

**A STRATEGIC MANAGEMENT MODEL FOR THE
PROVISION OF HOUSING BY THE CITY OF CAPE
TOWN**

by

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DECLARATION

I, Stanford Ebraim Cronjé, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own findings and does not necessarily reflect the viewpoint of the Cape Peninsula University of Technology.

Signed

Date

ABSTRACT

Few issues in the public domain have attracted so much attention than the provision of housing to the poor. The provision of housing to the poor has always been a contentious issue, and has acquired special significance in the current political environment. This study describes, analyses and assesses attempts by central, provincial and local spheres of government to honour the constitutional provision of the right to have access to adequate housing. The study consists of an extensive review of the literature that comprises books, legislation and journal articles accessed from the Internet. In the process, a study is made of management theory, public management theory, and legislation pertaining to housing, as well as strategic management. On the basis of this study, an input/output transformational systems model is presented of how the Housing Department of the City of Cape Town can guide its management staff in achieving their strategic objectives. The model is a normative one intent on assisting managers to attain understanding of set objectives effectively and efficiently. The assumptions underlying the model emphasise that the model strives to improve performance.

Data were collected by means of a mixed approach of a questionnaire and semi-structured interviews amongst management staff in the Housing Department. The analysis of the data collected by the questionnaire was done using SPSS, with the assistance of a registered statistician. The study researched various aspects of legislative arrangements that can be utilised with a view to improving the housing delivery function. One critical aspect in the provision of housing that enjoyed attention during the semi-structured interviews is the transfer of funding for housing from the central sphere of government directly to the municipality without the provincial government acting as an intermediate.

The study concludes by advising on the feasibility of conducting further research on the increasing involvement of the City of Cape Town in eviction actions brought to Court by private individuals.

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- my late father Harden who passed away in August 2009 after a battle with cancer. I would have liked him to share this moment with me as he was always encouraging me to persevere during trying times
- my immediate family for their encouragement throughout the years

DEDICATION

This thesis is dedicated to God Almighty for giving me the strength throughout to complete this research project.

GLOSSARY OF TERMS

Quality service

Joyce (2000:31) describes quality service as the degree to which there is public satisfaction with the way a service is provided.

Service quality gap

The difference between the service a member of the public expects and what s/he customer gets (Parasuraman, Berry & Zeithaml: 1990).

Strategy

A strategy is an organisational plan of action that is intended to move an organisation toward the achievement of its short-term goals and, ultimately, toward the achievement of its fundamental purposes (Harrison, 1998:6).

Strategy analysis

This concept refers to an analysis in terms of resource awareness, environmental audits and appreciation of organisational expectations (Brown, 1996:11).

Strategic choice

Brown (1996:11) describes the concept as generating and evaluating options and then choosing from them, with a view to attaining the objectives of the organisation in the best way possible.

Strategy implementation

Harrison (1998:7) describes strategy implementation as creating the functional strategies, systems, structures, and processes that organisations need for achieving strategic ends.

Paradigm

Coetzee (1988:134) explains the term as referring to a tradition, school or style of thought and science that have concrete historical significance as well as explicit assumptions, methods and research projects.

Status

Coetzee (1988:134) describes status as standing; condition; relative position in society.

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CHAPTER 1: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Few societal problems have been so consistently on the public agenda as the housing crisis in South Africa. Although housing is a responsibility of national government, practical considerations demand that local government play a crucial role in the provision of housing. This chapter is an introduction to this study and indicates the approach to be followed in researching the phenomenon of housing provision by the City of Cape Town. The research presents a strategic management model for the provision of housing in the City of Cape Town. The research objectives relate to an explanation of the concept philosophy and management theory, as well as elucidating various theories of public management and strategic management. The research includes first, a literature search of recent, existing and available books, journals, reports, legislation, subordinate legislation, regulations, consolidated instructions, minutes of meetings, policy – and ad hoc decisions, media reports, and interviews with knowledgeable individuals and groups. Second, the research embarked on an empirical survey with questionnaires relative to a total research population, target population and a response population, followed by a professional statistical analysis by a registered statistician. Next, the results of the statistical analysis were interpreted, analysed and described textually and graphically.

1.2 BACKGROUND

Reducing the housing shortage in South Africa was one of the principal commitments made by the first democratically elected government in 1994. Since that time, the government has established a number of social housing institutions to reduce the housing backlog. Although progress was made with the supply of social housing, housing provision, according to Knight (2001:1), thus far has not honoured the promise made by the government. In this context, Knight (2001:1) asserts that previous research conducted in the field of housing has shown that the demand for social housing has been rising, and that part of the reason for this

situation is the fact that the existing government strategies for housing provision are not succeeding. The delivery of housing to the poor – anyone who needs government assistance to acquire a home - has always been one of the most challenging areas of service delivery for the City of Cape Town. Although marked progress has been made in supplying housing to people on the waiting list for people in need of social housing, the City of Cape Town is still faced with the challenge of providing houses for 400 000 families within its jurisdiction. The City of Cape Town will have to deliver 40 000 housing units per annum over the next 10 years to address this backlog (Anon, 2006). Exacerbating this situation is the monthly influx of 2000 people on average from the rural areas into the urban area (Cape Town, 2005:3).

The gap between the “haves” and the “have-nots” has largely remained unchanged, and in certain cases increased. Housing developments for the poor are still situated on the periphery, away from job opportunities and facilities. New and existing settlement areas are practically functioning in isolation with little or no integration with other land uses and transportation (Cape Town, 2005:2).

The City of Cape Town has made a concerted effort over the years to address the housing problem by adopting and implementing a particular strategy.

The current strategy for the provision of housing by the council is contained in its Integrated Human Settlement Plan. The objectives of this strategy are to:

- address the need for adequate shelter and services by significantly reducing the number of informal settlements within a period of 10 years
- address the housing needs of people not adequately housed
- provide better quality living environments in current and new settlements
- locate new settlements for poor households closer to core areas of employment, recreation, economic and transport opportunities
- create an enabling environment for the development of sustainable human settlements through participation by the private sector

- mobilise and support communities to enable them to participate in the housing development process (Cape Town, 2005: 3-4).

The current strategy emerges from research that Council had commissioned in April 2003 when it contracted the Western Cape Housing Consortium to review the approach to managing public housing (Cape Town, 2003:42). Section 26 of chapter 2 of the Constitution of the Republic of South Africa, Act 108 of 1996 entrenches the individual's right to access to adequate housing (South Africa, 1996) Given the figures of families waiting to be provided with housing, it could be argued that many people are not able to exercise their constitutional right of access to housing. The City of Cape Town has acknowledged the extent of the problem of housing provision. It has acknowledged that its "old methods of providing houses could not address the crisis" (Anon, 2006).

1.3 PROBLEM STATEMENT

The City of Cape Town has acknowledged (Anon, 2006) that its current strategy of providing sub-economic housing to its community does not address the housing shortage.

1.3.1 Sub-problems

A number of sub-problems emanate from the main problem statement. The following three sub-problems are identified in the research problem.

1.3.1.1 Sub-problem 1

The shortage of housing gives rise to the proliferation of informal settlements that constitute a threat to neighbouring communities in terms of crime, overcrowding, social disintegration, lack of provision of infrastructure, among other problems.

1.3.1.2 Sub-problem 2

There are inadequate partnerships between the City of Cape Town and community organisations and the private sector for housing provision.

1.3.1.3 Sub-problem 3

The authority provided to the City of Cape Town by legislation for the housing provision function is causing delays in the delivery process.

1.4 KEY QUESTIONS PERTAINING TO THE RESEARCH

In order to achieve the objectives of the study, the following research questions have been posed:

- What is the current housing policy of the City of Cape Town?
- What are the problems with the implementation of the current housing policy?
- How has the strategy implemented by the City of Cape Town affected the provisioning of housing?
- Which environmental factors the City of Cape Town is facing impact negatively on the provision of housing?
- What would be the elements of a strategic management model to improve for the provision of housing for the City of Cape Town?

1.5 HYPOTHESIS

In view of the research questions, the hypothesis is stated as “The City of Cape Town needs a strategic management model to address the housing shortage”.

1.6 OBJECTIVES OF THE STUDY

The following objectives have been identified for this study:

- to undertake an analysis of the current literature on philosophy, management theory, public management theory relevant to the provision of housing
- to describe a theoretical basis for strategic management
- to explain the existing legislative framework for the provision of housing within the City of Cape Town
- to propose a strategic management model for the improvement of the rate of housing provisioning.

1.7 DELIMITATION OF THE STUDY AREA

The study is confined to jurisdiction of the City of Cape Town, with the unit of analysis being middle and senior managers within the Housing Department of the City of Cape Town.

1.8 RESEARCH METHODOLOGY

The research project will comprise a literature review and an empirical survey.

1.8.1 Literature review

Neuman (2003: 96) states that a review of the accumulated knowledge about a certain phenomenon is an essential early step in the research process, regardless of the research approach that is followed. The logic behind the literature review is to find out what is already known about the subject under study.

A study was undertaken of relevant literature in the form of books, journals, legislation, reports, minutes of meetings, ad hoc policies, committee decisions, and contingency emergency rulings and decisions.

1.8.1.1 Normative criteria as found in the literature

The literature provides normative criteria for the provision of housing in the form of stipulations in legislation, such as the Constitution, the Housing Act, and Housing Code, textbooks on public administration principles, management principles and the strategic management process.

1.8.2 Empirical survey

1.8.2.1 Research population

Mouton (1996:134) states that the research population comprises a universe, target population and a sample population. He defines the “universe” as the total number of individuals the researcher is interested in studying. The research is

confined to the jurisdiction of the Housing Department of the City of Cape Town. As a consequence, the universe comprises the staff employed within the Housing Department of the City of Cape Town. Target population is described by Mouton (1996:135) as the population to which one wants to generalise. The research wants to generalise about management staff within the housing department, which classifies that category of staff as the target population. Mouton (1996:135) explains that a sample selecting only some of the elements in the population. The sample for this research comprises all management staff within the Housing Department of the City of Cape Town, which sample comprised 18 people.

1.8.2.2 Data collection

Data were collected by means of a combination of quantitative and qualitative methods.

- Ethical considerations

In this research project permission was granted by the City Manager of the City of Cape Town to conduct the research, with the undertaking that all information collected will be treated in the utmost confidence, and that the municipality will be informed of the results of the study as well as the recommendations for the way forward. All respondents were assured of confidentiality and anonymity. It was further stressed that their co-operation is absolutely voluntary and that they could withdraw from the study if they feel uncomfortable with their involvement.

1.8.2.3 Statistical analysis

The statements and rating scale on the questionnaire were encoded, and the data analysed by means of a statistical package in conjunction with a registered statistician in the Research Department of the Cape Peninsula University of Technology.

1.8.3 Presentation and articulation of the research findings

The research findings are presented in the form of tables and graphs, accompanied by a brief explanation of the relationship with the selected normative criteria found in the literature. In addition to producing a report on the research findings to be made available to the City of Cape Town where the research was conducted, a number of articles on various aspects of the research will be generated for publication in national accredited journals, as well as presentations at conferences.

1.9 SUMMARY

This chapter provides a background to the study, a problem statement, various sub-problems, key questions, study objectives demarcating the study area, as well as the particular research methodology followed. The next chapter will explain the role of philosophy in the social sciences relative to a strategic management model for the provision of housing by the City of Cape Town.

CHAPTER 2: THE ROLE OF PHILOSOPHY IN THE SOCIAL SCIENCES

2.1 INTRODUCTION

The previous chapter introduced the research problem of housing delivery within the City of Cape Town, and how the problem will be investigated. This chapter explains the role of philosophy in the social sciences.

Ferreira (1996:45) describes the meaning of the word “philosophy” as “the pursuit of wisdom”. Explaining that the early philosophers regarded all knowledge as their responsibility, Ferreira (1996: 46) states that the philosophers aimed to describe and explain developments around them and give advice on matters relating to social and personal conduct. Copi (1969:286) in Ferreira (1996:46) described the essence of philosophy as systematic reflection upon experience with a view to attaining a rational and comprehensive understanding of the universe and the human’s place in it.

Ferreira (1996:47) further states that the social sciences tend to revisit their philosophical bases during times of crisis when established methods seem to lose some of the unqualified confidence they used to enjoy. When such a loss of confidence is experienced in principles that were previously unquestioned, researchers are prepared to reconsider the philosophical bases of their disciplines. Citing Hughes (1987:13), Ferreira (1996: 47) explains that philosophy aims to eliminate obstacles in the pursuit of knowledge. Copi (1969:286), in Ferreira (1996:47), supports the view that philosophy is primarily concerned with the development of human knowledge into logically integrated systems. In order to understand the study of management, it is useful to investigate its philosophical base.

2.2 A PHILOSOPHICAL BASE FOR MANAGEMENT

Robbins (2000:364) states that providing a philosophical perspective to management has assisted managers to view organisations in new ways.

Philosophers are asking managers to revisit their opinions by exposing them to critical theory on labour relations, cultures and values in the work environment (Robbins, 2000:365). The relevance that philosophy can have for management is found in the fact that philosophy is concerned with “the pursuit of wisdom”. Since managers in the modern era can be very powerful leaders, the old ideal that power should always be linked to wisdom becomes relevant to the realm of management (Koslowski, 2007:1). Broodryk (2005:11) contends that philosophy in the world of management is about making sense of a process, or existing practices. Koslowski (2007:1) further asserts that philosophy and management must have something in common to be reconcilable. This common ground relates to the fact that they both deal with human action, the quality of goal achievement and with the need for the coordination of human actions. Kowlowski (2007:2) asserts that the interaction between philosophy and management includes the field of management theory. Given this statement, an explanation of the philosophical base for management, in accordance with the underlying meaning of philosophy as the pursuit of knowledge or wisdom, thus requires an investigation into the theories of management.

Reflecting on the theories of management, Stoner (1986:27) states that theories and principles of management simplify the task of deciding what should be done in order to function effectively as managers. Without theories there is a reliance on intuition and hope, which are of limited use in a complex environment in which most organisations operate. However, since there is no general theory or set of laws for Management that can be applied to all situations, practitioners are faced with a variety of ways of approaching organisations, their activities, and the people in such organisations. In the absence of a universally accepted management theory, practitioners must familiarise themselves with the major theories that exist.

Stoner (1986:27) suggests that practitioners focus on major schools of thought that are depicted as different phases in the development of the study field of Management.

2.2.1 Approaches to the development of management

This section examines the development of management from the perspective of five schools of management thought, namely the classical school, the behavioural school, the management science school, the systems approach, and the contingency approach (Stoner, 1986:27; Meyer, Ashleigh, George & Jones, 2004:34; Cole, 2004:4 - 5).

2.2.1.1 The Classical School

FW Taylor and Fayol are considered as among the greatest exponents of classical management theories. The structure and activities of the formal organisation were the primary concern of the classical approach to Management (Cole, 2004:4).

FW Taylor and Scientific Management

The need to increase productivity (Stoner, 1986:28) led to FW Taylor defining a set of four principles known as “scientific management” (Meyer et al. 2004:36). These principles were designed to increase efficiency in the workplace.

Principle 1: Study the way workers perform their tasks, gather all the informal job knowledge that workers possess, and experiment with ways of improving how tasks are performed.

Using time – and – motion study, Taylor studied the ways workers performed their tasks. He would then experiment to increase specialisation.

Principle 2: Codify the new method of performing tasks into written rules and standard operating procedures.

The best way of performing a task should be recorded in order for the procedure to be taught to workers performing the same task.

Principle 3: Carefully select workers who possess the skills and abilities that match the need of the task, and train them to perform the task according to the established rules and procedures.

Workers had to understand the task required of them and be continually trained in order to increase specialisation.

Principle 4: Establish a fair level of performance for a task, and then develop a pay system that provides a reward for performance above the acceptable level.

Workers needed to be rewarded if they reveal a more efficient technique for performing a task. Incentives should be provided for this purpose.

Meyer et al. (2004:37) state that Taylor's system was faithfully practised on a wide scale, but that managers generally abused the implementation of scientific management. Rather than sharing increases in performance with workers in the form of bonuses, managers tended to increase the workload of individual workers, resulting in fewer jobs through specialisation. Specialisation also led to more monotonous, repetitive jobs resulting in workers becoming dissatisfied with their work. The principles of scientific management are relevant to the research question of what should be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

Henri Fayol and Classical Organisation Theory

This school of thought evolved from the need to find guidelines for managing complex organisations (Stoner, 1986:33). Meyer et al. (2004:41) assert that Fayol identified 14 principles of management that he considered essential to increase the efficiency of the management process. These principles are briefly explained:

- Division of labour

Fayol advocated the idea of job specialisation, but cautioned against too much specialisation

- Authority and responsibility

Fayol acknowledged informal authority that results from personal expertise, technical knowledge and moral worth.

- Unity of command

This principle states that an employee should receive orders and report to only one supervisor. A situation where a worker receives instructions from, and reports to, more than one supervisor could lead to confusion and should be avoided.

- Line of authority

The line of authority refers to the chain of command that extends from the top of the organisation to the bottom. Fayol points out the importance of limiting the length of the chain of command by controlling the number of levels in the organisational hierarchy. He indicates that the more levels in the hierarchy, the more complex the communication between managers becomes.

- Centralisation

Focusing on the concentration of authority within the hierarchy of the organisation, Fayol was of the opinion that authority should not be concentrated at the top of the chain of command, but rather be decentralised to middle managers who would be able to respond to problems as and when they occur.

- Unity of direction

An organisation should have a single plan that guides managers and workers in pursuing organisational goals.

- Equity

All workers should be treated with respect and justice.

- Order

Positions within the organisation should be arranged with a view to providing employees with career opportunities that will satisfy their needs. Fayol recommended the use of organisational charts that indicate the position and duties of employees, and that facilitates career planning.

- Initiative

Employees should be allowed to exercise the ability to act and react on their own without the intervention of the supervisor. This could lead to creativity and innovation.

- Discipline

Focusing on obedience and respect for a supervisor's authority, Fayol emphasised that discipline results in respectful relations between organisational members and the manager's ability to act fairly and equitably.

- Remuneration of personnel

Fayol believed that effective reward systems should be equitable, encouraging productivity by rewarding effort, and be uniformly applied to employees.

- Stability of tenure of personnel

Employees that stay with an organisation for a long time develop skills that are advantageous to the organisation's ability to attain its goals (Meyer et al. 2004:40)

- Subordination of individual interests to the common interest

If the organisation is to survive in a competitive environment, the interests of the organisation should enjoy preference to the interest of the individual or group.

This requires that employees be treated fairly, be rewarded for their performance, and the disciplined organisational relationship be maintained.

- Esprit de corps

A key requirement in a successful organisation is the development of a shared feeling of comradeship among members of a group. Such a relationship can result when managers encourage contact between workers and managers to solve problems and implement solutions. The 14 principles for managing complex organisations are relevant to the research question of what would be the elements of a strategic management model to improve the provision of housing by the City of Cape Town. (Meyer et al. 2004:41)

The influence of Bureaucracy on Management Theory

Alongside Fayol's model of managerial activities, a German Sociologist, Max Weber, developed the theory of bureaucracy. Meyer et al. (2004:39) state that bureaucracy is a "formal system of organisation and administration designed to ensure efficiency and effectiveness. Cole (2004: 26) asserts that the main features of Weber's bureaucracy are:

- organisation of functions according to rules
- clearly identified spheres of competence
- a hierarchical arrangement of jobs, where one level is subject to the next higher level
- appointment of office is based on technical competence
- officials are separated from the ownership of the organisation
- job holders have no right to a particular position as official positions exist in their own right
- rules, decisions and actions are formulated and recorded in writing.

The result of the features of bureaucracy is that the authority of officials is subject to recorded rules and practices of the organisation. Such authority is thus legitimate, not arbitrary. Weber believed that this legitimate authority made the

bureaucratic organisation capable of attaining the highest degree of efficiency. Meyer et al. (2004:41) state that Weber believed that organisations that implemented all the features would establish a bureaucratic system that would improve organisational performance. Cole (2004:26) further states that Weber was of the opinion that bureaucracy was especially suitable for large organisations. Since the City of Cape Town is a large organisation, Weber's features of a bureaucracy are relevant to the research question of what should be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

The Behavioural School

This school of thought engaged in the study of how managers should behave to motivate workers and encourage them to perform at high levels with a view to achieving the goals of the organisation. This school of thought criticised the scientific approach for overlooking the various ways in which employees can contribute to the organisation when allowed to participate and exercise initiative in their work (Meyer, et al. 2004:46). Cole (2004:30) refers to this school of thought, appropriately, as Motivation Theories. Explaining that the aim of human motivation studies is essentially to determine what causes and sustains human behaviour, Cole (2004:30) further describes motivation as the processes by which people attempt to satisfy basic drives, perceived needs and personal goals which trigger human behaviour. Some of the important studies pertaining to motivation are briefly discussed below.

The Hawthorne Studies

The research attempted to investigate how characteristics of the work environment, in particular the level of lighting, affected worker fatigue and performance. It was found that the level of productivity increased even when the lighting was low. The resultant conclusion was that there are other factors that influence the behaviour of workers. The effect, known as the Hawthorne effect, appeared to indicate that workers' attitudes towards their managers affected their

level of performance. The significant finding was that the manager's personal behaviour or leadership approach can influence the worker's performance. Cole (2004:32) states that the conclusions of the Hawthorne studies gave rise to the importance of human relations. Cole (2004:34) further states that the main conclusions of the Hawthorne studies are:

- individual workers cannot be treated in isolation, but should be seen as a group
- the need to belong to, and have status in, a group is more important than monetary incentives or good working conditions
- the informal group at work exercises a strong influence over the behaviour of workers
- supervisors and managers should be aware of the social need and cater for them to ensure that workers collaborate with the organisation instead of working against it.

Theory X and Theory Y

Douglas McGregor suggested two sets of assumptions about work attitudes and behaviour that determine the way managers think and behave in organisations. Naming the two sets of assumptions Theory X and Theory Y, McGregor contrasted the assumptions as follows:

Table 2.1: McGregor's assumptions

Theory X	Theory Y
The average worker is lazy, does not like work and will attempt to do as little as possible	Employees are not inherently lazy: they will do what is good for the organisation if given the chance
Managers should supervise workers closely to ensure that they work hard	Managers should create a work environment that provides opportunities for employees to exercise initiative
Manager should establish strict rules and implement a system of rewards and punishment to control employees	Managers should decentralise authority to employees and ensure they have the resources necessary to achieve organisational goals

Maslow's Hierarchy of Needs

Maslow's study of motivation culminated in a theory of needs based on a hierarchy, with the most basic needs at the bottom and the higher needs at the top. Maslow depicted the needs as follows:

Table 2.2: Maslow's Hierarchy of Needs

Self-actualisation Needs
Esteem Needs
Love Needs
Safety Needs
Physiological Needs

Maslow's reasoning was that people tend to satisfy their needs systematically, starting with the most basic needs and moving up the hierarchy. A particular group of needs will dominate the person's behaviour until it is satisfied. This theory provided a framework for managers regarding the needs that people may experience at work and how their motivation could be met (Cole, 2004:34).

Herzberg's Motivation – Hygiene Theory

Herzberg's studies attempted to investigate which factors in the work environment give rise to satisfaction, and which factors led to dissatisfaction amongst workers. Factors leading to satisfaction were called "motivators", while those leading to dissatisfaction were called "hygiene factors". The following were regarded as the most important "motivators":

- achievement
- recognition
- work itself
- responsibility
- advancement

Herzberg emphasised that these factors were related to the content of the work.

The most important “hygiene factors” were:

- organisational policy
- the technical aspects of supervision
- salary
- interpersonal relations
- working conditions

These factors, Herzberg noted, related more to the context of the work than the content. The important difference between these two sets of factors is that hygiene factors are necessary to prevent dissatisfaction, but alone do not bring satisfaction. The motivators are needed to bring satisfaction (Cole, 2004:34).

If related to the early theories, it is clear that both Taylor and Mayo prescribed to the hygiene factors in emphasizing principles for the organisation. The Behavioural School studies how management should behave to motivate workers to perform at high levels. Since performing at high levels is a requirement in the provision of housing, the studies pertaining to motivation are relevant to the research question of what should be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

The Management Science School

Lussier (2003: 33) states that management science deals with the use of mathematics as an aid in problem solving and decision making. The increased use of computers has also given rise to managers making more use of quantitative methods. Management science places more emphasis on decision making and technical skills. Meyer et al. (2004: 53) assert that the various branches of management science use different approaches to develop tools and techniques. They identify the following branches of management science that deal with specific concerns:

- quantitative management uses mathematical techniques in helping managers in the decision making process
- operations management offers a set of techniques managers can use to analyse the production process
- management information systems assist managers in designing systems that provide information on matters of importance to the organisation
- soft systems approaches adopt a system view to help management deal with the human aspect of organisations.

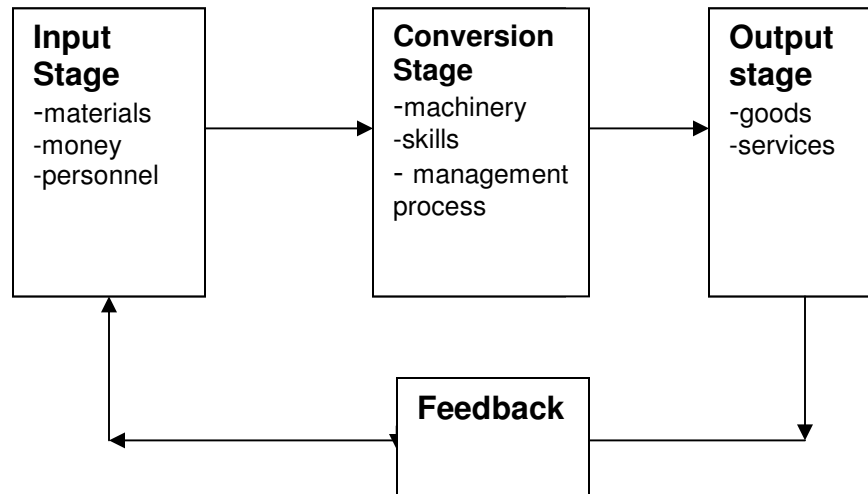
Lussier (2003:33) emphasises that the management science school places particular emphasis on decision making skills and technical skills. The approach is to make use of models through which a team of experts are able to present management with a rational foundation for making a decision (Stoner, 1986: 42). The fact that the Management Science School emphasises decision making as a critical requirement, and that decision making is a key function of managers within the Housing Department, the branches of management science are relevant to the research question of what should be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

The Systems Approach

Proponents of this school have their focus on viewing the organisation as a whole, and as the interrelationship of its parts (Lussier, 2003:33). They are interested in how managers control the relationship of the organisation with its external environment (Meyer, et al. 2004:51). The organisation is viewed as an open system. It takes resources out of the environment and transforms them into useful services that are returned to the environment for use by the customers. The process is schematically illustrated in Figure 1.

Figure 2.1: The Systems Approach

ENVIRONMENT



(Source: Meyer, et al. 2004:52)

Lussier (2003:34) asserts that the systems approach views the organisation as an open system because it is affected by what happens in the environment that surrounds it, namely the external environment. For example, organisations are affected by laws that determine what organisations may and may not do. The systems approach allow researchers the opportunity to find out how the various parts of the organisation operate in relation to one another with a view to promoting efficiency and effectiveness in the workplace. The City of Cape Town as a public organisation is affected by what happens in the environment, especially the political environment. The teachings of the systems approach regarding the impact of the environment are thus relevant to the research question of what should be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

The Contingency School

Theorists in this school of thought are interested in “the one best management approach for a given situation” (Lussier, 2003:34). Meyer, et al. (2004:54) state that the main message of the contingency theory is that there is no one best way of doing things in management. Stoner (1986:46) explains it succinctly in stating that according to the contingency approach “...the task of managers is to identify which technique will, in a particular situation, under particular circumstances, and at a particular time, best contribute to the attainment of management goals”. The fact that the given Housing Department has to deal with different situations from time to time, makes the contingency approach relevant to the research question of what should be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

2.2.1.2 Contemporary Management Theory

Keuning (1998:57) identifies nine areas of management theory in addition to the founding schools of management theory. A brief explanation of these theories is given below.

Structure theory

Organisations apply various criteria to effect the division of work, the grouping of tasks and the design of functions. Keuning (1998:310) states that two principles should be borne in mind when structuring tasks and designing functions. First, attaining a fair day’s work for employing both workers and resources. Second, attaining a worthwhile package in using the capabilities of workers to perform tasks satisfactorily. Structure theory further attempts to promote job satisfaction through the employment of job enlargement, job enrichment and job rotation. Job enlargement, according to Keuning (1998:317) is when the employee performs a bigger part of the actions needed to complete a task, providing the employee with more insight into the task. Robbins and Coulter (2003:434) describe job enlargement as the expansion of a job horizontally through increasing the number of different tasks required in a job. Job enrichment is the addition of

higher order tasks, coupled with responsibility and authority that go with the task (Keuning, 1998:317). Increasing the degree of control employees have over their work, or job depth, is how Robbins and Coulter (2003: 434) describe job enrichment. Job rotation, called job *roulation* by Keuning (1998:318) is the utilization of workers on different tasks according to a fixed scheme, thereby increasing their insight into the total process.

Revisionism

Keuning (1998:58) asserts that the Revisionism school of thought has prioritised internal democracy and humanisation of work as mechanisms for dealing with problems of organisational design and leadership style. As a consequence, "...people and the organisation" serve as the focus of problem formulation (Keuning, 1998:58). It includes the methods of task enlargement, task enrichment and task rotation as advocated by the structure theory, but expands its area of application by including the development of a new, more appropriate leadership style (Keuning, 1998:58). In this regard, Keuning (1998:463) proposes the situational style as the most appropriate leadership style. The situational leadership style is based on the premise that the leadership style that is selected is dependent on the role the manager performs in professional life (Keuning, 1998:463).

Decision Making theory

The direction an organisation intends following is essentially determined through decision making, which is more than just a task. It is a process, and a complex process as well (Keuning, 1998:153; Robbins and Coulter, 2003:150; Meyer, Ashleigh, George and Jones, 2007:207). The importance of decision making is further stressed by Keuning (1998:153) where he states that it represents the starting point for any manager whom wishes to solve problems that occur in the work environment. This is the strong point of the decision making theory of management; this is where any process for achieving organisational objectives start. Any other considerations follow thereafter. The complexity of the process is

illustrated by the many – eight – steps required to complete the process (Robbins & Coulter, 2003:150), namely identifying a problem, identifying decision criteria, allocating weights to the criteria, developing alternatives, analysing alternatives, selecting an alternative, and evaluating decision effectiveness.

Communication and information theory

This part of management theory stresses the importance of communication and information (Keuning, 1998:59). Communication and information permeate every area of the manager's job, according to Robbins and Coulter (2003:282). They assert that everything a manager does involves communication; a manager cannot make a decision without information, which information has to be communicated. Meyer, et al. (2004:528) remind of another important dimension in management when stating that managers should always realise "...that people are at the centre stage of effective communication."

Systems theory

Operating by regarding organisations as "systems that are in interaction with their surrounding environment", Keuning (1998:59) states that the systems theory approach calls for a focus "... on the relationships of the constituent parts of the organisation and for control processes in the context of the whole organisation". Robbins and Coulter (2003:13) state that the systems theory to management implies that the job of a manager is to be aware of the various work activities of the various parts of the organisation and to attempt to harmonise the work of the interdependent parts in order to achieve the objectives of the organisation. Critical to every manager's understanding is the fact that a decision taken in one area of organisational activity will have an effect on other areas. This is referred to as the "interdependency characteristic of systems" (Robbins and Coulter, 2003:14).

Strategy theory

Keuning (1998:59) asserts that the strategy theory uses the systems theory as a basis as it focuses on the relationship between the organisation and the environment with which it is in constant interaction. The central theme of strategy theory is how the organisation strives for survival, self-preservation or continuity in a complex environment that is continuously changing. Robbins and Coulter (2003:198) describe strategic thorny as strategic management which comprises those managerial decisions that determine the performance of an organisation in the long term. Keuning (1998:192) further states that strategic management focuses on both the external and internal environment, and requires of management to maintain and develop the capabilities of the organisation necessary to effect needed change. Strategic management thus places certain demands on the organisation if it wants to take advantage of the opportunities offered by the environment.

Environment theory

Keuning (1998:60) explains that the proponents of environment theory attempt to create models by means of which events in the external environment can be observed and can become manageable. Keuning (1998:95) further states that environment theory concerns the fact that an organisation has to interact with stakeholders or interest groups and various situations in its quest to achieve its objectives. The external environment is regarded as the determining factor in what organisations are able to do in striving to achieve their objectives.

Management and organisation theory

Keuning (1998:60) stresses that although human behaviour is divided into different areas of study – such as psychology and sociology – human behaviour should be seen as a whole. Management and organisation theory emphasises the importance of relating the various aspects of a problem to each other. A manager should thus not emphasize one aspect of a problem at the cost of another in making decisions. The elements of the contingency theory include

division of work, internal democracy and humanisation, decision making, communication and the human which are also requirements for housing provision. The principles of the contingency theory are thus relevant to the research question of what would be the elements of a strategic management model to improve the provision of housing by the City of Cape Town.

2.3 SUMMARY

This chapter shows that management theory has evolved through various schools of thought, from the classical era to the contemporary era of management. The important issue for managers that this evolution of management theory poses is that it affects the manner in which their organisations are managed. Dessler (2002:16) asserts that factors such as technological change, deregulation, political instability, and trends towards the information age have dramatically changed the manner in which organisations are currently operating. Organisations need to be efficient, responsive, flexible and able to react to rapidly changing environments if they want to achieve their objectives. The classical school of management theory emphasises the principles of management which managers should observe at all times. They lay the foundation for ensuring that organisational objectives are achieved, if properly implemented. The contemporary theories of management emphasise the need for organisations to remain competitive in an environment that is continually changing. Managers have to be conversant with both the fundamental principles of management theory as well as contemporary management challenges.

The next chapter provides a theoretical perspective of Public Administration in South Africa.

CHAPTER 3: A THEORETICAL PERSPECTIVE OF PUBLIC ADMINISTRATION IN SOUTH AFRICA

3.1 INTRODUCTION

The previous chapter explained the role of philosophy in the social sciences. This chapter deals with the path that Public Administration has followed in its development within the South African higher education system.

Public Administration as a course of study at South African institutions of higher learning has a proud history. Although traditional universities have made the major contribution to the development of the discipline, it is interesting to note that Public Administration as a discipline is currently offered at all types of institutions of higher learning in South Africa, namely traditional universities, universities of technology, and colleges for further education and training.

3.2 THE TERM “PARADIGM”

Vos, Strydom, Fouché and Delpont (2005:40) explain paradigm as referring to a tradition, a school or style of science that has concrete historical significance as well as explicit assumptions, methods and research projects. This study wishes to use this context in describing the paradigmatic status of Public Administration as it relates to the provision of housing by the City of Cape Town.

Cloete and Wissink (2000:25) assert that it is customary to explain everyday science within an analytical framework of a paradigm, which represents a set of definitions to explain the various phenomena and manifestations. They further state that there is a certain dynamic to a paradigm in that research results within the field have to be explained and analysed in terms of that paradigm, failure which would lead to certain anomalies arising. If these anomalies increase and cannot be explained in terms of the existing paradigm, the existing paradigm is considered out of date, and a new paradigm has to be found.

This is particularly relevant to strategic management for the provision of housing by the City of Cape Town.

3.3 THE TERM “STATUS”

Status is defined as standing; condition; relative position in society. In view of the definition of the term paradigm given above, the paradigmatic status of Public Administration thus is concerned with assessing the standing of the discipline in the teaching and academic fraternity (Coetzee, 1988:134).

3.4 THE DEVELOPMENT OF PUBLIC ADMINISTRATION IN SOUTH AFRICA

Ferreira (1996:56) classifies the development of Public Administration in South Africa into three phases, namely the generic approach, the systems approach, and the Public Management approach. This study will use Ferreira’s classification as a framework for discussion in view of the fact that there has not been any notable movement towards a new paradigm for Public Administration in South Africa since Ferreira’s research.

3.4.1 The generic approach

Du Plessis (1988:55) honours JJN Cloete as the pioneer of Public Administration in South Africa in stating that the subject was relatively unknown as an academic discipline or science until the publication of Cloete’s first book in 1967 titled *Inleiding tot die Publieke Adminisrasie*. Hanekom and Thornhill (1983:35) state that Cloete proposed an analytical framework for Public Administration. Cloete proposed the framework after he identified a connection between the administrative processes identified by numerous contemporary authors, which could serve as the subject matter of Public Administration. Botes (1988:124) asserts that Cloete propounded the following paradigm in 1967:

- policy and policy-making
- organising
- financing

- personnel provision and utilisation
- methods and procedures
- control

Botes (1988:125) further states that this paradigm had been widely used by most South African universities. Cloete (1986:2) identified three categories of activities that constitute administration, namely administrative activities, functional activities, and auxiliary activities.

Table 3.1: Cloete’s categories of activities

Administrative activities	Functional activities	Auxiliary activities
Policy-making Financing Organising Staffing Determining and improving work procedures Controlling	For example: Provision of housing Nursing patients Providing welfare Educating students	Data-processing Undertaking public opinion surveys Research Decision-making

Cloete explained that administration takes place in every situation where people work together to accomplish a particular objective. Administration consists of a wide group of activities that are needed to attain the objective, which group is divided into three categories, namely the administrative activities, the functional activities, and the auxiliary activities. The administrative activities, also called “generic processes”, consist of six activities as indicated in the table above. In attempting to reach an objective (functional activity), each of the administrative activities must be applied, failure which will lead to non-attainment of the objective. For example, if the financing activity is not considered in performing a particular function such as housing provision, the function would not materialise as money is needed to buy materials to build the houses and pay people that are

building the houses. The generic processes are thus mutually inclusive. The reality thus is that the generic processes can be distinguished from each other, but not separated from each other. The category of auxiliary functions is also needed in that decisions need to be taken on a regular basis to ensure smooth performance of the various activities involved in the provision of housing. The relationship amongst the three categories of processes is that the generic administrative processes need to be considered in conjunction with the functional activity and the auxiliary activities. For example, financing cannot be considered without considering the functional activity, such as housing in the example already given. Financing only makes sense if it is connected to a functional activity, such as financing for housing, as well as decisions that need to be taken on a regular basis on the functional activity (Coetzee, 1988:145).

3.4.1.1 Critique of the generic approach to Public Administration

Ferreira (1996:58) provides some points of critique to Cloete's generic approach as expounded by Marais (1988:170 – 189) by referring to the fact that Cloete does not provide a definition of administration but merely a description, that most lecturers in Public Administration were former students of Cloete, that the process approach had been largely abandoned overseas, and that Cloete reduces Public Administration to administration. These points of criticism are worth noting, and should be seen as part of the dynamism of the paradigmatic development of a discipline which is underlined by the observation made by Botes (1988:121) which states that "if constant research results cannot be explained in terms of the accepted paradigm, that paradigm is replaced by a new paradigm".

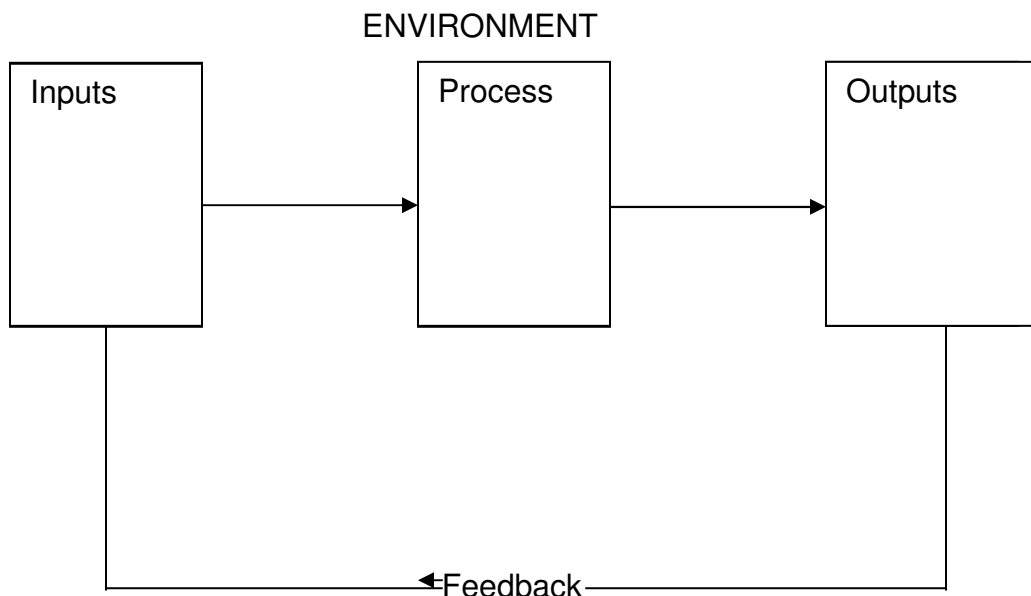
3.4.2 The systems approach

Ferreira (1996:59) explains that, in an attempt to find an alternative to the generic approach by Cloete, Schwella (1985:39) proposes the systems approach. Schwella's challenge to Cloete's approach was in proposing a conceptual model that provides a wider meaning to the term public administration (Bain, 1993:64).

This model presents public administration as a ‘societal subsystem’, but with the difference that public management is now included as a component of public administration. Ferreira (1996:61) maintains that Schwella supported the reintroduction of the terms “management” and “public management” in the discipline and practice of South African Public Administration as these terms had been used in the South African academic literature before, and are still in use in international literature on Public Administration.

Ferreira (1996:62) further states that Schwella was convinced that a definite need existed for a model where the terms “public management” and “public administration” could be accommodated. The basic systems model as expounded by Schwella is depicted below:

Figure 3.1: The Systems Model



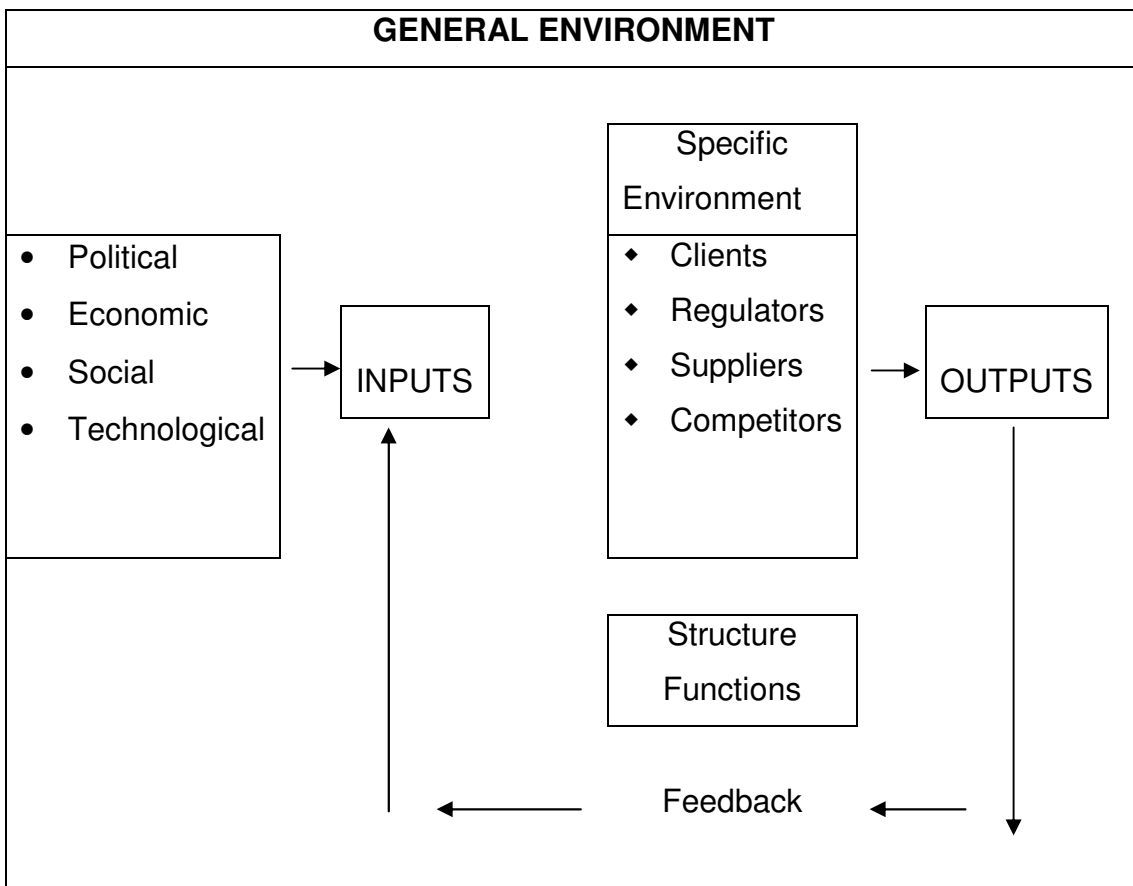
Schwella (1985:48)

The open system receives inputs from the environment, transforms them into outputs through operations, and receives feedback from the environment regarding its success. Schwella further explains that the inverse is the largest system, and all other systems in the universe comprise sub-systems of the larger

system. He explains that the practice of public administration in general is concerned with the execution of programmes of government. Within a systems perspective, public administration constitutes a system of the broader society created to fulfil the needs of society through government goals and objectives. In this regard the subsystem of public administration comprises structures and functions that use inputs from the environment, transfers them into outputs in the form of services, and receives feedback from the environment as to the success of these services in fulfilling the needs of society.

Schwella further asserts that the environment comprises general and specific parts. The general part comprises the political, the economic, the social, and the technological environment. The specific environment comprises the components represented by the client, the supplier, the competitor, and the regulator.

Figure 3.2: The Environment



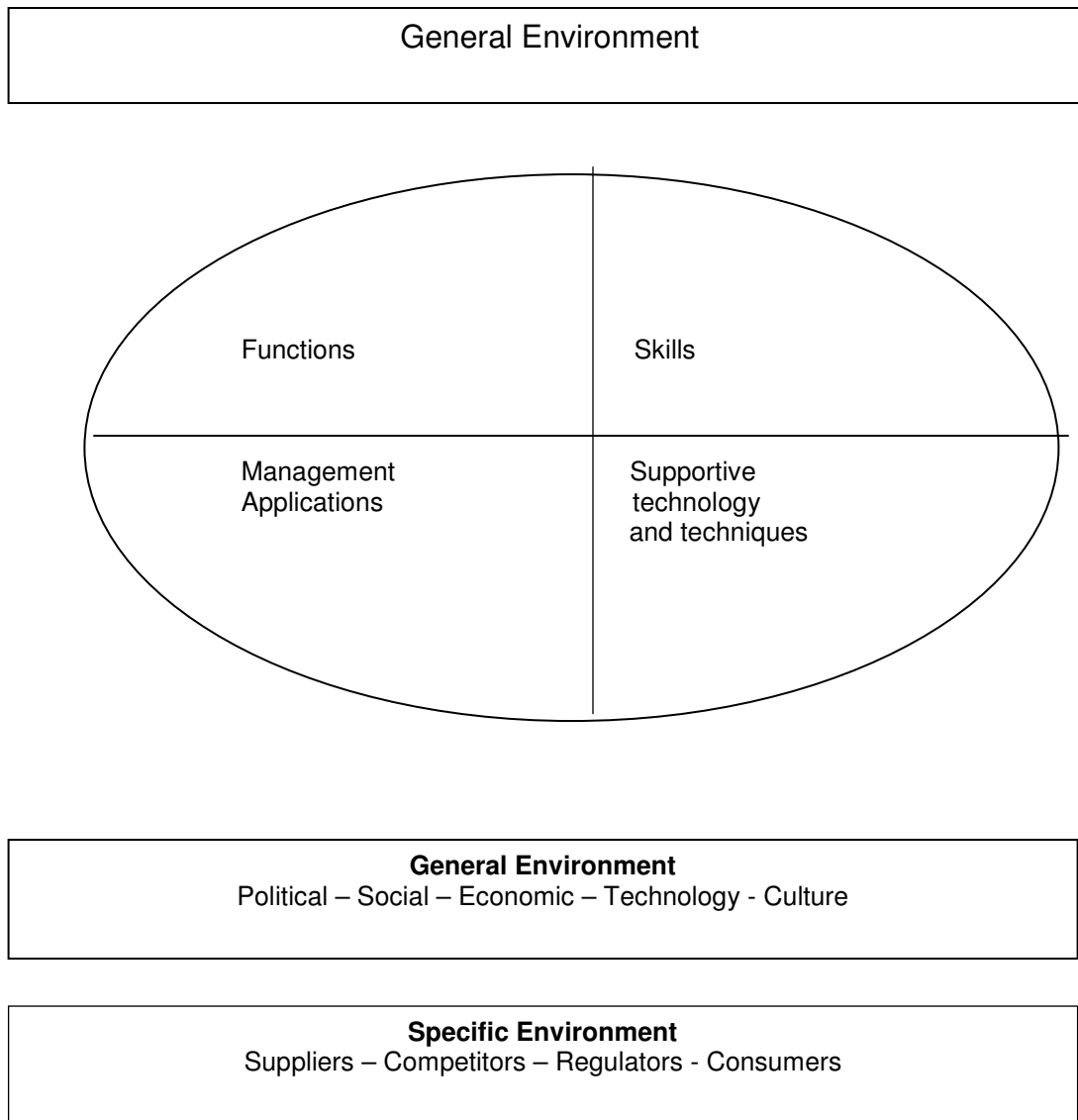
The above represents a conceptual model for public administration as a societal subsystem. Schwella (1985:47) suggests that the term “public administration” should be used to refer to the societal subsystem as illustrated above. Schwella’s model proposes that Public Administration as an academic discipline focuses on the structure, functions and interrelationships between the elements contained in the conceptual model, including the facets of the environment applicable in a given situation. Schwella (1985:48) views the systems approach as a model that will open the way to further development of the Public Administration discipline. In this regard Bain (1993:65) adds that Schwella’s proposal to reintroduce the term “management” into the vocabulary of Public Administration is indicative of the concern over academic thought on public administration.

The most revered quality of the systems approach is that it broke away from the bureaucratic paradigm and assisted in reorienting current administrative thinking to non-bureaucratic administrative systems. It is acknowledged that the systems approach is not beyond reproach. What is important, according to Bain (1993:66), is that the proposed changes could influence contemporary thoughts on the discipline of Public Administration. This could contribute to a situation where the discipline remains relevant in dealing with public sector challenges.

3.4.3 The public management approach

Ferreira (1996:64) maintains that Fox was the chief exponent of the public management approach in describing public administration as a system of structures and processes, operating within a particular society as environment, with the objective of facilitating the formulation of appropriate governmental policy, and the efficient execution of the formulated policy. The approach advocated by Fox is depicted in Figure 4

Figure 3.3: The Public Management Approach



Functions	Skills	Applications
<ul style="list-style-type: none"> ♦ Policy-making ♦ Planning ♦ Organising ♦ Leading ♦ Control and evaluation 	<ul style="list-style-type: none"> ♦ Decision-making ♦ Communication ♦ Management of change ♦ Management of conflict ♦ Negotiation 	<ul style="list-style-type: none"> ♦ Policy analysis ♦ Strategic management ♦ Organisation development
		SUPPORTIVE TECHNOLOGY AND TECHNIQUES
		Computer technology and information management Techniques for public management

Ferreira (1996:64)

The model by Fox shares a common element with Schwella's open systems approach, namely the environment. The model uses the general environment as the key point of reasoning. It explains the general environment as consisting of sub-environments such as the political, economic, social and technological. The specific environment occurs within the general environment and comprises suppliers, competitors, regulators and consumers. Ferreira (1996:59) states that the interaction between the general environment and specific environment components is regulated by certain functions, skills and applications. Fox identifies five enabling processes that can act as a mechanism for goal achievement, namely policy-making, planning, organising, leadership and motivation, and control and evaluation.

3.5 SUMMARY

This chapter shows that Public Administration as a discipline in South Africa has experienced a paradigm shift from the generic approach to public administration to a public management approach. From being a course of study traditionally offered at universities, the discipline has grown to one that is currently offered at all types of institutions of higher learning. The chapter concludes that Fox's model of public management places much emphasis on the environment, which makes it suitable for this research project, which places particular importance on the analysis of the environment in designing a particular strategy for the provision of housing.

CHAPTER 4: A THEORETICAL BASIS FOR STRATEGIC MANAGEMENT

4.1 INTRODUCTION

This chapter discusses the concept of strategic management, as well as the strategic management process in general, with special reference to considerations that demand a different approach to the application of the process in the public sector.

4.2 DEFINING THE CONCEPT

The concept “strategic management” appears to be easily understood to be merely the application of management principles to a selected strategy. It could, however, also be interpreted as a particular way of applying the management principles. From the legion definitions of the concept, it appears that strategic management represents a multitude of constructs that need to be investigated in order to fully comprehend the framework within which the process takes place.

Pitts and Lei (2003:11) describe the strategic management process as “... a management process designed to achieve a firm’s vision and mission... It consists of four major steps: analysis, formulation, implementation, and adjustment/evaluation”. Sanchez and Heene (2004:4) contend that “...strategic management refers to management processes that are concerned with two major tasks:

- (i) Defining the goals of the organisation for value creation and distribution.
- (ii) Designing the manner in which the organisation will be composed, structured, and coordinated in pursuing its goals for value creation and distribution”.

Fitzroy and Hulbert (2005:6) assert that “Strategic management involves creating organisations that generate value in a turbulent world over a sustained period of

time”. Genus (1995:5) states that “the practice of strategic management may be said to refer to:

- the scope and long-term direction of an organisation’s activities
- the fit between an organisation’s scope and direction, its internal resources and its external environment
- the values, expectations or ethical positions of individuals or groups within the organisation, or of stakeholders to the organisation
- the uncertainty and complexity posed by the above.

From the above definitions it can be concluded that strategic management as a process is more than a mechanical execution of loose standing functions. It comprises a myriad of mutually inclusive activities that are value-laden and geared towards propelling an organisation towards a position of unique advantage in its field of business. From the definitions it transpires that the concept strategic management is regarded as a process rather than an activity.

4.3 AN OVERVIEW OF FUNDAMENTAL PRINCIPLES OF STRATEGIC MANAGEMENT

There is not a common approach to the study of strategic management by the various authors. This raises a concern about whether a common understanding of the process is possible if there is no common approach. Authors on research methods advise the use of a conceptual framework or research paradigm with a view to explain the research conducted. Imenda & Muyangwa (2000:107) state that a conceptual framework is an important mechanism in conducting research as it determines the manner in which the researcher goes about the research activity. It also determines the meaning that will be attached to the data collected from the investigation.

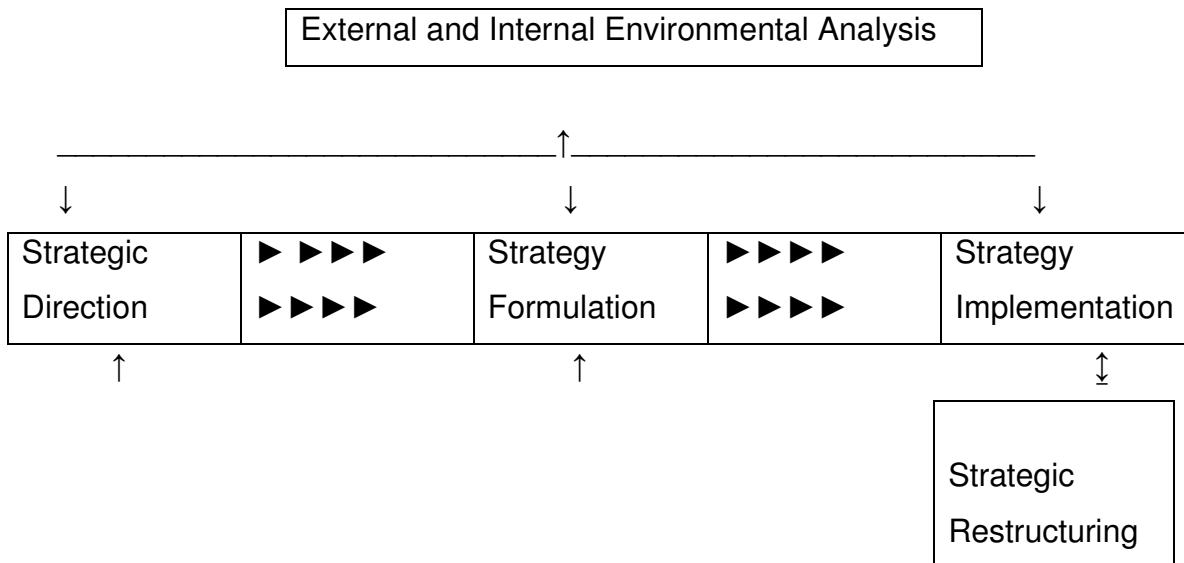
A distinction is drawn between a conceptual framework and a theoretical framework. A conceptual framework is described as viewing from a broader point of view, or the epistemological paradigm (Imenda & Myangwa, 2000:109).

Approached from this viewpoint, a conceptual model could be as broad as the field that is being studied.

From the descriptions provided of strategic management, it is evident that the process comprises various activities that are interrelated. The various activities comprising strategic can be grouped into distinct phases or steps. Authors on strategic management propose a model for explaining the process (Pitts & Lei, 2003:11; Harrison & St. John, 2004:4; Fitzroy & Hulbert, 2005:4; Lynch, 2006:6; David, 2009:36)

The authors emphasise that the model serves as a useful instrument to facilitate discussion and should not be regarded as rigid. The model proposed by Harrison and St. John (2004:4) is considered as a more comprehensive model and would be used as the framework for discussing the strategic management process. This model is depicted in the diagram below:

Figure 4.1: Strategic Management Model



(Harrison & St John, 2004:4)

4.4 THE STRATEGIC MANAGEMENT PROCESS

The above model as proposed by Harrison and St John (2004:4) will be used to explain the strategic management process.

4.4.1 External and Internal Environmental Analysis

Organisations operate within an environment that can be classified into various categories. Genus (1995:37) provides a useful classification of the environment into macro-environment, industry and organisation. His classification emphasizes the complexity of the environment within which organisations must operate. Harrison and St. John (2004:4) approach the environment as comprising the external and internal environment. Their exposition of the environment includes Genus' classification. For purposes of providing the reader with a clear understanding of the complexities of the two components of the environment, each component will be discussed separately.

4.4.1.1 Analysing the external environment

For purposes of clarity, the analysis of the environment will be divided into two sections. The first section will discuss the composition of the external environment, after which the process of analysing the external environment will be explained.

Components of the external environment

Described by Harrison and St. John (2004:20) as consisting of the "broad" and "task" environment, this component refers to the influences from outside the organisation on the activities of the organization, and how the organisation manages to deal with such influences in managing or enhancing its strategic position. Although it is acknowledged that a single organisation cannot exert meaningful influence on the broad environment, being aware of these influences could prepare the organisation to the extent that it can respond to them timeously in an appropriate manner. Bowman and Ash (1996:15) explain the importance of the external environment in the form of the question: "what is likely to happen in

the markets in which we choose to compete? “. Genus (1995:36) refers to the external environment as the “macro-environment”. He mentions that developments within this environment may often appear distant to decision-makers within the organisation, the relevance of the macro-environment becomes clear when organisational strategy depends on the extent to which strategic performance is influenced by sudden in the broader environment. In addition, the dynamism and complexity of the macro-environment are reflected by the degree of uncertainty that strategic decision-makers are being challenged with by the forces in the macro-environment (Genus, 1995:37). Aspects of the environments that are subject to rapid change are said to be dynamic, whereas complexity refers to the degree to which factors within the macro-environment are interrelated, interdependent and difficult to evaluate. Genus (1995:37) relates the relevance of dynamism and complexity to modern organisations by stating that the environment of modern organisations is generally highly complex and highly dynamic, and that it is difficult to imagine that organisations could continue to operate without being influenced by the potential impact of that environment.

Harrison and St. John (2004:20) classify the external environment into socio-cultural, economic, technological and political/legal forces. Genus (1995:47) uses the acronym PEST (political/legal, economic, sociocultural and technological) for the same classification. He stresses the fact that PEST attempts to identify key trends in the macro-environment and to evaluate the strategic significance of the most important factors for the organisation.

THE BROAD ENVIRONMENT

Harrison and St. John (2004:20) contend that the broad environment comprises the socio-cultural, economic, technological and political/legal forces. These forces are discussed separately.

Socio-cultural forces

Harrison and St. John (2004:20) identify the following reasons for analysing social trends:

First, most stakeholder groups are also members of society, and of their values and beliefs are derived from broader societal influences, which can create opportunities and threats for organisations.

Second, organizations can minimize the risk of acquiring a poor reputation by forecasting and adapting for socio-cultural trends.

Third, correct assessment of socio-cultural trends can help businesses avoid restrictive legislation.

Fourth, demographic and economic changes in society can create opportunities for and threats to the revenue growth and profit prospects of an organization.

Organisations should not only assess the potential effects of socio-cultural forces; they should also manage their relationship and reputation with society as a whole. The attitudes of the public towards organisations are strongly influenced by the media, which implies that organisations should make a concerted effort to manage their relationship with the media well (Harrison & St. John, 2004:22). Organisations are also strongly influenced by developments in the economic environment.

Economic forces

Public organisations are mainly concerned with service delivery. Service delivery is further influenced by the state of the economy. Harrison and St. John (2004:22) posit that economic forces such as economic growth, interest rates, availability of credit, and the inflation rate have an important influence on both organisational behaviour and performance. Consumer demand for products and services is influenced by the state of economic growth. It becomes more difficult for the consumer to provide for services when economic growth is low, and the organisation has to think of ways of delivering services to the consumer in a manner that is affordable. The arrangement that municipalities have for allowing

consumers to pay accounts in instalments during poor economic circumstance is an example of how organisations deal with economic challenges.

A further development in the environment is the interaction that occurs between socio-cultural and the forces. Harrison and St. John (2004:23) illustrate that in a society with a good health care system, people are living longer which in turn influences the economic forces in society. The result is that there is a higher demand for services of this group while there is a shortage of young people to eventually replace them. Organisations are thus required to assess these scenarios with a view to determining their business options. In doing so, organisations have to take cognisance of technological forces.

Technological forces

Technology is defined by Harrison and St. John (2004:23) as “human knowledge about products and services and the way they are made and delivered”. Changes in technology can pose challenges to the way society behaves and their expectations. An example of how the expectations of society are affected by technological changes is the use of computers, cellular telephones and the Internet. People are no longer prepared to wait when seeking information as they expect the use of technology to drastically reduce the generation of information. Organisations should make a concerted effort to keep abreast with technological developments so as not to be left behind. This they can do by investigating the consequences technological developments could have on their own products and services. The means available for this purpose are the study of journals, government reports and the use of experts outside of the organisation. Organisations can also form strategic alliances with universities or other institutions to engage in joint research projects which will enable the organisation to keep up to date with new trends in the market. In addition to the forces of the technological environment, organisations must be aware of the conditions laid down by the government.

Political/Legal forces

The main responsibility of government is to provide order within society. For this purpose government make and enforce rules by which organisations operate (Harrison & St. John, 2004:24). It is in an organisation's own interest to familiarise itself with rules and regulations, complying with them and maintaining good relations with the relevant government departments that are responsible for that activity.

THE TASK ENVIRONMENT

Harrison and St. John (2004:24) explain the task environment as everyone with whom the organisation interacts, which include all customers, suppliers, competitors, government departments, local communities, interest groups, trade unions and financial institutions. Also known as the "operating environment" (Harrison & St. John: 1994:48), it comprises stakeholders with whom the organisation has regular contact. It is important to note that some stakeholders are more important than others and that the interests of one stakeholder should not be satisfied at the cost of another stakeholder's interest. Since the emphasis of this study is on the public sector, the discussion in this section will be confined to the influence of customers, suppliers and competitors.

Customers

Harrison and St. John (2004:26) assert that although an organisation views all customers as important, some are more important than others. This distinction applies to the public sector only insofar as customers that experience more urgent needs should be given preference to public services. The public organisation has as its customers all people under its jurisdiction that have a need for a particular public good or service. It should be pointed out that, whereas the customer in the private sector has the privilege to switch from one provider to the next, the nature of public services does not afford the customer in the public sector the same convenience. A public service is often available from

one service provider only, such as housing provision by the designated local authority.

Suppliers

Suppliers provide equipment, supplies and raw materials. The labour and capital markets also serve as suppliers of labour and finance. In this regard Nutt and Backoff (1992:26) state that public organisations do not have an economic market that provides them in the form of revenue. They are dependent on oversight bodies to provide them with resources, or on reimbursements or services rendered.

Competitors

Nutt and Backoff (1992:31) state that competition for customers can be prohibited for public sector organisations. When there are other organisations providing similar services, public sector organisations are expected to cooperate with them with a view to avoiding duplication of services. Competition for customers is not allowed. Public organisations should rather have a strategy that enhances cooperation and collaboration, since a competitive model of strategic management has little use for them (Nutt & Backoff, 1992:32)

The process of analysing the external environment

Genus (1995:45) states that an understanding of “the nature, extent and future path of opportunities and threats ... form an important basis for gaining an appreciation of the strategic position of organisations”. For an analysis of factors in the macro-environment, Genus (1995:46) suggests an audit of macro-environmental influences to be done and then to focus more intensely on the most significant factors. He proposes “PEST” analysis where trends that are likely to influence the long-term activities of the organisation are identified. The objective is to determine the factors that have influenced strategy in the past and those that could have an influence in the future. Genus (1995:47) stresses two important aspects of PEST analysis. The first aspect is the general identification

of major trends in the macro-environment that includes the shifts that may occur in the longer term. The second aspect is to evaluate the strategic importance of the most important factors from the analysis for a particular organisation. Genus (1995:47) proposes the “matrix for environmental trend analysis” (Table 4.1) and the “issues priority matrix” as techniques for defining trends meaningfully.

Table 4.1: Societal factors

	Political-legal	Economic	Sociocultural	Technological
<i>Task elements</i>	1. 2. 3.	1. 2. 3.	1. 2. 3.	1. 2. 3.
Communities				
Competitors				
Customers				
Employees/Labour unions				
Governments				
Special interest groups				
Suppliers				

(Source: Genus, 1995:48)

The first step in the analysis is to identify three important trends in each of the four areas of societal factors namely political, economic, sociocultural, and technological (PEST). The second step is to evaluate the probable impact of these trends on elements in the environment in which the organisation is operating. With a view to specifying which opportunities and threats are applicable to the organisation’s strategic position, it is necessary to identify which of the developments indicated in the environmental trend analysis are most

probable to occur, and most probable to have an influence on the organisation. The “issues priority matrix” is proposed as a method to assist decision makers in identifying which issues, resulting from the environmental trends analysis, deserve to be given priority. Issues classified as high priority are considered to be key opportunities and threats in the environment (Genus, 1995:49). The issues priority matrix is displayed in Table 4.2.

Table 4.2: Issues priority matrix

<i>Probability of occurrence</i>			
High	High priority	Medium priority	Medium priority
Medium	High priority	Medium priority	Low priority
Low	Medium priority	Low priority	Low priority
	High	Medium	Low
	<i>Probable impact on organisation</i>		

(Source: Genus, 1995:49)

The issues priority matrix assists decision makers to define which issues - stemming from the analysis of the macro-environmental trend analysis depicted in Table 4.1 – are most deserving of attention. Those issues that are judged as lower priority are considered to justify more generalised scanning of the environment, whereas issues classified as higher priority areas require more serious monitoring. As a consequence, higher priority issues form the major opportunities and threats in the macro-environment (Genus, 1995:48-49).

Nutt and Backoff (1992:170) propose the use of worksheets for analysing the factors of the environment. To indicate the opportunities and threats in the environment, they prescribe a “Situational Assessment Worksheet” on which participating employees must list their perceptions of the opportunities and

threats that the organisation faces currently. With a view to indicating what priority should be given to these factors, they prescribe a “Strategic Direction Worksheet”. The sheet comprises two columns, one indicating trends the institution is moving away from and the other indicating trends the institution is moving towards. Each participant in the exercise is required to fill in the sheet according to his/her perception of trends in the organisation.

4.4.1.2 Analysing the internal environment

Harrison and St. John (2004:40) indicate that the internal environment comprises managers, employees, owners, and internal resources. Internal stakeholders comprise managers, employees, and the board of directors. In the context of a municipality, which is the focus of this study, the council of the City of Cape Town will replace the board of directors. Each of the stakeholders will be discussed separately.

The Chief Executive Officer (CEO)

The highest ranking officer in an organisation is commonly called the Chief Executive Officer, or CEO. In the context of the study, the CEO will be the City Manager of the City of Cape Town.

Pettigrew, Thomas and Whittington (2002:238) assert that “top management” refers to those at the apex often comprising no more than eight most senior officials. This top management is personified by the CEO. In this regard the CEO is the manager that really matters. However, in recent years most organisations have broadened the concept of top management to include a number of senior managers to form a top management team (Pettigrew, Thomas & Whittington, 2002:239).

Harrison and St. John (2004:40) contend that the most important responsibility of the CEO is to exercise strategic leadership. In this regard the CEO decides where to go and then directs his staff in the process of implementation. There is

a commonly held belief that the essential role of the CEO is to utilise the potentialities of the staff for the entire organisation to learn over time. As a consequence, the CEO has to perform four primary responsibilities.

First, the CEO must design the organisation's purpose, vision, and core values. Second, the CEO must monitor the policies, strategies and structures required to transform the purpose, vision and core values into institutional decisions. Third, the CEO must show leadership by creating an environment aimed at organisational learning by performing the roles of coach, teacher, and facilitator. A learning environment is facilitated when individuals are allowed to question what the customers want, which technology is best, and how problems are best solved. Four, the CEO must serve as a steward for the organisation. They must be seen to be caring for the organisation and the people they serve. They should feel they are part of the changing ways business operate and that their efforts will lead to their organisations performing better, while they as individuals achieve higher levels of personal satisfaction (Harrison & St John, 2004:41). The CEO's relationship with the municipal council plays an important role in his ability to meet these responsibilities.

The Municipal Council

Harrison and St. John (2004:42) state that the board of directors in a private firm has an important role to play in strategy through monitoring of conflict of interest. In the context of the municipality, this role is performed by the municipal council. The separation of ownership and management, as is especially the case in public organisations, creates the potential for conflict of interest. Top managers act as agents of the council, thereby performing a fiduciary function to act in the best interest of the council. An agency problem occurs when top managers act in a manner that promotes their self-interest at the cost of the interest of the council. A major responsibility of council is to monitor the activities of the CEO with a view to preventing agency problems occurring. Council performs this monitoring function through prescribing the responsibilities of the CEO in terms of

legislation, which aspect will be dealt with in the chapter on the legislative framework for local government.

Employees and Culture

Employees and the manner in which they are managed can be important sources of competitive advantage. Harrison and St. John (2004:45) argue that human resource professionals and executives believe that management of human resources will become more difficult in future, but that the benefits to be derived from it will be better than before. Of specific importance in this regard is the management of part-time, temporary and contract workers. The workforce is expected to be more specialised, mobile, and demographically, ethnically and geographically diverse. An organisation that is able to acquire and maintain quality human resources will enjoy a competitive advantage.

Closely aligned with human resources is the culture of the organisation. The system of shared values that guides employees is often the result of past human resource management practices such as recruitment, training, and rewards. Harrison and St. John (2004) deduce that culture of an organisation can be its greatest strength or its greatest weakness. It is incumbent on the CEO to ensure that the organisation is able to create a culture that is completely consistent with the objectives the organisation wishes to achieve.

Internal resources

Harrison and St. John (2004:46) argue that organisational resources only result in competitive advantage if they are considered as uniquely valuable in the external environment. Internal resources are divided into the categories of financial, physical, human, and organisational. Two conditions are prescribed for resources to become strengths leading to competitive advantage. First, resources are valuable. The resource has value to customers and allows the organisation to exploit opportunities and neutralise threats. Second, resources

are unique. Only a few organisations have the resource and there are no readily available substitutes to serve the same needs (Carpenter & Sanders, 2009:76).

In addition, when the resource is difficult or expensive to imitate, the competitive advantage becomes sustainable over time. It is crucial that a firm is organised in such a way that it is able to take advantage of the opportunities offered by unique and valuable resources.

Assessing internal strengths and weaknesses

A logical point of departure for strategy formulation should be the activities which the organisation performs well, or the resources it wants to develop with a view to gaining a competitive advantage relative to other organisations within the same environment (Harrison & St. John, 2004:49). Such a process of identification requires assessment of all the activities the organisation performs and an understanding of the role they play in developing a competitive advantage.

Harrison and St. John (2004:162) further suggest the following questions in evaluating the internal environment:

- what is the organisation's vision, long-term goals, enterprise strategy?
- how has the strategic direction changed over time?
- who are the main stakeholders, their backgrounds and strengths and weaknesses?
- what are the operating characteristics of the organisation in terms of employees, size, assets
- to what extent are employees trained, unionised?
- what is the organisation's culture?

Assessment of the internal environment enables the organisation to establish areas where there are a need for improvement as well as areas where the organisation can exploit opportunities. This is an essential requirement for deciding on a strategy.

4.4.1.3 Techniques for assessing internal strengths and weaknesses

Value Chain Analysis

The value chain refers to all the activities that add value to an organisation (Harrison & St. John, 2004:49). Joyce and Woods (1996:135-136) explain that an activity adds value when the customer is prepared to pay for it. Furthermore, if the organisation can perform the activity cheaper than its competitors, the organisation has an advantage. Gaining a competitive advantage thus means identifying those activities that the customer is prepared to pay for, and being able to deliver those activities cheaper than competitors. Value chain analysis can be used to indicate which principle resources and activities are considered strengths, areas requiring improvement, and the opportunities available to gain a competitive advantage. Harrison and St. John (2004:51) cite the processes of marketing, procurement, technology development, human resource management, and administration as an example of a value chain.

Functional analysis

A detailed account of the strengths and weaknesses of all activities that add value demands that the specific activities be studied in depth (Harrison & St. John, 2004: 51). This requires that the strengths and weaknesses for technology development, for example, be assessed to determine its fit with strategy. Knowing the strengths and weaknesses of each activity will enable the organisation to minimise the weaknesses and improve the strengths.

The Nominal Group Technique

Nutt and Backoff (1992:226) state that the technique works on the principle of individual idea creation, followed by group evaluation of ideas. Comprising seven to ten members, the members are seated in a manner that they can see each other. After being introduced to the question to be addressed, each member is asked to write down ideas without discussion. The chairperson collects and records input from each member. Time is then allowed for the discussion of the

idea. Thereafter the group is requested to reach consensus by selecting the most important issues, preferably through a system of voting.

Brainwriting

Two variations of brainwriting are found, namely cued brainwriting and structural brainwriting. In cued brainwriting the session is initiated by the chairperson providing sheets that contain a number of written cues on the table. Participants take a sheet, read it, and add their ideas on their own. When they have finished, they return the list to the table and take another person's list. This list is reviewed and ideas added. The process is repeated until no further ideas are forthcoming.

In structural brainwriting, the objective is to attain more synthesis. Particular categories are provided for members in terms of which ideas should be generated and listed. Cues on strengths and weaknesses are provided. Each member adds two ideas under a category and exchanges the worksheet for another's worksheet. Members continue adding and exchanging worksheets without discussion until requested to hand in the worksheet (Nutt & Backoff, 1992:227).

Nominal Interacting Technique

Group meetings are held after Nominal Group Technique or brainwriting. The group meeting is interrupted at various stages to allow for exchange of ideas amongst group members, preferably in a separate room where refreshments are served. The objective of exchanging ideas is to challenge ideas and bargain on priorities. A number of lobbying sessions are required before members are requested to vote on priorities.

Kiva Technique

Devised by the Hopi Indians, the technique uses a particular structure for deliberations. It starts with the key decision body, such as the tribal elders, conducting an open discussion. This body is surrounded by a number of rings of

tribal members with descending status levels. The outer ring represents the adolescents. After the discussion, the elders move to the outer ring with the other groups moving one ring inwards. The group that now occupies the inner ring discusses what they think was said, while the others are listening. The process is repeated until the tribal elders again occupy the center ring. This process is especially useful in organisations that have many levels in their structure (Nutt & Backoff, 1992:227).

Delphi Survey

A series of questionnaires are used, with the first questionnaire asking ideas or opinions and the rationale behind the idea. The first questionnaire asks broad questions, and questionnaires thereafter expand on responses to the preceding questionnaire. Each member can comment on the logic of other's arguments, which can stimulate consensus. The process continues until members reach consensus or the facilitator decides to call for a vote to determine priorities on the information collected at that stage.

In essence the Delphi survey operates in three stages. The first survey emphasises generation of ideas. The second survey emphasises expanding and adding to ideas. The third survey evaluates the acceptability of ideas and determines priorities.

Traditional Face-to-Face Groups

An agenda is used to structure discussion. Open-ended discussion is encouraged, with no discussion format. However, individuals will be influenced by other groups, dividing their time between the task and the social setting. Promoting information exchanges and the acceptance of the final decision requires of group members to attend to their personal priorities when suggesting their ideas. This leads to better consensus, which is a characteristic of interacting groups that makes it a better means of judging important issues (Nutt & Backoff, 1992:227).

Synectics

The promotion of creativity for situations requiring new ideas is the rationale for using synectics. Group members are encouraged to visualise new perspectives and abandon established ways of thinking. The members are required to study analogies or metaphors to generate new ideas. The ideas are discussed and modified to make them acceptable. Issues and strategies in strategic management can be discovered through the application of synectics.

Scenario

The search for ideas is considered the most important step required to perform the activities in a strategic management process (Nutt & Backoff, 1992:248). A search can be difficult to perform when the future circumstances facing the organisation are uncertain. Scenarios are used to address the complexity by providing a picture for the search process around different possibilities. Each picture in the scenario provides an area to search, focusing and simplifying the search for responses. Scenarios are designed as a framework that indicates how various possibilities can merge to produce a variety of situations in which a strategy can operate. A scenario that depicts a situation where all factors are favourable for an organisation is called a “best-case scenario”, and one where factors are not favourable is called a “worse-case scenario”.

Whichever scenario is used in a search provides a framework for the generation of ideas required for use by the organisation.

4.4.2 Establishment of strategic direction

Strategic direction indicates that organisations know who they are, how they got there, and where they are going.

Harrison and St. John (1998:112) state that strategic direction is normally established through visions, missions and long-term goals. Strategic direction can be explained in terms of an organisation’s vision of where it is heading, the

business it finds itself in, and the stakeholders served by the organisation (Harrison & St. John, 2004:52). Strategic direction is, however, more than a mere mission statement as some organisations do not have a mission statement, yet they have strategic direction (Harrison & St. John, 2004:52) The various components of strategic direction will now be discussed.

- Organisational mission

Harrison and St. John (1998:113) describe an organisation mission as “...what the organisation is and its reason for existing”. As a consequence, the mission serves as an instrument for explaining ideals and providing a sense of direction (Harrison & St John, 2004:52). It provides such sense of direction to both internal and external stakeholders. Fitzroy and Hubert (2005:163) assert that the mission statement should be externally focused and contain a general description of the scope of activities of the organisation and the market it serves. The mission includes a brief definition of the business, the owner (organisation) and the customer (Harrison & St. John, 1998:114). A clear mission statement can be a useful mechanism for communicating the meaning and intent of an organisation to its internal and external stakeholders. Harrison and St. John (2004:114) further states that the articulation of a specific mission forces top managers to face the major issues regarding the current direction of the organisation and its future. Although not all the opportunities and threats within the external environment will be relevant to the organisation, the mission should at least provide a framework for evaluating such opportunities and proposals (Harrison & St. John, 1998:114). Lynch (2009:236) asserts that the mission provides the broad direction an organisation should and would follow, as well as the reasoning and values that apply. Furthermore, written mission statements are often used as a way to communicate with the public. Some organisations, however, do not have a written mission statement but the organisation’s purpose is stated in the statements by the CEO, and the way the organisation operates.

Harrison and St. John (1994:115) caution against developing a written mission statement solely as an exercise in pleasant sounding slogans. If a mission is to serve a useful purpose, it must be firmly based on the realities of the business. One of the critical requirements for establishing a clear mission is to understand the nature of the business in which the organisation finds itself.

- Business definition

Harrison and St. John (2004:53) argue that “A clear business definition provides a framework for evaluating the effects of planned change, and for planning the steps needed to move the organisation forward”. Fitzroy and Hulbert (2005:168) equate business with the formulation of a set of objectives. They state that “Objectives are clear, quantifiable, and measurable targets to be achieved by the firm, within a defined time”.

Business definition deals with the question” What is our business?” The answer to this question, according to Harrison and St. John (2004:52), should be derived from the response to three further questions: (1) Who is being satisfied? (2) What is being satisfied? (3) How are customers’ needs satisfied? Fitzroy and Hulbert (2005:168) further state that objectives should contain the following:

- an attribute that can be measured
- a scale on which that attribute can be measured
- a level to be achieved
- a time scale for the achievement of the target.

Many organisations start with a narrow business definition, which is then further expanded (Harrison & St. John, 1998:116). The process of choosing objectives also demands a thorough understanding of the external environment and the opportunities it presents, together with an analysis of the capabilities of the organisation, the vision and values of the organisation, and the demands of financial markets (Fitzroy & Hulbert, 2005:168). Setting of objectives is often subject to problems.

- Problems in setting objectives

Fitzroy and Hulbert (2005:173) identify three major problems in setting objectives: determining priorities, excessive stretch, and unintended consequences.

Determining priorities

The objectives of the various units in the organisation should be consistent with one another. Setting of objectives often requires trade-off decisions which should be clearly communicated to the parties involved.

Excessive stretch

Objectives that are set at a very high level may serve the purpose of motivating workers to achieve at higher levels, but may be unattainable in the end and even be demotivating.

Unintentional consequences

When targets are externally imposed and regarded as unfair, and where reward and punishment are linked to performance against these objectives, people are inclined to resort to deviant behaviour.

The business definition also has to be linked to the vision of the organisation.

- Organisational vision

Harrison and St. John (2004:54) state that "...an organisation's vision is very future-oriented. An organisation with a vision has a clear sense of what it wants to be in the future". Fitzroy and Hulbert (2005:156-157) claim that a vision must provide a general direction, and it must motivate employees. Closely associated with an organisation's mission is its purpose and ethics.

- Purpose and ethics

Harrison and St. John (2004:55) argue that the purpose of the organisation is its "...best possible reason for the action it takes". The authors consider purpose as a natural extension of the ethics of the organisation. Fitzroy and Hulbert (2005:160) use the term "values" to describe purpose and ethics. They describe values as a common set of beliefs that guide the behaviour of organisational members. In this context values include actions that are considered as ethical behaviour in the organisation. Values could refer to issues such as how colleagues will be treated, integrity and honesty in dealings inside and outside the organisation, and organisational change. Fitzroy and Hulbert (2005:161) reason that organisational values should be regarded as integral to the success of the organisation, and that value statements are worthwhile only if they are embraced throughout the organisation.

Harrison and St. John (2004:61) claim that business managers strive to develop two categories of strategies, namely growth strategies and competitive strategies. Growth strategies are aimed at increasing the size and viability of the business over time. Positioning the firm to create value for its customers in ways that are different from those of competitors, is the aim of competitive strategies. These two strategies will now be discussed briefly.

- Growth strategies

The various approaches to growth strategies are outlined in Table 4.3.

Table 4.3: Growth Strategy and the Scope of the Business

Internal Growth Options	
1. Market Penetration	
- Tactic	Increase market share in current business through advertising, promotions, stepped-up sales effort
- Change in scope	None
2. Market Development	
- Tactic	Identify new market segments or new applications for products/services
Change in scope	Broaden definition of markets or functions served by products/services
3. Product/Services Development	
- Tactic	Modify existing products/services or develop new products/services for existing or potential customers
- Change in scope	Definite change in products/services; possible changes in markets, functions served, or resource conversion processes
External Growth Options	
1. Horizontal Integration	
- Tactic	Purchase company in same line of business
-Change in scope	Extend market base; may also include other charges, depending on the company acquired
2. Strategic Alliances	
- Tactic	Create alliances with other organizations to achieve market to achieve market position, product development, or process development
- Change in scope	Extend products/services, markets, and functions served or alter resource conversion process
No-Growth or Slow-Growth Option	
1. Stability	
- Tactic	Maintain the status quo (some firms may pursue this strategy temporarily during restructuring)
- Change in scope	None

(Harrison & St. John, 2004:63)

The approaches outlined in Table 4.3 lend themselves to varying degrees of applicability to the functions of a municipality in general, and the provision of housing in particular. The following strategies appear to be appropriate to the housing provision function of a municipality.

Internal growth strategies

Product/Services development

The strategy of product/services development refers to the modification of existing products/services or the development of new products/services for existing customers or potential customers. The applicability of this strategy to the provisioning of housing by a municipality is vested in the possibility that new ways of building houses could be found. Alternative methods of housing provision include the choice between freestanding units as against blocks of flats, or semi-detached single units. The feasibility of using metal containers as structures for housing provision is another possibility that deserves consideration especially in areas where the need for housing is abnormally high. These options will be elaborated on in the chapter dealing with housing provision within the City of Cape Town.

External Growth strategies

Strategic alliances

According to Harrison and St. John (2004: 86) a strategic alliance is formed when two or more organisations join to, amongst others, develop new products or services. Strategic alliances are becoming increasingly popular (Harrison and St. John, 2004:87; Carpenter & Sanders, 2009;307). The possibility of municipalities entering into alliances with other public and private sector organisations is an option worthy of consideration. In this regard the constitution provides a mechanism for cooperation between the spheres of government to optimise service delivery. The municipality can also consider entering into an alliance with the private sector to facilitate affordable housing. The fact that the housing backlog has shown little if any change over the last few years could serve as proof that there is a need to at least consider forming strategic alliances as an intervention to test whether it can make a difference.

The selection of an appropriate strategy demands certain responsibilities of management. Harrison and St. John (2004:60) list the following as major responsibilities in selecting strategy.

Table 4.4: Major Business-level Strategic Management Responsibilities

Major Responsibilities	Key Issues
Direction Setting	Establishing and communicating the vision, mission, ethics, and long-term goals of a single business unit Creation and communication of shorter-term goals and objectives
Analysis of business situation	Compilation and assessment of information from stakeholders and other sources
Selection of strategy	Determination of growth strategy – internal strategies, external strategies, and level of aggressiveness Selection of generic approach to competition – cost leadership, differentiation, focus, or best cost Selection of a strategic posture – specific strategies needed to carry out generic strategy
Management of resources	Acquisition of resources or development of competencies leading to a sustainable competitive advantage Development of functional strategies and an appropriate management structure to support business strategy

Source: Harrison and St. John (2004:61)

Once a strategy has been selected, an organisation should consider the various options available for its implementation.

4.4.3 Strategy implementation

Carpenter and Sanders (2009:12) assert that strategy implementation implies performing everything needed to do what has been planned. Harrison and St. John (2004:97) indicate that strategy implementation requires of an organisation to select an implementation strategy from amongst various functional strategies. The implementation of the strategy should further be linked to a particular business-level structure and corporate-level structure.

4.4.3.1 Functional Strategies

Harrison and St. John (2004: 98) states that the decisions that employees make on a daily basis in executing their work create functional strategies that implement the strategies of the organisation. These actions include the responsibilities and decisions made by marketing, operations, Research and Development, information systems, human resources, and finance in organisations.

4.4.3.2 Marketing Strategy

Marketing produces essential information about new customer needs, projected future demand, and new business opportunities the organisation can use for continuous performance improvement, new technologies and new products and services. With reference to the housing provision function of the municipality, marketing can provide a useful service in providing alternative designs in housing provision.

4.4.3.3 Operational Strategy

The task of the operations managers is to ensure that the organisation is capable of producing the service it is intended to produce. To be effective, an operations unit needs to be able to fit the needs of the organisation. Operations managers

are required to manage multiple stakeholder interests in performing their daily tasks. It often requires of operations managers to engage in trade-offs in order to align the operations to the priorities of the organisation strategy.

4.4.3.4 Research and Development Strategy

Research and development strategy plays an important role in organisations that strive towards reducing costs of production or delivery of service. With reference to the housing provision function of the municipality, research and development is particularly important in producing information on the options available to the municipality in providing housing at a lower cost with maintenance of minimum quality standards.

4.4.3.5 Information Systems Strategy

The development of technology has changed the way organisations manage their information. Since the availability of accurate information can have a decisive effect on the operations of an organisation, organisations create an information systems strategy. Harrison and St. John (2004:100) claim that some organisations build their entire competitive strategy on the effective use of information systems. In the case of the provision of housing by municipalities, it is important that proper records be kept of housing needs in the form of housing waiting lists and the qualifying requirements of applicants. In view of the need of municipalities to give account to the community and the other spheres of government on performance in the supply of housing, information systems strategy becomes a critical requirement since accountability is given in the form of providing relevant information to the relevant stakeholders. This matter has been raised in the case of the City of Cape Town when it was alleged that the statistics supplied by the municipality with regard to the housing backlog were inaccurate, and that the housing backlog was in fact bigger than what the municipality claimed.

4.4.3.6 Human Resources Strategy

The manner in which managers make decisions about the various functions human resource functions such as recruitment, selection, training and performance evaluation creates a human resources strategy. Harrison and St. John (2004:102) assert that the environment within the organisation operates, and the particular strategy followed, impacts differently on the various human resource practices. This is evidenced in the different methods of appointment - such as contract or permanent - and compensation systems employed by organisations in the various environments. Different human resource practices will be employed by an organization that operates in a high-technology environment compared to one operating in a cost-oriented environment. The performance of the organisation depends on how effectively it applies its human resources strategy to the functions of recruitment, managing different cultures, training, and compensation packages offered, especially in an environment that is competitive (Harrison and St. John, 2004:102; Lynch, 2009:124)).

4.4.3.7 Financial Strategy

The primary purpose of the financial strategy is to provide the organisation with the capital structure and the funds to implement its strategies. The functions of finance and accounting play a strategic role in that they control one of the most important resources in operating organisations, namely money. Harrison and St. John (2004:102) state that two sources of funds are needed for implementing namely, amounts of capital for growth and maintenance, and expense budgets to support daily activities. The organisation should ensure that all expenditures in capital and expense budgets are linked to the strategies of the organisation. If the organisation wants to develop in a specific direction, it should ensure that resource allocation decisions are taken in such a manner that it would be able to pursue that direction. Furthermore, organisations are often required to make trade-offs in financial decisions, which have important implications for implementation of strategy (Lynch, 2009:383). In the case of the municipality, a decision to increase the number of housing units to be provided with the same

amount of money provided could impact on the size of the units to be supplied in that smaller units might have to be built. Another implication could be that the format of the houses might have to be changed from freestanding units to attached units.

These functional strategies serve to enable the organisation to attain its organisational strategies. However, they are linked to one another that require that a deliberate effort be made to integrate the strategies to facilitate the attainment of the strategic objectives of the organisation.

4.4.3.8 Integrating Functional Strategies

Each functional strategy forms part of a larger system which requires coordination among the various parts in order to attain successful execution of strategy, according to Harrison and St. John (2004:103). For such integration to be successful, functional strategies should have the following characteristics:

Decisions taken within each function will be consistent with one another. Within the context of housing delivery one would expect that the people responsible for recruiting staff would ensure that they have consulted with the people who are responsible for training such staff.

Decisions within one function will be consistent with those made in other functions. People responsible for staff appointment should consult with staff responsible for budgeting to ensure that adequate money is available to remunerate such staff.

Decisions made within functions will be consistent with the strategies of the organisation. If less funds are available as a result in deteriorating economic conditions requiring the organisation to reduce spending, the financial strategy may have to focus on reduced spending, and human resource strategy on trying to attain the same objectives with fewer personnel. If activities within these functions do not take cognisance of the developments in the environment and adapt their strategies accordingly, one could find a

situation that the functions are not in harmony with the strategy of the organisation.

Implementation of a strategy is further dependent on the establishment of a structure.

4.4.3.9 Organisational Structure

Coupled with functional strategies during the implementation phase of strategy is the establishment of an organisation structure (Harrison and St. John, 2004:98). They state that the formal organisational structure indicates the number and types of departments and provides the formal reporting relationships and communication lines among the internal stakeholders. They further state that an organisation's structure should be designed to support the organisation's strategy. Genus (1995:98) uses the expression "structure follows strategy" in explaining that the approach is a linear one where the organisation formulates the strategy and then takes appropriate steps to ensure that the necessary resources are managed in order to implement the chosen strategy successfully. Thus, should an organisation decide on a change in strategy, a change is required in all the dimensions of the organisation that are related to the implementation of that changed strategy, including the structure (Genus, 1995:99). This line of reasoning is supported by Sadler (1993:70), who argues that there should be a good fit between an organisation's strategy and its structure through which the said strategy is to be implemented. Harrison and St. John (2004: 107) expand on the importance of the fit between strategy and structure by stating that a good "strategy-structure fit" will lead to superior organisation performance. It is furthermore important to remember the following when decisions are made about how to structure an organisation:

- structure is not an end in itself, but rather a means to an end. The end is successful organisational performance.
- there is no one best structure. A change in an organisation's strategy may require a concomitant change in structure to avoid administrative inefficiencies, but the organisation's size, strategies, external environment,

stakeholder relationships, and management style has a bearing on the appropriateness of a given structure.

- once the new organisation structure is in place, it becomes a characteristic of the organisation that will serve as a constraint on future strategic choices.
- evidence of administrative inefficiencies, poor service delivery, communication problems, or employee frustrations may be indicative of a strategy-structure mismatch.

Sadler (1993: 70) deduces that an organisation structure can be designed to attain a number of outcomes, some of which may be in conflict. Some of the major outcomes are:

Control

In companies that aim to be competitive through being the lowest-cost producer, the achievement of a high level of control over the activities and related costs will be a primary objective of organisation design. A steep hierarchy with narrow spans of control will ensure adherence to company policies and processes.

Connections

Providing interaction with key stakeholders in the organisation's operational environment, such as customers, suppliers, partners, finance managers and planning authorities.

Creativity and design

This objective is particularly appropriate to organisations that primarily have a creative task. This could be an appropriate objective in the provision of housing where the municipality is faced with limited resources for providing affordable housing in a market where the need for housing is steadily increasing.

Commitment

The commitment of the workforce is of vital importance to all organisations. Organisation design has a strong influence on workforce commitment, and preference is given to small rather than large organisational units that have clearly defined tasks and self-managed teams that encourage commitment.

Coordination

Where different units are required to work together, provision must be made for this function in the structural design.

Competence and capability

The sharing and transfer of best practice and processes of organisational learning can either be enhanced or obstructed by the design of the organisation.

Business-level structures

Harrison and St. John (2004:107) declare that managers normally use four organisation structures when grouping the activities of a business: functional, product or market group, project matrix, or network. Each of these structures will be briefly explained.

Functional Structure

A functional structure is one that is organised around the inputs required to produce products or services. The structure is highly centralised, specialised, and most appropriate when when a limited product line is offered to a specific market segment and where the needs of the external stakeholders are relatively stable. The functional structure focuses on internal efficiency and encourages functional expertise. A functional structure is appropriate in organisations that want to exploit economies of scale and learning effects from focused activities.

Product/Market Structure

A structure that organises activities around the outputs of the organisation system is known as a product or market group structure. An organisation that pursues a product development strategy adds products to its existing product line and interacts with more customers, distributors, and suppliers.

Product Matrix Structure

When some elements of the functional and product/market structure are combined, a hybrid structure is formed, which is called a project matrix structure (Sanchez & Heene, 2004:92). Project matrix structures are most common in environments that are turbulent where special importance is placed on coordination between different functional departments, and external stakeholder demands are diverse and changing. Matrix structures have the potential to improve communications among groups, increase the amount of information the organisation can handle, and allow more flexible use of people and equipment. On the other hand, matrix structures could be problematic to employees because of the “too many bosses” factor (Harrison & St. John, 2004:111).

The Network Structure

When a structure is very decentralised and organised customer groups or geographical regions, it is known as a network structure (Harrison & St. John, 2004:111; Carpenter & Sanders, 2009:372). The structure consists of independent units with little or no formal hierarchy to organise and control their relationship. Committees and task teams are formed on an ad hoc basis when formal contact is needed. This structure is particularly appropriate in knowledge-intensive industries where decentralisation and duplication of resources are required to service the market. When high levels of coordination and resource sharing are required, the network structure may not be appropriate.

Corporate-level Structures

Whereas business-level strategies are concerned with structuring relationships within a business unit, corporate strategies are concerned with structuring

relationships among and organisation's businesses. Multibusiness organisations use four general types of structures: multidivisional, strategic business unit, corporate matrix, and transnational (Harrison & St. John, 2004:111). Each of these structures are explained briefly below..

Multidivisional Structure

Harrison and St. John (2004:113) and Carpenter and Sanders (2009:369) explain that within a multidivisional structure, each business exists as an autonomous unit. This structure is appropriate when management of the different businesses does not require sharing of employees or operations facilities. Advantages of the multidivisional structure include each separate business being better able to focus its efforts on the needs of its own stakeholders, corporate management being freed from day-to-day issues and concentrating on long-term objectives, and corporate executives being able to monitor the performance of each unit separately and allocate resources to specific activities that show potential. Disadvantages include difficulty to decide which activities will be performed at the corporate level, coordination difficulties caused by competition for corporate resources, and duplication of organisational efforts when different businesses are highly related.

Strategic Business Unit Structure

When management combines related businesses, strategic business units are formed with a view to keeping track of and understanding the many different environments. The intention of the strategic business unit structure is to provide top management with a manageable number of units to keep track of and enforce decision making lower in the organisation (Harrison & St. John, 2004:115). The difficulty with this structure is that the customer is far removed from top management, and the competition for corporate resources may create conflict and coordination problems.

Corporate Matrix Structure

This type of structure is similar to the matrix structure used under business-level structures, and is a manner of achieving a high degree of coordination among several related businesses. The corporate matrix structure is used when the individual businesses within an organisation need to take advantage of resource-information-, or technology-sharing in order to succeed in their environments.

Transnational Structure

The transnational structure is a more complex form of the corporate matrix structure and is an attempt to achieve integration among the dimensions of nation, product and function. Since the provision of housing by the municipality is considered as a function to be delivered within the context of national objectives, this structure is not appropriate for a municipality.

The implementation of strategy requires of managers to determine from time to time whether the performance of the organisation is at the required level. For this purpose it is essential that the necessary control measures are implemented.

4.4.4 Strategic control systems

Harrison and St. John (2004:122) posit that a strategic control system is “ a system to support managers in assessing the relevance of the organisation’s strategy to its progress in the accomplishing of its goals, and when discrepancies exist, to support areas needing attention.” The need for such a system in strategic management is supported by Sanchez and Heene (2004:99). Harrison and St. John (2004:125) further propose a comprehensive control model comprising three types of control namely, feedback, concurrent, feedforward. The three types are discussed briefly.

4.4.4.1 Feedback Controls

During the implementation stage, managers are required to establish targets for activities that are critical to the attainment of a strategy and the achievement of

organisational objectives. At the same time, a time schedule for measuring performance should also be established. When the specified time on the time schedule has been reached, performance is measured against the targets that were established. If performance is on the required level for a certain activity, managers know that their expectations for that activity are possible under the current conditions. If, however, performance is not on the required level, managers should assess cause and effect in an effort to establish the reason. Harrison and St. John (2004:124) state that feedback control systems perform the following important functions in organisations. First, creating specific objectives or targets ensures managers at various levels and areas in the organisation understand the plans and strategies that guide organisational strategies. Second, they motivate managers to pursue organisational interests instead of personal interests because they know they will be held accountable for the results of their actions. Finally, feedback control systems assist managers in deciding when and how to intervene in organisational processes by identifying areas that require further attention

Harrison and St. John (2004:125) further states that there are certain steps to follow in establishing a feedback control system, which steps will now be explained briefly.

4.4.4.2 Steps in establishing a feedback control system

- Establishment of broad goals. Strategic direction is determined by the vision, mission and purpose of the organisation. In brief the vision determines where the organisation is heading, the mission contains a definition of the business, and the purpose indicates what the organisation wants to do for the various stakeholders.
- Indication of key result areas. The areas of the organisation that are essential to attaining the broad goals that were set need to be identified.
- Establishing of Specific Targets and Time Frames

The targets to be attained in each key result area are identified accurately so that the broad goals will be achieved. These goals provide specific guidance as to the desired outcomes and are, therefore, defined in narrower terms than the broad goals (Harrison and St. John, 2004:125). Effective targets should have the following characteristics:

- Targets are demanding enough to be motivating. Less demanding goals will be attained quickly by employees who might then spend too much time pursuing their own interests on the organisation's time.
- Targets are realistic. If the goals are perceived as too high by the employees, the employees may become discouraged, which may make them less motivated.
- Targets are specific. Broad goals should be divided into smaller goals which can be assigned to the various departments.
- Targets are measurable. Goals need to be measurable in order to be attained. Once attained, goals need to be re-established by management. Goals that are attained become the means for attaining other goals.
- Targets are understood by all affected managers and employees. For goals to be understood by all concerned with the process of achieving them, effective communication of goals is essential.
- Targets are set through participative processes. Managers and employees who are given the opportunity to participate in creating the goals they are expected to achieve, tend to be more committed to their attainment.
- Feedback on performance is part of the process. Targets that are set but then forgotten, could lead to members soon learning that the targets have no meaning.
- Targets cover a specific time frame. All good strategic planning requires time periods as an essential component.

- Assignment of responsibility. In view of the requirement that managers and employees should participate in the establishment of targets, responsibilities will be formally assigned to the managers responsible for the various targets.
- Development of an action plan. An action plan consists of the steps each manager should take if the target is to be accomplished by the specified date. In some cases managers might be required to submit the plan for approval. Some organisations combine the various action plans into one document to be distributed to all other managers. This practice has the added advantage of providing a high level of accountability as all managers know what they should report on in giving account of their departments' activities to top management (Harrison & St. John, 2004:126; Sanchez & Heene, 2004:97).

4.4.4.3 Concurrent Controls

Concurrent controls are similar to feedback controls, except that the time frame is shortened to "real time". Common types of concurrent control are statistical process control, inventory levels and order-taking controls, and control associated with control of behaviour. With statistical process control monitor their own performance and take corrective action where needed. Inventory levels and order-taking controls inform the organisation when stock is low and new orders need to be placed, as well as informing customers what items will be shipped at what time and when it could be expected. Behaviour controls attempt to encourage employees to comply with organisational norms as managers depend on employees to perform their duties properly even in the absence of managers. Behaviour controls comprise bureaucratic controls and clan controls. Bureaucratic controls refer to rules, procedures and policies that guide the behaviour of members in an organisation. Clan control comprises socialisation processes through which an individual comes to appreciate the values, abilities, and expected behaviours of an organisation.

4.4.4.4 Feedforward Controls

This type of control is directed at helping the organisation cope with changes in the environment, both internal and external. Feedforward controls address the discontinuities, which reflect the unexpected changes in the environment. Strategies are established on the basis of premises about the organisation and the environment in which it operates, which premises are assumptions about what will happen in the future. Such situations create the need for premise control, which involves assessing the assumptions that underlie strategic choices from time to time. Harrison and St. John (2004:131) argue that the periodic reassessment of assumptions helps organisations avoid situations in which their established strategies and goals are no longer appropriate.

4.4.4.5 Comprehensive Strategic Control Systems

The changing environment, in which most organisations operate, makes it increasingly important for these organisations to introduce comprehensive strategic control systems, especially for improving its chances of success in the future. Harrison and St. John (2004:131) maintain that such systems should include feedback, feedforward, and concurrent controls. These control systems should have the following characteristics in order to enhance the quality and quantity of organisational learning:

- information collected by these systems should be regarded as an important element to which management at the highest should attend
- operating managers at all levels should also regularly attend to the control process
- meetings between superiors and subordinates should be held at regular intervals to discuss the data generated by the system; and
- continually challenging and discussing the data, assumptions and strategies will determine the success of the control process.

A comprehensive strategic control system should indicate how the organisation is doing, whether it is on course in meeting its strategic objectives, or when there is

a need for adjustments in the direction it is following. A strategic control system should provide early warnings when performance is unsatisfactory, but it cannot eliminate these problems entirely. To bring an organisation back on course when there was a deviation, managers should engage in restructuring.

4.4.5 Strategic restructuring

Changing circumstances may result in a strategy not remaining relevant for an indefinite time. Even the mere fact that a strategy is a success will create a need for change as expansion of the organisation may require different management approaches and organisation structures. The interaction of customers and technology could create changes in the environment, with concomitant changes in the organisation. This phenomenon emphasises the very nature of the strategic management process as a continuous process of scanning the environment, selecting and implementing strategies, and re-evaluating those strategies. The strategic management process is thus chiefly about managing of change over time (Harrison and St. John: 2004:131; Carpenter & Sanders, 426).

Restructuring is concerned with deliberate emphasis on activities that are considered as the organisation's strong points, together with various tactics aimed at strengthening its competitive advantage. The most common restructuring tactics are refocusing corporate assets and retrenchment.

4.4.5.1 Refocusing Corporate Assets

Often referred to as "downscoping", refocusing involves cutting businesses that are not essential to the strategic direction of the organisation. The provision of housing within the context of municipal service delivery fortunately is not coupled with any other service that is not related to the housing function and therefore does not face such a dilemma.

4.4.5.2 Retrenchment

As a turnaround strategy, retrenchment can involve tactics such as reductions in workforce, implementing tighter cost or quality controls, or new policy directives with an emphasis on quality or efficiency. Within the context of housing provision, workforce reduction could become an option when the municipality experiences problems in the acquisition of funds to achieve its objectives in housing provision.

Restructuring emphasises the cyclical nature of the strategic management process. The scanning of the environment provides the incentive for the organisation to venture into specific areas. Depending on how the organisation performs, circumstances change. This change requires of the organisation to determine whether the original strategy is still appropriate. Often the mere fact that the organisation has been successful in its endeavour may require changes in the strategy.

4.5 STRATEGIC MANAGEMENT IN THE PUBLIC SECTOR

A study of the literature on strategic management would show that the focus of the process is almost exclusively on application in the private sector environment as organisations seek to obtain a strategic advantage in outperforming their counterparts in the market. Usage of the terms “company”, “business” (Sadler, 1993; 10 & 11), and “firm” (Joyce and Woods, 1996: 105) bears testimony to this tendency. Nutt and Backoff (1992:25) and Green (1998:537) assert that the unique needs that the public sector attempts to satisfy serve as a limiting factor in applying many of the ideas traditionally applied in the private sector. Quoting Rainey (1989), Nutt and Backoff (1992: 27-30) use a classification of factors that indicate differences between the private and public sectors. The authors (Nutt and Backoff, 1992:26) further indicate that they added factors to the list that have specific relevance to strategic management.

Table 4.5: Factors indicating Public-Private Differences

Factor	Sector	
<i>Environmental Markets</i>	<p>Public Oversight bodies compose market</p> <p>Organizations offering a given service collaborate</p> <p>Financing by budget allocations</p> <p>Data describing market often unavailable</p> <p>Market signals weak</p>	<p>Private</p> <p>People's buying behaviour defines market</p> <p>Competition among organizations offering given service</p> <p>Financing by fees and charges</p> <p>Market data typically available</p> <p>Market signals clear</p>
Constraints	Mandates and obligations limit autonomy	Autonomy and flexibility limited only by law and internal consensus
Political influence	<p>Buffers needed to deal with influence attempts and help with negotiations</p> <p>Political influence stems from authority network and from users</p>	<p>Political influence handled as exceptions without special arrangements</p> <p>Political influence is indirect</p>

Table 4.6: Factors indicating Public-Private Differences, Continued

Factor	Sector	
	<i>Public</i>	<i>Private</i>
<i>Transactional</i> Coerciveness	Taxpayers fund and utilise the organisation's services	Consumption voluntary and payment based on use
Scope of impact	Broad sets of concerns that have considerable societal impact	Narrow concerns with little social impact
Public scrutiny	Cannot sequester the development of idea and development processes	Can sequester ideas and development activities
Ownership	Citizens are owners and impose their expectations about organisation's activities and the conduct of these activities	Ownership vested in stockholders whose interests are interpreted using financial indicators
<i>Organisational processes</i>	Ubiquitous stakeholders (they are everywhere)	Few stakeholders beyond stockholders
Goals	Goals and thus aims are shifting, complex, conflicting and difficult to specify	Goals are clear and agreed upon
	Equity dominant concern	Efficiency dominant concern

Table 4.7: Factors indicating Public-Private Differences, Continued

Factor	Sector	
Authority limits	<p><i>Public</i></p> <p>Implementation contingent upon stakeholders beyond the authority leaders' control</p> <p>Agency management within an authority structure</p> <p>Limitations posed by role of public action</p>	<p><i>Private</i></p> <p>Implementation vested in authority figures who have the power to act</p> <p>Agency management largely independent of outside influences</p> <p>No limits</p>
Performance expectations	<p>Vague and in constant flux, changing with elections and political appointments, encouraging inaction</p>	<p>Clear and fixed for long time periods, creating urgency.</p>
Incentives	<p>Job security, power, recognition, roles and tasks.</p>	<p>Financial</p>

(Source: Nutt and Backoff; 1992:27-30 *adapted*)

The various factors in the classification will now be discussed briefly.

- Environmental factors

Environmental factors include markets, constraints, and political influence as identified by Rainey, Backoff and Levine (1976) in Backoff and Nutt (1992:26).

4.5.1 Markets

Whereas the private sector is dependent on the buying power of people for its revenues, the public sector is dependent on oversight institutions to provide resources. The market mechanism is thus not such an important incentive for public sector organizations in terms of striving for effectiveness and efficiency. Oversight bodies can, however, use budget allocations to prescribe acceptable levels of performance thereby determining the market. Since oversight bodies determine the market, it is incumbent upon managers to establish what these bodies demand with a view to developing and implementing an appropriate strategy.

It is further stated that public organizations are expected to cooperate with each other to prevent duplication of services. These organizations need to look for other means of competition. Since the market characteristics are unclear for public organizations, they need to make a concerted effort to identify the scope and nature of the services needed.

4.5.2 Constraints

Rules and regulations often serve as constraints to the actions strategic managers regard as necessary to deliver an efficient service. As a result, they are limited in their autonomy and flexibility. This state of affairs is further compounded by court rulings and newly elected administrations. For strategic managers to perform their task properly, these rules and regulations need to be understood and put in proper context that explains direction in attempting new actions (Nutt & Backoff, 1992:26).

4.5.3 Political influence

Public organizations essentially operate in a political environment where the views of legislators, interest groups and opposition parties impact on the eventual decision taken. Strategic managers are thus faced with a complex organization structure in formulating strategies. They are required to negotiate and bargain

with these stakeholders in an open fashion when formulating strategy, which activity could reduce opposition to the plan and facilitate easier implementation.

Environmental factors emphasise the reality that rules and regulations, and people in authority positions are realities that the strategic manager needs to confront. Understanding the historical context in which the organisation is obliged to operate would make them better understand the constraints imposed by political influence and authority positions. Discussing poorly advised directions as issues will make it more difficult for people in positions of power to ignore the efforts of strategic managers. Continuous changes of people in power positions, and in the environment in general bring to the fore the need to appraise trends and issues from time to time, which makes it easier for the strategic manager to identify political factors that could nullify strategy.

4.5.4 Transactional factors

Complex relationships develop as a result of the public organisation engaging with key entities in striving to meet its objectives. Key factors are coerciveness, scope of impact, extent of public scrutiny, and public ownership factors.

4.5.4.1 Coerciveness

The public has no choice with regard to certain services and obligations imposed by rules applied by public organisations. Strategic managers can use coerciveness to great advantage provided they are aware of such opportunities when they formulate strategy and devise implementation plans (Nutt & Backoff, 1992:27).

4.5.4.2 Scope of impact

Public organisations deal with a much broader area of interest than private organisations. Public organisations have the privilege to introduce strategic management in taking social action, especially with regard to services that private organisations cannot perform, such as social welfare. They should,

however, first determine what externalities are involved before engaging in such programmes.

4.5.4.3 Public scrutiny

Public organisations are required to conduct their business in the open. Their actions are thus open to public review and interpretation. Public scrutiny requires that the formulation of strategy in public organisations need to follow different procedures than those used in the private sector. In this regard, providing more opportunity for participation becomes a critical requirement in a public organisation.

4.5.4.4 Ownership

The entire public can claim ownership in public organisations as they are there to serve the people. The strategic manager in public organisations must take cognisance of the wishes of the public in the delivery of services. Although consulting with the public is often a cumbersome and difficult process, it is an essential one. Public meetings and project teams are useful mechanisms at the disposal of the strategic manager to assess the expectations of the public in order to adequately address their needs in strategic management.

Transactional factors prescribe a complex array of criteria that public organisations should meet in delivering services to the community. The cumbersome procedure of consulting with diverse interest groups could be time consuming, but is a necessary requirement within a democratic society. On the other hand, the fact that there are certain services that only the public sector can perform and in which the people have no choice in the matter, provides an ideal opportunity for the strategic manager to formulate and implement strategy (Nutt & Backoff, 1992:27).

4.5.5 Internal processes

Goals, authority limits, performance expectations and types of incentives are the critical factors that distinguish public and private organisations.

4.5.5.1 Goals

The different stakeholders in the public sector often have different priorities that they expect the public sector to satisfy. Because it is not possible for the government to meet all these expectations, the goals that are prescribed for the public sector to attain are often broad and vague. Since strategic management procedures demand clear goals for success, the ambiguity of goals in the public sector constitutes a serious problem for strategic managers. This situation necessitates the need for the public sector to seek ways of establishing clear targets to attain in applying strategic management.

4.5.5.2 Authority limits

Compared to the private sector, the public manager has little or no authority to effect changes in the system they are implementing. Meaningful changes in the system can only be achieved through legislation which takes time. Strategic managers should take cognisance of these limits in developing strategy.

4.5.5.3 Performance expectation

Given the fact that goals are often ambiguous and vague, it is difficult to define performance expectations accurately. Performance expectations that are unclear present several consequences.

First, it is difficult to identify success. The result is that the person that excels cannot be identified and rewarded. Further, deviations cannot be uncovered with and corrective action taken timeously.

Second, there is less determination in public organisations. Changes in political power and political appointments lead to interruptions in programmes (Nutt & Backoff, 1992:27).

4.5.5.4 Incentives

It is normally more difficult to introduce practical incentives in the public sector that link level of performance and incentive payouts. It is furthermore difficult to identify people's inputs in an activity involving a number of people. Cognisance should be taken of the unresponsive nature of incentive schemes in the public sector with a view to designing schemes that accurately fits the organisation's profile.

Internal process factors represent stumbling blocks for the strategic manner. Several steps are advised to counter these stumbling blocks. First, the strategic management process in the public sector uses ideals instead of goals. Ideals provide clarity of where the organisation wants to be, giving tangible guidelines for action to be taken. They further indicate best- and worse-case scenarios that define clients, programmes, reputation and ability. Second, to establish joint agreements that allow strategic action, public sector organisations may have to change amend jurisdictions and gather resources. Careful assessment of stakeholders' motives is necessary, and key people in the organisation should be used to strengthen the organisation's resources. Third, involving staff members in strategic change provides a solution to poor incentive schemes and low expectations. Participation provides an opportunity for public sector employees to get involved in important assignments and increase their influence over the organisation's activities.

4.6 Strategic management initiatives in the public sector

The question whether strategic management indeed has potential in the public sector could best be addressed by reporting on a research project into strategic initiatives in the public sector of four countries. Green (1998:537) mentions in the introduction to this research report that although strategic management has traditionally been the explosive preserve of the private sector, it has more recently found its way into the public sector. The research was done in Ireland, North Ireland, Australia, and New Zealand. Green's paper (Green, 1998:538)

attempts to look at the reasons for the introduction of strategic management to the public sector of these countries, to investigate how it was introduced, and how it has been used.

Strategic management is the result of the reform process to which governments have committed themselves. Issues such as privatisation, deregulation, efficiency audits, senior management reviews, and devolved budgeting amongst others have put pressure on governments to give effect to their commitments. The undertaking to reform has led to public institutions to “rethink and restructure” the services they fund and deliver. Two approaches have been adopted to restructuring namely, a fundamental change in governance such as privatisation, and measures which may not lead to a change in government but change the way the public sector operates. This restructuring have three reinforcing aims.

First, to ensure that public services are more receptive to the wishes and preferences of their users. Public sector organisations need to move closer to the private sector notion of “customer is king” to facilitate less indifferent attitudes towards customers. Second, government’s desire to control public expenditure by means of higher efficiency of the public sector, and in the process making more resources available to the private sector. A public sector that is continually expanding leads to higher government expenditure and lesser resources to be released to the private sector. Third, to develop a public service to implement and contribute more effectively to the government’s strategic vision of the development of the economy. The government should refrain from involvement in economic activity that is considered the domain of the private sector.

Green (1998:539) further asserts that the above create paradoxes for the government and for strategic management in the public sector. The first paradox is that if an enterprise culture is to thrive, adequate infrastructure has to be provided by the state, which has often led to more instead of less government expenditure. The second paradox is that policies for state departments generally

determine the competencies for any department in terms of their respective sphere of authority and the nature of their roles and administrative tasks. Departments tend to do their strategic planning on their own instead of in conjunction with others with which their functions overlap, which often leads to unclear relation of mandate to mission.

The third paradox is that it is difficult to strategically manage oneself into oblivion. Governments seem to have decided that the public sector has no distinctive ability relative to the private sector, and should therefore only do what the private sector cannot or does not wish to do. Such a belief may lead to a continuance of current activity rather than the creation of a new set of competencies, which may lead to improved performance.

Green (1998:540) asserts that the adoption of the strategic approach indicates a more fundamental reorientation of the public sector compared to the past. He also warns that the adoption of strategic management techniques into the public sector may be only a means of continuing with old practices under a new name, or merely an excuse to reduce resources and pretending that no services are suffering in the process. He argues that the introduction of strategic management in the public sector signifies great importance. Strategic management should be about forecasting the future and looking outwards to develop a view of new activities deep into the future.

In a report on changes within local government in Britain, Cochrane (1993: 30) states that there has been a shift from financial control to strategic management. Whereas financial control in the 1980s served as the most important management tool, changes in the context of government in the 1990s led to the rise of managerialism with less emphasis on financial control measures. In essence, more emphasis was placed on management, and in particular, strategic management borrowed from the private sector (p 42). A movement away from the concept of local government as self-sufficient provider to one of local

government as “enabler” occurred, allowing senior managers greater influence in the running of the administration. In addition, senior managers acquired greater status to narrow the gap in status with their counterparts in the private sector. Embracing concepts such as “total performance management”, “quality, equality and good management”, and “development of a high trust culture” is an indication of a concerted attempt within local government to borrow from the private sector. The aim of becoming more “businesslike” is to establish clear cooperation between the public and private sectors (p 44). The increasing spread of “Visions”, “Mission Statements”, and “Strategies” throughout local government is proof of the acceptance of the management function as a replacement for accounting which emphasises the financial control function. Cochrane (p 44) cites the use of consultants of the commitment by local government to work more closely with the private sector.

4.6.1 Strategy of the City of Cape Town

The City of Cape Town has framed a strategy for the provision of housing in the form of a five-year Integrated Housing Plan. This plan is briefly discussed under the following headings:

4.6.1.1 Legislative framework

The Constitution entrenches the citizen’s basic right to access to adequate housing. The role of the national, provincial and local governments is broadly defined in the Constitution. Central government assumes responsibility for establishing the housing development process, provincial government creates an enabling environment for the process, and municipal government pursues the delivery of housing.

The Housing Act, 107 of 1997 sets out the principles for housing development for all spheres of government, indicating that the municipality has the primary responsibility for the housing provision function within its jurisdiction. Section 9(1)

(f) of the Act instructs the municipality to take the necessary steps as part of the integrated development planning process to facilitate housing provision.

The Municipal Finance Management Act, 56 of 2003 identifies the roles and responsibilities of municipalities in expending financial resources.

The National Housing Code contains a policy framework for housing provision in South Africa together with guidelines on how the policy should be achieved. The Housing Code serves as a guideline for the City's housing strategies.

Municipal integrated development planning is the process by which the municipality allocates its resources to their development priorities and strategies. It is a consultative plan that is formed after a process of public participation. The plan for the City of Cape Town identifies eight strategic focus areas on which to concentrate its activities for the next five years, with housing provision being one of these.

4.6.1.2 Key challenges

Urbanisation has led to Cape Town experiencing a high growth in population. Being a particularly attractive settlement area, Cape Town has doubled its population in the past 20 years (Cape Town, 2007). An estimated 1% natural growth and a net-migration of between 16 000 and 18 000 households per year produce a net rise of 20 000 households a year in the housing deficit. This situation is compounded by the scarcity of available developable land. The limited annual housing subsidy provided by the State is a further constraint on the City's ability to supply housing.

The housing need for Cape Town currently stands at 400 000 families who need housing. The HIV and AIDS problem also affects the poorer sector of the population that also needs houses the most. The delivery of houses thus takes place in the context of high mortality among household-heads, or subsidy

beneficiaries. There has also been an increase in the number of “unhousables”, referring to families who have received a subsidy but are now living in an informal settlement area again.

The Housing Environment within the City of Cape Town comprises 223 informal settlements in its jurisdiction. These settlements are characterised by huge overcrowding, poor access to potable water and sanitation, lack of healthcare and limited public facilities. The social environment is not conducive to building sound family relationships, and the health and safety of households are continually at risk of fires and flooding. The administration of rent has become problematic due to City employees not being able to conduct regular house visits due to safety concerns. As a result, the number of anti-social activities has increased in the form of illegal shebeens, drug dealing and unlawful occupation of units.

Land is a finite source on which the delivery of housing is fundamentally premised. The existence of mountains and oceans in Cape Town exacerbates the scarcity of land. Land development in Cape Town is heavily regulated by two systems of land-use and environmental law. They represent important barriers to the rapid release of land. Every project must pay for a complete Environmental Impact Assessment, which requires a public participation process and environmental investigation. This is followed by a land use application that involves township establishment, zoning and engineering designation. Generally two years are required before land becomes available for development purposes, causing an increase in building costs.

Finance for housing demands a complex array of funding and financing mechanisms. Central government funding is tied to annual budget cycles. This problem is partly overcome by obtaining “project approvals”, which effectively commits the outer years of central grants to known projects. It is foreseen that

efficiency will be enhanced following the City's housing accreditation in terms of the Housing Act, 107 of 1997.

Human skills shortages in some of the critical operating areas continue to be a source of concern. Employing and retaining staff with appropriate skills will enable the City to meet its delivery targets and ensure the provision of quality services.

5 The form of housing development

The scarcity and increasing cost of land have prompted the City to recognise that higher densities are critical in the future development of new human settlement areas. The City recognises that higher densities provide significant saving in land cost, and more opportunities for the efficient provision for infrastructure.

6 Main elements of the management strategy

The elements have been identified to achieve the management strategy:

- 7 establish permanent offices in informal settlements
- 8 improve security of tenants
- 9 improve service delivery
- 10 improve the quality of dwellings
- 11 establish development partnerships
- 12 coordinate implementation
- 13 monitoring and evaluation

4.7 SUMMARY

An organisation needs a strategy if its wants to generate value over a sustained period of time in an environment that is continuously changing. The analysis of the environment enables an organisation to find strategic direction for strategy formulation, implementation, evaluation and restructuring. The restructuring phase of the strategic management process stresses the cyclical nature of the process. Although a study of strategic management literature would show that

the focus of the process is almost exclusively on application in the private sector, strategic management has recently found its way into the public sector. Governments have committed themselves to the reform process, and strategic management is regarded as a useful instrument to sustain the reform process.

CHAPTER 5: LEGISLATIVE FRAMEWORK FOR HOUSING PROVISION FOR THE CITY OF CAPE TOWN

5.1 INTRODUCTION

The previous chapter explained the strategic management process with particular reference to how it has become a reality in the public sector. This chapter explains the range of empowering rules and regulations that impact on the provision of housing to people in the lower income groups. The approach is to investigate legislation on all spheres of government, starting with the national sphere, followed by the provincial sphere and ending with the local sphere of government. Of particular interest will be the requirement of cooperation between and amongst the different spheres of government with regard to the provision of housing.

5.2 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA ACT, 108 OF 1996, AS AMENDED

The importance of the Constitution of South Africa Act, 108 of 1996, hereinafter referred to as the Constitution, is derived from the stipulation contained in Section 1 of chapter 1 of the Constitution. The said section of the founding provisions of the Constitution stipulates that “The Constitution is the supreme law of the Republic; law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled.” The consequence of this stipulation is that rules enacted by all spheres of government must be subservient to the dictates of the Constitution in order to enjoy the power of enforceability (South Africa, 1996).

The Bill of Rights in chapter 2 of the Constitution expressly protects citizens’ rights regarding housing. Section 26(1) of the Constitution entrenches the citizen’s right to have access to adequate housing. This stipulation places a responsibility on the relevant sphere of government to provide the facility of housing units for the people who have the liberty to make use of that facility according to their means. If, therefore, access to housing is provided but the

citizen does not have the means to acquire the said housing, the blame cannot be placed on the government. This is an important consideration, especially in assessing the reality of the vast number of informal settlements that has become characteristic of urban areas. The question that needs to be investigated is: “How many of the inhabitants in informal settlements are staying there not because they do not have access to housing, but rather do not have the means to utilise the access provided by the government?”

Section 26(2) of the Constitution imposes a responsibility on the spheres of government to provide the necessary legislative measures that will give effect to the right to access to housing. Each sphere of government is thus required to enact laws and other empowering measures to make access to adequate housing possible for the citizen. Legislation will provide clearer instructions to the spheres of government regarding the objectives that need to be achieved with a view to honouring the right to access to adequate housing.

Section 26(3) of the Constitution protects the citizen from arbitrary evictions. It states that “No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances.” The section provides further protection against eviction in stipulating that no government may provide for arbitrary evictions in its legislative measures (South Africa, 1996).

5.3 THE HOUSING ACT, 107 OF 1997

The Housing Act acquires special significance insofar as it gives effect to the instruction contained in Section 26(2) of the Constitution which stipulates that the state must take reasonable legislative measures to achieve the realisation of the right to adequate housing. The Act contains general principles regarding housing development in all spheres of government, as well as the functions of national, provincial and local government regarding housing development. A summary will

be given of the general principles and the functions of the various spheres of government (South Africa, 1997).

The general principles, contained in Part 1 of the Act, apply to all spheres of government, and prescribe that preference should be given to the poor and the needs of the disabled. Individuals and communities should be broadly consulted, and encouragement and support given to associations, cooperatives and other bodies striving to fulfil their own housing needs. The principles of cooperative government and intergovernmental relations referred to in the Constitution should be observed. The Minister of Housing is, furthermore, empowered to issue principles in addition to these principles that are deemed necessary to promote housing development.

Part 2 of the Act contains the functions of national government, which is responsible for establishing national housing policy, which includes national norms and standards for housing development. National government sets broad national goals, and facilitates the setting of provincial and local government delivery goals in support of such national goals. It further monitors performance of national government, as well as the performance of provincial and local governments in cooperation with every provincial minister of housing. It determines a procurement policy in relation to housing, and assists provinces to develop administrative capacity needed for effectively exercising their duties in respect of housing development. National government also supports and strengthens the capacity of municipalities to manage their own affairs, exercise their powers, and perform their duties in respect of housing development. Regarding consultation on matters regarding housing development, national government liaises with representatives of civil society, sectors supplying or financing housing services, provincial and local governments, and any other stakeholder in housing development (South Africa, 1997).

Specific responsibilities are also allocated to the Minister of Housing. A national institutional and funding framework for housing development may be established. The Minister may allocate funds to provincial governments for housing programmes, and evaluate performance of the housing sector against set goals and equitableness effectiveness requirements. The Act provides for a National Housing Code. In fact, the Act compels the Minister to provide such a code insofar as it states in Section 4(2) "The Minister must publish a code called the National Housing Code". Section 4(2) further states that the Code must contain national housing policy, and may include administrative or procedural prescriptions regarding implementation of national housing policy. Every provincial government and municipality must be furnished with a copy of the Code (South Africa, 1997).

The Minister is further required to establish a panel of persons to advise on any matter relating to housing development. The Director-General of the Housing Department is responsible for establishing and maintaining a national housing data bank and a national housing information system. The data bank and information system serve to record information for purposes of development, implementation and monitoring of national policy. They also provide reliable information for the purposes of planning of housing development. The Department will be able to effectively monitor any aspect of the housing development process. The data bank and information system further serve to provide macro-economic information for the coordination of housing development.

Part 3 of the Act spells out the functions of provincial government. The functions include determining provincial housing policy, promoting the adoption of legislation to ensure housing delivery, taking reasonable steps to support and strengthen the capacity of municipalities to exercise their powers and performance of their duties in respect of housing development. The provincial government is also required to intervene by taking appropriate steps when a

municipality cannot, or does not, perform a duty imposed by this Act (South Africa, 1997).

Subsection 3 of Part 3 prescribes the functions of the provincial minister of housing (MEC). The MEC must administer every national housing programme and every provincial housing programme, determine provincial housing development priorities in accordance with national housing policy, and apply procurement policy in respect of housing development. The MEC must also establish a panel to advise on matters relating to housing development.

Part 4 of the Act describes the functions of municipalities. Subsection 9 (1) states that housing delivery within a municipality must be conducted within the context of the process of integrated development planning. The municipality must operate within the framework of national and provincial housing legislation and policy. It must ensure that inhabitants within its jurisdiction have access to adequate housing. A healthy and safe environment must be created, together with the provision of basic services such as water, sanitation, electricity, roads and transport. Housing delivery goals must be set, and land for housing development identified and designated. Municipalities are also required to promote resolution of conflict arising in the housing development process, and to initiate, plan, coordinate, facilitate, promote and enable housing development in its area of jurisdiction. Subsection 9 (3) provides for the municipality to expropriate land for purposes of housing development in terms of any housing programme if it does not have available land of its own (South Africa, 1997).

Section 10 of the Act deals with the sale of state-subsidised housing and stipulates that there is a restriction on such sale. Whether the sale is voluntary or involuntary, the dwelling shall not be sold unless it has first been offered to the relevant provincial housing department.

Part 5 of the Act deals with the South African Housing Fund. Section 11(2) of the Act states that the fund consists of money allocated by Parliament and contributions from other sources for purposes of housing development. Section 12 of the Act stipulates that the Minister, after consultation with every MEC, determines criteria for the allocation of money out of the fund to provinces for the purpose of financing the implementation of any national housing programme and any provincial housing programme which is in accordance with national housing policy (South Africa, 1997).

5.4 RENTAL HOUSING ACT, 50 OF 1999

Section 2(1) imposes a responsibility on government to promote rental housing. In this regard, the government must promote a stable market that meets the demand for affordable rental housing, especially among historically disadvantaged groups and poor people. The means to do this include incentives and other interventions that could improve conditions in the rental housing market, encourage investment in both urban and rural areas that need upgrading, and correct distorted patterns of residential settlement by promoting new development in affected areas. The government should, furthermore, facilitate the provision of rental housing by entering into partnership with the private sector. Measures introduced by government to promote rental housing must ensure that existing urban and rural municipal and transport infrastructure is optimally utilised, higher residential densities in existing urban areas is promoted, and existing public and private capacity expertise in the administration of rental housing is mobilised (South Africa, 1999a).

Section 3 of the Act instructs national government to introduce a policy framework which includes norms and standards on rental housing. Provincial and local governments are required, in terms of Section 4 of the Act, to pursue the objects of promoting rental housing within the national policy framework on rental housing. To this effect they must ensure that rental housing is accorded the necessary attention in the execution of their functions, the exercise of their

powers and the performance of their duties and responsibilities with regard to housing development (South Africa, 1999a).

Section 3(1) of the Act stipulated that the Minister may introduce a rental subsidy housing programme as a national housing programme to stimulate the supply of rental housing property for lower income persons. Section 3(2) of the Act stipulates that Parliament may annually appropriate an amount to finance such a programme to the South African Housing Fund.

Section 4 of the Act prescribes the relations between tenants and landlords. It contains general provisions protecting the basic rights of both tenant and landlord. Subsection 4(1) outlaws any form of discrimination against the tenant in the advertising or negotiating of a lease. The tenant's right to privacy is protected by Subsection 4(2) of the Act. Subsection 4(5) protects the right of the landlord regarding prompt and regular payments of rental and other charges payable, recovery of unpaid rental, termination of the lease, and claiming of compensation for damages (South Africa, 1999a).

Section 5 of the Act contains instructions to ensure that leases are enforceable in a court of law.

Chapter 4 of the Act provides for the establishment of a Rental Housing Tribunal. The primary function of the tribunal is to adjudicate on complaints submitted by a tenant or landlord concerning an unfair practice.

5.5 HOME LOAN AND MORTGAGE DISCLOSURE ACT, 63 OF 2000

The objective of the Act is to ensure fairness in lending practices by means of requiring financial institutions to disclose information regarding the provision of home loans. The Act takes cognisance of the protective measures enshrined in the Constitution, and emphasises that it does not wish to promote unsound lending practices among financial institutions in the provision of home loans. The

Act recognises the citizens' right to equality before the law, enjoyment of all rights and freedoms, the need for legislative measures to promote equality, and the responsibility of the state to fight all kinds of discriminatory practices. The Act also acknowledges the citizens' right to have access to adequate housing, and the right of access to information held by the state and other persons or institutions and which is required for the exercise of any rights (South Africa, 2000a).

The Act requires financial institutions involved with the provision of housing loans to disclose such information. Section 3 of the Act determines that the following information must be disclosed by the financial institution:

- the total number of home loan applications received in the financial year for various categories of borrowers from different geographical areas, and the amount in rand
- the total number of applications rejected and the reasons for rejection for the prescribed categories
- the total number of home loans and the amount disbursed by the institution during the financial year
- the total number of home loans approved by the financial institution during the financial year in the prescribed categories.

The Act stipulates in Section 2 that such information should be disclosed in the financial institution's annual financial statements. In addition, Subsection 2(3) of the Act states that the required information should be supplied under a separate heading entitled " Disclosure requirements in terms of Home Loan and Mortgage Disclosure Act" (South Africa, 2000a).

5.6 WESTERN CAPE HOUSING DEVELOPMENT ACT, 6 OF 1999 AS AMENDED

The Act defines the role of both the provincial and local sphere of government in housing development by ensuring integration of housing development with other

elements of development in a holistic manner. The Act states that the provincial government must promote the integration of housing within the framework of national and provincial programmes. It must determine provincial housing development policy and promote legislation for effective housing delivery. Specific steps should be taken to enhance the capacity of local governments to perform their duties in respect of housing development, and the provincial government should take appropriate steps when a particular local government cannot or does not perform a duty required of it (South Africa, 1999b).

The Provincial Minister of Housing (MEC) must exercise the powers entrusted by legislation, and may issue policy directives pertaining to housing development which cannot be addressed at local government level. The MEC may further issue norms, standards, frameworks and policies to address matters pertaining to housing development to deal uniformly with housing issues in the Province. The MEC may establish an Advisory Panel to provide advice on housing matters.

Section 13 of the Act provides for the establishment of the Housing Development Fund. Money appropriated for the purpose of housing-related development and integrated development must be paid into this fund. Section 15 of the Act stipulates that local government must perform specific functions as part of its process of integrated development planning. These functions include ensuring access to adequate housing for its inhabitants in a safe and healthy environment, with basic services such as water, electricity and sanitation. Local government must set reasonable housing delivery goals, identify land for housing development, create and maintain a public environment conducive to housing development, and resolve conflicts arising in the process of housing development. Local government may further participate in a national or provincial housing programme by promoting a housing development project, or administering any national or provincial housing programme in respect of its area of jurisdiction (South Africa, 1999b).

Subsection 15(3)(a) provides for a local government to expropriate land required for purposes of housing development in terms of any national housing programme if the local government is not able to acquire the needed land by other means. In such a situation it must obtain the permission of the MEC and publish the notice of expropriation within six months in the Provincial Gazette. Section 16 of the Act provides that a local government may apply to the MEC to be accredited for the purposes of administering one or more national housing programmes.

Section 19 of the Act provides that immovable property can be transferred to a local government if the MEC is of the opinion that the local government has the capacity to administer such property in accordance with national policy.

5.7 SOCIAL HOUSING ACT, 16 OF 2008

The purpose of the Act is to give priority to the needs of the low and medium income households, and special priority to the needs of women, children, child-headed households, persons with disabilities and the elderly. The national, provincial and local spheres of government must ensure involvement of residents and key stakeholders through consultation, information sharing, education, training and skills transfer, thereby empowering residents. The different spheres of government must further promote an environment that is conducive to realising the roles, responsibilities, and obligations of all role-players in the social housing market. To ensure economical utilisation of land and services, medium to higher density in respect of social housing development must be promoted. Sustainable independent housing institutions should be created for managing social housing stock.

Chapter 2 of the Act prescribes the roles and responsibilities of national, provincial and local government. National government is primarily responsible for creating an enabling environment for social housing in the form of a legislative, regulatory, financial and policy framework for the delivery of social housing. The

provincial government is chiefly responsible for ensuring fairness, equity and compliance with national and provincial social housing norms and standards. The municipality must take reasonable steps to facilitate social housing delivery within its area as part of the municipality's process of integrated development planning. Being directly involved in the delivery process, the municipality must enter into performance agreements with social housing institutions.

Other role-players are the National Housing Finance Corporation which is responsible for providing access to loan funding. Chapter 3 of the Act also provides for the establishment of a Social Housing Regulatory Authority, which is a juristic person accountable to the Minister and Parliament. Its responsibilities include promotion of development and awareness of social housing, advice and support to the Housing Department, and the provision of best practice information and research on the status of social housing.

It must be mentioned that the Social Housing Act specifically focuses on the low to medium income households. This sector of the housing population thus comprises households that can make a substantial financial contribution to the acquisition of a house. The needs addressed by the Social Housing Act thus do not enjoy preference to the needs of the poor in the provision of housing.

5.8 NATIONAL HOUSING CODE: MARCH 2000

Section 4 of the Housing Act 107 of 1997 instructs the Minister of Housing to develop and publish a National Housing Code (hereinafter called the Code) containing national housing policy and administrative guidelines for the effective implementation of the National Housing Policy. The Minister is further instructed to make available to each provincial government and municipality a copy of the Code. The Minister shall also every year publish a revised Code, containing all amendments made to National Housing Policy effected during the previous year. The Code should be seen as confirmation of existing policy at any given time and not as a replacement of key legislation and laws (South Africa, 2000b).

5.8.1 Overall approach to housing in South Africa

Chapter 2 of the Code explains the overall approach to housing that includes a national housing vision, the housing goal, basic points of departure, and fundamental principles (South Africa, 2000b).

5.8.1.1 A vision for housing in South Africa

The housing vision is derived from subsection 1(vi) of the Housing Act and is defined as: “The establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities, in areas allowing convenient access to economic opportunities and to health, educational and social amenities, in which all citizens and permanent residents of the Republic will, on a progressive basis have access to:

- permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements, and
- potable water, adequate sanitary facilities and domestic energy supply”.

This vision is known as the National Housing Vision. This vision is further emphasised by the Urban and Rural Development Frameworks which state the following visions:

The Urban vision states that: “Urban settlements by 2020 will be:

- spatially and socio-economically integrated, non-segregated, free of racial and gender discrimination, enabling people to make residential and employment choices to pursue their ideals
- centres of economic, environmental and social opportunity where people can live and work in safety and peace
- centres of vibrant urban governance, managed by democratic, efficient, sustainable and accountable metropolitan and local governments in close cooperation with civil society and geared towards innovative community-led development

- environmentally sustainable, marked by a balance between quality built environment and open space; and between consumption needs and renewable and non-renewable resources. Sustainable development meets the needs of the present while not compromising the needs of future generations
- planned for in a highly participative fashion that promotes the integration and sustainability of urban environments
- marked by housing, infrastructure and effective services for households and business as the basis for an equitable standard of living
- integrated industrial, commercial, residential, information and educational centres, which provide easy access to a range of urban resources
- financed by government subsidies and by mobilising additional resources through partnership, more forceful tapping of capital markets, and via off-budget methods” (South Africa, 2000b).

The Rural vision states that: “Rural settlements by 2020 will ensure:

- much greater access for rural people to government support and information and to commercial services, with a more logical spatial network of towns, services, roads and transport systems serving both market traders and customers
- close availability of water, sanitation and fuel sources, giving everyone more time for economic productivity and better health dignity, safety and security of access for all, especially women, to useful employment, housing, and land, with people able to exercise control over their society, community and personal lives, and to invest in the future.”

5.8.1.2 The National Housing Goal

The Minister of Housing is required by Section 3(2)(b) of the Housing Act to set broad national housing delivery goals, and to facilitate the setting of provincial and local government housing delivery goals. The broad goal is to overcome the housing backlog by increasing housing delivery to 350 000 per annum, in the

process ensuring that implementation systems in all spheres of government can accommodate the budget allocation and delivery programme.

5.8.1.3 Framework for a National Housing Policy

Housing policy operates within a framework broadly set by the Constitution of the Republic of South Africa Act, 1996 and the Housing Act, 1997.

Other policies of government contribute to this framework.

Table 5.1: Policy Framework

The Constitution
Reconstruction and Development Programme (RDP)
Housing White Paper
Housing policy
Urban and Rural Development Frameworks
GEAR
Housing Act

The above table displays housing policy and strategy in context and acts as a point of departure.

The Constitution is the supreme law of the country, forming the basis of all activity. All other laws need to be subservient to the stipulations of the

Constitution. The components of the Constitution that have direct relevance to housing are those that deal with the specific right to access to adequate housing, and the powers and responsibilities of the national, provincial and local governments with respect to housing activities. These components had already been addressed under paragraph 2.2 of this chapter.

The Housing Act further specifies the roles and responsibilities of each sphere of government, which had been addressed in paragraph 2.3 of this chapter.

The Reconstruction and Development Programme (RDP) comprises four programmes that indicate a clear vision for housing delivery, which include:

- meeting basic needs
- developing human resources
- building the economy, and
- democratising the State and society

The Growth, Employment and Redistribution (GEAR) programme aims to achieve the following aims:

- a competitive, faster growing economy which creates sufficient jobs for all workers
- a redistribution of income and socio-economic opportunities in favour of the poor
- a society in which sound health, education and other services are available to all, and
- an environment in which homes are secure and places of work are productive

The policy impact of GEAR with regard to the capacity to implement housing is that dealing with the availability of funds for housing. The effect of GEAR is thus that housing policy must promote efficient and cost-effective delivery

programmes that achieve maximum gearing of public investment with other resources.

The White Paper and the Urban and Rural Development Frameworks set out the government's broad housing policy and strategy, as well as the framework for urban and rural housing policy and development. Some of the critical requirements prescribed by these policy documents are that the housing process:

- is economically, fiscally and financially sustainable
- maximises social and economic benefits to the local community
- facilitates coordination between various sectors
- maximises the involvement of the community, and
- deals sensitively and responsibly with the impact of housing development upon the environment.

5.8.1.4 Fundamental Principles for Housing Policy and Implementation

Eight broad principles are prescribed for housing sector activity applicable to all role players in the housing sector. These principles are drawn from the Housing Act, 1997, the Development Facilitation Act, 1995, and the Housing White Paper (South Africa, 2000b).

5.8.1.5 People Centred Development and Partnerships

Government acknowledges that it cannot meet the housing challenge alone in its commitment to a housing process built on the foundations of people centred development and partnerships. Hence, participation of all role players in housing is required. Such role players include the private sector, local communities, development bodies and the international community who are required to contribute their skills, creativity and financial and other resources to the housing process.

In order to facilitate the cooperation of the various stakeholders, government policy is primarily facilitative. The government attempts to merely create an environment conducive to a people centred and participative housing process. In the process all participants share in the risk as well as the rewards of the housing process.

5.8.1.6 Skills Transfer and Economic Empowerment

Housing, in addition to being an economic activity, also contributes towards ongoing growth and prosperity, and enhances the creation of stable and productive communities. Enabling and supporting such communities in participating in the satisfaction of their own housing needs with a view to benefiting from skills transfer and economic empowerment processes are among the objectives of the government's housing policies and strategies. In simpler terms, the community not only acquires skills in the housing process, but they also are provided with employment opportunities. The housing policy, therefore, supports the development of partnerships between local initiatives, small and bigger companies, and service providers such as financial institutions. The empowerment of the beneficiary refers not only to the transfer of property, but also to participating in the housing process and education in the technical and financial aspects of housing.

The following activities serve as the focus in ensuring that beneficiaries are not being abused by operators in the market:

- promoting the creation of jobs in the construction and allied sectors
- supporting programmes for skills transfer, capacity building and upward mobility for both skilled and unskilled persons in the housing sector
- looking for mechanisms to stimulate entrepreneurial development
- improving access to finance for housing development, and developing consumer protection and educational mechanisms to inform them of their rights and responsibilities in the housing process (South Africa, 2000b).

5.8.1.7 Fairness and Equity

Taking cognisance of the hurtful past that was characterised by legalised discrimination, directive measures by the state should be particularly sensitive to the removal of mechanisms that are discriminatory, and ensuring the equality of all in terms of gender, race, religion and creed. Government policy should thus promote fairness and equity among all citizens regarding equitable access to housing opportunities. Fairness and equity also requires of the government to acknowledge, and respond to, the diversity of society. In this regard particular attention should be given to people in settlement areas, the needs of the youth, the disabled and other minority groups within a framework that gives the necessary attention to such needs in both an urban and rural context.

5.8.1.8 Choice

The individual's right to freedom of choice in satisfying the housing need is recognised. In addition, the individual should have access to resources on a collective basis. The right to choose and the availability of collective efforts should be promoted and encourage respectively by the State.

5.8.1.9 Quality and affordability

Housing provided should be sustainable in terms of quality and price. The housing supplied must therefore last beyond the short term in order not to undermine the benefit received by the beneficiary. The government's investment should be in a product that is of the required quality that meets the objectives of the broad housing programme for a sustainable housing market. Housing products must not only have a market value, but also be affordable to the beneficiary in terms of purchase price, access to long term home finance charges, municipal rates and long term maintenance costs (South Africa, 2000b).

5.8.1.10 Innovation

The unique nature of the housing problem in South Africa in general, and Cape Town in particular requires a unique approach to the provision of housing. Such

an approach should be rich in innovation in order not to make the same mistakes as in the past. The mere fact that we have a housing problem of such proportions is in itself a sign that a straightforward approach to housing does not address the problem. Innovation is needed not only in terms of the policy that we pursue in providing housing, but especially in the manner of implementing that policy. The Housing Code provides the broad guidelines within which the various stakeholders should apply as much innovation in addressing the problem of housing provision.

5.8.1.11 Transparency, Accountability and Monitoring

Transparency is a mechanism for ensuring fairness and justice and preventing a situation where some segments of society benefit more than others. In this regard, the subsidy policy should ensure a transparent flow of funds. In addition to transparency, systems are needed to monitor progress and enforcing accountability from all stakeholders. Such monitoring mechanisms should apply to all interventions and to all spheres of government. Good government is necessary to ensure optimal utilisation of scarce resources and obviate the evils of corruption within society.

5.8.1.12 Sustainability and Fiscal Affordability

Housing delivery should not emphasise accomplishment of objectives in the short term at the cost of medium and long term objectives. Sustained efforts by the State are thus required to involve other sectors in investing in housing, especially in view of the reality that the State does not have sufficient resources to meet the needs of those requiring housing. The housing policy recognises the necessity to attract such investments from the private sector, while acknowledging the need to maintain a balance between State intervention and the effective functioning of the housing market. The housing policy must be sustainable in the long term, especially in the context of the economy, the fiscus, society, finance, and the political environment (South Africa, 2000b).

5.9 SOUTH AFRICA'S HOUSING POLICY IN SEVEN STRATEGIES

Part 1, chapter 3 of the Housing Code states that South Africa's housing policy is based on the following seven major strategies:

- stabilising the housing environment
- mobilising housing credit
- providing subsidy assistance
- supporting the people's housing process
- rationalising institutional capacities
- facilitating speedy release and servicing of land, and
- coordinating state investment in development (South Africa, 2000b).

It is emphasised that these strategies are mutually inclusive, and integral to housing policy. The one cannot function without the other, and government housing policy should be seen as a package of these seven strategies. These strategies are now elaborated on.

5.9.1 Stabilising the housing environment

The acquisition of private investment and successful implementation of government policy are only possible if there is a stable public environment. The housing sector has been characterised by events that could be described as unstable. Land invasions, payment boycotts and policy uncertainty have all represented a risk factor for private investors in housing. It has also affected individuals who were reluctant to invest in their own property under such unstable conditions.

It is argued that stabilising the housing environment should be addressed from the following three points of view simultaneously:

- political and administrative certainty must be ensured through a stable and consistent policy, resource allocation and reliable administrative practices
- there is a real need to decrease both real and perceived risk, and to pass the risk management to the relevant role players, and

- there is a need to build trust among the non-State sector that all role players are acting in good faith in the housing process.

It is further stated that factors such as improved living environments, efficient delivery of municipal services, construction of housing, regular payment of rates, and reliable and competent local government contribute to a stable public environment.

The government has taken definite steps to stabilise the housing environment by entering into agreements with the private sector to stabilise the housing environment. The most significant agreements are the “Record of Understanding” and “the “New Deal” which led to the establishment of the following initiatives:

- the Masakhane Campaign
- the Mortgage Indemnity Fund
- Servcon Housing Solutions
- Thubelisha Homes, and
- National Home Builder’s Registration Council.

The purpose of these initiatives was to improve service delivery, decrease risk levels, and build trust within the housing industry and beneficiaries and service providers (South Africa, 2000b).

5.9.1.1 The Record of Understanding (ROU)

The ROU contains a two-point strategy for stabilising the housing environment through:

- strategies to increase the availability of credit, and
- risk alleviation interventions.

The interventions to alleviate risks involve a campaign to improve service delivery, mortgage indemnity for a fixed period, management of non-performing loans, managing of existing properties, and the introduction of a product warranty in the building industry. The closure of the Mortgage Indemnity Fund in 1998 led

to the need to enter into a new agreement to ensure continued stabilisation of the housing environment, resulting in the signing of the “New Deal” being signed by the government and the Banking Council. The New Deal came into effect in 1998, providing for a framework for greater cooperation and risk sharing between government and the banks (South Africa, 2000b).

5.9.1.2 The New Deal

The major elements of the new deal are:

- properties in possession and non-performing loans will be placed under a new portfolio to be managed by Servcon until resolved
- MIF cover will immediately be terminated with no recourse under any circumstances
- Government and the Banking Council will participate on an equal share basis in Servcon
- a Policy Committee will be established.

The New Deal is in essence a partnership between government and lenders to further enhance the financial aspects of housing delivery through risk sharing and collaboration. The eventual outcome of this partnership is that government now not only carries the political risks involved in normalising the housing environment, but also the financial risks involved with mobilising savings and credit (South Africa, 2000b).

For purposes of clarifying the roles of the various initiatives established in terms of the ROU and the New Deal, a brief discussion of each initiative will now be given.

5.9.1.3 The Masakhane Campaign

The Masakhane campaign (let us build together) attempts to change perceptions regarding the rights and responsibilities of individuals, communities and local government. It attempts to encourage communities to pay for services and

contribute towards the community in exchange for improved local government and service delivery. Maskhane represents what stabilising the housing environment is all about in that it strives to build trust among the various role players in the housing sector, thereby realising the fruits of housing policy together.

5.9.1.4 The Mortgage Indemnity Fund (MIF)

The primary task of the MIF was to build trust among all role players in housing provision. It played an essential bridging role between government, financiers and communities in its attempt to lay the foundations of a healthy and sustainable future relationship (South Africa, 2000b).

5.9.1.5 Servcon Housing Solutions (SHS)

SHS is a private company in which the government owns 50% and the Banking Council 50%. Its mandate is to assist households who have defaulted on their loans to resume payment in a manner that is acceptable to the household and the financial institution. This arrangement is known as the payment normalisation programme. The policy intention behind Servcon's mandate is to encourage new lending by relieving the bank of non-performing loans, with a view to improving relationships between borrowers and lenders through mediating the relationship. Servcon's activities are necessary to normalise the housing environment in overcoming the culture of non-payment, and in so doing enabling lenders to again rely on the legal process by making use of the eviction in case where the programme is rejected.

5.9.1.6 Thubelisha Homes

Set up jointly by the government and Servcon, Thubelisha Homes is a company not for gain. Its mandate is to acquire or develop housing stock appropriate for rightsizing in order for Servcon's payment normalisation programme to be fully implemented. In this regard it is part of the government's strategy for normalising

the housing environment. Thubelisha Homes strives to attain seven key objectives:

- to determine the nature and scale of demand for rightsizing
- to secure funding to finance rightsizing
- to develop and finance stock
- to evaluate and approve clients
- to sell the developed houses
- to collect rental and other payments
- to report to stakeholders (South Africa, 2000b).

5.9.1.7 The National Homebuilders Registration Council (NHBRC)

The NHBRC was established as a company not for gain to provide standards for the home building industry and protect housing consumers from unscrupulous builders. It provides additional methods of redress for consumers in response to increasing concern from consumer bodies and mortgage lenders. The NHBRC registers home builders, lays down minimum standards and requires builders to provide a warranty on all bondable new houses. Every builder wishing to access credit must be registered with the NHBRC and conform to its building standards and guidelines. Consumers, who want to acquire a bank loan to buy a newly built house, may buy only a house that has been built by a registered builder. The functions of the NHBRC also provides benefits to financial institutions by ensuring that they are investing in quality products, even if that investment is in the low income housing sector.

The NHBRC became a statutory body with the introduction of the Housing Consumers Protection Measures Act, 1998, Act 95 of 1998. The primary mandate of the Housing Consumers Protection Measures Act is to regulate the activities of practitioners involved in the business of home building with a view to improving quality standards in the home building industry. The Act provides for the NHBRC to undertake the following activities:

- regulating the home building industry

- representing the interests of housing consumers
- providing protection to housing consumers should builders not comply with the stipulations of the Act
- improving home building quality through standards that address the building process
- assisting home builders through training and inspection
- promoting consumer rights and providing consumer information
- expanding consumer protection to the housing subsidy sector of the market
- communicating with and assisting builders to register in terms of the Act (South Africa, 2000b)

5.9.2 Mobilising Housing Credit

The strategy to mobilise housing credit stems from the fact that access to housing by the poor had been limited by a range of factors other than affordability. Factors like discrimination and credit instruments, coupled with the reluctance of consumers to save, have limited the access of the poor to finance. Although efforts are under way to stabilise the environment, financial institutions still perceive risk and distrust as real issues of concern. The strategy of mobilising credit has as its primary objective establishing mechanisms that will lead to risk sharing. Risk sharing interventions will be based on the following two-pronged strategy:

- guarantees supported with government funds indemnify banks from loss of investment as a result of risk
- mechanisms to mobilise the provision of credit on a risk-sharing basis, enabling financial institutions to develop low income housing sector experience.

Based on these two areas of focus, the strategy to mobilise housing credit is guided by the following three institutions:

- The National Housing Finance Corporation (NHFC) that provides loans, guarantees and other products to support the entry of financiers into the low income housing sector, and
- The National Urban Reconstruction and Housing Agency (NURCHA) that provides guarantees for bridging finance and housing loans, and
- The Social Housing Foundation that provides training, advice and technical support to established social housing institutions (South Africa, 2000b).

The role of each of these bodies in mobilising housing credit will now be explained.

5.9.2.1 The National Housing Finance Corporation (NHFC)

The NHFC operates as a public company, entirely owned by the government with the main role of piloting and exploring ways of providing housing credit to low income earners in a sustainable manner. The methods employed by the NHFC in creating housing opportunities for lower income households are through:

- funding intermediaries to promote broader access to housing
- building sustainable capacity within organisations it funds, and
- partnering organisations to pioneer new finance and housing delivery approaches.

The NHFC achieves its mission by focussing its activities in the areas of debt finance, equity finance and capacity building. It has two programmes through which it performs its activities, namely the Niche Market Lenders (NML) Programme and the Housing Equity Fund (HEF) (South Africa, 2000b).

5.9.2.2 Niche Market Lenders (NML) Programme

Targeted at housing institutions, non-bank lenders and small banks, the NML is the chief debt funding programme of the NHFC, focusing on providing scale debt funding to lenders in the lower-income housing market. The NML provides debt finance to:

- Niche Market Lenders, who advance micro and mini loans to their customers, and
- Provincial Development Corporations, who provide small mortgages to their customers. This programme meets the policy objective of the government to provide support for the development and promotion of the non-traditional, micro and niche market lending sector. Micro and mini loans are smaller than mortgage loans (up to R20 000) with more flexibility and shorter repayment terms (up to 60 months). The NML provides for alternative payment methods in the form of cash payments and stop order facilities. It also provides for additional security in the form of the ceding of investments, insurance and provident funds.

5.9.2.3 Housing Equity Fund (HEF)

Providing both debt and equity finance, the HEF is targeted at new and emerging institutions and non-bank lenders. The HEF is focused on building housing lending capacity in strategic niches, namely institutions that will in the long run provide finances to the low income housing market. The HEF enables new and emerging lenders, through its finance, to develop adequate capacity to access scale debt financing either through NML or through private sources. The NHFC provides management services to the HEF by agreement, although the HEF operates legally separate from the NHFC of which it conceptually forms part (South Africa, 2000b).

5.9.2.4 Rural Housing Loan Fund (RHLF)

Established as an agreement between South Africa and Germany, and receiving funding from the German Development Bank, the strategic aim of this programme is to develop financial mechanisms and services in South African rural areas. It supports all types of financial institutions operating in rural areas, including social housing institutions, non-bank lenders, housing institutions and small banks. The RHLF provides funding and technical assistance to lenders to improve their distribution and networks in rural areas, and provide assistance in

piloting new loan schemes. It also provides loans to start up lenders in certain identified strategic niches focusing on marketing and institutional establishment. The fund also assists the development of lending schemes, which assist farm workers and rural inhabitants to access service connections and bulk infrastructure in rural areas. The RHLF holds a management agreement with the NHFC, but operates as a legally separate body.

5.9.2.5 Housing Institutions Development Fund (HIDF)

The aim of the HIDF is to establish innovative and sustainable institutional capacity in the housing sector. Through the provision of finance for institutional development objectives and housing stock development, the HIDF aims to assist institutions to improve their sustainability. Its products are aimed at assisting housing institutions from their inception, through their development, capacity building, up to their institutional development needs phases. The HIDF is also operating separately from the NHFC, although conceptually part of it (South Africa, 2000b).

5.9.2.6 Gateway Home Loans (Gateway)

The fact that mortgage loans of less than R60 000 are not readily available, and the micro loan industry usually provides loans of less than R10 000, creates a gap in the housing finance market. As a subsidiary of the NHFC, Gateway has been established with the mandate to address this gap. As a consequence, Gateway attempts to address primarily the need for loans in the R10 000 – R50 000 category. The process involves Gateway buying standardised home loans from accredited primary market lenders on agreed terms and holding these loans in portfolio. When a portfolio of sufficient size has been built, the loans are pooled and funded through debt issues. The standardised product to be offered by Gateway has three characteristics:

- it requires payroll deduction by employers for repayments;
- it relies on financial collateral;
- it may be used only for the purchase of a house (South Africa, 2000b).

The NHFC attempts to broaden the boundaries in within which retail lending for low income housing takes place. The NHFC is broadening the range of lenders to provide credit, and it focuses on rural housing with a view to providing access to areas that previously had no access to credit. By introducing risk-sharing mechanisms, it invites the banking sector to enter areas that were traditionally avoided, and it focuses on the gap in the financial market ensuring that specific needs are addressed. By making available diverse lending methods, it supports a variety of housing delivery approaches, which underpins the innovation principle in the government's housing policy.

5.9.2.7 National Urban Reconstruction and Housing Agency (NURCHA)

Operating as a non-profit company, Nurcha was established to facilitate low cost housing development that focuses on the needs of families earning less than R1 500 per month. Nurcha provides:

- bridging finance guarantees for developers to cover the costs of development before the payment of subsidies;
- end user finance guarantees to help people earning R1 500 per month to access loan finance in approved projects; and capacity building grants to communities for community development processes.

Nurcha strives towards attaining five strategic goals:

- to facilitate low cost housing development by guaranteeing loans made by commercial banks
- to concentrate on the housing needs of families that earn up to R1 500 per month
- to promote small and medium enterprises in housing and urban development
- to enhance the capacity of institutions involved in low cost housing delivery

- to assist in the development of a housing market that meets the needs of all South Africans. The South African Government and the Open Society Institute of New York are Nurcha's primary sponsors, although it receives assistance from a variety of other international agencies. Two categories of programmes are administered by Nurcha, namely the Guarantee Programme and the Joint Venture Development Fund, which are described in the following paragraphs (South Africa, 2000b).

5.9.2.8 Guarantee Programmes

These programmes operate under two headings:

1. Facilitating Bridging Finance

Guarantees are offered by Nurcha to encourage financial institutions to make bridging finance loans available to developers. Nurcha will share up to 60% of the risk with the bank making the loan for established and larger developers, and up to 70% for emerging and smaller contractors. Nurcha will also assist emerging contractors with aspects of their cash flow planning, and provide management assistance during the course of the project.

2. Facilitating end-user finance

Nurcha focuses on three areas in its pursuit of finding ways to release credit for housing to people who do not meet the criteria of existing agencies. These areas are:

- savings linked credit schemes allow for credit extension based on an end-user's savings record
- Housing institutions are being developed to create accommodation for both rental and instalment sale schemes
- Established banks may also be eligible for Nurch guarantees to encourage them to move beyond their existing lending programmes (South Africa, 2000b).

5.9.2.9 Joint Venture Development Fund

Originally established by the government and placed with the NHFC, the NHFC signed an agreement with Nurcha in 1998 to have Nurcha manage the Fund and its approved project on the NHFC's behalf. The government's purpose with this R100m fund is to have equity invested into joint ventures with private sector developers, to encourage and facilitate housing in the R20 000 – R60 000 category in targeted areas where little development has taken place. In terms of the policy, the Fund may invest up to 70% of the needed working capital in projects to construct 1 000 or more housing units, with the private sector contributing the balance. The role of the private sector will be to manage the development and construction aspects as normal. Nurcha will be responsible for managing the joint venture, monitoring the private sector's conformity to the agreed project detail (South Africa, 2000b).

5.9.2.10 The Social Housing Foundation (SHF)

The Social Housing Foundation was established in 1997 with the purpose to develop expertise and delivery mechanisms in the social housing market. It is now an independent, Section 21 Company, funded by the government and international donors. Its mission is to assist the integrated process of sustainable social housing in South Africa. In pursuit of its mission, the SHF attempts to improve the environment in which social housing organisations currently operate, to contribute to the further development of the industry, and to raise the profile of social housing as a valuable contribution towards low income housing in South Africa. In response to the social housing environment, the SHF has four main functions:

1. The provision of training, advice and technical support to established and emerging social housing institutions.
2. Advice on the development of policy for social housing in South Africa, and commissioning research into local and international experiences in social housing.
3. The facilitation of an international networking and support programme.

4. Interaction with donor organisations both nationally and internationally, raising the profile of social housing in South Africa, to benefit the industry's funding environment (South Africa, 2000b).

5.9.3 Providing Subsidy Assistance

The high incidence of unemployment and low levels of income creates an affordability problem for most families desirous of acquiring adequate housing. For this purpose the government has adopted a strategy of providing subsidy assistance to households who are unable to satisfy their housing needs independently. Acknowledging that the State would not be able to provide sufficient subsidy to cover the costs of providing a complete house to every citizen, the policy is targeted at providing a lesser subsidy to more households rather than providing a bigger subsidy to fewer households. The government acknowledges that the subsidy it provides will never be adequate to ensure that all persons realise the constitutional right to access to adequate housing. Consequently, the housing policy relies on a partnership between the provision of state subsidies and the provision of housing credit or personal resources (South Africa, 2000b).

The system works on the basis of each provincial housing development fund receiving funds from the South African Housing Fund, which receives an annual allocation from the national budget. It is the responsibility of the provincial housing department to then decide how funds for housing will be allocated. The normal strategy consists of three programmes that constitute the National Housing Programme, namely:

- The Housing Subsidy Scheme,
- The Discount Benefit Scheme, and
- The Public Sector Hostels Redevelopment Programme.

A brief discussion of these three programmes is given below.

5.9.3.1 The Housing Subsidy Scheme

Implemented in 1994 as a replacement for all previous government subsidy programmes, it subsidises households earning up to R3 500 per month to acquire tenure, basic services and a top structure. A range of subsidy mechanisms are available, such as the Individual Subsidy, the Project Linked Subsidy, the Consolidation Subsidy, the Relocation Subsidy and the Rural Subsidy. Part 3 of the Housing code prescribes set rules and procedures for accessing these subsidy mechanisms (South Africa, 2000b).

5.9.3.2 Discount Benefit Scheme

The scheme focuses on home ownership for long-term tenants who occupied state rental stock before 15 March 1994. It also applies to deed of sale transactions and individual loans where a balance of the purchase price or loan still exists. Tenants receive a maximum discount of up to R7 000 on the historic cost of the property. The discount often equals the price of the property, which is then transferred free of charge to the tenant. Any standing balance has to be financed by the tenant from own resources in the form of a cash contribution or a home loan.

5.9.3.3 Public Sector Hostels Redevelopment Programme

The rehabilitation of public sector hostels under acceptable living conditions and integration of the hostel with the surrounding community are the aims of this subsidy. A funding limit of R16 000 per family or R4 000 per individual living in a hostel is provided for in the policy (South Africa, 2000b).

5.9.4 Supporting the People's Housing Process

The focus of this strategy is the support and facilitation of the process of home building by individuals, families or communities. The target is families who wish to build their homes themselves and who usually only have access to housing subsidies as a means. Households are being assisted to access housing

subsidies through the Housing Subsidy Scheme, as well as technical, financial, logistical and administrative support.

The following institutional arrangements are in place to implement the strategy:

5.9.4.1 Support Organisations

These organisations comprise legal entities formed by individuals to:

- secure housing subsidies for families;
- facilitate the acquisition of land in the form of secure tenure; and
- provide technical, financial, logistical and administrative support to beneficiaries regarding the building of their homes.

Support Organisations operate from a “Housing Support Centre”, which should be centrally located for easy access of all members of the community involved in the project (South Africa, 2000b).

5.9.4.2 Funding

This component involves both the housing subsidy and facilitation and establishment grant funding for housing support functions. The Facilitation Grant funds the preparatory work needed before submission of an application to the Provincial Housing Development Board by the Support Organisation. The grant pays for community workshops that are held to assist communities in preparing the subsidy application, and developing a detailed business plan for the development of the area.

The Establishment Grant enables the support organisation to provide technical, financial, logistical and administrative support to beneficiary communities (South Africa, 2000b).

5.9.4.3 The People's Housing Partnership Trust

The trust is responsible for implementing the government's national capacitation programme, in support of the People's Housing Process. It is a national organisation that coordinates the capacitation programme, with the support activities undertaken at a provincial and local sphere. The programme involves:

- advocacy, promotion, and the creation of support for the People's Housing Process,
- facilitating streamlined operational procedures for the delivery of land, finance and infrastructural services,
- assistance to local organisations to organise and support People's Housing Initiatives,
- the development and promotion of technical skills and appropriate development support skills, and
- ongoing facilitation and promotion of housing functions and arrangements (South Africa, 2000b).

5.9.5 Rationalising institutional capacity

In view of the involvement of all three spheres in the housing provision function, this strategy attempts to establish a single and transparent housing funding process and institutional system in the government sector. The rationalisation of the funding process and systems culminated in the Housing Act, 1997, which brought five statutory funds under central control. The product is a single national housing fund operating as the South African Fund, with each province required to establish a Provincial Housing Development Fund. The rationalised institutional system specifies the roles and relationships in the public sector, on all spheres of government, and statutory bodies that have been created.

The National Department of Housing has, in an attempt to ensure that the rationalisation of institutional capacity is effective, implemented a National Capacitation Programme aimed at ensuring that Provincial Housing Departments, Provincial Housing Development Boards and municipalities have

the capacity to perform their housing functions. The programme entails legal and policy frameworks, effective workforce, appropriate technology, and systems for monitoring, evaluation and reporting purposes (South Africa, 2000b).

5.9.6 Speedy release and servicing of land

This strategy focuses on the speedy release and servicing of land, primarily by means of the Development Facilitation Act, 1997.

5.9.6.1 The Development Facilitation Act, 1997 (DFA)

The DFA contains the following key elements in respect of housing:

- Principles, that are nationally enforceable in terms of land development that fast track the development process
- Land Development Objectives (LDOs), developed by every municipality and based on a socio-economic analysis and consultation with communities and stakeholders.
- Development Tribunals, made up of experts, officials and stakeholders, which can be established within each province
- Development and Planning Commission, who is responsible for reviewing all provincial planning and related legislation in South Africa (South Africa, 1997b).

5.9.6.2 Other supporting legislation and policies

A myriad of legislation has been passed by the Department of Land Affairs to facilitate the timeous release and servicing of land. The legislation also provides for land development and use, land registration, and mechanisms for the resolution of conflict in the land delivery process. Some of this legislation includes:

- Less Formal Township Establishment Act, 1991
- Old Provincial Ordinances and new Provincial Acts
- Land Registration and Tenure Systems Policy

- Land Reform Act, 1996
- The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998 (South Africa, 2000b).

5.10 MUNICIPAL HOUSING POLICY

The housing policy of the municipality should be viewed in the context of the constitutional dictates regarding intergovernmental relations. The municipality provides a housing function as part its contribution to cooperative governance which requires the three spheres of government to cooperate with a view to enhancing service delivery. The provision of housing is not one of the basic services the municipality is required to perform. That responsibility is the domain of national and provincial spheres of government. The municipality thus undertakes the housing function as part of the constitutional requirement of cooperative governance. The rationale for involving the municipality in the housing delivery function is its proximity to the beneficiary. The municipality is the sphere of government closest to the community and thus in a more beneficial position than the national and provincial spheres of government to assess the community's need for housing accurately. The City of Cape Town has a Housing Allocation Policy, which is discussed below (Cape Town, 1985).

5.10.1 General principles

The policy identifies the following values to be pursued in its application:

- Equity

All applicants should have equal opportunity for housing provision, without undue influence favouring anyone.

- Transparency

Anyone should be able to investigate the procedures for housing provision to verify the absence of irregular practices.

- Functionality

The policy should be easy to implement and not be overly expensive.

- Social cohesion

Implementation of then policy should enhance development and minimise social conflict.

- Access

The policy should not compound administrative problems, but enhance easier access to housing provision instead.

- Integration

The policy should be implemented in a manner that promotes integration of the different population groups in the city (Cape Town, 1985).

5.10.2 Principles of allocation

The recipients of housing assistance shall be from one of three sources indicated below.

1. Target community

This source refers to the beneficiaries for whom the new housing project was established in the first place.

2. The Municipal Submission

This comprises families deriving from dedensification elsewhere, or that a court of law directs Council to accommodate.

3. The Interim Housing Data-base

This source refers to all waiting lists collectively, namely area-based, estate-based, and municipal or project-based.

5.10.3 The housing registration process

The registration process is intended to give effect to National Housing Policy and to provide Council with updated information for planning purposes. It also allows

members of the public to record their desire to access a subsidy. Applicants must provide proof of residence in the metropole for at least two years, and be specific on their preference for a new housing opportunity or a council unit. Proof of identification is required, and no person is allowed to register on behalf of someone else. The registration form records personal details, preferred geographical location, plus one alternate, current residential address. Each applicant is provided with proof of being on the register, which proof contains a unique reference number.

5.10.4 Project application process

The municipality can access project-linked subsidies only once it has submitted an Initial Project List to the Housing and Development Board for approval. The preparation of the Initial Project List is done through the project registration process, which process is distinct from the registration process. The project commences once the project layout planning has been completed and the number of new residential sites determined. All persons resident in the metropole already on the Register and who qualify for a national housing subsidy may apply to be on the Initial Project List, but no person or organisation may apply on behalf of another. The list is referred to the MEC: Housing for approval. When approved, all persons on the list are awarded a project-linked capital subsidy and the list is referred to as the Final Project List.

5.10.5 Institutional housing/social housing

Housing Institutions determine their own allocation criteria and are responsible for maintaining their own list. Council has been actively encouraging housing delivery through housing institutions, and thus shall not interfere in allocation procedures of such institutions. All institutions applying to Council for support shall be treated equally, and Council shall not be solicited by any institution.

5.10.6 Council-owned/rental stock

The Council's 49 500 residential rental units are relocated in terms of a predetermined set of criteria. Applicants are taken from a Council waiting list according to data order. Applicants may change their stated area preference in the event of their physical work or residential location changing. Tenants requiring accommodation shall compete with applicants on waiting lists according to the date on which application for transfer was made.

5.11 SUMMARY

The Constitution protects citizens' rights to access to adequate housing, and instructs the various spheres of government to provide the necessary legislative measures that will give effect to the right to access to housing. The Housing Act, 107 of 1997 is the principal source of authority available to the government to deliver housing to the poor. The National Housing Code issued in terms of the Housing Act, 107 of 1997 contains guidelines for the effective implementation of national policy. These and other legislative measures mentioned in the legislative framework outlines the responsibilities of the central, provincial and local spheres of government regarding the provision of housing. It is important to understand the position of local authorities in the housing provision function. Although the housing delivery function is principally undertaken by the local authority, it remains a responsibility of central and provincial spheres of government. The local authority is a participant in the housing provision function by virtue of its strategic position of being closest to the community, and in terms of the constitutional dictate that government should be interdependent. This chapter explained the various guidelines for the provision of housing for each sphere of housing, namely central, provincial and local government.

CHAPTER 6: RESEARCH METHODOLOGY: THEORY

6.1 INTRODUCTION

The previous chapter explained the legislative framework for housing within the South African context.

This chapter explores the research design and methodology used to study the research question. It provides an exposition of the rationale for using a combination of the qualitative and quantitative research approach. It reflects on the different research designs and provides arguments for using the case method to address the research question. An explanation is provided of the data collection instruments and strategies used to address the issues of reliability of data collected and the validity of the findings. Lastly, it focuses on the data analysis method used in order to draw inferences.

6.2 RESEARCH APPROACH: QUALITATIVE RESEARCH

An insider's perspective of the operations and functions of the housing Department of the City of Cape Town is needed to answer the research question of proposing a strategic management model for housing provision. For this purpose, a qualitative approach is followed in getting the responses directly from the participants, and in their own words. An insider's view on their understanding of the context that they operate in, and why they decided on a particular action to follow, is the logical way to address the research question. Merriam (1998: 6) states that the key concern is to understand what is the perspective of the participants and not the perspective of the researcher. The objective is then to get an insider's perspective or "emic" rather than the "etic" or outsider perspective. Babbie and Mouton (2002: 53) agree with this viewpoint and use the term "emic perspective" when they refer to an insider's perspective. They are pointing out that the objective of qualitative research is to understand and describe rather than to explain and predict. Merriam (1998: 6) echoes the same sentiment and indicates that qualitative researchers are interested in

“understanding the meaning” that people have constructed and how they make sense of their reality. This view is supported by Dalton (1959: 2) in his study of the world of managers when he states: “The aim of the researcher is to get as close as possible to the world of managers and to interpret this world and its problems from inside... we wish to describe both the unique and typical experiences and events as bases for theory that are developed and related to other studies.”

Neuman (2003: 75) is of the opinion that “understanding and describing” is insufficient to make sense of reality and it is only possible through interpretation of the data collected. Social action with meaning, according to Neuman, is the action to which people attach subjective meaning. An insider’s perspective of the reality is therefore the only way to understand the meaning attached to action. Neuman (2003: 78) continues this discussion and points to the fact that the interpretive approach is both ideographic and inductive. “Ideographic means the approach provides a symbolic representation or “thick” description of something else”.

This thick description provides the reader with a mental picture of another’s social reality and the understanding why certain actions are taken given the circumstances. Merriam (1998: 8) uses the concept rich description. She states: “The product of qualitative research is richly descriptive. Words and pictures rather than numbers are used to convey what the researcher has learned about a phenomenon.”

The description usually centres on the context that the subject studied is embedded in the role players and subsequent activities that occur within this setting. The validity of the findings is supported by the multiple sources used to solicit data.

The work of Atkinson (2002) on 'third generations' issues facing Local Government' is an example of qualitative research. She provides a 'thick description', in discussing the context in which her study is undertaken. She provides a clear understanding of the current reality that her study is facing. The richly contextual depiction enables the reader to become part of another's reality and understand what motivated certain action to be taken.

Qualitative research supports the notion of the researcher becoming part of the situation, getting to know the context and viewing the situation from an insider's perspective (Babbie and Mouton 2002: 33).

Neuman (2003: 147) is of the opinion that qualitative researchers use a language of cases and context, employ bricolage, examine social processes in their social context, and look at interpretations or creation of meaning in specific settings. They try to look at social life from multiple points of view and explain how people construct identities. Only rarely do they use variables or test hypothesis, or try to convert social life into numbers.

6.2.1 Validity and Reliability of Qualitative Research

Qualitative research is challenged from the quantitative paradigm that it fails to ensure validity, reliability and objectivity. This difficulty could be attributed to the fact that this research approach is not based on experimental design methods where variables are controlled and manipulated, as is the situation in quantitative research. On the contrary, the researcher is guided by the insider's perspective and the emerging trends that unfold during the research. This is the point of contestation as it relates to validity, reliability and generalisability. As Hamel (1993), in Merriam, observes "the case study has basically been faulted for its lack of representativeness...and its lack of rigour in the collection, construction, and analysis of the empirical data that gives rise to the study. This lack of rigour is linked to the problem of bias...introduced by the subjectivity of the researcher."

A major emphasis of this research project is to achieve objectivity and to ensure that the data collected and presented, as well as the conclusions drawn from it, meet the requirements of reliability and validity. This section will provide clarity on the meaning of the concepts and a discussion on the methodology used in the research to ensure adherence to the criteria of objectivity, reliability and validity.

Babbie and Mouton (2002: 273) explains objectivity as follows:

In the qualitative paradigm objectivity is understood in at least two different ways. Firstly, given the central place of the researcher (as observer and interpreter), it is acknowledged that the researcher is the most important instrument in the research process. This places an added responsibility on the qualitative researcher to be unbiased in the description and interpretations. Secondly, given the main challenge of the researcher it is to get close to the “research subject” in order to generate legitimate and truthful insider descriptions, objectivity, here takes on a different meaning: gaining trust, establishing rapport, and so on. Ultimately objectivity consists less of controlling extraneous variables and more of generating truthful and credible inter-subjectivity.

The authors point to two important variables that influence objectivity and these are: The researcher needs to be aware of personal biasness that could impact on the objectivity of the research. The focus is on establishing a relationship or rapport with the “research subject” and extrapolating truthful insights. Babbie and Mouton (2002: 274) discuss the work of Smalling’s Munchhausen concept of objectivity and validity, which is described as *doing justice to the object of study*. This is achieved, according to Babbie and Mouton (2002:275), by using triangulation, writing extensive field notes, member checks, peer reviews, reason consensus and audit trails. Furthermore, it is to allow the respondents to speak freely without distorting what they say. The authors in this instance use a different package to explain the same concepts of objectivity, reliability and validity.

Lincoln and Guba, in Babbie and Mouton (2002:277), are of the opinion that the criterion of *trustworthiness: neutrality of its findings or decisions* is the key to good qualitative research. This means that the researcher and readers of the research ought to feel comfortable and convince that the findings and recommendations are worth the paper they are written on - in other words - significant. Four concepts - credibility, transferability, dependability and confirmability - are used to explain trustworthiness (Lincoln and Guba, in De Vos et al. 2002: 351).

Neuman (2003: 184) equates reliability with dependency and consistency, implying that the results of the findings could be applied to another setting and the same outcomes will be reflected. Walker in Merriam (1998:34) expands on this argument by stating that it is the reader who has to ask, "What is there in this study that I can apply to my own situation, and what clearly does not apply?" To assist the reader in this decision-making process the importance of a thick description of the phenomenon under discussion cannot be emphasized enough.

Merriam (1998: 206) also differs with Neuman in the depiction of reliability. She advances the viewpoint that reliability is not vested in the criterion of getting the same result if applied to the same context but rather whether the results are consistent with the data collected. Merriam (1998: 204) suggests six strategies that the qualitative researcher could use to enhance validity, which are:

1. The use of triangulation –using multiple investigators, multiple sources of data, or multiple methods to confirm the emerging findings
2. Member checks- taking the data and tentative interpretations back to the people from whom they derived and asking them if the results are plausible.
3. Long term observation at the research site or repeated observation of the same phenomenon.

4. Peer examination- asking colleagues to comment on findings as they emerge.
5. Participatory or collaborative modes of research- involving participants in all phases of research from conceptualising up to the findings
6. Researcher's biases- clarifying the researcher's assumptions, world views and theoretical orientation at the onset of the study.

From the above it is clear that the strategies to be employed in order to enhance reliability, validity and objectivity in qualitative research are those of triangulation, rich thick description, long-term observation of the phenomenon, peer examination, awareness of researcher's bias and member checks.

6.3 RESEARCH APPROACH: QUANTITATIVE RESEARCH

The experimental and clinical approach of controlling variables is the main characteristic of the quantitative approach to research. It is positivist in nature and provides an epic or outsider's perspective of the phenomena under investigation. The focus in this paradigm is on variables that are quantified, measured, and extreme control is exercised to eradicate error in the research process. This approach seeks to predict, confirm or test a hypothesis developed (Babbie and Mouton, 2002:35; Merriam, 1998:12).

The reason for including a research instrument from the quantitative methodological approach is for its advantage of affording anonymity and confidentiality to respondents, as well as economy in terms of cost. Neuman (2000:122) explains that researchers follow a particular sequence in conducting research. For the quantitative researcher, this sequence is a linear path, meaning a set order of steps to accomplish the objective. The direction is clear, direct, and narrow (Neuman, 2003:124). Furthermore, the technical research procedures to be used in quantitative research are explicitly described by the researcher. For example, information on the sample and the measuring scale to be used will be

described. Quantitative research relies on objective technology in the form of precise statements, standardised techniques, statistics, and replication (Neuman, 2003:126). Quantitative researchers put a high premium on designing accurate ways to measure variables. They think about all the appropriate variables, and want to develop techniques that can produce data in the form of numbers (Neuman, 2003:157).

In view of the debate between qualitative and quantitative research methodologies, the question arises whether quantitative research can be regarded as scientific method. Bryman (1988:13) states that this question requires an investigation into the notion of positivism, which provides “the outline of the social scientist’s understanding of what science entails...” He claims that positivism comprises:

- a belief that the methods of the natural science are appropriate to the social sciences
- only those phenomena that can be observed can be regarded as knowledge
- scientific knowledge is acquired through the accumulation of verified facts
- science is deductive, seeking to formulate inferences from accounts of reality
- positivism makes the scientist aware of values, explicated in two senses. In the first sense, the scientist needs to be freed of all values that might obstruct his objectivity, which might undermine the validity of the knowledge produced. In the second sense, a sharp distinction needs to be drawn between scientific issues and statements on the one hand, and normative ones on the other. Positivism acknowledges that normative statements cannot be verified in relation to experience.

6.3.1 Validity and Reliability of Quantitative Research

In the quantitative research paradigm, the concern for reliability and validity is expressed in the employment of more mechanical techniques. Neuman

(2003:125) explains that the qualitative researcher uses techniques such as replication, adheres to standardized methodological procedures, measures with numbers, and afterwards analyses the data using statistics. Neuman (2003:126) further states that the quantitative researcher attempts to eliminate the human factor with a view to improving objectivity. These aspects will be taken into consideration in the development of a research instrument to answer the research question. In this regard a questionnaire and interview guide have been developed to guide the data collection process.

6.4 RESEARCH DESIGN

Brewer and Millward (2001:52) state that the design of a project refers to the manner in which the research question is investigated. They indicate that the research design indicate three levels of investigation. The broadest level refers to the research approach, namely quantitative or qualitative. The second level refers to whether it is going to be a case study or an experiment. The third level refers to the research instrument to be used, such as interview, questionnaire, or focus group. The first level - the broad level - has been dealt with since it was already indicated that this research follows a mixed methodology of qualitative and quantitative research. The second level – the case study as a research design - will be discussed next. Babbie and Mouton (2002: 279) identify three specific qualitative research designs (ethnographic studies, case studies and life histories) that share the following characteristics:

- A detailed engagement with the object of study
- Selecting a small number of cases to be studied
- An openness to multiple sources of data (multi method approach)
- Flexible design features that allow the researcher to adapt and make changes to the study where and when necessary.

Two of these designs- ethnographic and case studies-will be discussed and argument will be provided for the choice of the case study research design to address the research question. The discussion will commence with an

unpacking of the ethnographic research design and the arguments why this is inappropriate to address the research question. It will proceed with discussing the case research design and provide the reasons for the choice.

Babbie and Mouton (2002: 280) create some confusion initially on the concept of ethnography when the term is first used as a synonym for qualitative research, yet later in the discussion this is clarified and they indicate that ethnography is a qualitative research design. They refer to Hammersley (1996) as one such author that defines ethnographic studies as the umbrella that includes both case and life histories. Hammersley (1996: 2) states that ethnographic studies include such features as, "...the focus is usually a single setting or group, of relatively small scale. In life history research the focus may even be a single individual". He clearly indicates that in his understanding ethnographic studies are qualitative study, which includes both case and life history. This research will use the Babbie and Mouton (2002; 278) definition and treat ethnographic studies, case studies and life history as separate research designs. They define ethnography as the data of cultural anthropology and direct observation is used as the data collection methodology. Direct observation of the phenomenon is the central focus of the research design. Babbie and Mouton draw on the work of Spradley (1979) in their discussion of ethnography. Spradley (1979), in Babbie and Mouton, defines ethnography as the work that describes culture and its central aim is to understand another way of life from the native's viewpoint. Berg (1989: 52) defines ethnography in a similar vein: "the research design places the researcher in the midst of the study. It enables them to analyse the phenomena as perceived by the participants."

A common understanding seems to emerge from the literature that the ethnographic research design is more appropriate for cultural studies and direct observation is used as the data collection methodology. The research question posed seeks to recommend a strategic management model for the provision of housing within a local government. It is not a cultural study and furthermore a monolithic data collection method will not provide adequate information to answer

the research question. The ethnographic research design is therefore inappropriate to answer the research question.

The researcher has selected the case research design as the strategy to operationalise the research. An explanation will be provided of what the case research design is and the reasons for the choice of the design. Yin (1994: 13) states that the case study is an all-encompassing method – with the logic of design incorporating specific approaches to data collection and data analysis. It is a comprehensive research strategy. Yin, with this description, does not provide a clear understanding of what a case study is although reference is made to it being a comprehensive research strategy. Eisenhardt (1969: 534) echoes this viewpoint and states that the case study approach is a research strategy, which focuses on understanding the dynamics present within a single setting. This single setting, or unit of analysis, provides the researcher with the opportunity to engage with the subject matter over a period of time. This engagement allows the researcher to get an emic's perspective of the phenomena. Neuman (2003: 148) supports this view and uses the term "passage of time" to describe the engagement period. The researcher during this period of engagement comes to understand the relationship that exists and activities that occur over time and what prompted these responses. This insider's perspective of the causes and effects reflects a more authentic understanding than an outsider's perspective. The case study research design enables the researcher to draw inferences and comparisons with the conceptual framework developed in the literature study. Merriam (1988: 29) ascribes three characteristics namely particularistic, descriptive and heuristic to qualitative case studies. Particularistic means to focus on a particular situation. She refers to the work of Shaw (1978) that describes case studies as "... concentrated attention on the way particular groups of people confront specific problems, taking a holistic view of the situation". Secondly, she uses the concept descriptive as the 'end product' of the study. The description is a 'rich, thick description' of the research question. This description is generally qualitative in nature instead of

quantitative- “instead of reporting findings in numerical data, the use of prose and literary techniques to describe, elicit images and analyse the situation are preferred”. Wilson, in Merriam (1998:66), supports this view and indicates that qualitative case studies are a presentation of the documentation of events that occur, the quotations cited and descriptions of samples and artefacts to support the findings. Thirdly, she describes heuristic as the process of getting insight into the phenomena being researched. According to her it is a process of enlightenment and the challenging of preconceived ideas. It is a process of discovering and the emerging of new insight and meaning. Yin, in Cassel and Symon (2004:334), captures the research design as follows: “...akin to that of the detective who must shift evidence (some of it relevant and some not) to built inferences about what has happened, why and in what circumstances. This detective work is undertaken not only to understand the particular features but also to draw out an analysis which may be applicable on a wider basis”

The undertaking of this detective work according to Cassel and Symon (2004: 324) involves multiple data collection methods. The methods include techniques such as participant observation, direct observation, interviews, documentary analysis, questionnaires and focus groups. Qualitative research therefore involves more than one data collection method and enhances validity of the findings. The authors are of the opinion that it is a flexible research design that allows the researcher to focus on the planned but also the emerging themes.

A common understanding emerges that the case study research design is centred on a single unit of analysis and provides an opportunity to get an emic perspective of the phenomena being researched. It involves multiple data collection methods, which enhance the credibility of the conclusions. Simultaneously it is flexible in that it probes planned and emerging themes. Yin (1994:34) captures this most appropriately in stating that: “High quality case study is characterised by rigorous thinking, sufficient presentation of evidence to

reach appropriate conclusions, and careful consideration of alternative explanation of evidence”.

The case research design is considered the most appropriate strategy to answer the research question – recommending a strategic management model for the provision of housing within a local government. It provides an insider’s perspective of the phenomenon under discussion. The use of multiple data collection methods ensures the validity and reliability of the data collected and the findings to be presented. The research design allows flexibility and takes into consideration emerging trends.

6.5 DATA COLLECTION METHOD

The data collection methods that were used are a questionnaire survey and a standardised interview guide.

6.5.1 Questionnaire survey

In terms of the mixed method research approach that this research project follows, a questionnaire survey was used to collect some of the data. The rationale for using the questionnaire is that the research project contains many issues with which the respondents might feel uncomfortable to discuss with an interviewer. The questionnaire survey provides the respondent a measure of privacy when responding to such issues. The questionnaire survey is also less expensive and provides greater autonomy to the respondent (Kumar, 2005:129-130; Welman et al. 2005:178; Berg, 1989:70; Leedy, 1989:70). The same authors caution against the disadvantages of the questionnaire pertaining to matters such as:

- limited application to the literate population
- low response rate
- self-selecting bias
- the lack of opportunity for the respondent to clarify questions
- no spontaneous responses allowed, and

- the possibility that respondents might consult with other respondents

The researcher considered these disadvantages during the construction of the questionnaire, as well as during the interviews with respondents subsequent to the submission of the questionnaire. The use of the questionnaire is motivated by the advantages it offers in terms of relatively low cost to the researcher, and anonymity to the respondent. This data collection method is particularly applicable to the design and presentation of a strategic management model for the provision of housing by the City of Cape Town.

6.5.1.1 Questionnaire Design

The literature shows that there is agreement that particular points should be considered when designing a questionnaire (Welman, et al. 2005:174-180; Kumar, 2005:132-140, Neuman, 2000:252). These are explained briefly.

Point 1: Choose between open-ended and closed-ended questions. Open-ended questions allow the respondent to elaborate without guidance. Closed-ended questions require of the respondent to choose from a range of answers.

Point 2: Take the respondent's literacy level into account. Jargon, slang and abbreviations should thus be avoided, or if the use of these terms is critical to the research, an effort should be made to explain them to the respondent. Since the respondents in this research project are all in management positions, this will not be a concern for the research project.

Point 3: Be careful not to offend

Ensure that terms that can give offence to any person in terms of status, culture, religion or political viewpoint are avoided.

Point 4: Be brief and focused

Questions need to be clear, concise and unambiguous.

Point 5: Maintain neutrality

Questions should not be asked in a manner that suggests a preferred way of responding. In other words, respondents should not be led to respond in a specific manner.

Point 6: Use a justified sequence

Start with the easy questions, followed by the more complex or serious questions.

Point 7: Be sure the question is appreciable to all respondents. A question about married life to an unmarried person, for instance, is not an appreciable question.

Point 8: Pay attention to layout

The person filling in the questionnaire should be able to follow all the instructions. Clarity of layout is important in obtaining valid information.

Brewerton and Millward (2001:106) advise on the aesthetic issues on layout of the questionnaire. They emphasise that the following aspects need to be given special attention:

- Respondent instructions and covering letter. Clear instructions should be provided to ensure a good response. By explaining the background and importance of the research in the covering letter, the researcher can influence respondent motivation. The important matter of guaranteeing respondent anonymity is also addressed in the covering letter.
- Questionnaire length
The researcher is cautioned against either a too long or too short questionnaire as both can lead to a low response rate.
- Question order
A logical order of starting with the general and moving to the specific is advised.

The measuring of respondents' attitudes requires the use of a scale. Brewerton and Millward (2002:102) mention that the Likert-type scale is one of the most common scales, and is also the scale used in this research.

The above guidelines were considered and applied in the design of the questionnaire used in this research project. The questionnaire comprises two sections, the first section dealing with biographical categories. The remaining section of the questionnaire comprises statements based on the variables addressed in the literature review. Instructions are given at the top of each page requiring the respondent to indicate the response that best reflects the respondent's situation. The latter section contains a Likert-type scale that contains the following columns:

- 1 = Strongly agree
- 2 = Agree
- 3 = Neutral
- 4 = Disagree
- 5 = Strongly disagree

The questionnaire is attached as Annexure 1.

6.5.2 Interview

The primary purpose of using the interview as a data collection instrument is to understand what the "emic" perspective is of the phenomenon under discussion. The interview is a process of reflection for the researcher. The researcher has a bias to the findings of the literature study. The process of cognitive engagement during the interview allows reflection, which either negates or supports the literature. Lamnek (1989), in Sarantakos (2000: 256), provides a number of methodological aspects of the qualitative interview. A few of these are extracted to provide some clarity on the qualitative interview. These are:

Reflexivity, meaning that it employs methods and a process of analysis that reflects the nature of the research object rather than the methodological

conviction of the researcher. Primacy of the respondent, in other words they are the experts that provide valuable information. Openness or flexibility, meaning no standard format is used during the interview and it is open to change as circumstances require. Explanation, meaning that findings emerge through the study and are interpreted during the process of interviewing.

Qualitative interviewing is a flexible approach where the main actors are the respondents. The information from these interviews is used to support or develop new insight of the phenomenon under discussion. Herbert and Irene Rubin (1995: 43), in Babbie and Mouton, are of the same mindset and state that “qualitative design is characterized by being flexible, iterative, and continuous.” Kvale (1983:174) expresses the same sentiments and defines the qualitative interview as “an interview, whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena”. Kvale in his definition emphasises, as Lamnek, the centrality of the responses in the process. It appears that the authors are of the opinion that the validity of the research findings hinges on the insider perspectives of the phenomenon. This rings true for this research where the viewpoints of the respondents are treated with respect and seen as significant and instrumental to provide clarity on the research question. Lamnek, although he does not mention it directly, brings into focus the relationship between the researcher and the respondent.

King, in Cassell and Symon (2004: 11), draws attention to the nature of the relationship that exists between the researcher and the interviewee. He is of the opinion that quantitative research is grounded in a clinical relationship free context whilst the opposite is true for qualitative research. In the qualitative research both the interviewer and interviewee are seen as active participants that continually shape the process of engagement. The author is of the opinion that qualitative research is not *relationship free*. “Indeed the relationship is part of the research process, not a distraction from it.” Neuman (2003: 390) agrees with

King that the interviewee and the interviewer are active participants in the interviewing process. They bring with them a baggage of insights, own understanding, experience, and emotions to this engagement process. Mishler (1986: 82), in Neuman, captures this as follows: “ The interviewer’s presence and form of involvement - how she or he listens, attends, encourage, interprets, digresses, initiates topics, and terminates responses - is integral to the respondent’s account. Mishler draws attention to two aspects of this relationship, the first being that both play a role in the production process and importantly he alludes to the specific role of the researcher. The author refers directly to the various roles that the researcher ought to play during the interviewing process. This is extremely relevant due to the fact that the researcher has multiple roles in the research process and an understanding of what is required to ensure an effective interview is important.

As mentioned earlier in this chapter the researcher needs to recognise his or her bias during the research process. King agrees with this proposition and states that the researchers must reflect on the nature of their involvement just as they consider the contribution of their participant’s contribution. It is clear that the researcher need to strive for objectivity (see Babbie and Mouton) but simultaneously develops a relationship of trust with the participants. This relationship is important to encourage the participants to express themselves freely, which will result in an authentic insider’s perspective. A negative aspect of qualitative interviews is the amount of data generated. This data overload is due to the amount of richly descriptive data that is produced during the process. If not dealt with properly and systematically the researcher lands in a quagmire of data and a feeling of despair and hopelessness. King, in Cassel and Symon (2004: 21), suggests that the question needs to be asked: “Is this relevant to answer the research question?” As indicated earlier, interviews can generate the kind of information needed to answer the research question.

Welman, Kruger and Mitchell (2005:165) explain that researchers use three types of interviews namely structured, semi-structured, and unstructured interviews. In a structured interview a set number of questions from a questionnaire – referred to as an interview schedule – is put to the interviewee by the interviewer who records the responses of the interviewee. The interviewer asks only the questions on the interview schedule, and does not deviate from the sequence of the questions. The structured interview is thus conducted in a standardised manner (Welman, et al. 2005:166).

Unstructured interviews are used to explore an issue in depth and are conducted in an informal manner (Welman, et al. 2005:166). There is no set of questions to be covered. The only requirement regarding the questions is that the interviewer must have a clear idea of the issue to be explored.

Semi-structured interviews occupy a position between structured and unstructured interviews (Welman, et al. 2005:166) and involve the interviewer compiling a list of aspects to be covered. These aspects are contained in questions that can differ from interview to interview as long as the relevant aspects are addressed. In order to guide the interviewer, an interview guide is used similar to the interview schedule used in structured interviews. The interview guide contains a list of aspects that have a bearing on the theme, and which the interviewer should address during the interview. Although all interviewees are asked the same questions, the interviewer is at liberty to formulate the questions according to the background of the various respondents.

6.5.2.1 Interview guide

The interview guide is intended to guide and focus the researcher while conducting the semi-structured interviews to collect data (Welman, et al. 2005:166). The interview guide is grounded in the theoretical conceptual framework developed in the literature review. The interview guide's objective is to collect information from an insider's perspective to answer the research question

– recommending a strategy for housing provision by the City of Cape Town. The interview guide focuses on the following key areas identified in the literature chapter; Strategic leadership, human resources, capital and technology. Strategic leadership is associated with risk, vision and with ideas. It is the ability to understand the challenges facing local government specifically with regard to the provisioning of housing within the City of Cape Town, and the ability to develop strategies to address those challenges.

In this regard questions are formulated to determine if the organisation has a vision and does a common understanding exist of the meaning. Also, to understand the aspect of Governance, in particular to understand the relationship between the appointed and elected officials, and how this relationship impacts on the provisioning of housing. The issue of community participation in governance is raised. This is raised specifically as it is a legislative requirement that communities ought to participate in decision-making structures. Questions focussing on strategies, their appropriateness, the reasons for implementation and non-implementation have been formulated. In this regard particular attention is directed at the strategies that are focused on the provision of housing. The old adage of structure following strategy is focused on to understand the rationale for adopting the particular structure.

The second area that the interview guide focuses on is human resources. The instrument in this regard attempts to solicit an understanding of the human resources practises and challenges faced. Furthermore it attempts to determine what, if any, strategies are pursued to ensure skilled, competent staff that is able to confidently meet the challenges faced by the housing department within local government.

The third area on the interview guide deals with issues of capital. In this regard questions are set to determine the process of budgetary allocation. In particular what is the role of the community in the allocation process? Questions are

asked on expenditure patterns to determine the policy focus of local authority. In other words, is it a pro-poor budget or an economic growth approach in budgetary expenditure? Questions are set that focus on credit control, debt collection, financial sustainability, and supply chain management to understand the financial management of the local authority. Financial management is an important function and the questions therefore attempt to guide the data collection in this regard.

The fourth aspect of the interview guide focuses on technology. The questions are framed to understand the efficiency and effectiveness of the management of information systems. This is manifested in the ability to provide up to date information to aid decision making to address the challenges facing housing provision.

The interview guide has been developed as indicated previously to guide the data collection process. For this research it has a dual purpose, firstly it is an interview guide and secondly a documentary analysis guide. The interview guide according to King, in Cassel and Symon (2004; 14), lists topics which the interviewer should attempt to cover in the course of the interview. The initial development of the guide is based on the literature and attempts to probe findings of the literature. Modification of the guide occurs as new themes and topics emerge during the interviews. The research guide is therefore an evolving instrument that is compatible for the case research design. As indicated previously the case research strategy provides an insider's perspective and emerging themes and constructs warrant investigation. Therefore the flexibility of questionnaire guide will precisely serve that purpose.

King, in Cassel and Symon (2004: 13), in his study on "innovation in services provided for people suffering from a terminal illness and being cared at home", used an interviewer's guide and structured it differently for different professional groups. The author's experience was that the same interviewer's guide would be

inappropriate for different occupational groups. “Initially we sought to develop a single guide appropriate for both professional groups but this proved impossible because of the differences in the nature of their involvement”. This is significant for this research due to the fact that different occupational groups form part of the sample. The interviewer’s guide will therefore be adjusted to a particular occupational group and used differently to collect data. The occupational group and the post level in the organisational structure occupied will influence the development or focus of the interviewer’s guide. It is expected that the senior management of the municipality will have deep insight into and understanding of the strategy of local government to provide low-cost housing. Within this context senior management will focus on the phenomenon under discussion from their occupational perspective. The development of an interviewer guide therefore takes into consideration these differences. If the person interviewed is mainly working with the provision of land, then more emphasis will be placed on the financial aspects of the questionnaire. This does not mean that other aspects of the questionnaire will not be touched on. The important point is that more emphasis will be placed on the operational area of the respondent during interviews. The interview schedule, which is appropriate for the research topic of suggesting a strategic management model for the provision of housing by the City of Cape Town, is attached as Annexure 2.

6.5.3 Research Population

The people working in the Housing Department of the City of Cape Town municipality represent the research population.

6.5.4 Target Population

The people occupying management positions in the Housing Department within the City of Cape Town represent the target population. The housing Department comprises six divisions namely Strategy, Support and coordination, Informal

settlements, Existing Housing, New Housing, Land and Forward Planning, and Support Services. Each division has a Manager and a Head that make up the management of the Department, comprising a total of 12 people.

6.5.5 Sampling

The literature study points to different variables that affect strategic management in the provision of housing by the city of Cape Town. The provision of housing process is primarily influenced by the decisions of officials in management positions, and meaningful data can best be collected through a combination of measuring perceptions as well as gaining an insider's perspective. It is for this purpose that the mixed research approach of using both a questionnaire survey and interviews has been selected.

For the purpose of the questionnaire survey, all the managers within the housing department of the City of Cape Town were surveyed, which implies a 100% sample.

For the purpose of interviews, stratified random sampling was used as a point of departure, after which purposive sampling was used to determine which of the respondents can supply the information needed for the study. Welman, Kruger and Mitchell (2005:61) explain stratified random sampling as involving distinguishable subpopulations with clear differences such as age, gender and position. A representative stratified random sample requires two steps: First, the various strata should be identified according to the variable. Second, a random sample should be drawn from each stratum. The number of officials on each management level in the Housing Department of the City of Cape Town will be acquired from the Human Resources Department, after which a random sample will be drawn from each level.

Babbie (2004:135) describes purposive sampling as a form of non-probability sampling where one selects the unit of analysis on the basis of own judgement

about who will be the most useful representative. The determining factor in selecting who will be interviewed will be ability of the person to provide the data needed to answer the research question. For this reason, six persons in senior management positions in the Housing Department were selected for the interview. Babbie (2004:136) further states that the success of interviews depends on a relationship of trust and access to the sample, for which reason permission had been obtained from the City of Cape Town to conduct the interviews, and preliminary discussions with senior persons within the Housing Department had been established by the researcher.

6.6 DATA ANALYSIS

Regarded as a core activity of the research, data analysis is described as the process where inferences are made from the data collected, and a conclusion reached. Richie and Spencer (1994:186) state that although it appears that data analysis is a very structured and mechanical process, the process requires leaps of imagination. Vos (2004:344) asserts that the process of analysis is not mechanical but rather based on hunches, insight and intuition.

In view of the mixed research approach that the study is following, specific provision must be made for analysing the data collected by means of the quantitative method of the questionnaire survey on the one hand, and the standardised interviews on the other. Sarantakos (2000:328) states that the process of data analysis in quantitative studies involves the following six major activities, which are briefly explained:

- Data preparation, which involves coding, categorising answers to open-ended questions, checking and preparing of tables
- Counting, that deals with registering the frequency of occurrence of certain answers
- Grouping and presentation, which involves the ordering of the same items into groups

- Relating, that involves cross-tabulations and statistical tests explaining the occurrence of relationships
- Predicting, which is a process of extrapolating trends identified in the study into the future
- Significance testing, that involves indicating the importance of certain variables in the research study

Sarantakos (2000:328) further stresses that analysis of data provides researchers with the information that enable them to interpret results and make statements about the significance of the findings to society. The use of computers in the analysis of data has become a common phenomenon in research, especially in quantitative studies (Sarantakos, 2000:329). This research project will analyse the data collected by the quantitative instrument by means of the SPSS (Statistical Programme for Social Sciences).

In analysing the data collected through the qualitative research instrument, Sarantakos (2000:314) states that data analysis in qualitative format is part of data collection and evaluation. The process is circular in that while data are collected, analysis continues, and evaluation and interpretation follow, and the circular process continues until all units have been studied and nothing is left to research. Miles and Huberman in Sarantakos (2000:314) state that the result of the analysis process is a large volume of data which is different from quantitative data in the following ways:

- they appear in words
- they have been collected in a variety of ways
- they need to be processed before they are ready for use.

This research project analyses the data obtained by means of interviews by identifying common themes and reporting on the trends established in these themes.

6.7 TRIANGULATION

Triangulation involves the use of multiple sources to verify the reliability and validity of the data collected and the results presented. Indeed, observing the phenomenon from different perspectives allows the researcher to uncover aspects, which would not have been the case, if only one measure had been used. The multiple method approach fulfils an important function of cross checking the reliability of data collected and supporting the validity of the findings. Erlandson et al. (1993: 115), in Vos (2004: 341), indicates that triangulation is characterised by the use of different sources to observe and it provides different insights into the phenomenon under observation. Patton (1990: 244), in Merriam (1998: 137), continues along this line of thinking and states that multiple source of information is more trustworthy than single sources of information. By using more than one source of measure the researcher is in a much better position to double check the reliability of the data and to ensure validity of the findings. Jick (1983: 145-147), in Vos (2004:342), is of the opinion that triangulation holds certain advantages for qualitative research. The author makes mention of three advantages: firstly, it hinges around the validity of the results. In other words due to the fact that more than one source of measurement has been used the degree of subjectivity has been minimised. Secondly, new insights emerge that would not have been possible if only one measure has been used. The different views challenge the analyst and ultimately will result in a rich description of the phenomenon. Lastly, the author raises the issue of theory synthesis and suggests that the use of different sources (methodological triangulation) is a way of drawing on different theories (theoretical triangulation) to analysing a phenomenon.

Importantly, the authors cited above agree that triangulation contributes to the enhancement of the reliability of the data collected and the validity of the findings presented. This perspective guides the researcher and for this research multiple measures are used precisely to ensure reliability of data collected and validity of the findings. The use of triangulation in this research is grounded in a logical flow that has its origin in the research question, progressing to the development

of the questionnaire design and the organising of the data into themes and concepts. Triangulation therefore does not occur in a vacuum but rather is a focussed methodological approach in trying to answer the research question. This research project uses triangulation by applying a combination of the quantitative approach – in the form of a questionnaire survey – and the qualitative approach in the form of the semi-structured interview.

6.8 SUMMARY

In this chapter a perspective was provided on the research methodology used to answer the research question. An argument was put forward why this research locus is that of a mixture of the qualitative and quantitative research paradigm approach.

In a nutshell, to answer the research question: “*What strategic management model could be suggested for the provision of housing within the City of Cape Town?*”, a combination of the qualitative and quantitative research approach was used.

The next chapter discusses the case of the City of Cape Town municipality. The analysis of the data in the next chapter is guided by the three core themes as indicated earlier in the discussion on the questionnaire guide. The themes are, firstly the introduction of a strategic management model for the provision of housing within the municipality, secondly to ascertain the impact of resources on the provision of housing, and lastly what are the challenges in the application of a strategic management approach to the provision of housing within a local authority.

CHAPTER 7: RESEARCH METHODOLOGY: DATA ANALYSIS AND INTERPRETATION

7.1 INTRODUCTION

The previous chapter discussed the theory of the research methodology used in this research study, namely a mixed approach of quantitative and qualitative techniques. This chapter discusses the analysis and interpretation of data collected. Data collected by means of the questionnaire are presented first; thereafter an analysis is given of the data collected by means of interviews with management staff in the Housing Department.

7.2 DATA ANALYSIS: QUESTIONNAIRE

The questionnaire was distributed to the six Managers and the six Heads in the Department. Of the 12 questionnaires distributed, a total of 11 questionnaires were returned, representing a response rate of 92%. The first section of the questionnaire dealt with biographical data which are reported on below.

7.2.1 Dependent variables

The responses to the various categories are reflected in the form of a diagram.

Table 7.1: Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 25 – 39	3	27.3	27.3	27.3
40 – 49	4	36.4	36.4	63.6
50 – 59	3	27.3	27.3	90.9
60 or older	1	9.1	9.1	100.0
Total	11	100.0	100.0	

The diagram indicates that 63% of staff falls within the age group 25 – 49.

Table 7.2: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	10	90.9	90.9	90.9
Female	1	9.1	9.1	100.0
Total	11	100.0	100.0	

The diagram shows that 91% of the target population is male and 9% female. This is a cause for concern as it indicates an unacceptably low representation of females in management positions given the requirements for equity. The graph below is a reflection of the big difference between males and females in management positions within the Housing Department.

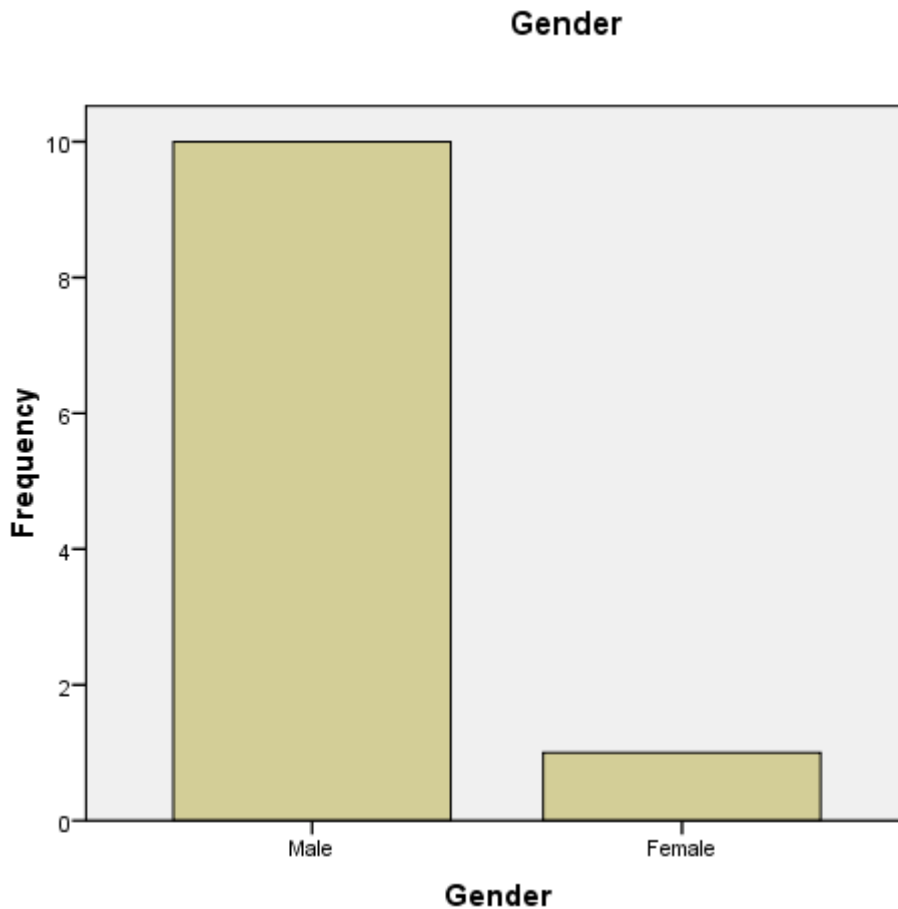


Figure 1: Gender

Table 7.3: Marital status

		Marital Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never Married	2	18.2	18.2	18.2
	Married	7	63.6	63.6	81.8
	Divorced	1	9.1	9.1	90.9
	Widowed	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

64% of the target population is married.

Table 7.4 Educational qualifications

		Highest Educational Qualification			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters Degree	1	9.1	9.1	9.1
	Honours Degree/Advanced Diploma	3	27.3	27.3	36.4
	Degree	3	27.3	27.3	63.6
	Diploma	4	36.4	36.4	100.0
	Total	11	100.0	100.0	

All staff in the target population is in possession of a post matric qualification.

Table 7.5: Work experience

		Total Work Experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	11 - 19 years	4	36.4	36.4	36.4
	20 - 29 years	4	36.4	36.4	72.7
	30 years or more	3	27.3	27.3	100.0
	Total	11	100.0	100.0	

Staff in the target population has work experience ranging from 10 to 30 years.

Table 7.6: Local government experience

Work experience within local government

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 – 5 years	1	9.1	9.1	9.1
6 - 10 years	2	18.2	18.2	27.3
11 - 19 years	3	27.3	27.3	54.5
20 - 29 years	4	36.4	36.4	90.9
30 years or more	1	9.1	9.1	100.0
Total	11	100.0	100.0	

72% of staff in the target population has acquired their experience (between 11 and 30 years) within local government.

7.2.2 Independent variables

The second part of the questionnaire comprises statements to which respondents had to express an opinion on a scale. The responses to the various statements are as follows:

Table 7.7: Legislative instructions

I am familiar with the legislative instructions pertaining to housing

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	5	45.5	45.5	45.5
Agree	4	36.4	36.4	81.8
Neutral	1	9.1	9.1	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

72% of respondents agreed, 9% were neutral, and 9% disagreed.

Table 7.8: Provincial housing department

I understand the role of the provincial housing department in the provisioning function

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	5	45.5	45.5	45.5
Agree	5	45.5	45.5	90.9
Neutral	1	9.1	9.1	100.0
Total	11	100.0	100.0	

91% of respondents understand the role of the provincial housing department in the provisioning function. This means that 9% of managers do not understand the role of the provincial housing department, which is cause for concern since it is expected of senior staff to be fully acquainted with policy measures.

Table 7.9: Directives

I understand the directives contained in the Housing Code

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	3	27.3	27.3	27.3
Agree	5	45.5	45.5	72.7
Neutral	2	18.2	18.2	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

73% are familiar with the directives of the Housing Code.

Table 7.10: Stabilising housing environment

I consider the strategy of Stabilising the housing environment attainable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	3	27.3	27.3	27.3
Neutral	4	36.4	36.4	63.6
Disagree	4	36.4	36.4	100.0
Total	11	100.0	100.0	

27% consider the strategy of stabilising the housing environment attainable.

Table 7.11: Mobilising housing credit**I consider the strategy of Mobilising housing credit attainable**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	5	45.5	45.5	45.5
Neutral	3	27.3	27.3	72.7
Disagree	2	18.2	18.2	90.9
Strongly Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

46% consider the strategy of mobilising housing credit attainable, while 18% disagreed.

Table 7.12: Providing subsidy assistance**I consider the strategy of Providing subsidy assistance attainable**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	3	27.3	27.3	27.3
Agree	5	45.5	45.5	72.7
Neutral	3	27.3	27.3	100.0
Total	11	100.0	100.0	

73% consider the strategy of providing subsidy assistance attainable.

Table 7.13: Supporting the People's housing process**I consider the strategy of Supporting the People's housing process attainable**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	6	54.5	54.5	54.5
Neutral	4	36.4	36.4	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

55% consider the strategy of supporting the people's housing process attainable.

Table 7.14: Rationalising institutional capacity

I consider the strategy of Rationalising institutional capacity attainable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	4	36.4	36.4	36.4
Neutral	5	45.5	45.5	81.8
Disagree	2	18.2	18.2	100.0
Total	11	100.0	100.0	

36% consider the strategy of rationalising institutional capacity attainable, while 18% disagreed.

Table 7.15: Speedy release of land

I consider the strategy of Speedy release and servicing of land attainable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	3	27.3	27.3	27.3
Neutral	4	36.4	36.4	63.6
Disagree	3	27.3	27.3	90.9
Strongly Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

27% consider the strategy of speedy release and servicing of land attainable, while 27% disagreed.

Table 7.16: Coordinating state investment

I consider the strategy of Coordinating state investment in development attainable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	5	45.5	45.5	45.5
Neutral	6	54.5	54.5	100.0
Total	11	100.0	100.0	

46% consider the strategy of coordinating state investment in development attainable, while 55% had no opinion on the matter.

Table 7.17: City vs province

The position of the City vis a vis the province is ideal for efficient housing service delivery

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	1	9.1	9.1	9.1
Agree	2	18.2	18.2	27.3
Neutral	4	36.4	36.4	63.6
Disagree	4	36.4	36.4	100.0
Total	11	100.0	100.0	

36% of respondents feel that the City's position relevant to the province is not ideal, while another 36% is unsure.

Table 7.18: Department's mission

Our Department has a mission

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	5	45.5	45.5	81.8
Disagree	2	18.2	18.2	100.0
Total	11	100.0	100.0	

82% of respondents agree that the Housing Department has a mission.

Table 7.19: Understanding the mission

I understand the mission of the Department

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	5	45.5	45.5	81.8
Disagree	2	18.2	18.2	100.0
Total	11	100.0	100.0	

82% understand the Department's mission.

Table 7.20: Communicating the mission

The mission is communicated to all stakeholders

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	3	27.3	27.3	27.3
Agree	3	27.3	27.3	54.5
Neutral	3	27.3	27.3	81.8
Disagree	2	18.2	18.2	100.0
Total	11	100.0	100.0	

55% of respondents agree that the mission is communicated to all staff.

Table 7.21: Alliances with private sector

Our Department forms alliances with the private sector

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	18.2	18.2	18.2
Agree	3	27.3	27.3	45.5
Neutral	4	36.4	36.4	81.8
Disagree	1	9.1	9.1	90.9
Strongly Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

46% of respondents agree that the Department forms alliances with the private sector.

Table 7.22: Alliances with public organisations

Our Department forms alliances with other public organisations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	1	9.1	9.1	9.1
Agree	7	63.6	63.6	72.7
Neutral	2	18.2	18.2	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

73% of respondents agree that the Department forms alliances with other public organisations.

Table 7.23: Marketing strategy

Our Department has a marketing strategy

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	2	18.2	18.2	18.2
Neutral	7	63.6	63.6	81.8
Disagree	1	9.1	9.1	90.9
Strongly Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

82% of respondents agree that the Department has a marketing strategy.

Table 7.24: Information systems strategy

Our Department has an information systems strategy

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	18.2	18.2	18.2
Agree	6	54.5	54.5	72.7
Neutral	2	18.2	18.2	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

73% of respondents agree that the Department has an information systems strategy.

Table 7.25: Human resource strategy

Our Department has a human resources strategy

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	3	27.3	27.3	27.3
Agree	5	45.5	45.5	72.7
Neutral	3	27.3	27.3	100.0
Total	11	100.0	100.0	

73% of respondents agree that the Department has a human resources strategy.

Table 7.26: Finance strategy

Our Department has a finance strategy

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	7	63.6	63.6	100.0
Total	11	100.0	100.0	

100% of respondents agree that the Department has a finance strategy.

Table 7.27: Workforce commitment

Our strategies promote workforce commitment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	5	45.5	45.5	81.8
Neutral	1	9.1	9.1	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

82% of respondents agree that the strategies promote workforce commitment.

Table 7.28: Units in the department

Various units in the department work well together

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	7	63.6	63.6	63.6
Neutral	2	18.2	18.2	81.8
Disagree	2	18.2	18.2	100.0
Total	11	100.0	100.0	

82% of respondents agree that the units in the Department work well together.

Table 7.29: Strategic control system

Our Department has a strategic control system

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	1	9.1	9.1	9.1
Agree	5	45.5	45.5	54.5
Neutral	4	36.4	36.4	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

55% of respondents agree that the Department has a strategic control system.

Table 7.30: Authority to effect change

Authority to effect changes in the system is limited

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	18.2	18.2	18.2
Agree	2	18.2	18.2	36.4
Neutral	7	63.6	63.6	100.0
Total	11	100.0	100.0	

36% of respondents agree that authority to effect changes in the system is limited.

Table 7.31: Acquiring staff

Our Department is able to acquire quality staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	18.2	18.2	18.2
Agree	4	36.4	36.4	54.5
Neutral	4	36.4	36.4	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

55% of respondents agree that the Department is able to acquire quality staff.

Table 7.32: Retention of staff

Our Department is able to retain quality staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	5	45.5	45.5	45.5
	Neutral	3	27.3	27.3	72.7
	Disagree	3	27.3	27.3	100.0
	Total	11	100.0	100.0	

46% of respondents agree that the Department is able to retain quality staff.

Table 7.33: Department culture

Our Department has a strong culture

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	5	45.5	45.5	45.5
	Neutral	5	45.5	45.5	90.9
	Disagree	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

46% of respondents agree that the Department has a strong culture, but 45% have no opinion on the matter.

Table 7.34: Strength of culture

The culture of our Department is a strength

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	4	36.4	36.4	36.4
	Neutral	6	54.5	54.5	90.9
	Disagree	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

36% agree that the culture of the Department is a strength, but 55% are neutral to the matter.

Table 7.35: Employee training

Our employees are well-trained

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	1	9.1	9.1	9.1
Agree	7	63.6	63.6	72.7
Neutral	3	27.3	27.3	100.0
Total	11	100.0	100.0	

73% of respondents agree that employees are well - trained.

Table 7.36: Employment Equity

Our Department applies the guidelines for employment equity

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	6	54.5	54.5	90.9
Neutral	1	9.1	9.1	100.0
Total	11	100.0	100.0	

91% of respondents agree that the Department applies the guidelines of employment equity, while 9% are neutral.

Table 7.37: Expense budget

The Department has an expense budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	4	36.4	36.4	72.7
Neutral	2	18.2	18.2	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

73% of respondents agree that the Department has an expense budget.

Table 7.38: Strategies of Department**Expenditure is linked to the strategies of the Department**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	5	45.5	45.5	45.5
	Agree	5	45.5	45.5	90.9
	Neutral	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

91% of respondents agree that the expenditure in the Department is linked to the strategies.

Table 7.39: Trade-offs**The Department often makes trade-offs in financial decisions**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	5	45.5	45.5	45.5
	Neutral	5	45.5	45.5	90.9
	Disagree	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

46% of respondents agree that the Department often makes trade-offs in financial decisions, and 45% were neutral on the matter.

Table 7.40: Debt collection**There are clear instructions for debt collection**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	18.2	18.2	18.2
	Agree	2	18.2	18.2	36.4
	Neutral	5	45.5	45.5	81.8
	Disagree	2	18.2	18.2	100.0
	Total	11	100.0	100.0	

36% of respondents agree that there are clear instructions for debt collection, 18% disagree, with 46% being neutral on the matter.

Table 7.41: Indigence

Specific provision is made for the indigent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	5	45.5	45.5	81.8
Neutral	2	18.2	18.2	100.0
Total	11	100.0	100.0	

82% agree that provision is made for the indigent, with 18% being neutral on the matter.

Table 7.42: Budget preparation

The community has the opportunity to provide inputs in the preparation of the budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	18.2	18.2	18.2
Agree	2	18.2	18.2	36.4
Neutral	7	63.6	63.6	100.0
Total	11	100.0	100.0	

36% agree that the community has the opportunity to provide inputs in the preparation of the budget, with 64% being neutral on the matter.

Table 7.43: Financial control

Financial control measures are clear

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	5	45.5	45.5	45.5
Agree	5	45.5	45.5	90.9
Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

91% of respondents agree that financial control measures are clear, with 9% disagreeing.

Table 7.44: Audits

Audits are performed regularly

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	4	36.4	36.4	36.4
Agree	7	63.6	63.6	100.0
Total	11	100.0	100.0	

100% agree those audits are performed regularly.

Table 7.45: Financial system

The financial system is flexible

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	1	9.1	9.1	9.1
Agree	4	36.4	36.4	45.5
Neutral	3	27.3	27.3	72.7
Disagree	2	18.2	18.2	90.9
Strongly Disagree	1	9.1	9.1	100.0
Total	11	100.0	100.0	

46% agree that the financial system is flexible, 27% disagree, with 27% being neutral in the matter.

7.3 DATA INTERPRETATION

This section reports on the themes that were tested in the questionnaire and semi-structured interviews conducted with management staff.

7.3.1 Questionnaire

The following themes were tested in the questionnaire, and are reported on below.

7.3.1.1 Legislative framework

The following key issues were included under this variable.

Familiarity with legislative instructions

82 % of respondents indicated that they are familiar with the legislative instructions pertaining to the provision of housing. Since the respondents are in management positions the expectation is that they should all be familiar with legislative instructions. During the interviews the explanation was given that priority is placed on becoming familiar with the legislative instructions pertaining to the area of specialisation. Each manager thus concentrates on becoming expert in the area of specialisation first, and then concentrates on familiarisation with other aspects of the housing provision function. For example, the manager in Informal Settlements stated during the interview that his major objective is to create conditions that make it possible for the residents to live in a dignified manner until formal housing is provided.

The role of the provincial housing department

90% of respondents indicated that they understand the role of the provincial housing department in the housing provision function. However, during interviews there was consensus that the province's role as an intermediate causes an unnecessary delay in the housing delivery process. It is the express opinion that the transfer of funds should be streamlined to expedite the housing delivery function, even if it means direct transfer of funds from central government to the local authority. Accountability arrangements can still be introduced that ensures retaining the overseeing function of the provincial housing department.

This situation is supported by the response to the statement that the strategy of stabilising the housing environment is deemed attainable. Only 22% of respondents agreed with the statement. The opinion expressed during interviews is that stabilising the housing environment can best be attained if the transfer of funds to local government can be expeditious. Further support for this scenario is found in the response to the statement that the strategy of rationalising institutional capacity is attainable. Only 36% agreed with the statement while

46% remained neutral, and 18% disagreed. In addition, only 27% of respondents are of the opinion that the position of the City in relation to the Province is ideal for efficient housing service delivery.

Release and servicing of land

Only 28% of respondents are of the opinion that the speedy release and servicing of land is attainable under the current dispensation. 36% of respondents disagreed with this statement, and 36% were undecided. The relatively low percentage supporting the statement is indicative of the belief that a change in the current framework is needed. During an interview with the Manager in Land and Forward Planning, the opinion was expressed that the City should be given the mandate to acquire land for housing provision purposes. The rationale given is that the City is in a more advantageous position to identify available land, and enter into partnerships with landowners within its jurisdiction.

7.3.1.2 Departmental Strategy

The following key issues were included under this variable.

The mission of the Housing Department

82% of the respondents agree that the Department has a mission and that they understand the mission. The fact that only 55 % of respondents agree that the mission is communicated to all stakeholders, with 27% being undecided and 18% disagreeing could be regarded as an area of concern as the literature (Fitzroy & Hubert, 2005:163) indicate that a mission provides a sense of direction to both internal and external stakeholders. It is a mechanism for communicating the meaning and intent of an organisation to its internal and external stakeholders. Harrison and St. John (2004:114) further emphasises that the articulation of a specific mission forces top managers to face the major issues regarding the current direction of the organisation and its future.

Forming alliances with the private and public sectors

46% of respondents agree that the Department forms alliances with the private sector, and 73% agree that the Department forms alliances with the public sector. The relatively big difference between alliances between the two sectors confirms the current tendency to give preference to alliances with the public sector.

Strategy for management functions

The majority of respondents, 73% + agree that the Department has a strategy for the management functions of marketing, information systems, human resources, and finance. Literature stresses the importance of the above functions in ensuring strategy implementation. Harrison and St. John (2004:98) call these functions “functional strategies” and state that these functional strategies are responsible for implementation of strategies in the organisation.

7.3.2 Interviews

The following themes were tested in the interviews conducted with six managers in the Housing Department on the basis of purposive sampling as explained in paragraph 6.5.5 of this thesis.

7.3.2.1 What are the challenges faced by the Department?

The following aspects were mentioned as challenges that impact upon the efficient delivery of housing.

The influx of people into Cape Town

One interviewee mentioned that the influx of people should be seen against the background of urbanisation. Africa is the last of the continents to urbanise. There is a big movement of people into the Cities. Many people see Cape Town as a haven to find work and a house. Approximately 20,000 people a year move to the City from other parts of the country, most of them from the Eastern Cape. Many of these people have no place to live, with the result that they occupy land

illegally. This illegal occupation of land further complicates housing delivery functions for the City in terms of land not being available for housing provision, or the fact that drawn-out legal procedures are required to evict people from the land.

The acquisition of land

The City finds it difficult to acquire land within a reasonable time after the land has been identified. Current legislation protecting the environment requires long time frames before land is transferred to the City and available for housing purposes. There is consensus among interviewees that legislation should be streamlined with a view to making it easier for land to be transferred to the City. One interviewee conveyed the message clearly by stating that it does not help to think of the frog only and prevent houses from being built in a certain area. When the illegal occupants move into that area chances are that you are going to lose the frog in any case, in addition to having to evict the illegal occupants. One particular comment was that the City should not be aware that it cannot address first world problems using third world standards and mechanisms.

Funding

There is concern among interviewees about the amount of money available to the City for housing provision, as well as the procedure for getting access to that money. The bulk of funds to the City come via the Province by means of the Division of Revenue Act on a project basis. Subsidies are paid to the City via the provincial housing department. There is a strong feeling among interviewees that such funding to the City should come straight from the central government to the city, which change would save time. Furthermore, the subsidy is calculated on the basis of the poverty index that implies that the poorer the province, the higher the subsidy. The reality is the people are moving away from the poor provinces to settle in the richer provinces, with Cape Town being one of the most sought after cities in the Western Cape. With people moving to the Western Cape, the reality is that the Eastern Cape gets more funding in terms of its position on the poverty

index. Logic suggests that the subsidy be paid to the province where the people are moving.

Court cases

The city is summoned to appear as a co-respondent in court cases where evictions are being contested in court. The reason for citing the City as co-respondent was given by an interviewee as being in harmony with the legislative requirement for eviction, which states that it be certified that the City cannot assist the people with accommodation. The court cases become a problem in that there are so many cases, little time is given to the people in the City to prepare for the case, each case is different, and the response to each case normally requires an affidavit of 40 pages. Being summoned by court thus becomes a laborious task for the City since someone must be earmarked to consult with the advocate that will represent the City.

Scarce skills

Some of the interviewees indicated that they are experiencing a constant threat of skilled staff members leaving in numbers. Project Managers, in particular, are scarce.

7.3.2.2 What are the strengths of the Department?

Interviewees identified the following as representing the strengths of the Department.

Close relations with stakeholders

The Department establishes and maintains close relations with all stakeholders at ground level. These stakeholders include ward councillors, ward committees, the sub-council, and NGOs.

Skilled staff

The Department takes pride in its staff, who are described as knowledgeable and dedicated.

A workable plan

The five year strategic plan is considered a workable plan that has been the main instrument in the progress made thus far in the housing provisioning function.

7.4 SUMMARY

This chapter reported on the responses of the participants in the questionnaire survey and semi-structured interviews conducted amongst the sample that comprised managers in the Housing Department of the City of Cape Town. The data collected were analysed and interpreted. The data were presented in the form of tables and statements.

CHAPTER 8: OVERVIEW OF MODELS FOR STRATEGIC MANAGEMENT AND A PROPOSED NORMATIVE MODEL FOR THE PROVISION OF HOUSING FOR LOCAL GOVERNMENT

8.1 INTRODUCTION

The previous chapter described the data analysis and interpretation of the data. This chapter investigates the models that exist for studying strategic management, as well as recommending a particular strategic management model for the provision of low-cost housing. An overview is given of current models in strategic management such as Porter's Five Forces Model, the Corporate Survival Model, Ohmae's model for analysing competitors, the Market Commitment Model, and the Conical Model. The chapter concludes with a preferred strategic management model for the provision of low-cost housing.

8.2 ELEMENTS OF MODEL CONSTRUCTION

The most efficient method to study organisational behaviour is by means of a model, according to Bobbitt et al (1978: 11). A model is the representation of reality (Bobbitt et al. 1987:11; Macmillan & Tampoe, 2000:148), by creating concepts from a situation and depicting the manner in which such concepts are related. Macmillan and Tampoe (2000:148) stress that although models are always imperfect representations of the real situation, they can help the strategist to review different options and assess their impact on the results. Models help those building them to obtain a better understanding of the phenomenon they are trying to solve. Models can assist in structuring a problem for management to make a decision. Seth, Deshmukh & Vrat (2004:914) state that a model, being a simplified description of the actual situation, not only helps in learning the factors associated with it but also will provide a direction for improvements. Another advantage of models is providing a common language enabling people with different mindsets to discuss common issues. Validation of the model can identify opinions and beliefs that are not appropriate, and allows for informed discussion and debate.

Bobbitt et al. (1978:11) posit that choosing a model is influenced by the particular situation under investigation, as well as the answers being sought. The classification of models may thus occur in terms of how a model reflects reality. An **iconic model** reflects the reality it seeks to represent, for example a scale model used for an architectural project. An **analog model** reacts in a manner similar to the reality it represents, although it may not be similar in appearance, for example building layout presentations. The **symbolic model** makes use of symbols representing the reality under investigation. A **verbal model** depicts reality through the use of verbal statements that sets the relationship among the various concepts being studied (Ferreira, 1996:387)

Three factors determine the effectiveness of a model, according to Bobbitt et al. (1978:12). First, it depends on the validity of the model in representing reality. Second, the more the model contributes to the ease of analysis, the more valuable it will be. Third, the predictive accuracy of the model is an important test of the validity of a model, as it should allow the manager applying the model to accurately predict future behaviour of the organisational unit under particular circumstances.

Snellen and Van de Donk (1998:422) are of the opinion that models are a permanent part of economic planning. They explain that with the integration of social activities, the changing role of the state, and more accessible statistics, the question is not whether economic modelling should be used or not, but how they are to be used and how they should be used to prevent any disastrous impact on decision making.

8.3 PORTER'S FIVE FORCES MODEL

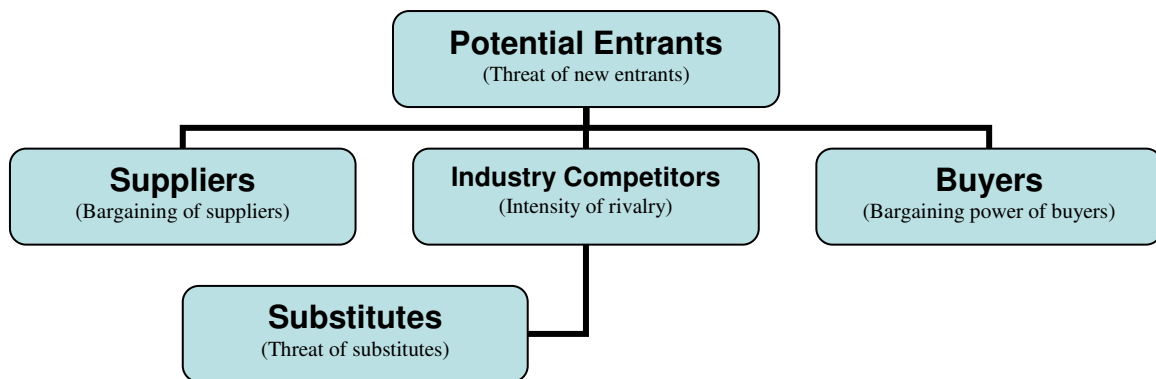
Macmillan & Tampoe (2000:102) state that Michael Porter's attempt to analyse the economic forces within an industry, identifies the fundamental role of strategy as positioning the enterprise for the future.

The five forces identified by Porter are:

- the threat of entry of new competitors
- the threat of substitutes
- the bargaining power of buyers
- the bargaining power of suppliers, and
- the degree of rivalry amongst existing competitors

Porter's Five Forces model is shown in Figure 8.1.

Figure 8.1: Porter's Five Forces model (Source: Macmillan & Tampoe, 2000:102)



Macmillan and Tapoe (2000:102) state that Michael Porter's Five Forces model depicts the fundamental role of strategy as positioning the business for the future. These five forces are the threat of entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the degree of existing competitors. Porter reasons that some industries are intrinsically more attractive than others, and the attractiveness is determined by these five factors. Each of these forces is discussed briefly.

The threat of entry is high when the industry is deemed to be attractive, and the barriers to entry are low. Good profits normally determine attractiveness, and common barriers to entry are in the form of capital, skills, and importance of reputation.

The threat to substitution is high when the customer can meet the need by buying something other than the product or service the industry has to offer.

The buying power of buyers is high when buyers are able to turn from one supplier to the other with a view to seeking discounts or additional services in return for support. When there are relatively few buyers and many suppliers, buyers may be powerful.

The bargaining power of suppliers is high when it is difficult to switch from one supplier to another.

The degree of rivalry amongst competitors in a business environment is determined by factors such as the rate of growth, the tendency to over-capacitate, and the strength of brand identities.

Macmillan and Tampoe (2000:103) assert that although Porter's Five Forces model can provide a powerful mechanism for understanding the dynamics of an industry, it is difficult to use properly. The chief reason is that the industry structure is subject to change, and this change can be the result of actions taken by players themselves. Government regulation and changing fashion are also evolving as powerful forces to be reckoned with (Macmillan & Tampoe, 2000:104).

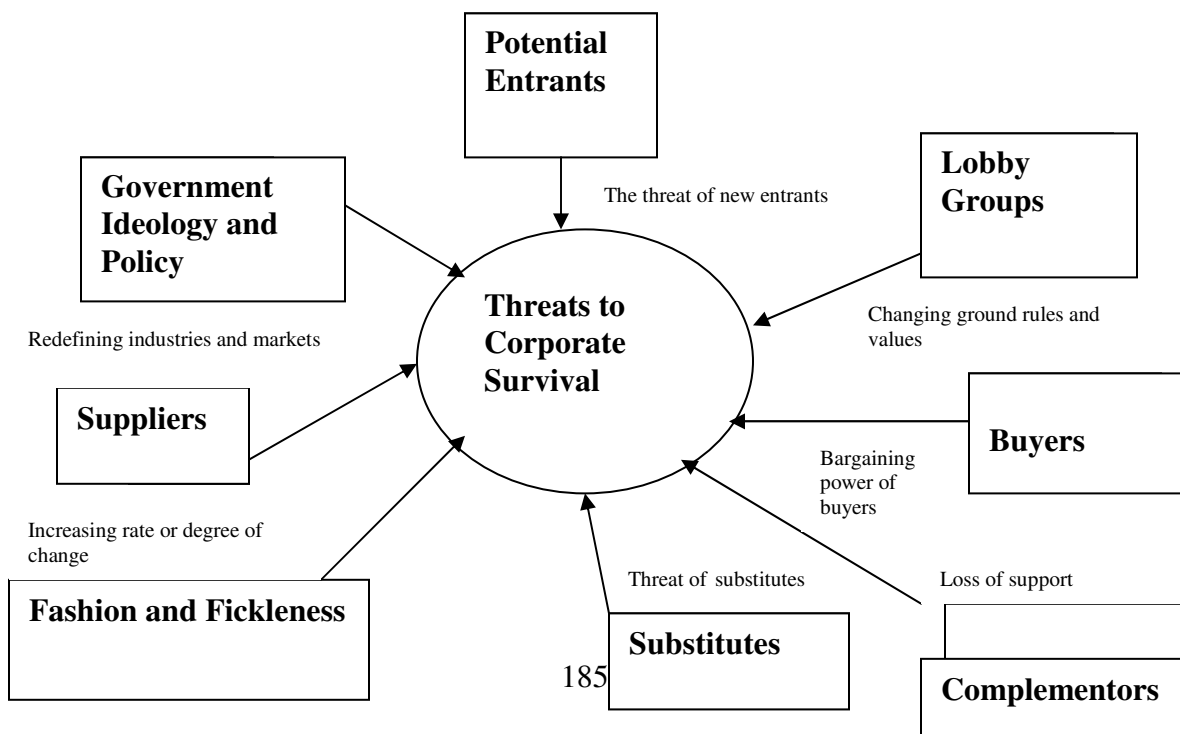
The value of Porter's Five Forces model lies in the fact that it can provide valuable insights into the forces at work within modern day industry. Sanchez and Heene (2004:136) posit that the five competitive forces described by Porter

constitute a zero-sum game – a competitive environment in which one organisation can benefit only at the expense of another organisation. The authors state that organisations of the 1990s started to rethink the competitive relationships that were common amongst participants in an industry. The potential for creating positive-sum games was emphasised as an alternative view of the possible interactions between the participants in an industry, which can lead to “win-win” gains for all the participants. In this way, the five forces of competitive pressure advocated by Porter may be reoriented to become sources of mutual gain through cooperation. Such a reorientation will result in an expansion of the original Five Forces model, giving birth to an integrated model of the threats to survival of an organisation. Macmillan and Tampoe (2000:104) call such an integrated model the Corporate survival model.

8.4 CORPORATE SURVIVAL MODEL

The Corporate survival model is an expansion of the original Porter’s Five Forces model. It is an integrated model of threats to survival of an organisation, and is shown in Figure 14.

Figure 8.2: Corporate survival model (Source: Macmillan & Tampoe, 2000:105)

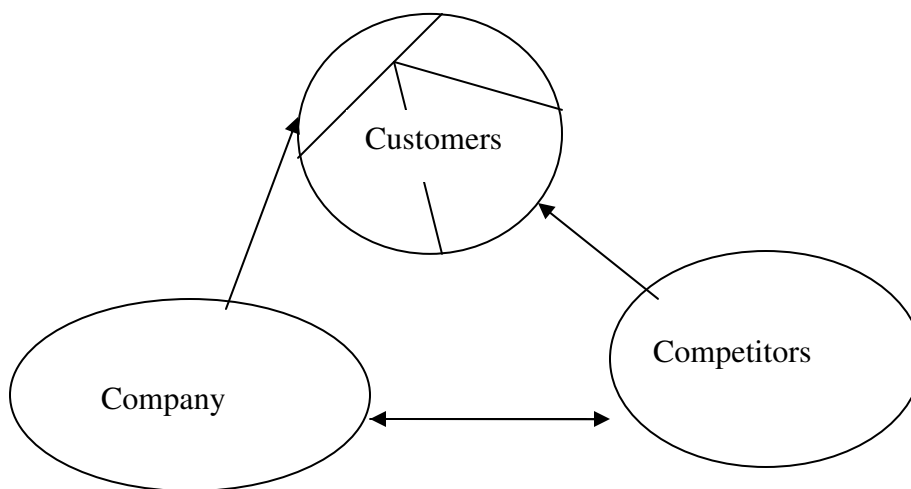


The relevance of the Corporate Survival Model lies in the fact that it allows for continuous changes in the environment. The Model takes into account additional forces that have become more apparent over the last few years. Macmillan & Tampoe (2000:105) assert that as the environment within which an organisation operates becomes more difficult to define, it becomes necessary to understand how these forces threaten the survival of an individual organisation. This situation requires that the centre of the Model should focus on the individual organisation as much as on the intensity of rivalry among competitors in the industry. This model, albeit private sector oriented, includes elements that are applicable to public organisations such as government policy and lobby groups. The relevance of the model to the research topic of suggesting a strategic management model for the provision of housing by the City of Cape Town is found in the fact that it allows for continuous change in the environment, which is a critical consideration for a public organisation such as the Housing Department of the City of Cape Town.

8.5 OHMAE'S MODEL FOR ANALYSING COMPETITORS

Ohmae's model is called the "Strategic Triangle" comprising company, customers and competitors.

Figure 8.3: The strategic triangle



Source: Macmillan & Tampoe (2000:108)

Customers are divided into groups divided amongst different competitors. Ohmae advocates four basic strategies for achieving competitive advantage, which strategies are briefly described (Macmillan & Tampoe, 2000:108).

- Intensifying functional differentiation

Key success factors (KSFs) are identified and resources injected into the most important business functions. The objective is to invest in those divisions in the company that matter most.

- Building on relative superiority

Products are systematically compared with competitors, and investments are selectively made to improve the product attractiveness or to reduce cost. The aim is to invest in the improvement of the product in ways that matter to the customer.

- Pursuing aggressive initiatives

New answers to old questions are being asked with a view to creating new inventions.

- Exploiting strategic degrees of freedom

Exploiting strategic degrees of freedom requires that the strategic degrees of freedom which affect the outcome to the customer, and which are within the control of the provider be identified.

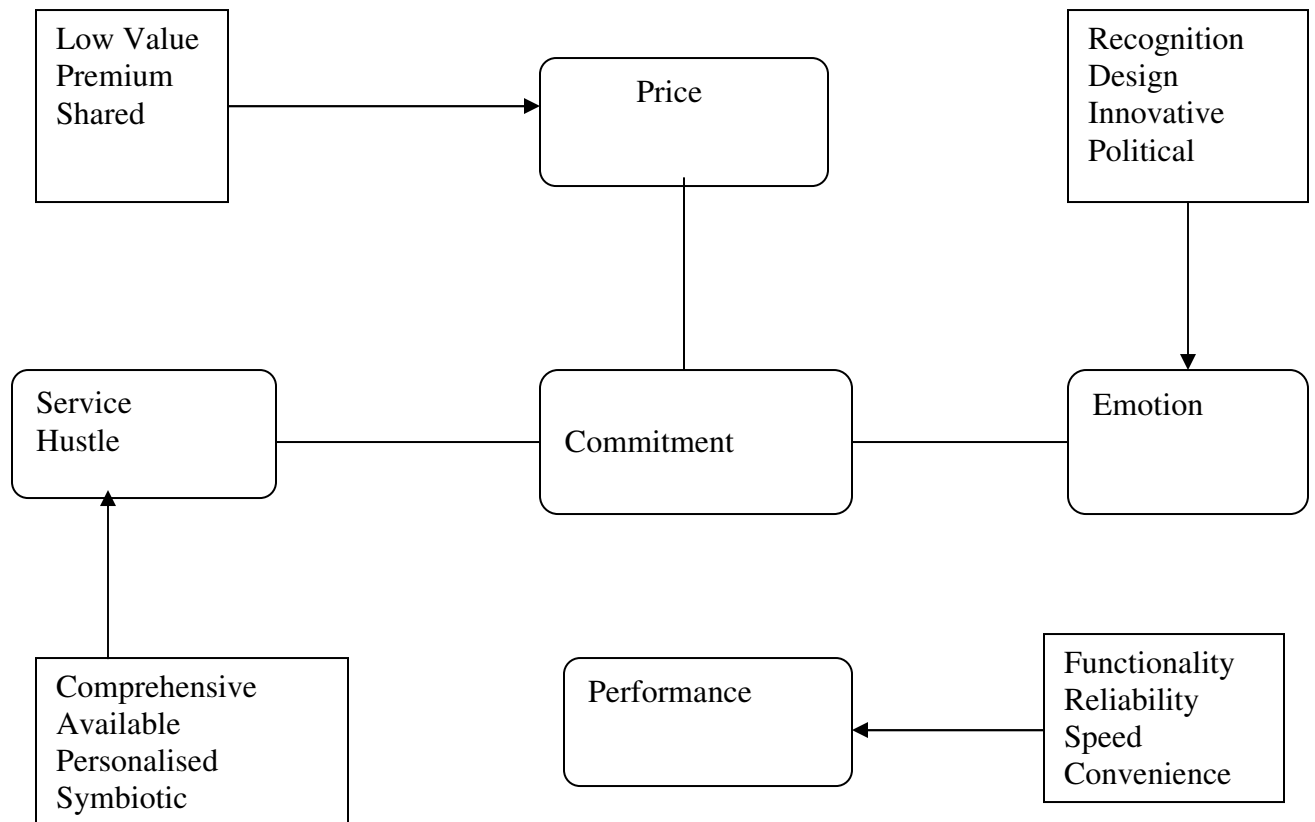
Ohmae's four basic strategies are useful because they tend to focus on finding particular parts of the overall market which will suit particular organisational strengths, and not on head-to-head competition (Macmillan & Tampoe, 2000:109). The relevance of this model to the research topic of suggesting a strategic management model for the provision of housing by the city of Cape Town is found in the applicability of elements in the model to the housing provision function. The elements of intensifying functional differentiation, building

on relative superiority, and exploiting strategic degrees of freedom are applicable to the functions of the Housing Department of the City of Cape Town.

8.6 THE MARKET COMMITMENT MODEL

Suggested by de Kare Silver, the Market Commitment model attempts to include the separate components of strategy into one single model suitable for use in practice, which is illustrated in Figure 8.4.

Figure 8.4: The Market Commitment Model



Source: Macmillan & Tampoe (2000:110)

Macmillan and Tampoe (2000:110) state that long-term commitment to the market in which the business operates is at the centre of this model. This is seen as the foundation for lasting success. The development of a deep understanding

of customers and their needs, and taking a long-term view in making decisions are necessary for such commitment. Four “prime axes” surround the central commitment namely, price, emotion, service hustle, and performance.

Macmillan and Tampoe (2000: 110) posit that the Market Commitment Model provides a general framework for reviewing the probable strategies and chances of success of each of the principal competitors in comparison with an organisation’s own strategies. It may enable a dynamic strategic assessment of the competitive game being played. The relevance of this model to the research topic of suggesting a strategic management model for the provision of housing by the City of Cape Town is found in the elements of the model that are relevant to a public organisation. Elements in the model such as price, commitment, speed and performance are critical considerations for the Housing Department of the City of Cape Town in the provision of housing.

8.7 THE CONICAL MODEL

Moore (1995: 21) proposes the conical model for conceptualising strategy, stating that it is an attempt to draw from the advantages of several views of strategy. The model is depicted in Figure 8.5.

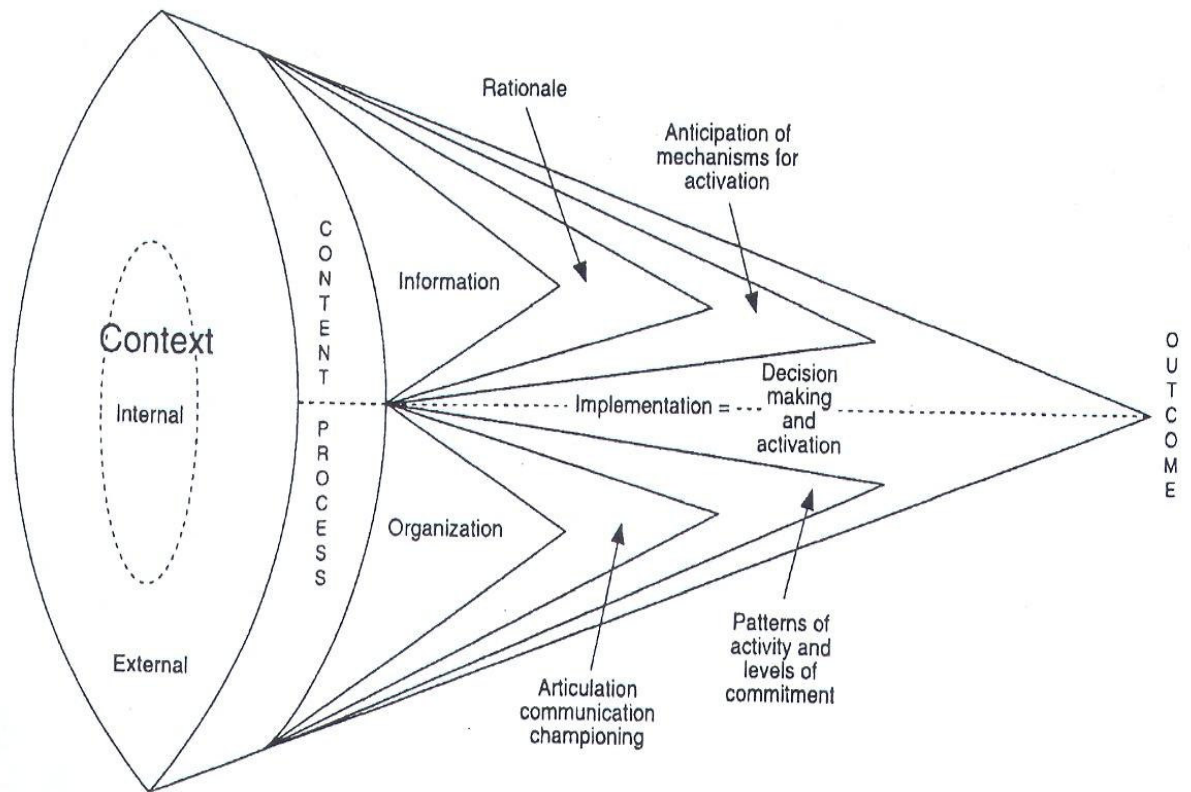


Figure 8.5: The Conical Model

Source: Moore (1995:26)

The advantages, according to Moore (1995:22), that could be drawn from multiple views of strategy are as follows:

8.7.1 Advantages

First, the idea that strategy development is at least somewhat linear and logical and that strategic activity is pointed in a definite direction, carry many benefits. The model includes the idea that any strategy will at least attempt to obtain a particular set of objectives.

Second, it should be acknowledged that the path towards these outcomes is seldom simple, and that both content and process issues will intervene to delay, change, damage, or enhance the attainment of a particular set of strategic goals.

The model isolates the major elements, which need to be recognised in an attempt to make sense of strategic activity in any organisation.

Third, conceptualising context as the base of the strategy cone facilitates the view that context - internal and external – is the dimension of strategy on which all other elements of strategic activity are built, or at least by which their successes and failures can be evaluated.

Fourth, the model presented promotes the idea that the content and process of strategy exist concurrently. The content of strategy involves the information gathered, the rationale inherent within the strategy, and some anticipation as to how the content will be put into action. The process of strategy involves organising the information, articulating and communicating the structured rationale, and activating the anticipated plan, idea or concept. The model presented is an attempt to illustrate that every aspect of strategy content has a corresponding process issue and that the development strategy must be equally concerned with both dimensions.

Fifth, while there is recognition that strategy generally has at least some deliberate, explicit and sequenced activities, a more realistic view of strategy is that of a dynamic, zigzagging concept where central elements are interconnected and where there is a facility for manoeuvring back and forth from one aspect to another. The Conical model can be used as a general guide and analytical tool for making sense of strategic activity within an organisation. Moore (1995:22) states that the model has several implications for managers.

8.7.2 Implications for managers

Implementation of the Conical model has the following implications for managers (Moore, 1995:22)

8.7.2.1 Revisit the basics

Managers should ensure that every aspect of the mission has a corresponding set of *whats* and *hows*. The content of the activities should be linked to the purpose of the organisation by asking what does the organisation do, and what should it be doing, as well as how does the organisation achieve its mission and how it should be achieving it. Brainstorming the reason for your existence is only worthwhile if there are strong links between what you agree and how that shared vision is operationalised in terms of context and process.

8.7.2.2 Recognise the difference between the internal and external contexts within which you operate

The open systems approach discussed in chapter 3 acknowledges that there is a fine line separating the organisation from its environment. Moore (1995: 22) stresses that managing this line is of vital importance. This line should be monitored closely since changes occurring in the external environment may require that the internal context respond accordingly. If there is a bad fit between the external environment and the internal context of the organisation, strategic problems can arise. The implication is that strategic plans need to be subjected to review when changes occur in the external environment. Strategic plans are often drafted with reference to context, but without challenging the original contextual assumptions of the plan.

8.7.2.3 Check the information on which you base your decisions

Moore (1995:23) claims that the structures within which people operate lead to decision makers often filtering out much information that may be useful in developing strategy. The way people view things, professional backgrounds and vulnerability make it difficult to cope with large volumes of potentially important information. Moore (1995:23) suggests looking at other people's evaluation of identical information to see how it differs from our own. This requires developing communication channels between key individuals both inside and outside the

organisation, as well as challenging one's own assumptions about to whom it is important to talk.

8.7.2.4 Examine the ways in which you have organised the information you are using

Personal style and the way the organisation's management information system is set up affect the way information is organised. It is important that you use the right information when developing strategy, and ensure that such information is organised in such a way that the right people have access to that information.

8.7.2.5 Be realistic about your own rationale and the rationale of other strategists within the organisation

Strategic decisions, although often ill structured and complex, are very important for the success and survival of the organisation. A common problem is that some decisions seem perfectly rational to some people while totally irrational to others. Decisions are influenced by the power positions, which may result in some short-term goals enjoying preference over long-term goals. Moore (1995:23) emphasises that individual interests cannot be sustained at the expense of organisational survival. Strategists can be assisted to act on the basis of reality rather than illusion if they recognise the power distribution and the basis on which strategic rationale is based. According to the Conical model, rationale is based on the ways strategists gather and organise information.

8.7.2.6 Strategy formulation and strategy implementation cannot be separated

Quoting the work of theorists Waldavsky and Majone, Moore (1995:24) asserts that strategy formulation and implementation should be seen as one process in which decision-making is a critical activity. A decision input when formulating a strategy must be linked to a decision outcome in implementation. This process

requires that inputs and outputs be deliberated at the same time, meaning that strategy formulation and implementation should be considered at the same time.

8.7.2.7 Constantly monitor the patterns of activity and levels of commitment relating to the strategy

Special attention should be given to activity and commitment that support strategy. The monitoring of this activity and commitment is especially important for strategists to identify change in commitment levels and provide clues for revisiting the plan.

8.8 A STRATEGIC MANAGEMENT MODEL FOR THE PROVISION OF HOUSING

The common element amongst the strategic management models advocated by Porter's Five Forces model, The Corporate Survival model, Ohmae's strategic triangle, and the Market commitment model is their applicability to organisations operating in the private sector. Since the provision of housing is a public sector responsibility, these models cannot be used in their current context by the Housing Department in its quest to provide an efficient housing provision function. One model that does lend itself to application in the public sector is the Conical model.

From the discussion of the Conical model, it transpires that the most common characteristic of this model is that it draws from the advantages of several views of strategy. As indicated, one of the advantages of the Conical model is that it isolates the major elements that need to be recognised in an attempt to make sense of strategic activity in **any organisation**. This is the model proposed for the provision of housing by the City of Cape Town. In the next section, the application of the model to the housing provision function will be explained. It will be called a strategic management model for the provision of housing within a

local authority. Before explaining how the model operates, the underlying assumptions will be explained.

8.8.1 Assumptions

Lockamy (1998:741) states that a theory-building study should start with some assumptions, otherwise “the researcher simply collects data and analyses them for whatever conclusions can be found”. The following assumptions serve as a point of departure for this study.

8.8.1.1 Assumption One:

Legislation serves as a foundation for the provision of low-cost housing. Central government has been entrusted with the power to promote the general welfare of the broader society, which includes the provision of housing. Given the differences in geographic characteristics of the country, provincial governments and local authorities are empowered to assist in this task. The result is that liberal provision is made in the form of legislation to grant authority to all spheres of government to realise the constitutional provision of citizens being given access to adequate housing. The extent to which every sphere of government is empowered to enable every person to gain access to adequate housing can be better understood from the legislative provisions discussed in Chapter 5.

8.8.1.2 Assumption Two:

Each sphere of government should possess a set of strategic objectives on which they operate in providing low-cost housing. The central government will have strategic objectives for overseeing the general housing function, the provincial government has to consider the unique characteristics of the province in adopting strategic objectives for housing provision, and the local authorities must have strategic objectives for its area of jurisdiction.

8.8.1.3 Assumption Three:

Each housing department within a local authority should acknowledge the same key strategic objectives and devise a strategic plan to attain those objectives. The extent to which the City of Cape Town meets this requirement can be better understood from the discussion of its strategic plan discussed in Chapter 4.

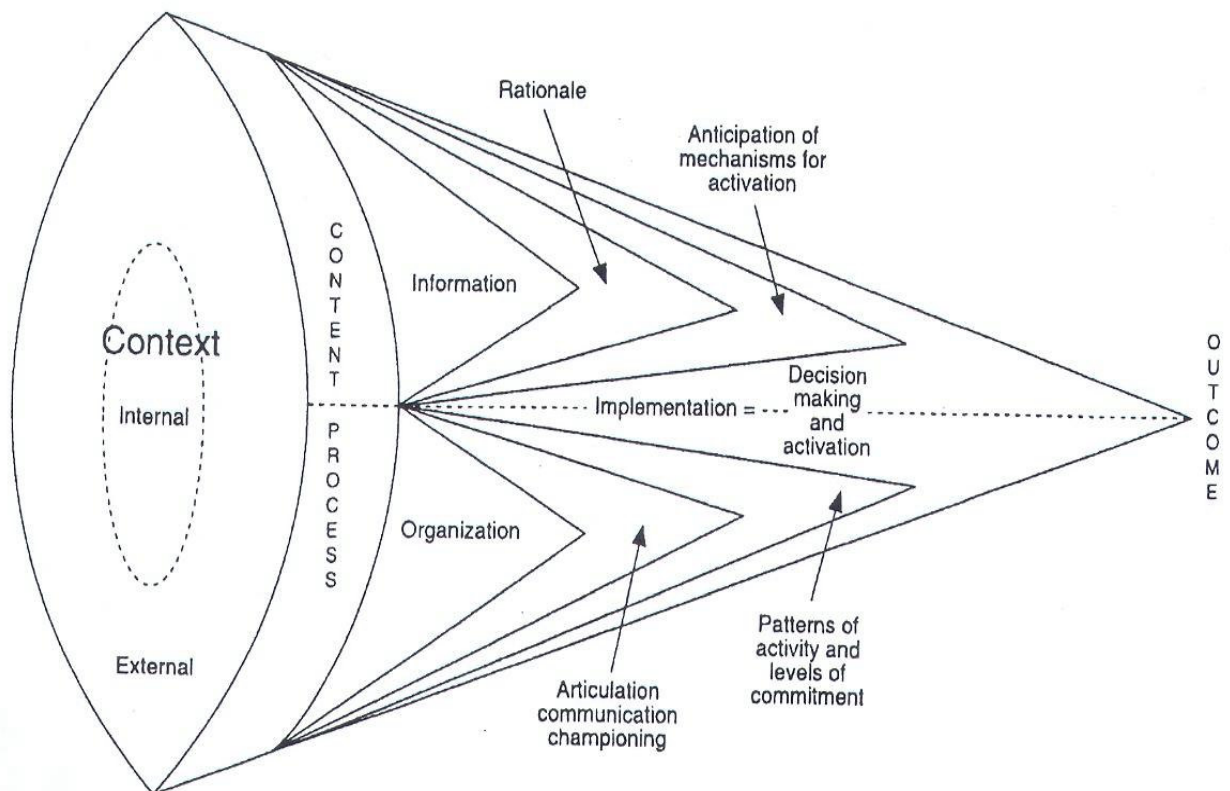
8.8.1.4 Assumption Four:

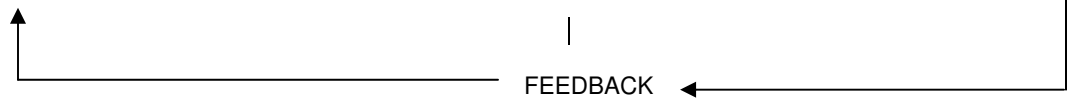
The motivation for proposing the model is to explain, not to predict. Bauman and Groth (1996:46) explain that an explanatory model attempts to offer insights into “what is happening” and the forces at work that provide the observations.

The Model

Figure 8.6: A Strategic Management Model for the provision of housing

The model is depicted in the diagramme below, and its operation is explained.





Source: Moore (1995:24) adapted

8.8.2 Application of the model within the Housing Department

The following steps are prescribed for the application of the model within the Housing Department

8.8.2.1 Revisit the basics

Managers within the Housing Department should regularly brainstorm the purpose of the Department by asking what is the Department doing, and what should it be doing. This activity serves to identify any deviation from the set direction. There must be a strong link between what they agree on and how that is operationalised in terms of the context and process.

8.8.2.2 Recognise the difference between internal and external contexts within which the organisation operates

Managers within the Housing Department should be sensitised to the fact that changes occurring in the external environment may require that the internal context respond accordingly. The phenomenon of urbanisation and its effect on housing provision is a case in point. Moore (1995:22) stresses that if there is a bad fit between the external environment and the internal context of the organisation, strategic problems can arise. Another example is the fact that the City is continuously summonsed as a co-respondent in private litigation regarding eviction of residents. This places a heavy burden on the workload of housing officials, in addition to high legal cost to the City.

8.8.2.3 Check the information on which base decisions are based

Moore (1995:23) claims that the structures within which people operate lead to decision makers often omitting much information that may be useful in

developing strategy. Different professional backgrounds and the way people view issues make it difficult to cope with large volumes of potentially important information. Managers should elicit the views of others to see how their evaluation differs from that of other managers (Moore, 1995:23). This requires developing communication channels between key stakeholders both inside and outside the organisation, as well as challenging their own assumptions. The City maintains close contact at ground level with ward committees, NGOs, construction companies and sub councils, and ensures good communication channels with them are established and maintained.

8.8.2.4 Examine the manner in which the information to be used is organised

Personal style and the manner the management information system of the organisation is set up affect the way information is used. Managers should ensure that they use the right information when developing strategy, and ensure that such information is organised in such a manner that the right people have access to that information (Moore, 1995:25). For example, making certain information available to NGOs might be counter productive in that the NGO can use such information against the Housing Department in their endeavour to assist the community.

8.8.2.5 Be realistic about own rationale and the rationale of the other strategists within the organisation

Strategic decisions are critical for the success of the organisation (Moore, 1995:25). Given the importance of housing within a national context, strategic decisions within the Housing Department acquire additional significance. In addition, some decisions appear perfectly rational to some people but totally irrational to others. Decisions are influenced by power positions – especially political power – that may result in some short-term goals enjoying preference over long-term goals. Management should realise that individual interests cannot be sustained at the expense of organisational success (Moore, 1995:23). The N2

Gateway housing project is a case in point. In an interview one manager stated that the pressure exerted by a politician to expedite the completion of the project led to problems with the quality of housing units completed. Moore (1995:24) states that managers can be assisted to act rationally if they recognise the power distribution and the basis on which strategic rationale is based. Rationale, according to Moore (1995:24), is based on the manner in which information is gathered and organised.

8.8.2.6 Address strategy implementation when formulating strategy

Drawing from the work of theorists Waldavsky and Majone, Moore (1995:24) cautions that strategy formulation and implementation cannot be separated. Managers should realise that a decision input when formulating a strategy must be linked to a decision outcome in strategy implementation. This activity requires that inputs and outputs should be deliberated at the same time, meaning that strategy formulation and strategy implementation should be considered simultaneously.

8.8.2.7 Constantly monitor the patterns of activity and levels of commitment relating to the strategy

Managers should give special attention to the various patterns of activity necessary to attain the strategy as well as the level of commitment that support the strategy. The monitoring function is especially important for managers to identify change in commitment levels and provide clues for revisiting the plan.

8.8.2.8 Compare the attainment of the objectives to the original need or problem

On the attainment of the objectives, feedback will occur to the original situation, which should now be changed. The extent to which the changes are satisfactory given the initial objective, will determine whether a decision is made regarding further action. The model is essentially cyclical in that the attainment of the objective leads to the selection of new objectives.

8.9 SUMMARY

This chapter explained the elements of model construction by indicating that models represent reality and are considered the most efficient method to study organisational behaviour. Models that have become widely used in the field of strategic management, such as Porter's Five Forces model, the Corporate Survival model, Ohmae's model for analysing competitors, and the Market Commitment model have been explained as being useful primarily to the private sector with little or no applicability to public sector activities. Since the delivery of housing is a public sector activity, these models are not considered for application in the provision of housing function. The Conical Model, however, is the product of various views of strategy and can be applied in all organisations, including public sector organisations. The underlying assumptions on which the model is based are mentioned, followed by an explanation of the methodology on which the model is based.

CHAPTER 9: SUMMARY, RECOMMENDATIONS AND CONCLUSION

9.1 INTRODUCTION

This research project was premised on four objectives: to analyse literature on philosophy, management theory, and public management theory; to describe a theoretical basis for strategic management; to explain the existing legislative framework for the provision of housing; and to develop a model for the provision of housing for the City of Cape Town.

9.2 SUMMARY

Chapter 1 provides a background to the study, a problem statement, various sub-problems, key questions, study objectives demarcating the study area, as well as the particular research methodology followed. It shows that the research is confined to the Housing Department of the City of Cape Town.

Chapter 2 explains the role of philosophy in the social sciences relative to a strategic management model for the provision of housing by the City of Cape Town. It shows that management theory has evolved through various schools of thought, from the classical era to the contemporary era of management. The important issue for managers that this evolution of management theory poses is that it affects the manner in which their organisations are managed. Factors such as technological change, deregulation, political instability, and trends towards the information age have dramatically changed the manner in which organisations are currently operating. Organisations need to be efficient, responsive, flexible and able to react to rapidly changing environments if they want to achieve their objectives. The classical school of management theory emphasises the principles of management which managers should observe at all times. They lay the foundation for ensuring that organisational objectives are achieved, if properly implemented. The contemporary theories of management emphasise the need for organisations to remain competitive in an environment that is continually changing. Managers have to be conversant with both the fundamental

principles of management theory as well as contemporary management challenges.

Chapter 3 discusses the theoretical perspective of Public Management in South Africa. It shows that the discipline has experienced a paradigm shift from the generic administrative approach to public administration to the systems approach of public management. From being a course of study traditionally offered at universities, the discipline has grown to one that is currently offered at all types of institutions of higher learning in South Africa. The chapter concludes that Fox's model of public management places much emphasis on the environment, making it suitable for this research project, which places particular importance on the analysis of the environment in designing a particular strategy for the provision of housing.

Chapter 4 gives a description of the role of strategy in achieving organisational objectives. An organisation needs a strategy if it wants to generate value over a sustained period of time in an environment that is continuously changing. The analysis of the environment enables an organisation to find strategic direction for strategy formulation, implementation, evaluation and restructuring. The restructuring phase of the strategic management process stresses the cyclical nature of the process. Although a study of strategic management literature would show that the focus of the process is almost exclusively on application in the private sector, strategic management has recently found its way into the public sector. Governments have committed themselves to the reform process, and strategic management is regarded as a useful instrument to sustain the reform process.

Chapter 5 investigates the range of empowering rules and regulations that impact on the provision of housing to people in the lower income group. Reference is made to all spheres of government and the need for cooperation amongst the spheres in providing an effective and efficient housing delivery

function. It uses the constitution as a point of departure and reflects on the enabling provisions for each sphere of government in the provision of housing function. The Constitution protects citizens' rights to access to adequate housing, and instructs the various spheres of government to provide the necessary legislative measures that will give effect to the right to access to housing. The Housing Act, 107 of 1997 is the principal source of authority available to the government to deliver housing to the poor. The National Housing Code issued in terms of the Housing Act, 107 of 1997 contains guidelines for the effective implementation of national policy. These and other legislative measures mentioned in the legislative framework outlines the responsibilities of the central, provincial and local spheres of government regarding the provision of housing. It is important to understand the position of local authorities in the housing provision function. Although the housing delivery function is principally undertaken by the local authority, it remains a responsibility of central and provincial spheres of government. The local authority is a participant in the housing provision function by virtue of its strategic position of being closest to the community, and in terms of the constitutional dictate that government should be interdependent. This chapter explains the various guidelines for the provision of housing for each sphere of housing, namely central, provincial and local government.

Chapter 6 provides a perspective on the research methodology used to answer the research question. An argument is advanced why the research approach is that of a mixture of the qualitative and quantitative research approach. It mentions that the approach serves as a means of triangulation to verify the reliability and validity of the research findings.

Chapter 7 reflects on the responses of the participants in the questionnaire survey and the semi-structured interviews conducted amongst the sample that comprised managers in the Housing Department of the City of Cape Town. Twelve questionnaires were distributed of which eleven were returned,

representing a response rate of 92%. The data on the various themes are reported in the form of diagrams and statements.

Chapter 8 explains the elements of model construction by indicating that models represent reality and are considered the most efficient method to study organisational behaviour. Models that have become widely used in the field of strategic management, such as Porter's Five Forces model, the Corporate Survival model, Ohmae's model for analysing competitors, and the Market Commitment model have been explained as being useful primarily to the private sector with little or no applicability to public sector activities. These models are explained with a view to emphasising the important place that models are occupying in the field of strategic management, which is the focus of this research project. However, since the delivery of housing is a public sector activity, these models are not considered for application in the provision of housing function. The Conical Model, on the other hand, is the product of various views of strategy and can be applied in all organisations, including public sector organisations. The underlying assumptions on which the Conical model is based are mentioned, followed by an explanation of the methodology prescribed for the model and a recommendation that this model serves as a strategic management model for the provision of housing.

9.3 FINDINGS

The research project has explored a number of salient aspects of strategic management and the provision of housing.

9.3.1 Findings in relation to philosophy, management theory and public management theory

In chapter 2 it was explained that philosophy is the pursuit of wisdom. The philosophical base for management was explained as managers having to have an understanding of theories and principles of management with a view to functioning effectively as managers. The classical school of management theory

emphasises the principles of management which managers should observe at all times. These principles lay the foundation for ensuring that organisational objectives are achieved. The principles of scientific management were designed to increase efficiency in the workplace. Weber's theory of bureaucracy was also designed to increase effectiveness and efficiency in the workplace. Some of the features include the need for rules, clear spheres of competence, hierarchical arrangement of jobs, and rules, decisions and actions being formulated in writing. The contemporary theories of management emphasise the need for organisations to remain competitive in an environment that is continually changing. The importance of decision-making is emphasised as the point where the process of achieving organisational objectives start. The importance of communication and information theory is illustrated by stating that everything a manager does involves communication; a manager cannot make a decision without information, which information has to be communicated. Managers of today must be conversant with both the fundamental principles of management theory, as well as contemporary management challenges.

In Chapter 3 the development of Public Administration in South Africa was explained. The discipline has progressed from the generic approach advocated by Cloete, through Schwella's systems approach, to the public management approach advocated by Fox that is the current approach. The public management approach uses the general environment as the key point of reasoning. It explains the general environment as comprising sub-environments such as the political, economic, social and technological environment. The specific environment occurs within the general environment and comprises suppliers, competitors, regulators and consumers. The interaction between the general environment and the specific environment components is regulated by certain functions, skills, and applications. Five enabling processes are identified as a mechanism for goal achievement, namely policy-making, organising, leadership and motivation, and control and evaluation. The fact that this model places great emphasis on the environment makes it suitable for this research

project, which places particular emphasis on the environment in designing a particular model for the provision of housing.

9.3.2 Findings in relation to the existing legislative framework for the provision of housing within the City of Cape Town

Chapter 5 contains an overview of the legislation relating to housing, which indicates that liberal provision is made in legislation to govern the housing function. Managers are familiar with the legislative requirements governing housing provision. There is, however, strong support that the role of the provincial government in the housing provision function be revisited as its intermediate role often leads to delay in the housing delivery function. There is strong support that transfer of funds from the central to municipal level is done directly with a view to saving time. This arrangement does not imply negating the important overseeing function of the provincial government. Accountability arrangements can still be put in place to ensure that the local authority gives account to the province for its activities relating to housing delivery. Managers are of the opinion that such an arrangement may rationalise institutional capacity and stabilise the housing environment.

Another important finding is that the legislative provision for the release and servicing of land is not producing the required results. Management staff in the Land and Forward Planning Division of the Housing Department are of the opinion that the City should be given the mandate to acquire land for housing purposes. The rationale given is that the City is in a more favourable position to identify available land, and enter into partnerships with landowners in its area of jurisdiction.

9.3.3 Findings in relation to the theoretical basis for strategic management

The strategy of the City's Department of Housing is discussed in Chapter 4. The common challenges that the strategy attempts to address include urbanisation and the HIV/Aids pandemic. Urbanisation leads to between 16 000 and 18 000

households migrating to Cape Town per year. In addition, the poorest of the poor are affected by HIV/Aids and need housing more urgently. An important finding regarding strategic management in the Housing Department is that the management staff understand the mission of the Department as the mechanism for communicating the meaning and intent of the Department to its internal and external stakeholders.

Another finding was the concern for the abnormally high number of court cases regarding evictions, where the City is cited as co-respondent. It is becoming burdensome on the officials dealing with those matters in addition to their tasks since there are many cases, little time is given to prepare for the case, each case is different, and the response to each case normally amounts to 40 pages of comment. Staff are adamant that an urgent intervention needs to be introduced in this situation to ensure that staff do not become sidetracked in performing their official functions.

Another finding relating to strategy is the fact that human resources is considered both a strength and a weakness. It is considered strength on the basis of their being highly qualified and experienced. Staffing becomes a weakness when it difficult to replace staff that are considered having scarce skills. The City's Housing Department is experiencing some teething problems particularly in acquiring and retaining project managers. In the interview staff indicated that project managers are sought after as the industry pays well. As a result, skilled staff members are leaving the institution in large numbers, since the institution is not always in a position to counter the salary offer made by the broader industry.

9.4 RECOMMENDATIONS

Based on the above findings, several recommendations are made for theory building, municipal managers, and research.

9.4.1 Considerations for theory building

The findings in this study have implications for theory building. The model proposed in Chapter 7 should be carefully considered as a mechanism to improve process effectiveness. The model is relatively simple compared to other models such as the systems model. Although the model contains some elements of the systems model, it primarily concentrates on practical issues relating to strategy. The systems model relates mainly to generic management functions, whereas the proposed model relates to practical issues of strategy. The model should first be work shopped by the entire management team of the Housing Department to familiarise themselves with how the model works. Thereafter other stakeholders – internal and external – can be involved to test their understanding of the model and to invite suggestions for improvement of areas of strategy that could be addressed by management. The issue of responsibility for application of the model needs to be clarified. Looking at the Housing Department, it appears that the logical choice would be to make the division Strategy and Support Services the custodian for ensuring the model is applied in the Department. Each division should thereafter appoint someone as a champion from within its own ranks.

9.4.2 Considerations for municipal managers

Urgent and expeditious attention should be given to streamlining the transfer of money to the municipality for housing provision functions. As indicated in paragraph 8.2.2 on page 200 of this thesis, the transfer of funds takes too long according to municipal officials. They should know as they are at the level where problems of service delivery are really experienced.

Another recommendation is that the authority of the municipality for the acquisition of land should be revisited. It can be argued that the City is in a more advantageous position than the Province in locating and acquiring land since it can easily establish partnerships with both private and public sector organisations.

9.4.3 Considerations for research

As mentioned under paragraph 8.2.3 on page 201 of this thesis, the City is experiencing a serious problem regarding being summonsed as a co-respondent in eviction cases serving before the High Court. Given the independence of the judiciary, this issue cannot be settled merely by having a discussion with the Department of Justice. Such an intervention could be construed as undue interference with the independence of the judiciary. It is for this reason that it is recommended that this matter be properly researched to determine whether an arrangement can be made between the City and the Court that will stand the test of guaranteeing the independence of the judiciary.

9.5 CONCLUSION

The topic of low-cost housing has always been a prominent one in South Africa, but has acquired special significance after the 1994 first fully democratic elections when people started to realise their power in influencing the balance of political power. The study shows that there has always been commitment from the side of government to address the problem, as can be inferred from the legion legislation on the statute books governing the housing function. The constitution entrenches the citizen's right to access to adequate housing and the various spheres of government should co-operate to attain this objective. The legislative framework provides clarity as to which sphere of government should perform which responsibilities. From the empirical study it transpired that there is a need to revisit some of the legislative provisions, particularly with regard to funds and land transfer to the local authority.

The study ended with a descriptive model of strategising for housing delivery. This was indeed one of the major objectives of the research. The term descriptive serves to emphasize that it is not intended to be predictive. Description connotes that the model serves as a guide to staff to ensure that activities are always targeted at the chosen strategy. The choice of a descriptive model should be seen against the background of housing provision in South

Africa. Despite the legion legislation, the literature shows that the level of service delivery in housing leaves much to be desired. This model attempts to guide public officials to facilitate attaining and maintaining a level of performance that will lead to the achievement of strategic objectives.

The study examined the theories of management to explain the knowledge base managers should have in order to perform their task effectively. In addition, the study mentioned the current school of thought in public management as a framework within which interventions to improve performance should be considered.

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ANNEXURE 1

Dear Participant

The attached questionnaire represents a survey amongst staff in management positions within the City of Cape Town, Housing, that aims to measure the perceptions of staff regarding the extent to which strategy impacts on the provisioning of housing.

It is expected that the survey will produce information that could be used by the City to improve service delivery of housing. Your cooperation, which is crucial to the success of the survey, will be appreciated.

The survey is part of a research project towards the completion of a doctoral study, which will be submitted to the Cape Peninsula University of Technology.

Your agreement to complete the questionnaire is voluntary, and you are assured that all information shall be treated confidentially. Anonymity is guaranteed. Instructions are provided on each page of the questionnaire

Ideally the questionnaire should take about twenty minutes to complete, and I wish to emphasise that the success of this exercise depends on your willingness to be part of this survey.

Thank you for your cooperation.

Yours faithfully

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QUESTIONNAIRE

Instructions

Indicate with the mark “X” what is applicable to you

Independent variables

A 1: Age

25 - 39	1
40 – 49	2
50 – 59	3
60 and older	4

A2: Gender

Male	1
Female	2

A3: Marital status

Never married	1
Married	2
Divorced	3
Widowed	4

A4: Highest Educational Qualification

Doctorate	1
Masters degree	2
Honours degree / Advanced Diploma	3
Degree	4
Diploma	5

A5: Total Work Experience

1 – 5 years	1
6 – 10 years	2
11- 19 years	3
20 – 29 years	4
30 years and more	5

A6: Work Experience within local government

1 – 5 years	1
6 – 10 years	2
11- 19 years	3
20 – 29 years	4
30 years and more	5

Instructions: Please indicate with a cross (X) in the accompanying column on the right the response that resembles your opinion on the statement to the left.

Dependent variables

	Statement	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1	I am familiar with the legislative instructions pertaining to housing					
2	I understand the role of the provincial housing department in the provisioning function					
3	I understand the directives contained in the Housing Code					
4	I consider the following Seven Strategies in Chapter 3 of the Housing Code as attainable:					
(i)	Stabilising the housing environment					
(ii)	Mobilising housing credit					
(iii)	Providing subsidy assistance					
(iv)	Supporting the People's housing process					
(v)	Rationalising institutional capacity					
(vi)	Speedy release and servicing of land					
(vii)	Coordinating state investment in development					
5	The position of the City vis a vis the province is ideal for efficient housing service delivery					

Instructions: Please indicate with a cross (X) in the accompanying column on the right the response that resembles your opinion on the statement to the left.

	Statement	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
6	Our Department has a mission					
7	I understand the mission of the Department					
8	The mission is communicated to all stakeholders					
9	Our Department forms alliances with the private sector					
10	Our Department forms alliances with other public organisations					
11	Our Department has a marketing strategy					
12	Our Department has an information systems strategy					
13	Our Department has a human resources strategy					
14	Our Department has a finance strategy					
15	Our strategies promote workforce commitment					
16	Various units in the department work well together					
17	Our Department has a strategic control system					
18	Authority to effect changes in the system is limited					

Instructions: Please indicate with a cross (X) in the accompanying column on the right the response that resembles your opinion on the statement to the left.

	Statement	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
19	Our Department is able to acquire quality staff					
20	Our Department is able to retain quality staff					
21	Our Department has a strong culture					
22	The culture of our Department is a strength					
23	Our employees are well-trained					
24	Our Department applies the guidelines for employment equity					

Instructions: Please indicate with a cross (X) in the accompanying column on the right the response that resembles your opinion on the statement to the left.

	Statement	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
25	The Department has an expense budget					
26	Expenditure is linked to the strategies of the Department					
27	The Department often makes trade-offs in financial decisions					
28	There are clear instructions for debt collection					
29	Specific provision is made for the indigent					
30	The community has the opportunity to provide inputs in the preparation of the budget					
31	Financial control measures are clear					
32	Audits are performed regularly					
33	The financial system is flexible					

INTERVIEW SCHEDULE
1. What is the current strategy employed within the housing department?
2. What are the challenges?
3. What are the strengths?
4. Who are the stakeholders involved in the provision of housing? (All the people whose inputs are important and to whom I should speak.)
5. How is finance managed?
6. How is human resource managed?
7. How does technology impact on the housing provision function?
8. Are there strategic alliances operating? If so, what is the rationale for the alliance and how does it contribute to the strategy?
9. What are the constraints in managing the strategy?
10. What suggestions for improvements to the strategy would you make?