only relate to general welfare in terms of wealth and poverty, but also to the levels of income of the employed. Employees’ earnings are bound to increase in accordance with their positions in the organisational hierarchy (individuals in more-senior positions receive higher salaries than those in lower positions). However, the outcry in South Africa can be attributed to the large gap between those at the higher and lower end of the scale. According to the 2018 South African Assessment Report on Poverty and Inequality, South Africa is characterised by extreme wage inequality. Part of the population receives an income that is roughly equivalent to individuals living in developed economies, while the lower-end wages are comparable to those in the poorest countries (South Africa Poverty and Inequality Assessment Report 2018:49). Income inequality is one of the factors that motivate labour unions to pressurise employers to increase wages – especially employees at the lower end of the scale. Where there are perceptions and/or allegations of discrimination among employees, the demands for reducing income-inequalities are usually accompanied by demands for equal pay for work of equal value.

Yet another serious challenge facing the South African society is poverty. Statistics South Africa shows that poverty is rife in South Africa and many South Africans live below the breadline. The situation becomes dire when poverty is coupled with unemployment and/or low wages. Due to the desperation arising from poverty and a lack of income, individuals often accept almost any type of employment irrespective of the wage, to survive.

The South African government has promulgated legislation relating to the national minimum wage to address the plight of employees at the lower end of the scale. This is encapsulated in the National Minimum Wage Act 9 of 2018 which became effective from 1 January 2019. In terms of Section 2 of this Act, the purpose is to advance economic development and social justice by:

- Improving wages of lowest-paid workers;
- Protecting workers from unreasonably low wages;

- Preserving the value of the national minimum wage;
- Promoting collective bargaining; and
- Supporting economic policy.

Despite these noble intentions, there are employees who still earn below the national minimum wage. In some instances, this is legitimate due to the exemptions granted to employers in terms of the Regulations to the National Minimum Wage Act 1401 of 2018. However, the matter remains concerning since the affected workers are subjected to wages that are lower than the national minimum wage. The aforementioned has led to an increase in the number of Commission for Conciliation, Mediation and Arbitration (CCMA) disputes where employers have ignored the conditions outlined in the National Minimum Wage Act 9 of 2018 (Mabotja 2019).

This article employed a qualitative research approach to investigate and assess factors negatively affecting the implementation of the national minimum wage in South Africa. Considering the illegal and unethical nature of factors that negatively affect the implementation of the national minimum wage, the researcher would have found it challenging to access participants despite the guarantee of anonymity and confidentiality. As such, document analysis was deemed appropriate for research of this nature.

The article assesses factors that have a negative effect on the implementation of the National Minimum Wage Act 9 of 2018. More specifically, it relates to circumstances where employers pay their employees less than the minimum wage. First, it presents a discussion on wage determination and the South African national minimum wage. Hereafter, challenges relating to the implementation of the national minimum wage are outlined. This includes employers' inability to pay the minimum wage; an unwillingness to comply with legislation; certain employers with ulterior motives; employees who accept wages that are lower than the national minimum wage; the lack of bargaining power on employees who are paid less than the national minimum wage; the casual nature of employment in the informal sector; supply exceeding demand for unskilled labour; a reluctance to litigate against employers who do not pay the national minimum wage; a fear of speaking out against one's employer since it may lead to less-favourable treatment and a poor working relationship; as well as fear of victimisation and/or losing employment. In conclusion, the article presents recommendations to improving employers' compliance with the National Minimum Wage Act 9 of 2018 in South Africa.

## **WAGE DETERMINATION**

Workers' wages are a product of a process that should consider various relevant factors. Such factors may differ from employer to employer. Literature shows

that these factors include the state of the economy, market forces that determine the supply and demand of labour, an employer's ability to pay, the cost of living, the link between remuneration and work performance, bargaining between the employer and employees and relevant policies (Beach 1985:463–465; Cloete 1985:175–179; Gerber, Nel & Van Dyk 1992:404; Kisoonduth, Webb & Kahn 2019:123–132). All of the aforementioned factors (except for the link between remuneration and work performance) have been considered to determine the national minimum wage, as outlined in the National Minimum Wage Act 9 of 2018.

The South African national minimum wage has a political underscoring. It aims to address a constitutional mandate of fair labour practice. In terms of Section 23(1) of the *Constitution of the Republic of South Africa*, 1996, "Everyone has the right to fair labour practices".

Prior to the enactment of the National Minimum Wage Act 9 of 2018, the Basic Conditions of Employment Act 75 of 1997 and the Labour Relations Act 66 of 1995 were promulgated to give effect to the constitutional mandate of fair labour practice. While these Acts advance certain matters relating to fair labour practice, they do not stipulate the national minimum wage for employees. Rather, the Acts provide prescriptions that are intended to create a conducive and hassle-free working relationship between employers and employees. For instance, in terms of Section 33 of the Basic Conditions of Employment Act 75 of 1997 employers are required to provide their employees with written particulars of employment. This includes the employee's wage or the rate and method of calculating wages, when they commence employment. This excludes domestic workers, employees who work less than 24 hours per month and/or employers who employ fewer than five employees. Such information includes, among others:

- The period for which the payment is made;
- The employee's remuneration in monetary terms;
- The amounts and purpose of any deduction made from the remuneration; and
- The actual amount paid to the employee.

The Basic Conditions of Employment Act 75 of 1997 does not stipulate the minimum amount that should be paid to each employee. However, it has served as a basic building block for implementing the National Minimum Wage Act 9 of 2018. If the conditions stipulated in Section 33 of the Basic Conditions of Employment Act 75 of 1997 are met, implementation of the National Minimum Wage Act can be assessed on the basis of tangible evidence – the information provided by the employer in the form of a salary or payslip.

The National Minimum Wage Act 9 of 2018 has taken the process of fair labour practice a step forward by stipulating the national minimum wage and making provisions for continuous adjustments thereof. The Act also aims to contribute

towards alleviating the rampant poverty and inequality in South Africa by addressing the plight of underpaid employees. However, an argument that could be advanced against the intention to address poverty by stipulating the national minimum wage is that positions at the lower end of the pay scale are not necessarily reserved for poor or previously disadvantaged individuals.

## **THE NATIONAL MINIMUM WAGE**

A “national minimum wage” could be defined as the lowest amount to be paid to every ordinary worker within a specific period, in the country. It is usually specified through relevant legislation. South Africa’s national minimum wage aims to protect workers from “unreasonably low wages” and to promote collective bargaining (Brothwell 2020). Schedules 1 and 2 of the National Minimum Wage Act 9 of 2018 were amended in February 2020, which led to an increase from R20,00 to R20,76 for each ordinary hour worked with effect from 1 March 2020.

The wage increase included temporary exemptions for farm workers and domestic workers, as well as workers who were employed on expanded public works programmes (Truter 2018). In a statement on 2 March 2020, the Minister of Employment and Labour, Thulas Nxesi, indicated that the aim was to align domestic and farm workers’ minimum wages with the national minimum wage within two years. Despite the national minimum wage of R20 per each ordinary hour worked, as of 2019, Schedule 1 of the National Minimum Wage Act 9 of 2018 stipulated that:

- Farm workers are entitled to a minimum wage of R18 per hour;
- Domestic workers are entitled to a minimum wage of R15 per hour; and
- Workers employed on an expanded public works programme are entitled to minimum wage of R11 per hour.

Despite the national minimum wage of R20,76 for each ordinary hour worked, as per the 2020 amendment made to Schedule 1 of the National Minimum Wage Act 9 of 2018:

- Farm workers are entitled to a minimum wage of R18,68 per hour;
- Domestic workers are entitled to a minimum wage of R15,57 per hour;
- Workers employed on an expanded public works programme are entitled to minimum wage of R11,42 per hour;
- Workers who have concluded leadership agreements, as per Section 17 of the Skills Development Act 97 of 1998, are entitled to the allowances contained in Schedule 2.

Although supporters regard the national minimum wage as a good idea, there are individuals who are opposed to it. Arguments against having a national minimum

wage are based on claims that it leads to job losses, prevents low-skilled job seekers from getting jobs, undermines the unemployed who are trying to enter the labour market and that it might be unaffordable for businesses (Lyons 2018). However, Lyons (2018) indicates that there are strong arguments that these claims are false. He argues that a high minimum wage reduces inequality and improves the relative living standards of the low-paid (Lyons 2018). Coleman (2014:3) points out that the Brazilian experience has shown that higher minimum wages do not automatically lead to job losses. Instead, they lead to an increase in spending and reduces inequality.

## **CHALLENGES RELATING TO THE IMPLEMENTATION OF THE NATIONAL MINIMUM WAGE ACT**

The implementation of the National Minimum Wage Act 9 of 2018 has its own challenges. The Department of Employment and Labour has also noticed this in relation to the payment of the set national minimum wage by employers. To curb this, the Minister of Employment and Labour, Thulas Nxesi, launched a hotline where workers can report cases of non-compliance relating to the national minimum wage without any cost (Brothwell 2 March 2020). According to Minister Nxesi, the '*Impimpa*' Hotline is designed to strengthen compliance with the national minimum wage, which is currently set at R20,76 per hour ([www.labour.gov.za](http://www.labour.gov.za)). Challenges relating to employers' non-payment of the national minimum wage are discussed below.

### **Employers' inability to pay the national minimum wage**

Any organisation's wage bill is mainly determined by its income. In this regard, an organisation's budget is used to determine the amount that can be allocated to its wage bill. In public institutions such as government departments, the wage bill is a product of the National Budget. In other public institutions, such as municipalities within the local government sphere and state-owned enterprises (SOEs) such as Eskom and South African Airways, it is determined by a combination of self-generated income through the sale of their services and allocations they receive from the National Budget. Companies within the business sector, including small and medium enterprises (SMEs), rely on the income generated from the sale of their commodities, while their wage bill is regarded as one of the various expenditure items on their budgets.

The income received by an institution in the public or private sector, is influenced by the state of the economy in the country. Within a well-performing economy, various institutions' finances, income and budget tend to be strong. The opposite happens when the economy is struggling. Both scenarios have implications

for the wage bill of an institution. Regarding the 2019/2020 and 2020/2021 financial years, the Minister of Finance, Tito Mboweni (2019) raised concerns about the high public-sector wage bill and the poor state of the economy. This scenario, which points to government's depleted revenue, has sparked debate regarding public servants' salary increases between public-sector unions and government. Unions are demanding that civil servants receive salary increases. However, the government is reluctant to have salaries increased due to the poor state of the country's economy.

In the business/private sector, where prices are not regulated, the market forces determine the supply and demand of commodities through market prices. If the sale of labour were not regulated, the aforementioned scenario would also be applicable. The market price is determined by the point at which employers' demand of labour coincides with the point at which the prospective employees are willing to sell their labour. The market price can fluctuate from time to time. This depends on the state of labour-related demand and/or supply, which is consequential to the state of the economy. The legislation stipulating the national minimum wage fixes the minimum price of labour at a specific point, irrespective of the demand. There is a likelihood that the price may be set at a point that is higher than the demand. Subsequently, some employers may not be willing and/or able to pay it. Regulations to the National Minimum Wage Act 1401 of 2018 provide for instances where an employer is unable to pay the national minimum wage due to the poor financial state of the company. In terms of Section 2(3) of these Regulations, among others, an exemption from paying the minimum wage may be granted if the delegated authority is satisfied that the employer cannot afford to pay the minimum wage. In terms of Section 6 of these Regulations, the period of a granted exemption may not be more than 12 months.

### **Exemption that allows employers to pay workers less than the national minimum wage**

When employers are not in a financial position to pay workers the national minimum wage, they can apply for exemption to a delegated authority in terms of Section 15(1) of the National Minimum Wage Act 9 of 2018 and the Regulations to the National Minimum Wage Act 1401 of 2018. Although this is a legitimate way of not paying workers the minimum wage, it has a negative effect on the implementation of the National Minimum Wage Act. The reason for this is that prospective beneficiaries of the Act continue to earn below the set national minimum wage. According to the National Minimum Wage Commission Chairperson, Adriaan van der Walt, out of 475 exemption applications that were received by the Commission between 1 January 2019 and 19 August 2019, 289 were granted. The high number of employers who have applied for and were granted exemption

indicates that many low-paid workers are yet to benefit from the promulgation and implementation of the National Minimum Wage Act 9 of 2018. Van Rensburg (2019) agrees, stating a large part of the South African economy has been exempted from the national minimum wage.

## **Non-compliance with legislation**

All inhabitants, entities, and organisations within the territory of the country are bound by specific legislation. It is not a matter of choice. When legislation is not complied with, there are law enforcement agencies that are charged with the responsibility of enforcing the law. Certain employers are unwilling to adhere to the stipulations outlined in the National Minimum Wage Act 9 of 2018, despite having the funds. As such, there is a need for officials who are charged with the responsibility of ensuring that this legislation is enforced. In this regard, inspectors of the Department of Employment and Labour ([www.labour.gov.za](http://www.labour.gov.za)) are responsible for enforcing compliance with the National Minimum Wage Act 9 of 2018.

The national minimum wage is a recent and newly introduced phenomenon in South Africa. In the past, certain employers fell into the habit of paying their employees less than the stipulated amount and enjoyed high profits in return. Unsurprisingly, these employers may be reluctant to waive their high profit margins in favour of implementing the National Minimum Wage Act, 2018. Several CCMA disputes relating to employers ignoring the National Minimum Wage Act 9 of 2018 could be attributed to this scenario (Mabotja 2019).

Except for domestic workers, employers with employees who work less than 24 hours per month and/or employers with fewer than five employees, Section 29 of the Basic Conditions of Employment Act 75 of 1997 states that employers must provide their employees with written particulars of employment, including the employee's wage or the rate and method of calculating wages, when they commence employment. In the absence of a formal contract of employment, written particulars may serve as proof of employment and the amount of remuneration. When an employer has not complied with this legislation and has not made a formal contract with the employee, the situation may be problematic. The tacit and/or verbal agreement that may exist between the employer and employee may be difficult to prove when a dispute arises. A similar situation may occur in the instance of domestic workers, employees who work less than 24 hours per month and/or to employers with fewer than five employees when the employer in question has elected not to draft a written contract. Where tacit and/or verbal agreements do not exist between the exempted employees and their employers, it becomes difficult to hold employers accountable since they may deny the employer-employee relationship when accountability questions arise. On the other hand, it may also create difficulties for the employee when they are demanding their legitimate rights.

## **Ulterior motives of certain employers**

With the National Minimum Wage Act 9 of 2018 proclaimed and 1 January 2019 announced as the effective date by which the law is applicable, employers were expected to immediately act accordingly by ensuring that their employees receive pay which is consistent with the relevant provisions of the legislation. The Department of Employment and Labour charged the Basic Conditions of Employment Act inspectors with the responsibility of enforcing the legislation and advised workers aggrieved with concerns relating to the national minimum wage to take their complaints to the Department's Labour centres or directly to the CCMA ([www.labour.gov.za](http://www.labour.gov.za)).

On 5 March 2020, the Minister of Employment and Labour, Thulas Nxesi, stated that the Department's inspections pointed to a high degree of compliance in the more-formalised sectors. According to the Minister, the challenges of non-compliance were more prominent in sectors such as farming, small-scale retail and private security ([www.labour.gov.za](http://www.labour.gov.za)).

There are various reasons why employers have ulterior motives for not complying with the National Minimum Wage Act 9 of 2018. This could occur when an employer deliberately ignores or takes steps to avoid the legislation. Non-compliance is fuelled by unscrupulous employers with the false hope that they will not be caught. These individuals believe that they will merely pay a fine should they get caught. In reality, non-compliance is illegal, unethical and unacceptable behaviour that could lead to imprisonment. In a country such as South Africa, government plays a pivotal role in almost all walks of life, including information dissemination. As it uses various platforms such as radio stations to convey details regarding the national minimum wage, an employer cannot argue that they are unaware of such legislation.

## **Employees accepting wages lower than the national minimum wage**

Due to desperation, some may say, half-a-loaf is better than nothing. Poverty and the high rate of unemployment may drive some workers to a point where they are willing to work for very low wages. These desperate workers accept being paid below the national minimum wage in a bid to enter the labour market. They fear that demanding a higher wage and/or at least the national minimum wage could lead to unemployment. This may be exacerbated by an employer's positive attitude towards these workers, since the financial pressure of higher wages might be detrimental. Within this context, workers without demands may get preference from employers who conduct themselves in this manner.

## **Lack of bargaining power of employees paid less than the minimum wage**

It is not much of a challenge where salary negotiations are the norm and part of the annual calendar, where there is a bargaining system for salary increases in place and where employee representatives advocate for employees to receive at least the national minimum wage. Here, collective bargaining and unions are an established component of the institutional processes and structures. Within these institutions, bargaining power is always available to ensure that the employer adheres to the stipulations of the National Minimum Wage Act 9 of 2018.

Challenges may arise where employees are not organised for collective bargaining. In instances where certain individual employees are not members of recognised unions within the workplace, this is overridden by the fact that the employer has a legal obligation to apply salary negotiated agreements to all employees. This remains a challenge in cases where the work environment is not conducive to organised collective bargaining, such as domestic and farm workers who work in isolation. Their work locations are far apart and, as such, they are geographically separated from each other. Undeniably, this scenario is not conducive to workplace organised structures and meetings. Even though there are associations which advocate for the rights of these workers, it is difficult to get them to act collectively for bargaining purposes. Furthermore, this category of workers may have a lack of knowledge about the rights and privileges applicable to them.

## **The casual nature of employment in the informal sector**

Certain categories of workers (including domestic workers) are exempted from the clause requiring employers to provide workers with remuneration-related information in writing when they receive payment, which perpetuates the informal nature of their employment. For instance, in terms of Section 33 of the Basic Conditions of Employment Act 75 of 1997, with the exception of domestic workers, employees who work less than 24 hours per month and/or employers with fewer than five employees, employers are required to provide each employee information in writing about their remuneration for each day they are paid.

This scenario perpetuates an environment where unwritten contracts between employers and employees prevail. Informal and unwritten contracts make it difficult for employees to have factual evidence that could be used against employers in cases where there are disputes relating to the working relationship. This also applies to cases where employers are paying their employees less than the national minimum wage. Some workers may be reluctant to lay formal grievances against their employers, since they may feel powerless against employers.

## **Where supply for unskilled labour exceeds demand**

South Africa is characterised by high rates of unemployment and there are more job seekers than the market can absorb. Resources for paying workers are also limited due to the country's dire economy. Employers recognise that unskilled employees can easily be replaced. Under such circumstances, a company's profit margin can easily supersede concern about employees' well-being. As a result, employees might not receive remuneration in accordance with the stipulations outlined in the National Minimum Wage Act. Within this context, the fair treatment and remuneration of employees fall by the wayside.

## **A reluctance to litigate against employers who do not pay the minimum wage**

Litigation may be an expensive and a drawn out process. This may discourage employees who feel powerless to defend themselves against employers' high-profile attorneys. Furthermore, litigation might erode the employer-employee relationship after the verdict of a case and perceptions and attitudes may change after the litigation process. If a negative and uncondusive working relationship develops, the employee might face legal recourse or an option to resign, depending on whether they can prove that this is as a result of the related litigation process. The option of resigning is almost non-existent, as it is highly unlikely that the employee will find alternative employment due to the high unlikelihood of getting alternative employment in an environment dominated by a high unemployment rate. The employee might face an undesirable working environment, or they may be excluded from receiving company benefits or a possible promotion.

## **Employees' fear of speaking out against their employer**

Due to certain issues, employees often feel uncomfortable within their working environment. In fact, employees are rarely satisfied with everything at their workplace. However, a happy worker is likely to be more motivated and productive within the workplace. Therefore, for the sake of both the organisation and the employee, it is crucial that the scale of pros and cons tilt in favour of the employee's well-being.

In some instances, it may not be easy for employees to voice their concerns. Within this context, employees who voice their concerns may face less-favourable treatment and a poor working relationship with employers. As a result, most employees fail to speak out as they fear victimisation and/or losing their jobs.

## **Employees' fear of victimisation and/or losing employment**

Employees, especially individuals who are part of a union, are not always able to defend themselves against employer victimisation. Any act which has a potential of damaging the employer-employee relationship cannot be taken lightly by an employee who has no alternative other than to stick to their current job. When employees want to voice their complaints with the Labour Centre or CCMA, it is better to first take up the matter with the employer (Mabotja 2019). However, in many instances, the bargaining power of individual employees is weak. Hence, unions recruit membership by highlighting that there is strength in numbers.

Another form of victimisation may occur when the employer sets the employee up for failure and subsequently fires them. Employers tend to resort to these measures where they feel that employees' actions may place their businesses in a bad light (e.g. sanctions from the authorities). In view of this prospective scenario, some employees may decide to tolerate abusive employers who deliberately pay them less than the national minimum wage.

## **IMPROVING COMPLIANCE WITH THE NATIONAL MINIMUM WAGE ACT 9 OF 2018**

While South Africa has sound policies, it remains a challenge to implement them efficiently, effectively and on a wide scale. The previous section has highlighted that the implementation of the National Minimum Wage Act 9 of 2018 is no exception. However, the effective and efficient implementation of the National Minimum Wage Act 9 of 2018 is necessary to effectively contribute towards the implementation of the constitutional mandate of fair labour practice. That will not only improve the socio-economic conditions of low-wage workers, it will also make a meaningful contribution towards the revival of the country's economy.

Employers' financial inability to pay the minimum wage could be attributed to a company's institutional performance and/or the state of the economy. This concern can be assessed through the available provisions of the National Minimum Wage Act. Allowing employers to apply for exemption under such circumstances is fair and appropriate if compelling cash-strapped employers to pay the minimum wage would cripple the business. Furthermore, implementing exemptions temporarily rather than permanently is fair to the workers, since they will receive their due minimum wage when the company's financial situation improves.

The challenge with this scenario is that many applications which warranted exemption have been granted. As a result, many low-paid workers have not benefitted from the introduction of the national minimum wage. Hence, it is recommended that employers implement measures to improve the financial situation

of their businesses so that the underpayment of workers can be eliminated. This should not only be done to comply with the deadlines set by the inspectors, but also to pay heed to the plight of low-paid workers, the business' reputation and general prosperity.

When workers are appointed, employers decide on their wages. Certain low-paid workers were appointed prior to the introduction of the national minimum wage, which affected their wages. Without the introduction of the minimum wage, employers would in all likelihood continue to pay workers what they deem appropriate. The introduction of the national minimum wage has already improved the living conditions of millions of workers who would otherwise have received a substandard income ([www.labour.gov.za](http://www.labour.gov.za), 5 March 2020). Where employers deliberately pay their employees less than the minimum wage without justifiable reasons has now become a law enforcement matter. Everyone in South Africa is bound to comply with the law of the land. Hence, it is crucial for the inspectors to continue conducting inspections and enforcing compliance through the provisions of the National Minimum Wage Act 9 of 2018 and other relevant regulations.

When an employer pays employees less than the minimum wage and inspectors fail to pick this up, it is incumbent upon employees to take the matter up with their employer. If this fails to yield positive results, the matter should be reported to the Labour Centre or directly to the CCMA. This is the official and appropriate protocol of taking up the matter. If nothing is done about the matter, the employer may continue to underpay their employees. As a result, the plight of low-paid workers will not be addressed. Employees, either collectively through their unions or individually, should address the situation through available options. Fear of speaking out and victimisation is not a solution, as the labour law has provisions for addressing such issues.

Policy implementation is an ongoing process. The fact that many workers are still being paid below the national minimum wage indicates that more needs to be done to streamline the implementation of this policy. The voices of stakeholders (eg. unions and union federations) and the concerns and complaints raised by both employers and employees should be listened to and addressed. This may include making some amendments and issuing certain regulations so that the Act can reach its initial objectives.

## **CONCLUSION**

The promulgation and implementation of the National Minimum Wage Act 9 of 2018 is a step forward towards effecting the constitutional mandate of a fair labour practice in South Africa. However, various factors negatively affect its

implementation. Undeniably, the policy poses many benefits, such as addressing the plight of low-paid workers. However, factors including the poor state of the economy have denied many workers from benefiting from its implementation.

Employers' inability to pay the national minimum wage, exemptions that allow employers to pay employees below the minimum wage, certain employers with ulterior motives, certain employers' resistance to comply with the national minimum wage, and employees' fear of taking action against their employers; are factors that negatively affect the implementation of the Act.

Balancing an employer's financial situation with the need to comply with legislation through temporary exemptions should be regularly reviewed. Through this review process, both parties can eventually benefit when institutional productivity and/or the state of the economy improves. The formative years of the implementation of this policy indicate that there are more challenges which will have to be addressed before mature benefits are realised. Hence, it is necessary that all stakeholders play a role in addressing challenges surrounding policy implementation.

## REFERENCES

- Beach, D.S. 1985. *Personnel: The management of people at work*. New York: Macmillan.
- Brothwell, R. 2020. Government launches new hotline to report South Africans that don't pay minimum wage. Available at: [www.businessstech.co.za](http://www.businessstech.co.za). (Accessed on 27 March 2020).
- Business Tech. 2019. The big problem with the National Minimum Wage – One year later. Available at: [www.businessstech.co.za/news/finance/362838/](http://www.businessstech.co.za/news/finance/362838/). (Accessed on 20 March 2020).
- Cloete, J.J.N. 1985. *Personnel Administration*. Pretoria: Van Schaik.
- Coleman, N. 2014. The case for a national minimum wage. *International Union Rights*. 21(2):3–5.
- Gerber, P.D., Nel, P.S. and Van Dyk, P.S. 1992. *Human Resource Management*. Pretoria: Southern Press.
- Kissoonduth, K., Webb, W.N. and Kahn, S.B. 2019. Remuneration Variables that play a role in attracting and retaining academic staff at Public Higher Education Institutions. *Administration Publica*. 27(1):123–132.
- Lyons T. 2018. The Wages Crisis in Australia. Available at: <https://jstor.org/stable/j.ctvb4bt9f.9>. (Accessed on 18 March 2020).
- Mabotja, K. 2019. CCMA Swamped as employers ignore new wage. Political Bureau: African News Agency (2 February 2019).
- Mboweni, T. 2019. *Medium-Term Budget Policy Speech 2019*. Pretoria: National Treasury.
- Ngcobo, N. 2020. 2019 Quarter 4 unemployment rate remains unchanged at 29.1%. Available at: [www.sabcnews.com](http://www.sabcnews.com). (Accessed on 17 March 2020).
- Republic of South Africa. 1995. Labour Relations Act. (Act No. 66 of 1995). Pretoria: Government Printers.

- Republic of South Africa. 2012. *National Development Plan*. The Presidency: Pretoria.
- Republic of South Africa. 2018. National Minimum Wage Act. (Act No. 9 of 2018). The Presidency: Cape Town.
- South Africa. 2018. Regulations on the National Minimum Wage Act. No. 1401 of 2018. The Presidency: Pretoria.
- Republic of South Africa. 2018. Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities. *Poverty and Inequality Assessment Report 2018*. International Bank for Reconstruction and Development: Washington, D.C.
- Republic of South Africa. 2019. Labour on implementation of the National Minimum Wage. Available at: [www.labour.gov.za](http://www.labour.gov.za). (Accessed on 20 March 2020).
- Republic of South Africa. 2019. Labour on implementation of National Minimum Wage. Available at: [www.gov.za](http://www.gov.za). (Accessed on 19 March 2020).
- Republic of South Africa. 2020. Department of Employment and Labour launches a game-changer in inspection and enforcement of the National Minimum Wage. Available at: [www.labour.gov.za](http://www.labour.gov.za). (Accessed on 20 March 2020).
- Truter, J. 2018. National Minimum Wage effective 1 January 2019. Available at: [www.labourwise.co.za](http://www.labourwise.co.za). (Accessed on 25 March 2020).
- Van der Walt, A. 2019. CCMA conference highlights minimum wage struggles. Available at: [www.mg.co.za](http://www.mg.co.za). (Accessed on 30 March 2020).
- Van Rensburg, D. Large part of SA economy exempted from minimum wage thanks to loophole. Available at: <https://city-press.news24.com>. (Accessed on 30 March 2020).

## **AUTHOR'S CONTACT DETAILS**

### **Reuben S. Masango**

Professor: Department of Public Management & Leadership

P O Box 77000

Nelson Mandela University

Port Elizabeth

6031

Tel: 041 504 2035

Email: [Sebenzile.Masango@mandela.ac.za](mailto:Sebenzile.Masango@mandela.ac.za)

# Sustainable Livelihood Capitals and Women's Development in the Eastern State of Nigeria

**C Azunna**

Department of Development Studies  
University of South Africa

**L Botes**

Faculty of Economic and Management Sciences  
North-West University

## ABSTRACT

The study was carried out to evaluate factors affecting rural women's livelihood capitals in eastern Nigeria. The study was guided by the sustainable livelihood frame (SLF) theories as postulated by the Department for International Development (DFID). The five livelihood capitals are: natural, social, human, physical and financial/economic capitals. They were defined and applied in the study. A structured questionnaire was used to gather information from rural women respondents in Abia State, Nigeria. Livelihood is defined by the United Nations Development Programme (UNDP) to include the capabilities, assets (both material and social) and activities required for a means of living in addition to income and employment. The main aim of the study was to determine the impact of empowering rural women on the five livelihood capitals of the rural women through farming schemes such as the adopted village model (AVM). The Wilcoxon signed-rank test and SPSS 25 were used to analyse the data. Findings from the study show that the adoption of AVM brought about significant changes in the way rural women rice farmers overcame some of their challenges, especially finance and increased productivity. The study recommends that policymakers, local government authorities and rural development experts should consider adopting this model in their programme planning and poverty alleviation initiatives to rural women in order to meet Nigeria's food security, sufficiency and increase in domestic food production.

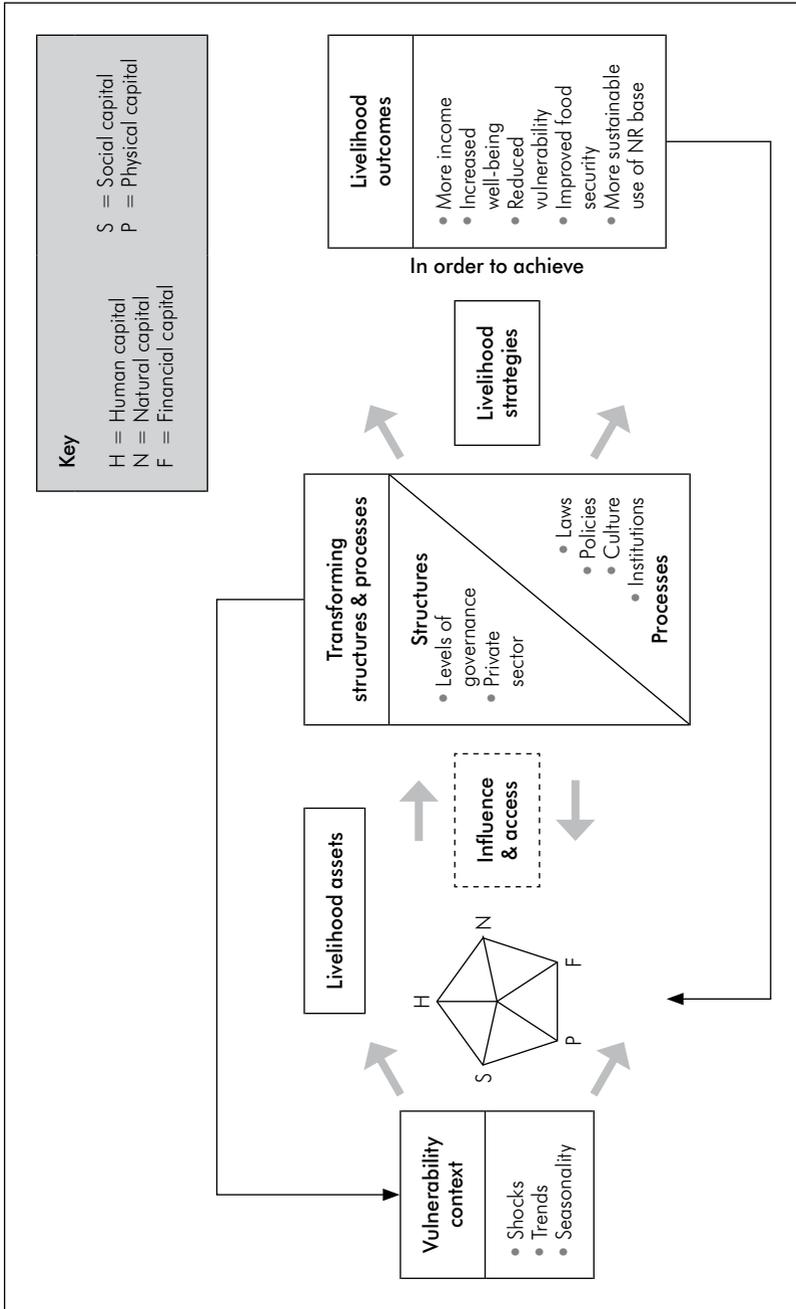
## INTRODUCTION

The acronym AVM is defined as adopted village model. The model is targeted at improving rural women's livelihood capitals through capacity building and empowerment support services. As Nigeria strives towards food sufficiency and improved local food production, AVM is identified as one of the ways to achieve this goal. It aims to meet the need of domestic production and consumption. Basically, the need to meet food sufficiency and security in Nigeria has prompted the government to look inward towards rural women's empowerment. Even in an era of rapid urbanisation large parts of Nigeria remained agrarian. Capacitating rural women is aimed at increasing their farming production targeted at improving their livelihood capitals; it is seen as a step in the right direction, since rural women constitute a significant proportion of the population in active farming practices (Azunna 2018). Meeting these women in their community is seen as a major step in achieving the goals and objectives of AVM. It is estimated that these rural women are challenged by inadequacies of rice seedlings, water supply, fertilisers and soil treatments, etc. They are those who are supposed to benefit significantly from AVM since the model is aimed at empowering such women with basic information, equipment, subsidisation of fertilisers and other government endeavours (Azunna 2019). According to Seekings (2019:54) post-colonial governments across Africa tended to neglect the rural small and subsistence farmers and also the rural and urban poor.

Scholars have argued that empowering rural women in agriculture has substantial possibilities to improving, increasing and sustaining their livelihood when the right agricultural policies such as AVM are pursued (Chris, Okoruwa and Bahal 2012; Akinola, Odu and Baiyegunhi 2013). It is therefore significant to define and understand the term 'livelihood' within the context of the study. Various definitions have in the past been given to 'livelihood'. To the layman, *livelihood* simply refers to a means of survival or rather a way of making a living. To the farmer, livelihood is those processes by which the land is cultivated, seeds planted, the germination processes, weeding and ultimately harvesting, processing and sales. To the businessman, livelihood refers to anything one does that brings in money. The study adopts the definition of the UNDP (2013), which states that 'livelihood' entails collaborative actions, competencies, experience and resources needed to organise and maintain a living. The definition further includes the capabilities, assets (both material and social) and activities required for a means of living in addition to income and employment.

From Figure 1, DFID (2000) argues that sustainable livelihood would be achieved through the interaction between vulnerability context, livelihood assets, transformation processes and livelihood strategies. The livelihood assets go through the transformation processes, interventions and structures, which results

**Figure 1: Interaction of livelihood capitals in sustainable livelihood framework**



in livelihood strategies and ultimately initiates the livelihood outcomes. The SLF identifies five key asset capitals on which the livelihood of the rural women is built; they include human capital, natural capital, financial capital, social capital and physical capital – and locate these within their social and political context. This includes the concepts of seasonality and vulnerability to shocks and other changes.

The SLF places an emphasis on the livelihood system of marginal groups; in this case, vulnerable rural women and the way in which they adapt to maintain their livelihood under the conditions of severe environmental, socio-economic and political stress. A livelihood is therefore perceived to be sustainable “when it can cope with and recover from shocks and stresses, maintain and enhance its capabilities and assets both now and in the future, whilst not undermining the natural resource base” (Onuoha 2012).

Regarding AVM, according to Morse, McNamara and Acholo (2010), the SLF is classified, in principle, into three fundamental areas, i.e. a) principle, b) analytical framework, and c) summary.

- As a **principle**, it guides development interventions within a target area. Intervention measures in this case could be communal-led. As such, the success of AVM is subject to identification of rural women who are already farming a particular crop, adopt those women and capacitate them to increase and improve production of such crops they are involved in. As a development approach to supporting what the rural women have, AVM is designed to break the barriers of top-down intervention approaches of the rural women rice farmers in the Eastern State of Nigeria. This practical step ensures that the women are main stakeholders in the model, its intervention objectives as well as creating a sense of belonging and achievement of the goals of the intervention processes.
- The **analytical framework** helps to understand and address the questions of ‘what is’ and ‘what can be done’. AVM identified the needs, vulnerabilities and involvement with institutions in the intervention areas and applies strategic measures to improve and support the various livelihood capitals of the women.
- It **summarises** the overall developmental objective by evaluating and presenting the impact of SLF on rural women rice farmers. Summarising any improvement in the five livelihood capitals, its sustainability, and enhancing the contributions of the capitals can make and improve the institutional context of the development interventions of AVM on the women farmers.

## LIVELIHOOD CAPITALS

The study’s objective is to determine the impact of empowering rural women through farming schemes such as AVM. The objective is to measure the five

livelihood capitals of the rural women, starting with their human capital. Human capital is defined as the acquisition of skills, knowledge, health and ability to work (Sayer and Campbell 2003; UNDP 2011). In AVM, the rural women were supported through information sharing, basic health knowledge, training on best farming practices as well as measures to improve their productivities and welfare/well-being. These support services, according to the World Food Organization (2013), are necessary to capacitate the women to respond positively to challenges such as declining human development factors, future shocks and vulnerabilities.

Human capital, according to the UNDP (2011), is affected and/or shaped by the changing natural environment, such as soil quality, air and availability of water sources within the community, climatic conditions, frequency and intensity of natural hazards. Human capital is therefore a two-way thing; it is concerned with both environmental influence on human life and human influences on the environment, focusing on the nature and quality of the relationship that exists between human communities and the ecosystem and how the environment provides the resource base for human existence (World Food Organization 2013). In general, the environment provides all life support systems of every human society, and therefore Onuoha (2012) argues that these life support systems are built and sustained by the natural resources found in air, land and water.

In the UNDP (2011), social capital includes informal networks, membership of cultural associations such as village age groups and relationships of trust (which include forming cooperatives and monetary contribution units) that facilitate cooperation and economic opportunities that lead to individual and community development. For AVM, the women were linked to various network opportunities such as processor, cooperatives, transportation, etc. The women were further grouped into support groups with the aim of promoting, protecting and supporting each other and their interests. Nkonya, Dayo, Mogues, Pender, Yahaya, Adebowale, Arokoyo and Kato (2013) argue that these group-orientated types of social support structures and networking lead to state-of-community and community-driven development with the potential to develop sustainable projects that are responsive to rural women's needs.

Financial capital refers to financial resources such as savings, credit and income from employment, trade and remittances (UNDP 2011). Furthermore, financial capital of the women in AVM includes inputs for agricultural production, financing quality seeds, subsidisation of fertilisers, and support for the provision of adequate water sources such as boreholes (UNDP 2013). Before the adoption of AVM, rural women had limited access or difficulty in accessing credit facilities as a result of inadequate knowledge of how to go about it. Most of the women were left with no other option than to stick with the

rudimentary knowledge of credit sourcing, which includes borrowing from friends, family members, churches and the use of “Akawo” (daily contribution to raise cash at the end of the month). Finance at this level is small and may not carry any big project. Lax and Krug (2013) argue that financial capital sets the precondition for the creation or improvement of other capitals than financial capital. Having identified this problem, the adoption of AVM prompted a shift from the usual way of financing the women to government involvement and providing them with information on how to secure loans, credit and financial incentives.

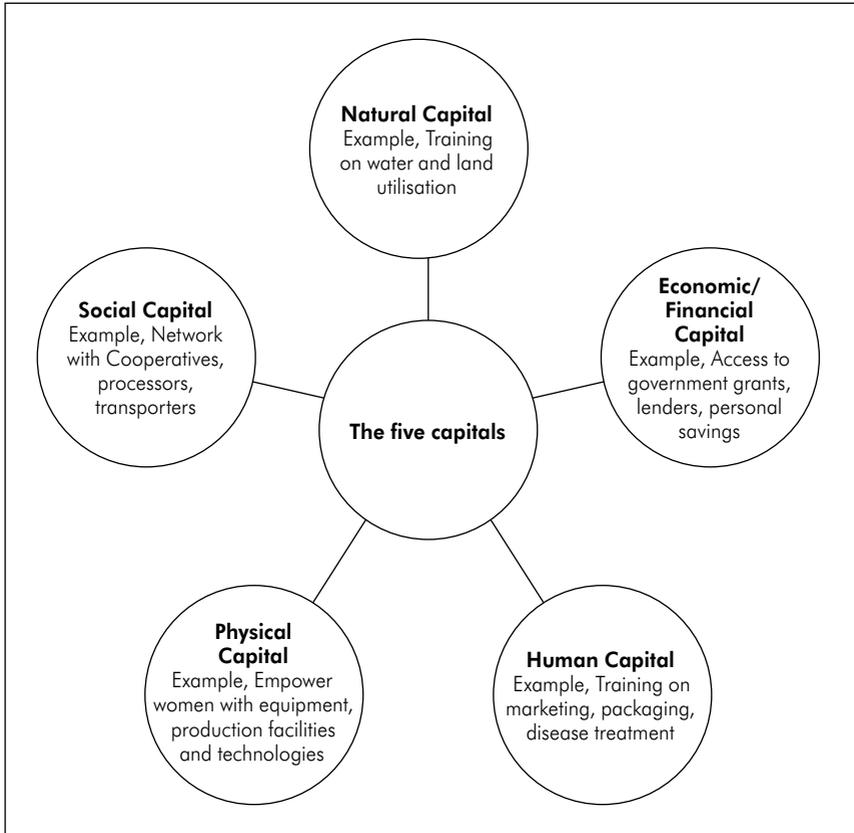
Physical capital is defined as the availability of basic infrastructure, such as roads, water and sanitation, schools, information and communication technology, and producer goods, including tools, livestock and equipment (UNDP 2011). According to the World Bank (2013), the physical capital of rural women in sub-Saharan Africa is decreasing. This calls for urgent attention as many have been subjected to low yields as a result of lack of basic infrastructure, accessible roads and affordability of farm implements. For the study, AVM was initiated to fill the gap as highlighted by the World Bank (2013). As the world changes, there is more need for research and development, technology advances, knowledge of new techniques, trends and efficient rice farming schemes, which are some of the intervention measures brought in by AVM. Through AVM, government provided the women with rice processing machines and other tools as part of the intervention strategies of AVM.

By definition, natural capital refers to natural resources such as land, soil, water and forests (UNDP 2011). In the effort to improve soil fertility, soil degradation and irrigation AVM is adopted to assist rural women rice farmers against the backdrop of low yields due to soil challenges. Adequate soil data and soil information are crucial in determining and defining the basic help the women need. According to Chukwu (2013), limited soil resources information militates against agricultural development in the rice producing areas in Abia State. Iheke and Onyenorah (2013) argue that soil degradation is a severe issue in sub-Saharan Africa, where smaller size and poor farmers follow rudimentary farming practices. Furthermore, soil depletion, erosion and land degradation have continued to be a challenge that has adversely affected crop yields in Africa. AVM provides an avenue where rice farmers ask questions and interact with experts who are trained to handle soil challenges, climate changes, erosion and irrigation/water supply.

Figure 2 presents the five livelihood capitals required to achieve sustainable livelihood as developed by DFID.

From Figure 2, the livelihood capitals are diagrammatically presented, giving examples of what AVM supported the rural women with. At any given period, if one of the capitals is missing, then the remaining four would be affected.

**Figure 2: The five livelihood capitals**

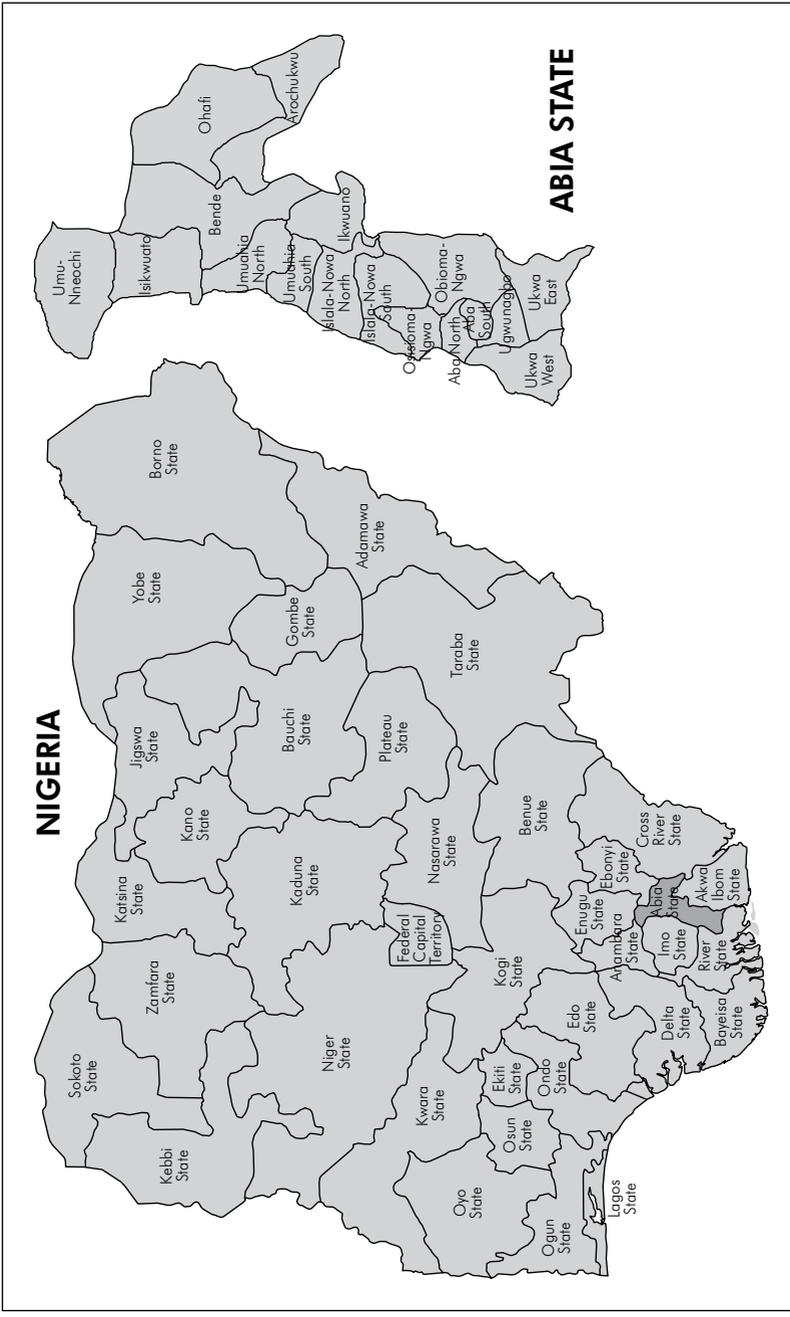


(Authors' own construction)

## **METHODOLOGY**

The study was carried out in Abia State. This state is chosen because it is central to the Eastern states where women predominantly farm, including rice farming. Two local government areas (LGAs), identified in the study, were purposively selected for the study area based on their adoption into the model. Abia State was created in 1991 with an estimated population of 1.19 million. The 2006 census presented a population increase to 2 833 999. The last census of 2011 shows the population at 3 250 816 (ABSG 2013). 'Abia' is an acronym coined from the initial letters of four major tribal groups in the State, which are Aba, Bende, Isuikwuato and Afikpo (ABIA). The State lies between longitudes 7o 231 and 8o 021 East of Greenwich meridian and

Figure 3: Map of Nigeria and Map of Abia State



Source: (Abia State Government)

latitudes 5o 491 and 6o 121 north of the equator (Ezeh, Anyiro, Ehiemere and Obioma 2012).

The LGAs involved in the study included Ohaofia and Umuahia, where women rice farmers are concentrated and are adopted into AVM. Altogether, both LGAs have a total of 231 farmers from Ohaofia zone (121 women) comprising 26 villages, and Umuahia zone (110 women) comprising 11 villages.

During the field survey, a pilot inquiry was carried out to ascertain the level of the women farmers' livelihood capitals, their farming experience, farming knowledge and their output levels, before AVM adoption. Indicators considered in the study include AVM impact and opportunities of the five livelihood capitals on the women rice farmers. The variables include: a) rice yields; b) training in human capital; c) disease treatment; d) marketing skills; e) water utilisation; f) network with transporters; g) network with processors; h) network with cooperatives; and i) government grants. The data for the study was collected using a structured questionnaire.

## DISCUSSION OF RESULTS

The study then measures the relationship or the degree of the dependent variable (seasonal income) against the unpredictable and independent variables such as defined in the equation below.

Seasonal Income = Rice Yield (RY) + Training (T) + Disease treatment (DT) + Marketing (M) + Water Utilisation (WU) + Network with Transporters (NwT) + Network with Processors (NwP) + Network with Cooperatives (NwC) + Government Grants (GG) + e

$$SI = RY + T + DT + M + WU + NwT + NwP + NwC + GG + e \quad (1)$$

To determine the significant degrees of association, the variables were measured on a linear regression analysis (LRA) model, as presented in Table 1.

From equation (1), the seasonal income (SI) of the women was regressed against other independent variables. Table 1 shows that SI has a positive association with a mean square (48.006), F. Stat (69.236) and Sig (.000). This implies that the rural women rice farmers' SI depends on seasonal yield. Therefore, the higher the seasonal yield, the more income the rural women would earn. This then improves their five livelihood capitals. This is also another way of addressing poverty at rural level, since some women farmers are breadwinners and, in most cases, single parents.

Training shows a positive relationship too, having mean square (25.460), F. Stat (37.475) and Sign (.000). Oji (1999) and Nwagbo and Achoja (2001) agree that with

**Table 1: Linear regression analysis**

| Model   |              | Sum of Squares | Df         | Mean Square | F      | Sig.              |
|---|--------------|----------------|------------|-------------|--------|-------------------|
| 1. $X_1$ Rice Yield   | Regression   | 48.006         | 1          | 48.006      | 69.236 | .000 <sup>b</sup> |
|   | Residual     | 110.939        | 160        | .693        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 2. $X_2$ Training   | Regression   | 50.921         | 2          | 25.460      | 37.475 | .000 <sup>c</sup> |
|   | Residual     | 108.024        | 159        | .679        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 3. $X_3$ Disease Treatment  | Regression   | 54.303         | 3          | 18.101      | 27.331 | .000 <sup>d</sup> |
|   | Residual     | 104.641        | 158        | .662        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 4. $X_4$ Marketing  | Regression   | 59.527         | 4          | 14.882      | 23.501 | .000 <sup>e</sup> |
|   | Residual     | 99.418         | 157        | .633        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 5. $X_5$ Water Utilisation  | Regression   | 68.972         | 5          | 13.794      | 23.918 | .000 <sup>f</sup> |
|   | Residual     | 89.972         | 156        | .577        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 6. $X_6$ Network with Transporters                                | Regression   | 70.785         | 6          | 11.797      | 20.742 | .000 <sup>g</sup> |
|   | Residual     | 88.160         | 155        | .569        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 7. $X_7$ Network with Processors                                  | Regression   | 70.973         | 7          | 10.139      | 17.749 | .000 <sup>h</sup> |
|   | Residual     | 87.971         | 154        | .571        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 8. $X_8$ Network with Farmers Cooperatives                        | Regression   | 70.976         | 8          | 8.872       | 15.431 | .000 <sup>i</sup> |
|   | Residual     | 87.969         | 153        | .575        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| 9. $X_9$ Government Grants  | Regression   | 71.346         | 9          | 7.927       | 13.756 | .000 <sup>i</sup> |
|   | Residual     | 87.598         | 152        | .576        |        |                   |
|   | <b>Total</b> | <b>158.944</b> | <b>161</b> |             |        |                   |
| Df = degree of freedom; F = f-test statistics; Sig = significance |              |                |            |             |        |                   |

adequate training complemented by the rural women farmers' experience, even where credit facilities are not available, such a woman rice farmer is more likely to have the advantage of how to improve soil quality and general farming practices to increase seasonal yields. It therefore means that the women need more or ongoing training to better their seasonal yield, which, on the other hand, improves their SI.

On disease treatment, when regressed, it shows a mean square of (18.101), F. Stat (27.331) and Sign (.000). Creating awareness through outreaches helps the rural women to be aware of the variety of diseases and how to prevent, cure and manage them.

Marketing is identified as an important aspect of improving the SI of the rural women rice farmers. From Table 1, marketing exhibited a mean square (14.882), F. Stat (23.501) and Sign (.000). The relationship shows that as much as the women are able to market their products, they would earn more and this had a direct positive impact on their livelihood capitals. That is why Baributsa, Abdoulaye, Lowenberg-DeBoer, Dabiré, Moussa, Coulibaly and Baoua, (2014) argue that, in Africa, the demand for rice is usually higher than the supply; when rural women are empowered through AVM, it provides those women with the opportunity to market their products and earn additional income. This emphasises the importance of market access to small producers or what some used to refer to as making markets work for the poor.

Water utilisation is a crucial part of rice farming and without proper water utilisation, the yield of rice would be differently hampered. When regressed, the model shows a positive relationship between water utilisation and SI with a mean square (13.794), F. Stat (23.918) and Sign (.000). According to FAO (2009), rice yield in Africa has improved significantly since the early 2000s due to the initiatives engaged in by various African governments to empower rural women rice farmers. This empowerment has resulted in increasing women's participation in rice farming and production.

Logistics and network with transporters, processors and cooperatives all show mean square (11.797, 10.139 and 8.872), F. Stat (20.742, 17.749 and 15.431) and Sign (.000 all through), respectively. Such strong positive relationships show that rural women rice farmers are not supposed to be isolated; rather, they need to network with others to improve and sustain the transportation of their products, with processors to ensure that their harvests are swiftly and properly processed to meet market demands and standards, and cooperatives to improve communication, information sharing, learning from members, raising of funds when needed and other services cooperatives could bring (IFAD 2015).

Finally, government grants also show a positive relationship with mean square (7.927), F. Stat (13.756) and Sign (.000). This implies that even though other dependent variables show positive relationship, government support to the rural women is equally very crucial if their livelihood capitals are to be met and

sustained as well as ensuring that Nigeria meets its target for food security and domestic sufficiency on rice production. Adesope, Anyanwu, and Ibekwe (2010) and Akinola *et al.* (2013) argue that, in Nigeria, rural women need to have regular access to extension services and government support services; they should benefit from the transfer of skills, knowledge and information that facilitate adoption of technology, innovation and improved farming practices.

If one looks at all the variables affecting the seasonal income, it demonstrates how multifaceted and multidimensional the sustainable development of rural women is.

The Wilcoxon theory of sign test compares two related samples. The test applies to two-sample designs involving repeated measures and matched pairs. In this case, the study is checking the impact (before and after) of women's support to produce locally made rice as a way of empowering them and improving their livelihood capitals with the same sample population for scoring and ranking.

Mathematically, the explanation for the Wilcoxon signed-rank test for the study is as follows:

$$W = |\sum_{i=1}^{Nr} [\text{sign}(x_2, i - x_1, i) \cdot Ri]| \quad (2)$$

Where

W = Wilcoxon signed-rank test

Nr = Sample size

$X_g$  = Measured independent variables

Ri = Rank

For  $l = 1, 2, \dots, n$ ,  $X_1(N_1, H_1, P_1, S_1)$  before women AVM intervention;

$X_2(N_2, H_2, P_2, S_2)$  after women AVM intervention;

With  $N$  = natural capital,  $H$  = human capital,  $P$  = physical capital and  $F$  = financial capital and  $S$  = social capital.

Therefore, linearly:

$$W = |\sum_{i=1}^{Nr} [\text{sign}(x_2, i - x_1, i) \cdot Ri]| \quad (3)$$

Where:

$$W = |\sum_{i=1}^{Nr} \text{sign}(x_2(H_2, N_2, S_2, F_2, P_2) - x_1(H_1, N_1, S_1, F_1, P_1)) \cdot Ri| \quad (4)$$

From the equation, it indicates that as Nr increases, the sampling distribution of W approaches the normal distribution. The study then ranked the remaining Nr pairs ( $R\bar{i}$ ) from the smallest absolute difference to the largest absolute difference of the capitals.

$$W = [X_2 (H_2, N_2, S_2, F_2, P_2) - X_1 (H_1, N_1, S_1, F_1, P_1)] \quad (5)$$

This implies that AVM intervention significantly impacted the livelihood capitals of the rural women rice farmers. Therefore, the 'before and after' testing using the Wilcoxon theory of sign test is necessary to provide clarity on the levels of livelihood capitals of the women. The Wilcoxon theory of sign test, therefore, confirms the results of the regression findings as shown in Table 1. 'Before' AVM, the rural women's livelihood capital was very low; 'after' AVM, their livelihood capital improved. All variables measured against seasonal income in Table 1 showed positive association.

## CONCLUSION

The research findings reminded us of the work of Naudé Malan where he indicated: *Small-scale farms, like these women producers, are the diametric opposite of large-scale agriculture, and this itself reflects the exclusion that has been effective in land, agrarian and food systems* for many years throughout Africa (Malan 2019). It is here, in the accumulation of value and capital in local villages by female rice producers, where food insecurity, economic development and livelihood sustainability can be achieved. In many African countries such as Malawi and Ethiopia support for peasant farmers to increase their agricultural productivity has contributed to a significant decline in household poverty (Arndt, McKay and Tarp 2016; Pauw, Beck and Mussa 2016).

The adoption of AVM brought about significant changes in the way rural women rice farmers overcame some of their challenges, especially finance and increased productivity. With an increase in yields, training, marketing and networking with various stakeholders, the livelihood capitals of these adopted women improved. AVM brought about working with state governments, national research institutes, cooperatives, non-governmental organisations (NGOs) and other agencies including extension agents to capacitating and supporting women rice farmers. Specifically, the National Research Institute (NRI) is responsible for the research and other technical aspects of the process.

On the other hand, the State government played a role in: 1) developing investment frameworks with multinational agencies, states, network cooperatives, NGOs and other agents; 2) provision of incentives such as training, marketing skills and how to network with similar producers to the women; and 3) ensuring that the basic partnership agreements between all stakeholders are operated under four key principles. These principles are: a) **Subsidiarity**: Government provides incentives and ensures that the women's support follows a bottom-up approach; from communities to the State level and up to the national levels, in

the provision of services necessary to sustain AVM in the adopted villages; b) **Partnership:** Involving the government playing its role as initiator of AVM, coordinator, implementer and general overseer of AVM; c) **Investment:** Government utilises investment methodology and framework for harmony and success of AVM; d) **Accountability:** Government ensures full transparency and accountability within and among the stakeholders while AVM is held at high esteem.

The four principles posed by the government provide a platform for individual autonomy of the stakeholders since, at each point, there is transparency in their activities and dealings with farmers and the State. The government as the custodian of AVM represents the women who are vulnerable to shocks, trends and seasonality. Protecting them against these ensures a successful rice transformation plan through the adoption of the AVM.

## RECOMMENDATION

The study therefore recommends that the government should intensify its efforts in the adopted villages and scale out its adopted village women's empowerment programmes to other parts of the country where women predominate in farming and other development projects in their rural communities. Importantly, policy-makers, LGAs and rural development experts should adopt this model in their programme planning and poverty alleviation initiatives to continue involving rural women in order to meet Nigeria's food security, sufficiency and increased domestic food production targets. Support for small farmers and in particular women peasant farmers is a prerequisite for poverty reduction.

## REFERENCES

- Adesope, O.M., Anyanwu, S.O. and Ibekwe, U.C. 2010. Agriculture share of the gross domestic product and its implications for rural development. *Report and Opinion*. 2(8):26–31.
- Akinola, M.O., Odu, M.E. and Baiyegunhi, L.J.S. 2013. The adopted village project and farm income of beneficiary households in Kaduna State, Nigeria. *Studies of Tribes and Tribals*, 11(2):121–126.
- Arndt, C., McKay, A. and Tarp, F. 2016. Synthesis: Two cheers for the African growth renaissance (but not three). In Arndt, C., McKay, A. and Tarp, F. (Eds.) *Growth and poverty in sub-Saharan Africa*. Oxford: Oxford University Press and UNI-WIDER.
- Azunna, C. 2019. Empowering women farmers through livelihood strengthening model in Eastern Nigeria. *Research, Society and Development* 9(1):e33911503. Available at: <http://dx.doi.org/10.33448/rsd-v9i1.1503> (Accessed on 18 August 2019).
- Azunna, C. 2018. Post-colonial agricultural participation in livelihood strengthening. *Research, Society and Development*. 7(2):01–13, e772144, 2018.

- Baributsa, D., Abdoulaye, T., Lowenberg-DeBoer, J., Dabiré, C., Moussa, B., Coulibaly, O. and Baoua, I. 2014. Market building for post-harvest technology through large-scale extension efforts. *Journal of Stored Products Research*. 58(2014)59–66.
- Chris, A.O., Okoruwa, V. and Bahal, G.N. 2012. Long-term challenges to food security and rural livelihoods in Sub-Saharan Africa. *GDN Agriculture Policy Series*. Briefing Paper Number 2 | 2012.
- Chukwu, G.O. 2013. Soil survey and classification of Ikwuano Abia State Nigeria. *Journal of Environmental Science and Water Resources*. 2(5):150–156.
- Cornwall, G.A.P. 2010. Youth participation in local (community) level development: A Development strategy. Paper presented at the Sir Arthur Lewis Institute Memorial Conference, March 24–26, 2010.
- Department for International Development (DFID). 2000. *Sustainable Livelihoods Guidance Sheets*. Department for International Development, London, UK. Available from the livelihoods learning platform at: <http://www.livelihoods.org> (Accessed on 18 August 2019).
- Ezeh, C.I., Anyiro, C.O., Ehiemere, I.O. and Obioma, N.Q. 2012. *Gender Issues on Poverty Alleviation Programmes in Nigeria; the Case of the National Fadama 1 Development Project in Abia State, Nigeria*. AGRIS on-line Papers in Economics and Informatics, Czech University of Life Sciences Prague, Faculty of Economics and Management, vol. 4(3), pages 1–6, September.
- Food and Agriculture Organization (FAO). 2009. A livelihoods analysis of coastal fisheries communities in Liberia. *FAO Fisheries and Aquaculture Circular* No. 1043.
- International Fund for Agricultural Development (IFAD). 2015. Rural poverty approaches, policies and strategies in Nigeria. Available at: <http://www.ruralpovertyportal.org/country/approaches/tags/nigeria> (Accessed on 20 June 2019).
- Iheke, O.R. and Onyenorah, C.O. 2013. Awareness, preferences and adoption of soil conservation practices among farmers in Ohafia Agricultural Zone of Abia State, Nigeria. *Journal of Sustainable Agricultural and Environment*. 13(1):1–8.
- Lax, J. and Krug, J. 2013. *Livelihood assessment: a participatory tool for natural resource dependent communities*. Thünen Working Paper, No. 7. Braunschwig: Heinrich von Tünen-Institute.
- Malan, N. 2019. Food gardens and small-scale farmers hold key to food garden system transformation. *Daily Maverick*. 17/07/19. Available at: <https://www.dailymaverick.co.za/article/2019-07-17-food-gardens-and-small-scale-farmers-hold-key-to-food-system-transformation> (Accessed on 17 July 2019).
- Morse, S., McNamara, N. and Acholo, M. 2010. *Sustainable livelihood approach: A critical analysis of theory and practice*. Geographical Paper No. 189. London: University of Reading.
- Nkonya, E., Dayo, T., Mogues, T., Pender, J., Yahaya, M., Adebawale, G., Arokoyo, T. and Kato, E. 2013. *From the group up: impacts of a pro-poor Community Driven Development (CDD) Project in Nigeria*. Washington: World Bank. Available at: <http://documents.worldbank.org/curated/en/263311468096549622/From-the-group-up-impacts-of-a-pro-poor-Community-Driven-Development-CDD-Project-in-Nigeria> (Accessed on 26 October 2019).
- Nwagbo, E.C. and Achoja, F.O. 2001. *Correlates of sustainable fertilizer consumption among smallholder farmers: An econometric approach*. A paper presented at the Annual Conference of Nigeria Association of Agricultural Economists at the University of Nigeria, Nsukka 11–13 June.

- Oji, K.O. 1999. *Trends in agricultural intensification under population pressure among smallholder farmers in Imo and Abia States of south-eastern Nigeria*. Nsukka: University of Nigeria, Department of Agricultural Economics. (Thesis-PhD).
- Onuoha, F.C. 2012. *Environmental degradation, livelihood and conflicts the implications of the diminishing water resources of Lake Chad for North-Eastern Nigeria*. African Centre for Strategic Research and Studies. National Defence College, Abuja, Nigeria.
- Pauw, K., Beck, U. and Mussa, R. 2016. Did rapid smallholder-led agriculture growth fail to reduce rural poverty? Making sense of Malawi's poverty puzzle. In Arndt, C., McKay, A. and Tarp, F. (Eds.) *Growth and poverty in sub-Saharan Africa*. Oxford: Oxford University Press and UNI-WIDER.
- Sayer, J. and Campbell. B. 2003. *The science of sustainable development, local livelihoods and the global environment*. Cambridge: Cambridge University Press.
- Seekings, J. 2019. Poverty and inequality: South Africa in a continental context. In Soudien, C., Reddy, V. and Woolard, I. (Eds.) 2019. *Poverty & Inequality: Diagnosis, Prognosis and Responses*. Cape Town: HSRC Press.
- UNDP. 2013. *Livelihoods and economic recovery in crisis situations*. New York: Bureau for Crisis Prevention and Recovery Livelihoods and Economic Recovery Group, UNDP.
- UNDP. 2011. *The guidance note on recovery livelihood*. Kobe: International Recovery Platform, UNDP. Available online at: [http://www.unisdr.org/files/16771\\_16771guidancenoteonrecoveryliveliho.pdf](http://www.unisdr.org/files/16771_16771guidancenoteonrecoveryliveliho.pdf). (Accessed on 12 April 2015).
- World Bank. 2013. *Nigeria Economic Report*. World Bank. 77634, No. 1 May, 2013. Washington: The World Bank.
- World Food Organization. 2013. *Nigeria: Youth Employment and Social Support Operation*. Meeting of the Executive Directors. Washington: World Bank. 76313. Available at: <http://documents.worldbank.org/curated/en/902251468144276307/Nigeria-Youth-Employment-and-Social-Support-Operation-Project> (Accessed on 24 April 2020).

## AUTHORS' CONTACT DETAILS

Mr Chigozie Azunna  
 Department of Development Studies  
 University of South Africa  
 Pretoria, South Africa  
 Cell: +27 76 321 9199  
 E-Mail: [azu.gozie@yahoo.com](mailto:azu.gozie@yahoo.com)

**Prof Lucius Botes**  
 Professor and Director Research Development  
 Faculty of Economic and Management Sciences  
 North-West University  
 Private Bag X6001  
 Potchefstroom  
 2520  
 South Africa  
 Tel: +27 16 910 3489/ Cell: +27 83 355 2476  
 E-Mail: [Lucius.Botes@nwu.ac.za](mailto:Lucius.Botes@nwu.ac.za) /  
[luciusbotes@gmail.com](mailto:luciusbotes@gmail.com)

# Enhancing the Legislature's Fiscal Oversight with Parliamentary Budget Offices

## Selected African Examples

**M I Jahed**

School of Public Governance, Management and Public Policy  
University of Johannesburg

Former Director of Parliamentary Budget Office, South Africa

**A K Kithatu-Kiweteke**

Centre for Learning on Evaluation and Results, CLEAR AA  
University of the Witwatersrand

### ABSTRACT

Parliaments should exercise their oversight role in a meaningful manner. Oversight requires legislatures to possess the capacity to interrogate how the executive implements policy decisions and national budgets in particular. International practice suggests that Parliamentary Budget Offices (PBOs) provide objective, non-partisan information to legislatures to enhance the capacity of parliaments in exercising fiscal oversight. The African Union's (AU) Agenda 2063 as a continental development vision calls for national initiatives to support how African parliaments perform their mandate. This article discusses the merits of establishing PBOs in Africa by examining several examples. Using a desktop analysis of legislation, policies, and reports, and a literature review of the parliament's fiscal oversight role, this article developed and utilised a model to interrogate how the selected offices are established. An important finding is the need for sustained supply resources and local ownership to establish PBOs. The article concludes on the importance of a non-partisan and objective PBO to support the fiscal oversight role for parliaments on the continent as envisaged in Agenda 2063.

## INTRODUCTION

The African Union (AU) has adopted a 50-year development vision, titled *Agenda 2063: The Africa We Want*. This Pan-African vision has the following seven aspirations: (1) a prosperous Africa based on inclusive growth and sustainable development, (2) an integrated continent, politically united and based on the ideals of Pan-Africanism, and the vision of Africa's Renaissance, (3) an Africa of good governance, democracy, respect for human rights, justice, and the rule of law, (4) a peaceful and secure Africa, (5) an Africa with a strong cultural identity, common heritage, shared values, and ethics, (6) an Africa whose development is people driven, relying on the potential of the African people, especially its women and youth, and caring for children, and (7) Africa as a strong, united, and influential global player and partner (AU 2015:2). AU member states should align their individual development aspirations to this continental vision.

To realise and kick-start Agenda 2063, a plan to guide state-level processes is in place. The Ten-Year Implementation Plan, which runs from 2013 to 2023, requires national development plans (NDPs), as well as regional strategic plans, to “converge with the priority areas contained in the 50-year framework document” (African Union Commission [AUC] 2015). The plan identifies capable institutions as a critical goal for the third continental aspiration of good governance, democracy, respect for human rights, and the rule of law. National initiatives should be implemented that “contribute to the effective and efficient functioning of the legislature” (AUC 2015:72).

Legislatures fulfil three main roles, namely representation, to represent citizens' rights and concerns; legislative, by passing laws; and oversight over the executive on how “policy is developed and implemented by the executive” (Stapenhurst, Pelizzo and O'Brien 2012:2). The oversight role requires that parliaments have the capacity and resources to interrogate how the executive policies, including fiscal policy, are implemented in relation to overall government development objectives. Legislative fiscal scrutiny can thus be seen as an obligation of legislators to hold the government to account by “assessing its economic assumptions, its budgetary plans and by evaluating its performance in these areas” (Gaspard and Khan 2016:2). Wehner's (2017) international comparison of selected Organisation for Economic Co-operation and Development (OECD) countries confirms that the legislature's important fiscal oversight role in terms of the government budget should be continuous, and should cover the entire budget process, as well as medium-term plans and priority setting. It is therefore important that the “practice of fiscal scrutiny covers” the country context in which fiscal policy is implemented, the contextual analysis that includes the national economy, and planning processes for development such as NDPs (Gaspard and Khan 2016:4).

According to Gaspard and Khan (2016), the financial scrutiny function should be supported by a series of processes, resources for decision-making, as well as support and the obligation to provide information from the executive branch to its oversight function. The capacity for fiscal oversight is crucial because “if parliamentarians struggle with fiscal scrutiny, if they do not have adequate resources, [and] if they lack a basic understanding of fiscal processes”, it may have adverse implications for “the health of democratic institutions and ultimately, for citizens” (Gaspard and Khan 2016:4).

Furthermore, the Global Initiative for Fiscal Transparency (2012) provides 10 principles on the access and governance of fiscal policies, which are endorsed by the United Nations (UN 2012). Principle 8 confirms that the “authority to raise taxes and incur expenditure on behalf of the public is vested in the legislature” and “the legislature should be provided with the authority, resources, and information required to effectively hold the executive to account for the use of public resources” (Global Initiative for Fiscal Transparency 2012:3). It is therefore important to boost the ability of African parliaments to interrogate national budgets in relation to national development goals and country contexts in order to promote democracy and accountability. Enhancing the fiscal oversight capacity of African legislatures will also contribute to the realisation of the third aspiration of Agenda 2063.

International practice suggests that independent financial institutions should be established to support legislative fiscal oversight by providing parliaments with objective and timely information that parliamentarians can use in interrogating fiscal policy and government budgets (Anderson 2008; Curristine, Harris and Seiwald 2013; Stapenhurst *et al.* 2012). PBOs as independent financial institutions may be established to enhance accountability and transparency in the budget process (Mohammed 2009; Yalkin and Segel-Brown 2014). The OECD has adopted internationally accepted guidelines for the establishment and mandate for PBOs. The OECD principles for independent fiscal institutions relate to: (1) local ownership, (2) independence and non-partisanship, (3) mandate, (4) resources, (5) relationship with the legislature, (6) access to information, (7) transparency, (8) communication, and (9) external evaluation (OECD 2013:2). This article explores how these values influence PBOs in Nigeria, Malawi, Uganda, Kenya, and South Africa to highlight the African experience of building capable institutions that contribute to realising the continental ideals enshrined in Agenda 2063.

## **METHODOLOGY**

Using a constructivist critical approach, this article used a qualitative lens to examine and interpret results from data drawn from reports, national legislation,

and policies, as well as literature on independent financial institutions. Within the context of international practice, this article examines selected PBOs in sub-Saharan Africa to highlight key issues in enhancing the legislature's fiscal oversight role, as well as to identify common challenges that face African PBOs with a view to improvement.

This article is divided into four sections. The first section discusses the conceptual underpinning of PBOs as independent financial institutions to support parliaments' fiscal oversight role. The second and third sections discuss the establishment of PBOs in Nigeria, Malawi, Uganda, Kenya, and South Africa. The final section concludes on the utility of these African PBOs and the way forward in entrenching independence, resources, and access to information.

## **CONCEPTUALISING AND CONTEXTUALISING PARLIAMENTARY FISCAL OVERSIGHT**

Khagram, De Renzio and Fung (2013) contend that there are four main attributes that influence the levels of fiscal transparency, participation, and accountability, which have witnessed government reform efforts, including parliaments becoming more assertive in exercising oversight. First, is the need to restore democracy where "political transitions from authoritarianism to political competition" and multiparty political systems have resulted in increased levels of transparency and engagement with the public sector (Khagram *et al.* 2013:32). Second, governments find themselves facing situations that require them to respond to economic and fiscal crises by implementing measures of fiscal discipline, as was the case in South Africa and Brazil before the start of the millennium (Khagram *et al.* 2013:33). Third, political and corruption scandals call for governments to be more proactive in reducing the fallouts that emanate from these vices (Khagram *et al.* 2013:34). Lastly, "external influence by donors, international agencies and international norms", for instance the globally accepted International Monetary Fund Code of Good Practice on Fiscal Transparency. The inference that can be drawn from these attributes for legislatures is that the oversight role of parliament is premised on the ability of the legislature to interrogate in an informed manner how the executive implements policy, which requires that legislative capacity be enhanced.

While attention has been paid to the expanding role of the legislature in national budgeting processes (Pelizzo and Stapenhurst 2004; Posner and Park 2007; Verwey 2009), the capacity to undertake fiscal oversight is gaining prominence. Parliaments have an increasing variety of tools available for oversight, which include audit committees, parliamentary committees, and question-and-answer sessions (Pelizzo and Stapenhurst 2012:30–35). Downes

and Nicol (2016) find that these oversight tools are not exhaustive in supporting fiscal oversight in the case of Ireland's parliament. Stapenhurst *et al.* (2012:9) argue that "oversight potential does not always translate into effective oversight". This has been the case for a majority of parliaments in Africa where oversight remains elusive (United Nations Economic Commission for Africa 2012:18). An international comparison on selected country experiences of oversight concludes that there are factors that influence the differences that exist in the legislative measures in place for legislative financial scrutiny (Wehner 2009:13). These factors include access to budgetary information by parliaments, how the legislatures are organised, and, lastly, budgetary powers at the legislatures' discretion were determined to be a product of institutional replication resulting from colonial rule, which meant that anglophone, lusophone, and francophone countries would have legislative systems that mirror the British, Portuguese, and French parliamentary systems respectively.

Furthermore, the adoption of public sector reforms has also resulted in the multiplication of initiatives to enhance the capacity of parliaments in developing countries, particularly in Africa. These diverse efforts directed at the individual and collective capacity of parliamentarians have been conducted through training and knowledge exchange platforms (Overseas Development Institute 2007; Deutsche Gesellschaft für Internationale Zusammenarbeit 2016; World Bank 2013). These external initiatives are intended to address the capacity deficiencies of parliaments to promote democracy and accountability, as well as fulfil the oversight mandate.

Conversely, emerging expertise and literature point to alternative options through which internal initiatives are increasingly being utilised to enhance the capacity of parliament (Curristine *et al.* 2013; Stapenhurst *et al.* 2012). Independent financial institutions, notably PBOs, have been proposed as a unit that can better support legislative fiscal oversight. Anderson's (2008) initial suggestion of an independent unit that would elevate parliament to a "more equal footing with the executive" by "eliminating executive's monopoly on budget information" has been taken up widely across the world (Anderson 2008:132).

The proposed unit is expected to provide credible and objective fiscal information in a transparent manner that would enhance the legislature's capacity to decipher the budget with its accompanying fiscal and economic implications, and, in doing so, be able to make informed decisions in the national budget process. Curristine *et al.* (2013) attest to the impact of fiscal support that PBOs have been able to offer legislatures in Belgium, Canada, Hungary, Korea, the Netherlands, Sweden, and the Congressional Budget Office of the United States Congress. Von Trapp, Lienart and Wehner (2016) also confirm this assertion in an international comparison of 18 OECD countries with independent financial institutions to support legislative fiscal oversight. This article builds on the above

international developments for fiscal oversight to highlight the recent experience of setting up PBOs for selected African parliaments to support Agenda 2063 by using the international values for independent financial institutions as the criteria for analysis synthesised in Table 1.

**Table 1: Synthesised Principles for Independent Financial Institutions**

|  |  |
|--|--|
| <b>Local ownership</b>                   | <ul style="list-style-type: none"> <li>• National ownership, commitment, and consensus across the political spectrum.</li> <li>• Takes into cognisance local needs and institutional environment.</li> </ul>                   |
| <b>Independence and non-partisanship</b> | <ul style="list-style-type: none"> <li>• Non-partisan; serves all political parties.</li> <li>• Leader selected on the basis of merit and technical competence.</li> <li>• Leader independently appoints staff.</li> </ul>     |
| <b>Mandate</b>                           | <ul style="list-style-type: none"> <li>• Established by national legislation.</li> <li>• Scope to produce reports and analysis on own initiative.</li> <li>• Clear links to budget process provided.</li> </ul>                |
| <b>Resources</b>                         | <ul style="list-style-type: none"> <li>• Commensurate resources to fulfil mandate in credible manner.</li> </ul>   |
| <b>Relationship with legislature</b>     | <ul style="list-style-type: none"> <li>• Appropriate accountability to legislature.</li> <li>• Sufficient time to analyse to support legislature.</li> <li>• Requests for analysis provided in legislation/mandate.</li> </ul> |
| <b>Access to information</b>             | <ul style="list-style-type: none"> <li>• Access to relevant information in a timely manner.</li> <li>• Appropriate safeguards with regard to protection of privacy and sensitive information.</li> </ul>                       |
| <b>Transparency</b>                      | <ul style="list-style-type: none"> <li>• Goal is to provide transparency in public finance.</li> <li>• Publish timely reports in independent financial institution's name.</li> </ul>  |
| <b>Communication</b>                     | <ul style="list-style-type: none"> <li>• Able to communicate with all relevant stakeholders (media, civil society).</li> </ul>   |
| <b>External evaluation</b>               | <ul style="list-style-type: none"> <li>• Develop mechanism for external evaluation of their work by local or international experts.</li> </ul>   |

Source: (Adapted from Von Trapp et al. 2016:27–30)

## DISCUSSION

### Enhancing Fiscal Oversight Using African PBOs

The selected African PBOs indicated in Table 2 support the notion of enhancing the capacity of legislatures as envisioned in the Agenda 2063 implementation plan. Jantjies (2018) suggests that African PBOs support legislators in the continent's development path by strengthening legislative fiscal oversight. Table 2 shows that these PBOs were established in the era of fiscal transparency and

accountability, as noted by Khagram *et al.* (2013). Uganda formed its PBO in 2001, followed by Kenya, Nigeria, and South Africa respectively.

**Table 2: Selected African PBOs**

| Country      | PBO name   | Established | Structure   |
|--------------|--|-------------|---|
| Nigeria      | National Assembly Budget and Research Office (NABRO) | 2012        | Three departments: <ul style="list-style-type: none"> <li>• Budget analysis</li> <li>• Research analysis</li> <li>• Administration and services</li> </ul>  |
| Uganda       | Uganda PBO   | 2001        | <ul style="list-style-type: none"> <li>• Falls under the Legal Services Directorate.</li> <li>• Two divisions: Economic Analysis and Fiscal Affairs.</li> <li>• Staff: 18 employees.</li> </ul>   |
| Kenya        | Kenya PBO  | 2007        | Staff establishment: <ul style="list-style-type: none"> <li>• Started with three full-time staff members</li> <li>• Expected to increase to 10 in the near future</li> <li>• Proposed new structure to comprise 36 staff members with three divisions.</li> </ul> |
| South Africa | SAPBO  | 2013        | 11 staff members: <ul style="list-style-type: none"> <li>• 1 director</li> <li>• 2 deputy directors (senior analysts)</li> <li>• 4 analysts</li> <li>• 3 corporate services staff</li> <li>• 1 intern</li> </ul>  |

Source: (Adapted from selected PBO annual reports and presentations)

### Local ownership

It is important that African governments through their legislatures make the commitment to establish PBOs and that there is consensus among political parties that the PBO will support legislative fiscal oversight. As a federal state, Nigeria currently operates a presidential system of government, with an executive president and an independent legislature. Since 1999, the ruling party in Nigeria has always had control of both the executive and the legislative branch of government (Collaborative Africa Budget Reform Initiative [CABRI] 2018:4). Nigeria’s National Assembly is a budget-making legislature with authority conferred on it by the 1999 Constitution in sections 80–84, as well as by the Fiscal Responsibility Act of 2007. Both the 1999 Constitution and Fiscal Responsibility Act of 2007 provide for no limitations on the National Assembly’s power to amend the annual Appropriations Bill (CABRI 2018:5). To support fiscal oversight over the national

budget process, Nigeria's legislature established the NABRO as an administrative office in March 2012. Enabling legislation to augment the mandate of the NABRO is yet to be formally adopted by Nigeria's parliament, which means that the NABRO has no legal framework to operate as an independent non-partisan PBO (CABRI 2018:12).

In 2001, through a parliamentary consultative process in a presidential system, Uganda passed the Budget Act, which serves to provide and regulate budgetary processes that elevate its parliament to a budget-influencing parliament (Kiraso 2008:311). Prior to the adoption of this legislation, Uganda had no official opposition in parliament because all parliamentarians were from the National Liberation Movement party, who, in turn, unanimously voted for the Budget Bill in favour of strengthening the parliament (Kiraso 2008:312). This Act also provides for the establishment of a PBO through sections 20 and 21 (Kiraso 2008:312).

Kenya's constitution confers its parliament oversight powers over the budget, which allows this particular legislature to be a budget-influencing parliament. In 2007, Kenya initially set up a unit to undertake the role of a PBO under the Directorate of Information and Research Services following a resolution of parliament. The PBO was subsequently legally established by section 4 of Kenya's Fiscal Management Act 5 of 2009, in the Parliamentary Service Commission, and was thereafter elevated to a directorate in 2010 (Republic of Kenya 2009; Parliament of Kenya n.d.a).

After democracy, South Africa went through a 10-year process to adopt legislation that would provide the mandate for the parliament to amend money bills as constitutionally prescribed in section 77 of the Constitution of 1996. This decade-long process culminated in the adoption of the Money Bills Amendment and Related Procedures Act 9 of 2009 (Wehner 2009). Section 15 of the Money Bills Act established South Africa's PBO, which has been operational since June 2013 during South Africa's 4<sup>th</sup> Parliament as shown in Table 2 (South African Parliamentary Budget Office [SAPBO] 2017:17). With the exception of Nigeria, the other three countries have passed legislation to suit their particular contexts and establish PBOs as part of public sector reforms to improve the fiscal transparency, participation, and accountability of their government, and more importantly, to enhance fiscal oversight.

## **Mandate**

The mandate for the PBO should be prescribed by national legislation and should encompass fiscal support in the form of analyses and reports that the PBO produces. In the case of Nigeria, the NABRO is expected to provide its National Assembly with objective, independent, unbiased, and non-partisan analysis of national budget estimates; assist all committees of the National Assembly with information concerning budget bills; continuously review the budget and monitor

existing and proposed programmes and budget proposals; provide analysis of economic implications of proposed legislation and make periodic forecasts of economic trends and proffer alternative fiscal policies; and publish and disseminate the information it generates, including reports, analyses, and forecasts (Bungudu 2017).

Concerning Uganda's PBO, this unit is expected to provide economic forecasts, formulate baseline estimates, and assist parliament to interrogate the national budget and the Medium-Term Expenditure Framework (Kirasu 2008:319). To fulfil its mandate, Uganda's PBO is required to provide budget-related information to all committees in relation to their jurisdiction; submit reports, which include economic forecasts, budget projections, and options for reducing the budget deficit; identify and recommend bills that provide an increase or decrease in revenue and the budget; prepare analytic studies of specific subjects; and generally advise parliament and its committees on the budget and the economy (Bisase 2017).

According to section 4 of Kenya's Fiscal Management Act, the PBO should provide "timely and objective information in connection with the national budget and economy" and must provide budget-related information to relevant parliamentary committees; prepare reports on budgetary projections, economic forecasts, and options to reduce the budget deficit; and study budget proposals on alternative economic scenarios and provide possible viable options (Republic of Kenya 2009).

South Africa's PBO is established in terms of section 15 of the Money Bills Amendment Procedure and Related Matters Act of 2009. The core functions of the PBO as prescribed in section 15(2) of the Money Bills Act require it to support the implementation of the Money Bills Act by undertaking research and analysis for the Finance and Appropriations Committees, in both Houses of Parliament; review and analyse the documentation tabled in parliament by the executive (Minister of Finance) in terms of the Money Bills Amendment Procedure and Related Matters Act 9 of 2009; provide advice and analysis on proposed amendments to the fiscal framework, the Division of Revenue Bill, and Money Bills Act and on policy proposals with budgetary implications; and monitor and synthesise matters and reports tabled and adopted in a House with budgetary implications, with particular emphasis on reports by other committees (SAPBO 2016:14).

### ***Independence and non-partisanship***

PBOs are expected to be non-partisan in their approach and to serve all political parties equally and objectively in their respective parliaments. This notion is further reinforced by the appointment of a skilled and objective leader to run the PBO. It is expected that the director of the selected African PBO be chosen on merit and technical competence and be allowed to independently appoint

competent and skilled staff for the PBO. In the case of the NABRO, the unit grew from the Nigerian bureaucracy that is led by an administrative head, which has since evolved into the NABRO. In addition, it was noted earlier that the bill that established the NABRO has not yet been promulgated (CABRI 2018:12). This means that the notion of independence is curtailed because the NABRO relies on parliamentary resources to perform its mandate.

Uganda's Budget Act does not prescribe the appointment of the staff component or its director; however, the Parliamentary Commission is in charge of the appointment of PBO staff (Kiraso 2018:314). The Kenyan Fiscal Management Act is the only legislation that explicitly lists all persons to be appointed on merit with expertise in finance, economics, and public policy, and does not single out the appointment of the director. South Africa's Money Bills Act calls for the Finance and Appropriations Committees to recommend a person with the requisite experience, qualifications, and leadership skills to manage its PBO. Nonetheless, all the PBOs use finance and economic experts in their employ to carry out the mandate of the PBOs.

## **Resources**

This OECD value requires that there be adequate resources in order for PBOs to fulfil their mandate. Nigeria's NABRO has a profound mandate that it works towards (Bungudu 2017). However, given that a legal mandate is not yet in place, its capacity that needs to be able to meet its mandate cannot be provided for as an independent unit, which is evidenced in the 20 staff member complement shown in Table 2, indicating frugal resources given the size of Nigeria's fiscus as the continent's most populous state. The United States Congressional Budget Office, which serves a similarly sized population and congress, operates with a staff contingent of over 200 (Stapenhurst *et al.* 2008:145). This is also crippled by the fact that the NABRO staffing requirements are managed by the bureaucracy of the National Assembly (CABRI 2018:12). The NABRO in effect lacks the independence, capabilities, and resources to provide independent analyses on the executive's macroeconomic and fiscal framework as mandated (CABRI 2018:18).

In the case of the Ugandan PBO, once legislated into existence, development partners supported the setting of the PBO. These were the United States Agency for International Development, the United Kingdom's Department for International Development, the German Technical Cooperation Agency, the European Union, the World Bank, and the North American Aerospace Defence Command (Kiraso 2008:314). These partners contributed "assistance in the form of furniture, computers and software, filing cabinets, and other office equipment including initial allowances for the officers" (Kiraso 2008:314). Although the Uganda PBO cites limited funding as a constraint, it still strives to ensure that the work is non-partisan, authoritative, and shared in a transparent manner

with parliamentary committees, members of parliament, and civil society at large (Bisase 2017).

As a unit of Kenya's Parliamentary Commission, the PBO draws its physical and human capital and infrastructure from the collective resources of the Parliamentary Service Commission that is constitutionally mandated to provide offices and appoint officials (Parliament of Kenya n.d.b:8). Although South Africa's PBO has a dedicated budget line and resources and is legally prescribed, this office needs to "improve its capacity to give effect to the mandate" (SAPBO n.d.:3). It is important that this PBO has and maintains a level of independence of the PBO and director as per the Money Bills Act to attain operational and financial management independence to perform its functions (SAPBO n.d.:3). The legislative arrangement for the establishment therefore positively affects the resources that these PBOs possess to operate independently.

### **Access to information**

PBOs should have full access to all relevant information that is needed to perform their functions in a timely manner, as well as to utilise appropriate safeguards for sensitive information. Although the NABRO is one of the principal stakeholders in Nigeria's budget planning and formulation due to its crucial role in providing technical analysis, Nigeria experiences an "absence of a timeline, legal framework and a set of rules for structuring and streamlining" the budgeting process (CABRI 2018:9).

In Uganda, Bisase (2017) contends that the PBO relies on information provided by ministries and government agencies such as the Uganda Bureau of Statistics and Uganda Revenue Authority, and the PBO has no means of cross-checking the information provided. The information furnished to the PBO is sometimes found to be "inaccurate, inadequate, and untimely for fast parliamentary oversight and legislative decision" (Bisase 2017:9). The public sector reforms that Kenya and South Africa have undergone to improve their public financial management also mean that fiscal information from the National Treasury and bureaus of statistics is more readily available and accessible. Both Kenya's Fiscal Management Act and South Africa's Money Bills Act prescribe that information should always be made available, which has enhanced the work of their respective PBOs.

### **Transparency and communication**

PBOs have persuasive influence over fiscal policymaking, thus it is important that communication channels with stakeholders, including media and civil society, are set up and used. While the four PBOs are engaging with their respective legislatures by providing fiscal information as mandated, Kenya's and South Africa's PBOs provide reports and analyses as they are produced on their respective websites, and communicate with the media on the work they do.

In the case of Uganda, the PBO is not allowed to share its reports with the media and must seek special clearance from the Clerk of Parliament to disseminate reports outside parliament. This occurs once a year when physical reports are shared with the public during Parliament Week. The website and communication strategy for the Ugandan PBO are still under development (Tusuubira 2018). It must be noted that African PBOs have set up a network that they use as a knowledge platform for peer learning and communication with other stakeholders. The African network of PBOs also meets annually to share this common platform, and to encourage the establishment of PBOs in Malawi and Zambia in the near future.

### **External evaluation**

The value of external evaluation calls for the PBOs to set up a mechanism for external evaluation of their work by local or international experts. Although the four PBOs have opted to have a governance or advisory board, they have not yet put in place a mechanism for external evaluation. It must be noted that the Korean PBO stands out in international comparison because it makes use of an external panel of experts in public finance and economics who advise this PBO on its duties and other relevant matters (Von Trapp *et al.* 2016:154).

## **CONCLUDING REMARKS**

Great strides have been made by the four African parliaments in setting up PBOs to support legislative fiscal oversight. However, in order for the work of the NABRO as an independent, non-partisan financial institution to remain sustainable and to continue making a meaningful impact for parliamentarians, Nigeria should adopt the relevant legislation that is needed to augment the institutional mandate and resources for the NABRO. More financial resources – dedicated financial resources – should be made available to Uganda’s PBO. All four PBOs need to establish mechanisms for external evaluation to support the impact of their work. Finally, political will is required to support the continuous work of PBOs in their role for capacity building.

Going forward, it is important that African parliaments have a committed resource such as the PBOs to support the mandate for fiscal oversight and that the independence of PBOs is actively supported and encouraged. Indeed, the continental vision of Agenda 2063 has a trajectory of 50 years, but building capable institutions, particularly in the legislative branch of government as the primary custodian of citizens’ needs and rights as envisaged by this ideal, will remain but an ideal if efforts such as these are not accelerated and given priority and resources.

## REFERENCES

- African Union (AU). 2015. *Agenda 2063: The Africa We Want*. Addis Ababa: AUC.
- African Union Commission (AUC). 2015. *Agenda 2063: The Africa We Want: A Strategic Framework for Inclusive Growth and Sustainable Development – First Ten-Year Implementation Plan 2013–2025*. Addis Ababa: AUC.
- Anderson, B. 2008. The value of a nonpartisan, independent, objective analytical unit to the legislative role in budget preparation. In Stapenhurst, R., Pelizzo, R., Olson, D.M. and Von Trapp, L. (Eds.). 2008. *Legislative Oversight and Budgeting: A World Perspective*. Washington, D.C.: The International Bank for Reconstruction and Development/World Bank.
- Bisase, M.T. 2017. The Role of Parliamentary Budget Office (PBO) in the Budget Cycle and Fiscal Oversight Function of Parliament (Ugandan Experience). Paper Presented at the 2<sup>nd</sup> African Network of Parliamentary Budget Offices, AN-PBO Conference, 15–18 August 2017, Cape Town. Available at: [https://www.parliament.gov.za/storage/app/media/PBO/conf2017/presentation/Role\\_of\\_PBO\\_in\\_the\\_Budget\\_Cycle\\_Uganda\\_ANPBO\\_Aug2017.PDF](https://www.parliament.gov.za/storage/app/media/PBO/conf2017/presentation/Role_of_PBO_in_the_Budget_Cycle_Uganda_ANPBO_Aug2017.PDF). (Accessed on 30 April 2019).
- Bungudu, A.J. 2017. The Role of PBOs (NABRO) in the Nigerian Budget Cycle and Fiscal Oversight. Paper Presented at the 2<sup>nd</sup> African Network of Parliamentary Budget Offices, AN-PBO Conference, 15–18 August 2017, Cape Town. Available at: [https://www.parliament.gov.za/storage/app/media/PBO/conf2017/presentation/Nigeria\\_NABRO\\_Mr\\_Abu\\_Bakr\\_Jabbi\\_Bungudu.pdf](https://www.parliament.gov.za/storage/app/media/PBO/conf2017/presentation/Nigeria_NABRO_Mr_Abu_Bakr_Jabbi_Bungudu.pdf). (Accessed on 30 April 2019).
- Collaborative Africa Budget Reform Initiative (CABRI). 2018. *The Role of the Legislature in the Budget Process: Country Case Study Nigeria*. Centurion: CABRI. Available at: <https://www.cabri-sbo.org/en/publications/the-role-of-the-legislature-in-the-budget-process-1>. (Accessed on 3 July 2019).
- Curristine, T., Harris, J. and Seiwald, J. 2013. *Case Studies of Fiscal Councils: Function and Impact*. Washington, D.C.: International Monetary Fund.
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). 2016. Guardians of Democratic Accountability: The Role of Anglophone and Francophone Parliaments in Supervising the Budgets. Available at: <https://www.giz.de/de/downloads/giz2016-en-fr-role-of-african-parliaments.pdf>. (Accessed on 30 April 2019).
- Downes, R. and Nicol, S. 2016. Budget oversight by oversight: Ireland. *OECD Journal on Budgeting*. 16(1):65–115.
- Gaspard, H. and Khan, S. 2016. *The Legislative Fiscal Scrutiny Function: Lessons from Canada*. Ottawa: University of Ottawa.
- Global Initiative on Fiscal Transparency. 2012. *The Global Initiative on Fiscal Transparency: High-Level Principles on Fiscal Transparency, Participation, and Accountability*. Available at: <http://www.fiscaltransparency.net/GIFT-High-Level-Principles-2012-08-ENG.pdf>. (Accessed on 5 May 2019).
- Jantjies, D. 2018. The Role of PBOs in African Parliaments' Fiscal Oversight. Paper Presented at the 3<sup>rd</sup> Annual AN-PBO Conference, Cape Town, 22–23 August 2018. Available at: [https://www.parliament.gov.za/storage/app/media/PBO/conf2018/presentation/D\\_Jantjies\\_AN-PBO\\_Update\\_\\_22\\_August\\_2018\\_day\\_1.pdf](https://www.parliament.gov.za/storage/app/media/PBO/conf2018/presentation/D_Jantjies_AN-PBO_Update__22_August_2018_day_1.pdf). (Accessed on 3 July 2019).

- Khagram, S., De Renzio, P. and Fung, A. 2013. Overview and synthesis: The political economy of transparency, participation, and accountability. In Khagram, S., Fung, A. and De Renzio, R. (Eds.). 2013. *Open Budgets: The Political Economy of Transparency, Participation, and Accountability*. Washington, D.C.: Brookings Institution Press. Available at: <http://www.jstor.org/stable/10.7864/j.ctt1262zx>. (Accessed on 26 June 2019).
- Kiraso, B. 2008. Establishment of Uganda's Parliamentary Budget Office and the Parliamentary Budget Committee. In Stapenhurst, R., Pelizzo, R., Olson, D.M. and Von Trapp, L. (Eds.). 2008. *Legislative Oversight and Budgeting: A World Perspective*. Washington, D.C.: The World Bank.
- Mohammed, A. 2009. Budget oversight and the South African budget office. In Verwey, L. (Ed.). 2009. *Parliament, the Budget and Poverty in South Africa: A Shift in Power*. Pretoria: IDASA.
- Organisation for Economic Co-operation and Development (OECD). 2013. *OECD Principles for Independent Fiscal Institutions*. Brussels: OECD Secretariat.
- Overseas Development Institute. 2007. *Parliamentary Strengthening in Developing Countries*. Report to the UK Department for International Development. Available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/128.pdf>. (Accessed on 27 June 2019).
- Parliament of Kenya. n.d.a. *About Parliamentary Budget Office*. Available at: <http://www.parliament.go.ke/the-national-assembly/budget-office/about-PBO>. (Accessed on 30 April 2019).
- Parliament of Kenya. n.d.b. *The Role of Political Parties and Key Parliamentary Offices: Fact Sheet No. 33*. Nairobi: The National Assembly. Available at: [http://www.parliament.go.ke/sites/default/files/2018-04/33\\_The\\_Role\\_of\\_Political\\_Parties\\_and\\_Key\\_Parliamentary\\_Offices.pdf](http://www.parliament.go.ke/sites/default/files/2018-04/33_The_Role_of_Political_Parties_and_Key_Parliamentary_Offices.pdf). (Accessed on 10 July 2019).
- Pelizzo, R. and Stapenhurst, R. 2004. *Legislatures and Oversight*. Washington, D.C.: The International Bank for Reconstruction and Development/The World Bank.
- Pelizzo, R. and Stapenhurst, F. 2012. *Parliamentary Oversight Tools: A Comparative Analysis*. Abingdon, Oxon: Routledge. Available at: <https://0-search-ebSCOhost-com.innopac.wits.ac.za/login.aspx?direct=true&db=nlebk&AN=451158&site=eds-live&scope=site>. (Accessed on 26 June 2019).
- Posner, P. and Park, C.K. 2007. Role of the legislature in the budget process: Recent trends and innovations. *OECD Journal on Budgeting*. 7(3):1–26.
- South African Parliamentary Budget Office (SAPBO). n.d. *Legacy Report: Establishment of the Parliamentary Budget Office*. Cape Town: SAPBO.
- South African Parliamentary Budget Office (SAPBO). 2016. *Annual Report 2017/2016 Financial Year: Parliamentary Budget Office*. Cape Town: Parliament of the Republic of South Africa.
- South African Parliamentary Budget Office (SAPBO). 2017. *Annual Report 2016/2017 Financial Year: Parliamentary Budget Office*. Cape Town: Parliament of the Republic of South Africa.
- Stapenhurst, R., Pelizzo, R. and O'Brien, M. 2012. *Ex-Post Financial Oversight: Legislative Audit, Public Accounts Committees and Parliamentary Budget Offices*. Background Paper Prepared for OECD PBOs and Independent Financial Institutions' Annual Meeting, 22–24 February.
- Stapenhurst, R., Pelizzo, R., Olson, D.M. and Von Trapp, L. (Eds.). 2008. *Legislative Oversight and Budgeting: A World Perspective*. Washington, D.C.: The World Bank.
- The Constitution of the Republic of South Africa Act of 1996* (Act 108 of 1996).

- The Money Bills Amendment Procedure and Related Matters Act of 2009* (Act 9 of 2009).
- Tusuubira, M.B. 2018. *Effective Communication of the Analysis Outcomes: The Ugandan Experience*. Presentation at the 3<sup>rd</sup> Annual Conference of the African Network of PBOs. Cape Town, August 2018.
- United Nations (UN). 2012. *Resolution Adopted by the General Assembly: Promoting Transparency, Participation and Accountability in Fiscal Policies, Resolution 67/218*. Available at: <https://undocs.org/en/A/RES/67/218>. (Accessed on 5 May 2019).
- United Nations Economic Commission for Africa. 2012. *The Role of Parliament in Promoting Good Governance*. Available at: <https://www.uneca.org/sites/default/files/PublicationFiles/role-of-parliament-in-promoting-good-governance.pdf>. (Accessed on 27 June 2019).
- Verwey, L. (Ed). 2009. *Parliament, the Budget and Poverty in South Africa: A Shift in Power*. Pretoria: IDASA.
- Von Trapp, L., Lienart, I. and Wehner, J. 2016. Principles for independent financial institutions and case studies. *OECD Journal of Budgeting*. 15(2):9–24.
- Wehner, J. 2009. South Africa's new parliamentary budget process: An initial assessment. In Verwey, L. (Ed.). 2009. *Parliament, the Budget and Poverty in South Africa: A Shift in Power*. Pretoria: IDASA.
- Wehner, J. 2017. *Good Practice in Parliamentary Budget Scrutiny: International Comparisons*. Report for Budget Process Review Group Established Jointly by the Finance and Constitutional Committee and the Scottish Government. Available at: <http://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/Good-Practice-in-Parliamentary-Budget-Scrutiny.pdf>. (Accessed on 30 April 2019).
- World Bank. 2013. *Strengthening Parliamentary Oversight of National Budgets in Africa: Cases of Mapping Outcomes. Report*. Washington, D.C.: The World Bank. Available at: [https://agora-parl.org/sites/default/files/parliament20case\\_12june2028129.pdf](https://agora-parl.org/sites/default/files/parliament20case_12june2028129.pdf). (Accessed on 27 June 2019).
- Yalkin, T. and Segel-Brown, B. 2014. *Demystifying the Mandate of the Parliamentary Budget Office*. Canada: Office of the Parliamentary Budget Officer.

## AUTHORS' CONTACT DETAILS

### Prof Mohammed Jahed

School of Public Management, Governance and Public Policy  
 College of Business and Economics  
 University of Johannesburg  
 P O Box 524  
 Auckland Park  
 2006  
 Tel: 011-5593225  
 Email: [mjahed@uj.ac.za](mailto:mjahed@uj.ac.za)

### Dr Angelita Kithatu-Kiwekete

Centre for Learning on Evaluation and Results,  
 CLEAR AA  
 University of Witwatersrand  
 No. 1 St David's Place  
 Parktown  
 2050  
 Tel: 011-717 3400  
 Email: [angelita.kithatu@gmail.com](mailto:angelita.kithatu@gmail.com);  
[angelita.kiwekete@wits.ac.za](mailto:angelita.kiwekete@wits.ac.za)

# Private Sector and Public Sector Corruption Nexus

## A Synthesis and Typology

**D O Sotola\***

School of Public Leadership  
Stellenbosch University

**P Pillay**

School of Public Leadership  
Stellenbosch University

### ABSTRACT

Private sector corruption is generally under-represented in corruption literature as opposed to public sector corruption. Owing to the extensive but multidisciplinary nature of corruption research, existing knowledge is fragmented along disciplinary and methodological lines, and thus not as helpful as it should be. The objective of this study is to organise and summarise existing theoretical and empirical works on private and public sector corruption to identify their nature and typology and also show opportunities for future research.

Using descriptive and qualitative thematic analysis techniques, this article conducts a systematic review of literature on the private sector and public sector corruption nexus. It finds the relationships to be dyadic and/or triadic, reciprocal exchange and complementary. It reports that research on private sector corruption is over-focused on bribery and there seems to be a manifestation of the *'streetlight effect'*, as more than three-quarters of the research focuses on bribery, neglecting other forms of corruption. Based on its findings, this study develops a typology of corruption interactions between private and public sectors, which has implications for anti-corruption strategies.

The contribution of this article is to enrich the description of the nature of private-public sector corruption links. It will help in achieving interdisciplinary communication in corruption research and help bring out areas for future research.

## INTRODUCTION

Corruption is among the top challenges in public governance. Over the years, it has endured as an object of scholarly and policy focus because corruption incidents and manifestations remain no less prevalent despite efforts over many years to tackle them. The study of corruption is necessarily multidisciplinary and its literature is fragmented among many disciplines and methodological approaches.

A cursory look at the literature suggests that private sector corruption and how it connects with public sector is under-represented in research. While there seems to be a general understanding of its existence, the dispersed nature of corruption scholarship suggests a systematised review of evidence on this area could add value. Against this background, this article undertakes a systematic review of private sector corruption and its links with public sector. The systematic review aims to help consolidate existing knowledge and facilitate analysis of types of corruption involving private and public sectors, the nature of their relationships and typology.

The second section of this article offers an in-depth background to the study in terms of conception of corruption and the dispersed nature of its scholarship. The third section discusses the existing systematic reviews on corruption. The fourth section lays out the methods and protocols for the study. The fifth section presents descriptive analysis, synthesis and typology in various sub-sections.

The study has certain limitations in the sense that the quality of a systematic review is dependent largely on the quality of the publications included in the study. A higher number of these studies is based on data from Asian countries. It is not clear why this is so, but the implication is that it may indicate the extent of the external validity given the contextual difference in corruption across countries.

The study made efforts to locate all scientific publications relevant to this review. It considered it very important to restrict the choice of search words to those listed in Section 3, as incorporating all words that seem to have a resemblance to private sector corruption, for example, conflict-of-interest, state-capture, corporate governance, politically connected firms, etc, would make the study unwieldy. Similarly, synthesising findings drawn from studies with different methodological orientations was necessary, and for a term like 'corruption', that is conceived and measured differently, there are many grey areas which may increase the possibility of researcher interpretative bias.

### Private Sector and Public Sector Corruption

Corruption is one of the most difficult terms to define. In common parlance, *'all can recognise it when we see it'* is becoming an agreeable way to define it. Despite the difficulties around the concept, the public sector is considered one

of the most fertile soils for corruption. The most commonly used definition focuses on abuse by public actors (Graycar and Smith 2011:6). In other words, it has an underlying emphasis on the public sector. This is perhaps because only the state can legally create legislations and regulations which officials can prey upon (Schenon & Gregg 2003:13). The role that the private sector plays in public sector corruption is one area of corruption that remains relatively under-researched.

A scoping search of the term 'corruption' on two major literature databases, Scopus and EbscoHost, produced over 300 000 document results, including journal articles, book chapters, working papers and grey sources. While this suggests that corruption literature is extensive and rich, the diversity of the research in disciplinary terms means that without proper interdisciplinary communication, this collection of research will not be as helpful as it should be. Moreover, there are possibly several duplications of research across the disciplines, with practical applications being lost in the process. This informs the need to undertake a systematic analysis of the literature, with a specific focus on areas under-represented in the literature, synthesise findings and help future research in avoidance of duplications.

Though there is a wide recognition of private sector corruption (Argandoña 2003:2; Soreide 2006:8–12; UNODC 2017:36), as will be shown later in this article, scholarly interest in private sector corruption is fairly recent. Rothstein and Torsello (2014:13) provide historical data that supports that private sector corruption has always existed even in pre-industrial societies (see Rothstein & Torsello 2014:3; Hodgson & Jiang 2007:10). Using archival data that dated back to pre-industrial societies of foragers and pastoralists, they found evidence of bribery in commercial transactions in 113 cultures (Rothstein & Torsello 2014:13).

Though it is now a recognised form of corruption, high profile cases often cloud the broader realities of the exact mechanism of the private-public sector corruption links and the legal system lags its prevalence. Until recently, it was not a crime for businesses to engage in corruption (Hodgson & Jiang 2007:10). In the United States of America (USA), for instance, it was not unlawful for businesses to pay bribes until the enactment of the Foreign Corrupt Practices Act (FCPA) in 1977, and in many European countries, the same persisted until 1997 (Hodgson & Jiang 2007:10). This is still the case in many countries, although these bad corporate behaviours are sometimes captured under corporate governance codes.

This article starts off from a position that both inadequate research on private sector corruption and the dispersed nature of the research are problems. Given the wide recognition of private sector corruption, the low interest suggests a lack of recognition of the contributory impact of private sector corruption on the overall corruption level in a country. Moreover, the realities of corruption acts show that the dynamics of corruption is based on the behaviour of multiple actors (Olson 1965:34; Ostrom 1998:17; Persson, Rothstein & Teorell 2010:12; Bauhr 2017:4).

There are existing arguments around the normalisation of organisational corruption, especially around the views that corruption is the way to do business (Ashforth & Anand 2003:2; Arellano-gault 2018:14). This perspective is based on the belief that the private sector entities are mere victims of a public sector induced corrupt system. This systematic review aims to bridge the evidence gap by synthesising the existing but dispersed knowledge and evidence and offering conceptual clarity around the issue. Evidence synthesis and creating typologies are valid analytical categories (Gerring 2012:143-145).

Whereas there are systematic reviews on several aspects of corruption, no existing work has looked into this aspect of corruption. Existing reviews have examined conceptual varieties in corruption; corruption in relation to democracy; and causes and consequences of corruption. The following section reviews some existing synthesis in corruption studies.

## **CORRUPTION: A REVIEW OF REVIEWS**

There are existing reviews on corruption, but with varied focus (Ades & Tella 1996:3-12; Heywood 2017:2; Jain 2001:2; Jancsics 2014:2; Lambsdorff 2006, 1999:3; Prasad, Martins da Silva & Nickow 2018:2) that is different from the focus of this systematic review. Most of the reviews in the last two decades can be grouped into three categories: those concerned with improving conceptual understanding of corruption; those that discussed the theoretical trajectories around corruption; and those discussing the causal mechanisms and their nexus with other variables.

### **Conceptual Clarity**

Corruption is often described as an umbrella concept (see Varraich 2014:2-22), and its meaning and operationalisation depend largely on context. A few reviews attempt an intervention at the level of the corruption definition conundrum (Bardhan 2015:5; Heywood 2017:6; Jain 2001:2; Jancsics 2014:4; Svensson 2005:4; Varraich 2014:3) there is little evidence that this has resulted in effective policy interventions, nor in any significant reduction in its scope and extent. This article argues that three main reasons account for this failure to develop effective anticorruption measures. First, the dominance of economic analyses of the role of incentives in decision-making has given rise to proposed institutional fixes that are too abstracted from reality to gain purchase. That dominance was partly prompted by a misplaced assumption that market-based liberal democracies would become the modal regime type following the collapse of Communism. Second, an emphasis on the nation state as the primary unit of analysis has not kept pace with significant changes in how some forms of corruption operate in

practice, nor with the changing nature of states themselves. Third, different types of corruption are insufficiently disaggregated according not just to kind and form, but also to the locations in which they occur (sectoral, organizational, geographical). As Jain (2014:3, 2019) argues, the lack of a clear definition for corruption is the biggest difficulty in its study. Varraich (2014:3) argues that recognising that there are spatial variations should matter, mainly because of the contextual differences in the corruption experience. A geographical interpretation may be more meaningful than the global interpretations of corruption. Thus, corruption types such as state capture, patronage and patrimonialism should be defined depending on the country or region (Varraich 2014:2-22).

Using this approach, there has been a good attempt to create spatial differences in the contextual experience of corruption. Clientelism as a type of corruption has been classified as common to the South/East Asia and Latin America while patrimonialism dominates the African continent (Varraich 2014:4). Earlier works, including Andvig, *et al.* (2000:4-5) have discussed the different meanings of the terms in their reviews (Andvig, Fjeldstad & Søreide 2000:4-28). However, it does not seem that the definitional issues about corruption can be settled permanently through this method. The familiar semblance around the various terms like 'clientelism' or 'patrimonialism', does not address the fact that their meanings are not mutually exclusive and actually overlap. Moreover, corruption acts are far too complex and often too culturally influenced (Lambsdorff 1999:1, 2006:4-20) to be classified into continental variants.

Svensson (2005:5) discussed corruption drawing largely from his experience and familiarity with scholarship in the area. He raised eight questions around issues that could help in evolving a clearer conceptualisation. He proposed parallels that could aid in thinking about corruption. Corruption is often thought of as bribe, tax or lobbying, but these parallels do not seem to be lexically equivalent to corruption, especially given the global differences in the cultural treatment of a gift or bribe and what separates them (Svensson 2005:2-12).

Bardhan (2015:4), using India as a focus, discussed the conceptual debates in terms of the understanding of what practically constitutes corruption, especially given the contextual differences in cultural practices around gifts and bribes. The author calls for introspection, noting that what is corrupt may not necessarily be illegal, and what is legal may still be corrupt. For instance, speed money or what is often referred to as facilitation payment can legally be differentiated from collusive corruption (Argandoña 2003:1; 2018:3). The technical difference is that what you paid to speed up a process, which is different from what you paid with the intent to cause an alternative outcome. However, they may serve similar ends and the difference may only be a matter of degree. The same argument could be made for lobbying as an acceptable and legal business practice. These arguments made solid contributions to resolving the conceptual ambiguities around

corruption, and one conclusion that can be drawn from them is that the conceptual ambiguity with corruption will still be an object of debate.

## Reviews on Theoretical Approaches in Corruption

There are several theoretical standpoints in the study of corruption. Prasad *et al.* (2018:1-16) conducted a synthesis of corruption scholarship collating the existing approaches and assessing the result against ethnographic literature on corruption. Based on reviews of over 200 studies within the fields of sociology, political science, economics, anthropology and history, they reported the historical theoretical progression in corruption studies. They identified three epochs in theoretical directions, starting with the principal-agent dynamics, the systemic dysfunctionality and the evolving approach of governance variation within state (Prasad *et al.* 2018:4). According to these authors, the seeming failure of principal-agent led to alternative conceptualisations in which corruption is not viewed as a dysfunction *per se*, but an alternative reality (Prasad *et al.* 2018:6). In this conception, rather than being an occasional deviance, corruption is the system, and only a sudden systemic disruption can cure it. This view is similar to what was expressed by Lehmann and Khan (2018:6), that “*corruption in itself and of itself is not the problem*”; it reflects a deeply entrenched self-organising complex adaptive system. Corruption is enduring and resilient to change, and it will need a big-bang intervention to change the *status-quo* (Rothstein 2007:2).

One notable addition by Prasad *et al.* (2018:1) is in their third classification in which they argued that corruption does not require either a big-bang solution or undoing some entrenched structural constraints and systemic dysfunctions. According to this analysis, there are usually variances in governance in a state; even for countries with widespread corruption, there are usually ‘islands of integrity’ where corruption levels will differ significantly from the rest. This approach is intended to observe and recognise the variation in governance and seek to account for the factors that are causing the observed differences. Abah (2012:10) has termed this scenario “strong organisations in a weak state”. This is in the sense that some organisations display atypical performance in dysfunctional environments (Abah 2012:10-11). In contrast to the approach of studying islands of integrity, studies are also being based on measuring spectres of bad governance, that is, studying the atypically bad organisation (Charron, Lapuente, Rothstein, Varriash, Hernandez, Veisari, Dinescu, Popovski, Hakansson, Jonsson, Morgado and Borcan 2010:9).

The review of Gans-Morse, Borges, Makarin, Mannah-Blankson, Nichow and Zhang observed a dominance of economic analyses. They identified poor interdisciplinary research communication and point out that ethnographic, in-depth study of individual countries could be potentially more useful than experimental or cross-country studies (Gans-Morse, Borges, Makarin, Mannah-Blankson,

Nichow and Zhang 2018:2) with a particular focus on reducing corruption among civil servants. Drawing on the work of economists, political scientists, sociologists, and anthropologists, we examine seven policy categories: (1. This observation aligns with Herwood (2017:25), who argues that the mismatch between academic attention and the practical impact of corruption studies, is due to four factors: the dominance of economic analyses and the assumptions underlying them; the lack of depth that comes from research using nation-state as the unit of analysis; corruption not sufficiently disaggregated into forms, actors and sectors, and lastly the over-use of the term 'corruption', to mean everything.

Jancsics (2014:2) motivated his study on the lack of interdisciplinary communication and the silo mentality around the models built in various disciplines (Jancsics 2014:1-2). Similar to Prasad *et al.* (2018:1-16), Jancsics identified three approaches across all the papers he reviewed, namely, the rational-actor model, the structural approach and the relational approach. Within the rational-actor model, the individuals are rational beings who will always seek to maximise personal profit, hence the engagement in corruption. He reassessed the theoretical argument around corruption as a bad apples' problem. The bad apple problem in corruption relates to the explanation that unethical practices are largely due to a rogue element and not a reflection of the organisation's behaviour (Graycar & Jancsics 2017:4; Jancsics 2014:2).

Cintra *et al.* (2018:2) analysed 50 most cited articles indexed in Scopus on corruption and emerging markets. Using bibliometric and content analysis, the authors discussed characteristics of literature on corruption in emerging markets in terms of approach (empirical, theoretical or empirical/theoretical), methodological orientations (qualitative, quantitative, mixed-methods), authorship and periodisation. Similar to the previous observations, the study reports a predominance of empirical quantitative analyses and argued that research on corruption in emerging markets emerged around 2000-2002, and reached theoretical maturity by 2006-2010 (Cintra *et al.* 2018:6).

This categorisation is curious and probably incomplete, given that a robust theoretical argument on corruption studies emerged earlier than 2002 (see Transparency International 2009:online; Bussell 2015:21-45). Perhaps the focus of the study on corruption in emerging markets and restricting inclusion to most cited articles limit the study and lead to the findings. Nevertheless, the article contributes to understanding the characteristics of corruption scholarship especially in terms of which journals publish what, and the nature of authorship among other factors.

## **Corruption: Causal Mechanisms**

A range of corruption studies is based on systematically reviewing the causes of corruption and their pathways. Given that there are several institutional dynamics

and complex systems in play around corruption, the identification of the causes of corruption and causal mechanism is problematic and still unsettled. Lambsdorff (2006:4-41) reviewed empirical works to ascertain existing evidence on the causes and consequences of corruption. He identified several factors that matter in corruption, including the size of public sector, the nature of regulation, degree of competition, structure of government, the impact of culture and variants like geography and history. However, the underlying causes of corruption can be more complicated than the study presumes. Institutional differences and country-specific factors suggest that a universal causal pathway will be difficult to argue. Different types of corruption could have different causes and could play out differently in different countries. Focusing on impact of corruption on several development variables, he confirms that corruption deters foreign investment, affects GDP growth and correlates with inequality (Lambsdorff 1999:1-17; 2006:4-41). One major limitation is that his selection of literature seems arbitrary, with a focus on only cross-country empirical works with a bias towards quantitative empirical works.

Jain's (2001:1-32) review was towards illuminating the links between corruption and society's institutions and sectors. Based on his review and arguing from the principal-agent theoretical approach, he explained that corruption is caused by an interplay of discretionary power, the existence of economic rent associated with the power, and low or insufficient detection or a weak judicial system (Jain 2001:7-9). He argued that corruption is a form of tax for the private sector because it only raises the cost of transactions.

Stephenson (2015:92-133) did a review of corruption-democracy relationships. The study discusses how democracy has a bi-directional impact on corruption in the sense that it can cause corruption as well as curtail it. Evidence exists of countries that experienced increased corruption rates despite being a democracy. Periodic elections create opportunities for capturing by private interests. Common practices in elections like vote-buying, electoral malpractices, and election donations are channels for corruption. Democracy could enable citizens to hold public officials accountable, thereby increasing accountability and transparency. He concluded that the net effect is unclear.

The above discussions provide reviews that have been done on corruption. While they collectively have increased the knowledge on corruption, there are also areas where gaps exist and no review has been done. The contribution of this article is to enrich the description of the nature of private-public sector corruption links.

## **METHODOLOGY**

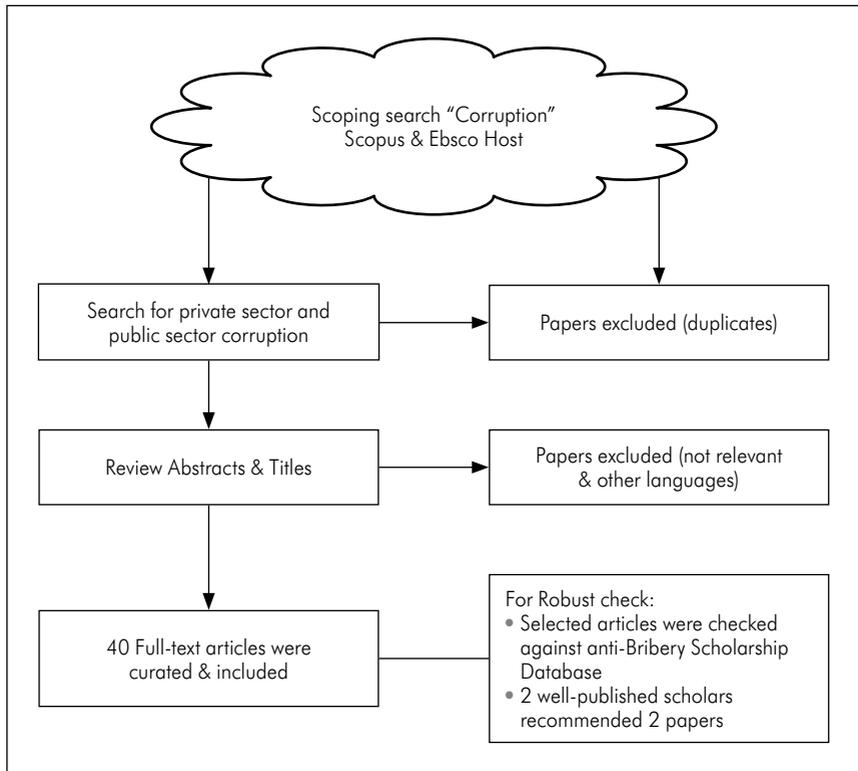
A scoping search was conducted on Scopus and Ebscohost using the terms 'private sector corruption' and 'public sector corruption' and its Boolean operators

between January and February 2019. Following Dundar and Fleeman (2017:61-77), the study searched for different parts of the words, the whole words, and possible synonyms key-words. The syntax used included private sector corruption, private corruption, business corruption, corporate corruption, public corruption, government corruption, and business corruption.

The scoping search produced 1 009 document results. Titles and abstracts were assessed/previewed for relevance in Stage One. Full texts of 151 articles were curated in Mendeley after the assessment described in Stage One. Of the articles 112 were excluded after a careful preview of the content and focus, and for not having any of the key concepts being reviewed among its variables. Two papers were excluded for being written in languages other than English.

Two additional papers were added based on communication with well-published experts in the field. Further to this, the reference lists for all the articles were inspected and six articles and three empirical book chapters were identified

**Figure 1: Flow-Diagram of the Literature Search**



**Source:** (Adapted from Preferred Reporting Items for Systematic Reviews and Meta-Analyses PRISMA n.d.:online)

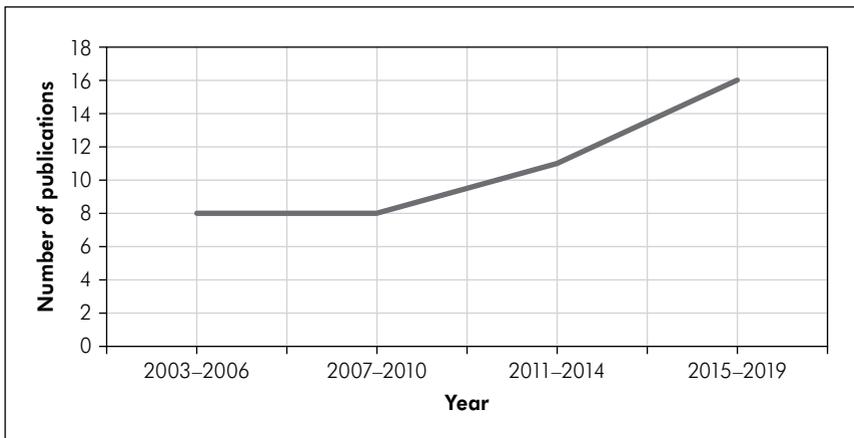
**Table 1: Analysis of the Included Articles**

| Publication Type                           | Quantitative  | Qualitative   |
|--|---|---|
| Peer-Reviewed Journals                     | 29  | 8   |
| Book Chapters                              | 2   | –   |
| Others: Working-Papers, World-Bank Reports | 3   | –   |
| <b>Total</b>                               | <b>34</b>   | <b>8</b>  |
| Analysis and Data                          | Cross-country multivariate regressions, experimental designs, corruption index data, other statistical analyses | Ethnography, Case studies, Mixed methods, Qualitative thematic analysis, content analysis, historical descriptive |

through this means and included. Also, the study searched the Anti-Bribery Scholarship Database and assessed the studies in the database against the inclusion criteria and included relevant papers not already in the sample (University of Richmond School of Law n.d:online). In all, 40 papers published between 2000 and 2018 were included in this review. They include journal articles, book chapters and one working paper.

This study employed qualitative thematic analytical methods that look for characteristics, patterns and forms in qualitative data, and discussed the data around the themes (Nowell *et al.* 2017:1-13). The analysis progressed in two modes: first

**Figure 2: Trend of Publication on Private Sector Corruption**



was the synthesis and description of findings around the various themes gleaned from a general review of corruption literature; second, was the discussion of typologies of private sector relationships around the forms and motives. For each of the articles and book chapters reviewed, this analysis focused on how corruption was operationalised/measured and the nature of the link between the sectors.

## **DISCUSSION**

This section presents the main findings of the research. It discusses the findings on the nature of the corruption interaction between the sectors, the dominance of bribery as a proxy for corruption, the typologies, and role of multinational corporations (MNCs).

### **Nature of Private-Public Sector Corruption Interactions**

The existence of causal relationship between business corruption and public sector corruption was reported in most of the literature (Diaby & Sylwester 2014:11; Hunt 2006:1; Kasuga 2013: 9; Lee 2006:12). However, the core elements of relations between private sector and public sector corruption can be summarised in the following ways:

#### ***Dyadic to Triadic Relationship***

Private-public sector corruption interactions can be described as dyadic either at micro or macro level, and triadic when it involves middlemen. A dyadic interaction describes a bi-directional relationship between actors. This description describes the patterns of the interactions in the private sector-public sector corruption literature. The empirical approach underpinning these studies is based on measurement of direct corrupt exchanges between actors representing private and public sectors. Corrupt acts like bribery fit these descriptions, especially in the sense of patron-client frameworks.

These dyadic relationships sometimes involve middlemen, which makes them triadic (Bussell, 2017:13; Varraich 2014:6). This makes practical sense because corruption acts are often non-linear. Bayar's (2005:1–13) theoretical experiment with a model of briber-initiated corruption between private sector and public sector, found that intermediaries are key to corruption exchange (Bayar 2005:5). Olken and Barron (2009:2–7) designed a study on truck-drivers' bribery of a cache of public officials, including Police and Weigh Officers, among others, *en route* to delivery of products in Indonesia. The involvement of middlemen as brokers, means that the relationship can be expanded to become a triadic relationship. The brokers act as middlemen who arrange the exchange. In this type

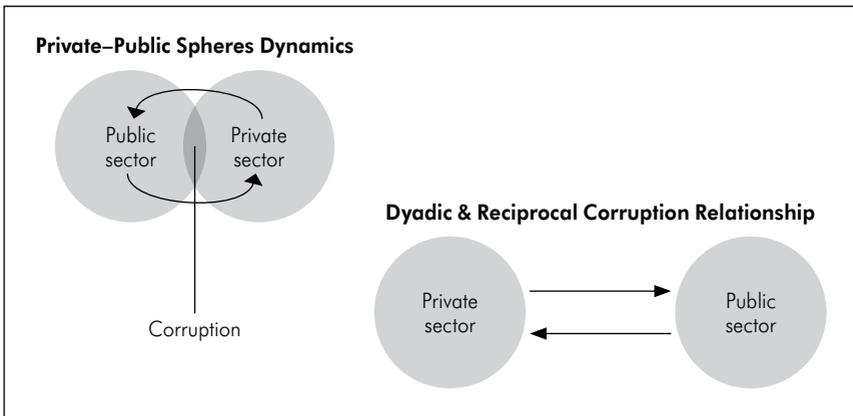
of exchange, the relations will be from business through broker to public officials, instead of a direct business-public official exchange.

### Reciprocity

Another common element that can be deduced across the studies is that corruption exchange between the sectors is based on reciprocity of service. It is *quid pro quo* in nature. The exchange is contingent upon an equal exchange in the other direction. Corruption acts used in these studies have reciprocity at their core; though they are mostly silent, they underpin the exchange. This type of corruption was described as market corruption (Jancsics 2019:5–6), in that it is based on a transfer and counter-transfer of resources or services (Graycar & Jancsics 2017:4; Jancsics 2019:3).

The typical transfer from public to private sector could be permits, licences or regulatory oversight, and the counter transfer from private to public sector could be material (kickbacks, appointments or bribes) and/or non-material (dinner, do-

**Figure 3: Description of Private-public Sector Corruption Interactions**



Source: (Authors' depiction of the inter-sectoral corruption interactions)

nation to foundations, employment for relatives, etc).

### The Private-public Sphere Dynamics

A common way of thinking in private sector corruption could be summarised as that corruption that happens in the interface between the private and public sectors (Rose-Ackerman 2007:1–2; Soreide 2006:5). The underlying governance structures and the corresponding market-state relationship are important determinants of this interface. Across this data, the nature of private-public goods

dichotomy has some influence on private-public corruption and its relationship nexus. Decentralisation or centralisation of power has been found to impact corruption differently. Decentralisation of power results in higher bribes than when power is centralised, which leads to lower bribes (Diaby & Sylwester 2014:1). Kauffman and Siegelbaum (1997:1) and Hall (1999:3) show that the implementation of privatisation changed the dynamics of corruption in many countries. It increased corruption in some Eastern European countries and did not lead to a reduction in corruption in Russia (Hodgson & Jiang 2007:5; Jancsics 2019:1).

What can be deduced is the nature of variations in private-public dichotomy is a factor. Policy interventions that influence the public-private environment dynamics like privatisation, public-private partnerships, etc. will have an impact on private-public sector corruption. Intuitively, this may be because public policies of this nature influence markets and change the regulatory dynamics, hence the power of public officials to game the system.

### **Complementary or Substitutive Relationship**

Another observation is that private-public sector corruption interactions could be discussed in terms of whether they are complementary and/or substitutive (Gutmann & Lucas 2017:1). It is complementary in the sense that corruption in one sector aids the other and *vice versa*. Closely aligning with this is the argument that there are always corruption spillovers across the sector boundaries.

### **Bargaining Power and Refusal Power**

The level of private sector resilience against public sector corrupt tendencies is a theme in some literature. Firms have different abilities to resist or avoid corruption (Bayar 2005:13; Olimpieva 2009:4). In this sense, bargaining power or refusal power is a significant factor in private-public sector corruption interactions. A firm's characteristics are important explanatory factors in bribes paid to public officials (Hunt 2006; Soreide 2014). The profile of the firms in terms of size, ownership type and other criteria, makes a big difference in whether the firm pays bribes and how much.

## **PRIVATE SECTOR CORRUPTION AS BRIBERY: THE STREETLIGHT EFFECT**

Corruption acts are varied and scholars have typified corruption in various categories from grand to petty corruption; however, when considering how private sector corruption links with public sector corruption, it is largely understood as bribery. Over 80 per cent of the studies reviewed in this article either studied bribery or operationalised corruption in the study design as bribery. But, corruption is known to exist in many forms. This finding may lead to the conclusion that bribery is the

predominant form of corruption involving the private and public sectors and that the bribe often goes in the direction of public officials from companies.

In these studies, the actual bribery acts studied range from informal/extra-legal payment for permits; for contract/procurement awards, payment to the police/judiciary, and extra-legal payments at police/security roadblocks.

Scholars have raised the concerns of over-simplifying the term, or engaging corruption as a single phenomenon (see Soreide 2014:66). The dominance of bribery in empirical studies is suggesting this is the case. Other forms of corruption including colluding with public officials, lobbying politicians, making campaign contributions, appointing public officers to the boards or executive teams, and placing former executives in influential government posts, are poorly represented in literature. Is it the case that bribery is the dominant form of corruption involving business and government? Practical examples suggest this may not be the case. In a South African example, a state capture episode was instrumental to the removal of former President Zuma. In this case, the Gupta family was found to have captured part of the state machinery to further their business interest (Myburgh 2017:1–306). This can be further illustrated by the Operation Car Wash (*Lava Jato*) corruption scandal in Brazil (Al-Jazeera 2018:1 online; Lehmann & Khan 2018:12). In Nigeria, embezzlement and misappropriation are considered more prevalent and deadlier forms of corruption than bribery (Okonjo-Iweala 2018:12; Premiumtimes 2018:online).

Quite clearly, bribery is a prominent form of corruption and the dominant theories on corruption are built around it. But the preponderance of bribery over other forms of corruption seems to ignore variation in corruption, thereby analysing one example of corruption as all there is. Besides, operationalising corruption as bribery may be a limitation, especially on the external validity of the study.

This seems to be a different manifestation of the “streetlight effect”, which describes a situation where the focus of the search is influenced by an area already illuminated or easy. Fisman (2015:71–98) described this as the “*search for evidence where it is easy to do so*” (see Freedman 2010:online). The focus on bribery is, however, understandable given that corruption is a hidden act and difficult to observe directly. Empirical designs in social and management sciences present some limitations in capturing and analysing corruption acts directly using tools of the disciplines. In Anthropology, for example, Haller and Shore (2005:3) discussed reasons why anthropologists have contributed relatively little to corruption research. Postero (2000) (cited in Haller and Shore 2005:7–8), argues that ethnographical research tools like participant observation, are not easy and possible where corruption is involved. Anthropologists are not expected to criticise their informants nor indicate some moral superiority, as doing this will be a betrayal of trust and confidence. Moreover, fieldwork could be dangerous for the researcher. This argument is further corroborated by Rothstein and Torsello (2014:2–4).

Across the articles analysed, there are wide differences in semantics used for bribery. The semantic choice is important because cultural differences in society matter in how corruption happens and is perceived (Gutmann & Lucas 2017:6). Zhu and Wu (2014:4–14) used Chinese words like *yingchou* (public relations fund); *tanpai* (forced apportionment of funds) and *shanggong* (tributes) to refer to various types of informal payment made to public officials. These words may not be the lexical equivalent of corruption. Cross-country studies that fail to consider a proper lexical deconstruction to decipher the contextual equivalence of corrupt acts, may be misleading in their findings.

## PRIVATE-PUBLIC CORRUPTION LINKS TYPOLOGIES

Across the literature, there is a common categorisation of corruption into supply-side and demand-side corruption, especially with studies from economics and cross-country designs (see Picci 2018:1; Sikka & Lehman 2015:4). In this tradition, the supply-side is the private sector while the demand-side is the public sector.

From these studies, a typology of relationships can be developed (see Table 2). The existence of those classified as common typologies is supported in various literature reviews. These conceptions of the relationships seem incomplete as they do not seem to have captured all possible types of relationships. Thus, there is a need to classify other possible types.

**Table 2: Typologies of Private-Public Sector Corruption**

| Corruption Type               | Example   | Cases   |
|-------------------------------|---|---|
| <b>Common Typologies</b>      |   |   |
| Private to Private Corruption | Self-dealing or compromising the supply chain                                       | (Argandoña 2003; Jaakson <i>et al.</i> 2019)  |
| Private to Public Corruption  | Bribery or colluding with public official to steal                                  | (Cheung <i>et al.</i> 2012; D’Souza & Kaufmann 2011; Dimitris 2015; Kasuga 2013; Kyriacou <i>et al.</i> 2015; Rose-Ackerman 2007; Soreide 2006) |
| <b>Other Typologies</b>       |   |   |
| Public to Public Corruption   | Bureaucracy to bureaucracy; Bribe for fiscal transfer or to achieve budget approval | (Graycar & Jancsics 2017; Proshare 2005; Vanguard Newspaper March 20, 2005)   |
| Public to Private Corruption  | Bribe to external auditors to conceal fraud or misappropriations                    |   |

There are sectoral differences to private sector involvement in corruption. Sectors like construction (Kyriacou *et al.* 2015:3) and natural resources are reported to be prone to corruption. According to Kyriacou *et al.* (2015:3), a larger construction sector tends to increase corruption. A combination of government intervention and opportunity for rent will tend to lead to corruption. The construction sector is characterised by large rents and government intervention.

**Table 3: Prevalence of Corruption in Sectors**

| Sector                  | Sectoral Corruption Prevalence |        |     |
|-------------------------|--------------------------------|--------|-----|
|                         | High                           | Medium | Low |
| Construction            | ✓                              | –      | –   |
| Natural resources       | ✓                              | –      | –   |
| Defense                 | ✓                              | –      | –   |
| Transport/Manufacturing | –                              | ✓      | –   |
| Telecommunication       | –                              | ✓      | –   |

A combination of the size of government procurement, government intervention and degree of competition, will tend to lead to corruption. The construction and natural resources sectors have been reported to be more corrupt than others (Hunt 2006:4; Kyriacou *et al.* 2015:15).

Another form of private-public link is lobbying. Though corruption and lobbying are conceptually different, the literature shows that corruption and lobbying are complementary (Thede & Gustafson 2017:1) and/or substitutive (Daniele & Bennedsen 2013:2). Lobbying is not illegal and could be differentiated from corruption acts, but from the perspective of the private-public link, lobbying as a private sector activity is mostly aimed at influencing the state.

A strand of literature in this line examines firms' behaviour as being influenced by their political connections. This form of private-public link is potentially open to abuse and preferential allocation of collective resources. This review shows that politically connected firms are significantly more likely to be bailed out (Faccio, Masulis and McConnell 2006:31); they have preferential access to financing; they are significantly impacted by political events and there is a value to a firm being politically connected (Fisman 2001:4).

## MULTINATIONAL, LOCAL FIRM AND SME IN PRIVATE-PUBLIC SECTOR CORRUPTION

Firm characteristic is an important explanatory factor in the private-public corruption relationship. Small firms, locally owned, are more likely to engage in corruption than big firms and multinationals (Diaby & Sylwester 2014:1; Olimpieva 2009:1). The intuitive explanation is that small firms have limited bargaining power, and they counterbalance the competitive edge of bigger firms by engaging in corruption; what Olimpieva typified as defensive corruption (Kasuga 2013:10,14; Olimpieva 2009:1–2). Small firms, especially locally owned, therefore engage in unofficial and illegal exchange to receive services or reduce rate of delays in receiving public services, which bigger firms will not do because of their bigger bargaining power and stronger governance system.

An additional insight that needs to be considered is that the size and magnitude of corruption perpetrated by small or medium-size local firms, differ from that of MNCs. The idea is that bargaining power differences between big and small firms are crucial in the understanding of corruption in this form. Corruption is in this sense the *“weapon of the weak or game of the giant”* (Olimpieva 2009:4). This perspective is similar to the argument that small firms pay bribes for defensive reasons, while big firms engage in corruption for offensive reasons (Olimpieva 2009:1).

Multinationals' involvement in corruption is reported to be influenced by their country of origin (Baughn *et al.* 2010:4; Dimitris 2015:11). In other words, the degree of corruption in the home country influences a firm's corruption behaviour abroad. Companies from highly corrupt countries are more likely to be corrupt abroad. This point corroborates literature findings on international business development, that multinationals from emerging markets like China and India have emerged strongly within the business sphere of developing countries because of the similar institutional void characterising the developing and emerging economies (Cuervo-Cazurra & Genc 2008:4; Khanna *et al.* 2005:1). Cuervo-Cazurra and Genc (2008) found that emerging market MNCs tend to be prevalent due to similarity in the quality of governance with their home country.

## CONCLUSION

Based on systematic review methodology, this article organised and summarised existing theoretical and empirical works on private and public sector corruption. The motivation is based on an observed gap in the state of knowledge around private sector corruption and its links with the public sector. This study

shows that private sector corruption deserves more research attention than it is currently getting.

Private sector corruption is currently a study about bribery largely going from the direction of private sector to public sector. The bias for bribery is perhaps due to methodological constraints, as the research tools are not sophisticated enough to measure other forms of corruption, which are often nebulous and imprecise. However, the reality of corrupt acts, especially in developing countries, could suggest that other forms of corruption and data should be analysed. Most of the articles in this study are cross-country and a few experimental studies. Studies based on ethnography, case-study and other qualitative methods are few and lesser in number compared to quantitative methods.

There is limited research using African data. There are a few cross-country analyses that included Africa but we found only one paper with specific focus on Africa. In contrast, there are several studies from Asia and Eastern Europe. From this study, the need for more research in the sector is obvious.

## NOTE

- \* This article is partly based on an unpublished Doctoral thesis of David O Sotola under the supervision of Professor Pregala Pillay, titled: *Understanding Private Sector and Public Sector Corruption Nexus: Evidence from Nigeria*. Stellenbosch: US.

## REFERENCES

- Abah, J. 2012. *Strong Organisations in Weak States*. Maastricht, Netherland: Maastricht University.
- Ades, A. and Tella, R.D. 1996. The Causes and Consequences of Corruption. *Institute of Development Studies IDS Bulletin*. 27(2).
- Al-Jazeera. 2018. Brazil: The Car Wash Scanda *Al Jazeera*, 8 August. Available at: <https://www.aljazeera.com/programmes/peopleandpower/2018/03/brazil-car-wash-scandal-180307105602756.html>. (Accessed on 6 May 2019).
- Andvig, J., Fjeldstad, A., Amundsen, I.O., Sissener, T. and Søreide, T. 2000. Research on Corruption: A Policy Oriented Survey. *International Affairs*. (December). Pp.4–28. Michelsen Institute Bergen Norway. Available at : <https://www.cmi.no/publications/5609-research-on-corruption-a-policy-oriented-survey>. (Accessed on 6 May 2019).
- Arellano-gault, D. 2018. Government Corruption : An Exogenous Factor in Companies' Victimization. *Public Integrity*. Taylor & Francis. Pp. 1–20. doi: 10.1080/10999922.2018.1433425.
- Argandoña, A. 2003. Private-to-Private Corruption. *Journal of Business Ethics*. (47):253–267.
- Ashforth, B.E. and Anand, V. 2003. The Normalization of Corruption in Organizations *Research in Organisational Behaviour*. 25(3):1–52. doi: 10.1016/S0191-3085(03)25001-2.

- Australian Institute of Criminology. 2004. *Crimes against Business: A Review of Victimisation, Predictors and Prevention*. Canberra: Australian Institute of Criminology.
- Bardhan, P. 2015. Corruption and Development Policy (Drawing Upon the Recent Indian Debate). *Journal of Public Economic Theory*. 17(4):472–479. doi: 10.1111/jpet.12126.
- Baughn, C., Bodie, N.L., Buchanan, M.A. and Bixby, M. 2010. Bribery in International Business Transactions. *Journal of Business Ethics*. 92(1):15–32. doi: 10.1007/s10551-009-0136-7.
- Bauhr, M. 2017. Need or Greed? Conditions for Collective Action against Corruption. *Governance*. 30(4):561–581. doi: 10.1111/gove.12232.
- Bayar, G. 2005. The Role of Intermediaries in Corruption. *Public Choice*. 122(3/4):277–298. doi: 10.1007/s.
- Bussell, J. 2015. *Typologies of Corruption: a Pragmatic Approach*. In Rose-Ackerman, S. and Lagunes, P. 2015. *Greed, Corruption, and the Modern State Essay in Political Economy*. 1<sup>st</sup> Edition. London: Edward Edgar.
- Bussell, J. 2017. When do Middlemen Matter? Evidence from Variation in Corruption in India. *Governance*. (September). Pp. 1–16. doi: 10.1111/gove.12310.
- Charron, N., Dijkstra, L. and Lapuente, N. 2010. *Measuring the Quality of Government and Subnational Variation: Report for the European Commission*. Gottenburg Sweden. Available at: [https://ec.europa.eu/regional\\_policy/sources/docgener/studies/pdf/2010\\_government\\_1.pdf](https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/2010_government_1.pdf).
- Cheung, Y.L., Rau, P.R. and Stouraitis, A. 2012. How Much Do Firms Pay as Bribes and What Benefits Do They Get., *NBER Working Paper*. 17981:2–71. Available at: <http://www.nber.org/papers/w17981>. (Accessed on 6 May 2020).
- Cintra, R.F. Cassol, A., Ribeiro, I. and De Carvalho, A.O. 2018. Corruption and Emerging Market: Systematic Review of the most cited. *Research in International Business and Finance*. 45. Pp. 607–619.
- Cuervo-Cazurra, A. and Genc, M. 2008 Transforming disadvantages into advantages: developing country MNEs in the least developed countries. *Journal of International Business Studies*. 39:957–979.
- D'Souza, A. and Kaufmann, D. 2011. *Who Bribes in Public Contracting and Why: Worldwide Evidence from Firms*. Brooking Institution. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1563538](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1563538). (Accessed on 6 May 2019).
- Daniele, M. and Bennesden, M. 2013. The value of local political connections in a low-corruption Environment. *Journal of Financial Economics*. Elsevier, 110(2):387–402. doi: 10.1016/j.jfineco.2013.06.002.
- Diaby, A. and Sylwester, K. 2014. Bureaucratic competition and public corruption: Evidence from transition countries. *European Journal of Political Economy*. 35:75–87. doi: 10.1016/j.ejpoleco.2014.04.002.
- Dimitris, B. 2015. Bribing Abroad. In Rose-Ackerman, S. and Lagunes, P. (Ed.). 2015. *Greed, Corruption and the Modern State: Essays in Political Economy*. 1<sup>st</sup> Edition. London: Edward Edgar. Pp. 287–331.

- Dundar Y. and Fleeman, N. 2017. Developing my Search Strategy. In Boland, A., Cherry, G., and Dickson, R. (Eds.). 2017. *Doing A Systematic Review A student's Guide*. 2<sup>nd</sup> Edition. Los Angeles: Sage. Pp. 61–77.
- Faccio, M., Masulis, R.W. and McConnell, J. 2006. Political Connections and Corporate Bailouts. *The Journal of Finance*. LXI(6):2597–2635.
- Fisman, R. 2001. Estimating the value of Political Connections. *The American Economic Review*. 91(4):1095–1102.
- Fisman, R. 2015. Political connections and commerce; a global perspective. In Rose-Ackerman, S. and Lagunes P. (Ed.). 2015. *Greed, Corruption and the Modern State: Essays in Political Economy*. Cheltenham: Edward Edgar. Pp. 71–98.
- Fjeldstad, O., Andvig, J.C., Amundsen, I., Sissener, T. and Soreide, T. 2001. *Corruption: A Review of Contemporary Corruption A Review of Contemporary Research*. Bergen, Norway: Michelsen Institute of Development Studies and Human Rights.
- Freedman, D. 2010. *The streetlight effect*. Discover. Available at: <https://freedman.com/2010/10/20/the-streetlight-effect/> (Accessed on 20 April 2020).
- Gans-Morse, J., Borges, M., Makarin, A., Mannah-Blankson, T., Nickow, A., and Zhang, D. Gans-Morse, J. 2018. Reducing bureaucratic corruption: Interdisciplinary perspectives on what works. *World Development*. Elsevier, Ltd. 105. Pp. 171–188. doi: 10.1016/j.worlddev.2017.12.015. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2930520](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2930520). (Accessed on 6 May 2020).
- Gerring, J. 2012. *Social Science Methodology. A Unified Framework*. 2<sup>nd</sup> Edition. Cambridge: Cambridge University Press.
- Graycar, A. and Jancsics, D. 2017. Gift Giving and Corruption. *International Journal of Public Administration*. 40(12):1013–1023. doi: 10.1080/01900692.2016.1177833.
- Graycar, A. and Smith, R.G. 2011. *Handbook of Global Research and Practice in Corruption*. 1<sup>st</sup> Edition. Cheltenham: Edward Edgar.
- Gutmann, J. and Lucas, V. 2017. Private-Sector Corruption: Measurement and Cultural Origins. *Social Indicators Research*. 138(2):747–770. doi: 10.1007/s11205-017-1684-3.
- Haller, D. and Shore, C. 2005. *Corruption An Anthropological Perspectives*. 1<sup>st</sup> Edition. London: Pluto Books.
- Hellman, J.S., Jones, G. and Kaufmann, D. 2003. Seize the state, seize the day: State capture and influence in transition economies. *Journal of Comparative Economics*. 31(4):751–773. doi: 10.1016/j.jce.2003.09.006.
- Heywood, P.M. 2017. Rethinking corruption: Hocus-pocus, locus and focus. *Slavonic and East European Review*. 95(1):21–48. doi: 10.5699/slaveasteurorev2.95.1.0021.
- Hodgson, G.M. and Jiang, S. 2007. The Economics of Corruption and the Corruption of Economics: An Institutionalist Perspective. *Source: Journal of Economic Issues*. 41(4):1043–1061. Available at: <https://www.jstor.org/stable/pdf/25511257.pdf?refreqid=search%3A7c7749006160e06af a809846007c6ec8>. (Accessed on 6 May 2019).

- Hunt J. 2006. Why Are Some Public Officials More Corrupt than others. In Rose-ackerman, S. (Ed.). 2006. *International Handbook on the Economics of Corruption*. 1<sup>st</sup> Edition. Cheltenham: Edward Edgar. Pp. 323–351.
- Jaakson, K., Johannsen L., Pedersen, K., Vadi, M., Ashyrov, G., Reino, A., and Soot, M. 2018. The role of costs, benefits, and moral judgments in private-to-private corruption. *Crime, Law and Social Change*. 71:83–106. Available at: <https://link.springer.com/article/10.1007/s10611-018-9790-y>. (Accessed on 6 May 2020).
- Jain, A. K. 2001. Corruption : A Review. *Journal of Economic Surveys*. 15(1).
- Jancsics, D. 2014. Interdisciplinary Perspectives on Corruption. *Sociology Compass*. 4(8):358–372.
- Jancsics, D. 2019. Corruption as a Resource Transfer; An Interdisciplinary Synthesis. *Public Administration Review*. 00(00). Available at: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/puar.13024#accessDenialLayout>. (Accessed on 6 May 2019).
- Kasuga, H. 2013. Why Do Firms Pay Bribe? Firm Level Evidence from the Cambodian Garment Industry. *Journal of International Development*. 24:276–292. Available at: <https://onlinelibrary.wiley.com/toc/10991328/2013/25/2> accessed 06/05/2020. (Accessed 6 May 2019).
- Kaufmann D. and Siegelbaum P. 1997. Privatization and Corruption in Transition Economies *Journal of International Affairs*. 50(2):419–458.
- Khana, T., Palepu, K G. and Sinha, J. 2005. *Strategies that Fit Emerging Markets*. *Harvard Business Review*. Available at: <https://hbr.org/2005/06/strategies-that-fit-emerging-markets> (Accessed on 22 February 2019).
- Kyriacou, A.P., Muineló-Gallo, L. and Roca-Sagalés, O. 2015. Construction corrupts: empirical evidence from a panel of 42 countries. *Public Choice*. 165(1/2):123–145. doi: 10.1007/sl.
- Lambsdorff, J. G. 1999. Corruption in empirical research: A review. *International Conference on Anticorruption Durban South Africa*. (November). Pp. 10–15. Available at: [http://gwdu05.gwdg.de/~uwwv/downloads/contribution05\\_lambsdorff.pdf](http://gwdu05.gwdg.de/~uwwv/downloads/contribution05_lambsdorff.pdf). (Accessed on 6 May 2019).
- Lambsdorff, J.G. 2006. Causes and consequences of corruption: What do we know from a Cross-section of Countries. In Rose-ackerman, S. (Ed.). 2006. *International Handbook on the Economics of Corruption*. 1<sup>st</sup> Edition. Cheltenham: Edward Edgar.Pp. 4–41.
- Lee, J.H. 2006. Business corruption, public sector corruption, and growth rate: Time series analysis using Korean data. *Applied Economics Letters*. 13(13):881–885. doi: 10.1080/13504850500425519.
- Lehmann, K.E. and Khan, F. 2018. *The social and political conditions of corruption in Brazil* (November). Available at: <https://www.researchgate.net/publication/328738734>. (Accessed on 10 April 2020).
- Myburgh, P.L. 2017. *The Republic of Gupta*. 1<sup>st</sup> Edition. Cape Town: Penguin Random House.
- Nowell, L.S., Norris, J.M., White, D.E. and Moules, N.J. 2017. Thematic Analysis: Striving to Meet the Trustworthiness Criteria. *International Journal of Qualitative Methods*. 16(1):1–13. doi: 10.1177/1609406917733847.
- Okonjo-Iweala, N. 2018. *Fighting Corruption is Dangerous*. 1<sup>st</sup> Edition. London: MIT Press.
- Olimpieva, I.B. 2009. Background Corruption in Small and Medium-Size Business. *Russian Politics & Law*. 47(4):28–42. doi: 10.2753/rup1061-1940470402.

- Olken, B.A. and Barron, P. 2009. The Simple Economics of Extortion: Evidence from Trucking in Aceh. *Journal of Political Economy*. 117(3).
- Olson, M. 2002 *The Logic of Collective Action Public Goods and the Theory of Groups*. 20<sup>th</sup> Edition. Cambridge: Massachusettes: Harvard University Press. doi: 10.1007/978-3-319-20451-2\_32.
- Ostrom, E. 1998. A Behavioral Approach to the Rational Choice Theory of Collective Action: Presidential Address. American Political Science Association. *American Political Review*. 92(1):1–22.
- Persson, A., Rothstein, B. and Teorell, J. 2010. The Failure of Anti-Corruption Policies A Theoretical Mischaracterization of the Problem. *QoG Working Paper Series*. 19(June). P. 19. doi: 10.1007/s10708-005-8181-y.
- Picci, L. 2018. The Supply-Side of International Corruption: A New Measure and a Critique. *European Journal on Criminal Policy and Research*. 24(3):289–313. doi: 10.1007/s10610-017-9362-1.
- Prasad, M., Martins da Silva, M.B. and Nickow, A. 2018. Approaches to Corruption: a Synthesis of the Scholarship. *Studies in Comparative International Development*. 54. doi: 10.1007/s12116-018-9275-0.
- Premiumtimes. 2018. \$3 billion allegedly embezzled under Jonathan can build major roads, 2<sup>nd</sup> Niger bridge. *Premiumtimes*, 21 March. Available at: <https://www.premiumtimesng.com/news/headlines/262474-3-billion-allegedly-embezzled-under-jonathan-can-build-major-roads-2nd-niger-bridge-osinbajo.html>. (Accessed on 7 April 2020).
- PRISMA. No date. *Preferred Reporting Items for Systematic Reviews and Meta-Analyses*. Available at: <http://www.prisma-statement.org/>. (Accessed on 20 April 2020).
- Proshare. 2005 *The Corruption Factfile–Nigeria*, Proshare Online. Available at: <https://www.proshareng.com/news/General/The-Corruption-Factfile—Nigeria/92>. (Accessed on 3 April 2019).
- Rose-Ackerman, S. 2007. Measuring Private Sector Corruption. *U4 brief Chr Michelsen Institute*. 5(1).
- Rothstein, B. 2007. Anti-Corruption – A Big Bang Theory. *Quality of Government Institute Working Paper Series*. 2007:3 (May).
- Rothstein, B. and Torsello, D. 2014. Bribery in Preindustrial Societies: Understanding the Universalism-Particularism Puzzle. *Journal of Anthropological Research*. 70(2):263–284.
- Schenone, O. and Samuel, G. 2003. *A Theory of Corruption*. 1<sup>st</sup> Edition. Michigan, USA: Acton Institute.
- Sikka, P. and Lehman, G. 2015. The Supply-Side of Corruption and Limits to Preventing Corruption Within Government Procurement and Constructing Ethical Subjects. *Critical Perspectives on Accounting*. Elsevier, Ltd. 28. Pp. 62–70. doi: 10.1016/j.cpa.2015.01.008. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S1045235415000192>. (Accessed on 6 May 2020).
- Soreide, T. 2006. Corruption in International Business Transactions. In Rose-ackerman, S. (Ed.). 2006. *International Handbook on the Economics of Corruption*. 1<sup>st</sup> Edition. Cheltenham: Edward Edgar. Pp. 381–417.
- Soreide, T. 2014. *Drivers of Corruption*. Washington, USA: The World Bank.
- Stephenson, M. 2015. Corruption and Democratic Institutions: A Review and Synthesis. in Rose-Ackerman, S. and Lagunes, P. (Ed.). 2015. *Greed, Corruption, and the Modern State Essays in Political Economy*. 1<sup>st</sup> Edition. Cheltenham: Edward Edgar. Pp. 92–133.

- Svensson, J. 2005. Eight Questions about Corruption. *Journal of Economic Perspectives*. 19(3):19–42. doi: 10.1257/089533005774357860.
- Thede, S. and Gustafson, N.-åke. 2017. Bending the rules, breaking the rules: How corruption and lobbying affect the investment market selection of Swedish firms. *The World Economy*. 40:1266–1290. doi: 10.1111/twec.12488. Available at: <https://onlinelibrary.wiley.com/doi/abs/10.1111/twec.12488>. (Accessed on 5 May 2020).
- Transparency International. 2009. *Global Corruption Report 2009*. Available at: [https://www.transparency.org/whatwedo/publication/global\\_corruption\\_report\\_2009](https://www.transparency.org/whatwedo/publication/global_corruption_report_2009). (Accessed on 20 April 2020).
- University of Richmond School of Law. No date. *Anti-Bribery Scholarship Database*. Available at: <https://law-richmond.libguides.com/c.php?g=129551&p=846446> (Accessed on 4 September 2019).
- UNODC (United Nations Office on Drugs and Crime). 2017. *Corruption in Nigeria–Bribery: Public Experience and Response, the United Nations Office on Drugs and Crime (UNODC)*. Vienna: UNODC. doi: 10.1057/9780230117594\_7.
- Vanguard Newspaper. 2005. Nigeria: N55 Million Bribe: Osuji Dismissed, Wabara Resigns. *Vanguard Newspapers Nigeria*. 20 March. Available at: <https://allafrica.com/stories/200503230221.html>. (Accessed on 7 April 2020).
- Varraich, A. 2014. Corruption: an Umbrella Concept. *Quality of Government Institute Working Papers Series*. (4). P. 30. Available at: [http://www.qog.pol.gu.se/digitalAssets/1484/1484076\\_2014—varraich—corruption-as-an-umbrella-concept.pdf](http://www.qog.pol.gu.se/digitalAssets/1484/1484076_2014—varraich—corruption-as-an-umbrella-concept.pdf). (Accessed on 6 May 2020).
- Zhu, J. and Wu, Y. 2014. Who pays more “tributes” to the government?: Sectoral corruption of China’s private enterprises. *Crime, Law and Social Change*. 61(3):309–333. doi: 10.1007/s10611-013-9504-4.

## AUTHORS’ CONTACT DETAILS

### Mr David Olusegun Sotola

School of Public Leadership Stellenbosch  
University  
Postal Address: Room 1013 Perold Building  
Stellenbosch University  
Phone Number: +27768872728  
Email: 21464936@sun.ac.za

### Prof Pregala Solosh Pillay

School of Public Leadership Stellenbosch  
University  
Postal Address: Room 1011 Perold Building  
Stellenbosch University  
Phone Number: +27843657860  
Email: pregala.pillay@spl.sun.ac.za

# Improving the Functioning of the South African Multi-agency Intelligence Oversight System

**N M Masiapato\***

School of Public Management, Governance and Public Policy  
University of Johannesburg

**G S Cloete**

School of Public Management, Governance and Public Policy  
University of Johannesburg

**C J Auriacombe**

School of Public Management, Governance and Public Policy  
University of Johannesburg

## ABSTRACT

A weak intelligence oversight system could throttle a country's efforts to preserve its national security and developmental prescripts. As such, various countries strive towards developing robust intelligence oversight systems to ensure the accountability of intelligence operatives. Before 1994, the former National Party (NP) government did not establish adequate measures to ensure robust intelligence oversight. However, after 1994, the African National Congress (ANC) government established a multi-agency intelligence oversight system to ensure the accountability of intelligence operatives in the democratic order. Regrettably, the system did not provide clear guidance on the coordination and collaboration of the multiple intelligence oversight agencies, structures, committees and institutions. As a result, intelligence oversight work became somewhat fragmented, as various structures adopted silo mentalities based on their narrow-legislated mandates. This article investigates various options to improve the functioning of the South African multi-agency intelligence oversight system. Systems theory is applied as research approach by using a combination of qualitative paradigm and case study design. After interrogating the literature and analysing the findings of interviews with oversight officers, auditors, experts and intelligence officers, empirical data confirmed the fragmented nature of the South African intelligence oversight system. As such, this article proposes an ideal framework to

improve the functioning of the South African intelligence oversight system. This is critical for ensuring the full accountability of intelligence operatives and the preservation of the country's constitutional order.

## **INTRODUCTION**

This article is divided into eight sections. The first section presents background on the South African intelligence services covering both the pre- and post-1994 periods. The second section contextualises the post-1994 fragmented intelligence oversight system, as established by the ANC government. The third section presents the problem statement which necessitated the need for this research. The fourth section presents the international examples of multi-agency intelligence oversight systems, as implemented in other jurisdictions. The fifth section outlines the adopted theoretical framework that served as the frame of reference for this research. The sixth section presents the adopted research design and methodology. This includes the research paradigm, the strategy, target population and sampling, data collection instruments and the analysis of findings. The seventh section presents the research findings, discussions and analysis. In conclusion, the eighth section presents research recommendations that are centred around the presentation of the proposed framework to improve the functioning of the South African multi-agency intelligence oversight system.

## **BACKGROUND: SOUTH AFRICAN INTELLIGENCE SERVICES**

Before 1994, the former NP government separated civilian, police and military intelligence services with unclearly demarcated mandates. As such, the National Intelligence Service (NIS), Security Branch (SB) and Military Intelligence Service (MIS) had overlapping mandates of collecting, analysing and disseminating intelligence on the country's internal security threats posed by the liberation movements (Dombroski in Bruneau and Boraz 2007:245). At the time, the SB of the Police was responsible for the recruitment, training and the supply of intelligence officers to both NIS and MIS (Bruneau and Boraz 2007). The primary focus of the intelligence services was to enforce apartheid laws, such as the Suppression of Communism Act 44 of 1950 and the Suppression of Terrorism Act, 83 of 1967 (Masiapato 2017). During this period, the apartheid government did not have adequate measures to oversee the activities of members of the intelligence services (Cawthra 2005).

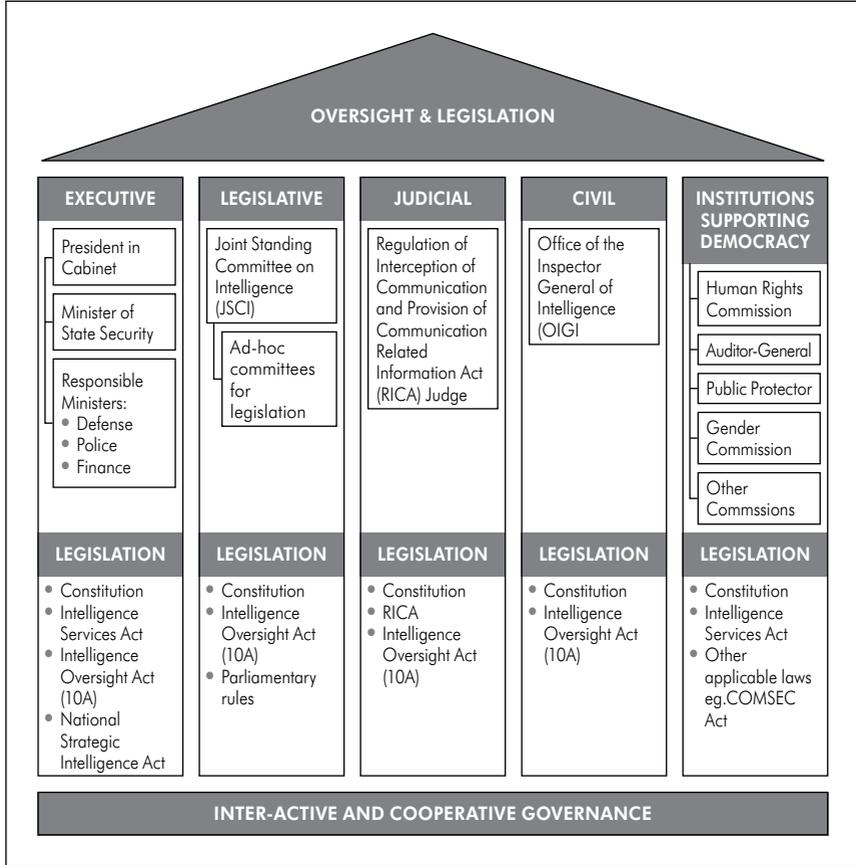
After 1994, the ANC government enacted various legislation to re-establish the intelligence service structures with clearly defined mandates. To this end, the National Strategic Intelligence Act 39 of 1994 was enacted to establish the civilian intelligence structures, namely the National Intelligence Agency (NIA) (with a domestic mandate) and the South African Secret Services (SASS) (with a foreign mandate). However, in 2009, the two structures were merged and became the State Security Agency (SSA) with both domestic and foreign mandated branches. Defence Intelligence (DI) was established through the enactment of the Defence Act 42 of 2002 as the military intelligence service with foreign military related mandate. Crime Intelligence (CI) was established through the South African Police Services Act 68 of 1995 as the police intelligence service with domestic crime related mandate. Given the rise of financial crimes, the government enacted the Financial Intelligence Center Act 38 of 2001 to establish the Financial Intelligence Centre (FIC) as the custodian of the country's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime. Given the multi-agency intelligence approach, the National Strategic Intelligence Act 39 of 1994 established the National Intelligence Coordinating Committee (NICOC) to ensure strategic intelligence coordination. NICOC is made up of the heads of the various intelligence services and is chaired by the National Coordinator for Intelligence. However, a similar coordination approach and legislation for the multi-agency intelligence oversight system could not be adopted. This gave rise to fragmentation, as discussed below.

## **SOUTH AFRICA'S FRAGMENTED INTELLIGENCE OVERSIGHT SYSTEM**

In 1994, the ANC government established the multi-agency intelligence oversight system through the enactment of the Intelligence Services Oversight Act 40 of 1994. This played a critical role in ensuring that intelligence operatives were held accountable when performing intelligence work (Dube 2013:12). According to Dlomo (2004:55) "The establishment of a coherent intelligence oversight system is necessary for the provision of comprehensive safeguards and the protection of the country's constitutional democracy". The South African multi-agency intelligence oversight system has the legislative leg – the executive, judiciary, administrative, civil and the state institutions – supporting constitutional democracy (Chapter 9 institutions). Based on Section 7 of the Intelligence Services Oversight Act 40 of 1994, the intelligence oversight structures have to monitor, oversee and supervise the work of the intelligence services. Figure 1 provides a visual illustration of the South African multi-agency intelligence oversight system.

At an executive level, Section 209(2) of the *Constitution of the Republic of South Africa*, 1996 empowers the country's President to appoint the Minister of

**Figure 1: The South African Multi-Agency Intelligence Oversight System (2020)**



Source: (Masiapato 2017)

State Security to conduct intelligence oversight and control on members of the intelligence services (see column 1, Figure 1). Furthermore, Section 5(a) of the National Strategic Intelligence Act 39 of 1994, “empowers the Minister of State Security to do everything necessary to ensure the efficient functioning of the intelligence services”. At a legislative level, Section 2 of the Intelligence Services Oversight Act 40 of 1994 locates parliamentary intelligence oversight within the Joint Standing Committee for Intelligence (JSCI) (see column 2, Figure 1). The JSCI is a multiparty parliamentary committee that consists of 15 Members of Parliament (MPs) allocated through the principle of proportional representation (Netshitenze 2005). At a judicial level, intelligence oversight work is conducted by an appointed judge. The judge’s primary function is to authorise the implementation of

special intelligence operations of an intrusive nature (Regulation of Interception of Communications and Provision of Communication-related Information, Act 70 of 2002 (RICA)) (see column 3, Figure 1). According to section 16(1) of RICA (2002), “Members of the intelligence services should seek judicial approval prior to the implementation of intrusive operations, particularly those that have the potential to infringe on people’s rights to privacy”.

At a civil level, section 7(7) of the Intelligence Services Oversight Act, 1994 empowers the Inspector-General of Intelligence (IGI) to “oversee the compliance of intelligence services to the Constitution, applicable laws and all other relevant policies on intelligence and counter-intelligence matters” (see column 4, Figure 1). In addition, section 7(7)(c) of the same Act empowers the IGI “to receive and investigate complaints against intelligence operatives from members of the public, intelligence services and the JSCI”. In addition to executive, legislative and judicial intelligence oversight legs, the system allows for additional intelligence oversight by some of the state institutions that support constitutional democracy (Chapter 9 institutions). In this regard, emphasis is placed on the work of the Public Protector (PP), Auditor-General of South Africa (AGSA) and the Human Rights Commission (HRC) (see column 5, Figure 1). According to Van der Merwe and Du Plessis (2004:84) “Chapter 9 institutions act as watchdogs over government institutions by investigating misconduct and monitoring the implementation of their respective legislative mandates”.

## PROBLEM STATEMENT

Based on reviewed literature from scholars like Dlomo (2004), Netshithenzhe (2005), Africa (2006), and Dube (2013), the South African multi-agency intelligence oversight system has showed some defects during the past 20 years of implementation. These defects have been characterised by the absence of clear coordination and cooperation among the various oversight structures (Dlomo 2004). The most visible defects are related to structural fragmentation, which leads to undue competition and inefficiencies between structures (Dube 2013). The core challenges associated with the South African multi-agency intelligence oversight system are summarised as follows:

- **Fragmentation and competition:** According to Masiapato (2017), the establishment of multiple intelligence oversight structures with no clear cooperation mechanism perpetuates a sil mentality when performing intelligence oversight work. Further, Masiapato (2017) argues that respective structures concentrate on their narrow-legislated mandates with little concern for the work of others in the sector. As a result, the legislative framework promotes the fragmentation of these oversight structures and their subsequent competition with each other.

- **Lack of coordination:** According to Dube (2013:18), "...a lack of institution-alised coordination mechanisms amongst the various intelligence oversight structures remain one of the weaknesses in the country's intelligence oversight system". These weaknesses were highlighted by the Project Avani scandal of 2006, which exposed the misappropriation of state resources, positions, power and subverted national intelligence apparatus for personal and/or group-related political interests (Office of the Inspector General for Intelligence (OIGI) 2006). The scandal revolved around "...the unlawful interception of telephone calls, unauthorised surveillance of individuals and unwarranted circulation of e-mails damning factional political opponents by members of the intelligence services" (OIGI 2006:5). Dube (2013:29) concluded that the Project Avani scandal "...showed serious weaknesses in the design and the coordination framework of the country's intelligence oversight system".
- **Lack of cooperation and collaboration:** The absence of an explicit cooperation mechanism to guide the operational work of the various intelligence oversight structures exacerbates their levels of fragmentation. This was evidenced by the non-cooperation of the AGSA and the IGI on the auditing of intelligence services. For instance, the AGSA has consistently added qualifications to the audit outcome of the intelligence services due to its inability to secure the required audit information as it is classified by the services. However, this could have been mitigated if the AGSA cooperated with the IGI, which has the legislative powers to access any type of information in the possession of the intelligence services – regardless of classification.

## **INTERNATIONAL EXAMPLES OF MULTI-AGENCY INTELLIGENCE OVERSIGHT SYSTEMS**

Intelligence practice is regarded as one of the oldest professions. However, the issue of intelligence oversight is a fairly new phenomenon. This has been emphasised by international scholars, such as Weller (1999), Bruneau and Dombroski (2001), Lowenthal (2003), Todd and Bloch (2003), Flood (2004), Born and Leigh (2005), Gill and Phythian (2006), Filip (2006), Born and Caparini (2007), Born and Wills (2012), Den Boer (2012) and Gill (2012). Similar debates prevail among South African researchers in this field (see Africa and Mlombile (2001), Dlomo (2004), Netshithenzhe (2005), Nathan (2010), Dube (2013) and Africa (2012)). Over the past two decades, interest in intelligence oversight has grown in stature and its footprint has extended to various parts of the world. This is evident in countries such as the Netherlands (Todd and Bloch 2003), Germany (Born and Caparini 2007), Canada, Norway, Argentina, South Korea, Poland, Romania and ultimately South Africa (Bruneau and Dombroski 2001).

Intelligence oversight can assume a single or multi-agency approach, as reflected in the research of various scholars. However, the literature reviewed in this article has confirmed the prominence of multi-agency intelligence oversight systems with robust coordination and collaboration frameworks. As reflected in the problem statement above, South Africa adopted a multi-agency approach with unclear guidance on coordination and collaboration mechanisms. As such, the following discussion presents the international examples of robust multi-agency intelligence oversight systems, as cited in the research of scholars like Weller (1999), Bruneau and Dombroski (2001), Lowenthal (2003), Todd and Bloch (2003), Flood (2004), Born and Leigh (2005). It was decided to review the intelligence oversight systems of Australia, Canada, New Zealand (NZ), United Kingdom (UK) and the United States (US), given their similarities to the multi-agency nature of South African systems.

- **Australia:** According to Flood (2004:53), “The Australian intelligence oversight was conceptualised and established in 1986 by an Act of Parliament called the Inspector General for Intelligence and Security (IGIS) Act No. 101 of 1986”. The government established a National Security Committee (NSC), chaired by the Prime Minister as the overall overseer of the intelligence services (Flood 2004:52). In Australia, the cooperation of the IGIS and the NSC in overseeing the work of intelligence services is legislated and duly institutionalised.
- **Canada:** According to Den Boer (2012), Canada established a Parliamentary Security Intelligence Review Committee (SIRC), the Office of the Inspector General (IG), and the Federal Court as key intelligence oversight structures. Like South Africa, Canada has no systematic or legislative mechanism to ensure that the various intelligence oversight structures cooperate or collaborate.
- **New Zealand (NZ):** The Inspector General of Intelligence and Security (IGIS) Act 47 of 1996 established the IGIS, who is appointed by the Governor-General on the recommendation of the Prime Minister. In addition, the Intelligence and Security Committee (ISC) was established as the parliamentary intelligence oversight platform through the IGI. Within this system, there is no need for formal cooperation of intelligence oversight structures, as the overall responsibility for intelligence oversight is concentrated within the Office of the IGIS.
- **United Kingdom (UK):** According to Weller (1999), the Prime Minister appoints Commissioners to oversee the work of the intelligence services. However, complaints against intelligence operatives are handled by a tribunal. Furthermore, Gill and Phythion (2006) state that the Intelligence Services Act of 1994 established the Intelligence and Security Committee (ISC) to oversee the operational work of the intelligence services. The ISC examines the expenditure, administration and policy direction of the intelligence services. Within this system, the ISC plays a central oversight role. Hence there is no need for the formalised institutional cooperation of intelligence oversight structures.

- **United States (US):** According to Weller (1997:384), “USA introduced intelligence oversight in the mid-1970s after the emergence of scandals involving members of the intelligence services”. Born and Caparini (2007:15) add that, “The American framework provides for executive, parliamentary and judicial oversight of the Intelligence services”. Like South Africa, the US system has no institutional mechanism to facilitate the cooperation of the various intelligence oversight structures. To this end, the US experiences cooperation challenges between the various intelligence oversight structures similar to those experienced by South Africa.

## THEORETICAL FRAMEWORK

The theoretical framework underpinning this research is systems theory, which emphasises the systematic approach in managing the interaction of multiple structures, committees or even institutions. This theory is grounded on the concept of a ‘system’. According to Anderson, Carter and Lowe (1999:4), a system refers to “an organised whole that is made up of components which interact in a way distinct from their interaction with other entities and this endures over some period of time”. In addition, Laszlo and Krippner (in Jordan 1998:67) regard a system as “the complexity of interacting components together with the relationship among them that permit the identification of a boundary-maintaining entity or process”. Despite its significance, there has been disagreements among scholars on the origins of systems theory. For instance, Robbins, Chatterjee and Canda (2006) argue that systems theory emerged from Emile Durkheim’s early study of social systems. However, Wakefield (1996), as well as Fook, Ryan and Hawkins (1997) argue that systems theory originated from Ludwig von Bertalanffy’s research within the discipline of social work.

Despite conflicting arguments about its origins, various scholars concur that systems theory is critical in facilitating the working together of various components, organisms or structures to realise common objectives. Anderson *et al.* (1999:34) add that the theory is a mechanism that enables people to “understand the components and dynamics of client systems in order to interpret problems and develop balanced intervention strategies”. Meyer (1976) indicates that systems theory serves as an organising conceptual framework, or meta-theory, that could be used to understand the interactions of various systems. Considering the absence of clear guidance on the cooperation and collaboration approach of the various intelligence oversight structures, the authors believe that systems theory would help guide efforts to address the fragmentation within South Africa’s intelligence oversight system. To this end, the current research is based on the research findings of Bruce, Friedman and Allen (in Brandell 2011:36), who emphasise that

systems theory was developed to understand “how societies were organised and how they maintained cohesion or group identity over time”. In this research, systems theory represents the frame of reference to gain a deeper understanding of the interface between executive, legislative, judicial and civil oversight of intelligence operatives. Given these explanations, the researchers regard theory as a relevant approach to help develop an ideal framework for improving the functioning of the South African multi-agency intelligence oversight system.

## **RESEARCH DESIGN AND METHODOLOGY**

This research investigated the following primary question: What can be done to improve the functioning of the South African multi-agency intelligence oversight system? In order to address the primary question, the following three secondary sub-questions were added: What is the current state of cooperation among the various intelligence oversight structures? What are the barriers for the effective cooperation of the various intelligence oversight structures? and What strategies could be pursued to enhance the cooperation of the intelligence oversight structures?

### **Research paradigm**

To answer these questions, the researchers adopted a qualitative research paradigm, which was complemented by certain elements of quantitative data collection and analysis methods. For instance, during data presentation the researchers counted the number of emerging interview responses, translated them into themes and grouped them accordingly. As Cavaye (1996) emphasises, the paradigm choice was based on the problem at hand, rather than preference of a certain paradigm. This is supported by Falconer and Mackay (1999), who argue that a good researcher decides on the paradigm based on the nature of the phenomenon under investigation. A qualitative paradigm allowed the researchers to engage all participants in their natural settings by directly gathering data from the participants. In doing this, the researchers became active learners able to narrate the participants’ messages from their own viewpoints, rather than as outsiders who are merely passing judgement.

### **Research strategy**

In terms of strategy, the researchers adopted a case study approach. Thomas (2011:35) describes the case study as a “research strategy that empirically enquires and investigates a phenomenon within its real-life context”. It is mostly used to analyse a person, events, decisions, period and/or even a project. Even though

scholars like Burgelman (1983), Pettigrew (1973), Penrose (1960) and Chandler (1962) commended a case study approach as an important tool for generating and testing theories in social sciences, scholars like Campbell (1978), March, Sproull and Tamuz (1991), Miles (1979), Draft and Lewin (1990), raised concerns around its methodological rigour concerning how valid and reliable its results can be. This strategy allowed the researchers to engage participants from the various intelligence oversight structures. The option of studying a variety of cases complies with Creswell's (1994) assertion that the researcher could choose a sizable number of cases to investigate. He later cautioned that researching more than one case could dilute the overall analysis and depth in a given case. However, this assertion does not apply to this research. The intention was not to exhaust each case, but to understand how various structures (cases) cooperate with each other. As Yin (2003) puts it, multiple cases enable the researcher to explore the differences within and between cases and the findings can be replicated across the cases.

## **Target population and sampling**

According to Charles (1988) and McMillan and Schumacher (1989), a target population refers to all cases or people who may be included in an investigation from which a sample can be selected or drawn. The target population for this research comprised of 250 officials from the IGI, auditors from the AGSA, external experts from academia, parliamentarians from the JSCI, investigators from the PP and the HRC. Oversight officers in the IGI's office are responsible for overseeing intelligence operatives' work. Auditors from the AGSA are responsible for conducting financial audits on the work of intelligence operatives. External experts worked in the intelligence environment before moving to academia. In this context, parliamentarians are MPs who are nominated by their political parties to serve in the JSCI. Investigators at the PP and HRC offices are entrusted with the responsibility of investigating cases of misconduct by members of the intelligence services. From this target population, a sampled frame of 100 people was used for this study, obtaining a stratified random sample of 35. Newman (2010:219) describes a sample as "a smaller set of representative cases which a researcher selects from a pool and generalises to the population". Based on the problem under investigation, the sample size was deemed appropriate. Morse (1995:4) argues that, "a sample size is determined by the research scope, nature of topic, quality of data and the study design".

## **Data collection instruments**

Document review was used for the purposes of data collection. Yin (1994) argues that document review represents a neutral piece of data that existed before the

conceptualisation of the research. Therefore, such data can be analysed repeatedly until a picture emerges. According to Yin (1994), the findings of a document review are critical for triangulation purposes. In this case, document review covered academic books, journals, periodicals, annual reports, strategic plans, pieces of legislation and regulatory frameworks governing the work of intelligence services, auditors, investigators and oversight officers from the respective intelligence oversight structures. As for primary data collection, semi-structured interview questions were used, as outlined in the interview schedule. According to Bogdan and Biklen (1982), and Patton (1990), semi-structured questions have no predetermined responses. Therefore, it allowed the researchers to probe and further explore within the predetermined scope of the inquiry. The 35 participants came from the various structures entrusted with intelligence oversight work, as described above. Ndimande (2012), Muthuma (2011), and Sangster-Gormley (2013) argue that interviewing multiple respondents has the potential to complete the picture and allow for a good triangulation process.

## Data analysis

In terms of data analysis, the researchers used a combination of qualitative and descriptive data analysis techniques. During the application of qualitative data analysis, the researchers observed the emergence of three epistemological and phenomenological 'voices' that needed to be managed properly. The aforementioned included the voice of the conceptual framework; the voice of the collected empirical data; and the researchers' internal voice. At that point, the researchers dissected the emerging themes and codes, by juxtaposing the meaning emanating from the conceptual framework and empirical data to construct scientific knowledge. During this process, the researchers avoided imposing their views by setting aside preconceived knowledge and remained open, sensitive and empathetic to the participants' responses as advised by Creswell (1994). To this end, Creswell (1994:78) advises that, "A qualitative researcher should record his/her subjectivities and acknowledge them in the research report". However, in analysing qualitative data, Creswell (1994) concedes that the general understanding of the researcher and their experiences and judgements remain a critical tool in making sense of the collected empirical data.

During the application of descriptive data analysis, the researchers identified the contributions of individuals or a group's unique meaning, based on their area of operation (Creswell 1994; Erikson 1963). For instance, Intelligence Oversight Officers from the OIGI were worried about discussing security modalities, while officials from the office of the PP and those from HRC were frank and open. Therefore, in line with Merriam's (1998:67) assertion, the researchers used descriptive data analysis "to generate new forms of meaning in order to transform

perspectives and actions". By using descriptive data analysis, the researchers were able to reflect on data by converting it to percentages for easy understanding. As Becker (1996:47) puts it: "The ability of descriptive data analysis to generate meaning makes it a unique and powerful epistemological tool for understanding even seemingly mundane experiences". During the analysis phase, descriptive data allowed the researchers to move from raw data into forming explanations, understandings and interpretations of the people, as well as the situation under investigation.

## **RESEARCH FINDINGS, DISCUSSIONS AND ANALYSIS**

With the guidance of systems theory and empirical data, the researchers grouped their findings into six themes (legislative and regulatory frameworks, doctrinal matters, 'plausible deniability', secrecy versus transparency, fragmentation and structural governance) in order to facilitate discussions and analysis. In terms of data analysis, the current research used a combination of qualitative and descriptive data analysis techniques with a quantitative underscoring.

### **Theme One: Legislative and regulatory frameworks**

The theme of legislative and regulatory frameworks deals with participants' views on the operational parameters of the South African multi-agency intelligence oversight systems, as illustrated in Figure 1 above. Given the country's apartheid experiences, the White Paper for Intelligence, 1994 emphasised the need to establish an intelligence oversight system to ensure the accountability of intelligence operatives in the democratic dispensation. As already indicated, the Intelligence Services Oversight Act of 1994 was enacted to facilitate the establishment of the country's intelligence oversight system. In fact, all participants highlighted the significance of the intelligence oversight system in protecting the country's constitutional order. When reflecting on the question of barriers to enhance cooperation among the various oversight structures, most of the participants cited the nature of enacted legislative and regulatory framework.

In this research, evidence points to some level of concern among the research participants on the silence of the country's legislative and regulatory framework in guiding the operational interface among the various intelligence oversight structures. As reflected in the problem statement, participants pointed to the fragmented nature of the intelligence oversight system in South Africa. In this regard, reference was made to the complicity of a multi-agency approach with no legal or regulatory guidance on the cooperation or coordination approach. As reflected in the Australian system, the efficacy of a multi-agency system could be found

in legislating a cooperation mechanism for its institutionalisation. Given the silence of the legislative framework on cooperation mechanisms, evidence in this research suggests that various structures take the initiative to formalise their relationships and this is mostly done through bilateral Memoranda of Understandings (MoUs). However, given the absence of enforcing legislation for such relationships, emerging evidence suggests that their sustenance mostly depends on the personalities of persons who assume leadership positions within these structures.

## **Theme Two: Doctrinal matters**

The key issue for consideration under Theme Two is the participants' concern about the non-existence of a certain doctrine in the country's intelligence oversight system. Doctrinal issues relate to the codification of beliefs or the available body of teachings or instructions. In this research, doctrinal matters pertain to the absence of a clear, common way of doing things (doctrine) in the implementation of a multi-agency intelligence oversight system in South Africa. When responding to the question of the state of cooperation among intelligence oversight structures, most of the participants cited the absence of common doctrine for guiding the implementation of the country's multi-agency intelligence oversight system. Instead, emerging evidence seemed to suggest that individual structures focus on the implementation of their individual legislated mandates, which perpetuate silo mentalities and weaken the overall system. This research has clearly indicated that the absence of clear guidance on the cooperation, coordination or collaboration of the various intelligence oversight structures creates the duplication of efforts. This reality could result in the possible subversion of the country's democratic system, whereby members of the intelligence services could become factionalised and start using state resources to fight political battles. This possibility was evidenced in the Project Avani scandal of 2006, as described below.

Despite their adoption of the multi-agency intelligence oversight system, the doctrinal approach of the NZ system concentrates the overall responsibility of intelligence oversight in the office of the IGIS. This makes the need for structured cooperation of the oversight structures irrelevant. Considering the articulation of the systems theory framework, as highlighted by authors like Meyer (1976), Laszlo and Krippner in Jordan (1998), Carter and Lowe (1999) and Anderson *et al.* (1999), the current research found limited efforts to coordinate the various intelligence oversight structures in overseeing the work of the country's intelligence operatives.

## **Theme Three: Plausible deniability**

The problem of political interference featured prominently in this research, particularly around the operational dynamics of the intelligence services. As such,

emerging evidence seems to suggest that the ruling elite has the power to manipulate the work of intelligence services to advance their selfish political interests. This was evidenced in a report by the IGI (2006) on the Project Avani scandal. According to the IGI (2006:5), “The scandal evolved around the unlawful interception of telephone calls, unauthorised surveillance of individuals and unwarranted circulation of e-mails damning factional political opponents, and all these were illegally done by members of the intelligence services”. In fact, available evidence emphasised the significance of creating a robust intelligence oversight system with the ability to seriously hold intelligence operatives accountable. In this research, the question of plausible deniability became the protuberant excuse among members of the political class when undermining the country’s oversight system through tenacious abuse of the intelligence machinery. Furthermore, emerging evidence indicates that political interference frustrates efforts of members of the intelligence oversight system in discharging their intelligence oversight work on members of the intelligence services.

On the question of plausible deniability, evidence suggests that members of the political class consist of diverse characters. For instance, some of the politicians respect the legislated structures and their assigned mandates, while others subvert the country’s constitutional order with impunity. The Institute of Security Studies (2007) bemoaned the frequent use of plausible deniability’ by members of the political class to subvert the prudent work of intelligence operatives. In this research, plausible deniability was characterised by the firm rejection or denial of having authorised a sensitive or covert activity of the intelligence services by members of the political class. In practice, plausible deniability manifests when members of the political class plausibly deny any knowledge of certain activities of the intelligence operatives, especially when such activities are deemed controversial. Looking at the phraseologies of systems theory compared to the application of plausible deniability, there will always be challenges in the implementation of multi-agency intelligence oversight systems.

#### **Theme Four: Secrecy versus transparency**

This research found that intelligence operatives’ excessive secrecy was a serious challenge in the effective implementation of the intelligence oversight system. This concern is mainly observable when excessive secrecy is applied at the expense of transparency and public accountability. In the current research, members of the intelligence services emphasised that excessive secrecy was at the expense of transparency and public accountability. South Africa’s multi-agency intelligence oversight is consistently challenged by the application of inherent secrecy perpetrated by intelligence operatives with full protection of rogue members of the political class. However, this research accepts the fact that secrecy is a trademark

of intelligence tradecraft and therefore remains the basis of its relationship with government and its stakeholders. Globally, the International Covenant on Civil and Political Rights allows countries to use secrecy for the protection of their national security as legitimate grounds for limiting the rights to freedom of expression and access to information. In addition, Africa (2006) emphasises that secrecy is an inherent requirement of intelligence tradecraft and without some degree of it, valuable intelligence and its methods can be easily jeopardised. However, excessive secrecy can potentially be to the detriment of the country's quest to ensure transparency and accountability.

In response to the question of the available options to enhance the cooperation of intelligence oversight structures, most of the participants cited that intelligence operatives need to balance secrecy and transparency. While systems theory emphasises the need for inter-agency interactions, excessive secrecy remains divisive, given its instinct of promoting a trust deficit among stakeholders. During the researchers' engagements with various participants, it emerged that excessive secrecy undermines operational mechanisms of the various intelligence oversight structures.

### **Theme Five: Fragmentation**

During the researchers' engagements with participants, one of the emerged prominent concerns was the fragmentation of various intelligence oversight structures. The fragmentation of the intelligence oversight structures was associated with the adoption of the multi-agency intelligence oversight systems. Regrettably, the adopted multi-agency systems did not provide a clear mechanism for the cooperation and coordination of the intelligence oversight system. The theme of fragmentation emerged when participants engaged on the state of cooperation among intelligence oversight structures. In this case, the emerged unanimous citation bemoaned the fragmentation of intelligence oversight structures facilitated by the nature of the adopted legislative approach. Therefore, creating a multi-agency intelligence oversight system without a clear cooperation framework contradicts the provisions and guidance of the systems theory.

### **Theme Six: Structural governance**

The interviews with participants revealed that certain structural governance weaknesses require closer attention. In responding to the question of barriers to the effective cooperation of intelligence oversight structures, some participants raised the issue of complex structural governance between the IGI and the SSA. In this regard, evidence revealed that the IG is administratively accountable to the Director-General (DG) of the SSA, which is one of the structures it oversees. The

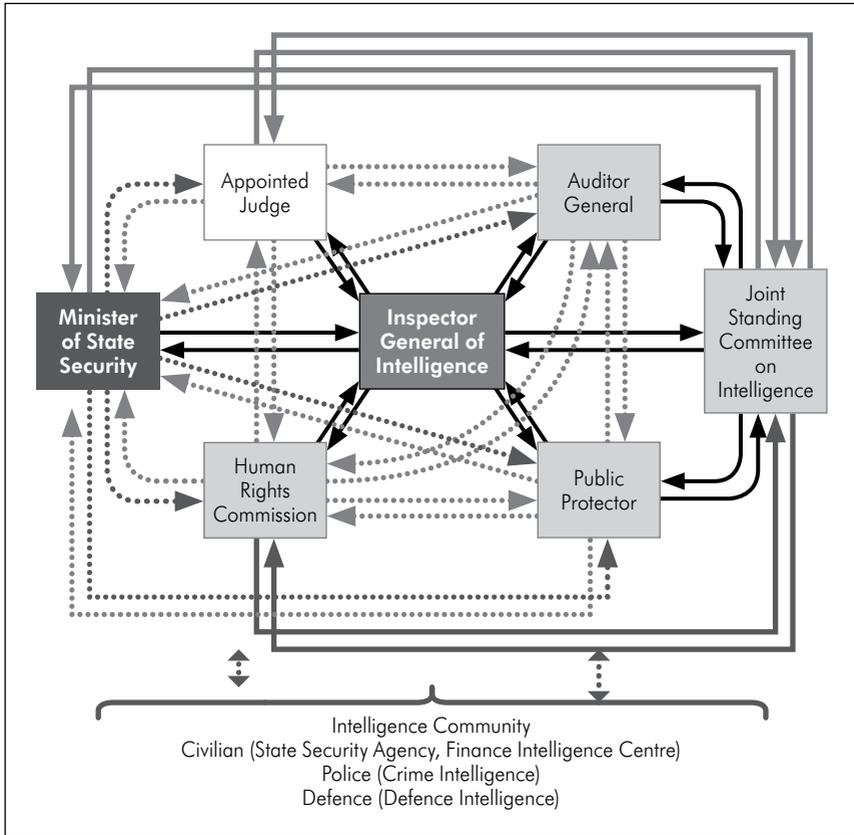
DG of SSA is the accounting officer on the financial allocations and expenditure of the IG. This arrangement could potentially compromise the independence of the IG during the performance of its intelligence oversight work – particularly on the SSA. To ensure the IGI's full independence, it is critical to re-establish the office as an independent structure accountable to Parliament.

## **RECOMMENDED FRAMEWORK TO IMPROVE THE FUNCTIONING OF THE SOUTH AFRICAN MULTI-AGENCY INTELLIGENCE OVERSIGHT SYSTEM**

During the researchers' engagement with participants, there was general appreciation of the nature of constraints associated with a multi-agency intelligence oversight system – especially where cooperation mechanisms remained informal. In response to the question of what options could be considered to enhance the cooperation of intelligence oversight structures, most respondents suggested the development of new approaches to facilitate the systematic interface of various intelligence oversight structures as proposed by systems theory. Available evidence suggested that the development of any new approach must promote effective cooperation among designated intelligence oversight structures. To this end, there was general understanding that creating a robust intelligence oversight system could promote public accountability, transparency, abiding by rule of law, as well as effective and efficient public service (Adejemboi 1998). In this regard, the development of any framework should conform to the fundamental principles of systems theory. According to Laszlo and Krippner (in Jordan 1998), the aforementioned denotes the complexity of interacting components towards the realisation of a common objective. Based on the research findings, discussions and analysis of the literature review, examples of functional international multi-agency intelligence oversight systems, and empirical findings from our engagements with multiple participants, the diagram below presents a recommended framework to improve the functioning of the South African multi-agency intelligence oversight system.

As demonstrated in Figure 2, the recommended framework to improve the functioning of the South African multi-agency intelligence oversight system is based on the Australian model. As reflected in the discussion above, Australia adopted a multi-agency approach to intelligence oversight similar to the South African system. However, the South African system does not provide for clear guidance on the coordination or cooperation of the various oversight structures, while Australia legislated and institutionalised the cooperation of their intelligence oversight structures. Based on Figure 2, the recommended framework embraced all existing intelligence oversight structures, as promulgated by South

**Figure 2: Proposed framework to improve the functioning of the South African multi-agency intelligence oversight system**



Source: (Masiapato 2017)

Africa’s current legislative framework. It still provides for executive oversight by the Minister of State Security, legislative oversight by the JSCI, judicial oversight by the appointed judge, civil oversight by the IGI, as well as oversight by Chapter 9 institutions (the PP, HRC and the AGSA).

Concerning Figure 2, the recommended framework placed the IGI at the centre of the South African multi-agency intelligence oversight system as the primary link between all other structures. Section 7(7) of the Intelligence Services Oversight Act, 1994 mandates the IGI to monitor intelligence operatives’ compliance to the country’s constitution, applicable laws and relevant policies on intelligence and counterintelligence. In addition, Section 8(a) of the same Act empowers the IGI to have unlimited access to intelligence, information or premises under the control

of any intelligence services. Therefore, the IGI could play a central role in coordinating and linking the work of the various intelligence oversight structures. As demonstrated in Figure 2, all the linkages to the IGI are presented in a solid line. This demonstrates the fact that all structures must cooperate with the office when overseeing members of the intelligence services. In this regard, the IGI could serve as the primary entry point for any structure seeking to engage an operative in the intelligence community. The solid lines to the JSCI demonstrate the fact that any of the structures could be summoned to Parliament to account on their specific intelligence oversight work. The dotted lines across the system demonstrate that, while the IGI remains central, various structures can bilaterally engage each other to discuss issues of common interest. As is the case in Australia, this operational framework would enhance the cooperation and coordination of the various intelligence oversight structures and subsequently reduce any possible duplications.

Considering the Australian model coupled with the provisions of system theory, the recommended framework must be legislated and institutionalised. In this regard, the IGI should be able to convene the various intelligence oversight structures in order to discuss matters of common interest. The current research confirmed that the adoption and implementation of the recommended framework could align government's work, reduce duplications and ensure coherence in overseeing members of the intelligence services. Although the recommended framework places the IGI at the centre, final accountability lies with the parliamentary platform under the auspices of the JSCI. Concerning the aforementioned, Fisher (in Duke 2002:323) notes that, "The American Congress statutorily requires the executive branch to provide reports on its activities to them in order to ensure the accountability of members of the executive to parliament". Therefore, the recommended framework could empower the IG to coordinate the functions of the intelligence oversight structures and coordinate reports to the JSCI regarding the functions and compliance of intelligence services to the country's legislative framework.

## CONCLUSIONS

The main findings of the current research were grouped into six themes, legislative and regulatory frameworks, doctrinal matters, plausible deniability, secrecy versus transparency, fragmentation and structural governance. These themes clearly demonstrate the complexity of adopting a multi-agency system with overlapping mandates, but without a formal and legislated coordination and cooperation framework. In the research, the researchers applied systems theory to explain the importance of developing an intelligence oversight framework where structures have clearly defined mandates facilitated by an interlinking framework. Based on evidence, there

appears to be unstructured and haphazard approaches in the operations of various intelligence oversight structures when overseeing members of the intelligence services. The participants clearly demonstrated their frustrations when attempting to interface with other structures to enrich their legislated mandates.

Although evidence confirmed the difficulty of establishing an empirical balance between transparency and secrecy, transparency enhances accountability while excessive secrecy breeds corruption and bad governance. During the development of the recommended framework, the IGI was selected as the primary link between the various intelligence oversight structures. Based on the recommended framework, the IGI should, together with other structures, make representations to the JSCI on their contributions to ensuring that members of the intelligence services comply with the country's Constitution, as well as its legislative and regulatory frameworks.

## NOTE

- \* The first author currently occupies the position of Executive Manager for Monitoring and Analysis at the Financial Intelligence Centre (FIC). He previously acted as the Coordinator for Intelligence at the National Intelligence Coordinating Committee (NICOC). This article comprises an updated extract from his DPhil thesis (Masiapato 2017) in the School of Public Management, Governance and Public Policy at the University of Johannesburg under the supervision of the second and third authors, Prof Fanie Cloete and Prof Christelle Auriacombe. Written approval for the research was obtained from the Office of the Inspector General for Intelligence (OIGI).

## REFERENCES

- Adejemboi, S. 1998. Africa and the challenges of democracy and good governance in the 21st century. *Development Policy Management Forum (DPMF)*. Proceedings of the DPMF Annual Conference on democracy, civil society and governance in Africa, 7–10 December 1998. Addis Ababa: DPMF.
- Africa, S. 2006. Policy for managing access to intelligence information in post-apartheid South Africa. Unpublished doctoral thesis. Johannesburg: University of Witwatersrand.
- Africa, S. 2009. *Well-kept Secrets: The right of access to information and the South African Intelligence Services*. Johannesburg: Acumen Publishing Solution.
- Africa, S. 2012. The policy evolution of the South African Civilian Intelligence services: 1994 to 2009 and beyond. Institute of Strategic and Political Affairs. Pretoria: University of Pretoria.
- Africa, S. and Mlombile, S. 2001. *Transforming the Intelligence services: Some reflection on the South African experience*. Available at: <http://www.law.harvard.edu/programs/criminal-justice/south-africa.pdf>. (Accessed on 5 July 2019).
- Agere, S. 2000. *Promoting Good Governance: Principles, Practices and Perspectives. Management and Training Services Division*. London: Commonwealth Secretariat.

- Anderson, R.E., Carter, I. and Lowe, G.R. 1999. *Human behaviour in the social environment*. (5<sup>th</sup> Ed.). New York: Aldine de Gruyter.
- Born, H. and Caparini, M. 2007. *Democratic Control of the Intelligence services: Containing Rogue Elephants*. Ashgate: DCAF Publications.
- Born, H. and Leigh, L. 2005. *Making Intelligence Accountable: Legal Standards and Best Practice for Oversight of Intelligence Agencies*. Oslo: Publishing House of Parliament.
- Born, H. and Wills, A. 2012. (Eds). *Overseeing intelligence services, a Toolkit*. Geneva Centre for the Democratic Control of the Armed Forces. Den Haag: Ministry of Foreign Affairs.
- Brandell, J.R. 2001. *Theory and Practice in Empirical Social Work*. New York: Sage.
- Bruneau, T. and Dombroski, K. 2001. Reforming Intelligence: The Challenges of Control in New Democracies. *International Journal of Intelligence and Counterintelligence*. Philadelphia: Taylor and Francis.
- Den Boer, M. 2012. Conducting oversight. In Born, H. and Wills, A. *Overseeing Intelligence services: A Toolkit*. Geneva: Geneva Centre for the Democratic Control of the Armed Forces.
- Cavaye, A.L.M. 1996. Case study research: A multi-faceted research approach for information systems. *Journal of Information Systems*. 6:227–242.
- Cawthra, G. 2005. *Security Governance in South Africa*. Johannesburg: Centre for Defence Security Management.
- Desai, S.B. 2005. Solving the interagency puzzle. *Policy Review*. 129:57–71.
- Dietrich, J.H. 2015. Of toothless Windbags, Blind Guardians and Blunt Swords: The Ongoing Controversy about the Reform of Intelligence Services Oversight in Germany. Available at: <https://www.tandfonline.com/doi/abs/10.1080/02684527.2015.1017246>. (Accessed on 25 September 2019).
- Dlomo, T.D. 2004. *An analysis of Parliamentary Intelligence Oversight in South Africa with specific reference to the Joint Standing Committee on Intelligence*. Pretoria: University of Pretoria.
- Dube, F.B. 2013. Accountability and oversight of intelligence services in South Africa post 1994. Unpublished Master's Dissertation submitted at School of Public and Development Management. Johannesburg: University of Witwatersrand.
- Falconer, D.J. and Mackay, D.R. 1999. Ontological problems of pluralist research methodologies. Available at: [http://aisel.isworld.org/article.asp?subject\\_ID=31andPublication\\_ID=2](http://aisel.isworld.org/article.asp?subject_ID=31andPublication_ID=2). (Accessed on 25 September 2013).
- Filip, V.F. 2006. *The Intelligence Phenomenon in a New Democratic Milieu. Romania case study*. Published Master's Thesis. Monterey: Naval Post-Graduate School.
- Flood, P. 2004. *Report of the Inquiry into Australian Intelligence Agencies to Prime Minister Howard*. Canberra: Information Technology and Arts, Department of Communications.
- Gill, P. and Phythian, M. 2006. *Intelligence in an Insecure World*. Cornwall: MPG Books Ltd.
- Halchin, L. and Kaiser, F. 2012. *Congressional Oversight of Intelligence: Current Structure and Alternatives*. Washington DC: Congressional Research Service.
- IGIS, Australia. 2007. Annual Report 2006/7. Parliamentary and Media Liaison. IGI Security. Available at: [www.igis.gov.au](http://www.igis.gov.au). (Accessed on 19 April 2011).

- ISS. 2007. Intelligence Governance and Oversight South Africa, Institute of Security Studies. Submission to the Ministerial Review Commission, Available at: <https://issafrica.s3.amazonaws.com/site/uploads/INTELSUBMITMAY07.PDF>. (Accessed on 14 May 2019).
- Jordan, J.S. (Ed). 1998. Systems Theories and Priority Aspects of Perception. *Journal of International Affairs*. 47–74.
- Jordan, J.S. (Ed.). 1998. Systems Theories and A Priori Aspects of Perception. *Elsevier Science*. 47–74.
- Lowenthal, M.M. 2003. *Intelligence: From Secrets to Policy*. (2<sup>nd</sup> Ed). Washington, D.C: CQ Press.
- Masiapato, N.M. 2017. Cooperation of the South African democratic intelligence oversight structures for good governance results. Unpublished doctoral thesis. Johannesburg: University of Johannesburg.
- Meyer, C.H. 1976. *Clinical social work in the eco-systems perspective*. New York: Columbia University Press.
- Muthuma, E.W. 2011. Economic cooperation in Kenyan credit cooperatives: exploring the role of social capital and institutions. Unpublished PhD Thesis. Johannesburg: School of Public and Development Management, University of the Witwatersrand.
- Nathan, L. 2010. Lighting up the Intelligence Community: An agenda for intelligence reform in South Africa. *African Security Review*. 18(1):91–104.
- Ndimande, B.S. 2012. Decolonising research in the post-apartheid South Africa: The politics of methodology. *Qualitative Inquiry*. 18(3):215–226.
- Netshithenzhe, T.E. 2005: Comparative Analysis of the Roles and Functions of the IGI with specific reference to South Africa. Unpublished Masters Dissertation on Security Studies. Pretoria: University of Pretoria.
- Office of the Inspector-General for Intelligence. Available at: <http://www.ssa.gov.za/>. (Accessed on 14 October 2018).
- Republic of South Africa. 1996. Inspector-General of Intelligence and Security Act, 1996. Available at: <http://www.igis.govt.nz/>. (Accessed on 12 April 2019).
- Republic of South Africa. 1950. Suppression of Communism Act, 1950. (Act No. 44 of 1950). Pretoria: South African Government Printers.
- Republic of South Africa. 2002. Defence Act, 2002. (Act No. 42 of 2002). Pretoria: Government Printers.
- Republic of South Africa. 1995. South African Police Services Act, 1995. (Act No. 68 of 1995). Pretoria: Government Printers.
- Republic of South Africa. Financial Intelligence Centre Act, 2001. (Act No. 38 of 2001). Pretoria: Government Printers.
- Republic of South Africa. 1994. Intelligence Services Oversight Act, 1994. (Act No. 40 of 1994). Pretoria: Government Printers.
- Republic of South Africa. 1996. *Constitution of the Republic of South Africa*, 1996. (Act No. 108 of 1996). Pretoria: Government Printers.
- Republic of South Africa. 2002. Regulation of Interception of Communication and Provision of Communication Related Act, 2002. (Act No. 70 of 2002). Pretoria: Government Printers.

- Sangster-Gormley, E. 2013. How case study research can help to explain implementation of the nurse practitioner role. *Nurse Resources*. 20(4):6–11. Available at: <https://www.ncbi.nlm.nih.gov/pubmed/23520706>. (Accessed on 29 September 2019).
- Thomas, G. 2011. A typology for the case study in social sciences following a review of definition, discourse, and structure. *Qualitative enquiry*. 17(6):511–521.
- Todd, P. and Bloch, J. 2003. *Global Intelligence: The world's secret services today*. London: Zed Books.
- Robbins, S.P., Chatterjee, P. and Canda, E.R. 2006. *Contemporary human behaviour theory: A critical perspective for social work*. (2<sup>nd</sup> Ed.) Boston: Allyn and Bacon.
- United Kingdom. 1994. Intelligence Services Oversight Act, 1994 (Act No. 13 of 1994). London: United Kingdom Parliament.
- United States of America. 1978. Inspector-General Act, 1978 (Act No. 1101 of 1978). Available at: <https://www.ignet.gov>. (Accessed on 19 April 2011).
- Van der Merwe, C.G. and Du Plessis, J.E. 2004. *Introduction to the Law of South Africa*. The Hague: Kluwer Law International.
- Wakefield, J.C. 1996. Does social work need the eco-systems perspective? Part 1. Is the perspective clinically useful? *Social Service Review*. 70(1):1–32.
- Weller, G. 1999. Oversight of Australia's Intelligence services. *International Journal of Intelligence and Counterintelligence*. 12(4):500–526.

## AUTHORS' CONTACT DETAILS

### **Dr Nakampe Michael Masiapato**

Address: 430 Olive Bee Eater Crescent,  
Heron Hill Garden Estate,  
Boardwalk Ext 16, Olympus, 0811  
Email: [masiapata@yahoo.co.uk](mailto:masiapata@yahoo.co.uk)  
Cell Number: 082 802 8360 or 084 941 2829  
Office no: 012 641 6035

### **Prof Fanie Cloete**

Emeritus Professor: School of Public  
Management, Governance and Public Policy  
University of Johannesburg  
P O BOX 524  
University of Johannesburg  
Auckland Park  
2006  
Email: [Cloetegs@gmail.com](mailto:Cloetegs@gmail.com)  
Tel: +27 83 5355 180

### **Prof C J Auriacombe**

Director: School of Public Management,  
Governance and Public Policy  
University of Johannesburg  
P O BOX 524  
University of Johannesburg  
Auckland Park  
2006  
Email: [christellea@uj.ac.za](mailto:christellea@uj.ac.za)  
Tel: +27 11 559 2385

# Citizen Engagement in Local Governments

## The Role of Organisational Culture

V M Siebers

Het Zijlstra Center for Public Control, Governance and Leadership  
School of Business and Economics  
Vrije Universiteit Amsterdam  
Amsterdam

### ABSTRACT

This explorative study examines the role of organisational culture in organising citizen engagement in local governments. The study is based on 29 semi-structured interviews with council members, board members and civil servants and the organisational cultural assessment instrument (OCAI) culture questionnaire in three Dutch municipalities. Although the role of culture in citizen engagement is still under-exposed, our empirical evidence suggests its role. The results indicate that the prevailing organisational culture of the bureaucracy somehow reflects in the municipality's organisation of citizen engagement. The article concludes that local governments need to be aware of this to create an environment that supports meaningful citizen engagement.

### INTRODUCTION

At all levels of government around the world interest in citizen engagement has grown tremendously. Citizen engagement is the process by which governments involve the community in public issues through democratic discussions (Nabatchi and Amsler 2014; Nabatchi, Gastil, Leighninger and Weiksner 2012). Societal developments like globalisation, individualisation, decentralisation and increased technology play an important role in this growing interest and constitute the environment in which governments operate to change (Andrew and Goldsmith 1998; Cornwall and Gaventa 2001; Fischer 2000; Gaventa 2002). This is particularly visible at the local level of government where citizen engagement is often

presented as a strategy to manage these developments. Municipalities actively invite citizens to devise solutions for issues raised by these developments and aim to incorporate citizen engagement in their municipal processes (Nabatchi and Amsler 2014; Rowe and Frewer 2000).

With a focus on citizen engagement, municipalities increasingly pay more attention to organisational culture (Parker and Bradley 2000; Siebers and Torfing 2018). It is assumed that different behaviour is necessary to facilitate citizen engagement, and municipalities are asked to adopt this by becoming more effective, adaptive, participative and flexible (Lee and Kwak 2012; Morgan 2006; Parker and Bradley 2000; Siebers 2018; Siebers and Torfing 2018). In particular civil servants are being encouraged to change their behaviour accordingly (Morgan 2006; Siebers 2018; Siebers and Torfing 2018). Nevertheless, municipalities struggle to realise this change in behaviour and local executives search for ways to do so in order to improve citizen engagement practices. As a result, the culture of the municipal organisation is emphasised more to achieve this behavioural change (Dobbin 1994; Schein 1990). Organisational culture concerns the values, behaviour of people and the underlying assumptions of an organisation and how these are communicated internally and created externally (Cameron and Quinn 2006; Schein 1990). Culture helps to understand the organisation and behaviour of those who are part of that organisation (Dobbin 1994; Sathe and Davidson 2000). Moreover, it helps to accomplish effective change and improve organisational effectiveness (Denison 1990; O'Donnell and Boyle 2008; Schein 1992; Schraeder, Tears and Jordan 2005:439). As such, knowledge of organisational culture can help local executives to clarify the current behaviour for citizen engagement and, if necessary, support changes for achieving it. Organisational culture therefore can help municipalities to understand the context in which they organise citizen engagement and can provide a basis for improving citizen engagement practices.

The interest in organisational culture within public organisations, such as municipalities, is not new (Khademian 2002; O'Donnell and Boyle 2008; Parker and Bradley 2000; Schein 1990). Several scholars have demonstrated and established the importance of organisational culture for citizen engagement (Torfing Sørensen and Røiseland 2016; Grotens van Dijk and Vugt 2018). Despite this recognition there is still little empirical evidence that confirms the importance of culture in citizen engagement (Nabatchi and Amsler 2014).

This study attempts to augment the literature by exploring the extent to which organisational culture plays a role in organising citizen engagement in practice. By means of the Competing Values Framework (Cameron and Quinn 2006) organisational culture is examined. The article begins by discussing the importance of organisational culture for citizen engagement; this is followed by a description of the assessment of culture. It then analyses three municipalities and examines the

role of culture and how they organise citizen engagement. The article concludes by discussing the main findings and makes suggestions for future research.

## **ORGANISATIONAL CULTURE AND CITIZEN ENGAGEMENT**

A number of studies have pointed out the importance of organisational culture for citizen engagement (Bingham, Nabatchi and O’Leary 2005; Grotens *et al.* 2018; Torfing *et al.* 2016; Siebers 2017; Siebers and Torfing 2018). For example, the studies of Siebers (2017) and Siebers and Torfing (2018) reveal that implementing citizen engagement requires a different kind of behaviour and attitude from those who organise it. To be more precise, they reveal that an open, creative, flexible, facilitative and stimulating attitude of council members, board members and civil servants contributes to an effective organisation of citizen engagement. These studies also show that in municipalities where this behaviour is not present, municipal actors desire to change the organisational culture in the direction of behaviour that supports citizen engagement. These municipalities specifically search for ways to incorporate the right behaviour for citizen engagement in their organisation. The study of Torfing, Sørensen and Røiseland (2016) reveals a similar result and argues that it matters whether public organisations like municipalities are organised as bureaucracies, drawing on assumptions that they are the authority that decides; or whether they operate as arenas for co-creation in which municipalities collaborate, stimulate, facilitate and participate with the stakeholders affected to define and solve shared problems. The study suggests that the latter correspond more to a culture that fits with organising citizen engagement (Torfing *et al.* 2016). The study of Grotens, Van Dijk and Vugt (2018) agrees and points out that nowadays adaptivity, flexibility and a focus on the external environment of municipalities is required to manage the complex dynamic context with which local governments are confronted. They suggest that in particular this organisational culture supports local governments in engaging with affected stakeholders and offers a way to develop creative solutions for the complex context in which they operate. Furthermore, the study of Bingham, Nabatchi and O’Leary (2005) shows that effective citizen engagement has to be supported by structure. The study suggests that this structure is reflected in legal frameworks that are characterised by applying innovative forms of citizen engagement, collaboration between stakeholders and an external focus on civil society. Moreover, a study among Dutch local government bodies reveals that there is willingness within municipalities to transform their organisational culture from a controlled and internally focused culture, to one that is innovative and dynamically focused with an orientation on developments outside the organisation (Sector report public administration 2010).

Against this background, the studies described reveal that the role of organisational culture in citizen engagement has become more prominent within municipalities. The suggested organisational culture that fosters citizen engagement is often depicted as being part of a wider movement called New Public Governance. This movement's main point considers municipalities that facilitate and participate in constructive collaborations, bring actors together, adapt to external demands and stimulate innovation (Bryson *et al.* 2014; Torfing and Ansell 2017). Although these studies illustrate the importance of organisational culture, they did not explicitly examine it; implying only that culture plays a role but not the extent of that role, or in which way it plays a part. Besides knowing that culture matters it is also important to know the influence of culture on citizen engagement in order to effectively sustain it (O'Connor 1995; Massango 2002). This means that council members, board members and civil servants are required to understand the culture that prevails in the municipality and are able to mobilise their organisation in developing the culture that fits the organisation of citizen engagement (Morgan 2006; Valle 1999).

## **Assessing organisational culture**

Organisational culture is a widely used concept that is not bound to a single organisation; it applies to both public and private organisations and is therefore present within all governmental organisations (Cameron and Quinn 2006; O'Donnell and Boyle 2008; Schein 1990). Organisational culture can be understood as "the core values, underlying assumptions, expectations, collective memories and definitions" within an organisation (Cameron and Quinn 2006:160). It is a collective concept shared by employees and identifies the structure, behaviour and essential leadership elements within an organisation (Belias and Koustelios 2013:95; Schein 1990; Schein 1992). As such, the culture of an organisation is elusive in its nature but at the same time determines the identity of that organisation (Duncan 1989).

Every organisation has its distinct set of characteristics that describe the culture of that organisation. This means that no organisation has the same culture and that there are differences between organisations (Schein 1990). To compare one culture to another, scholars have developed several instruments (Goodman, Zammuto and Gifford 2001). One instrument is the Competing Values Framework, a widely used model that is known for its reliability (Cameron and Quinn 2006; Hartnell, Ou and Kinicki 2011; Ostroff, Kinicki and Tamkins 2003). The Competing Values Framework maps the functioning of an organisation by identifying dominant organisational characteristics. It explores the competing demands within organisations by differentiating between the internal and external environment on the one hand, and control and flexibility, on the other (Denison and Spreitzer 1991; Cameron and Quin 2006). Based on that, the framework distinguishes four types

of culture: (1) Clan culture, characterised by an internal focus, shared values, a friendly workplace, individual development and good mentorship; (2) Hierarchy culture, characterised by an internal focus, formal structures, procedures, need for stability and control; (3) Adhocracy culture, characterised by an external focus, flexibility, entrepreneurship and innovation; and (4) Market culture, characterised by an external focus, results, competition, stability and control (Cameron and Quinn 2006:37–45).

In the light of these culture types the OCAI has been developed. This instrument diagnoses the current and preferred culture and establishes a culture profile of the relevant organisation. The instrument identifies which orientation, values and assumptions prevail and reveals which culture is most dominant (Cameron and Quin 2006). Although the framework proposes that there is one dominant culture within an organisation, it should be noted that in practice organisations could display multiple cultures. All culture types can work together, but it depends on the setting in which the organisation operates which culture is most dominant (Lincoln 2010; Morais and Graça 2013).

The common assumption of governmental organisations is that they are dominated by a hierarchical, top-down and siloed organisational culture (Lee and Kwak 2012; Morgan 2006; Parker and Bradley 2000). This kind of culture might be in conflict with the culture that is suggested for citizen engagement (*cf.* Bingham *et al.* 2005; Grotens *et al.* 2018; Torfing *et al.* 2016; Siebers and Torfing 2018). Despite this indication, little empirical research has been done into the role of organisational culture and citizen engagement (Nabatchi and Amsler 2014).

Citizen engagement concerns local governments most since they interact with citizens on a daily basis. With the increased interest for citizen engagement in local governments, the organisational culture of a municipality seems to matter more. Understanding the role of culture is important as it can improve citizen engagement practices and therefore also the effective organisation of it. By examining the role of organisational culture in citizen engagement, this study aims to explore whether culture influences the way that municipalities organise citizen engagement in practice. As such the study contributes to the growing interest in citizen engagement by examining the context in which it takes place.

## RESEARCH METHOD

For this explorative study we used data from three Dutch municipalities: Zeist (63 322 inhabitants) and Ermelo (26 793 inhabitants) are mid-sized municipalities, whereas Ede (114 682 inhabitants) is a large municipality (CBS 2018). The Netherlands offers an interesting context to explore the role of culture in citizen engagement because of the enhanced ability that is present to organise citizen

engagement due to the recent decentralisation of various public tasks such as home care for the elderly and disabled. As a result, the importance of local services to the public has increased; by means of citizen engagement Dutch municipalities aim to fulfill these tasks effectively and strengthen the relation between government and civil society (Van Houwelingen *et al.* 2014). In addition, the Netherlands is known for its well-organised and strong local governments and decentralised welfare services, hence citizens find it worthwhile to be involved in local decisions and various new forms emerge on local level. In so doing, it is interesting to examine the role of organisational culture in a country that actively promotes citizen engagement and strives to find (new) effective ways to do so.

Regarding the municipalities selected, these have a number of different characteristics. First, the municipalities are comparable in size; second, they are located in different regions. The municipalities of Zeist and Ede are found in a more urban area of the Netherlands, whereas the municipality of Ermelo is located in a less densely populated region. Moreover, the municipality of Zeist seems politically representative of the Netherlands, while, in the municipalities of Ermelo and Ede, orthodox Protestant parties and church attendance seem to play a more important role. Last, the municipalities were involved in earlier research on citizen engagement, which implied that culture matters. From this demographic perspective and the prior knowledge available, the subset of these three municipalities contains an interesting variance.

To examine the role of organisational culture in citizen engagement, we used a mixed-method design and integrated both quantitative (a questionnaire) and qualitative approaches (semi-structured interviews) (Teddlie and Tashakkori 2009). The reason for this was that neither a quantitative or qualitative approach alone seemed to be sufficient to obtain the depth of the role of organisational culture in citizen engagement (Johnson *et al.* 2007). Using both approaches allowed us to obtain more insight and form a more complete picture (Creswell and Plano, Clark 2011; Gasiewski *et al.* 2012:234; Tashakkori and Teddlie 1998).

First, the OCAI questionnaire was conducted to measure organisational culture. This questionnaire consists of six items that cover key dimensions of organisational culture (dominant characteristics, organisational leadership, management of employees, organisational glue, strategic emphases, and criteria of success). Each item has four alternatives A, B, C or D, which relate to the main culture types: clan, adhocracy, market and hierarchy. The respondents of the questionnaire are asked to rate their organisation on the six items by dividing 100 points among the four alternatives. Depending on the extent to which each alternative resembles the examined organisation most, respondents give a higher number of points to that alternative. For example, if a respondent thinks that alternative A is very similar to the organisation, B and C somewhat and D not at all, the respondent can give 60 points to A, 15 points each to B and C and 10 points to D (Cameron

and Quinn 2006:25). Subsequently, the results of each respondent are analysed by computing the average score on each alternative. This means, for example, to compute the average score of alternative A that all A responses are accumulated and divided by the number of completed items (in this case: six). This computation is then also repeated for alternatives B, C and D. The prevailing culture of the organisation examined is revealed by establishing a culture profile that is based on the average scores of the respondents. The culture types that have the highest average score are the cultures that are most preferred and are called the dominant cultures. This way of assessing an organisation accords with the public choice literature and is also called logrolling. In logrolling the respondents' choices are based on the intensity of their preferences (Bernholz 1974; Mueller 2003).

For this study the OCAI questionnaire was administered to the bureaucracy of the three different municipalities. We have specifically chosen to measure culture within the civil service organisation (i.e. the bureaucracy) due to the important role that civil servants play in executing and organising citizen engagement. Civil servants are generally seen as ambassadors or mediators between citizens, the applied citizen engagement method and the municipality itself, and hence also in organising it (Băhnăreanu 2011; Getha-Taylor Holmes Jacobson, Morse and Sowa 2011; Moore 1995). The questionnaire was administered from November 2017 to November 2018. In each municipality the questionnaire was open for 14 days<sup>1</sup>. The respondents were required to fill out the questionnaire from the perspective of what the organisation is like in its current form. Ultimately, the total response comprises 244 observations. After outlier's analyses via SPSS-boxplots, it was decided to remove respondents that were considered outliers concerning the perspective of current culture. Our final sample consists of 242 observations. For further information see Table 1<sup>2</sup>.

**Table 1: Overview response OCAI questionnaire**

| Municipality | Period              | Total employees per municipality | Employees who finished the OCAI | Response rate |
|--------------|---------------------|----------------------------------|---------------------------------|---------------|
| Ede          | Nov 1–14, 2017      | 800                              | 175                             | 22%           |
| Zeist        | Jan 17–31, 2018     | 350                              | 50                              | 14%           |
| Ermelo       | Sept 17–Oct 8, 2018 | 110                              | 17                              | 15%           |

Second, semi-structured interviews were used to explore the way citizen engagement is organised by the municipality. In total, 29 semi-structured interviews were held within all three municipalities. In each municipality interviews were held with representatives of the municipal council, executive board of mayor

and aldermen and the bureaucracy. These representatives were selected by the relevant municipality based on gender, function, age, experience with citizen engagement and representation of political parties. To enable consistency and contribute to theorising we decided to select representatives that had both an understanding and overview of the functioning of the organisation as well as the organisation of citizen engagement for each municipality. In this case these were chairmen within the municipal council, senior managers and aldermen. Due to availability of interviewees the number of respondents may differ between municipalities (see Table 2). The selection of these different representatives ensured that different perspectives on the organisation of citizen engagement became visible and contributed to the description of the way this was done. The interviews were held from November 2015 to November 2017 and were held sequentially; thus, the interviews were conducted over a period of two years. Although the interviews covered more than one year, they were all held in the same election period (2015–2018). This ensured a consistent composition of the municipal council, executive board and bureaucracy in each municipality during the interviews. The interviews in general lasted one hour and centred on the process of citizen engagement. During the interviews, aspects that are considered important to organise citizen engagement were discussed offering a framework for understanding the organisation of this. The framework reveals that aspects like motivations or drivers to organise citizen engagement, methods to implement citizen engagement and the role of actors involved are considered important when organising citizen engagement (Cooper, Bryer and Meek 2006; Siebers and Torfing 2018). In this way, the semi-structured interviews allowed systematic discussion of these aspects (motivations, methods and roles). In addition to that, the interviews addressed challenges related to citizen engagement and outcomes of citizen engagement by asking about this explicitly during the interviews. To prevent interpretation biases, each interview consisted of the same questions that covered the aforementioned themes. In addition, all interviews were transcribed and summarised. These summaries were then sent to the interviewees to validate and approve the content. After approval, the transcripts and summaries were analysed via Atlas.ti using a coding scheme that reflected the themes discussed during the interviews. During the analysis we looked at whether the respondents had a clear or diverse image about the themes discussed and searched for patterns. A clear image was concerned with the extent to which the description of a theme was the same between respondents. A diverse image was concerned with the extent to which the description of a theme differed between respondents (Glaser and Strauss 2009; Strauss and Corbin 2014). To find these patterns, we created networks for each representative (councillor, board members, and civil servants), each of which presented a theme discussed. Consequently, insight into the organisation of citizen engagement by these municipalities was gained.

**Table 2: Overview interviews**

| Municipality | Period                           | Respondents divided per municipal actor                  | Total respondents |
|--------------|----------------------------------|--|-------------------|
| Ede          | October 2017 till November 2017  | 3 council members<br>3 board members<br>3 civil servants | 9                 |
| Zeist        | November 2015 till January 2016  | 3 council members<br>2 board members<br>3 civil servants | 9                 |
| Ermelo       | November 2016 till December 2016 | 6 council members<br>3 board members<br>3 civil servants | 11                |

## RESULTS

### Organisational culture of the municipalities

The results give a picture of the prevailing organisational culture in the three municipalities (Table 3 and Figure 1)<sup>3</sup>. The results show that all four types of cultures are present in the bureaucracies examined. In all the municipalities, elements of these cultures are present, as revealed by the spread of the scores. Furthermore, the results indicate that in the municipalities investigated there is a preference for one or more cultures being statistically more prevalent than another<sup>4</sup>. As stated by Cameron and Quinn (2006) this is the ‘dominant’ culture within the municipality and is the culture that is most valued by the respondents, in this case civil servants. It becomes clear that in the municipality of Ede the hierarchy culture is most dominant with a score of 29.10 points. This indicates that a formal and structured work environment characterises the bureaucracy of Ede. The focus in the organisation

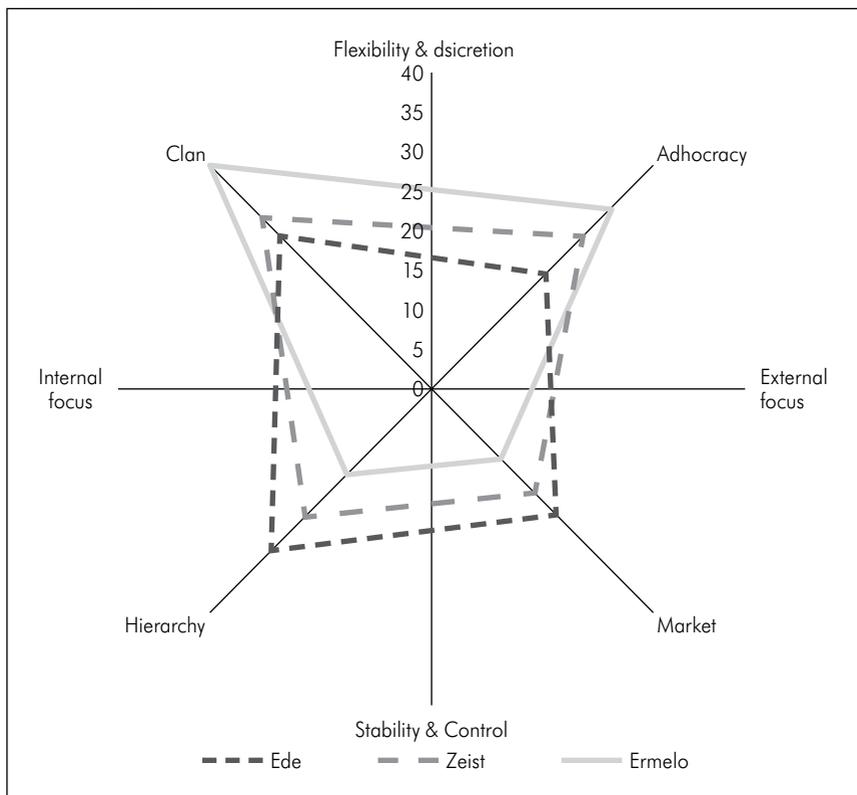
**Table 3: OCAI scores (N = 242)**

| Municipality                  | Ede (N = 175) |       | Zeist (N = 50) |       | Ermelo (N = 17) |       |  |
|-------------------------------|---------------|-------|----------------|-------|-----------------|-------|--|
|                               | Mean          | SD    | Mean           | SD    | Mean            | SD    |  |
| <b>Organisational culture</b> |               |       |                |       |                 |       |  |
| Clan                          | 27.72         | 10.89 | 39.87          | 11.07 | 30.98           | 13.95 |  |
| Adhocracy                     | 20.86         | 7.77  | 32.23          | 8.84  | 27.50           | 7.23  |  |
| Market                        | 21.79         | 11.34 | 12.45          | 6.07  | 18.48           | 8.47  |  |
| Hierarchy                     | 29.10         | 9.99  | 15.45          | 6.10  | 23.04           | 8.24  |  |

lies mostly on standardised ways of working and the level of position of the civil servants. Furthermore, procedures, efficiency, stability and rules guide the work of civil servants. In this way, the organisation is characterised as internally oriented with a focus on its own functioning (Cameron and Quinn 2006:37–45).

The municipality of Zeist on the other hand, is dominated by the clan culture (39.78 points), and followed by the adhocracy culture (32.23 points). Within the municipality of Zeist, the bureaucracy is mainly characterised as a place in which employees enjoy working; it is an organisation with shared values and goals, in which people participate and collaborate. Furthermore, it is an organisation with a sense of “we-ness”, high degree of commitment among the workers and with an eye for development of the individual. At the same time the bureaucracy is characterised as flexible, creative with an external orientation towards civil society and willingness to innovate. Civil servants are stimulated to learn, grow and experiment (Cameron and Quinn 2006).

**Figure 1: Organisational culture (N = 242)**



The findings of the municipality of Ermelo reveal an image similar to that of Zeist. Also, in this municipality the clan culture (30.98 points) followed by the adhocracy culture (27.50 points) are most dominant in the municipality. As such, the same organisational characteristics prevail, such as commitment, values, development and innovation.

In summary, the findings suggest that the three municipalities contain elements of all four cultures, in which a slight preference for the culture's hierarchy, clan and adhocracy is discernible. These findings to some extent are in line with the image of the prevailing culture that is present in general within Dutch municipalities. Previous research showed that Dutch local governments are often characterised as hierarchical, but at the same time desire to change to more adhocracy and clan focused organisations (Sector report public administration 2010). In the next section we indicate how citizen engagement is organised in these municipalities and explore whether the cultures observed play a role in this.

## **Organisation of citizen engagement**

The range of themes that were discussed during the semi-structured interviews enabled us to discover how citizen engagement is organised in the selected municipalities. Based on the extent to which respondents' descriptions coincide or differ on these themes, five main aspects were identified that are displayed in Table 4. The first aspect is clarity of motivation, and addresses the extent to which there is a similar image of what drives the organisation of citizen engagement in the municipality. The second aspect is clarity of citizen engagement methods, and considers the ways the municipality uses to implement citizen engagement and examines whether the municipality employs the same methods or has a clear direction in these methods. The third aspect is clarity in roles of municipal actors (council members, board members and civil servants), and discerns the extent to which the interpretation of these roles is clear within the municipality. The fourth aspect is challenges, and concerns the main issues that the municipality experiences to improve the organisation of citizen engagement. The final and fifth aspect is outcomes, and focuses on the effect that citizen engagement has on the functioning of the municipality itself.

In the municipality of Ede, the findings reveal a variety of motivation to organise citizen engagement. Examples are, anticipating the developments in society, connecting to society or increasing social cohesion in civil society. Furthermore, citizen engagement is organised by implementing a broad range of methods such as voting, council meetings, information meetings, advisory councils or initiatives from civil society. The differences in motivation and methods indicate that a clear image of these aspects seems to be absent. A civil servant confirms: *"I don't know if we have explicitly formulated clear objectives for citizen engagement. To say*

**Table 4: The way municipalities organise citizen engagement (N =29)**

| Municipality | Clarity of motivation                       | Clarity of methods  | Clarity in roles  | Challenges  | Outcomes  |
|--------------|---|---|---|---|---|
| Ede          | Diverse set of motivations without a focus. | Different citizen engagement methods without a focus.   | Unclear among municipal actors.   | Clarify motivations, methods and roles.                 | Search for direction and guidance in motivation, methods and roles and a desire to establish this through change. |
| Zeist        | Clear motivation based on values.           | One main citizen method with a clear focus on what matters for citizens.  | Clear and informal established among the municipal actors.                  | Keep on working according to these values and innovate. | A shared way of organizing citizen engagement focused on values, innovation and the civil society.                |
| Ermelo       | Diverse set of motivations.                 | Different citizen engagement methods with a clear focus on strengthening the connection between municipality and civil society. | Not clear yet, but awareness among municipal actors that clarity is needed. | Concretises roles and motivations.                      | Actively organises citizen engagement but searches for activities to strengthen existing processes.               |

*that we know what we want exactly with citizen engagement is not formulated".* The interviews also reveal that there are a variety of images about the role of each municipal actor during citizen engagement. Civil servants particularly value clarity in behaviour and attitude during citizen engagement, whereas council members and board members find clear structures and processes important during citizen engagement. All the actors clarify that there is a need for a standardised way of organising citizen engagement and that the procedures and conditions under which citizen engagement is organised have to be clear in order to realise it. A council member states: *"A lot is happening without a concrete direction, from the bottom of the organisation to the top of the organisation without a red thread in it".* The biggest challenge for the municipality is to clarify the prevailing motivations, methods and roles regarding citizen engagement. As a result, the municipality searches for direction and guidance in the number of activities regarding citizen engagement and desires to establish this through changing existing processes (see Table 4).

As opposed to Ede, the findings for the municipality of Zeist show that the description of the motivation to organise citizen engagement is similar among the interviewees. The findings show that this motivation centres on utilising the knowledge and expertise of the citizens to tackle societal challenges (see Table 4). A board member confirms: *“The strength of society, their thinking power and their experience are needed to get insight into the societal issues”*. The interviews also show that the different municipal actors have created a mutual understanding about this motivation and report that the formulated values within the municipality: strength, closeness and trust, form the basis for it. The different actors suggest that these values are important to create the best life for the citizens and guide the municipality in engaging with the society. A civil servant confirms: *“What matters is that we as municipality facilitate the best life for the citizens [...]. This demands collectively figuring out how to realise this”*. This indicates that the image of the motivation is clear in the municipality of Zeist. Furthermore, the findings reveal that in the organisation of citizen engagement the municipality strives to realise the formulated motivation by applying innovative methods that support the municipality in uncovering what matters for civil society, which challenges they face and how to tackle them. The interviews reveal that municipal actors have a similar image on how this should be done, by dialogue. A board member confirms: *“To know what is going on in civil society and create the best life, requires organising dialogues”*. The interviews show that the municipality created a clear process on how this dialogue takes place. The dialogue always starts from a question in the society, includes the establishment of clear frameworks before involving society and includes multiple stakeholders in responding to the question. Additionally, the interviews show that the role of each municipal actor during this dialogue is clear. According to the municipal actors this is reflected in the attitude and behaviour of the council members, board members and civil servants. It is suggested that they have to be facilitative, proactive, open, and search for new ways to involve civil society. The challenge for this municipality is to keep working according to the formulated values and continue innovating. The similar image about motivations, methods and roles results in a clear way of organising citizen engagement in this municipality, in which values and an external focus on civil society are central.

Concerning the municipality of Ermelo, the findings reveal similarities with Ede (see Table 4). This municipality also has various motivations to organise citizen engagement. Examples are, connecting to civil society, giving more responsibility to civil society or giving citizens a voice. The findings further show that this municipality too uses several methods to engage citizens. Identical methods like, voting, information meetings or advisory councils are mentioned by the municipal actors, which indicates that a clear image of these aspects seems to be lacking. Notable is that in contrast to the municipality of Ede, Ermelo seems to have a clear focus in these methods. The interviews reveal that the municipality wants to

respond to the demands of civil society by strengthening the connection between the municipality itself and civil society by transforming into a network municipality. At the same time, it is revealed that the municipality still seeks to realise this. A civil servant confirms: *“We want to be a network municipality and thus give space to initiatives from civil society and facilitate and connect to these, instead of being the government that provides services, decides and makes rules [...], but how this is to be realised is something that the municipality is still searching for”*. In addition to that, the interviews reveal a variety of images regarding the roles of municipal actors in citizen engagement. It became apparent that the municipal actors are aware that they need to adapt their role in order to connect to civil society, but they still speculate about the exact interpretation of these roles. Civil servants mainly emphasise the current role, which is described as active and searching for a conversation, whereas council members and board members emphasise the desired role, which entails openness, listening, actively going to civil society and actively participating. A board member confirms: *“Citizen engagement thus includes not going to do it yourself, but bring parties together and offering help where necessary”*. The biggest challenge is to concretise these roles with corresponding motivations. As a result, the municipality actively organises citizen engagement, but there are still different images regarding the motivation and roles in citizen engagement. Hence, they search for activities to give concrete meaning to this and strengthen the existing processes.

The findings reveal that the municipalities examined organised citizen engagement differently. Some municipalities seem to have a clear way of organising citizen engagement and others still search for it. A closer look at these findings show that the characteristics that are described as central to organising citizen engagement are, to some extent, reflected in the measured organisational culture that prevails. The scores of the municipality of Ede suggest a preference for hierarchy culture, which indicates a strong focus on procedures and structures (Table 3 and Figure 1) and the findings indicate that citizen engagement seems to be organised in that way too by a desire to establish procedures, structures and direction for citizen engagement (Table 4). The scores of the municipality of Zeist show a preference for clan and adhocracy culture, which mainly revolves around shared values, participation, innovation and an orientation towards civil society (Table 3 and Figure 1). The findings show that this is also reflected, to some extent, in the way that this municipality organises citizen engagement by applying shared values, focusing on civil society by utilising their knowledge and expertise, having a shared image regarding roles and methods and searching for continuous innovation (Table 4). Finally, the scores of the municipality of Ermelo show a similar preference for culture as the municipality of Zeist (Table 3 and Figure 1). The findings once again indicate that citizen engagement is organised in line with the preferred culture of the municipality and indicates that this is done in Ermelo by

focusing on civil society by responding to their demands and accomplishing this by adopting a role that suits this focus, a connective and participative role (Table 4). Although organising citizen engagement comes with challenges, the findings seem to indicate that culture plays a role. In particular the clan, adhocracy and hierarchy culture types seem to matter. On the basis of the overlapping characteristics between the preferred culture and the way citizen engagement is organised in the municipalities examined, there are indications that the prevailing organisational culture of the bureaucracy influences, to a certain extent, the organisation of citizen engagement.

## **DISCUSSION AND CONCLUSION**

This explorative study examined the role of organisational culture in the way that local governments organise citizen engagement. With the growing interest for citizen engagement as a way to manage societal developments, insight into the organisational culture of a municipality might help as it offers deeper understanding of the context in which local governments organise citizen engagement and can help to improve citizen engagement practices.

The study has shown how local governments increasingly pay more attention to organisational culture when organising citizen engagement. The analysis of three municipalities demonstrated the role of organisational culture in citizen engagement. The analysis suggests that the different ways the municipalities examined organised citizen engagement is reflected, to some extent, in the culture that is most preferred in the bureaucracy of that municipality. In particular, the cultures clan, adhocracy and hierarchy seem to play a role. Concerning citizen engagement, the literature suggests that a culture focused on adaptive, effectiveness, flexibility and civil society in particular is important for citizen engagement (*cf.* Bingham *et al.* 2005; Grotens *et al.* 2018; Torfing *et al.* 2016). Despite this suggestion, the study indicates that this culture is present, to a limited extent, in the municipalities investigated. This is not surprising, considering the strong history that municipalities have as being hierarchical and top-down organisations (*cf.* Lee and Kwak 2012; Morgan 2006). In order to continue to develop citizen engagement as a municipality, it appears that this also requires a development of the prevailing organisational culture of that municipality. While it is far too early to conclude that organisational culture dictates the way citizen engagement is organised, it does indicate its role.

Our study and results are not without limitations and suggest avenues to explore in the future. First, it is important to realise that the framework that we used to collect the data on organisational culture is one that can simplify the complex reality in which municipalities operate. The framework namely assumes that a

certain culture prevails in an organisation, whereas in practice this is not always the case. It is important to keep this in mind and that other frameworks could possibly influence the results. Despite this, due to the similarities between the OCAI framework and the suggested organisational culture that supports citizen engagement, this framework is perceived as most suitable and valid to identify the role of organisational culture. Moreover, concerning the respondents of the OCAI, we have information about only the civil servants who completed the survey. Other information, such as the values of these respondents or the central values within the community of the municipality, is not available for the current database. For example, it is suggested that the values of individual respondents can influence their perception on organisational culture. A person may feel attracted to an organisation because the values that they have correspond to the values of that organisation, which can lead to self-selection (Box 2015). Moreover, the values within the community, also called community culture, can also influence the organisational culture. In larger cities, for example, other values might be more central than those of smaller communities (Box 1998). Despite this, our municipalities contain an interesting variance based on demography and prior knowledge. In future research we therefore recommend that these factors are taken into consideration in the results.

Second, we used only three Dutch municipalities to explore the role of organisational culture. As no other municipalities were available at the time, it makes it difficult to generalise the findings. In addition, we found only indications for the role of culture in citizen engagement. To increase the understanding of organisational culture in citizen engagement it would therefore be worthwhile to expand the study to other municipalities. Future research should focus on strengthening the framework by which the organisation of citizen engagement is measured by testing and standardising it. Subsequently, the relation with culture can be examined more thoroughly. Third, the municipalities examined are all positioned in a country in which the conditions for citizen engagement are favourable. Future research should therefore also address municipalities that have to organise citizen engagement under unfavourable conditions to specify the role of organisational culture in citizen engagement. The fourth and final limitation has to do with the fact that citizen engagement is a broad subject that can cover various domains ranging from urban development to budget cuts. Future research should address what is the role of organisational culture when citizen engagement is organised in certain domains.

Nevertheless, this research provides a first step in exploring and understanding the role of culture in organising citizen engagement. It thereby helps scholars and practitioners to improve the organisation of citizen engagement by indicating the importance of the organisational context when organising citizen engagement. To create meaningful citizen engagement, it is important to be aware of this.

## NOTES

1. For the municipality of Ermelo, the questionnaire was kept open one week longer to increase the response rate.
2. Due to a recent merger the total number of employees of the bureaucracy of Ermelo has decreased substantially, so that the total number of employees is less than the municipalities of Zeist and Ede, this possibly contributed to the lower response rate.
3. The analyses were also conducted for the different items of the OCAI (dominant characteristics, organisational leadership, management of employees, organisation glue, strategic emphases, and, criteria of success). These results are available upon request.
4. The municipalities were also asked to rate the preferred culture. In that case, we found that the results for the municipalities of Zeist and Ermelo were similar in organisational culture. Only for the municipality of Ede a small difference was found in which the municipality's preferred culture corresponds to the culture that already prevails in the other municipalities, a clan culture.

## REFERENCES

- Andrew, C. and Goldsmith, M. 1998. From local government to local governance—and beyond? *International Political Science Review*. 19(2):101–117.
- Băhnăreanu, A. 2011. Public Leadership and Citizen Engagement. Available at SSRN: <http://dx.doi.org/10.2139/ssrn.1929428>.
- Belias, D. and Koustelios, A. 2013. Organizational culture of Greek banking institutions: a case study. *International Journal of Human Resource Management and Research*. 3(2):95–104.
- Bernholz, P. 1974. Logrolling, Arrow-Paradox and Decision Rules – A Generalization. *Kyklos*. 27(1):49–62.
- Bingham, L.B., Nabatchi, T. and O'Leary, R. 2005. The new governance: Practices and processes for stakeholder and citizen participation in the work of government. *Public administration review*. 65(5):547–558.
- Box, R.C. 2015. *Public service values*. New York: Routledge.
- Box, R.C. 1998. *Citizen governance: Leading American communities into the 21st century*. London: Sage Publications.
- Bryson, J.M. Crosby, B.C. and Bloomberg, L. 2014. Public value governance: Moving beyond traditional public administration and the new public management. *Public Administration Review*. 74(4):445–456.
- Cameron, K.S. and Quinn, R.E. 2006. *Diagnosing and changing organizational culture: Based on the competing values framework*. Revised ed. San Francisco: Jossey- Bass.
- CBS 2018. *Demografische kerncijfers per gemeente 2018*. Den Haag: Centraal Bureau voor Statistiek.
- Cooper, T.L., Bryer, T.A. and Meek, J.W. 2006. Citizen-centered collaborative public management. *Public Administration Review*. 66(S1):76–88.

- Cornwall, A. and Gaventa, J. 2001. Bridging the gap: citizenship, participation and accountability. *PLA note*. 40(2001):32–35.
- Creswell, J.W. and Plano Clark, V.L. 2011. *Designing and conducting mixed methods research*. Thousand Oaks, CA: Sage Publications.
- Denison, D.R. 1990. *Corporate Culture and Organizational Effectiveness*. New York: John Wiley & Sons.
- Denison, D.R. and Spreitzer, G.M. 1991. Organizational culture and organizational development: A competing values approach. *Research in organizational change and development*. 5(1):1–21.
- Dobbin, F. 1994. Cultural models of organization: The social construction of rational organizing principles. In Crane D. (ed.), *The Sociology of Culture: Emerging Theoretical Perspectives* (pp. 117–141). Oxford: Basil Blackwell.
- Duncan, W.J. 1989. Organizational culture: “Getting a fix” on an elusive concept. *Academy of Management Perspectives*. 3(3):229–236.
- Fischer, F. 2000. *Citizens, Experts, and the Environment: The Politics of Local Knowledge*. Durham: Duke University Press.
- Gasiewski, J.A., Eagan, M.K., Garcia, G.A., Hurtado, S. and Chang, M.J. 2012. From gatekeeping to engagement: A multicontextual, mixed method study of student academic engagement in introductory STEM courses. *Research in higher education*. 53(2):229–261.
- Gaventa, J. 2002. Exploring citizenship, participation and accountability. *IDS bulletin*. 33(2):1–14.
- Getha-Taylor, H., Holmes, M.H., Jacobson, W.S., Morse, R.S. and Sowa, J.E. 2011. Focusing the public leadership lens: Research propositions and questions in the Minnowbrook tradition. *Journal of Public Administration Research and Theory*. 21(suppl\_1):i83–i97.
- Glaser, B.G. and Strauss, A.L. 2009. *The discovery of grounded theory: Strategies for qualitative research*. Chicago, IL: Transaction Publishers.
- Goodman, E.A., Zammuto, R.F. and Gifford, B.D. 2001. The competing values framework: Understanding the impact of organizational culture on the quality of work life. *Organization Development Journal*. 19(3):58–68.
- Grotens, R. Van Dijk, G. and Vught, M. 2018. Leadership practices of council secretaries in turbulent times: a case study. *Journal of Leadership, Accountability and Ethics*. 15(1):29–42.
- Hartnell, C.A., Ou, A. Y. and Kinicki, A. 2011. Organizational culture and organizational effectiveness: a meta-analytic investigation of the competing values framework’s theoretical suppositions. *Journal of Applied Psychology*. 96(4):677–694.
- Johnson, R., Onwuegbuzie, A. and Turner, L. 2007. Toward a definition of mixed methods research. *Journal of Mixed Methods Researc*. 1(2):112–133.
- Khademian, A.K. 2002. *Working with culture: How the job gets done in public programs*. Washington, DC: CQ Press.
- Lee, G. and Kwak, Y.H. 2012. An open government maturity model for social media-based public engagement. *Government information quarterly*. 29(4):492–503.
- Lincoln, S. 2010. From the individual to the world: How the competing values framework can help organizations improve global strategic performance. *Emerging Leadership Journeys*. 3(1):3–9.

- Massango, R. 2002. Public Participation: A critical ingredient of good governance. *Politeia*. 21(2):52–65.
- Moore, M.H. 1995. *Creating public value: Strategic management in government*. London: Harvard University Press.
- Morais, L.F. and Graça, L.M. 2013. A glance at the competing values framework of Quinn and the Miles & Snow strategic models: Case studies in health organizations. *Revista Portuguesa de Saúde Pública*. 31(2):129–144.
- Morgan, G. 2006. *Images of organization*. Thousand Oaks, CA: Sage Publications.
- Mueller, D.C. 2003. *Public Choice III*. Cambridge: Cambridge University Press.
- Nabatchi, T. and Amsler, L.B. 2014. Direct public engagement in local government. *The American Review of Public Administration*. 44(4\_suppl):63S–88S.
- Nabatchi, T., Gastil, J., Leighninger, M. and Weiksner, G.M. (Eds.). 2012. *Democracy in motion: Evaluating the practice and impact of deliberative civic engagement*. New York: Oxford University Press.
- O'Connor, N.G. 1995. The influence of organizational culture on the usefulness of budget participation by Singaporean-Chinese managers. *Accounting, Organizations and Society*. 20(5):383–403.
- O'Donnell, O. and Boyle, R. 2003. *Understanding and managing organisational culture*. Dublin: CoulourBooks Ltd.
- Ostroff, C., Kinicki, A.J. and Tamkins, M.M. 2003. Organizational culture and climate. In Hartnell, C.A., Ou, A.Y. and Kinicki, A. 2011. Organizational culture and organizational effectiveness: a meta-analytic investigation of the competing values framework's theoretical suppositions. *Journal of Applied Psychology*. 96(4):677–694.
- Parker, R. and Bradley, L. 2000. Organisational culture in the public sector: evidence from six organisations. *International Journal of Public Sector Management*. 13(2):125–14.
- Rowe, G. and Frewer, L.J. 2000. Public participation methods: A framework for evaluation. *Science, Technology & Human Values*. 25(1):3–29.
- Sathe, V. and Davidson, E.J. 2000. Toward a new conceptualization of culture change. In Ashkanasy, N.M, Wilderom, C.P.E. and Peterson, M.F. (eds.), *Handbook of Organizational Culture and Climate* (pp. 117–129). London: Sage Publications Inc.
- Schein, E.H. 1990. Organizational culture. *American Psychological Association*. 45(2):1–49.
- Schein, E.H. 1992. *Organizational culture and leadership*. San Fransisco: Jossey Bas.
- Schraeder, M., Tears, R.S. and Jordan, M.H. 2005. Organizational culture in public sector organizations: Promoting change through training and leading by example. *Leadership & Organization Development Journal*. 26(6):492–502.
- Sector report public administration 2010. *Organizational Culture Assessment Instrument. Sector Openbaar bestuur, overheidsdiensten en verplichte sociale verzekeringen deelsector Gemeenten*. Olst: OCAI online.
- Siebers, V. 2017. Participatie en democratie in gemeenten. *Platform Overheid*.
- Siebers, V. 2018. Citizen engagement in South Africa: the case Prince Albert. *International Journal of Public Leadership*. 14(4):232–244.

- Siebers, V. and Torfing, J. 2018. Co-creation as a new form of citizen engagement: Comparing Danish and Dutch experiences at the local government level. *International Public Management Review*. 18(2):187–208.
- Strauss, A. and Corbin, J. 2014. *Basics of qualitative research: Techniques and procedures for developing grounded theory*. 4th edition. Los Angeles: Sage Publication.
- Tashakkori, A. and Teddlie, C. 1998. *Mixed methodology: Combining qualitative and quantitative approaches*. *Applied Social Research Methods Series* 46. Thousand Oaks, CA: Sage Publications.
- Teddlie, C. and Tashakkori, A. 2009. *Foundations of mixed methods research: Integrating quantitative and qualitative approaches in the social and behavioral sciences*. Los Angeles, CA: Sage Publications.
- Torfing, J. and Ansell, C. 2017. Strengthening political leadership and policy innovation through the expansion of collaborative forms of governance. *Public Management Review*. 19(1):37–54.
- Torfing, J., Sørensen, E. and Røiseland, A. 2016. Transforming the public sector into an arena for co-creation: Barriers, drivers, benefits, and ways forward. *Administration & Society*. 0095399716680057.
- Valle, M. 1999. Crisis, culture and charisma: the new leader's work in public organizations. *Public Personnel Management*. 28(2):45–257.
- Van Houwelingen, P., Boele, A. and Dekker, P. 2014. Burgermacht op eigen kracht. In *Een brede verkenning van ontwikkeling in burgerparticipatie*. Den Haag: Sociaal en Cultureel Planbureau.

## **AUTHOR'S CONTACT DETAILS**

### **Vinitha Siebers MSc**

Researcher/PhD-student

Het Zijlstra Center for Public Control, Governance and Leadership

School of Business and Economics

Vrije Universiteit Amsterdam

De Boelelaan 1105

1081 HV

Amsterdam

Tel: +31 (0)20 59 84172

Email: [v.m.siebers@vu.nl](mailto:v.m.siebers@vu.nl)

# Enhancing Capacity Building for Public Service Ethics Management in South Africa

N D Baloyi

Department of Public Administration and Management  
University of South Africa

## ABSTRACT

This article focuses on enhancing capacity building for public service ethics management in South Africa. It attributes poor management of ethics in the South African government to a lack of capacity. The government seems to have no capacity to translate the many anti-corruption strategies into well-functioning deterrents of unethical conduct. It is a purpose of this article, therefore, to determine possible approaches to address this lack of capacity building in terms of the primary guiding research question: How can the South African public service build capacity in the area of ethics management? The article considers *inter alia* what capabilities exist, both legislative and functional, to address unethical conduct in the South African public service.

The article adopted a qualitative observational approach by comparing, contrasting, critically analysing and synthesising relevant documentary and literature sources in terms of a desktop study methodology. Recommendations are presented on approaches that can be employed to strengthen the government's capacity to manage ethics in terms of visible consequence management. While the article presented the reality of ethics management in the public service as a lethargic experience, certain positives have also been highlighted. This includes the state's continuous attempts to recognise and address the burden of public service corruption. While recognising the problem is a step in the right direction, policy-prescribed initiatives aimed at curbing unethical conduct must be implemented in order to succeed.

## INTRODUCTION

South Africa's latest developmental policy, the National Development Plan (NDP), presents a strong case for building a capable state. The policy acknowledges that the main obstacle to development has been the unevenness in the state's capacity to govern across the three spheres of government. Some of the reasons for the lack of government capacity included political-administrative challenges, skills deficits and the erosion of accountability (NPC 2012). In addition, growing trends in public service corruption continue to undermine and disturb the effective operation of government. It appears that government still has a limited capacity to fight corruption and to enforce accountability among public officials. This is reflected by various factors, such as the annual loss of public funds, citizens' loss of trust and ever-decreasing service delivery efforts. Various scholars, politicians and business people, as well as civil society, view poor ethics management in the public service as the leading reason why corruption continues to disrupt the country's efforts to ensure public service efficiency.

The Department of Public Service and Administration (DPSA) is regarded as the human resource branch of the South African government and its strategic vision is to be a "professional, productive and responsive public service and administration" (DPSA 2019). One of the ways in which the DPSA intends to realise this vision is by promoting an ethical public service through programmes, systems, frameworks and structures that detect, prevent and combat corruption (DPSA 2019). In addition to this, Chapter 13 of the NDP (NPC 2012) deals with building a capable and developmental state. To this end, it outlines certain aspirations, such as strengthening accountability and oversight mechanisms by 2030. Chapter 14 of the NDP addresses the fight against corruption. It sets out the following methods that the government aspires to use in that regard: Strengthening the multi-agency corruption system; strengthening the protection of whistle-blowers; ensuring greater central oversight over the awarding of tenders; and creating a transparent and accountable public service (National Planning Commission (NPC) 2012). The NDP is used in this article as a starting point because it reflects South Africa's ethics challenge quite accurately. It encapsulates concerns from both scholars and government on the latter's uneven capacity to govern.

It is evident that the government is aware of the burden of unethical conduct. As such, it has ratified various legislative measures linked to promoting ethical conduct and fighting corruption, such as the Public Service Act, 1994, the Prevention and Combating of Corrupt Activities Act, 2004 and the Protected Disclosures Act, 2000. However, the annual rise in corruption has not been curtailed. In this regard, the NDP acknowledges the rising concern over public servants' behaviour. Manyaka and Sebola (2013:76) argue that there still seems to be rampant corruption despite the number of sound legislative measures to govern and guide

ethical conduct in the public service. Section 195 (Chapter 10) of the *Constitution of the Republic of South Africa, 1996* is regarded as the overarching prescript for public servants and outlines the principles for public administration, which can be interpreted as follows: All public officials and office bearers ought to behave in a responsible, accountable, ethical and professional manner (*Constitution of the Republic of South Africa, 1996*). For this to happen, a few considerations are necessary, including, among others, individual morals, education and training, public service culture and a legislative framework. This article attempts to shed light on these considerations by addressing the question on how the government can find ways to build capacity by managing ethics. To address this question, this article presents four secondary questions on government's current capabilities; the role of society; capacity building in ethics and morality; and how the NDP and unethical practices coexist. The article makes use of the qualitative conceptual literature analysis to provide a scholarly description of the topic.

## **ISSUES AND TRENDS ON PUBLIC SERVICE ETHICS**

The above section indicates that South Africa has an array of well-formulated legislative measures that are founded on the principles of the *Constitution of the Republic of South Africa, 1996*. As outlined by the NDP (NPC 2012), these legislative measures should guide and govern ethical practices in the public service. Despite the existence of sound legislation, there seems to be a deep-rooted problem of increasing unethical behaviour among civil servants. This article ascribes this problem to a lack of capacity to manage ethics – particularly pertaining to inadequate methods of ethics training and management in the public service. Various interventions relating to ethics and anti-corruption have been introduced in the public service since the start of the new democratic dispensation. However, these interventions still seem to be inadequate. There seems to be a lack of efficiency in ethics training and management. Because of this seeming inefficiency, there is a need to amplify the drive towards building state capacity in the management of public service ethics. The multiplicity of legislative measures and other government interventions fosters a strict compliance-based approach to ethics management, while simultaneously failing to deal with unethical conduct.

In a later section, this article presents a discussion of various commissions of inquiry addressing allegations of corruption in the public service. Some of these commissions have been ongoing for a few years, without any tangible outcome or prosecutions. A quick glance at the past two decades of the South African public interface reveals a plethora of corruption cases that have received little to no punitive response by authorities. Kane-Berman (2018) states that, over the last decade, corruption has been the key issue that has dragged South Africa towards

the tipping point of being a failed state. High-profile public figures have been implicated in various corruption scandals, many of which remain unresolved to date. In the past decade alone, the country has borne witness to the elongated corruption battle of former President Jacob Zuma regarding renovations to his residence in Nkandla; former Police Commissioner Bheki Cele's removal from office after he was implicated in a corruption scandal relating to the leasing of a building for R500m; and more recently, the ongoing revelations of various public officials' role in the country's 'state capture'. While there are many examples, Budhram and Geldenhuys (2018) report these incidents seldom reach the desks of the authorities that are empowered to enforce prosecutions, such as the National Prosecuting Authority (NPA). A visible trend has been the lack of consequence management on the part of top political office-bearers who continue to be rewarded for their camaraderie by being placed in executive positions. Such practices undermine the rule of law and disturbs the strides made towards formulating strong ethics-related legislation. The argument here is that, if a piece of legislation is clear on what should be done to prevent or combat corruption, it should be equally clear on the punitive repercussions. Undoubtedly, legislative measures supported by law enforcement institutions should be supported by concrete evidence of corruption deterrence.

This article holds the view that, should the current surge of corruption and unethical practices persist, the country could reach a point of 'legislative uselessness'. The possibility of looming legislative uselessness warrants five considerations. First, it should be recognised that existing legislation on ethics and anti-corruption is not optimally effective in the public service, which leads to an annual increase in corruption. Second, all role players must realise that, should this situation continue, government will find it increasingly difficult to deliver on its service delivery mandate and implement its developmental agenda. In the third instance, the constitutional mandate to "maintain and uphold a high standard of professional ethics" has been compromised. In the fourth instance, it will be difficult to professionalise the public service, as outlined in the NDP. Lastly, in view of the above, there should be a period during which the possibility of legislative remodelling and integrating value-based ethics realities is reflected on. This could pave the way towards developing a remedial programme for public service ethics frameworks.

## **CONCEPTUALISING ETHICS MANAGEMENT AND CAPACITY BUILDING FOR THE PUBLIC SERVICE**

Public servants' main duty is to ensure the continued welfare of citizens by implementing various programmes to ensure efficient public service delivery. According

to Dorasamy (2010:60), this requires ethical practices and purpose-directed leadership. While most developing nations pursue the notion of good governance, it is impossible without a combination of accountability, democracy and ethics (Koenane and Mangena 2017:61). In addition to accountability and ethics, Kuye and Mafunisa (2003) state that responsibility plays a key role in effective public service leadership. The common understanding among these five scholars is that *ethics* plays a crucial role in a well-functioning public service.

The personal value system of an individual plays an important role in ensuring an effective public service (Clapper 1999:138). The author further points out that any government department can be fairly managed and led if the people serving in it have good personal ethics. Dorasamy (2010:62) states that a clear sense of personal values and ethics can enable congruency with public service ethics. These two views indicate that the presence of a personal ethics value system will help streamline the professional ethics required for the public service. Conversely, Olum (2014:603) argues that a lack of professional ethics can impede any government's service delivery. Bendix (2015:20) argues that a system of ethics is needed in organisations. Within the public service, this system of ethics could facilitate navigation between personal and professional ethics within the employment relationship.

In defining ethical values that are necessary for the public service, Naidoo (2015:295) highlights responsibility, respect, integrity and competence as pillars of a strong system of ethics. Studies on public service ethics in South Africa are necessary, as there is a moral and ethical crisis in the South African public service (Edwards 2008:77). One of the remedial actions that can be taken to address this crisis is to develop an ethics framework (Naidoo 2015:294). Such a framework would need to integrate key elements such as respect, the importance of codes of ethics, ethical governance and the nexus between personal and professional ethics. Moreover, certain virtues should form the basis of public service ethics, namely, responsibility, efficiency, transparency, fairness and the absence of conflicts of interest (Kinchin 2007:112). These virtues are linked to the earlier discussion of personal ethics and professional ethics. In this regard, it became clear that personal and public service ethics need to be integrated. Public servants and politicians are mandated with making daily decisions to facilitate service delivery to society. Undeniably, such decisions ought to be based on ethics (Theletsane 2014). Simply put, public servants have an important role to play in building an ethical culture in society (Rossouw 2014).

## **Ethics management in the public service**

In the context of this article, 'ethics management' is understood as the formal and informal strategies adopted by public service institutions to promote and enhance

the ethical climate of government. Such strategies include employee training, including ethics in reward structure, adopting formal institutional rules and using role models or ethics champions as an informal approach (Menzel 2012). The South African directive for ethics management in the public service can be traced to key legislative and policy prescribed guidelines, such as the *Constitution of the Republic of South Africa*, 1996, which provides for certain values such as ensuring that public administration practitioners maintain a high standard of professional ethics; the Public Sector Integrity Management Framework, which provides a comprehensive management framework to regulate ethics and integrity across state institutions; and the *Batho Pele Principles*, which advocate for openness and transparency across the public service in rendering civil duties.

Based on the above legislative foundations, as well as additional ethics-related tenets in the public service, ethics management can also be regarded as the systematic and regulated approach to identifying and enforcing effective deterrents for unethical practices. Ethics management should be systematic and regulated, as there ought to be some evidence of punitive measures taken against those found to be in contravention of ethics-related regulations. Ethics management starts with attempts to detect potential loopholes for people to engage in corrupt activities. Hereafter, formal measures should be activated to mitigate such occurrences. Finally, combatting or deterring measures should be implemented, such as dismissals and jail terms for offenders. A system that is able to achieve all three actions – detecting, preventing and combatting unethical practices – provides solid ground for building capacity in ethics management.

## **Capacity building and the public service**

According to Vincent and Stephen (2015:1–2), ‘capacity’ refers to an individual or an organisation’s ability to conduct or complete a task effectively, continuously and with limited dependence on external resources. In their view, public service capacity building should especially focus on human resource development (HRD) and systems development. Grindle (1997) refers to capacity building, as using various human resource and organisational strategies that strengthen the behaviour, the skills, the knowledge and the abilities of both humans and organisations. Based on these views, the current article uses capacity building within the context of the South African public service as a single institution and whether the potential to build capacity has been identified and effectively utilised in respect of ethics management. According to Bourgon (2010:205), global efforts to build organisational capacity have been at the centre of various governmental reform programmes since the 1980s. One of the drivers, the author argues, was that civil servants needed to execute their duties in order to expand the ‘social contract’ between governments and citizens, and for governments to foster a dynamic

approach to the practice of public administration. The social contract, which describes the nature of relationships between authorities (the state) and citizens, is a philosophical concept developed during the Age of Enlightenment.

The South African case is unique and should be considered on its own (de-)merits. Certain scholars are of the opinion that the country's public service is still in a transitional phase following the pre-1994 apartheid governance system. Despite this argument, suffice it to say that the public service is not exempt from capacity building efforts. The uniqueness of the South African case is that before capacity could be discussed, the notion of 'redress' took up a major amount of the government's attention. In this light, this article views capacity as a product of competence obtained through training. High-quality training and development are necessary to ensure that the public service makes progress in an orderly fashion (Franks 2015). The South African government understood the concept of capacity fairly well during the early years of democracy. Early glimpses of the need for public service training in the new democratic South Africa were evident in the Reconstruction and Development Programme (RDP), where it was stated that recruitment and training should reflect the country's demographics (African National Congress (ANC) 1994:127). Having said that, public service training in South Africa is characterised by unique needs and skills gaps. During the first years of democracy, many skilled public servants retired or resigned and were given voluntary severance packages (VSPs). Through the narrative of redress, merit was no longer the cornerstone of deployments (Kanyane 2012).

Franks (2015) points out that the VSPs robbed the public service of highly experienced personnel, while the notion of 'potential' was a favoured loophole for comrades to find preference over more competent public servants. More than a decade after democracy, the then Minister of Public Service and Administration, Geraldine Fraser-Moleketi, acknowledged that cadre deployment based on party loyalty had come with some unintended consequences (Fraser-Moleketi 2006). Prior to this acknowledgement, particular challenges surrounding the government's transformation agenda were identified, including the need for management development in the public service. The dawn of the new millennium saw the introduction of the Senior Management Service (SMS). A handbook was compiled to support the development of senior managers by promoting 10 core competencies (DPSA 2003). Owing to continued challenges that undermined the work and aspirations of the public service (particularly concerning public service corruption), an 11th competence was added in 2008, namely, *honesty and integrity*.

The above discussion of the South African case presents a trajectory of government's scattered efforts to address the notion of capacity building through competence-based training. In this article, competence is regarded as being evidence-based. The introductory sections of this article indicate a lack of both competence-based and purpose-directed training in the South African public

service. This has led to limited capacity to manage various governmental priorities, such as the management of ethics. In view of this, the article agrees with Stewart (2015:549) that capacity building should not be limited to training. For this reason, a discussion on the rationale for capacity is also necessary.

## **CONSIDERATIONS FOR ETHICS MANAGEMENT CAPACITY BUILDING**

First, the researcher concurs with Bourgon (2010:198) in asking the following fundamental questions relating to capacity building:

- What capabilities (old and new) have to be built or developed?
- What competencies are required to address unpredictable macroeconomic, political and social environments?

From the above two questions, this article poses a set of more nuanced questions applicable to ethics management in the South African public interface, including but certainly not limited to the following:

- What are the government's existing capabilities to detect, prevent and combat unethical practices?
- What role can society play in government's efforts to manage ethics?
- Can capacity really be built around normative concepts like ethics and morality?
- Will the capable state that is aspired to in the NDP coexist with a seemingly growing culture of unethical practices?

The latter four questions are used to support this article's attempt to address the leading research question, which relates to how the South African public service can build capacity in the management of ethics. These four questions ought to be analysed and thoroughly investigated to make a tangible difference in ethics management-related to capacity building.

### **What are the government's existing capabilities to combat unethical practices?**

The first question deals with the DPSA's mission statement to promote an ethical public service through programmes that can detect, prevent and combat corruption (DPSA 2019). The question focuses on existing capabilities that are available to achieve this mission. To stress the importance of this question, capacity or capability is referred to in this article as evidence-based competence that can be achieved through various methods, including training. In analysing this question,

the mere existence of ethics-related legislation is not seen as a competence. Rather, the article argues that competence can only be achieved if such legislation is successfully translated into satisfactory evidence of managing ethics.

Currently, corruption in the public service is combatted via a chain of role players, such as the South African Police Service (SAPS), the Special Investigating Unit (SIU), the Independent Police Investigative Directorate (IPID) and the NPA. Moreover, the Offices of the Public Service Commission (PSC) Public Protector (PP) frequently investigate and report on allegations of unethical practices throughout the public service. Budhram and Geldenhuys (2018) state that, despite this chain of role players that battle corruption in South Africa, the success rate is unsatisfactory compared to the increasing rate of corruption. This confirms the concern relating to existing competence-based capabilities within government to prevent, detect and root out corruption. In line with this, scholars like Manyaka and Sebola (2013:76) and Theletsane (2014) have pointed out that South Africa's many anti-corruption measures have failed to curtail the problem. The legislative measures will be discussed in a later section as part of the existing would-be deterrents relating to unethical practices.

## **What role can society play in government's effort to manage ethics?**

The second question is centred on collective capacity to achieve public results. Earlier in this article, reference was made to the social contract that determines the relationship between the government and a country's citizens as far as reciprocal rights are concerned. In South Africa, an example of such a contract is the *Constitution of the Republic of South Africa, 1996*. The importance of the social contract lies in the provision that both the government and the citizens of a country enjoy certain rights and responsibilities. As such, a country's citizens cannot expect the government to act alone to address complex issues, as success depends on the large-scale participation of, and contributions from, citizens and their communities (Klijn 2008).

A society is directly involved in a government's ability to fully implement its ethics strategies – particularly because ordinary citizens conduct business with the government, which creates numerous opportunities for corruption. Weaver (2001:6) states that ethics management could be potentially influenced by historical, cultural and organisational factors. This highlights society's potential role in combatting unethical practices within the public service. For example, instead of being fined, many South African motorists resort to paying bribes to side-step their traffic offences. In this regard, the Road Traffic Management Corporation states that: "We see the devastating impact of corruption daily on our roads. South Africa has unacceptably high levels of road fatalities and corruption is one

of the contributing factors to this carnage” (Seleka 2020). Although this is a limited illustration of the bigger picture, it represents a social norm that undermines the ethical fabric of society. The Democracy Works Foundation (2017) reiterates that South Africa is at a tipping point, where corruption is accepted as a social norm. Citizens tend to give civil servants like traffic officers, administrative clerks, and police the opportunity to succumb to unethical practices. This trend is also seen within the higher structures of most public and private institutions.

### **Can capacity be built around concepts such as ethics and morality?**

Here, a more delicate scenario presents itself since the question is concerned with whether competence is possible when personal human values are at play. Clapper (1999:138) asserts that individuals’ personal value systems play a fundamental role in effective public service ethics. This article does not provide a definitive view on this question. Rather, it advocates the need for thorough analysis of all four questions. However, the third question may be one of the leading reasons why the South African public service has struggled with ethics management. It appears that there is a tendency to believe that those who have been trained in ethics are/should be incapable of engaging in gross unethical practices. This perception is both a fallacy and a farce. Furthermore, this perception fails to take into account that all legislation must be executed by human beings, who, in themselves, are corruptible and serve as either corruptors or corruptees in the equation of public service ethics. Without entertaining the philosophical complexities on the concepts of ethics and morality, this third question seeks to determine whether the existence of a certain standard of ethical behaviour and acceptable personal morals can amount to capacity.

For perspective, Korsgaard (2010) regards morality as our normative self-governance ability. That is, the ability to assess potential avenues where we can reflect on the nature of our actions and beliefs. This already constitutes a complexity in terms of ascribing competence to such a scenario, due to the normative nature of these concepts. As mentioned earlier, capacity should have attributes of evidence-based competence. Therefore, doing the right (*or wrong*) thing, on the basis of personal values and beliefs, ought not to be regarded as (*a lack of*) competence.

### **Can the NDP’s aspirations coexist with unethical practices?**

Lastly, the fourth question focuses on the co-existence of the NDP’s aspirations, on the one hand, and the growing trend of unethical practices in South African public life, on the other. Annually, the Offices of the Auditor General of South

Africa (AGSA) and the PSC report on various cases of maladministration, irregular and fruitless expenditure, public service corruption and unethical practices. In the Auditor-General's 2017–2018 audit outcomes for local government performance, only 18 out of 257 municipalities received clean audits, with irregular expenditure amounting to R21.2 billion – an “improvement” from the previous R27.7 billion of 2016–2017 (AGSA 2019). On the provincial and national fronts, a number of commissions of inquiry have investigated large-scale unethical practices, most notably the Judicial Commission of Inquiry into Allegations of State Capture, the South African Revenue Service (SARS) Commission, the PIC Commission and the NPA Commission (De Villiers 2018). These commissions investigated or, are still investigating, various cases of corruption (some spanning 15 years) involving public servants and business executives. Given the seemingly continuing scourge of corruption across all levels of government, the fourth question is highly relevant. Is a capable state possible in these corruption-laden times in South Africa?

## **ETHICS MANAGEMENT CAPACITY BUILDING IN SOUTH AFRICA**

Bourgon (2010:205) observes that compliance is the hallmark of a good government. However, this statement discounts the effect that other concepts such as integrity, transparency and accountability could have on an effective public service. As Clapper (1999), Rossouw (2008) and Webb (2012) have shown, some emphasis has to be placed on individual morals and personal values that can be integrated with public service values. The authors believe that this can help supplement the public sector's heavy reliance on compliance.

This article acknowledges that various other factors contribute to South Africa's problems, such as unemployment, political fragility, economic inequalities, crime and misdirected education. However, amid all these problems, the article places a high premium on the continuously thriving corruption and increasing unethical practices that disturb the country's developmental agenda. The debate on unethical practices in the public service appears to be ever present. As such, ethics management should be understood within the prescriptions of a capacity building framework. Rossouw and Van Vuuren's (2013:57–70) institutional (corporate) management model provides a descriptive presentation of different modes or strategies with which ethics can be managed. In this model, the following five modes of managing morality are included:

- **Immoral mode:** This mode describes a situation where unethical conduct is perceived as good for business and advocates that ethics be relegated in institutional practices. There is no evidence of any initiatives to manage ethics.

- **Reactive mode:** A situation where minor appreciation of ethics interventions exists. However, there are no practical remedies to deter unethical behaviour. There is no will to manage ethics.
- **Compliance mode:** There is evidence of attempts to manage and monitor rule-based approaches to ethics. Moreover, punitive measures for unethical behaviour are documented. In this mode, there is a transactional approach to managing ethics.
- **Integrity mode:** Ethical values and standards have been internalised, enabling a values-based approach to ethics. This mode is proactive and transformational, and ethics is seen as a key success factor.
- **Totally aligned organisation (TAO) mode:** In this mode, ethics is easily integrated into organisational strategy, where moral responsibility is the basis of interaction and a strong ethical culture is present. The ethics functions are operational and ethics champions are recognised (adapted from Rossouw and Van Vuuren 2013:58).

The Modes of Managing Morality Model by Rossouw and Van Vuuren (2013) indicates the possibility of managing ethics beyond the compliance mode, which is where this article places the South African public service ethics management reality. While Bourgon's opinion that compliance is the hallmark of good governance offers some truth, compliance undermines personal moral autonomy and responsibility (Rossouw and Van Vuuren 2013:58). In the context of this five-mode model of ethics management, a supplementary question to the fundamental questions asked in an earlier section could be: Which mode best describes the South African case for ethics management?

The alarming rate at which constitutional watchdog bodies investigate and report on unethical conduct in South Africa points towards an existing theatrical display of public service corruption. In addition, the billions of Rands that are lost to corruption and other unethical practices highlight the need to diagnose this ethics impasse as chronic. One cannot dismiss the complex challenges that democratic South Africa has inherited and the countless initiatives that have been introduced since 1994 to address ethics management. However, the country's ethics management narrative remains fraught with challenges, especially given the lack of leadership within the country's political and administrative arenas.

Based on the Modes of Managing Morality Model by Rossouw and Van Vuuren (2013), the compliance mode seems the best fit for the South African scenario (As the public service tends to be heavily reactive, elements of the reactive mode are still prevalent). It is important to constantly strive towards building capacity, as this could help facilitate a TAO where public servants can easily integrate their personal values with the organisational values of the public service. Such an integration will enable a solid organisational capacity to manage ethics

and, in the process, create the capacity to detect and combat unethical conduct, as envisioned by the DPSA.

## **BUILDING AND DEVELOPING ETHICS MANAGEMENT CAPACITY**

Vincent and Stephen (2015:3) emphasise that various developing nations' capacity building initiatives have failed due to the lack of comprehensive capacity development strategies. The situation is no different in South Africa. The existence of strategies is a solid foundation to help formulate pathways and methods to build competence. Strategies need to become more comprehensive through non-legislative initiatives, such as on-the-job development, reflection on institutional leadership and its impact on performance, and advocacy for a learning organisation (government) that is equipped to address complex challenges. Furthermore, as Bourgon (2010:198) rightly asks: Which capabilities must be built or developed?

The South African public service follows a highly compliance-based approach (including the usage and interpretation of ethics-related legislation) to execute its functions (Rossouw 2008; Webb 2012). As such, there is limited opportunity for public officials to exercise discretion where legislative grey areas appear. Moreover, it supports a shift towards a more value-based approach as a supplement to the compliance approach (Webb 2012).

The challenge with any values-based approach in a highly compliance laden environment, as this article argues, is that values are not a competence. As such, they present an extremely complex case for competence-based capacity building. In order to build capacity and strengthen ethics management, the following is prescribed:

- Context-specific **consequence management** strategies need to be developed. In a highly compliance-based environment, it should be simple to detect and prevent unethical practices. However, this is not the case within South Africa's public service. Annually, constitutional watchdog bodies investigate and report on a variety of corruption cases. Yet public sector executives and political authorities have shown little to no widespread evidence of effective consequence management.
- **Stronger, sustainable relationships** need to be developed in cooperation with other sectors like the private sector to help shape a more holistic and transparent anti-corruption management system in government.
- **A central ethics office for government employees**, which is independent of political influence, must be established. The function of ethics management should not be limited to the risk and human resources departments that have other fundamental tasks to perform. This office could focus on ethics-specific

training for certain public servants, who will ultimately serve as department-specific ethics officers across the public service.

- **The ethics culture** must be strengthened within various government institutions by amalgamating strategies, including individual, organisational culture and leadership commitment (Okumus 2003; Webb 2012).

Ultimately, a strengthened ethics culture, stronger relationships with other sectors, the establishment of a central ethics office, and the development of effective management strategies could improve the government's management capacity.

## **APPROACHES TO CAPACITY BUILDING IN ETHICS MANAGEMENT**

An earlier section of this article mentions scholars who have commented on the existence of a multiplicity of ethics-related interventions in the public service. However, over the years, it has proven problematic to implement. The current article's literature review revealed various definitions for the term 'implementation'. However, the following definition by Eccles (1994) has proven to be most applicable: "Implementation is action, not planning to act; nor thinking about acting; nor clearing up the desk to act; nor persuading others to back your plan; nor even deciding what action should occur. It is the action itself, whatever it is and however it is occurring" (Eccles 1994:63).

The rationale behind defining implementation is that it should imply action. Similarly, the following approaches will require an ardent attempt by government authorities if implementation is to take place:

- **Fostering a dynamic public service:** The public service should be able to adapt to the changing society on a political, social and economic front. Thus, all public servants should reconfigure their personal values towards rejecting any potential resistance to change. A dynamic public service could enable a seamless transition from a compliance-based approach to ethics management towards value-based ethics practices.
- **Providing competence-based ethics training:** Ethics training should not be limited to creating awareness of existing ethics initiatives. There should be a move towards evidence-based competence that focuses on avoiding, detecting and combating unethical practices in the public service. Ethics training must coincide with tangible evidence of competence, such as professional certifications with rigorous testing on ethics capacities and knowledge.
- **Providing steward-based legislative training:** Training employees on legislation should also not be limited to compliance. Instead, it should take a reflexive position where trainees/employees are made aware that all public

service-related legislation affects them in their professional activities and that they have to acknowledge their stewardship and accountability to the public.

- **Ensuring visible consequence management:** The annual investigation and reporting of unethical conduct should not end at the reporting stage. In fact, such reporting should lead to the establishment of solid deterring initiatives aimed at offenders. The lack of consequence management on both the political and administrative front tends to diminish citizens' confidence in the government.

## CONCLUSION

The current research clearly highlights that it is no easy feat to build state capacity. In fact, it is a hugely complex exercise. Over the years, the case for building ethics management-related state capacity has gained traction. The various ethics-based strategies and initiatives highlight the state's attempts to achieve an ethical organisation (public service). The South African government has a wealth of legislative measures to combat corruption, namely the:

- *Constitution of the Republic of South Africa* (1996);
- Public Service Act 103 of 1994;
- Public Service Regulations (2001); and the
- Public Finance Management Act 1 of 1999.

In addition to these key measures, other government initiatives include the:

- Prevention and Combating of Corrupt Activities Act 12 of 2004;
- Protected Disclosures Act 26 of 2000;
- Promotion of Access to Information Act 2 of 2000;
- Public Sector Integrity Management Framework (2013);
- Minimum Anti-corruption Capacity Requirements (2006);
- National Anti-corruption Forum (2001);
- National Anti-corruption Hotline; and the
- Ministerial Handbook.

The scope of this article presented limited space to review the soundness of the various legislative measures to combat corruption in South Africa. However, as Manyaka and Sebola (2013:76) and Theletsane (2014) have indicated, there seems to be a disregard for these measures, since the repercussions of unethical practices in the public service continue to increase annually. The solidity of these legislative measures underlines the need for a thorough investigation of questions presented in this article. Having said that, a discussion on the rationale for capacity building is of equal importance, seeing that the country's legislative measures have not produced the right ethical climate within the public service.

After highlighting various gaps in government's capacity to manage ethics, a handful of recommendations were presented as a more effective and sustainable method of building and strengthening capacity. The article suggests that the ideal government is one that achieves TAO status of the ethics management model. The TAO phase of organisational ethics presented in this article can be likened to the public service that the DPSA and the NDP envisions for South Africa. To reach this phase, considerable reflection is necessary while a systemic programme is developed to address the requisite skills and knowledge that will form the building blocks towards capacity building in ethics management.

## REFERENCES

- African National Congress (ANC). 1994. *Reconstruction and Development Programme (RDP)*. Johannesburg: Umanyano Publications.
- Auditor General South Africa (AGSA). 2019. *Report on MFMA Local Government Audit Outcomes 2017–2018*. Pretoria: AGSA.
- Bendix, S. 2015. *Labour relations: A South African perspective*. 6th edition. Cape Town: Juta.
- Bourgon, J. 2010. The history and future of nation-building? Building capacity for public results. *International Review of Administrative Sciences*. 76(2):197–218.
- Budhram, T. and Geldenhuys, N. 2018. Combatting corruption in South Africa: Assessing the performance on investigating and prosecuting authorities. *Acta Criminologia: Southern African Journal of Criminology*. 31(2):23–46.
- Clapper, V. 1999. Ethics for public administration and management in the twenty-first century. In Wessels, J.S. and Pauw, J.C. (Eds.). *Reflexive public administration: Views from the south*. Cape Town: Oxford University Press.
- Democracy Works Foundation. 2017. Policy Brief 14. Combatting corruption in South Africa, 3 March 2017. Available at: <https://democracyworks.org.za/policy-brief-12-combating-corruption-in-south-africa/>. (Accessed on 13 April 2020).
- Department of Public Service and Administration (DPSA). 2003. Senior Management Services Handbook. 2003. Pretoria: SMS/DPSA. Available at: [http://www.dpsa.gov.za/dpsa2g/documents/sms/publications/ch2\\_sms\\_2003.pdf](http://www.dpsa.gov.za/dpsa2g/documents/sms/publications/ch2_sms_2003.pdf). (Accessed on 22 October 2019).
- Department of Public Services and Administration (DPSA). 2019. Mission and Vision Statement. Available at: <http://www.dpsa.gov.za/about.php>. (Accessed on 18 July 2019).
- De Villiers, J. 2018. Everything you need to know about all the commissions of inquiry currently in South Africa. Business Insider SA, 3 December 2018. Available at: <https://www.businessinsider.co.za/state-of-inquiry-of-commission-south-africa-2018-11-2>. (Accessed on 18 July 2019).
- Dorasamy, N. 2010. Enhancing an ethical culture through purpose-directed leadership for improved public service delivery: A case for South Africa. *African Journal of Business Management*. 4(1):56–64.

- Eccles, T. 1994. *Succeeding with change: Implementing action-driven strategies*. London: McGraw Hill Book Company.
- Edwards, T. 2008. The nuts and bolts of ethics, accountability and professionalism in the public sector: An ethical leadership perspective. *Journal of Public Administration*. 43(3.1):77–88.
- Franks, P.E. 2015. Training senior public servants in South Africa. *Journal of Public Administration*. 50(2):234–248.
- Fraser-Moleketi, G. 2006. Public service reform in South Africa: An overview of selected case studies from 1994–2004. MAdmin Dissertation. Pretoria: University of Pretoria.
- Grindle, M.S. 1997. *Getting good government: Capacity building in the public sectors of developing countries*. Boston: Harvard Institute for International Development.
- Kane-Berman, J. 2018. Ramaphosa can and must act against corruption, 19 February 2018. Available at: <https://www.politicsweb.co.za/opinion/ramaphosa-can-and-must-act-against-corruption>. (Accessed on 16 April 2020).
- Kanyane, H.M. 2012. ANC cadre deployment drags down public services, 12 July 2012 – Ahmed Areff. Available at: <https://mg.co.za/article/2012-07-12-anc-cadre-deployment>. (Accessed on 11 May 2019).
- Kinchin, N. 2007. More than writing on a wall: Evaluating the role that codes of ethics play in securing accountability of public sector decision-makers. *Australian Journal of Public Administration*. 66(1):112–120.
- Klijn, E.H. 2008. Complexity theory and public administration: What's new? *Public Management Review*. 10(3):299–317.
- Koenane, M.L. and Mangena, F. 2017. Ethics, accountability and democracy as pillars of good governance: Case of South Africa. *African Journal of Public Affairs*. 9(5):61–73.
- Korsgaard, C.M. 2010. Reflections on the evolution of morality. Available at: <http://www.amherstlecture.org/korsgaard2010>. (Accessed on 14 April 2020).
- Kuye, J.O. and Mafunisa, J.M. 2003. Responsibility, accountability and ethics: The case for public service leadership. *Journal of Public Administration*. 38(4):421–437.
- Manyaka, R.K. and Sebola, M.P. 2013. Ethical training for effective anti-corruption systems in the South African public service. *Journal of Public Administration*. 48(1):75–88.
- Menzel, D.C. 2012. *Ethics Management for Public Administrators: Leading and building organisations of integrity*. 2<sup>nd</sup> Ed. New York. ME Sharpe.
- Naidoo, L. 2015. Overcoming ethical dilemmas in public organisations. *Journal of Public Administration*. 50(2):286–298.
- National Planning Commission (NPC). 2012. National Development Plan. Pretoria: Government Printers. Available at: <https://nationalplanningcommission.wordpress.com/the-national-development-plan/>. (Accessed on 17 July 2019).
- Okumus F. 2003. A framework to implement strategies in organizations. *Management Decision*. 41(9):871–882.
- Olum, Y. 2014. Public accountability and good governance in Uganda's public sector. *Journal of Public Administration*. 49(2.1):603–621.

- Republic of South Africa. 1994. Public Service Act, 1994 (Act No. 103 of 1994). Pretoria: Government Printers
- Republic of South Africa. 1996. *Constitution of the Republic of South Africa*, 1996 (Act No. 108 of 1996). Pretoria: Government Printers.
- Republic of South Africa. 2000. Protected Disclosures Act, 2000 (Act No. 26 of 2000). Pretoria: Government Printers.
- Republic of South Africa. 2004. Prevention and Combating of Corrupt Activities Act, 2004 (Act No.12 of 2004). Pretoria: Government Printers.
- Rossouw, D. 2008. Managing ethics. In Rossouw, D., Prozesky, M., Burger, M., Du Plessis, C. and van Zyl, M. *Ethics for accountants and auditors*. Cape Town: Oxford University Press.
- Rossouw, D. and Van Vuuren, L. 2013. *Business ethics*. 5<sup>th</sup> Ed. Cape Town: Oxford University Press.
- Rossouw, D. 2014. We should be contributors to ethics – not just consumers thereof. January 2014. Available at: <https://www.tei.org.za/index.php/resources/press-releases/1628-we-should-be-contributors-to-ethics-not-consumers-thereof>. (Accessed on 10 October 2019).
- Seleka, N. 2020. Suspended sentence given to traffic cop charged with bribery, 4 March 2020. Available at: <https://www.news24.com/SouthAfrica/News/suspended-sentence-given-to-traffic-cop-charged-with-bribery-20200304>. (Accessed 15 April 2020).
- Stewart, R. 2015. A theory of change for capacity building for the use of research evidence by decision makers in Southern Africa. *Evidence and Policy*. 11(4):547–557.
- Theletsane, K.I. 2014. Ethics course in public administration curriculum. *Journal of Public Administration*. 49(1):362–374.
- Vincent, C. and Stephen, C. 2015. Local government capacity building and development: Lessons, challenges and opportunities. *Journal of Political Sciences and Public Affairs*. 3(1):1–5.
- Weaver, G.R. 2001. Ethics programs in global businesses: Culture's role in managing ethics. *Journal of Business Ethics*. 30:3–15.
- Webb, W.N. 2012. Ethical culture and the value-based approach to integrity management: A case study of the Department of Correctional Services. *Public Administration and Development*. 32:96–108.

## AUTHOR'S CONTACT DETAILS

### Mr Nhlamulo Decent Baloyi

University of South Africa (Unisa)  
Department of Public Administration and Management  
1 Preller Street  
Muckleneuk, Pretoria  
0001  
Email: [ebaloynd@unisa.ac.za](mailto:ebaloynd@unisa.ac.za)  
Tel: 012 4296181  
Cell: 084 4179 313

# Editorial policy

1. *Administratio Publica* is a quarterly journal. The aim of the journal is to promote academic scholarship in Public Administration and Management and related fields.
2. *Administratio Publica* publishes original theoretical and empirical manuscripts in Public Administration, Public Management and Public governance related fields (teaching, research and learning). This includes articles, debates, research notes, review articles and book reviews in English.
3. All articles, research notes and review articles are submitted to the Chief Editor. The Chief Editor decides whether a proposed article falls within the ambit of scholarly material and research that supports the objectives of ASSADPAM. The article is then submitted to subject specialist referees for evaluation. Normally, these referees are members of ASSADPAM. In the case of any one of two reviewers rejecting the article completely, the editorial committee considers the reports, and may appoint another independent reviewer.
4. Anonymity is maintained by omitting the name of the author and all identifying footnotes or other references in the text. Referee reports may be made available to authors but the names of the referees will be withheld. The particulars of referees will only be made known to the Department of Higher Education, for purposes of auditing the requirements as set out by the Policy for the Measurement of Research Output of Public Higher Education Institutions (Higher Education Act 101 of 1997).
5. Copyright of published material vests with ASSADPAM (Association of Southern African Schools and Departments of Public Administration and Management). Authors, however, bear full responsibility for the contents of their own contributions. Opinions expressed in the journal are those of the authors, and are not necessarily subscribed to by the Chief Editor, the editorial committee, the Editorial Board, or the Executive Committee of ASSADPAM.
6. Accepted papers will, as far as possible, be published in the sequence in which they were received. A page fee will be charged for all articles approved for publication. This fee is subject to annual adjustment.

## Presentation of manuscripts before publication

### Formatting requirements

- Typewritten on one side of the paper and language edited. A4 format; one and a half spacing with generous margins; statistics are to be presented in table format, and graphic images in boxed diagrams.
- Contributions should preferably be between 6 000–8 000 words. Contributions less than 4 500 words will be considered as viewpoints and not as full articles for subsidy purposes. Each article must be preceded by an abstract (maximum length 200 words). Abstracts should represent the contents of the article concisely.
- Title of Paper (Centre, Bold, 12pt Times New Roman/Arial, Caps), Name and Surname, Affiliation (name of university/institution), (Align left, Bold 12pt Times New Roman).
- Biographical details: Please provide full details of title, surname and initials, and first name, address, fax, cell, work number etc at the end of the references/bibliography and not under the title on the first page.
- **ABSTRACT:** (12pt Times New Roman, Title in Caps), 250 words. Do not format, shade or place in textbox or table.
- **HEADINGS:** Do not number headings in text
  - **HEADING 1** (Bold, 12pt Times New Roman, Caps)

- **Sub-heading 1.1** (Bold, 12pt Times New Roman)
- *Sub-heading 1.1.1* (Bold, Italic, 12pt Times New Roman)
- Sub-heading 1.1.1.1 (Underline, 12pt Times New Roman)
- When listing, please use bullet form.
- Please do not format or use any special style in your article.
- All tables and figures should be numbered and given a heading e.g. Table 1: Population Growth before the table is inserted. The source must be provided at the bottom of the table.
- Remember to give credit to the original authors from which the table or figure was adapted.
- References in the text: Thornhill (2012:128), (Nhlabathi and Mubangizi 2012:55), (Cloete et al. 2008:4). First time three or more authors are used, type out all the authors, thereafter et al.
- **REFERENCES:** Bibliographical particulars arranged alphabetically, no numbering and according to the simple Harvard method e.g.:
  - **Book:** Gildenhuis, J.S.H. and Knipe, A. 2000. *The Organisation of Government: An Introduction*. Pretoria: Van Schaik.
  - **Article:** Auriacombe, C.J. 2007. Deconstructing the public interest for application in South Africa. *Administratio Publica*. November 2007. 15(1):28–52.
  - **Official publication:** Public Service Commission. 2008c. Report on the Audit of Reporting Requirements and Departmental Monitoring and Evaluation Systems within National and Provincial Government. Public Service Commission. Pretoria: Government Printers.
  - **Internet reference:** Patton, M.Q. 1999. Utilization-Focused Evaluation in Africa, training lectures presented at the African Evaluation Association, 13–17 Sept. 1999. Nairobi. Kenya. Available at: [www.afrea.org/documents/document.cfm?docID=64](http://www.afrea.org/documents/document.cfm?docID=64) (Accessed on 25 March 2009).
  - **Title of acts in italics** e.g. *Public Service Act, 1994* (Act 103 of 1994) or *Public Service Act 103 of 1994*. Be consistent with the referencing.
  - **Full reference:** South Africa (Republic). 2000. *Local Government: Municipal Systems Act, 2000* (Act 32 of 2000). Pretoria: Government Printers.
- **AUTHOR'S CONTACT DETAILS:** The title, the name(s), e-mail addresses, telephone and fax numbers and postal address(es) of the author(s), to whom correspondence should be addressed.
- A separate application first page(s) should contain the proof of language editing by a qualified language practitioner, title, the name(s) e-mail addresses, telephone and fax numbers and postal address(es) of the author(s) names and to whom correspondence and the invoice for page fees should be addressed. The article is to commence on a new page in a separate file. Language editing fees will be added to the page fees if the language editing is not satisfactory.
- Two kinds of references are distinguished; notes and bibliographical particulars. Notes should be numbered consecutively and be inserted at the end of the text and not in footnotes.
- A statement should accompany all manuscripts (at the end of the document when submitting the paper) in which the author(s) state(s) that the contribution has not been published, is not being published, or is not being considered for publication elsewhere, and will not be submitted for publication elsewhere unless rejected by the Editorial Committee. The author(s) need to declare that they are willing to pay the page fee, if the article is approved for publication that the article has not been submitted to any conference proceedings, is not plagiarised and is checked on Turnitin before submission.
- Confirmation of provisional acceptance of articles will be forwarded to authors on receipt by the Chief Editor. Authors will be given notice of the outcome of peer reviews within twelve weeks of submission. It is important to know that an article submitted in the second half of the year may only be published in planned editions of the following year.









# Administratio Publica

ISSN 1015-4833