

**BUSINESS MODELS FOR BUSINESS STRATEGY
IMPLEMENTATION: A GAUTENG PROVINCIAL
TREASURY FRAMEWORK**

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DECLARATION OF AUTHENTICITY

I, Molefe Isaac Fani, declare that the research,

Business models for business strategy implementation: A Gauteng Provincial Treasury framework is my own work, and each source of information used has been acknowledged by means of a complete reference per the Harvard Referencing System. This thesis has not been submitted before for any other research project, degree or examination at any university.

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ABSTRACT

Change is a phenomenon that has affected all businesses in the world, imposing strategies to ensure future economic development. However, designing a competitive strategy requires a business model for implementation. Therefore, business models play a fundamental role in facilitating the process of understanding, communicating, analysing and managing strategic orientation in the organisation.

The observed phenomenon was that despite the importance of the Gauteng Provincial Treasury (GPT) in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework. Therefore, the aim was to derive a business model framework for agile strategy implementation in public sector organisations. Knowledge would be obtained from the discussion of the research findings.

The study followed a pragmatist research methodology with a sequential mixed-method design and abductive reasoning to find an answer to the research question. A semi-structured interview guide elicited information from ten executives and senior managers about their narrative perceptions of strategy development and implementation in the GPT. A structured survey questionnaire was distributed to 80 senior and middle managers for their response to multiple-answer questions on strategy and business model implementation. Findings from the survey were used to verify the personal in-depth interview findings. The data collection and analysis were performed between February 2018 and March 2019.

It was found that the GPT adopted a strategy from the province called the Transformation Modernisation and Re-industrialisation (TMR) strategy. The TMR is developed from the national strategy called the National Development Plan (NDP). Development of strategy follows a rigid downward approach, being the National Development Plan, TMR and then the departmental plan.

The study concluded that the organisation did not have a coordinated and defined model or framework for strategy implementation. Also, there was no evidence of ensuring that strategies are developed in an integrated manner for sustainable results. The indication was that there is a need to build a framework to ensure that strategies are integrated and provide sustainable results.

A business model framework for strategy development and implementation was derived from the findings for application in public sector organisations. The study contributed to the body of knowledge in business leadership management and business model strategy development and implementation.

Keywords: Strategy development and implementation, business models, agile business management, business model innovation, sustainability, integration.

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LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|-------|---|
| APP | Annual Performance Plan |
| BMI | Business model innovation |
| BMT | Broad Management Team |
| BSC | Balance Score Card |
| CD | Chief Director |
| CEO | Chief Executive Officer |
| DDG | Deputy Director General |
| DME | Department of Monitoring and Evaluation |
| DPASA | Department of Public Service and Administration |
| EMT | Executive Management Team |
| ESMT | Extended Senior Management Team |
| EXCO | Executive Council |
| GPG | Gauteng Provincial Government |
| GPT | Gauteng Provincial Treasury, the organisation |
| GSSC | Gauteng Shared Services Centre |
| HRP | Human Resource Plan |
| IDP | Integrated Development Plan |
| KRA | Key Results Areas |
| MEC | Member of Executive Council |
| MERMS | Monitoring, Evaluation, Reporting and Management System |

| | |
|----------|---|
| MFMA | Municipal Finance Management Act |
| MPAT | Management and Performance Assessment Tool |
| MTEF | Medium-Term Expenditure Forecast |
| MTSF | Medium-Term Strategy Framework |
| HOD | Head of Department |
| NDP | National Development Plan |
| OoP | Office of the Premier |
| OPS Plan | Operations Plan |
| PESTEL | Political, Economic, Social, Technological, Environmental and Legal |
| PhD | Doctor of Philosophy |
| PSCM | Provincial Supply Chain Management |
| QPR | Quality Performance Reviews |
| RSA | Republic Of South Africa |
| RTM | Radical Economic Transformation—transformation of state and governance and modernisation of the economy |
| SLA | Service Level Agreement |
| SMT | Senior Management Team |
| SOPA | State of the Province Address |
| SWOT | Strengths, Weaknesses, Opportunities and Threats |
| TIPS | Technology, Innovation, People and Systems |
| TMR | Transformation, Modernisation and Re-industrialisation |

CHAPTER 1:

INTRODUCTION TO THE CONTEXT OF THE STUDY

“... we only know a great strategy when we see one ... we do not have a comprehensive theory of strategy creation. We also understand strategy as a “process.” The problem is that process does not provide strategy – it produces plans.” (Hamel, 1997: 70-88).

1.1 INTRODUCTION

There is a global need for policies and strategies in the form of business models to impose corporate social responsibility, communication, and sustainable performance (Andriof, Waddock, Husted & Rahman, 2017; Rasche, Morsing & Moon, 2017). A business model or plan, in its simplest form, provides information about an organisation’s target markets, market needs, and the role business products and services will play in meeting the requirements for success and sustainability (Spieth, Schneckenberg & Ricard, 2014; Sjödin, Parida, Jovanovic & Visnjic, 2020). Therefore, strategy development and the thinking around it must produce successful long-term implementation solutions.

1.1.1 Strategy Development

Most organisations develop strategies to be executed within a fixed period with the obligation to review them regularly (Pella, Sumarwan, Daryanto & Kirbrandoko, 2013). These strategies are to be implemented using an approach selected by the organisation to ensure the optimum achievement of results (Sako, 2012). However, strategists have constantly disagreed on developing and implementing business models (Horan & Connerty, 2017). A further challenge has been the agreement on what a strategy means, only on what elements should be included in strategy design (Kumar, 2020; Yu, 2021). Mintzberg (1987) opined that strategic thinking involves more than a single decision but

a selection of options to help build a strategy. Strategic planning must attain the required results and expected changes in organisational performance by applying a strategy framework (George, Walker & Monster, 2019).

Business models provide a framework for developing operational plans linked to the formulated strategy (Cravens, Neeley, Piercy and Baldauf, 2009). Therefore, all levels in the organisation need to cooperate and review every aspect of the business before business model selection and development (Van Leeuwen *et al.*, 2014). On the other hand, the business model responds to the business needs by providing a framework to attend to the given markets, customer segments, and available technology (Bertels, Koen & Elsum, 2015).

The implication is that business model strategies must be carefully selected, designed, and redesigned (innovation), and the implementation meticulously planned to establish successful deployment in a particular organisational environment.

1.1.2 Business Model Innovation and Agility

Business model innovation is the capability of an organisation to strategically adjust its business model to “rapidly and successfully change into a new business model as an important source of sustainable competitive advantage and a key leverage to improving the sustainable performance of the organisation” (Geissdoerfer, Vladimirova & Evans, 2018:263). Sustainability issues, such as escalating inequality, poverty, and the deterioration of infrastructure and natural livelihoods, need strategy development and the implementation of sustainable business models (Piketty and Saez, 2014). Business model innovation is an iterative process of addressing economic, social and environmental challenges and opportunities and identifying new or underused resources and capabilities (Geissdoerfer, Savaget & Evans, 2017). Organisations constantly revise and eliminate obsolete strategies through business model innovation and advancement (Bashir & Verma, 2017; Hayati, Atefi & Ahearne, 2018).

Furthermore, rapid change seriously affects business and government entities in a complex and uncertain world. Therefore, the importance of leaders committing to value,

performance excellence and economic development has often been emphasised (Berenznoi, 2014; Hayati *et al.*, 2018). Research has indicated that innovation yields and responds to change (Kahn, 2018). Being agile and responsive to change supports organisations' compliance to change (Dionisio & de Vargas, 2020).

Close to innovation, agility relates to continuous incremental adjustments through the progressive and frequent release of changes. Accomplishing benefits during the transition is key to successful business model implementation because deviations could be detected early. Furthermore, such an adaptive and iterative approach allows course corrections to maximise the benefits (Marnewick & Marnewick, 2022). Moreover, agility catalyses change, rendering the two concepts inseparable (Clauss, Abebe, Tangpong & Hock, 2019; Brand, Tiberius, Bican & Brem, 2021).

The conclusion is that successful business model innovation and performance rely on agile strategy implementation (Claus *et al.*, 2019); Dionisio & de Vargas, 2020). Moreover, IT competence and business model innovation independently and jointly support and impact agile strategy implementation (Ravichandran, 2017; Ghezzi & Cavallo, 2020). The pressure is on organisations to adapt to change and swiftly deliver improved customer results and services. Thus, business models play a fundamental role in facilitating the process of understanding, communicating, analysing, and managing the strategic direction of change in the organisation.

Conversely, many business model innovations fail to bridge the design-implementation gap (Naor, Druehl, & Bernardes, (2018) with severe financial and administrative implications for the organisation. Failure also leads to extensive delays in adopting a sustainable solution (Geissdoerfer *et al.*, 2017). Despite the prominence of these issues, reasons for the failure of business model implementation remain relatively unexplored.

1.1.3 Business Model Implementation

Teece (2018:40) used a system thinking approach in his research to indicate the interdependence of business models, dynamic capabilities, and strategy implementation. He further emphasised the impact of organisational strengths and weaknesses on

capabilities (leaders and employees), proficiency in strategic business model design, and the feasibility of business model implementation. Strategic planning and implementation entail deliberate and emergent realignment of objectives and capabilities to ensure that aspirations can be achieved (Gaddis, 2018). If not, the strategy must be changed while considering current capabilities and the possibility that new sources must be developed (Bryson & George, 2020). Innovation in business model design and agile implementation ensure that organisational objectives are met throughout the change process.

1.1.4 Business Models and the Public Sector

The business model was initially conceived as a commercial value logic proposition for competitive markets exchanging and capturing value in profit (Laasch, 2017). Furthermore, the conceptual structure of a value logic behind a business model showed the potential for application in a non-traditional context to ensure sustainable development (Randles & Laasch, 2016). The authors argued for an accurate focus on organisational transformation processes to address social mission-oriented normative concerns beyond profit expansion (Randles & Laasch, 2016).

Literature has indicated that current volatile circumstances require the public sector as a business entity to follow a similar strategy planning and business model implementation approach as the private sector for sustainable development and economic and financial governance (Bason, 2017; Bryson & Edwards, 2017; Bryson, 2018). The approach might vary depending on whether applied at the organisational, subunit, transboundary, or collaborative level or focused on finances, people and communities (poverty and equity) and places (Bryson & George, 2020). When the conventional view of a business model designed around a value proposition is extended to public entities, sustainable value cannot be obtained without considering a broader range of stakeholders and the natural environment beyond customers and shareholders (Schaltegger, Hansen & Lüdeke-Freund, 2016).

1.1.5 Strategy Implementation in the South African Public Sector

Eresia-Eke and Soriakumar (2021) investigated strategy implementation obstacles in selected South African public sector organisations. Their findings were that strategy implementation barriers derive from an organisation's internal and external environments primarily linked to resources, structure, culture, politics, stakeholders, infrastructure, and government regulations. As with these others, Masuku and Jili (2019) found that although public entities' business scope and purpose might align with the mandate of the governing sector's strategies, they do not implement the plans. The reasons seemed to be a lack of capacity (finance, human resources, knowledge), no support from parent departments, no effective oversight and monitoring, no assessment of impact and feedback, working in silos, and no effective communication. An effective business model would thus guide the organisation to reach its objectives throughout the change process.

The Gauteng Provincial Treasury (GPT) must create opportunities to implement a strategy that would yield sustainable results. In almost all industries, irrespective of size, shape, and maturity, competitors seem to be challenging and creating uncertainty by introducing challenging business models (Berenznoi, 2014). Businesses are influenced by internal and external environments, with their business models expected to respond to both environments (Paulose & Nair, 2015). The openness to their environments allows for open innovation, which means the organisation allows mutual influence between itself and the stakeholders operating in its business environment (Leckel, Veilleux & Dana, 2020). Consequences are that such an organisation does not only rely on its internal knowledge, sources and resources (employees, systems, and strategies) for innovation and strategies, including products, services, business models, and processes. It also allows numerous external causes, such as customer feedback, competitors, external organisations and the public, to drive innovation.

The study intended to gain insight into and address a business model as a framework for agile implementation of business strategies in the Gauteng Provincial Treasury (GPT) in South Africa. In the event, this chapter introduces the background and rationale for embarking on the research journey. Then, it formulates the research problem, main

research question and objectives before providing a brief description of the philosophical approach and the research methodology and design followed to offer a solution to the problem and an answer to the research question.

1.2 BACKGROUND

This section focuses on the background discussion on public sector administration and direction, strategy development and implementation in general in South Africa and the GPT in particular. Finally, a justification for the research is presented.

1.2.1 Public Sector Administration

Public administration requires the public sector and related entities to plan and implement business strategies to manage complex networked environments and collaborations. These processes involve, among others, managing strategic change procedures (Mitchell, Larson, Colantonio & Nguyen, 2018). Moreover, the business strategy aims at stimulating growth in the organisation's internal and external markets (Bertels *et al.*, 2015). If the dominant process does not yield the required results, it must be changed to create a new strategy. The internal markets are the units within the departments, and the external markets are the recipients of the services. New strategies inform the operational activities for a particular period to generate the envisaged change. They might involve converting organisational plans and policies into concrete actions through optimal deployment of the available resources (Mahdi, Abbas, Mazar & George, 2015). Subsequent strategy change might require moving the organisation towards providing goods and services outside its core to stimulate the needed growth (Yang, 2011; Mahdi *et al.*, 2015).

Bryson and George (2020:1) explained strategic management in public organisations as

“An approach to strategising by public organisations or other entities that integrates strategy formulation and implementation and typically includes strategic planning to formulate strategies, ways of implementing strategies, and continuous strategic learning. Strategic management can help public

organisations or other entities achieve important goals and create public value.”

The consensus is that strategic management is the primary process that integrates all key activities and functions to advance the strategic agenda (Mitchell *et al.*, 2018; Yu, 2021). Likewise, public sector organisations use the approach to focus on strengthening their long-term viability and effectiveness regarding relevant policy and management capacity (Wirtz, Kubin & Weyerer, 2021). Strategy formulation is thus a purposeful approach to strategic planning (Bryson & Alston, 2011; George *et al.*, 2019; Bryson & George, 2020:2) to ensure stakeholders understand the business strategy and buy into its implementation and application. The authors concurred that typical actions during strategic planning and formulation include i) analysing the mandate, ii) defining a mission and values, iii) analysing the internal and external environment, iv) identifying strategic issues, v) formulating strategies to address issues, and vi) articulating a vision for the future.

Hence, a business model in the public sector serves as a framework or architecture for the flow of products and services to the customers, the flow of information, and infrastructure (interface with the customers and other networks about products and strengthening relations). It also includes descriptions of stakeholders (employees and customers, their roles, revenue sources and cost structures (Timmers, 1998:3; Osterwalder, 2004:173). Martins, Mota and Marini (2019) described public governance as follows.

“Public governance is a process of generating public value from certain institutional capacities and qualities; collaboration between public and private agents in the co-production of services, policies, and public goods; and performance improvement” (Martins *et al.*, 2019, online).

Like other businesses, public entities require adjusting and applying business model innovation to change their structures and activities to adapt to dynamic environments, stakeholder demands, and increased digitisation (Wirtz, Pistoia, Ullrich & Gottel, 2016; Cuc, 2018, 2019). Thus, successful business strategy implementation depends on core

capabilities: business model architectural design, asset adaptation, and learning functions (Teece, 2018). Moreover, an organisation's overall design and structure affect its business model innovation and capabilities. These efforts often fail due to not considering how the strategy planning situational context would influence implementation success (Mitchell *et al.*, 2018; Horan & Connerty, 2017). It poses a global concern, and, therefore, it seemed appropriate to turn the lens to South Africa, specifically focusing on the Gauteng Provincial Treasury.

1.2.2 South Africa and GPT Strategic Direction

South Africa's government operates on a three-tier level: national, provincial and local. Politicians run all spheres of government and are voted for by the public. Each sphere has an administration run by public servants occupying positions in official structures. The National Treasury, as a national department, issues targets for the provincial treasury for all fiscal matters. There is one National Treasury and nine provincial treasuries in the country. Each province has a treasury office falling under the leadership of the Member of the Executive Council (MEC) for the province, reporting to the Premier of the province. Each treasury has a department run by the Head of the Department, who reports to the MEC.

The Department of Public Services and Administration (DPSA) is pivotal to the SA government. It plays a significant role in establishing norms and standards for Public Service, ensuring that the service-delivery mechanisms, integrated systems and access, human resources, institutional development, and governance initiatives are responsive to the needs of all citizens. The DPSA's mission aligns with the National Development Plan's (NDP) vision of a capable and developmental state built through strengthening delegation, accountability, and oversight in the Public Service (GCIS, 2023).

The Gauteng Provincial Treasury (GPT) reports to the Minister of Public Services and Administration on the outcomes of financial disclosures by officials in all categories (GTP, 2020). The GTP is also accountable to the Department of National Treasury (DNT). The DNT's priorities are to i) increase infrastructure and industrial capital investment, ii) improve education and skills development to raise productivity, iii) improve the regulation

of markets and public entities, and iv) fight poverty and inequality through effective public service delivery, expanded employment levels, income support, and empowerment (DNT, 2017, online). Furthermore, the Provincial Treasury's budget is aligned with the National Development Plan (NDP) to continue building a capable and developmental state. A core function of the Provincial Treasury is to manage provincial and local fiscal resources effectively.

1.2.3 Rationale of Study

Having been part of the Gauteng Provincial Treasury (GPT) structure during the research period, the researcher noticed a lack of information and understanding of GPT's strategic delivery and effective business model implementation to meet the selected requirements of the National Development Plan 2030. Consequently, it created concern and a desire to empirically explore the GPT's strategic direction and business model implementation for delivering much-needed services and benefits to South African citizens and the regional and local communities.

1.3 PROBLEM STATEMENT

A preliminary literature review on business model innovation and agile strategy implementation indicated inadequate scholarly research and a lack of conceptual clarity (Teece, 2018; Eresia-Eke & Soriakumar, 2021). Furthermore, due to limited knowledge and understanding of strategy implementation in public entities, efforts were misconstrued, and little information was available (Greer, Lusch & Hitt, 2017). Business model innovation and implementation studies have predominantly been conducted in the private sector rather than the public sector (Bryson, 2018; Cabral, Mahoney, McGahan and Potoski; Bryson & George, 2020; Gasela, 2021) and therefore, a gap existed in knowledge about a comprehensive framework for sustainable business model implementation.

Although the National Development Plan 2030 steers South African governance which adopted the NDP as a business model, implementing it on national, provincial and local levels, it seemed insufficient to reach the set goals. Correspondingly, there was little

scholarly information and understanding about a business model for strategy implementation and change in the Gauteng Provincial Treasury (GPT). Thus, this study would be the first contribution towards empirical research on strategic direction and a business model framework for implementation in the Gauteng Provincial Treasury.

Consequently, the research problem was stated as

Despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework.

The theoretical proposition was that due to no evidence of strategy innovation and agile business model implementation in the Gauteng Provincial Treasury, strategy implementation lacks structure, is not integrated, and does not provide the opportunity for sustainable performance and delivery.

A study of this nature would therefore provide relevant theoretical and contextual knowledge regarding agile strategy implementation through a possible business model framework in public sector organisations. Consequently, a business model framework will be explored. Finally, the insights will be used to propose an implementation framework to achieve stakeholders' goals and targets for value delivery.

1.4 RESEARCH AIM AND OBJECTIVES

To this end, the following aim was set:

To derive a business model framework for agile strategy implementation in public sector organisations.

The aim could only be reached by performing smaller steps, and therefore, the following objectives were determined:

1. To conceptualise strategy development and implementation, business model development and the current state of business model development on national, provincial and local levels in South Africa.
2. To methodically elicit information from executives and managers on their perceptions of strategy development and implementation and the application of a business model framework in the Gauteng Provincial Treasury.
3. To critically present the findings on strategy development and implementation and business model development in the Gauteng Provincial Treasury.
4. To derive a business model framework from the research findings as a proposal for agile strategy implementation in public sector organisations.

The Gauteng Provincial Treasury was used as the research environment for collecting the information. Still, the proposed business model framework would be generalised for broader application within national, provincial and local settings.

1.5 RESEARCH QUESTIONS

The research problem and the aim and objectives gave rise to the primary research question:

What business model framework could be derived for agile strategy implementation in public sector organisations?

The secondary research questions were aligned with the research objectives for a solution to the research problem and an answer to the primary research question.

1. What concepts could be found about strategy development and implementation, business model development and the current state of

business model development on national, provincial and local levels in South Africa?

2. What methodology and design would elicit relevant information on executive and manager perceptions of strategy development and implementation and business model implementation in the Gauteng Provincial Treasury?
3. What are the findings on strategy development and implementation and business model development in the Gauteng Provincial Treasury?
4. What business model framework can be derived from the research findings as a proposal for agile strategy implementation in public sector organisations?

1.6 RESEARCH PHILOSOPHY: ONTOLOGY, EPISTEMOLOGY AND AXIOLOGY

A research philosophy refers to a system of beliefs and assumptions about the world of knowledge and how knowledge about phenomena should be gathered, analysed and applied (Guba & Lincoln, 1994, 2005). Several paradigms or worldviews are used for structuring social research. These include positivism, interpretivism, critical realism, postmodernism, constructivism, and pragmatism (Kaushik & Walsh, 2019; Saunders *et al.*, 2019). However, all paradigms incorporate common elements: ontology—assumptions about the nature of reality; epistemology—assumptions about how to know the world and gain knowledge, the relationship between the knower and the known; axiology—beliefs about the role values and morals play in research and methodology—a shared understanding of best means for gaining knowledge about the world (Creswell 2009; Saunders *et al.*, 2019). Moreover, paradigms have different perspectives on ontology, epistemology, axiology, and research methodology (Kaushik & Walsh, 2019). After considering all philosophical approaches in the conceptual stage of the research, pragmatism was selected as the most suitable.

1.6.1 Pragmatism

Pragmatism is a philosophy that permits mixing of theories, assumptions, approaches, and data collection methods (Creswell, 2014). It claims that ideas are only relevant where they support action (Kelemen & Rumens, 2008; Maarouf, 2019). The pragmatist starts by stating a problem and aims to contribute practical solutions to inform future practice, believing that new knowledge and application will resolve the issue (Elkjaer & Simpson, 2011; Saunders *et al.*, 2019).

Furthermore, pragmatism was selected because of its claim to bridge the gap between interpretivism-constructivism and positivism (Betzner, 2008; Kaushik & Walsh, 2019). The interpretive-constructivist paradigm is typically associated with qualitative methods using participant opinions and perceptions through narratives and a subjective approach to knowledge, inductive reasoning and embracing individual perspectives, patterns, and understandings (Creswell, 2014; Kaushik & Walsh, 2019). A positivist researcher focuses on quantitative methods, logical steps, and knowledge claims based on objectivity, generalisability, reliability, replicability and deductive reasoning (Betzner, 2008; Kaushik & Walsh, 2019). Therefore, pragmatism would typically apply an abductive approach moving back and forth between inductive and deductive reasoning. Researchers must state their research philosophy, ontology, epistemology, and axiology before endeavouring their research journey.

1.6.2 Ontology

Ontology refers to a specific branch of philosophy that expresses opinions about the nature and structure of reality and the researcher's view about facts and objects (what is, what can be known and how the world works) (Guba & Lincoln 2005). For example, business management facts and things could include organisations, business models, how individuals plan and work, and organisational events and products (artefacts) influencing the choice of research (Saunders *et al.*, 2019). Pragmatists are typically more interested in real-world outcomes than abstract distinctions. Therefore, significant

variations in perceptions of 'objectivist' and 'subjectivist' might occur (Morgan, 2007; Saunders *et al.*, 2019).

This study assumed that realities are constructed intersubjectively through meanings and understandings that are socially and empirically constructed for a deeper understanding and new theory building (Guba & Lincoln, 1994). Facts were based on the researcher's perspectives and the belief that the context in which the multiple individual realities were assessed would not influence the theorising process (Goldkuhl, 2012). After theory development, the researcher could adopt a one-reality position and evaluate the theory through a quantitative survey (Maarouf, 2019) and triangulation of findings.

1.6.3 Epistemology

The epistemological paradigm defines the researcher's comprehensive belief system, worldview, and rationale to guide the construction of knowledge (Willis, Jost & Nilakanta, 2007). An epistemological approach was used to gain relevant understanding, starting with the research problem, data collection, and data validation (Creswell & Poth, 2016; Saunders *et al.*, 2019). The adopted pragmatist philosophy used a qualitative-dominant interpretivist understanding of socially constructed reality and an abstract objectivist paradigm to interrogate the value and meaning of research data through practical consequences (Morgan, 2013). It seemed applicable in the organisational setting, where the practice is closely intertwined with how knowledge is produced and implemented (Kelly & Cordeiro, 2020). The pragmatist epistemology underlined the interconnection of experience, knowledge and action, which enabled sequential mixed methods research.

1.6.4 Axiology

Axiology contributes to situational values and research ethics and affirms the researcher's role in the research process (Heron, 1996; Saunders *et al.*, 2019). The credibility and rigour of the study's pragmatist process were confirmed by triangulating the data from different sources. Finally, the researcher applied a robust analytical narrative to derive a

business model framework for possible agile strategy implementation in public entity organisations.

The overriding concern of such a pragmatist study was whether the philosophical assumptions and the research methodology and design were valid and instrumental in reaching the desired results, as confirmed by Tashakkori and Teddlie (2008) and Kaushik & Walsh (201). The ethical considerations for this study will be further expounded in Chapter 3.9

1.7 RESEARCH METHODOLOGY AND DESIGN

The research methodology is a strategy of inquiry moving from the research question and underlying assumptions to the research design, including the data collection and analysis techniques (Guba, 1990). The methodological choice is influenced by the research problem and the researcher's beliefs about reality (Kaushik & Walsh, 2019); in this case, the pragmatist research philosophy was discussed in section 1.6

As part of the research methodology, the research design presents a detailed action plan for the research journey on which data is collected and analysed. It further offers an appraisal of the reliability (the same results can be produced under similar circumstances), validity (results signify the supposed results, measures, or truths), and rigour of the research (Ormston, Spencer, Barnard & Snape, 2013; Kaushik & Walsh, 2019). Briefly, the methodology and design reflect the research choices and decisions made at the conceptual stage of the study (Bryman & Bell, 2015; Cohen, Manion & Morrison, 2013) to resolve a research problem (O'Gorman & MacIntosh, 2015).

Typically, different studies apply different designs and methods according to the philosophical approach adopted at the beginning of the study. The essence of the pragmatist strategy embraced for the research is briefly discussed according to the layers of the research onion designed by Saunders *et al.* (2019:130), as illustrated in Figure 1.1.

1.7.1 Methodological Choice

The study adopted a mixed-method design in which qualitative and quantitative techniques were applied to collect and analyse data (Molina-Azorin, 2016; Maarouf, 2019) to understand and resolve the research phenomenon (Creswell, 2014; Mitchell *et al.*, 2018). Accordingly, a predominantly exploratory sequential mixed-method research was followed, as Barnes (2019) and Maarouf (2019) explained. First, the qualitative research approach was used to collect data for theory building, followed by a quantitative strategy to collect data for verifying the theoretical findings. The strength of each method could enhance and support the other to gain insight and develop new theories on the research topic.

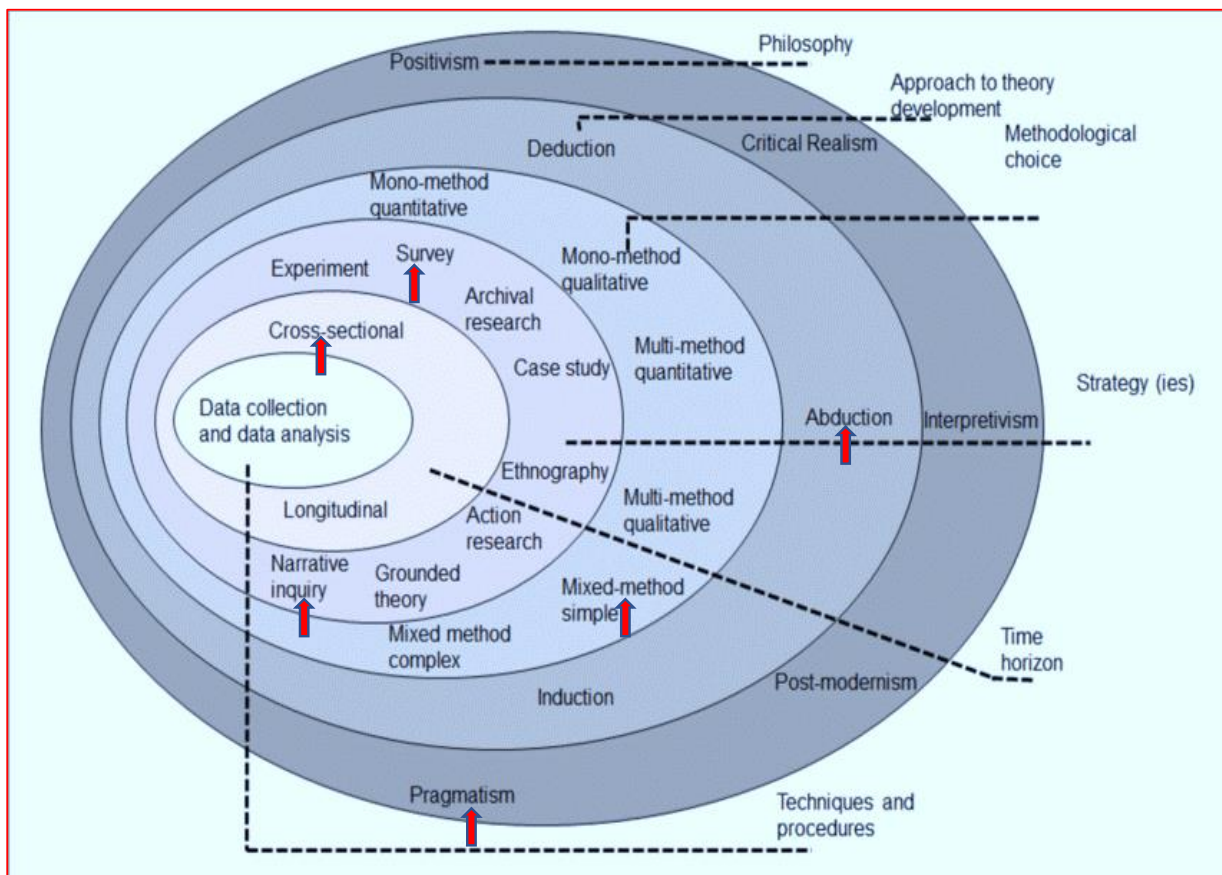


Figure 1.1 Research Onion

Source: Adapted from Saunders, Lewis and Thornton (2019:130)

1.7.2 Approach to Theory Development – Abductive Reasoning

The pragmatist research philosophy and mixed methods design required an abductive theory-building approach. Whenever data are collected to explore a phenomenon, identify themes and explain patterns to generate or modify an existing theory, additional data are collected to confirm or verify the theory and findings through abductive logic (Mitchell & Education, 2018). Instead of moving from theory to data (deduction) or data to theory (induction), an abductive approach moves back and forth, applying deductive and inductive reasoning (Reichert, 2010). Therefore, an abductive theorising process seemed suitable for this study as the researcher constantly moved between inductive and deductive thinking to gain insight and understand new conceptual possibilities for strategy development and implementation and deriving an agile business model implementation framework.

1.7.3 Research Strategies

1.7.3.1 Research population and sampling

The research population enabling the strategic management and implementation activities in GPT existed of 131 personnel on the executive, senior manager, and middle manager levels. To ensure the research's reliability and validity, a sample selected from the population had to represent the entire population (Bryan & Bell, 2015). Purposive sampling, as a non-probability sampling technique, was used to select and invite five executives and five senior managers for personal in-depth interviews using narrative inquiry.

Secondly, stratified random sampling was used to distribute a self-completion survey questionnaire to a subset of the senior and middle management population according to their roles in facilitating the strategy development and implementation plan. In this case, stratified random sampling differed from simple random sampling as sampling occurred from a stratum of people according to their attributes and positions (Babbie, 2013). Seventy-five of the selected 80 employees responded and returned the completed questionnaire. Afterwards, another five strategy deputy directors from the branches

completed the questionnaire to ensure 80 responses were available for descriptive statistics analysis.

1.7.3.2 Narrative inquiry

Narrative inquiry involves eliciting participants' personal accounts or oral communication about an incident or several events (Saunders *et al.*, 2019). Qualitative personal in-depth interviews were performed with five executives and five senior managers purposely selected to collect their perceptions on strategy development and implementation and business model performance in the Gauteng Provincial Treasury (GPT). These narratives were analysed through content analysis (see 3.6), and the findings were integrated and coded to construct a survey questionnaire for collecting quantitative data.

1.7.3.3 Survey

A self-completion survey questionnaire was distributed to 80 senior managers and middle managers. The data were combined, and descriptive analysis was used to display the findings in table format. In addition, the quantitative data was explained and compared to confirm the qualitative research findings.

1.7.4 Time Horizon – Cross-sectional

A cross-sectional study collects relevant data for a particular phenomenon at a given time (Kesmodel, 2018; Saunders *et al.*, 2019). Therefore, a cross-sectional approach was used because the study was time constrained and depended on the research question being resolved within a certain period for feedback to the department. Data from the personal in-depth interviews and survey questionnaires were collected between February 2018 and November 2018. The analysis of data occurred sequentially. First, the narratives were analysed between April and May 2018, after which the survey questionnaire was constructed. Next, the survey questionnaire was distributed by email or hand and the responses were analysed and compared between December 2018 and March 2019. The concurrent data collection and analysis of the qualitative data, construction of the quantitative questionnaire, and survey data analysis held implications

for how the researcher organised his data and related documents and reported on the findings.

1.7.5 Data Collection Techniques

The exploratory study started with a literature review to retrieve concepts on strategy development and implementation and business model implementation. It was followed by gaining additional data on the application of business models in the private and public sector organisations and the Gauteng provincial Treasury in particular. The literature review was used to construct a semi-structured interview guide with open questions focused on categories and themes that emerged from the findings.

The semi-structured interview guide with open questions (see Appendix D) was used to conduct personal in-depth interviews with five executives for simultaneous data collection and analysis. Subsequently, the same interview guide was used with a slight difference in question order (see Appendix E) to elicit relevant information from five senior managers. Finally, these personal in-depth interviews were performed to verify the answers from the executives and gain additional details where a gap was noticed.

A quantitative survey questionnaire (see Appendix F) was compiled according to the information from the qualitative research findings. The closed questions were based on the same categories from the qualitative research findings. In addition, the question statements included structured boxes in which the respondents had to tick their answers and choices. Finally, the survey responses were combined and compared first to check the reliability of the survey responses and then to confirm and evaluate the qualitative research findings.

1.7.6 Data Analysis Techniques

Two data analysis techniques were applied: qualitative content analysis and quantitative descriptive analysis.

1.7.6.1 *Content analysis*

Content analysis was used as a research tool to determine the presence of specific words, themes, or concepts that emerged from the literature review. These themes were then used to analyse and code the qualitative personal in-depth interview findings (Saunders *et al.*, 2019). The meanings and relationships between certain words, themes, or concepts within the data were established. From there, the codes were clustered around or broken down into specified categories and then coded into subcategories and themes to add sense to the data. The application of content analysis to the qualitative research data will be expounded in 3.6.

1.7.6.2 *Descriptive statistics analysis*

Descriptive statistics as an analysis method was used to display and provide simple summaries of the quantitative dataset, compare the questionnaire responses (Kaushik & Mathur, 2014) and display specific patterns or trends in the data (Cooksey, 2020). Therefore, descriptive statistics presented the quantitative survey responses as numerical facts in tables, which could be compared with the other tables and descriptions and then with the qualitative research findings. The application of descriptive statistics will be explained in 3.6, and the research methodology and design will be expounded in Chapter 3.

1.8 THEORETICAL FRAMEWORK

The main reason for developing a theoretical framework was to yield an academic foundation for the sense-making of the data focused on the research question (Neuman, 1997). In addition, the research needed a theoretical framework as a structure to summarise concepts and theories from previously published knowledge as a background or basis for data collection and analysis and interpreting meaning contained in the field of research (Kivunja, 2018). It further allowed the researcher to link his research findings to the existing body of knowledge (Lederman & Lederman, 2015) based on his research problem and philosophy to confirm the relevance and validity of the research.

The study applied a theoretical framework covering management leadership theories, including system thinking informing strategy development and implementation in private and public entity organisations. In this case, strategic management refers to a “set of managerial decisions and actions that result in the formulation, implementation and evaluation of actions necessary for sustaining the success of an organisation’s long-term performance” (Bauman, 2018:213). A discussion on organisational culture and learning organisations formed an important foundation for the research on business model implementation. Furthermore, guided by the Da Vinci Institute’s conditions for applying agile leadership management skills, the Da Vinci TIPS™ model was discussed as a theoretical framework against which to verify the findings on strategy development and implementation and business model development in the Gauteng Provincial Treasury.

The literature review considered concepts in broader areas of knowledge and scholarly views on business models, strategy development and implementation, and business model development. Insights from the theoretical framework and literature review were applied to develop a new theory for deriving a framework for agile strategy implementation in public entity organisations. Such a business model framework could hopefully serve as an example for strategy development and implementation in public sector organisations. The theoretical framework and literature review will be expounded in Chapter 2.

1.9 SIGNIFICANCE OF THE STUDY

The impact of an effective implementation business strategy and business model framework and the effect it might have on national, provincial and local communities is not fully understood. Therefore, the study’s significance is grounded in the knowledge gained from a pragmatic philosophical approach exploring business model innovation and implementation, strategy development and implementation, and a business model framework for possible implementation in the public sector.

Secondly, the study adopted a mixed-method approach to investigate strategy implementation within public entities in South Africa, particularly the Gauteng Provincial Treasury. The approach should benefit academics and practitioners, providing an in-

depth understanding of agile business model implementation. The practical value of the outcome is a business model framework for application in public entity organisations.

Finally, the study contributes to the body of knowledge on business model development and implementation in the field of business leadership. Managers and employees in the public sector require a better understanding to produce improved strategy implementation in their respective organisations. The innovation and agile implementation of a governance model framework is a starting point toward transforming strategy logic and delivering appropriate public value. Moreover, implementing a governance model offers a sustainable source of development, given that it can create value networks and changes in strategy management and provide enhanced implementation results.

The significance of the study lies in identifying and qualifying the benefits that can be derived from utilising business models. Sustainable benefits are a direct indication the business model works. Therefore, investigating whether business model benefits are sustainable is essential to establish organisational performance and sustainability. Apart from financial benefits and achieving targeted results, business models could contribute to the value of public entity organisations.

The Gauteng Provincial Treasury recommended investigating the research phenomenon, which will be performed independently of this study. In addition, eight other provincial treasuries could be used to test the research findings and the sustainability of business model development and implementation using the recommended framework.

1.10 DELIMITATIONS AND SCOPE OF THE STUDY

Delimitations are those factors that define the research boundaries and limit the scope and extent to which the research problem will be researched (Creswell, 2013, 2014). The research scope covered the knowledge domains of business strategy development and implementation in the public administration and business management, and leadership fields. Furthermore, it focused on general business model development and implementation in the public sector. The research was limited to exploring opinions and

perceptions of executives and senior and middle managers about implementing strategy and developing a business model in the Gauteng Provincial Treasury. The focus was on developing a business model framework for sustainable application and development on the provincial and municipal levels and for all communities and stakeholders served.

Furthermore, the research sample was compiled from the Gauteng Provincial Government as the research problem was identified in the department. The study, therefore, focused on using a business model framework for strategy implementation in a particular department. Consequently, research results were not tested in other Provincial Treasuries, from which the research findings may differ.

1.11 CHAPTER OVERVIEW

This chapter introduced the reader to the research topic and background to the research problem to derive a business model framework for agile strategy implementation in public sector organisations. A pragmatist research philosophy with a mixed-method research design was presented as the approach to solving the work-based issue. A brief overview of the content in the following chapters is provided below.

Chapter 2: Literature Review

This chapter discusses the theoretical framework, including systems thinking, organisational learning, and the Da Vinci Institute TIPS™ model. It is followed by a literature review on concepts regarding business models, strategy development and implementation, and the National Development Plan (NDP) implementation in national, provincial and local sectors before focusing on Gauteng Provincial Treasury. Finally, the themes that emerged from the literature review are combined into categories to create an interview guide with questions on business models and strategy development and implementation. Accordingly, the design of the interview guide will be discussed in Chapter 3.

Chapter 3: Research Methodology and Design

The chapter focuses on a sequential mixed-methods research design based on pragmatism as the primary philosophical approach. The population, sample, and sampling strategies are clarified before the data collection instruments and data analysis methods are specified. Qualitative data are collected using an interview guide, and quantitative data are collected using a survey questionnaire. Content and descriptive analysis and how these two methods were applied to the data will be explained. Finally, the research limitations will be discussed before the study's ethical issues and data integrity will be considered.

Chapter 4: Research Findings

Chapter 4 presents the research findings from the methodology and design discussed in Chapter 3. The primary research findings are presented in two phases. First, the qualitative research findings obtained from the narrative opinions and perceptions of five executives and five senior managers are presented according to the categories and themes from the literature review. Verbatim from the participants is added to support the analysis and inferences drawn from the data. The quantitative data from a survey questionnaire distributed to 80 respondents are presented in table format to provide meaning to the data. Lastly, the secondary findings from the literature review are presented for comparison.

Chapter 5: Discussion of the Findings

This chapter discusses the research findings in an analytical narrative to build new knowledge and theories from the research findings. Furthermore, the analytical narrative highlights causal circumstances for current strategy development and the application of business models as a possible solution. Finally, the research findings and recommendations are integrated to present a possible business model framework for application in the public sector.

Chapter 6: Conclusion and Recommendations

The last chapter summarises the research and the implications of the findings. The aim and objectives are compared and confirmed against the research findings to establish whether the research problem and theoretical proposition were adequately addressed. Furthermore, the reliability and validity of the research and validation of the findings are confirmed. Finally, the research contributions are summarised with potential research limitations that could lead to recommendations for future research.

1.12 CONCLUSION

Chapter 1 introduced the work-based problem. Despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there has been no indication of implementing an agile and effective business model framework. The problem was identified during the researcher's business management and leadership studies at the Da Vinci Institute. Therefore, a real-world problem needed a solution for possible application in the public sector. Discussions in the following chapters will build on the introduction and background to develop a new theory toward a solution for the problem. Before the primary research could be considered, reviewing relevant literature critical to the research topic was necessary.

CHAPTER 2: THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 INTRODUCTION

As a pragmatist, the researcher approached the literature review from a qualitative, subjective and interpretivist approach to probe for realities, concepts, and relationships between theories and scholarly publications on the research phenomenon. Consequently, the literature review proceeded within a framework of management leadership theories and concepts on strategy development and implementation and the development of business models for implementation in the Gauteng Provincial Treasury.

The research problem stated that despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework. Therefore, the literature review aligned with the study's aim to derive a business model framework for agile strategy implementation in public sector organisations. Therefore, the research addressed the first research question:

What concepts could be found about strategy development and implementation, business model development and the current state of business model management on national, provincial and local levels in South Africa?

This chapter commences with the discussion of a theoretical framework, including systems thinking, learning organisations, and the Da Vinci Institute's TIPS™ model as an example of an agile business model management and implementation framework against which the research findings will be verified. Secondly, concepts on strategy development and implementation, business model development, and the application of business model development and implementation on national, provincial, and local levels in South Africa

will be explored. Finally, a summary of themes from the secondary research findings will be used to develop an interview guide for the narrative inquiry explained in Chapter 3.

2.2 THEORETICAL FRAMEWORK

Strauss and Corbin (1998:22) appropriately defined a theory as

“a set of well-developed categories (for example, themes and concepts) that are systematically interrelated through statements of relationship to form a theoretical framework that explains some relevant social, psychological, educational or other phenomena” (Strauss & Corbin, 1998: 22).

Systems theory and systems thinking served as a theoretical framework for the research in management leadership in technology and innovation at the Da Vinci Institute in Johannesburg, South Africa. In addition, the theory provided a background for transdisciplinary inquiry into multiple research fields and branches of knowledge for new theory building and application in the workplace. Subsequently, concepts following the theoretical frameworks will be discussed within the broader research context.

2.2.1 Systems thinking

A “system” is broadly explained by Laszlo and Krippner (1998:2) as a “complex of interacting components together with relationships among them that permit the identification of a boundary-maintaining entity or process”. Ackoff (1971:661), focussing on design thinking instead of lateral thinking, clarified a system more narrowly as a set of interrelated elements. Therefore, systems thinking is highly suitable for organisational strategy and change research (Grewatsch, Kennedy & Bansal, 2021). Depending on the context and aim of the research, a system can also be understood as “an organised group of people with a particular purpose” bearing the “quality of being systematic and efficient” (Oxford, 2023). Moreover, scholarly literature has positioned organisations as “organisms” that influence and are influenced by their environments (Arghode, Jandu & McLean, 2020; Flemm, 2020).

Consequently, the study focused on systems thinking as a method of nonlinear or abductive reasoning that involves analytical skills with which leaders could perceive or predict a future vision (innovation) for the system and its behaviours (country, province, and municipality) and develop modifications (agility) to deliver the desired outcomes (Senge, 1990; Ackoff, 1994; Caldwell, 2012; Barbier & Burgess, 2017).

Furthermore, a discussion of systems thinking seemed applicable to this study as systems thinking embeds people's core beliefs, values, assumptions, perceptions and interpretations (Laszlo & Krippner, 1998). Systems thinking dynamics empower leaders for strategy development and implementation and the development of business models to guide their depth of awareness in managing projects more effectively and sustainably. Moreover, it accentuates the evolving nature of complex systems, their uncertainties, and the critical role stakeholders play (Adam & De Savigny, 2012). The research philosophies that informed this study and are closely linked to systems thinking were introduced in 1.6 and included in the research methodology and design in 3.3.

2.2.1.1 Evolution of systems thinking in organisational studies

Von Bertalanffy (1901-1972) contributed to systems theory by introducing 'open systems theory', concluding that traditional closed system models and their limitations based on classical science were inadequate to explain more significant phenomena. Moreover, open systems relate to a much larger field of application to solve practical problems (Von Bertalanffy, 1969). Senge (2006), one of the founders of systems thinking, viewed knowledge organisations as those that regularly expand their capacity and aspirations toward a better future (Senge, 2006: 6). Thus, successful organisations discover how to recognise commitment and capacity in the work environment for building and implementing knowledge at all levels. One of Senge's five disciplines is mental models viewed as a core building block in thinking (Park, 2008; Flemm, 2020). But, typically, models are flawed, and people's mental models or understanding of reality are skewed by their biases. Accordingly, Cabrera (2020) opined that bias problems could be solved by fitting mental models to reality rather than reality to mental models. Consequently,

awareness of a situation creates value in reducing the impact of ignoring the issue while trying to understand a wicked problem.

2.2.1.2 *Wicked problems*

Design theorists Rittel and Webber (1973) introduced wicked problems as systems that show complex behaviour. The literature drew particular attention to the complexities and challenges of addressing and planning to resolve social policy problems (Flemm, 2020). Hence, systems thinking attempts first to understand a complex problem before trying to solve it (Grewatsch *et al.*, 2021), as “best practices” cannot be applied to unforeseen, highly-connected and complicated problems (Hull, Robertson & Mortimer, 2020). Likewise, wicked problems possess a series of underlying or root causes, as found in studying the research phenomenon. Therefore, a key aspect when using systems thinking to solve wicked problems is to create an awareness of how the leaders’ thinking in developing business model development and implementation works (Hull, 2015; Flemm, 2020; Head, 2022).

2.2.1.3 *Systems thinking and wicked problem solving*

The real world is labelled as nonlinear, unpredictable, uncertain, complex and constantly evolving (Furst-Bowe, 2011; Shukla, 2018; Cabrera, 2020). It includes a network of complexities and a web of causalities while simultaneously being adaptive and organic (Cabrera, 2020). Moreover, wicked problems contain several interconnected issues and silos, for example, revenue, economy, and organisational strategy, causing high complexity in organisations. These challenges cut across public, private and voluntary sectors trying to account for multiple scales (global, national, provincial and local) problems (Flemm, 2020).

However, people still attempt to solve complex problems with linear and causal thinking focused on themselves, thus permitting their solutions to trigger more significant problems. Cabrera (2020) asserts that although a solution often improves a situation, it does not resolve it entirely. Problems vary by content, and different views exist about the

problem and its potential solutions. Systems thinking suggests using information and organisational knowledge to develop core strategies while linking these strategies with key processes and resources for organisational performance (Furst-Bowe, 2011). Accordingly, decision-makers must be responsive and adaptive to uncover patterns, system structures, and mental models underneath the complex reality of the natural world (Davis & Stroink, 2016; Barbier & Burgess, 2017, Cabrera, 2020).

The conclusion is that systems thinking differs from analytical thinking (Jackson, 2019) when solving wicked problems. Systems analysis first unravels an entity to learn how it works due to the belief that the answer to the problem lies inside several issues. Therefore, the answer to the problem should be solved from the inside outward (Flemm, 2020). Because there are various factors and interrelated problems with many root causes, systems thinking suggests identifying as many related problems as possible and clustering them into groups (Jackson, 2019). The clustering and labelling of such groups would reveal first- and second-order effects on system behaviour (Kavanagh, Shiell, Hawe & Garvey, K, 2022). Consequently, interventions on first-order effects should be more likely to change system behaviour for solving a wicked problem (Jackson, 2019; Flemm, 2020; Kavanagh *et al.*, 2022).

2.2.2 Systems Theory Application in Public Organisations

Systems theory as a management discipline involves discrete functions and interactions between components (Jackson, 2019). It supposes a form of 'backward thinking' in strategic planning in which leaders vision a future model and outcome for the system and its behaviours and perform changes to the current system for a desired implementation and outcome (Arnold & Wade, 2015). It is an awareness of what would happen if they kept following the same route without any adjustments to current behaviours. The equivalent would be strategies and interactions among government, provincial, and municipal public administrations as systems with multiple functions (Kavanagh *et al.*, 2022). Thus, systems thinking perspectives require information and organisational knowledge to develop core strategies and link these strategies with key processes and resources to ensure agile performance and development (Furst-Bowe, 2011).

The inference is that the Gauteng Provincial Treasury should reflect the characteristics of an adaptive, nonlinear, and organic organisation to increase its flexibility to change, engage in, and display competence within the larger South African government and its citizens

2.2.3 Organisational Culture and Learning Organisations

Organisational learning is defined by Maniam (2012:67) as an entity possessing expertise in creating, acquiring and transferring knowledge and modifying its cultural behaviour and those involved to reflect new knowledge. The five disciplines of Senge (1990) that ground organisational learning are introduced in full as personal mastery, mental models, team learning, shared vision, and systems thinking (Park, 2008; Caldwell, 2012). A shared vision is critical when it comes to effecting change. Everyone in the organisation has to know where the leadership is taking the organisation. Moreover, shared vision translates to shared learning. The successful organisations of the future will be those that adopt the principles of learning organisations (Darafsh, 2012). New ideas or innovations are generated daily and are turned into enhanced performance and job quality. Therefore, learning is critical in stimulating the organisational learning culture (Grønning & Fosstenløyken, 2015).

Learning occurs automatically in organisations, but when it happens at a large scale, such an organisation is viewed as “a learning organisation” where new knowledge is generated through collective learning (Bhaskar & Mishra, 2014). Qawasmeh and Al-Omari (2013:50) specified the seven dimensions of learning as

“the creation of learning opportunities, promotion of enquiry and dialogue, fostering collaboration and team learning, provision of systems to capture and share learning, collective vision, the connection of business to its environment, and provision of strategic leadership.”

These learning activities will occur at different levels, from individual, team/group to organisational and global.

If an organisational learning culture is not instituted by the leadership in the organisation and cultivated correctly, it could affect organisational performance and result in a loss of opportunities (Shieh, 2011). Learning organisations foster an innovation culture, which creates customer satisfaction and eventually increases financial performance (Balakrishnan & Prathiba, 2010). Although individual learning cannot ensure organisation learning, an organisational learning culture could encourage individual learning. Therefore, the success of a learning organisation depends on the continued learning of individuals with the support of management (Maniam, 2012). Management must also facilitate the learning process effectively to ensure career learning (Shieh, 2011). The inference is that organisational learning assists the organisation to self-renew and adapt to change imposed by internal and external environments. Innovation encourages the organisation to embark on a new learning journey.

2.2.4 *The Da Vinci Institute Management Leadership Framework*

The Da Vinci Institute for Technology's management leadership framework TIPS™ is grounded in system thinking (Da Vinci Manual, 2017). The TIPS™ model symbolises the management (purpose-driven strategy) of Technology (to support the work processes of the organisation); Innovation (new ideas, methods and devices for the innovation of people and processes); People (intellectual capital, people and communities that the organisation serves), and Systems thinking concepts for organisational excellence. As a Mode 2 higher education institution, the Da Vinci Institute endorses system thinking to resolve 'real-world' problems in the work environment (Naidoo, 2018). Figure 2.1 illustrates the unique organisation system balance instilled by Da Vinci's training programmes.

The research findings were validated against the TIPS model to ensure an enhanced and agile business model development and implementation for possible implementation in public entity organisations.

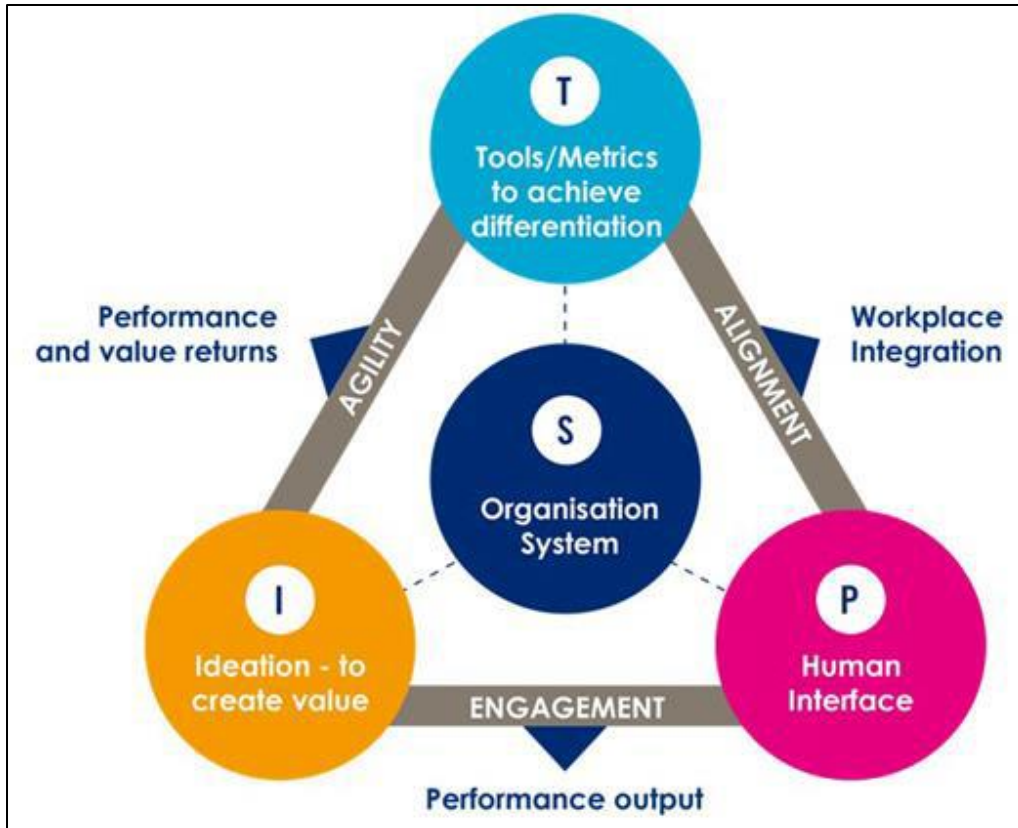


Figure 2. 1 The Da Vinci Institute TIPS™ Model

Source: Da Vinci student manual, 2017

The model provides an example of creating balance in a public organisation between the management of technology, innovation and people. It further confirms that leaders must apply a purpose-driven strategy for agility, engagement and alignment between different processes and people with technical support for continuous sustainable development of people, products, and performance.

Figure 2.2 adapted the TIPS™ methodology and expanded on it to establish a business model framework for strategy implementation in a public entity organisation.

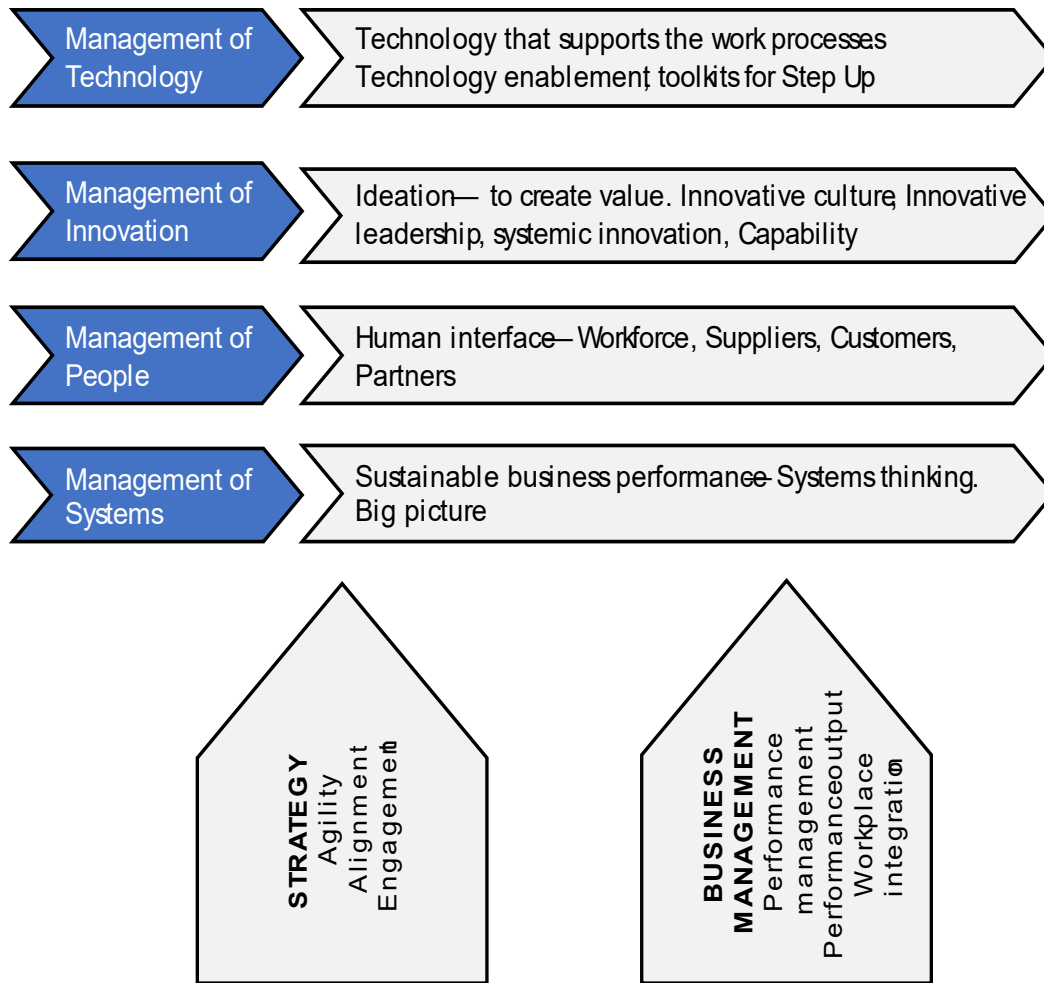


Figure 2. 2 Informing a business model framework for strategy management

Source: Own compilation of TIPS™ model

2.2.4.1 Strategy

The justification for the business model strategy implementation in Figure 2.2 starts at the bottom, where systems thinking devises a management strategy embracing agility, alignment, and the engagement of the different entities in the organisation for performance output excellence and workplace integration.

Therefore, business excellence and sustainability rest on a solid and clear organisational vision and strategy (Cabral *et al.*, 2019). Moreover, such a logical and applicable strategy must be understandable to the organisational workforce and all stakeholders inside and outside the organisation.

2.2.4.2 *People*

This parameter focuses on the management of and investment in intellectual capital, people and communities, contractors, and suppliers. Employees need skills and training, be aware of their roles and responsibilities and learn how to cope with and be part of a continuously evolving and developing culture (Bryson, 2018). Finally, innovative leadership is needed to plan and implement an inclusive framework.

2.2.4.3 *Innovation*

The management of innovation supports ideas and concepts to create innovative people, technology, a systemic organisational transformation, an innovative culture, and innovative capabilities. A combination of organisational design, strategy, and good management engages public and private entities to collaborate interactively and to prevent risk-filled public innovations (Torfing, 2019).

2.2.4.4 *Technology*

Technology supports all organisational work processes and not *vice versa*. It is an enabling tool for employees, processes and strategic management for strengthening and sustaining organisational achievement (Bryson, 2018). In support of strategy implementation and management, an end-to-end value stream of work processes is needed. These processes must be measurable and adapted by all stakeholders. Therefore, standardised methods and tools are essential.

Furthermore, systems thinking requires a highly interactive system that encourages the heterogeneous design and production of knowledge (Bless, Higson-Smith & Sithole, 2013). The TIPS model offers students different lenses to study and critique a practical

workplace issue and understand the research phenomenon (Anfara and Mertz, 2014). Da Vinci includes interdisciplinary research in its learning programmes for students to generate innovative ideas, theories, and applications in the workplace (Hoffmann, Pohl & Hering, 2017; Naidoo, 2018).

As a PhD student at the Da Vinci Institute of Technology Management, the researcher adopted systems thinking as a framework for the exploratory study of a business model for strategy implementation in the Gauteng Provincial Treasury. Furthermore, his assumptions, research philosophy, and propositions influenced his thinking and inquiry to combine a conceptual framework with the theoretical framework for the study (Creswell, 2013). Although the theoretical framework provided a clear view of systems thinking, a learning organisation, and the management and implementation of an agile strategy development and implementation model, literature concepts are needed to strengthen new knowledge development.

2.3 LITERATURE REVIEW CONCEPTS

The literature review first explored secondary research publications on strategy development and implementation before focusing on business models and business model development. Lastly, it assessed strategy development and business model implementation within the South African context to understand the phenomenon in the Gauteng Province Treasury.

2.3.1 Strategy Development and Implementation

Strategy, in any event, is the constructive focus on what is presently relevant and interprets the future based on an understanding of the present. Strategy narrates the organisation's long-term direction, purpose, decisions and actions. It depends on choices about the resources and scope to create a value position relative to competitors and peers in the changing environment and stakeholder context (Johnson, Whittington, Regnér, Angwin & Scholes, 2020:21). Thus, strategy development is actively interpreting the current reality and how the collective members see and clarify the organisation in future (Tipurić, 2022:12). It is a constructive focus on what is presently relevant and,

consequently, interprets the future based on an understanding of the present. Strategy planning concerns the organisation's destiny and important decisions and actions (Johnson *et al.*, 2020). However, simultaneously, it is an interpretation of reality or how the collective members see and explain the organisation in the context of time.

Therefore, organisational functions and resources are integrated and coordinated to implement formulated strategies for achieving goals (Sorensen *et al.*, 2014). It is implied that a strategy provides a competitive advantage and adds value for the stakeholders over an extended time, depending on the strategy duration. Strategy management is thus a process of analysing the current situation, developing appropriate strategies, putting those strategies into action, and evaluating and changing the strategies as needed (Coulter, 2010). It also means mobilising employees and managers for action (Yambwa, 2012).

Ehlers and Lazenby (2010) regarded the most important four stages of the strategic management process: environmental analysis, strategy formulation, strategy implementation, and strategy control and evaluation. They further stressed that the government needed to investigate the reasons for strategies not effectively being implemented even though there is excellent support from the national office and national treasury to make them work. Therefore, this study focused on strategy implementation, as illustrated in Figure 2.3.

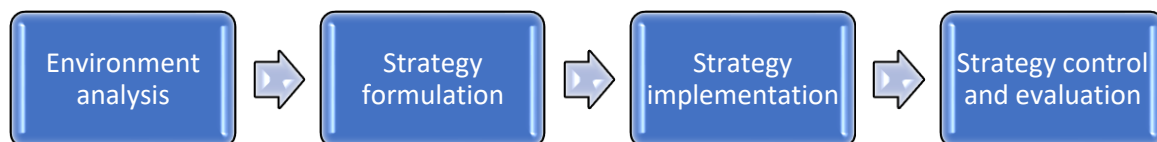


Figure 2.3 Strategic Management Process

Source: (Ehlers and Lazenby, 2010:12)

Strategy implementation requires the organisation's entire involvement and the coordination and collaboration of all (Lindsay, Jack & Ambrosini, 2018). As a result, the thinking patterns of people creating the strategy might differ from those implementing it (Bonchek, 2017).

2.3.1.1 *Strategic Direction*

Strategic direction initiates strategy and forms the foundation of strategic leadership. It also governs the scope for organisational action and significant business decisions to guide future circumstances. The implication is that strategic direction leads to meaning and determines the capacity available for leaders to initiate organisational action and business decisions (Waddell, Creed, Cummings & Worley, 2019). Therefore, organisational vision and mission are mutually connected to strategic direction as the mission creates the context in which the vision is shaped, strategic objectives are defined, and strategic activities are developed (Johnson *et al.*, 2020). Vision provides a purpose of action and is viewed as the rationale and foundation for the organisation to build commitment and inspire deeper motivation and engagement from organisational members (Tipurić, 2022).

- Strategy Development and Innovation

Globally, most executives would agree that their companies need to improve their ability to derive more value from their investments in development innovation. In such a case, innovation is assumed to be the outcome rather than the mechanism for achieving change (Waddell *et al.*, 2019; Hunsaker & Knowles, 2021). However, practical innovation begins with strategic direction, as the primary goal of innovation is developing ways to enhance the company's existing trajectory and perceptions and strengthen what makes it relevant and distinctive to existing customers and attractive to new customers (Hunsaker & Knowles, 2021).

Hallstedt, Thompson and Lindahl (2013) suggested eight key concepts for strategy development: ensuring senior management involvement, building sustainability in the process, building the knowledge and expertise of resources in the organisation, building social aspects in the strategy, assigning responsibilities for implementation, building knowledge in sharing processes, building assessment tools, and utilising the developed tools and defining what success would mean.

Organisations, therefore, develop strategies as an essential vehicle for keeping the organisation competitive (Louw & Venter, 2009) and ensure that the organisation interacts with its internal and external stakeholders while taking advantage of the knowledge developed during the process (Lee & Griffith, 2019). In addition, each company desires rapid results (Moller & Parvinen, 2014) to not lose credibility in the process (Barrick, Thurgood, Smith & Courtright, 2015). According to Johnson *et al.* (2020), strategy development could also be a political process with implications for the personal careers of those concerned. Managers might experience complications establishing and maintaining a position of integrity. The result might be a conflict between strategies for the manager's best interest, the organisation's long-term interests, and that of its shareholders and community (Johnson *et al.*, 2020).

- Agile strategy management and implementation

Strategy formation is generally divided into strategy design and implementation (Mintzberg, 1978). While strategy formation is viewed as the fixed part of formulating the organisation's intentions, the implementation process translates how the intentions are turned into action (Kopmann, Kock, Killen & Gemünden, 2017). Mintzberg and Waters (1985) split strategy design into deliberate and emerging strategies arguing that the final understanding of strategy holds both deliberate and emerging elements. Kopmann *et al.* (2017:560) referred to emerging strategy identification as "the proactive identification of emerging strategic initiatives and their implementation into the strategy process."

Competitive industries could push a business out of the market by their improved application of technology to offer better results and products with better performance at the same or a lower price. Accordingly, clients might find more attractive methods to obtain the same benefits by replacing current products and services from another source (Lyngso, 2017, online). However, people and communities cannot do that when constrained by a particular public entity. Therefore, public entities must identify their stakeholders and establish a strategically aligned solution representing all the roles directly involved, such as development, implementation, quality management, usage, and governance of the solution. There will always be invisible stakeholders that potentially

benefit or suffer from strategic initiatives and solutions, such as unions, politicians, government, and previously disadvantaged people and communities. Leaving out these potential stakeholders could lead to the complete failure of the strategic effort.

Missed opportunities and deliverables cause stakeholder suspicion and scepticism (Denning, 2017). Agility is there to overcome limitations between initiatives in the system, while agile processes promote sustainable development. Lyngso (2017) describes the core agility principle as follows:

“Each process, from the definition of the initial need for change to the final delivery of the agreed solution, contributes to stakeholder trust, mutual respect, motivation, and willingness to take ownership of the solution components delivered. This is the philosophy behind our processes, tools, and techniques. They involve the stakeholders so that they feel that the results obtained belong to them. In this way, each process contributes to the motivation for the next one.” (Lyngso, 2017, online).

Agile strategy implementation and business model development will be important empirical research and discussion points.

- Strategy Implementation Structures

Once a strategy is developed, the organisation's next step is developing action plans and systematising for successful implementation. Each strategy has its particular configuration of structures and systems required for the strategy and the roles of everybody in the strategy process (Johnson *et al.*, 2020). In a dynamic world, strategy inevitably involves change, and managing change involves the deliberate intention of top leadership and employees lower down in the organisation.

2.3.1.2 Leadership and Managing Change

Leadership is the process of inspiring people or a group of people within an organisation to achieve its strategic aim and objectives (Darafsh, 2012; Johnson *et al.*, 2020:470). In

addition, leadership is needed to provide resources, create capabilities for strategy development and implementation, and synchronise the organisation's activities (Johnson *et al.*, 2020). Often, decision-makers might focus more heavily on developing strategies than implementation, resulting in the strategies failing to produce the required results (Srivastava, 2014; Elbanna, Thanos & Colak, 2015). Therefore, it was necessary to establish the different roles of leaders in organisational strategy development and implementation.

- Leadership Structures

In leadership for strategic change, Visagie and Linde (2010), Waddell *et al.* (2019), and Johnson *et al.* (2020) viewed three key roles and core competencies important for top management, especially on the chief executive(s) side.

- *Envisioning future strategy*: Effective strategic leaders at the top of an organisation must ensure a clear and convincing future vision and communicate a strategy for internal and external achievement. If it does not come from top management, middle managers and the people around them might likely construct such a vision, which could lead to confusion.
- *Aligning the organisation with strategy delivery* involves ensuring that people are committed to the strategy, motivated to engage in change, and empowered to deliver those changes. In doing so, leaders need to build and adopt relationships of trust and respect across the organisation.
- *Personifying change*. A strategic leader should serve as a role model within the organisation and with other stakeholders thoroughly associated with a future strategy and a strategic change programme.

Middle managers are considered the implementers of top management's strategic plans (Visagie & Linde, 2010; Waddell *et al.*, 2019; Johnson *et al.*, 2020). Their role is to ensure that resources are allocated and controlled appropriately and to monitor the performance and behaviour of staff. They have the following roles to play:

- *Serve as advisors to senior management on requirements for change within an organisation.* Middle managers are often the closest to indications of market or technological changes that might signal the need for change. Ideally, they are well-placed to identify likely blockages to change. These middle managers might also offer a competent selection of experiences and views that could stimulate thinking on strategy.
- *Sense-making of strategy.* Middle managers must understand and take ownership of strategy implementation and form a relevant bond between top management and organisational members at lower levels.
- *Reinterpretation and adjustment of strategic responses* as events unfold, for example, relationships with customers, suppliers, and the workforce. As with top managers, middle managers align and embody change, but at a local level. Due to not having the power or legitimacy of top managers, middle managers would often be obliged to adopt more collective or collaborative approaches to leadership.

Therefore, adaptability by all managers is critical for the changeability of the business, as balance ensures a unique formulation for implementation (Elbanna, Thanos & Colak, 2015; Rasoolimanesh, Jaafar, Badarulzaman & Ramayah, 2015). Therefore, it seemed important to explore the role and responsibilities of top and middle management for this research, as their opinions will be collected during the empirical research on the phenomenon.

- Communication

Communication and the communicator's role are essential when implementing a compelling change message (Ophilia & Hidayat, 2021). Proper internal communication between leaders and followers is essential for restructuring an organisation. Therefore, the communication between superiors to subordinates (downward communication) and between subordinates to superiors (upward communication) stays the most significant challenge when communicating strategy and convincing others to change their thoughts, attitudes, and opinions directly or indirectly. Communication strategy is critical for success

because it is the vehicle that supports vision (Pfeffermann, 2020). Typically, it is mobilised by the governing party and plays a central role in shaping perceptions of leadership (Lalancette & Tourigny-Koné, 2017).

2.3.1.3 Performance and target setting

Literature on strategic performance indicators for performance management emphasised the importance of understanding the purpose of strategy development and implementation aligned with stated priorities and future aspirations rather than past performance (Dolan, Walsh, Bouch & Carhart, 2016). Setting clear and concise goals provide the ability to focus on priorities. Research by Zwikael, Chih and Meredith (2018) found that target setting improves public service operations. Therefore, local authorities with set targets achieved higher scores than those without targets. A performance measurement system provides reliable information to the organisation for setting targets and implementing growth strategies. Performance measurements also help to recognise strong and weak factors that are easy to measure, known as key performance indicators (KPIs). These measures include non-financial and financial targets (Zhou & He, 2018). The inference is that KPIs and performance appraisals are vital for managers to understand where their businesses are, what areas need attention, and how employees function in change management.

2.3.1.4 Resource allocation

Business strategy includes determining goals and objectives and allocating financial, physical, technological, and human resources that support organisational strategies (Maritan & Lee, 2017). Capital allocations to business units in a multi-business firm are not made independently but through comparisons among the options (Bardolet, Brown & Lovallo, 2017). The conclusion is that resource allocation is assigning and managing assets that support an organisation's planning goals, such as allocating information technology to the best use of human capital.

Research literature has attempted to show the nature of strategic planning in the public sector and its relationship to performance, but this is still in its infancy (Andrews, Beynon & Genc, 2017). A strategy generally has no individual exit point or deliverables, with each deliverable requiring a unique implementation plan (Jarratt & Thompson, 2012). Such a plan could incorporate a business model or a combination of many business models. In addition, the solution may be using a combination of business models (Lambert, 2015). Therefore, business models and the application of business models will be discussed in the following section.

2.3.2 Business Model Development

Business models differ from strategy (DaSilva & Trkman, 2014) because strategy informs the development of a business model for the organisation's competitive advantage (Horan & Connerty, 2017). Furthermore, business strategy deals with the value chain of activities in the organisation (Buur *et al.*, 2013). As with systems thinking, the business model links a chain of values, not a single or isolated chain of activities. Furthermore, the decision to have business models and strategies, either in singular or multiple forms, depends on the nature of the business (Leonard & Higson, 2014).

A business model is thus derived from the mission and strategy of the organisation (Kuk & Janssen, 2011) and considered a layer between the organisation's strategy and its operational activities. Figure 2.4 illustrates how the three elements: business strategy, business model, and operational activities, are linked (Rauter, Jonker & Baumgartner, 2015). It also indicates that each concept depends on the successful implementation of the other.

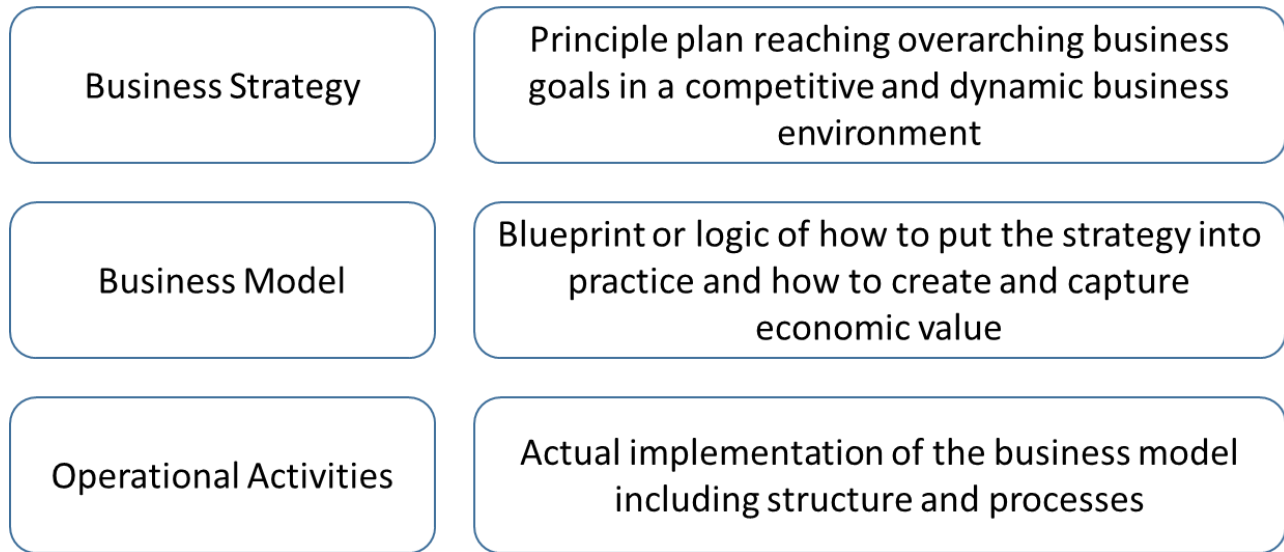


Figure 2. 4 Relationship business strategy, business model, and operational activities

Source: Rauter *et al.* (2015)

Figure 2.4 illustrates that strategy is essential for business model development (Rauter *et al.*, 2015). The strategy informs the business model, which will assist organisational leadership in formulating the appropriate operational activities (Shi & Manning, 2009). Legal regulations, leadership, organisational culture, and coherence between corporate strategy and the business model are considered drivers for developing a sustainable business model (Wirtz *et al.*, 2016).

Generally, a strategy is developed for a longer term, while business models might last for shorter periods, as illustrated in Figure 2.5. Moreover, a successful business model results from a successful strategy (Spieth *et al.*, 2014). Therefore, the business strategy and business model must provide the opportunities envisaged by the organisation (Fidler & Noble, 2013).

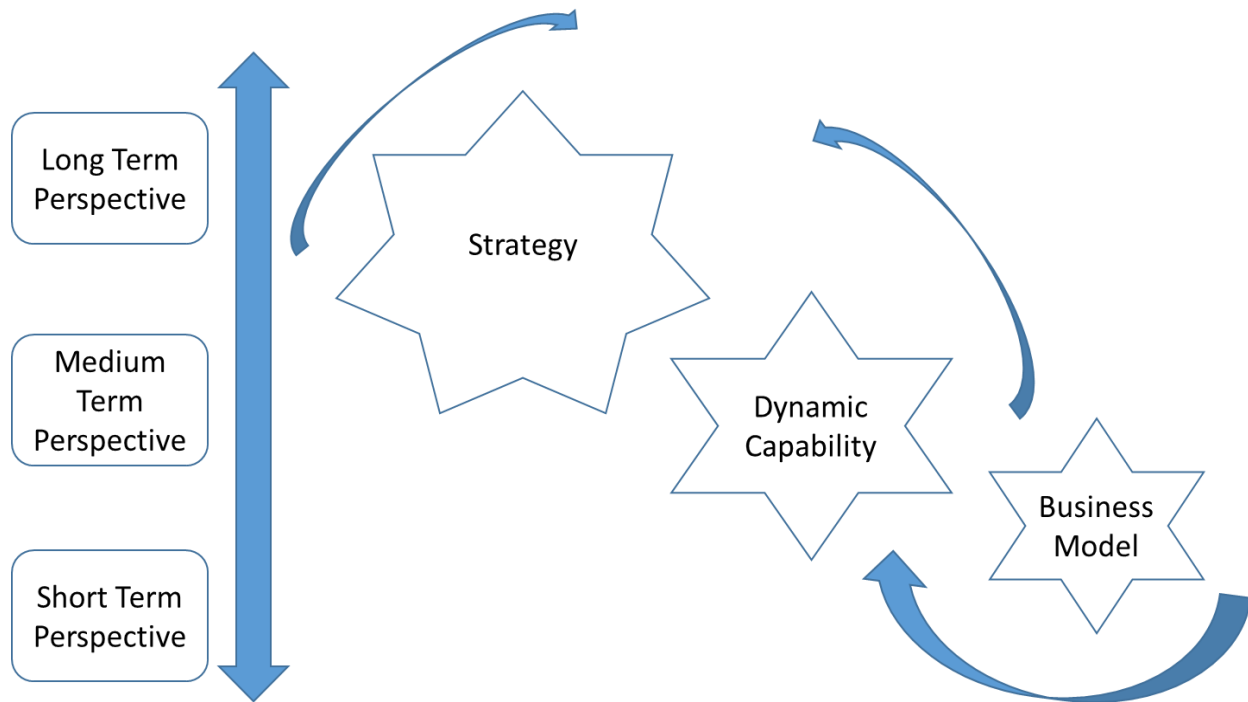


Figure 2.5 Links between strategy and business model development

Source: DaSilva and Trkman (2014)

Figure 2.5 indicates the link between strategy and business models based on the time span, interdependence and flow (DaSilva & Trkman, 2014). Dynamic capabilities are required to ensure the organisation can convert strategic plans into business models for embodying a desired state of performance and market positioning.

For example, the market positioning of the Gauteng Provincial Treasury must ensure that the department compares favourably with other treasuries in the country regarding its legislative mandate. It might be reflected in its ability to receive less funding and generate more income from its revenue streams. Therefore, the treasury should ensure the model is relevant to implementing the changing strategy. The selected business model must be considered part of the strategy, not a strategy challenger (Nisa & Ravichandran, 2013). Profitability will be experienced when the business model is coherent with the developed strategy. Furthermore, service measurement is captured in the service level agreements entered into internally and externally with the organisation (Haslam *et al.*, 2015).

However, decisions must be made to balance value capture for the company against value creation for society (or stakeholders). An ideal model would facilitate the link between business and strategy to understand, communicate, analyse, and manage strategic orientation within the organisation (Sang Un Chae & Hedman, 2015). These two authors summarised strategy implementation as setting goals, providing a vision, deciding on developing and implementing strategy (models), managing change, engaging stakeholders, and empowering and rewarding people who get things done. According to Verschuren (2016), pursuing learning should not interfere with completing activities (action).

2.3.2.1 *Business Model Innovation*

Business model innovation (see also 1.1.2) enhances advantage and value creation by constructing simultaneous and mutually supportive changes to an organisation's value proposition to its clients and the underlying operating model. Business model innovation is critical to business transformation and essential to adapt to ever-changing conditions (BCG, 2023). In the past 50 years, the typical business model life cycle has fallen from about 15 years to less than five. As a result, business model innovation is essential for organisations seeking to drive growth, boost a lagging core, or defend against invention disruption or decline (Spieth *et al.*, 2014).

2.3.2.2 *Products and Value Propositions*

The business model creates and captures value from organisational offerings of services (De Reuver, Bouwman & Haaker, 2013) using intellectual capital available in the organisation (Guercini, 2015). Moreover, Markides (2013) viewed the application of a business model as guiding content, structure and governance of transactions designed for value creation and exploitation of opportunities. Therefore, the business model serves as a blueprint for delivering a valuable product or service to customers to generate revenue to cover operating costs while yielding valued profits (Thompson, Peteraf, Gamble & Strickland, 2012). Moreover, a business model aims to clarify the customer

and product choice. The challenge is identifying a suitable model for the organisation's products and value propositions.

Companies focus on their business efforts toward customer orientation and sustainable value that fulfils customer needs (Chou, Chen & Conley, 2015). The orientation towards customers must be stipulated in the core value proposition to provide products geared towards the organisation's market (Yang, 2011). Kodama and Shibata (2013) suggested that organisations must create new products and services and develop suitable business models to achieve a competitive edge and sustainability. Value creation is brought about by the optimum usage of available resources, including collaboration efforts in building knowledge (Jarvenpaa & Valikangas, 2014). When the organisation lacks the internal experience and capacity, it must collaborate with other stakeholders and partner networks to build that knowledge (Bey, Hauschild & McAloone, 2013).

2.3.2.3 *Financial Aspects*

A business model is a holistic framework that describes, understands, and analyses how organisations provide and capture value. The financial model indicates how businesses generate profits and are financially sustainable. Therefore the financial model forms part of the overall sustainable business model and is one of the core components to indicate how funds are allocated for strategy implementation and how the organisation gains revenue (Cuofano, 2023). The financial aspects include forecasting and planning. Finance comes into play when action steps are converted to forecast numbers for revenues and expenses. Finance also interprets the results by comparing actual results to forecast and uncover the reasons for negative or positive deviations (Hill, 2019).

The above concepts provided insight into the relationship between business strategy, business models, and operational activities. Furthermore, business model development was discussed under business model innovation, products and value propositions, including capacity, knowledge building, and financial aspects. It became eminent that keywords needed to be developed from the different definitions for insight into the

application of business models in the national, provincial, and local public sector organisations in South Africa.

2.3.2.4 *Business Models definitions*

The objective of the discussion on business models and their definitions in this section was to extract and code the most relevant themes or keywords from scholarly research on business models, as summarised in the tables below. The keywords were used to support the design of an interview guide for collecting narrative data from ten executives and senior managers on strategy development and implementation and the development of business models in the Gauteng Provincial Treasury (GPT). The methodology and design will be discussed in Chapter 3. Some earlier definitions were used in Table 2.1, as many new ones refer to some of these older works.

Table 2. 1 Business Model Definitions and Keywords

| Author | Definition | Extracted key words |
|---------------------------|--|---|
| Applegate, 2000 | A business model is a description of a complex business that enables the study of its structure, the relationship among structural elements, and how it will respond in the real world | Structure Relationships |
| Linder and Cantrell, 2000 | It is the organisation's core logic for creating value. It includes a value proposition worked out with all the stakeholders. | Core logic Value creation Value proposition Stakeholders |
| Mahadevan, 2000 | A business model is a unique blend of three streams that are critical to the business. These include the value stream or business partners and the buyers, the revenue stream, and the logic stream. | Value Stakeholders Revenue Logic |

| Author | Definition | Extracted key words |
|----------------------|---|---|
| Amit and Zott, 2001 | A business model depicts transactions' content, structure and governance designed to create value by exploiting business opportunities. | Content Structure Governance Value creation Opportunities |
| Porter, 2001 | A business model is a loose conception of how the company does business and generates revenue. | Revenue |
| Betz, 2002 | A business model is an abstraction of a business identifying how the business profitably makes money. Business models are abstracts about how inputs to an organisation are transformed into value-adding output. | Business Identity Profitability Transformation Value add |
| Elliot, 2002 | Business models specify the relationship between different participants in a commercial venture, the benefits and costs to each and the flow of revenue. | Relationships Stakeholders Benefits Costs Revenue |
| Chesbrough, 2003 | Value proposition, market segments, value chain structure, cost structure, the position of the Organisation on the value network, the competitive strategy | Value Proposition Markets Structure Costing Networks Competitiveness |
| Fiet and Patel, 2008 | A business model explains how a venture is expected to create a profit | Venture Profits |

| | | |
|-------------------------------------|--|---|
| Casadesus-Masanell and Ricard, 2010 | The logic of the Organisation, the way it operates and how it creates value for its stakeholders | Logic Operations Value creation Stakeholders |
|-------------------------------------|--|---|

Source: Own compilation

The many themes or keywords coded from the definitions of business models in Table 2.1 were combined and narrowed down to the most relevant components needed for personal in-depth interviews on business model(s) application in the GPT. Therefore, the keywords are arranged in Table 2.2.

Table 2.2 Themes Derived from Table 2.1

| | | | | |
|-------------------|----------------|-----------------|-------------------|----------------|
| Structure | Relationships | Business Logic | Value creation | Profits |
| Value proposition | Stakeholders | Revenue | Content | Operations |
| Governance | Opportunity | Concepts | Business Identity | Logic |
| Profitability | Transformation | Benefits | Costs | Sustainability |
| Markets | Networks | Competitiveness | Venture | Capability |

Source: Own compilation

Thus, the keyword listed in Table 2.2 above formed part of identifying and analysing common trends in business models. These keywords were used in combination with others and were not exclusive.

2.3.2.5 Business Model Pillars and Building Blocks

Business models define how organisations create and capture value (Rauter *et al.*, 2015). A business model contains elements that guide the company's logic to generate money and, ultimately, the value offered to its stakeholders (Nisa & Ravichandran, 2013). For example, Osterwalder and Pigneur (2013) explained a business model's value creation

using four pillars: product, customer interface, infrastructure management, and financial aspects. Accordingly, they stated that the business model pillars were supported by nine building blocks: value proposition, target customer, distribution channel, relationship, value configuration, core competency, partner networks, cost structure, and revenue model. The building blocks are depicted in Table 2.3, describing each building block and its activities.

Table 2. 3 Business Model Pillars and Building Blocks

| Pillars | Business Model Building Blocks | Description |
|---------------------------|---------------------------------------|--|
| Product | Value Propositions | Give an overall view of a company's bundle of products and services. |
| Customer Interface | Target Customers | Describe the segments of customers a company wants to offer value to. |
| | Distribution Channels | Describe the various means of the company to get in touch with its customers. |
| | Relationships | Explain the links a company establishes between itself and its different customer segments. |
| Infrastructure Management | Value Configuration | Describes the arrangement of activities and resources. |
| | Core competencies | Outline the competencies necessary to execute the company's business model. |
| | Partner Networks | Portray the network of cooperative agreements with other companies necessary to offer and commercialise value efficiently. |

| | | |
|-------------------|-----------------|---|
| Financial Aspects | Revenue Models | Sum up the monetary consequences of the means employed in the business model. |
| | Cost Structures | Describes the way a company makes money through a variety of revenue flows |

Source: Adapted from Osterwalder & Pigneur (2013)

Table 2.3 above depicts the building blocks that need to be included for each of the pillars identified in the organisation. Each building block must create, capture or deliver the intended value (Osterwalder & Pigneur, 2013). Table 2.3 included keywords already captured in Table 2.2 above.

Six themes emerged from the description of business models, namely, organisational design, resource-based view, narrative and sense-making, nature of innovation, and the nature of opportunity and transaction structures (Spieth *et al.*, 2014). Furthermore, characteristics of an excellent business model are targeting the average consumer, supporting low prices by driving costs down, reducing customer risk, building a distribution channel that can serve all clientele, creating alliances with key stakeholders, and protecting the market (Rosell, 2014). These themes were also included in the interview guide for personal in-depth interviews with the executives and senior managers in the GPT to establish what GPT has done to meet the needs of the consumers and the poor people in the community. It would be expected to be part of the communities' value proposition or product offering.

2.3.2.6. Business Model Value Creation

Furthermore, organisations need to know how to capture the value they created to check whether it provides for the needs of the stakeholders as tabled in the proposition (Spieth *et al.*, (2014). Innovation enlarges value creation for maximum capture (Bjorkdahl & Holmen, 2013). Spieth *et al.* (2013) stated that critical components of the organisation's business model are value creation, proposition, delivery and capture. Value is delivered

by looking at the organisation's market and customer orientation (Jarratt & Thompson, 2012). Yet again, with increased innovation, it would look at multiple approaches.

Table 2.4 defines the meaning of value creation and value capture. It also indicates where the current processes in creating a value lie, as discussed by Cavalcante (2014).

Table 2. 4 Central Components of Business Model Value Creation

| Central component | Description | Similar components in the literature |
|---|---|--|
| Value creation | It refers to the products and services that create value for customers and how they are marketed. | Value proposition Factors related to offering and market factors Transactional contents. |
| The <i>modus operandi</i> of the Organisation | It refers to the working mechanism of the organisation – including the relationships with employees, customers, suppliers, distributors and other partners – for the development and commercialization of the Organisation's products and services. | Value network Key resources and processes. Architecture of value Transaction structure and governance. Organisation. |
| Value Capture | It refers to financial aspects (making money for the organisation) derived from product and service offerings. It involves choosing profits, volume management, and adopting fixed and variable revenue sources. | Economic factors. Profit formula. Revenue model. Financial aspects. |

Source: Adapted from Cavalcante (2014).

Table 2.4 above indicates the need to identify how to create value and how to ensure that the value is captured (Cavalcante, 2014). Every created value must be captured. Value creation is the input, with value capture as the output. The *modus operandi* is the process

between creation and capture. There is also a need to develop processes in-between to avoid leakages in the value creation mode. It is interesting to note the similarities in business model concepts from the definitions as depicted in the tables above. The findings in similarities and keywords from the literature review will be compared and triangulated with the primary findings to establish the state of strategy development, implementation, and business model development in the South African public sector.

2.4 BUSINESS MODEL DEVELOPMENT AND IMPLEMENTATION IN THE SOUTH AFRICAN PUBLIC SECTOR

The problem was stated that despite the importance of the Gauteng Provincial Treasury (GPT) in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework. However, when secondary research sources were consulted, it seemed a more significant problem which first had to be placed within the sphere of the national government. Therefore, this section will view the strategic initiatives and business model implementation nationally before focusing on the GPT.

2.4.1 Strategy Development and Implementation on National Level

The SA Government has introduced various strategic initiatives since 1994 (DTI, 2007) that formed the basis for further industrial policy planning in the country (Zarenda, 2013). In 2007, the Department of Trade and Industry (DTI) introduced its first Industrial Policy Action Plan (IPAP), which was modified into IPAP2 in 2010 (DTI, 2018). The new version specifically focused on strategic efforts to expand, strengthen and enhance South Africa's domestic and international competitiveness (Zarenda, 2013; SA Gov, 2023).

In the same year, the New Growth Path (NGP) framework was released to create five million new jobs and reduce the levels of unemployment by ten index points by 2020. Six areas were prioritised for job creation, equality, and growth: a) infrastructure development (energy, transport, communication, water, technology, and housing, b) agriculture, mining, manufacturing, tourism, and a 'green' economy (SA Gov NGP, 2023).

2.4.2 National Development Plan (NDP)

The National Planning Commission (NPC), a ministerial body, was constituted in 2009 and appointed in May 2010 to draft a vision and national development plan for South Africa. A year later, the NCP released its Diagnostic Report that detailed South Africa's achievements and shortcomings since 1994. It further identified a failure to implement policies and the absence of broad partnerships as the main reasons for slow development.

A year later, in August 2012, the African National Congress and the South African Government adopted the NCP-designed National Development Plan (NDP) as a business model for implementing an economic and socioeconomic development plan (Zarenda, 2013). The aim was to eliminate poverty and reduce inequality by 2030 (NCP, 2011a, 2011b; Zarenda, 2013). The DTI's Industrial Policy Action Plan (IPAP2), the National Infrastructure Plan (NIP) (SA Gov NIP, 2023) and the New Growth Path (NGP) framework were integrated into the new National Planning Framework (NPF). This combination would have important implications for the diverse economic communities in southern Africa.

2.4.3 The NDP Business Model as a Long-term Strategy

The NDP business model offers a long-term strategy to define an expected destination and identify the role different sectors of society need to play in eliminating poverty and reducing inequality by 2030 (SA Gov, NDP, 2013). According to the plan, South Africa would realise these goals by "drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the state's capacity, and promoting leadership and partnerships throughout society" (NDP, 2011, online). The main objectives for 2030 were a) create eleven million jobs, b) quality education for all, c) quality health care for all, d) clean, renewable energy, e) a capable government serving its people, f) strong new infrastructure building, and f) fighting corruption.

2.4.4 The NDP Business Model Innovation and Implementation

The NDP was initially developed as an agile business model as laid down in the successful implementation conditions by the Minister of Presidency: National Planning Commission in February 2013. (SA Gov NDP, 2023).

- i. The NDP and proposals would need to be implemented in the correct order.
- ii. The long-term plans of the departments would be aligned with the NDP. In addition, areas were identified where policy change was required to ensure consistency and coherence.
- iii. The NDP was drafted as a business model for the whole country. Therefore, Government would engage with all sectors to understand how they could contribute to the implementation, particularly identifying obstacles preventing them from successfully fulfilling their role.
- iv. The NDP would shape budget allocation over the years till 2030.
- v. The NDP identified the improvement of the quality of public services as critical to achieving transformation. Therefore, it required provinces to focus on identifying and overcoming the obstacles to achieve improved outcomes, including the need to strengthen the ability of local government to fulfil its development role.
- vi. Planning and implementation would be informed by evidence-based monitoring and evaluation.
- vii. The President and Deputy President would be the lead champions of the Plan within the Cabinet, in government and throughout the country. In addition, premiers and Mayors would be visible and active champions of the Plan, with their offices being the catalytic agencies to drive implementation at provincial and municipal levels (SA Gov NDP, 2023).

However, in May 2022, the ANC confirmed it would not meet its NDP targets by 2023. The head of the ANC's economic growth transformation committee reported that low economic growth and the COVID-19 pandemic (2020 - 2022) had prevented them from achieving their targets. As a solution to the problem, she suggested time frames to be reset to 2035 and to refocus on the economic goal (BusinessDay, 2022). A former

Statistician-General already reported in January 2021 that no ‘course correction’ could be made due to the non-implementation of the NDP 2030. Therefore, the key goals to increase employment and post-matric education were unmet. Accordingly, an economist and Commissioner from the NDP reported that corruption, state capture, fraud, and undermined capacity across the government prevented the successful implementation of the Plan (BusinessDay, 2022).

2.4.5 Decentralised Administrative Structures

After the transition to a fully democratic order in 1994, the adoption of a new *Constitution of the Republic of South Africa* in 1996 impelled the creation and development of a decentralised administrative structure consisting of three distinct but interrelated and interdependent spheres of government (national, provincial and local) (Ajam & Fourie, 2014). It also led to the institution of a long-term budget reform initiative aimed at realising the constitutional ideals of efficiency, effectiveness, equity, and development orientation. Significant budgets and expenditure responsibilities were dissolved to the provincial governments to deliver vital public services such as providing basic education, supplying health services and building and maintaining roads. Provincial treasuries seemed crucial in driving the budget reform process in the subnational spheres (Raga, Hanabe & Taylor, 2019).

Since 2004, the government’s programmes, priorities and policies have been set out at the beginning of each term of office in a medium-term strategic framework (MTSF) approved by the cabinet and published by the Presidency, as illustrated in Figure 2.6. Similarly, provincial premiers and executive committees develop strategies to translate the election manifesto into a programme of action for the provincial government. There are also other province-wide plans that these provincial departments need to consider in their planning processes. For example, the Gauteng Provincial Government developed a particular programme to give effect to the strategic direction of the government-linked NDP (GPT, 2023).

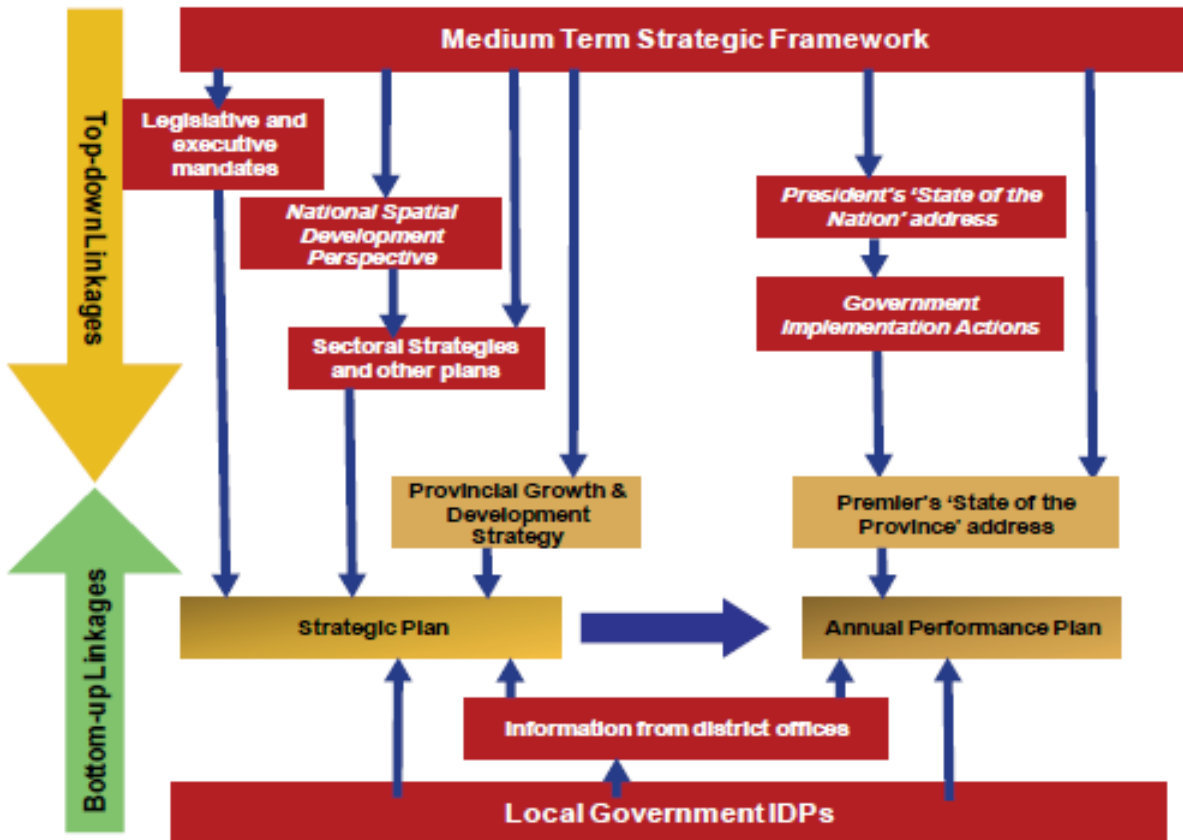


Figure 2. 6 Links to NDP and other Planning Frameworks

Source: GPT Annual Performance Plan (2023)

2.4.6 The Gauteng Provincial Treasury

The researcher had to lean heavily on a few public documents for referencing discussions on the GPT. The publications referenced in this section include the GPT *Estimates of provincial revenue and expenditure 2019/2020*, published in 2018; the *Annual report, 2020*; the *Final annual performance plan 2021-2022*, published in 2023; and the *National Treasury Framework for strategic plans and annual performances, 2010*. However, most information was extracted from documents handed to the researcher during and after the personal in-depth interviews. The information seemed critical to address the research problem and to prepare for the primary research.

Gauteng Provincial Treasury (GPT) is a public sector within a rigid legislative framework to govern its functions. The vision of GPT is to develop Gauteng to become an integrated, socially cohesive, economically inclusive city region underpinned by a smart or innovative and green industrial economy in ten to fifteen years, starting in 2014. Furthermore, the GPT is expected to ensure that the provincial budgets and budgetary processes promote transparency, accountability and effective financial management of the economy. All policy matters are outlined in terms of the stipulations in the Constitution of South Africa (SA Gov, 1996). To achieve its vision, GPT develops strategies on an ongoing basis and plans every calendar year for the short-term and five years for the medium-term. The long-term strategies, beyond five years, are developed by the National Government and are linked to the National Development Plan (NDP) (SA Gov NDP, 2023)

In defining its strategy, the GPT responds primarily to provincial and national priorities and the relevant regional needs on a secondary basis. Strategic engagement takes place at the Executive Committee (EXCO) level, where a vision is set by political leadership at the Provincial Government level. Afterwards, the vision is cascaded to the organisational level, where strategy formulation and implementation would occur. Furthermore, the GPT is led by a Member of the Executive Committee (MEC) from the political space and a Head of Department (HOD) from the administrative space, with the HOD reporting to the MEC. The GPT consists of different branches, each with several units which operationalise the approved strategies and the associated plans. The Deputy Director Generals (DDGs), who are the heads of these branches, assist the HOD in developing strategies and in operationalising the developed strategies (GPT, 2023).

The observation has been that the public sector's developed and approved business strategy runs for the term of political office, which is five years., which might be problematic. The reason is that the executives and managers in the organisation continue with the strategy for the entire term, even if the strategy does not yield any positive results. For example, the last term started in 2014 and ended in 2019, and a new strategy was developed for the next five years. A change in leadership could result in a change in strategy or continuation of the current strategy. It would require that the benefits be explicit for a decision to continue following the strategy and its associated business models or to

abandon it. A strategy could only be transferable if the same leadership continues or the new leadership pursues the same agenda (GPT, 2023).

In 2020, the Minister of Finance stated that the National Treasury has a challenging, wide-ranging, multi-disciplinary mandate. The Medium-Term Strategic Framework (MTSF) 2019-2024 identified seven priorities to address the challenges of unemployment, inequality, and poverty. Three pillars were identified in the updated National Treasury strategic plan for 2020/2025:

Pillar 1 Driving a strong and inclusive economy.

Pillar 2 Building and strengthening the capabilities of South Africans, and

Pillar 3 Achieving a more capable state.

A growing economy is needed to achieve these aims, which must be supported by the National Treasury (National Treasury, 2020).

2.4.7 A Need for Strategic Outcomes-oriented Goals

Strategic outcomes-oriented goals identify institutional performance areas critical to achieving the mission (National Treasury, 2010). Goals must stretch and challenge the institution but must be realistic and achievable. Strategic outcomes-oriented goals should focus on impacts and outcomes but, in exceptional circumstances, may deal with other aspects of performance. A strategic outcomes-oriented goal should ideally be written as a statement of intent that is specific, measurable, achievable, relevant and time-bound (SMART) (National Treasury, 2010; Kuk & Janssen, 2011). However, although institutions should prioritise planning the delivery of services, they should also specify strategic outcomes-oriented goals in other areas relating directly to their mandate. For example, departments in a particular sector or cluster do not need a standard set of strategic outcomes-oriented goals. Nevertheless, their goals should relate to the national priorities for the sector or cluster (National Treasury, 2010).

Figure 2.7 illustrates the core elements of planning documents developed by the National Treasury (2010) and adopted by GPT (2023). The figure includes the structure and content of strategic and annual performance plans.

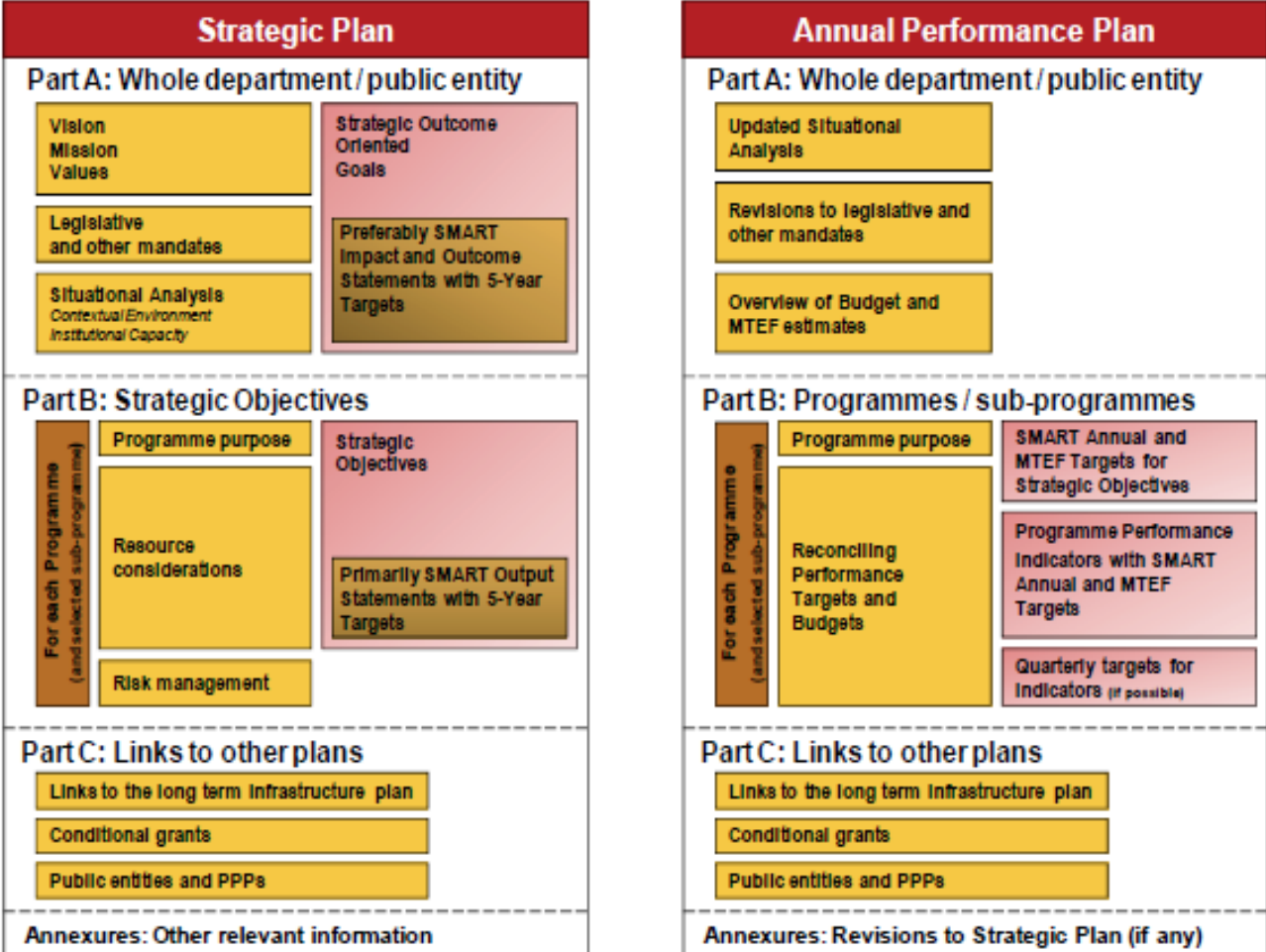


Figure 2.7 Core elements of planning documents

Source: National Treasury (2010)

As indicated in Figure 2.7, strategic outcomes-oriented goals typically span at least five years. Therefore, should an institution decide to change its strategic outcomes-oriented goals during the five-year plan, it is specified that it must either issue an annexure to its present.

2.4.8 Annual Performance Plans

An Annual Performance Plan (APP) or a new Strategic Plan should be drafted when the mandate or budget structure changes significantly. National Treasury warned that institutions must exercise discipline in selecting strategic outcome-oriented goals to avoid the trap of prioritising everything. While goals should undoubtedly have a general character, the aim is to encourage focused strategies and actions to achieve specific outcomes and impacts. If a strategic outcomes-oriented goal has been stated in a SMART way (see 2.7, Part B), achieving that goal can be tracked directly. If a strategic outcomes-oriented goal statement is not SMART, the institution should identify suitable proxy performance indicators to track progress in achieving the goal. Therefore, the statements for the proxy indicators must be SMART (National Treasury, 2010).

Performance targets must thus be set according to the strategic objectives in the Annual Performance Plan and cover the current budget year and the medium term expenditure framework (MTEF). In most sectors, strategic objectives are likely to remain stable over time. Each strategic objective must describe the institution's direct responsibility for doing or delivering under its programmes and sub-programmes. The aim is to make strategic choices. However, departments can have more strategic objectives within their internal databases (National Treasury, 2010).

2.4.9 Operational Plans

Operational planning is implementing strategic plans and objectives to reach specific goals. An operational (OPS) plan is a living document outlining the key objectives and goals and how the organisation should reach them. In addition, such a document includes short-term and long-term goals so that team members know their responsibilities and clearly understand what they must do (WHO, 2021). Characteristics of an OPS plan include goals, a detailed map of what should be done by whom, at what level, and when and how it should be done. Implementing the operational plan includes regular team meetings, allocating responsibilities and resources, revising position descriptions, providing training to staff, coaching and mentoring, and monitoring and measuring the

systems (Vuchic, 2017). The National Treasury (2010) document includes examples of documents to be completed at each short-term and mid-term period to indicate progress.

After the updated National Treasury strategic plan for 2020/2025 (National Treasury, 2020), the MEC and HOD required that every strategy implementation have pillars and each heading assigned a pillar. The practice was to list the topics in the sub-strategies in the branches and units and then assign those as pillars for strategy development. These pillars were considered guiding tools for implementation, which must reflect in every strategy to be presented to the MEC for approval. Implementation is not dictated, but it seems to follow the APP and OPS plan route, which is not adequate as an implementation tool but as a reporting tool. The strategy reporting must align with the set APP and OPS plans with no deviations allowed. Each branch would be allocated a pillar to form part of its core areas of responsibility. Budgets were organised to ensure the achievement of targets.

2.4.10 The legislative framework in government

The South African government is governed by a constitution, which geared towards the democracy majority and is premised around the enhancement and up-keeping of the human rights. The constitution was put into law as the Constitution of the Republic of South Africa Act 200 of 1993 on 27 April 1994. Stemming out of the Constitution are a number of secondary Acts of Parliament, which puts the Constitution into practicality. One of the Acts that is derived from the Constitution is the Public Finance and Management Act.

The Public Finance Management Act 1 of 1999 came into effect on the 1 April 2000 (known as PFMA, or the Act). The Act's premise is to regulate financial management in the national government; to ensure that all revenue, expenditure, assets and liabilities of that government are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in that government; and to provide for matters connected therewith. The mandates of both the National Treasury and the Provincial Treasuries emanates from this Act.

The PFMA makes provision for the treasuries to issue regulations that govern certain operational areas. The regulations must be in line with the Constitution as well as the Act. The regulations address among other issues, as derived from the Act, how financial management is to happen in government departments and all entities as listed in the Act. The regulations also prescribe the reporting format as well as governance, compliance and monitoring responsibilities of all treasuries.

Stemming out of the Act and associated regulations is the requirement to ensure that the government progresses and performs its intended and mandated service to its citizens. To operationalise the legislative environment, the Gauteng Provincial Government as well as the Treasury developed a strategy, which guides the department on its plans to align and achieve the objectives of the National Development Plan 2030. The strategy runs over a period of five years.

2.4.11 Summary of the Literature review

The literature findings indicated that the SA NDP and all other documents stemming from the NDP did not mention applying a business model in their content as an implementation strategy. Instead, “pillar” came into practice to describe strategic goals and characteristics with “strategy building blocks” as attributes in building the pillars.

The literature was scanned according to the discussion points for themes that could be combined into strategy building blocks. From there, the building blocks were categorised under each pillar according to the discussions in the document. Therefore, the critical analysis and coding of the literature review produced the following pillars and their strategy building blocks that would lead the empirical research.

Table 2. 5 Literature Review Analysis According to Pillars and Building Blocks

| Pillars | Strategy Building Blocks |
|---|--|
| Strategic direction | Strategy development Strategy Implementation Annual performance plan (APP) Operational plan (OPS) |
| Leadership | Structure Core competency Change management Communication |
| Performance | Target setting Integration of plans and reports Setting of action plans Performance appraisal Sustainability |
| Resource allocation | Technology Budget allocation |
| Business models | Business models in application |
| Products and services offered by the department | Value proposition Value configuration |
| Customer interfaces | Target customer Distribution channels |
| Innovation | Fostering innovation |
| Financial aspects | Revenue model |
| Knowledge management | Capacity building Capability building |
| Stakeholder engagement | Partner network |

Source: Own compilation

2.5 CONCLUSION

When viewing the world systematically, it became clear that things operate dynamically, complexly and interdependently because change is endless, life is disorganised, and everything is connected. When struggling with an overwhelming problem or an uncertain future, the tendency seemed to simplify, create order and work with one problem at a time. However, it became clear that linear thinking has limitations and has the potential to cause more problems than it solves. On the other hand, systems thinking shows that starting from the inside and working towards the outside clusters labels groups of problems that influence system behaviour and proposes interventions starting with first-order problems to solve the entire problem.

The list of pillars and strategy building blocks, according to which Chapter 2 was summarised, formed the basis for a semi-structured interview guide with open questions for personal in-depth interviews with executives and senior managers in the GPT. Their opinions and perceptions on the current strategy development and implementation processes in the GPT will be collected and compared with the literature review for additional insights. Finally, the methodology and design for the empirical research will be discussed in Chapter 3.

CHAPTER 3: RESEARCH METHODOLOGY AND DESIGN

3.1 INTRODUCTION

The research methodology and design debated in this chapter are based on the researcher's pragmatist philosophical assumptions and departure, including people's multiple subjective realities in an objective and realistic world (Ponterotto, 2005). It correspondingly linked to the knowledge systems that informed and shaped the researcher's pragmatic empirical inquiry process (Lewis, 2015; Babbie, 2013), as explained in section 1.7 of this study. Furthermore, the secondary research findings in Chapter 2 influenced the collection and analysis methods for the research.

The research problem was that despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework. The theoretical proposition flowing from the research problem was that because of no evidence of strategy innovation and agile business model implementation in the Gauteng Provincial Treasury, strategy implementation lacks structure, is not integrated, and does not provide the opportunity for sustainable performance and delivery. The research aimed to derive a business model framework for agile strategy implementation in public sector organisations. Therefore, the objective of this chapter was

To methodically elicit information from executives and managers on their perceptions of strategy development and implementation and the application of a business model framework in the Gauteng Provincial Treasury.

The strategy followed in this chapter is first to explain the research design influenced by the research philosophy adopted in the initial research stage. Then, the population and sampling techniques will be explained before the data collection instruments, the process of data collection, and the data analysis will be discussed. Next, more information will be

provided on piloting the interview guide and survey questionnaire to ensure that the most relevant data are collected. Limitations will be debated, and finally, the assessment techniques for establishing the reliability or trustworthiness and validity or credibility of the research will be argued, and ethical issues will be considered. The secondary and primary research findings will be presented in Chapter 4 and discussed in Chapter 5.

3.2 RESEARCH DESIGN

The research design was introduced in Chapter 1.7 according to the research onion developed by Saunders *et al.* (2019) and illustrated in Figure 1.1. The detailed research design explains the applicable methods, relevant processes for selecting participants, and accurate data collection and analysis procedures. The research methods were built on knowledge systems informed by the theoretical framework, literature review, and appropriate research methods (Lewis, 2015; Babbie, 2013). In addition, an exploratory research approach was used to gain insight into strategy development, implementation, and business model development in the Gauteng Provincial Treasury (GPT).

Central to applying mixed methods research in pragmatism is developing research questions that can be answered by integrating the results of qualitative and quantitative research (Creswell and Plano Clark, 2011; Tashakkori and Teddlie, 1998). The emphasis is on a value system in which the researcher chooses the appropriate methods to answer the research questions rather than selecting the methods themselves (Teddlie and Tashakkori, 2009; Creswell and Plano Clark, 2011).

The research followed a sequential mixed-methods design with a two-phased qualitative and quantitative approach to collect and analyse data for understanding and resolving the research problem. The reasons for choosing a mixed-method design determined the order of application of the methods in the research design (Halcomb & Hickman, 2015; Molina-Azorin, 2016). First, a predominantly qualitative research design was used, followed by a quantitative survey to verify facts from the qualitative research.

Phase 1 involved a qualitative research methodology using personal in-depth interviews to collect data from five executives and five senior managers in the GPT concerning their

opinions and perceptions on the current state of strategy development and implementation and business model development in the public sector organisation. The open questions in the semi-structured question guide were extracted from the theoretical framework, literature review, and the National Development Plan (NDP), which formed part of the literature review discussions. The qualitative approach influenced the comparison, interpretation, and development of new data for theory building toward a problem solution. In addition, data from the qualitative phase helped build a new theory and select variables for a survey questionnaire to enter the quantitative research phase.

In Phase 2, a quantitative research approach was used to collect and analyse numerical data and measure the scale, range, and frequency of the appearance of phenomena. A survey questionnaire with closed questions extracted from the qualitative research findings was distributed by email and by hand to 80 senior and middle managers based on the findings from Phase 1. No indication was given to the respondents that the questions were based on data from the qualitative research. Respondents had to specify whether they agreed or disagreed with the questions and statements in the survey questionnaire and whether they knew or did not know about particular strategy implementation and business model development aspects in the organisation. Descriptive statistics analysis was used to compare and analyse variables entrenched in a more positivist philosophical approach. The quantitative survey questionnaire was thus used to collect additional information to confirm or reject findings from the qualitative research.

A core assumption for using the mixed research approach was that mixing quantitative and qualitative methods would provide a complete understanding of the research problem more than using only one method, especially when following a pragmatist research philosophy.

3.3 RESEARCH PHILOSOPHY

The researcher adopted a pragmatist research approach. The most important determinant for the research design and strategy was the research problem and

questions to build new knowledge toward a solution. The pragmatist emphasis was thus on a practical outcome. Pragmatism influenced the researcher's ontology, epistemology, and axiology, as explained in Chapter 1.6. Regarding ontology and epistemology, pragmatism is not committed to a single paradigm and reality. Reality is actively created as individuals act in the world and constantly changes based on human experience because it is oriented toward solving practical problems (Weaver, 2018). Pragmatism allows the researcher to apply theory to application for solving a practical research problem in the real world and workplace. The intention was to answer the research questions by integrating the qualitative and quantitative research results.

Consequently, as a pragmatist, the researcher followed an ontological stance in the middle of the subjectivity-objectivity continuum and reality cycle based on the belief that multiple realities exist. Changing reality changes the multiple perceptions of reality. Qualitative and quantitative epistemology deal with the same sources of reality, switching between observable (quantification) and unobservable (interpretivist) knowledge. Interpretivism requires the researcher to remain open to new ideas for shaping the narrative while including participants' contributions. These elements guide interaction in the personal in-depth interviews between the researcher and participants. Objectivism supported the researcher in analysing the survey responses and statistical analysis.

3.4 POPULATION AND SAMPLING STRATEGY

The pragmatic approach was adopted because an attempt was made to answer a particular research question. In addition, different views expressed during the interviews supported the creation of a survey questionnaire that was used to distribute questions to verify the interview findings and assist in answering the research question.

3.4.1 Research Population

It is hardly ever possible to include the entire population in a research project because the target population is too big to be covered (Babbie, 2013) or the research does not signify the inclusion of the entire population. Although the strategy development and implementation problem affects the entire population in the GPT and all units and people

it serves, the responsibility to act, motivate and facilitate the strategy implementation process lies with the organisation's executives, senior managers, and middle managers. Accordingly, the target population for the research to whom the research findings would apply included the entire staff component of 131 people involved in strategy implementation in the GPT. The target population was not centralised in one location but spread across the head office and five branches in Gauteng. It did not impact the inclusiveness of participation and collection of data for the research.

3.4.2 Sample Size and Sampling Methods

Because it seemed impractical to collect data from the entire population to answer the research questions, a sample was selected. Fewer cases implied more time could be spent designing and piloting the data collection instruments and questions. However, care was taken that the selected sample represent the entire population meaningfully and justifiedly. The pragmatist research design required the application of two sampling techniques, according to which the sample sizes were determined for data collection and comparison.

3.4.2.1 Purposive sampling

The qualitative phase of the research applied a non-probability sampling method, namely purposive or judgmental sampling, to select and invite five executives and five senior managers for personal in-depth interviews. Applying this sampling technique was based on the researcher's intricate knowledge of the research environment. This knowledge facilitated identifying who the experts were and what kind of expert knowledge was needed to collect research data for addressing the research problem (Bless et al., 2013). All ten invitees accepted and participated in the research.

3.4.2.2 Stratified random sampling

For the quantitative phase of the research project, stratified random sampling was used. Self-completing survey questionnaires were distributed to a subset of senior and middle managers from the research population according to their roles in facilitating the strategy

development and implementation plan. The researcher also approached the Chief Director about who was involved when the strategy was developed and implemented. Based on the information, a stratified sample of 80 employees was compiled, including a combination of those perceived as strategy developers, strategy implementers, and those who overlapped on both development and implementation. Seventy-five of the sample to whom the survey questionnaires were distributed responded and returned the fully completed questionnaires. Afterwards, another five strategy implementation managers from the branches were invited and completed the questionnaires to ensure 80 responses were available for descriptive statistics analysis of the survey responses. The pragmatist study was a cross-sectional study of the entire population and the environment while researching strategy development and implementation at a certain point in time.

3.4.2.2 *Compiling and distribution of samples*

The sample for qualitative data collection in Phase 1 and quantitative data collection in Phase 2 included the Heads of Departments (HODs) and their direct reports (Deputy Director General (DDG), Senior Managers (Chief Directors) and Middle management teams (Directors). The HODs and their direct reports represent the organisation's highest decision-making office, receiving direction (vision) from the Member of the Executive Committee (MEC). They develop and implement organisational strategies (Pella *et al.*, 2013). Once a strategy has been decided upon, the executive takes it to the senior management team tasked with operationalising it. Consequently, the senior management was represented by chief directors, and the directors represented middle management in the research. The action plans developed by senior managers are translated into Key Performance Areas (KPA) and provided to middle management for implementation. Sampling from these categories ensured that the samples represented the target population and assisted the research in reaching the required answers in Phase 1 and, afterwards, in Phase 2 as the validation phase.

The selected samples formed part of the above positions when the current strategy was developed or had been with GPT for about two years on the date of conducting the research. The reason was to ensure the team had been part of the strategy development

and implementation for at least one cycle. The rule applied to all levels during the research process. HODs and DDGs were referred to as the executives, chief directors were referred to as senior managers, and directors were referred to as middle managers for this study. Table 3.1 indicates the sample distribution for this study.

Table 3. 1 Sample Distribution

| Sample | Sample method | Approach |
|--------------------------------------|---|---|
| HOD and DDG (Executives) | Five were included in the personal in-depth interviews and narratives. | Qualitative (Phase 1) |
| Chief Directors (Senior Managers) | Five were included in the personal in-depth interviews and narratives. The rest completed the survey questionnaire. | Qualitative (Phase 1) Quantitative (Phase 2) |
| Directors (Middle Managers) | Completed the survey questionnaire. | Quantitative (Phase 2) |

Source: Own compilation

Sampling was done so the same employees did not repetitively participate in data collection (Bryman, 2007). Sampling timing was also crucial for the study to yield reliable results.

Altogether, a sample of 90 employees was invited to share in the data collection for the study. Ten executives and senior managers shared their narratives in qualitative Phase 1, including personal in-depth interviews. Afterwards, 80 employees were invited for the quantitative Phase 2, in which the researcher distributed a self-administered or self-completion survey questionnaire to them. Seventy-six responses to the survey were returned, of which one was not fully completed. Thus, the initial survey responses were 75. Another five survey questionnaires were distributed to the strategy deputy directors at the branches, ensuring 80 responses. The limitations on sampling were caused by

geographical areas and access to the sampled individuals and omitted biasness. The degree of influence of the individuals on the organisation’s strategic direction formed part of the selection of the samples. Table 3.2 below illustrates the distribution of samples.

Table 3.2 Total Sample Distribution

| Position | Sample Size | Sub-division | Techniques to be used | Method |
|-------------------|-------------|--------------|-----------------------|--------------|
| Executives | 5 | 5 | Interviews | Qualitative |
| Senior Management | 30 | 5 | Interviews | Qualitative |
| | | 25 | Survey questionnaires | Quantitative |
| Middle Management | 55 | 55 | Survey questionnaires | Quantitative |
| 90 | | | | |

Source: Own compilation

Table 3.2 shows the total number of 90 sampled employees from all identified categories. The sample was based on a population size of 133. The table also shows the quantitative samples that could be gathered quickly and inexpensively (Tipton *et al.*, 2014). The implication is that all quantitative eligible units had the probability of being included in the study and helped the researcher to generalise his study (Emerson, 2015).

The executives and senior managers formed part of the interviews and were required to narrate the chosen model and explain how they used it to implement the strategy. They were also required to provide insight into strategy development and implementation in their areas. The interview findings resulted in refining further questions for this study to develop the questionnaire for Phase 2. Therefore, senior and middle managers were used to validate the information from Phase 1. The questionnaires were also used to answer the sub-questions in this chapter. Finally, the sampling and samples were selected to address the main aim and objectives of the research.

3.5 DATA COLLECTION INSTRUMENTS

As a pragmatist, the researcher used measures from interpretivist and positivist paradigms to collect and analyse data, including interviews, observations in the workplace, and a survey. The data collection instruments used for this study included a literature review, a qualitative semi-structured interview guide with open questions, and a quantitative structured survey questionnaire with closed questions. In addition, the survey questionnaire contained one miscellaneous question where respondents could provide additional views on strategy development and implementation and business model development in the GPT.

3.5.1 Literature Review

The literature review played an integral part in deciding what data collection instruments would be needed and what data on the research problem had to be collected to discuss the findings. Various databases were searched for the latest information on business models, business model innovation, agile management, strategy development and implementation, and business model development in the public sector, particularly GPT. Other literature was scanned for themes compiled into categories for additional data collection. A literature review summary produced a table with pillars as the categories and strategy building blocks as the subcategories or themes. This table will be further populated for the empirical research following the literature review.

3.5.2 Personal In-depth Interviews

The qualitative personal in-depth interview was an important data collection method as the researcher could establish direct contact with the participants on their opinions and perceptions concerning particular concepts and processes in the GPT.

3.5.2.1 *Semi-structured interview guide*

A semi-structured interview guide with open questions was applied to collect data from five executives and five senior managers selected according to the sample and sampling

strategies in 3.4.2. Table 2.5 in the literature review was used to compile the two sections of the interview guides (see Appendices D and E).

Section 1: Strategy development and implementation, existed of three columns. The first column contained four categories or pillars: strategic direction, leadership, performance, and resource allocation. The second column comprised 14 subcategories or themes that served as strategy building blocks for the pillars. Finally, the third column included the open questions that the researcher used to elicit information from the executives and senior managers through their narratives or stories.

Section 2: Business model development was constructed similarly to Section 1. However, the first column included seven pillars: business models, products, customer interfaces, innovation, financial aspects, knowledge management, and stakeholder engagement. Eleven business model building blocks comprised the second column, while the third column again contained the open questions for data collection.

3.5.2.2 *Data collection procedures*

Five executives and five senior managers were invited who the researcher believed had the best experience and knowledge in the GPT to share information about strategy development and implementation in the public sector organisation. The input from the CEO on who should be included was also received. Invitations to the interviews were scheduled two weeks in advance and were done via the mail system used within the organisation. The personal invitations included an explanation and the reasons for information collection in the invitees' field of expertise (see Appendix C). They had to confirm their participation before the personal interviews were arranged.

All interviews were performed in a cross-sectional research period between February 2018 and March 2018, and the interviews were analysed between April 2018 and May 2018. Slight alterations were made to some questions between the interviews to collect the most relevant data to discuss the findings. Each of the ten interviewees received a pseudo name or number not to expose their real identity. In addition, a verbal non-disclosure accord ensured anonymity and that the researcher would refrain from

recording sensitive opinions or issues shared between them. Table 3.1 details the interviewees' pseudo names, designations, where the interviews took place and how long the interviews lasted. The pseudo names from SMP1 to SMP10 would be used in verbatim quotes from the interviewees during the presentation of the findings in Chapter 4.

Table 3.2 List of interviewees for personal in-depth interviews

| Pseudo name | Designation | Place of Interview | Time |
|--------------------|--------------------------------------|---------------------------|-------------|
| SMT1 | HOD and DDG (Executive) | GPT offices | 56 minutes |
| SMT2 | Executive | GPT offices | 48 minutes |
| SMT3 | Executive | GPT offices | 60 minutes |
| SMT4 | Executive | GPT offices | 55 minutes |
| SMT5 | Executive | GPT offices | 48 minutes |
| SMT6 | Chief Directors (Senior Managers) | GPT offices | 45 minutes |
| SMT7 | Senior Manager | GPT offices | 45 minutes |
| SMT8 | Senior Manager | GPT offices | 40 minutes |
| SMT9 | Senior Manager | GPT offices | 42 minutes |
| SMT10 | Senior Manager | GPT offices | 30 minutes |

Source: Own compilation

As noted in Table 3.3, the personal in-depth interviews with the five executives were performed in their offices first, and the narratives were audio recorded. Additionally, the researcher noted essential data and observations under each question on the interview guide printout used during the interviews. Afterwards, the recordings were transcribed by hand for comparison and triangulation with the other interviews.

The personal in-depth interviews with the five senior managers were not recorded. Instead, new ideas and information from their narratives were directly noted under each pillar, building block and question in the interview guide (Appendix E). The reason was

that the data from the previous five personal in-depth interviews already provided a basis on which new data could be entered. The data for all interviews could be analysed, verified, and reported accordingly.

3.5.2.3 *Narrative inquiry*

The qualitative personal in-depth interviews involved the participants in narratives or storytelling where they could freely discuss their views in a safe environment. As illustrated in Table 3.1, the interviews were performed after hours in the participants' offices and generally lasted 30 minutes to an hour.

The narrative inquiry served a specific meaning and purpose as the researcher believed that the participants' experiences could best be accessed by collecting and analysing their stories rather than collecting bits of data that flow from structured interview questions. Therefore, the participants were encouraged to narrate their perceptions and experiences according to the open questions. In addition, the researcher tried to preserve the chronological sequence of events as told by the participants to enrich understanding and help analyse the data into a meaningful whole.

Furthermore, the qualitative questions in the semi-structured interview guide were arranged sequentially to ensure that patterns were established to aid the analysis. In instances where an interviewee answered a question to be asked later, the researcher wrote the answer in the appropriate section and skipped that question when it had to be asked in the allocated spot. In that way, the interview retained a sequence but provided a flow of information to aid open discussion and data analysis. Consequently, all questions were set as non-leading open-ended questions. Furthermore, the same questions were asked of all interviewees.

3.5.2.4 *Data saturation*

The core categories and themes identified in the literature review were explained as pillars and building blocks for discussion during the personal in-depth interviews as those were the terms familiar to the employees. These terms were also used to focus the questions for the collection

and analysis of data. After the tenth personal in-depth interview, the researcher was of the meaning that theoretical saturation was reached. This point occurs when data collection ceases to reveal any new themes relevant to the categories and their subcategories (Strauss & Corbin, 2008). The collected data then fully represents the comprehensive range of constructs. In line with Charmaz (2006), the researcher reached theoretical saturation when he could confirm that no new data would alter the overarching categories and themes, the research findings, and the writing of the analytical narrative. In this case, the discussions of the open questions brought no new information to the pillars and their building blocks, and the collection of new data could be ceased after the tenth interview.

Data were constantly compared and triangulated, and the questions were adapted for clarity. Hence, the question guide for the senior managers looked slightly different from that of the executives. The annual performance plan (APP) and operations plan (OPS) was moved for the interviews with the senior managers under Strategic direction as a pillar. The depth of the process extracted financial, managerial, and capability factors to gain access to deeper organisational realities closely linked to the participants' experiences.

The researcher tried to be theoretically sensitive to the underlying meaning of the data, which increased his understanding of the constructs in the data (Chun Tie, Birks & Francis, 2019). It was also important to remember that the required knowledge was based on his interpretations of the narratives in a pragmatic research approach. Care was taken to ensure that the predetermined open and probing questions were grounded and would establish new theories aligned with the research question. The information provided by the ten executives and senior managers could be validated against all ten datasets. Where there was a need to follow up on an interview or more clarity was required, the interviewer made the necessary arrangements to obtain the clarity by phone or email.

3.5.2.5 *Abductive theory building*

The pragmatist mixed-methods design used an abductive coding and theory-building process (1.7.2). The constant comparison of data underpins coding. Each collected data item is compared with the other data, categories, and themes. It verifies similarities and

differences, promotes consistency when coding data, and supports analysis. As the data is coded into categories, a relationship between specific codes (inductive thinking to link and build new codes) starts. The emerging interpretations must then be 'tested' against other cases (deductive thinking to 'test' and reduce the data into existing categories) (Strauss and Corbin 1998). In the pragmatist abductive theory generation, the researcher moved back and forth, combining induction and deduction to gain insight and create new conceptual possibilities. These were further examined to create a new theory (Reichertz 2007). Abductive reasoning thus began with observing a fact toward a plausible reason for its occurrence.

In summary, abductive logic adopts a pragmatic, iterative approach while moving between open-ended inductive research and hypothetical deductive settings to verify reasons for actions and gaps in the data. Abductive logic supported the theorising process and helped the researcher understand how reasoning could induce new categories from the existing themes and new data.

3.5.3 Survey

The pragmatist survey research strategy is frequently used to answer the 'what', 'who', 'where', and 'how many' questions with other research techniques (Saunders et al., 2019). It, therefore, tends to be used for exploratory data collection and analysis. The quantitative survey was, in this case, applied to confirm findings from the qualitative interview research.

3.5.3.1 Survey questionnaire

A survey questionnaire permits the collection of standardised data from a substantially large number of units in a highly economical way allowing a more straightforward comparison of the responses (Saunders *et al.*, 2019). The survey questionnaire was compiled from the interview findings to understand senior and middle managers' opinions about strategy development and implementation and business model implementation in the GPT and to validate the qualitative interview findings. Furthermore, it was divided into sections addressing a particular part of the study. The structured questionnaire contained

multiple-choice questions from which the respondents could select multiple alternatives. It also left space for general remarks, which provided valuable information that could be combined with the rest of the findings.

3.5.3.2 Launching the survey questionnaire

The survey questionnaire was distributed by email and hand in July 2018 to the eighty senior and middle managers who were invited in advance to participate in the survey. The selection of senior and middle managers from different strata made it easier to distribute the survey questionnaires to the respondents. They were informed that their information and the survey responses would not be made public but would be presented as a combined effort to address the survey questions and answer the research question. After several reminders over approximately three to four months, all completed questionnaires from the respondents were returned. The responses were analysed between December 2018 and March 2019, first through content analysis and then by applying descriptive statistics analysis to explain and illustrate the survey findings.

3.6 DATA ANALYSIS

The ten interviews' qualitative data collection and analysis occurred concurrently and iteratively while constantly comparing the data from one interview with the data from the others until data saturation was experienced (see 3.5.2.4). At this stage, content could be analysed and theorised according to a list of fixed categories and themes from the literature review that were confirmed, extended, or combined with the other categories and themes.

3.6.1 Content analysis

i. Qualitative data

The organising and preparation of the data analysis stage began with transcribing the audio tapes immediately after the interviews. While transcribing the tapes by entering the data on a spreadsheet according to the coding schedule, any rudimental patterns or

themes were noted in the transcript margins. All participants were assigned a unique number (see Table 3.3).

Content analysis is a method that makes inferences by objectively and systematically identifying particular characteristics in the message content (Holsti, 1969:4). Text from the transcriptions was coded or broken down into manageable codes or categories for further analysis and patterns of communication. This study used content analysis to identify and confirm fixed categories and themes in the literature review as extracted from the NDP, the formally extended strategy direction for South Africa.

Consequently, the content analysis method was followed through in analysing the personal in-depth interviews to confirm the secondary research findings with the idea that more clarity would emerge. In the qualitative content analysis for this stage, no statistically quantified codes were identified, but categories and themes were compared according to their frequency of appearance in the ten interviews. Therefore, the content analysis seemed the most suitable method for analysing the qualitative research data and was considered at the conceptual stage of the research. As previously explained, the themes or building blocks were clustered around the fixed categories or pillars.

The process of breaking down the raw data through an abductive analysis process going back and forth between the sources is called coding (Strauss and Corbin, 1998). The initial coding involved a systematic iterative breakdown of data from the personal in-depth interviews. Afterwards, the survey responses were collated for comparison according to the coding scheme or master list constructed from the literature review.

In qualitative content analysis, a code can consist of a word, a short phrase or a complete sentence assigned as an attribute to a portion of narrative-based or visual-based data (Saldaña, 2015). During the data analysis, themes (building blocks) were used to capture relevant data from the interviews and categorise the data under concise labels for the categories and themes (pillars and building blocks). Multiple codes around the categories and themes were collected and clustered to theorise and develop a business model framework as the analysis outcome. The researcher had to stay focused and examine the data for specific concepts while coding the data manually.

ii. Quantitative data

In this case, content analysis was used to code data from the quantitative survey according to the categories and themes in the coding scheme extracted from the literature review (see 2.4.10) and qualitative research findings. The responses to the structured multiple-answer questions were entered into a spreadsheet from where they could be counted and compared and further discussed by confirming or rejecting the question statements. The easiest way to explain the quantitative analysis of the survey responses was by using descriptive statistics.

3.6.2 Descriptive statistics analysis

Quantitative descriptive statistics enabled the researcher to numerically describe and compare variables from the survey responses (Bryman & Bell, 2015; Saunders *et al.*, 2019). Bless *et al.* (2013:390) defined descriptive statistics as “procedures for summarising information about a set of data or measurements.” In this case, the results from the quantitative survey questionnaires were consolidated and reported in tabular format with numbers and percentages allocated to the combined responses. Descriptions were then added to each table to provide meaning to the numerical data (see 4.). Next, data were compared with the findings from the qualitative research to validate the findings. Finally, all data were compared and combined to build new knowledge for writing an analytical narrative and developing a business model framework for strategy development and implementation.

3.6.3 Triangulation

Triangulation is used where qualitative and quantitative data collection methods were used in a pragmatic mixed-methods design to explore a particular aspect of research (Saunders *et al.*, 2019). The method was applied during two phases of the research. First, the results from the personal in-depth interviews were combined and used in comparison with one another to search for interrelationships between the findings and new theories that developed from the findings. The outcomes were used to create a survey questionnaire for the second data collection phase. Afterwards, triangulation was used to

compare the survey and interview findings to validate the data. Both data sets contributed to a solution to the research problem and new theory building.

3.7 PILOT STUDY

A pilot study is a small study conducted with two or three participants before the official research starts to determine whether the methodology, sampling, data collection instruments, and analysis are adequate and applicable (Bless *et al.*, 2013). Such a procedure can identify flaws or limitations and allow for modification of the research tools before the study commences.

A pilot test or soft launch of the interview guide and the survey questionnaire was performed using the Strategy Unit in the department. This unit is headed by the Chief Director, with two directors as subordinates. The Chief Director assessed the personal in-depth interview questions, and one director was used to evaluate the survey questionnaire. Furthermore, the interview guide and survey questionnaire were handed to the academic supervisor for input. The supervisor modified a few questions to reflect the openness of the pragmatic approach. A few questions were removed on request because of their futuristic approach. The Chief Director also assisted in checking the technical nature of the questions. He asked for a few questions to be included and provided model answers to the interview questions from his perspective.

Piloting was critical in testing the study's usability, reliability, and credibility. The feedback was important to anticipate what kind of response could be expected and what issues might arise during the interview and survey periods. The pilot study also tested issues such as wording, readability and comprehensibility and allowed for the rearrangement of some questions. In summary, the comments assisted in improving the accuracy and applicability of all questions and, thus, the research outcome.

3.8 LIMITATIONS

Limitations refer to methodological characteristics or weaknesses of the study that are often outside the researcher's control but may influence the research findings negatively

(Price & Murnan, 2004). An important constraint for this study is the time that lapsed since the beginning of the research when defining the work-based problem and submitting the final thesis because of work pressure and job change. The study applied a phased approach to data collection, as the survey questions relied on the interview findings. The time-lapse could have been narrowed if both data collection methods were performed simultaneously.

Another limitation was the lack of available or reliable research and documentation on strategy development and implementation in the Gauteng Provincial Treasury. A more significant number of scholarly research publications could contribute to the body of knowledge and solve the problem in future. The term 'business models' is not used in the National Development Plan and implementation of strategy in the GPT. Therefore, most discussions included pillars and building blocks representing business model development and implementation. However, the solution could be a business model framework derived from the research findings for developing and implementing strategy.

Biases and different views during data collection placed pressure on theorising the data into an analytical narrative and creating a new theory. Also, the study had a strong regional focus because the research problem was identified in the Gauteng Provincial Treasury. A different outcome might have been realised if the research was performed in one of the other provincial treasuries or if the same research could be performed in five years.

3.9 ETHICAL CONSIDERATIONS

3.9.1 *Ethical Issues*

Ethical issues include potential moral concerns surrounding the research process, the role the researcher's values play, and the rights and obligations of the participants and the interviewer (Bryman & Bell, 2015). Furthermore, social research could intrude into the regular work activities of the respondents. It might also require individuals to reveal information about the work environment and processes that are not generally available (Babbie, 2013).

Before the research could be conducted, permission from the HOD of the GPT had to be obtained. It included sanctioning the interviews within the organisation, distributing the survey questionnaires, and submitting a copy of the final report. The research was guided by the research policy in the organisation and the HOD's approval, without which the study was not allowed to be conducted in the organisation.

The research could only commence once the university approved the topic and the study proposal. Although no formal Ethics Committee existed at the time of approval, permission was obtained from the Research Office, and an academic supervisor was allocated to ensure the academic standard of the thesis. The researcher had to ensure that all evidence was collected and archived safely for future reference. All source documents were to be authentic and in line with the validation process of the study.

The consent of each person sampled for the interviews and completing the questionnaires was obtained beforehand. Invitations were forwarded two weeks in advance, and interviews were only arranged on receipt of the participants' consent. The interviews started with the interviewer explaining each participant's rights, including that the interviewee could stop at any given time should they feel uncomfortable continuing the research. An invitation to the sample of employees for completion of the survey questionnaires also included a section stating their rights.

Anonymity and confidentiality were vital during the data analysis and reporting procedures. The researcher was cautious not to cause harm to any participant during the research, and anonymity was ensured by safeguarding their identity throughout the analysis and report writing. The researcher also ensured no conflict of interest before the participants and respondents were invited.

The researcher's ethical principles comprised honesty in collecting and reporting the data, results, methods, and procedures. He attempted to avoid bias in the design of the data collection instruments, analysis and interpretation of the findings and to show integrity by keeping his promises and agreements with the research participants. Moreover, he tried to preserve openness by sharing data, results, tools, and resources within his research

environment and accepting criticism, personal attitudes, views and ideas, of which there were several.

In conclusion, the researcher, having operated in the South African Internal Revenue and Gauteng Provincial Treasury environment for some time, upheld an ethical obligation towards other researchers and colleagues to display virtuous data collection and analysis and report his research findings to the best of his ability.

3.9.2 Establishing Quality of the Research

Reliability of the research refers to the quality of being trustworthy and performing steadily. It ensures that the data collection techniques and analytical procedures produce consistent findings if repeated in another study or if a different researcher replicated them; the consistency of measure (Saunders *et al.*, 2019). The reliability and validity of pragmatist research depend on the ability and control of the researcher as the key instrument in the research process (Bryman & Bell, 2015). Methodological rigour is necessary to collect and analyse the data and communicate the research.

Bryman and Bell (2015) used trustworthiness instead of reliability as a qualitative assessment concept. Trustworthiness, including dependability, transferability, confirmability, and authenticity, requires the researcher to keep all research data and records for three years for auditing purposes if required. Furthermore, depending on the subjectivity of another researcher, the same research should be repeatable, offering a more or less similar outcome to the research.

Validity is concerned with the degree to which the research measures what is intended to be measured and the accuracy of the measure. Furthermore, It refers to how well the research results represent the findings. The study applied a mixed-method research design in which qualitative and quantitative methods were applied. Lincoln and Guba (1985) recommended credibility as a criterion for how well a qualitative study was performed. The researcher attempted to perform the research according to the principles of good practice by inviting the experts and practitioners in the public sector organisation to share their views. This step was also taken to confirm that the researcher understood

the social and workplace context correctly and that the research outcome would represent the research.

Data triangulation was supported using mixed-method data collection and analysis research combining different perspectives. These steps helped to provide a more comprehensive set of findings and ensure research rigour for developing a new theory. In addition, it was found that the quality of a research project must include all ethical considerations to be acceptable and publishable.

3.10 CONCLUSION

The pragmatist research methodology and design discussed in this chapter signified the techniques and processes used to collect data on business model development, strategy development, and implementation in the Gauteng Provincial Treasury. The study followed a sequential mixed-method design to find a solution to the main objective: to derive a business model framework for agile strategy implementation in public sector organisations. First, a qualitative semi-structured interview guide was used to collect information from ten executives and senior managers about their opinions and perception via narratives on strategy development and implementation in the GPT. The next phase used a quantitative survey questionnaire to collect responses from 80 senior and middle managers on structured multi-choice questions related to the research phenomenon. Content analysis was applied to analyse the interview data and survey responses using a coding system developed from the literature review findings. Next, descriptive statistics analysis was used to present the survey responses in tabular format. Abductive reasoning was employed in the data collection and analysis process to theorise on the pillars and their building blocks used as a business model in implementing strategy in the GPT. Finally, the qualitative and quantitative research findings were compared and triangulated to verify the findings in building new knowledge toward creating a business model framework for application in public sector organisations. The research findings will be presented in Chapter 4 and discussed in Chapter 5.

CHAPTER 4: RESEARCH FINDINGS

4.1 INTRODUCTION

This chapter presents the research findings of the research methodology and design described in Chapter 3. The research problem stated that despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework. The research aimed to derive a business model framework for implementing agile strategy in public sector organisations. This chapter's objective is:

To critically present the findings on strategy development and implementation and business model development in the Gauteng Provincial Treasury.

The sequential mixed-method research using abductive reasoning delivered two datasets of findings. The Phase 1 qualitative dataset presents the combined findings from the ten personal in-depth interviews with ten executives and senior managers. The presentation of the findings is confirmed by adding verbatim from the interviews. As the interviewees received pseudo names or numbers from SMT1 to SMT10, they will be quoted by these numbers during the presentation and discussion of the findings. Phase 2 delivered the combined dataset from 80 senior and middle managers' quantitative survey responses. The findings are in a descriptive statistics format to provide an overall idea of the opinions of these managers. The datasets will be presented together as the quantitative research findings confirm the qualitative research findings.

4.2 RESEARCH FINDINGS

The research presented in this chapter was performed between February 2018 and March 2019. The interviews started in February 2018, and the analysis was completed

between April and May 2018. Afterwards, the survey questionnaires were distributed and analysed between December 2018 and March 2019.

****Note:** Although the researcher attempted to present the primary research findings separately from the literature review, it seemed impossible as the interviews and findings were interlinked with the documents referred to in the presentation of the findings. It was found that separating the sources would not make sense.

The findings are presented in the same order as in the interview guides (Appendices D and E) and the survey questionnaire (Appendix F) to ensure the flow of information on questions about strategy development and implementation and business model development in the Gauteng Provincial Treasury. Therefore, the Pillars in the first column will be used as the main discussion points supported by the Building blocks in the second column. The answers to the questions in column three will be presented under the pillars and building blocks discussions.

4.3 STRATEGY DEVELOPMENT AND IMPLEMENTATION

4.3.1 Pillar 1: Strategic Direction

i. Strategy development

All interviewees concurred that National Government level strategy development commenced with the National Development Plan (NDP). Provincial Government strategy development focused on areas extracted from the NDP that dealt with the provinces and their municipalities. According to SMT1 to SMT5, the NDP advocates an inclusive economy in which all South African citizens must participate.

“The stance of the NDP is geared around inclusive economic participation” (SMT1).

Therefore, the provincial government strategy was extracted from the NDP, guiding the province and Gauteng Provincial Treasury (GPT). Furthermore, all interviewees agreed

that the NDP was clear regarding what all spheres of government had to achieve, including state-owned enterprises (SOEs).

ii. Strategy implementation

The participants agreed that the NDP did not provide a transparent methodology for implementation. But, again, there was a 50% split, with half the participants stating that the NDP in its current format might provide the required direction but would soon lose momentum because the results had not been evident in all spheres of government. The other half meant that the NDP was correct in its objectives and should not be changed, but strict measures had to be implemented to give it traction.

“The provincial departments and the municipalities are not geared towards implementing the NDP strategy, hence the unfavourable outcomes, mainly from the municipalities” (SMT5). This opinion was found to be cutting across most respondents.

The other point of disagreement, which resonated with 75% of the interviewees, was that the NDP beneficiaries were the country’s citizens and all residing within municipal boundaries. Several barriers prevented the readiness of provinces and municipalities, as well as the political landscape in the municipalities. Ninety per cent of the interviewees agreed that legislature posed challenges in the implementation of the NDP, as stated by SMT4:

“The link between GPT and municipalities is not well documented and legislated, which causes the relationship difficulty to manage” (SMT4).

The indication was that legislation was a concern which had to be dealt with. The NDP as a document does not indicate relationships between the national departments, provincial departments and municipalities. Service delivery issues have thus been experienced due to staggered planning.

“The Gauteng province, and subsequently, the GPT, establishes what it is supposed to be achieved from the NDP document, and how that will be achieved” (SMT7).

There was total agreement among the interviewees that the NDP strategy was apparent regarding how the strategy should appear to the departments. The strategy was drawn by the provincial leaders and was implemented by departmental leaders. The mandate of the departments was to help the national and provincial leaders achieve their objectives using the NDP as a guiding document. The departmental strategy revolved around the national outcomes, the Premier’s pronouncements at the State of the Province Address (SOPA), and the treasury’s role in crafting the mission and the vision, including the plans.

“The departmental priorities must be aligned to the provincial priorities” (SMT2, SMT4).

The interviews made it clear that a framework was available for government strategy development—the National Treasury framework. The Framework for Strategic Plans and Annual Performance is fixed and contains a template that must be followed. Therefore, deviations from the framework were not allowed. Furthermore, the template must be populated sequentially, meaning every section leads to the next.

The Department of Public Service and Administration (DPSA) contracts with the province and the department and monitors the implementation of the framework. The DPSA also manages the department’s performance based on the compliance and outcomes stipulated in the framework. The contents of the framework must be aligned with the imperatives from the NDP and any other areas as may be delegated by the President to the ministers and then to the premiers of the provinces.

“Using the template suffocates creativity and innovation in the public sector” (SMT7).

On the other hand, the interviewees believed that the framework required a uniform reporting approach. It became apparent that there were conflicting thoughts about using the framework.

It was established during the interviews that the framework only sought to create a uniform approach to strategy development. It failed to appreciate the uniqueness of each minister and the departments, as well as the uniqueness of the departments and provinces. For example, Gauteng Province is densely populated owing to a large influx of people from other provinces and countries looking for job opportunities. The influx of people critically impacts the infrastructure. It posed a risk of slowing down service delivery. NDP would give a specific imperative and ignore that Gauteng Province may have to deal with its uniqueness. The framework does not capture the need to separate and report on the province's uniqueness. As a result, some issues may never be reported on and may create issues when the strategy's effectiveness is determined. There are missed opportunities and risky areas that are not reported on that may cause problems in the department's performance at some point in its strategy implementation.

There was frequent mention during interviews that the national strategy was based on a five-year plan linked to a new administration. National Treasury provides guidelines for strategy development using the framework. Used with the framework are specific strategy guidelines. The Department of Monitoring and Evaluation (DME) adopted the National Treasury guidelines, which monitor the achievement of the department's strategies. The interview also highlighted the involvement of DPSA, indicating that the role of DME differed from that of DPSA. THE DPSA monitors the implementation of the framework, while DME monitors performance as indicated in the framework. The DME resides in the Office of the President and collates all the results reported on APP and any other agreed process or document.

The interviewees were asked to define the process used to measure performance, and the general answer was that the DME used a specific process. The interviewees indicated that the performance of the departments was measured using the outcomes in the department's strategy documentation. There were different views, with 60% of the

interviewees arguing that changes in politics and leadership resulted in changes in focus areas and were not factored into the strategy documents when performance was determined. Therefore, it resulted in the non-achievement of objectives. SMT8 denoted eight opinions with the quote:

“The strategy was only relevant when it was put together. It becomes irrelevant when leadership changes or a different political agenda is followed. The DME does not consider political interference as such when they measure progress against the set targets. When actions are not done owing to political changes, they are not catered for in the framework, resulting in dissatisfaction among leadership in the department” (SMT8).

The inference was that strategy development and implementation depended on the NDP and changed whenever leadership changed.

4.3.2 Pillar 2: Leadership

The building blocks included under Leadership were structure, core competencies, Annual Performance Plans (APP), Operations plans (OPS), change management, and communication.

i. Structure

The question was how the interviewees perceived the current structure in their unit or branch concerning strategy implementation.

Indications were that the department’s structure was driven by the department’s mandate from the National Treasury and the OoP in conjunction with the provincial legislature. However, the structure must be reviewed to ensure it is linked to strategy achievement. There have always been attempts to achieve strategy using the available resources. However, these resources might not be capable of delivering on what is required. Planning of human resources was needed annually to allocate resources for optimisation. All interviewees agreed that government employees are fixed in their thinking and

approach to their work. That gave rise to issues of prioritising a structural approach to work. The employees were inclined to link their employment to their titles, job description, and position in the structure, which makes flexibility difficult. Resources could not be moved to critical areas without being viewed as exploiting the personnel.

The executive believed senior and middle management did not exercise their rights and manage the employees. In contrast, the senior management opined that the labour relations agreements had taken away management's right to use discretion, which was the executives' mistake.

"The structures are fixed. What else can I do to change how people think?" (SMT6).

Every time a new strategy is implemented, the structure is not changed. Instead, new resources were brought in to deal with new issues even though the current resources were not fully and meaningfully employed. Therefore, the government structure was perceived as hierarchical, emphasising seniority and unmistakable delegation of authority. That rendered the structure problematic, as stated by 75% of the interviewees, of which 100% were senior managers. The flow of information is one-directional. Any inefficiencies in the reporting structure could not be detected early and reported on. Such inefficiencies could be detected only when the APP or the OPS plan had to be reported. The structure has inherent limitations and should be addressed. Not even the MEC could change the structures without the approval of DPSA.

The interviewees struggled with the resources required for implementing the strategy, which seemed to be overlooked by OoP, with the internal structure not optimised to respond to the changing political landscape. The interviewees further stated that the Executive Council (EXCO) developed the strategy, which consisted of the Premier and the MECs. The department had to package the executive thinking into what would be called a strategy document. All the strategy inputs from the TMR strategy document were already populated in a document that the department must adopt and create action plans

to achieve and finalise. The process is called strategy development, which is the consensus-seeking stance by the executive. However, SMT8 responded:

“It is better that the leadership indicates the expected outcomes so that the strategy is developed considering that it must achieve certain outcomes. What is needed for leadership is to ask specific questions so that the expected outcomes are in tune with what is happening in the departments so that expectations are not out of reach by the departments” (SMT8).

ii. Core competencies required to implement the strategy

The question to the interviewees was to outline the core competencies required to implement the strategy. The general opinion was that the structures were not optimised and did not reflect the core competencies accurately. Therefore, the appointment of specialists in the department did not happen. For example, there were no risk officers in the department but risk champions who did not study risk management. In addition, generic skills were predominant without the requisite qualifications in strategic positions. Also, the political deployment of staff did not assist in carrying the department forward. These were the opinions of two senior managers in the specialist areas supporting the branches.

All interviewees opined that the human resource plan (HRP) is compiled annually and indicates the required human resources. In addition, the plan contains training interventions in the previous performance cycles and the planned training interventions for the current financial year. The HRP reads the organogram to obtain the number of people required in the organisation and makes provision for the recruitment and retention of the required persons. However, what is not measured in the plan is how the training interventions would help build the needed capacity with the required competencies in the department.

Furthermore, the department has developed a Capacity Building Unit tasked to observe areas within the organisation that require a concerted effort to enable employees to perform at the required competence levels. Two significant branches singled out for

competency profiling and performance enhancement are the Provincial Supply Chain Management (PSCM) and the Gauteng Audit Services (GAS). The PSCM was identified due to numerous audit findings derailing the GPG departments from optimum utilisation of resources. Therefore, GAS is singled out for capacity building to perform audit functions to ensure deviations are proactively captured and dealt with early. The perception was that capacity building was required in all units and branches for optimum performance of their duties.

iii. Annual Performance Plan (APP) and Operations (OPS) plan

the Annual Performance Plan (APP) informs the MEC and the Premier of the plans that will be embarked upon to achieve the strategy. The Premier approves the strategy, and the MEC approves the APP. Each unit will be required to operationalise the strategy by compiling the Operating Plan (OPS plan). The APP is then presented at DPSA and DME to manage the performance of the GPT. According to the participants, the strategy, APP and OPS plan align and ensure the alignment is maintained. However, 50% of the interviewees said that this alignment does not aid in achieving the intended results because of the rigidity of the structure.

Question 7 in the survey questionnaire focused on leadership and the suitability of structures for strategy implementation. In addition, multiple questions were included around the organogram, staff skills, the annual performance plan (APP) and the operations (OPS) plan as performance management tools, change management efforts, and stakeholder engagement. The figures are displayed in Table 4.1.

Table 4. 1 Leadership and Strategy Implementation

| Statement | Absolutely inappropriate | | Neither/nor | Absolutely appropriate | |
|--|--------------------------|------------|-------------|------------------------|-----------|
| | 1 | 2 | 3 | 4 | 5 |
| The current structure, as depicted on the organogram | 9(11%) | 25(31%) | 11(14%) | 35(44%) | 0 |
| The skills of the staff in implementing strategies | 4(5%) | 15(19%) | 6(8%) | 55(68%) | 0 |
| The use of the APP as a performance tool | 5 (6%) | 14(18%) | 0 | 61(76%) | 0 |
| The use of OPS plan as a performance reporting tool | 6(8%) | 13(16%) | 0 | 53(66%) | 8(10%) |
| The change management efforts geared towards achieving a new state or desired strategic outcomes | 20(25%) | 30(38%) | 0 | 30(38%) | 0 |
| The detail and extent of communicating the strategic efforts in the organisation | 15(19%) | 16(20%) | 7(9%) | 42(52%) | 0 |
| Average percentage | 12% | 26% | 5% | 56% | 1% |

Source: Own compilation

Table 4.1 shows respondents' satisfaction with the current leadership and the suitability of structures for strategy implementation, with an average of 57% indicating their absolute satisfaction and 38% indicating dissatisfaction with the leadership and structures in strategy implementation. The conclusion was that most senior and middle managers respondents perceived leadership and structures as working well and were generally satisfied with strategy implementation in the GPT.

iv. Change management

The question was how the interviewees managed the change process when implementing new strategies.

The perceptions were that change always happens, but the department had no deliberate change management processes and efforts. Seventy per cent of interviewees stated that Organisational Development was tasked with change efforts but did not implement the changes caused by strategy implementation. One of the senior managers opined that:

“Change is embraced only if it is perceived to have positive results or yields results that the executive is happy with. However, any change that challenges the status quo or encourages different thinking is not embraced” (SMT7).

“All of us at all organisational levels are the change agents. We cannot expect change to be managed by anyone else. Change agents are required to manage every change brought about by changing a strategy and to initiate change in the organisation where there are change initiatives”(SMT3).

The conclusion was that the organisation was required to manage change in an orderly and coordinated fashion.

v. Communication

Team discussions about strategy happen all the time within the established structures, as purported by the interviewees. The interviewees went further and indicated that the SMT and BMT are typical committees used for communication. The MEC meets with the whole department in two sessions per year. The objectives of the strategy are shared. Fifty per cent of the interviewees agreed that even though the MEC meets the teams, insufficient time is allocated to stimulate meaningful dialogue.

Furthermore, the APP is shared on the intranet of the GPT to make the organisation aware of the existence of the APP document. The deputy directors also play a role in creating awareness in the branches to achieve the set targets. The interviewees stated that risk assessment indicated lower-level officials did not know the strategic direction and APP when asked. Those who knew what they were did not know what was contained in the documents. The feedback loops are at the SMT, EMT and BMT. The MEC walk-about sessions are top-down driven and do not provide a platform for bottom-up feedback loops.

4.3.3 Pillar 3: Performance

Questions on performance included target setting, integration, action plans, appraisals, and sustainability.

i. Target setting

The interviewees agree that the targets are set and translated into APP for the organisation and OPS plan within the branches. The APP responds to the strategy document as approved, and the OPS plan responds to the APP by operationalising it in the units. The APP sets the targets which must achieve the strategic outcomes. Targets are firm and valid for the duration of the strategy. The MEC would adjust targets in the next strategy session only when targets were too low. Plans are developed in branches, which are included in the OPS plan. The quality of the plans in the APP is determined by the SMT and shared with BMT. The quality of the plans in the OPS plan is left to the discretion of the branch heads (executives) and their direct reports.

A concern was that no tools were available to measure the relevance and impact of the actions.

“There are no tools for measuring whether the set targets would yield the required results. The worst thing is that irrelevant targets that do not yield any results are perpetually followed to prove that individuals were non-performers instead of checking the applicability and relevance of such actions” (SMT10).

SMT8 mentioned that the lack of change management plans contributed to pockets of non-performance in some areas. Should the organisation have effective feedback loops, feedback would have been given about areas that did not work, required improvement, or actions that worked and required improvement.

ii. Integration of plans and reports

Integration only happens at the strategy formulation level, an opinion all interviewees shared. All branches must ensure that the strategy is achieved at the end of each year for the five-year term of the Premier and the MEC. Alignment to strategy is attempted at the unit level, where APPs are implemented. By then, each branch has been given a pillar and is expected to ensure the achievement of that pillar. Furthermore, branches run their areas and guard their territories.

All the interviewees agreed that there was no process for integrating efforts, especially when strategy started getting to branches, and reporting was needed. There will always be a challenge in eradicating duplication, which often exists.

One would note that the departments are developing strategies for supplier development, and GPT would be doing the same thing. It is a massive duplication and a massive waste of resources. Even if the departments do the same thing, the challenge is bringing everything together and not duplicating. The objective is to get the best output for the province on a particular strategy” (SMT6).

Everyone at the strategy development level must share the same strategy. Also, the APP must be aligned with the strategy document. Correction is often impossible when one looks at the time and effort spent, including employing other resources in the organisation. What generally tends to be the correction is to explain the deviations and expect that the DME will accept and condone what has been reported.

iii. Action plans

The action plans are developed right after the strategy and the APP are developed. Such actions, if not carried out, may result in other branches and units not delivering on their strategy and APP requirements. All the respondents agreed that there is no process or system to deal with dependencies and overlapping strategies. As a result, one branch or unit may depend on others to realise a strategy. SME3 explained the problem as follows:

“When a department has a budget of R5 billion for goods and services, the chief finance officer would be targeted to spend the entire budget. However, the CFO does not spend the money, but the branches do. So the CFO becomes a pain to those that have to spend money. Sometimes there is no need to spend the money because of changed circumstances. However, the money is targeted for spending and must be spent” (SMT3).

There are, however, committees and oversight bodies that guide the department's strategic direction. Accountability is placed on committees and oversight bodies to ensure the achievement of the plans and the outcomes. SMT6 stated that the derailment of strategies could be tracked there and redirected. However, there seems to be a reluctance to change strategies that do not work because the department has committed itself to the provincial legislature and DME and does not want to be seen to have failed in delivering on its promise.

iv. Appraisals

The performance management process was explained as multi-layered, measured at four levels. First, at the provincial level where the strategy is measured. Second, at the department level, where APP is measured, and then at the unit level, where the OPS plan is measured. The fourth level is at the individual level. The rewards are measured in a bottom-up direction. When the branch has not achieved, the individuals do not get rewarded. Whether individuals in the branch did perform and achieved their targets does not matter. The whole team is punished. Individual targets are also reviewed to ensure alignment and achievement of set targets, especially where there is non-performance. Political interference, which could have been the reason for non-performance, was not considered when measuring performance. However, 80% of the executives believed that when political interference provides favourable results, those benefitting are not discounting the benefit. The senior managers added that political influence mostly appeared from the external environment, which could not be excluded from the process. The two management levels seemed to have disagreed on political interference and its impact on performance.

APP is a performance measure for the GPT. It is used by the Office of the Premier and the MEC for performance managing the department. SMT6 and SMT7 opined that the performance review process was fixed and rigid, not considering the ever-changing external environment. They furthermore indicated that the performance appraisal of the APP was done at the Quality Performance Reviews (QPR) of the office of the Premier. All the MECs report on their progress according to their APPs. The OoP consolidates the progress on TMR for the office of DMR. APP performance reviews and QPR happens

every quarter. The APP review happens between the MEC and executives, while QPR is used as the MECs report to the Premier.

KPIs are developed and used for performance management. However, SMT3 to SMT9 agreed that when developing the strategy and putting together the KPIs, there was no formal process to detect and ensure the sustainability of results. As a result, innovation could be integrated into the performance process, but it was not evident, given priority, or measured.

“An employee is a MEET when he has done what he was supposed to on a scale of 1 to 5, where one is NOT MEET performance, and 5 is EXCEPTIONAL performance” (SMT5).

Most interviewees agreed that to move to 4 or 5 as the ceiling for performance; the employee must have done more than they were expected to do in their KPIs. That may mean innovating or meeting targets sooner than it was expected. But this is discretionary and may not mean that innovation was fostered.

In GPT, a system to monitor performance is called MERMS (Monitoring and Evaluation Reporting Made Easy). The OPS plan is run *on MERMS*. The automated system ensures that when someone says they have achieved their KPIs, corresponding evidence is uploaded for audit purposes. The system serves as an assurance tool for measuring the achievement of actions. The strategy management unit does quality checks of the uploaded information, including credibility, accuracy and relevance checks. The branches of the strategy unit hold quarterly assurance sessions. The assurance considers targets achieved from quarter to quarter by validating the scores for the previous quarter and giving a preliminary score for the current quarter. MERMS is used to provide the reports and the information required to measure performance.

When asked what continuous monitoring meant, SMT1 to SMT6 stated that continuous monitoring meant that one could establish areas where one was doing well and not doing well. Continuous improvement only occurred when the right things were measured and followed through, which was what the government lacked in doing. A need also exists to

establish whether people can be trained to fill the structure appropriately. Capacity may be there, but capability may be an issue. The involvement of labour unions encouraged meaningful involvement in enhancing structures.

v. Sustainability and knowledge management

Interviewees stated that employees regularly resigned from GPT, derailing sustainable strategy implementation efforts. New staff may not have the understanding and background on matters that must be carried out due to no management knowledge and a record thereof. Therefore, sustainability is not achieved. Resource allocation is also a problem. The budget and non-allocation of personnel lead to strategy not being well implemented. There are no upfront measures to indicate what is to be measured and how to measure the results. As a result, some programmes may never yield results if it is carried on as is done currently. SMT9 asked pertinently:

“Where must accountability of results lie? Is it at the unit level? At the branch level? Must it be at the executive or the Premier’s level?’ And these questions must still be answered” (SMT9). Other interviewees stated that sustainable income and revenue were always emphasised instead of sustainable results.

The strategy implementation is meant to give sustainable results. However, sustainability is not understood. The political span in an office determines the likelihood of a strategy being sustainable. Furthermore, sustainability is a feedback loop. The strategy is a five-year document and a live document. Seventy per cent of the respondents stated that sustainability was also tricky in that every five years, there were elections, and each election resulted in new principals being appointed. There was no checking whether the previous strategy achieved what it envisaged and whether citizens received value for money. The new principals often come up with new strategies and priorities. Should the running programmes remain the same and trends could be analysed, the new principals might see the impact and probability move forward using the same strategy and plans.

All interviewees indicated that they did not measure sustainability in their strategy implementation, and there was no process to determine sustainability.

“Where there is no adherence, there is no sustainability. However, sustainability is not measured in the department. This area must receive attention” (SMT3).

4.3.4 Pillar 4: Resource Allocation

Interviewees needed to share their perceptions about using technology in strategy development and implementation. Eighty per cent of the SMTs shared that a more significant role could be played by technology, but it is not encouraged in the government space. However, using technology to implement and manage strategies will immensely assist the government. SMT10 opined that the political sphere could oppose the use of technology if it derailed their selfish desires. Using large files to manage strategy implementation will not add any good to improving service delivery.

i. Technology

Regarding the use of technology for linking departments, SMT6 stated that the operating systems in the departments were in place. Various forums are used to ensure effectiveness and alignment. Regarding the interlinking of systems, another interviewee stated that GPT was forced to collaborate with other departments through reporting structures. All the interviewees responded that there was no other tool to track strategy implementation inter-departmentally or within the department. The government was very authoritarian and used specific tools for tracking strategic progress. The tools provided are the only ones allowed to be used.

“The department only tracks APP, which is paper-based, and the OPS plan, which uses MERMS. Nothing else gets tracked because it is not part of the performance management system. In addition, because everything is paper-based, one cannot track and manage a strategy on a real-time basis” (SMT4).

“Because of a lack of systems, one had to wait for the reporting cycle to try and salvage the situation” (SMT9).

SMT6 opined that getting people to understand that the department is not working in silos and isolation was difficult. Integration of efforts needed to be implemented, using an integrated electronic system to manage the implementation of strategies.

“To make people understand that strategy unit does not set targets for them, they need to set the targets they can achieve themselves and use a system to capture their thinking. Each manager’s role is to set and manage the targets in a way visible to everyone in the organisation” (SMT6).

Question 9 in the survey questionnaire measured the respondents’ agreement with the adequacy of technology, human resources availability, staff competence, and staff skills to use the available technology. The responses are tabulated in Table 4.2.

Table 4.2 Allocation of Resources

| Type of resource | YES | NO |
|---|---------|---------|
| The technology used to implement strategies is adequate | 46(55%) | 34(42%) |
| The number of staff members employed to execute strategy is appropriate and enough (capacity) | 23(29%) | 57(71%) |
| The knowledge of staff and competence is enough to carry the strategy outputs (capability) | 39(49%) | 41(51%) |
| The staff tasked with strategy implementation can utilise the given technology | 66(83%) | 14(17%) |

Source: Own compilation

According to the descriptive analysis in Table 4.2, the technology used for strategy implementation was adequate (55%). However, when it came to staff capacity, 71% of respondents believed more staff were needed, and 51% were in doubt about the capability of staff to ensure positive strategy outputs. In contrast, 83% of respondents

agreed that the staff tasked with strategy implementation could use the available technology. The inference was that the appropriate technology was available and the staff tasked with the strategy implementation were knowledgeable. However, the capability of staff to ensure strategy outputs is lacking.

The interviews on strategy development and implementation ended with the general perception that strategic direction, leadership, performance and resource allocation in the GPT need enhancement. The researcher became aware that general knowledge and application about what was happening in GPT were lacking because there was little integration and sharing of important actions for the sustainability of GPT. Therefore, the second section on business model development was added to illicit knowledge from the executives and senior managers about business model development and implementation.

ii. Budget allocation

SMT7 explained the process of budget allocation that starts with workforce allocation. Moreover, budgeted programmes are carried out, even when there are no justifiable reasons why the programmes must still run. Therefore, senior managers perceived budget allocation based on historical data, not what must be performed in the next strategy cycle, a misalignment.

SMT9 perceived that costing and subsequent budgeting were done at the programme level (a high-level budgeting area). The programmes are then broken down into projects geared towards addressing the actions addressing the strategic imperatives. GPT receives a budget for its strategic plan implementation. That indicates that financial planning at the national level has considered the plans that GPG and GPT have to implement.

The inference was that required resources such as technology, systems and equipment were not considered essential and typically not budgeted for. SMT4 stated that the office of the Premier and legislature dictated some technology changes, and the department normally benefitted from those instructions. When that is initiated top-down, there is no

resistance to finding the money within the already tight budgets. Furthermore, there has always been under-expenditure in some of the departments, and that money could have been reallocated to the deserving departments had these under-spending departments declared that they would not spend the allocated funds. Proactivity is required to ensure that cross-spending happens and money is not rolled over to the next financial year.

4.4 BUSINESS MODEL DEVELOPMENT

4.4.1 Pillar 1: Business Models in Perspective

The most important question in this discussion was how the executives and senior managers would define a business model, as the terms did not appear in the NDP or any of the strategy development and implementation documents. The other questions in Appendices D and E under business models followed once this question could be answered.

The responses indicated no clear-cut knowledge of what a business model is based on. Some interviewees said it was a diagram, drawings, a table, some a figure, and some said pillars were used in GPT, which could be called business models. Most interviewees stated that branches had been developing business models for years, for example, the revenue model. SMT9 opined that:

“What is required is to establish whether understanding a business model must still happen” (SMT9).

According to SMT9, business models were only for companies that wanted to profit, not companies like the government that wanted to spend money. However, when asked a direct question, all interviewees indicated that the understanding of business models might be inadequate or incorrect, but this was what was understood in the department and was the current practice. Money should not be the focus but the performance of the department.

“In terms of business models, there are different ways of doing things. For example, the Premier said that the two MECs from DED and GPT should come up with one model for supplier development” (SMT2).

The statement was corroborated by SMT6, who said that the two departments had to come up with one integrated plan to consolidate both the work of DED and GPT towards a common goal of ensuring that supplier development took place.

Having stated the above, SMT6 believed that models could ensure common goals were set for the entire province. However, when a model is developed, it may just be a strategy rather than a model requiring clarification by the department. Most interviewees said that the department must be introduced and trained on what business models imply and could do.

SMT5 stated that no specific tools were used which could be classified as models. However, it depends on the situation presented to the organisation. For example, political policy dictates strategy implementation, which might require a specific response and some tools or models. Participants agreed once more that silos are operated in the GPT. “It does not matter how lean or bloated the structure is. There will always be a need to involve external people to implement plans for programmes such as TER and supplier development.

“No models are used for strategy implementation based on the differences in implementation. We use what we can and hope to achieve results” (SMT8).

SMT3 summarised the interviewees’ general perception of a business model:

“It depends on a person’s interpretation of what is meant by ”a model. For example, the development of the strategy has a framework. Likewise, monitoring and evaluation have a framework. Models, such as revenue collection and municipal infrastructure, are used in other instances. However, it can be said that if there were a model, it would have been

applied and used uniformly in the department. Because none can be provided as evidence, one would be more inclined to give a negative answer, asking whether the business models are used” (SMT3).

When asked whether there was a structure in how strategy is implemented, SMT10 stated that there was a missing link in the strategy implementation structure. SMT6 stated that the current structure dealt with what had happened in the past, while SMT7 stated that the strategy implementation was not articulating future needs but dealt with historical issues. He further stated that the structure did not deal with strategy coordination but more with what had to be done instead of being strategic. Legacy issues must also be considered. The methodology used in crafting the strategy must ensure that it documents how things must be done. That will determine the level of creativity in the process. An example used was that of the requirements of the internal audit standard. It allows for improving the way things are done and creativity and innovation to take place. The audit environment changes rapidly and requires information technology tools.

When asked how difficult it was to implement strategies when no model or framework was used, SMT5 stated that the critical part started once the strategy was developed and implemented. SMT5 gave the example that the TER strategy was started in 2014. Workshops and weekly interactions were performed to institutionalise it. The branches battled to get external departments to participate in the strategy implementation process. As a result, targets were not met by GPT. It is often tricky because the department does not have a reporting system that everyone can use. In some instances, people are being begged to report. Therefore, relationship-building becomes a constant and continuous issue.

SMT2 stated that different SCM forums were held with the departments and municipalities. There is also a CFOs forum. Everybody knows what must be done, but the department battles to get feedback when reporting comes. People must be made aware and given tools that will deal with capacity and capability within the departments, especially to implement strategies from MEC to lower levels in the organisation. Finally, there must be a commitment to implement the strategies, whether using models or not.

The involvement of all teams in the development of the strategy and the action plans is to ensure alignment and integration within the branches and in the department. Clearing blind spots and alignment occur during the strategy development phase, not during the implementation phase. However, action plans to achieve the branch strategies are only based on the objectives of each branch. As a result, there may be conflicting approaches.

“There have been incidents where the external departments have questioned GPT for asking for the same information or actions to be done by the other external departments and municipalities, thus creating a conflicting situation and giving conflicting instructions. Repetitive asking for the same things indicates systems and processes not being integrated or the absence of systems to check what was available and what had been asked” (SMT8).

The inference was that was no clear answer as to whether business models are used and what they are intended for. On how they would define the term “business model”, most interviewees stated that they did not know what business models mean. As a result, they attempted to define business models in many ways, as they perceived them to be. Table 4.3 captures the characteristics of business models as extracted from the definitions provided by the senior managers during the interviews.

Table 4.3 Characteristics of a Business Model -Senior Managers’ Perspectives

| | | | | |
|---------------------------|-------------------------------|----------------------|------------|-------------------------|
| Effort synergy | Collective effort | Road map | Creativity | Knowledge management |
| Collaboration | Elimination of duplicates | Achievement of goals | Innovation | Value capture |
| Running of Administration | Service delivery model | Having goals in mind | Technology | Value proposition |
| Vision | Actions to achieve the vision | Revenue and costing | Structure | Stakeholders engagement |

| | | | | |
|----------------------------|---|-------------------|----------------|-------------|
| Projections | Sustainable market alignment | Path-finding ways | Capability | Leadership |
| Risk management | Quality | Value for public | Capacity | Teamwork |
| Proficiency of the company | Coordination of efforts for a common goal | Clear delegation | Sustainability | Integration |

Source: Own compilation

The interviewees agreed that some models were used, but there was no certainty that the models were indeed models or just diagrams that could be perceived as models. The SMTs also corroborated the statement that business models be the preferred method of implementing business plans of chosen strategies. However, they also alluded to the fact that there were set strategy development and implementation frameworks and reporting frameworks, thus limiting the strategists from coming up with business models to implement the set strategies.

4.4.2 Pillar 2: Products and Services Offered by the Department

This question discussed two business model building blocks: value proposition and configuration.

i. Value proposition

The agreement was that expected outcomes should be from what GPT should provide. GPT must provide clear guidelines and support to the departments on budgeting and the management of funds.

“The challenge is with the creation of pillars for each branch. The pillars place responsibility on employees to do just as stated in the APP and the OPS plan” (SMT6).

The various receivers of GPT's service value proposition expect no duplication of efforts. One of the executives stated that the challenges came when the administration part of the department was mixed with the political part. He further stated that the politicians would want their agenda placed first at the expense of the inherent value proposition of the department. If the conflict cannot be addressed, the strategy must be pushed at the expense of administrative efforts. When asked what the value proposition was, 60% of the respondents immediately stated the department's mandate, while others had to think about the proposition and could not get it right. However, all respondents stated the mandate in their branches, indicating the challenge of using a silo mentality to implement the strategy. The only way to establish coherence is by continuously checking the APP's implementation.

Another concern was the absence of a clear value proposition, and with everyone not understanding the same value proposition, the implementation and the measured outcomes would not be the same. When prompted to explain more on the statement, SMT4 indicated that if the value proposition was understood to be ensuring that municipalities received a clean audit at the end of the financial year, and that was what the department would concentrate on, the chances were that the municipality would receive a clean audit but would not spend the allocated budget in fear of what they spend, the more likely it was that they would commit errors that would lead to audit findings.

When asked to state what the value proposition would be for the department, the respondents indicated that each branch was supposed to have pillars that would inform the branch's value proposition. Combined, all the branch value propositions would achieve GPT's value proposition. Therefore, the value proposition is covered in the mandate of the department.

"The needs of the clients are catered for based on the mandate of the department as indicated in the legislation that gives rise to the existence of the department" (SMT1).

The agreement was that there could not be any deviation from the legislation. The APP is developed independently of the stakeholders but is aligned with the support that must

be given to the departments as clients of the GPT. The strategy is presented and defended at the Premier's forum, where all MECs debate the accuracy and relevance of the strategies. However, the MECs do not debate the accuracy of the APP. It poses issues when other departments demand support for services that may not be part of the APP and the allocated budget resources.

ii. Value configuration

The GPT provides financial services to the GPG departments as captured in the department's vision.

"The products are then translated into what the department calls the service charter" (SMT1).

The GPT Strategic Plan was explained according to the 2014/15 Service Charter. SMT1 highlighted departmental commitment toward value proposition, including the functions and responsibilities to achieve and uphold the set service standards. Built into the service charter is a complaints system to ensure stakeholder feedback is provided in areas lacking service delivery.

It was found that the value proposition was understood differently by all interviewees. As a result, the value configuration was also designed differently. They had to be explained that value configuration means how value can be delivered. Once explained, the interviewees had different views on the meaning of the value configuration of the department to its clients. Most said that the department only facilitated the budget and managed the spending of the provincial departments. According to four respondents, the methodology and process could be considered value configuration.

When asked whether the creation or use of pillars was not another way or form of configuring the value, the respondents indicated that the pillars were not only about budgets and reporting, but they also covered a range of objectives, some of which were not related to budget and spending.

There was an understanding that APP is a mechanism developed to create a value configuration. SMT5 was adamant that the APP was deliberate in its application because it clearly stated how the strategy would be implemented. When prompting other interviewees, it was clear that they shared the sentiment but stated that because of the rigid way the APP was used to implement strategies, it could not be said it was a value configuration. The researcher asked whether the interviewees saw the value proposition and the value configurations as static. Most respondents opined that the value configuration should not be static. However, there was a contradiction because, in government, the strategies remain the same for five years, indicating that there can only be one way of creating value for the government, which may indicate that the value configuration is static. The current value was thus linked to the NDP, and the configuration was stipulated in the NDP.

4.4.3 Pillar 3: Customer Interfaces

Two business model building blocks were discussed: Target customers and distribution channels.

i. Target customers

The question was who the customers were and how the department reached the customers. The general understanding was that GPT provided a service to the other departments in the province. The primary recipients of the services or the value are the provincial departments, such as the Department of Health, Department of Economic Development and others. When asked how the customers were chosen, the respondents indicated that the customers were given. GPT is mandated by law to provide services to the chosen provincial departments. It is not allowed to provide services to other departments outside the province. That means the customers are fixed. Also, the provincial departments cannot request services from other departments outside the province, mainly for GPT's mandatory services. SMT4 indicated that the relationship between the department and the rest of the departments in the province was more like a forced marriage with no divorce option.

A further question was how the interviewees viewed GPT's relationship with the general public. They indicated that the public could also be perceived as customers. However, the public is an incidental customer.

"The public is a beneficiary of the work and services that the department provides to other departments in the province" (SMT3).

SMT4 stated that GPT only has contact with the provincial departments through the provision of the budget and management and reporting on the budget. GPT needs these departments to have a better relationship with the public by meeting their needs for service delivery. However, SMT5 believed there had been a change in focus, and the broader community now had direct contact with the departments for service delivery. SMT2 agreed that GPT had deliberate programmes with suppliers (the public) for supplier and enterprise development. That makes the suppliers part of the community and a pool of what could be termed customers. But there are no formalised relationships with the suppliers or other external customers. That is the missing link between management and interaction with the direct public in general.

ii. Distribution channels

The interviewee further stated that the department was reaching the customers through several forums and formalised processes developed by GPT and agreed upon by the receiving departments in the province. The processes stipulate issues such as meetings and reports that must be generated. In addition, relationships were naturally formalised by engagement methods, like reporting on financial resources.

SMT8 opined that there were also forced relationships via the instruction notes the department issued to other provincial departments forcing them to comply with specific issues. The relationship through the Instruction notes creates a parent-child relationship, but it is necessary to ensure department compliance.

"The Provincial Accounting General (PAG) issues the instruction notes that regulate the relationship in one way or another. There are, however, no rules, Instruction notes or any form of process that regulates the relationship

with the general public. Even still, to other forms of customers outside the regulated and formalised relations interdepartmental” (SMT3). Such relationships might have to be formalised to create synergy and flow of relationships in the value chain.

Another question was how they distributed the goods and services offered to their customers. They responded by saying there was no physical distribution of goods, but the allocation of funds, as a service. Therefore, the distribution here may be virtual or in any other form. The interviewees stated that the budget allocation policies distributed the money as predetermined. There are various methods of distributing funds; each method is not given but must be agreed upon. For example, there is equitable share, where the department looks at the needs and allocates money according to the needs. The department uses discretion in allocating the equitable share. There is also the regular budget where departments are given the amount of money based on their needs to perform their mandate. The channels are well defined in the government funding policies by National Treasury. How the provincial department uses the money is entirely based on what they stated they would use it for in their funding requests. The department would monitor the spending and ensure the budget was allocated correctly.

4.4.4 Pillar 4: Innovation

i. Fostering innovation

All interviewees stated that the department had no research and innovation policies. The Human Resource Development unit confirmed the nonexistence of such policies. When asked how innovation was guided in the organisation, the respondents indicated that innovation played no mandatory role and therefore has not been emphasised. Such a deficiency could go unrecognised since there was no requirement for deliberate innovation in strategy development and implementation. Although the Human Resources (HR) unit had to design such policies, there did not seem to be an appreciation of their impact on the department’s performance. Without policies, one may question whether the department researches and innovates on its service offerings. Innovation was not documented in the department but was allowed and practised.

SMT6 and SMT7 opined that each unit should create ways they innovate in their own space to improve their service delivery. They must look at what they have and how they can improve. Public service awards look at the application of innovation in the province. They are called Public Service Innovation Awards and are run by OoP. Even though the department did win a few awards in 2017, the senior managers believed that the awards were more on popularity than on actual outstanding achievement because no unit is dedicated to innovation in the department. It was expected that innovation be an integral part of each process. The actual practice, however, is that no one measures whether it does take place and, if it does, how it impacts the achievement of the set targets.

All the interviewees stated that there was no innovation policy in the department. SMT5 stated that part of the processes, especially SCM processes, was to innovate, and projects were used for innovation. An example is supplier rotation and local content determination. All of these are products of innovation and creativity. More examples are the SCM reforms from the National Treasury e-Tender system. Central Supplier Database (CSD) is also part of innovation. Innovation should not create shortfalls and handicaps.

“Innovation is part of the day-to-day performance. For example, systems are put in place to assist in the performance of departments. Built into the development of the systems is innovation, which stems from creative minds” (SMT6)

Respondents generally agreed that systems were not supporting creativity and innovation at an acceptable rate. They also indicated that the way the government was structured, the slow rate of performance and innovation were unacceptable.

4.4.5 Pillar 5: Financial Aspects

i. Allocation of budget

“The GPT allocates the budget to the provincial departments according to their plans” (SMT1).

However, a limited amount of money is allocated to the departments. SMT10 stated that the departments were expected to generate revenue in various ways. For example, the Department of Health is expected to generate money from providing services to non-resident patients. That money would go to a central fund where it could be redistributed. A general rule is that the department that generated revenue for the revenue fund will have those funds returned to that department.

ii. Revenue model

The GPT is the custodian of the entire province's revenue model and revenue fund and redistributes the funds. SMT1 stated that the non-accumulation of revenue might create a shortfall in the money available for the department to carry out its mandate. However, in this instance, the GPT recognises that the general public benefits from their services and must pay for the service to optimise revenue. Therefore, there are efforts to formalise relationships to receive revenue from the general public. However, the typical behaviour of the general public is non-payment of services rendered, which includes another set of channel partners, the debt collectors.

Revenue collection avenues combined as a revenue model include licenses, gambling fees, hospital patient fees, and other revenue. However, the general meaning was that Gauteng province was not collecting the revenue at an acceptable pace. That is evident in the province's debt book, which is too high. The model for revenue generation was not implemented, and most departments are not applying it as they should. It is also possible that the departments do not know a revenue model is available. There is also a notion that the model is not working, is not integrated with the budget model, and poses service risks to the province. As a result, the closing of the budget loop versus revenue generation has not been optimised, resulting in a budget deficit in the province.

4.4.6 Pillar 6: Knowledge Management

The question included two building blocks for knowledge management: capacity building and capability building.

A knowledge management policy to capture research and innovation outcomes was almost non-existent. Furthermore, there was no knowledge management system or documents dealing with the issue. When an employee leaves, there is no implicit or explicit knowledge to share with the new employees.

“Those who leave the organisation leave with the knowledge” (SMT8).

GPT endeavoured to update processes and capture good practices for those remaining. However, in terms of a documented process, none existed. Furthermore, the library and information centre did not play a crucial role as was required by the organisation. As a result, research on behalf of the organisation became the researcher’s intellectual property, leading to a wasteful expenditure for the department.

“When reviewing performance, we would have to know what we want to achieve and what we are not achieving, for we must put systems in place to learn” (SMT10).

SMT3 suggested the implementation of a dashboard that can show where there is an impact on delivery, and the branch can respond to the triggers. The performance compacts must reflect the achievement and impact of the strategies on the department. The impact must be shown at all levels and should trigger responses from the appropriate levels.

i. Capacity and capability building

There was strong agreement that the GPT has capability and capacity issues which must be dealt with if favourable results want to be required. SMT1 explained that units were merged from the previous Gauteng Shared Services Department (GSSD) to the current department. The merging provided excess capacity. However, the merger did not provide the capability required to perform at an exceptional level due to employees having to be absorbed into the current structure. SMT4 added that the government did not have a retrenchment policy. Therefore, excess employees cannot be released when not needed or meaningfully employed. The strategy is designed in a manner that does not consider

the capabilities. The branches have fixed units, and each unit has fixed positions. As a result, some areas do not achieve what they are contracted to do. A process of ensuring the capable branches balance out the ones that are not capable does not exist. Each branch may achieve what they are contracted to do, but the whole department may not achieve it on its APP if other branches do not.

The most significant portion of GPT's budget is spent on human resources, as indicated by SMT2. He further stated that no mechanism was used to determine the capability of each individual in the department. Instead, there is a performance contracting process, which only checks whether the contracted objectives were achieved. When targets are not met, individuals are rated as not having achieved the targets and do not qualify for incentives. Also, the job descriptions are not linked to capabilities but to activities. Therefore, service delivery is said to be impacted by officials that cannot execute the requisite tasks.

4.4.7 Pillar 7: Stakeholder Engagement

i. Partner networks

The interviewees agree that the department viewed provincial departments as its service partners in achieving its mandate. However, national departments are networks that assist the GPT in carrying out its mandate. These collaborations and networks are regulated and mandated in one way or another.

“No framework regulates how government interacts with external stakeholders, and certainly not for the department” (SMT6).

GPT has branches such as municipal governance that interact with the municipalities, but that is also regulated and is government business. The interaction with ordinary citizens is by need and is always done through the office of the MEC unless otherwise delegated. This government area has not been managed well enough. Interaction with other role players, such as youth development agencies, is also necessary. Such relationships are usually managed through memoranda of understanding, but no direct business can be

done without an adequately established contract. Where there are goods and services, SCM processes must be followed.

Similarly, where there are collaborations, proper collaboration contracts and service level agreements (SLA) must be entered into. The informal processes in use leave discretion to those interacting with the public. It might send wrong messages to other stakeholders in terms of preference in government.

4.5 SUMMARY OF SURVEY QUESTIONNAIRE

A survey questionnaire (see Appendix F) was distributed to 25 senior managers and 55 middle managers, totalling 80 questionnaires. The survey questionnaire contained a similar sequence but fewer questions than in the Phases 1 and 2 interview guidelines (see Appendices D and E). In addition, the questionnaire provided space at the end for generic comments, which were analysed through qualitative content analysis and the results included in this section. Finally, all 80 responses were combined and analysed simultaneously through content analysis, and the answers were portrayed as descriptive analysis statistics. Some of the statistics have already been combined in the previous discussions in this chapter.

4.5.1 Strategy Development and Implementation

The respondents were requested to indicate their roles because the GPT strategy was divided into development and implementation processes.

Table 4. 4 Role Analysis

| | | | | | | | |
|------------|-----|--------------|-----|------------------------------------|-----|------|---|
| Developers | 22 | Implementers | 43 | Both the developer and implementer | 15 | None | 0 |
| | 28% | | 54% | | 18% | | 0 |

Source: Own compilation

Table 4.4 shows the large percentage of respondents who perceived themselves as implementers according to GPT methodology statements. Consequently, 54% of the

respondents indicated their role as strategy implementers, 28% considered themselves developers only, and 18% viewed themselves as playing a dual role in strategy development and implementation. The inference was that senior managers perceived themselves mainly as strategy implementers more than developers, middle managers also alleged themselves as implementers and only 15 of the 80 senior and middle managers viewed themselves as fulfilling both roles.

4.5.2 Strategy Effectiveness

It seemed important to know whether the 80 respondents perceived strategy development and implementation as effective. Table 4.5 provides a descriptive analysis of how many senior and middle managers viewed the strategy as effective.

Table 4.5 Strategy Effectiveness

| Statement | Effective | Not effective | Not certain |
|---------------------------------------|------------------|----------------------|--------------------|
| Strategy development (numbers) | 55 | 23 | 2 |
| Strategy development (percentages) | 67% | 30% | 3% |
| Strategy implementation (numbers) | 47 | 26 | 7 |
| Strategy implementation (percentages) | 59% | 33% | 8% |

Source: Own compilation

Regarding strategy development, 67% of the respondents believed that strategy development was effective, and 59% viewed strategy implementation as effective in GPT, as shown in Table 4.5. On the other hand, a high percentage (30%) of respondents denoted strategy development as ineffective and strategy implementation as ineffective (33%). In comparison, 3% were uncertain about the effectiveness of strategy development and 8% about the strategy implementation effectiveness.

The inference was that employees were uncertain about the role of strategy developers and implementers and, therefore, could not be conclusive whether the strategy development and implementation were effective. The challenge expanded when 68% of

respondents agreed that the strategy and implementation document format was thick and large, consisting of many confusing words and not reduced to meaningful information only (37%). A staggering 43% of the respondents were neutral about the meaningfulness, which could be translated as not knowing.

4.5.3 Strategy Development and Implementation Format

Regarding whether business models and frameworks were implemented with clear guidelines, 45% agreed, and 43% disagreed. However, it was earlier stated that business models and frameworks were never mentioned in the NDP framework. Forty-two percent of respondents agreed that there was no clear format for the implementation strategy, while 42% believed there was and again, an incredible 15% of respondents stayed neutral. The results are tabulated in Table 4.6.

Table 4.6 Strategy Development and Implementation Format

| Statement | Agree | Neutral | Do not agree |
|--|--------------|----------------|---------------------|
| Thick and large document with many confusing words | 54 | 4 | 22 |
| | 68% | 5% | 27% |
| Reduced to meaningful information only | 15 | 35 | 30 |
| | 20% | 43% | 37% |
| Use of business models and frameworks with clear guidelines | 36 | 10 | 34 |
| | 45% | 13% | 42% |
| There is a clear format for the implementation of the strategy | 34 | 5 | 41 |
| | 42% | 15% | 43% |

Source: Own compilation

Question 5 stated that using pillars as a strategy implementation had assisted in achieving expected outcomes. Responses are displayed in Table 4.7.

Table 4.7 Use of Pillars as a Strategy Implementation Tool

| | | | | | |
|-------|-----|------------------|-----|--------------|-----|
| Agree | 60 | Moderately Agree | 10 | Do not Agree | 10 |
| | 74% | | 13% | | 13% |

Source: Own compilation

Table 4.7 above shows a 74% agreement in using pillars as a strategy implementation tool to achieve expected outcomes. In comparison, an equal number (13% each) of respondents only moderately agreed or disagreed. It was noted that the majority of respondents who agreed were senior managers.

When asked in question 6 whether implementing business models and frameworks would cause results to be more meaningful than what they currently were, the following responses were given in Table 4.7.

Table 4.7 Agreement on the Use of Business Models

| | | | | | |
|-------|-----|------------------|----|--------------|-----|
| Agree | 56 | Moderately Agree | 6 | Do not agree | 18 |
| | 70% | | 8% | | 22% |

Source: Own compilation

Table 4.7 indicates that 70% of respondents agreed that implementing business models and frameworks would cause results to be more meaningful. However, 22% of respondents did not agree. The inference was that most respondents were not informed about business models and frameworks and their use in strategy implementation. In the previous question, 74% agreed, and 13% moderately agreed that using pillars was successful in strategy implementation. The NDP and GPT strategy and implementation plan, did not mention business models or frameworks in their documents.

4.5.4 Performance

Question 8 required the respondents to rate their satisfaction with target setting, measuring the correct outputs and yielding results, integration of branch strategies to ensure the achievement of department strategy, action plans achieving the set targets, uniformity of strategy appraisal and reports, and the sustainability of strategies and results.

Table 4. 8 Performance Measurement

| Statement | Absolutely inappropriate | | Neither/nor | Absolutely appropriate | |
|--|--------------------------|------------|-------------|------------------------|-----------|
| | 1 | 2 | 3 | 4 | 5 |
| Target setting is accurate, and the targets measure the correct outputs | 22(27%) | 22(27%) | 26(32%) | 10(12%) | 0 |
| The set targets yield the required results | 8(10%) | 12(16%) | 25(32%) | 25(32%) | 0 |
| The strategies in all branches are integrated to ensure that the departmental strategy is achieved | 5(6%) | 35(44%) | 31(39%) | 9(11%) | 0 |
| Action plans formulated to achieve the set targets | 10(12%) | 7(9%) | 10(12%) | 53(67%) | 0 |
| Strategy appraisal is uniform and has a specific structure to report on | 6(8%) | 8(10%) | 14(18%) | 47(58%) | 5(6%) |
| The implemented strategies are sustainable or ensure that sustainable results are achieved | 62(78%) | 5(6%) | 5(6%) | 8(10%) | 0 |
| Average percentage | 22% | 20% | 24% | 33% | 1% |

Source: Own compilation

The descriptive analysis in Table 4.8 above shows that an average of 42% of respondents were dissatisfied with the strategy implementation performance and measurement, while

34% were satisfied. Again, a significant 24% of respondents were indecisive about the performance and measurement of strategy implementation. However, a large number of respondents (78%) did not agree that the strategies were sustainable or that sustainable results could be achieved, which skewed the satisfaction statistics in Tables 6.10 and 6.11 and the trustworthiness of the respondent’s knowledge and skills

4.5.5 Business models

Question 10 verified the respondents’ knowledge about business models and utilisation of business models in GPT. Eight questions were posed; the results are listed in Table 4.9 below.

Table 4.9 Business Model Knowledge and Utilisation

| Statement | Less Knowledgeable | | Not Sure | Knowledgeable | |
|--|--------------------|---------|----------|---------------|---------|
| | 1 | 2 | 3 | 4 | 5 |
| I clearly understand what business model means | 10(13%) | 10(13%) | 15(19%) | 35(42%) | 10(13%) |
| I understand the characteristics of a business model | 8(10%) | 15(19%) | 10(13%) | 35(42%) | 12(15%) |
| I know the difference between a diagrammatic representation and a business model | 8(10%) | 16(16%) | 14(13%) | 25(37%) | 13(19%) |
| I know how to put a business model together | 15(19%) | 12(15%) | 9(12%) | 34(44%) | 10(13%) |
| A pillar is a business model | 11(14%) | 18(23%) | 28(34%) | 13(16%) | 10(13%) |
| I know that GPT uses business models to implement business strategies | 10(13%) | 14(18%) | 27(33%) | 19(23%) | 10(13%) |
| I understand the benefits of utilising business models | 10(13%) | 15(19%) | 16(20%) | 29(35%) | 10(13%) |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| The activities of the organisation are depicted in its business model | 12(15%) | 10(13%) | 15(19%) | 28(34%) | 15(19%) |
| Average percentages | 13% | 17% | 20% | 35% | 15% |

Source: Own compilation

The descriptive analysis in Table 4.9 depicted that 50% of the respondents perceived that they knew the characteristics and benefits of a business model, how business models work, how to create a business model and that the GPT used business models in the implementation of its strategies and activities. However, as previously indicated, business models are not mentioned and applied in the NDP and GPT strategy implementation.

4.5.6 Miscellaneous responses

Question 11 contained several specific or additional business model characteristics where the respondents had to indicate whether they knew or did not know that the aspects existed in the organisation. The summary of the responses is depicted in Table 4.10.

Table 4. 10 Miscellaneous responses

| | I Know | I Don't Know |
|---|---------------|---------------------|
| The value proposition of GPT (what it offers) | 46(58%) | 34(42%) |
| Who and what are the needs of GPT customers | 46(58%) | 34(42%) |
| Processes used to reach the customers | 50 (63%) | 30(37%) |
| How the processes in the organisation are linked to achieving set targets | 47(59%) | 35(41%) |
| How to apply innovation and creativity in strategy development and implementation | 44(55%) | 26(45%) |
| How budgets are allocated to implement strategies | 46(58%) | 34(42%) |
| How GPT generates revenue | 40(50%) | 40(50%) |
| The policy or process of managing knowledge in the organisation | 44(55%) | 26(45%) |
| The organisation offers training and development in strategy management | 51(64%) | 29(36%) |
| There are leadership development programmes in the organisation | 50(63%) | 30(37%) |
| Who are the GPT internal and external stakeholders are | 47(59%) | 35(41%) |
| The processes to manage stakeholder engagements | 37(46%) | 43(54%) |
| Averages percentages | 57% | 43% |

Source: Own compilation

Table 4.10 showed a 14% difference between the respondents who indicated that they knew (57%) these aspects existed in the organisation and those who indicated that they did not know (43%). Even though it was noted that 59% of the respondents knew who the GPT's internal and external stakeholders were, only 46% knew how to manage stakeholder engagements.

4.5.7 Generic Comments

The survey questionnaire had a section at the end that requested additional information. The comments were summarised as follows:

1. A business model is a valuable tool not fully utilised in the organisation.
2. The government sector is highly regulated and utilises predetermined frameworks for developing and implementing business strategies.
3. The NDP strategy is descriptive and allows no room for a creative approach.
4. A business model is a luxury that the organisation cannot afford.
5. The department uses business pillars, even though the theory behind the pillars has not been explained; the guidelines have not been explained.
6. No change management is implemented during strategy development and implementation when politicians change offices.
7. The APP and OPS plans do not always measure the pre-agreed targets since the political office can amend on an *ad hoc* basis the activities that must be carried out.
8. The APP documents are not formulated correctly.
9. The department procures the services of consultants to develop business models, thus denying the staff the opportunity to learn and own the process.
10. The organisation should adopt the SMART process when developing the strategy. (SMART is a best practice framework for setting business goals with a meaningful effect on the organisation by being measurable and achievable. A SMART goal is specific, measurable, achievable, realistic and time-bound (Doran, 1981:35-36)).
11. The whole process of strategy development and implementation lacks creativity.
12. The department has a clear mandate and cannot deviate by proposing creative ways other than prescribed.

4.6 CONCLUSION

This chapter provided the analysis of the interviews and the questionnaires. First, the interview questions were discussed in two sections: Section 1, Strategy development and

implementation and Section 2, Business model development, according to the interview guides in Appendices D and E, to devise a business model framework for agile strategy implementation in the Gauteng Provincial Treasury. Afterwards, the survey questions were discussed in tabular format with explanations on each question as stated in Appendix F. The responses verified the discussions of the personal in-depth interviews. Chapter 5 will combine the results to discuss and summarise the findings.

CHAPTER 5: DISCUSSION OF FINDINGS

5.1 INTRODUCTION

This chapter discusses the research findings presented in Chapter 4. The research methodology and design were depicted in Chapter 3 as a sequential mixed-method research with abductive reasoning applied to solve the workplace problem. The research problem stated that despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework. The research aimed to derive a business model framework for implementing agile strategy in public sector organisations. The strategy of this chapter is to discuss the research findings with the final research objective in mind:

To derive a business model framework from the research findings as a proposal for agile strategy implementation in public sector organisations.

In the event, findings from the literature review in Chapter 2 will be combined and theorised with the empirical findings to develop a new theory as an analytical narrative. Where necessary, the research will refer to government documents to provide a better understanding of the research findings.

A similar structure will be followed as in Chapter 4. Still, this chapter will focus on specific questions posed in the personal in-depth interviews to create new insights toward developing a business model framework for application in public sector organisations. At this stage, no business model was used for business strategy implementation, but Pillars were allocated to implement strategy within the different government structures. The discussion of Chapter 4 followed a structured way of discussing the Pillars with their Building blocks. The narrative in this chapter focuses on the questions posed during the conceptual stage of the research.

5.2 STRATEGIC DIRECTION

A discussion of strategic direction focuses on the national, provincial and Gauteng Provincial Treasury (GPT) framework findings from the secondary and primary research.

It has been clearly articulated that the starting point for strategy development was at the national level, where the National Development Plan (NDP) is developed. What has also become clear is that the NDP is developed by the ruling political party, which then adopts the NDP as a government strategy through the Parliament of the Republic of South Africa. All state organs are mandated through law to adopt the NDP as the foundation for their strategy development. There would never be a situation where any state organ would develop plans contrary to the NDP. The NDP is the first layer of strategy development governed by the regulatory framework.

The National Treasury provides regulations regarding the PFMA, the legal basis for implementing the strategic framework and supporting the implementation of the Framework for Managing Programme Performance Information. The regulations require institutions to a) produce and Table a Strategic Plan with a five-year planning horizon, outlining the planned sequencing of projects and programme implementation and associated resource implications and other prescribed information, b) produce and Table an APP including forward projections for a further two years, consistent with the MTEF period, with annual and quarterly performance targets, where appropriate, for the current financial year and the MTEF, c) identify a core set of indicators needed to monitor institutional performance, (d) adopt a quarterly reporting system, including submission of agreed information to Executive Authorities, the Presidency or Premier's Offices, the relevant Treasury and DME and DPSA. Public Entities are encouraged to submit their reports to the Executive Authorities and Responsible Departments. Lastly, e) ensure that reporting is aligned between the Strategic Plans, APPs, budget documents and annual and quarterly reports. Figure 5.1 depicts the regulatory and reporting framework as currently practised.

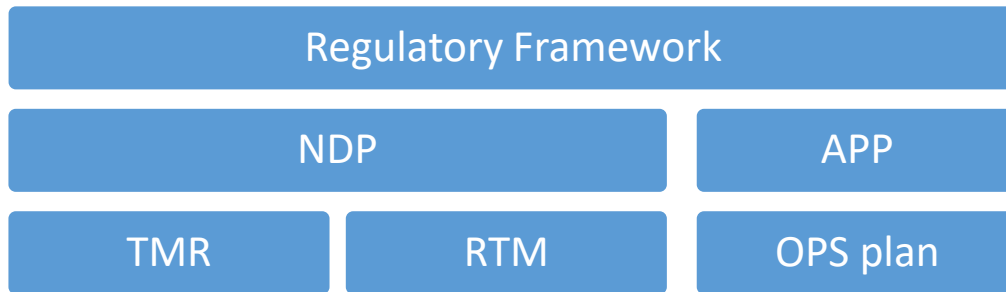


Figure 5. 1 Regulatory and reporting framework as currently practised

Source: Own compilation

Figure 5.1 depicts the regulatory framework under which the department develops the strategies but does not reflect the implementation framework. It also indicates the need to report in the manner that the government prescribes for all organs of state. The framework provided is only geared towards reporting the outputs of the actions of the developed strategies. There is still a gap in implementing the strategies in the framework provided.

The strategy development framework is long and activity based. It is rigid and allows no flexibility. Chapter 2 discussed the construction of the strategy framework, a structure used to develop an overall strategy in the department and associated APP and OPS plans. Figure 5.1 below summarises the data, which indicates the formulation of the strategy, the APP process, and the links to other plans, such as OPS plans and programmes in the branches. The tabulated information provides the framework for each identified strategy development and reporting phase, as discussed in the findings in Chapter 4. It shows a clear distinction between the strategy development and implementation of the developed strategy, depicted in the current framework. As noted, this is activity-based, and no clear implementation framework is provided. Instead, the structure indicates what must be done and a box is ticked to ensure the completion of activities.

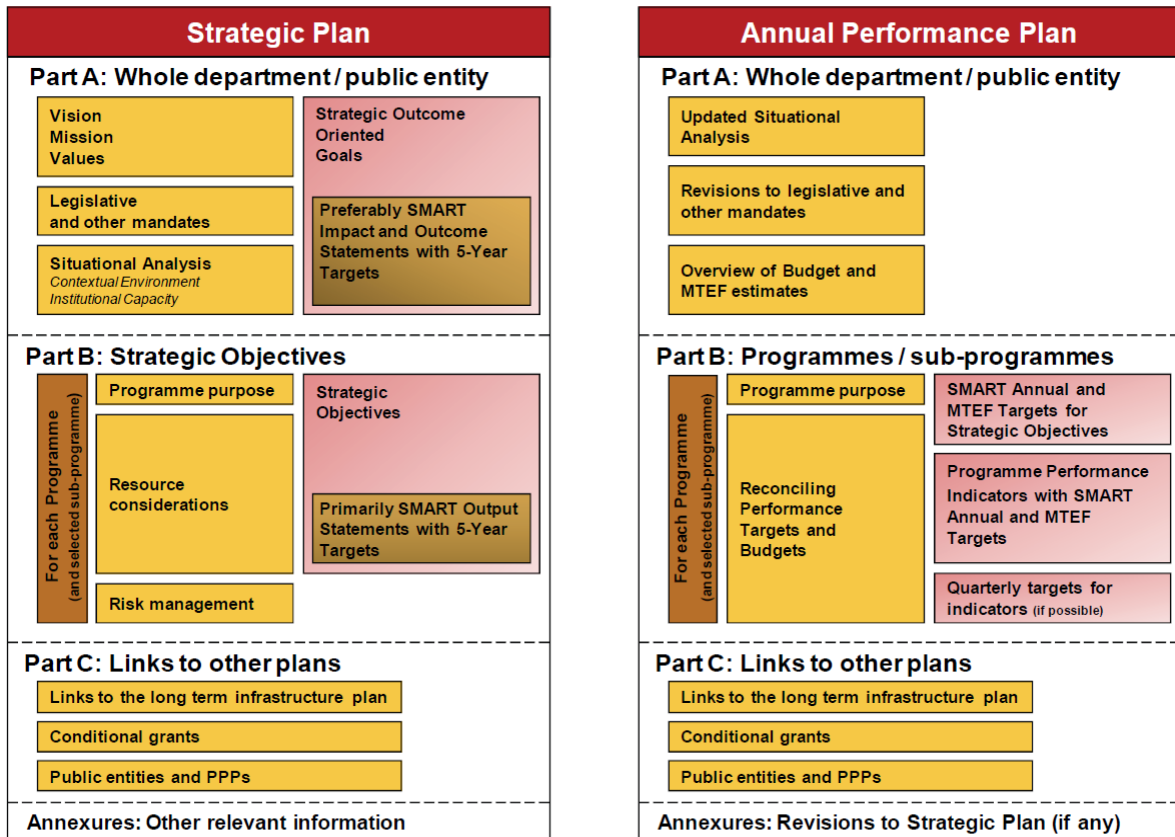


Figure 5.2 Structure and content of Strategic and Annual Performance Plans

Source: GPT Strategy for 2019-2023

Different parts of strategy development and implementation structure are shown with an emphasis on setting and reporting on those set targets. MTEF is the basis for verifying the results of the implemented strategies. The analysis and reporting are done half-yearly, and compliance is the driving force for achieving the activities.

The findings have clarified that the national department sets the scene for applying the NDP strategy, with the provinces adopting what is contained in the national department strategies. The provinces only adopt what they are mandated to do by the national office, and they put a structure in place that will facilitate the application of the strategy as adopted. The departments in the provinces will be delegated certain sections of the strategy structured around the strategy to ensure that the province achieves its objectives through the provincial TMR programme works.

The process has been described as being static for years because the MEC sets the scene. Various committees, as well as organised labour, become involved in the process. The development of the action plans and their inclusion in the APP and the OPS plans were indicated as the department's strategy development process. It was further stated that APP and OPS plans are the tools used to track the strategy's progress in the department and branches. The GPT collaborates with other departments to respond to specific NDP or provincial strategy aspects in their strategy documents.

The conclusion is that GPT has a clear mandate on the national departments' strategy; in this case, the National Treasury Department is aligned with the provincial strategy document. Methods of implementation and reporting are prescribed. Therefore, the APP and the OPS plan are the only reporting tools, and the reporting frequency is described in the MTEF document with clearly stated timelines. What has not been prescribed is the process to follow when incidental results are achieved instead of the expected results based on the prescribed and measured action plans.

Furthermore, findings indicated that branches also develop sub-strategies that must follow the same objective to ensure the NDP is realised. TMR is then provided to the departments according to the mandate.

Pillars are used for strategy development and are considered guiding tools for implementation, which must reflect in every strategy to be presented to MEC for approval. Implementation is not dictated but seemed to follow the APP and OPS plan route, not adequate as an implementation tool but as a reporting tool. However, it was stressed that reporting of strategies must be in line with the set APP and OPS plans and that no deviations were allowed.

The study focused on strategy implementation in the GPT, of which the strategy is called RTM and received from the overall strategy of the province. Figure 5.3 illustrates the construction of layers provided by the current strategy from the province to the GPT. The layers are depicted in the form of pillars used in the strategy development in the department. The TMR is the top structure followed by the departmental strategy supported by the pillars used by the branches and in the sub-programmes within the

branches. Figure 5.3 illustrates the reporting layers, the APP, and the OPS plan performed at the branch and unit levels, respectively.

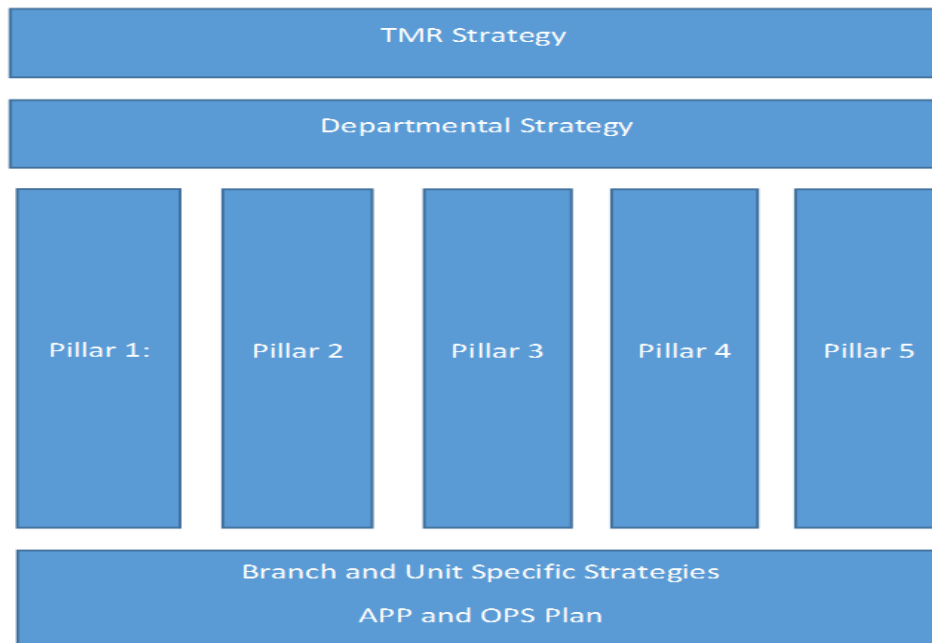


Figure 5.3 GPT Strategic Framework

Source: Own compilation

Strategy development and implementation elements are repeated in the branches. Therefore, there is a link between national, provincial, departmental, and intra- and inter-departmental efforts. However, the rigidity of the structure is understood by all in the different spheres of government. Mixed responses were received on the question of whether strategy development and implementation were effective in the government. However, there was a resounding agreement that a framework was needed to implement strategies in the organisation consistently. Even though the political landscape provided the direction in terms of what has to be done when developing the strategy, it has failed to provide an implementation guide and rendered the TMR framework for reporting the outputs of strategies.

Berenznoi (2014) stressed that leadership's first and most important responsibility is to paint a picture of where the organisation is going. When everyone does not understand

the strategy and what must be done, implementation will yield wrong results. The buy-in of everyone is essential in the organisation. Business models are derived from the mission and strategy of the organisation. When there is a concurrence of everyone in the organisation, it becomes easy to sell the idea to the market (external stakeholders), knowing that the internal staff will support implementing the envisaged strategy. Therefore, setting the starting point before a business model is defined by realising the business vision and mission is critical. The mission and vision of GPT are illustrated as an example in Table 5.1:

Table 5. 1 Vision and mission of GPT

| Vision | Mission |
|---|---|
| <p>To provide strategic leadership in financial and fiscal matters to ensure sustainable and inclusive social and economic development of the people of Gauteng so that all may enjoy value-for-money services of the highest quality</p> | <p>We are an activist Treasury that enables and promotes quality service delivery for citizens of Gauteng through:</p> <ul style="list-style-type: none"> • sustainable funding that ensures developmentally focused allocation of resources and innovative revenue generation • efficient cash management that ensures sustainable liquidity levels in the province • effective financial management and reporting that ensures responsible stewardship and transparent resource utilisation and expenditure • a well-structured governance framework that ensures accountability, transparency and fiscal discipline in line with statutory obligations |

Source: Adapted from GPT Strategy for 2019-2023

As illustrated in Table 5.1, the vision aims to provide leadership in financial and fiscal matters for the GPT. That could be done by ensuring sustainable and inclusive social and economic development for the people of Gauteng. When successful, the people of Gauteng will enjoy valued services of the highest quality. The vision is analysed for better understanding in Table 5.2.

Table 5.2 Vision Analysis

| No. | Aspect | What it means |
|-----|-------------------|---|
| 1 | Value proposition | Provision of leadership in financial and fiscal matters |
| 2 | Value delivery | By ensuring sustainable and inclusive social and economic development of the people of Gauteng |
| 3 | Value capture | When this is successfully done, the people of Gauteng will enjoy value-for-money services of the highest quality. |

Source: Compiled from GPT vision document (internal)

In Table 5.2, the stakeholders of the value proposition are listed as people of Gauteng. It is accepted that the people of Gauteng are the receivers of GPT service offerings. The other departments are the beneficiaries of the services offered by GPT. Furthermore, the vision is evident in the value proposition, delivery, and capture.

Stemming from the vision is developing a mission: value creation. It indicates how the value will be with outcomes in mind. The outcomes are the products and services to the departments and citizens of Gauteng based on the set vision. Therefore, the mission supports the implementation of the vision. Table 5.3 states the mission of the GPT as an example.

Table 5.3 Mission Analysis

| No. | Aspect | What it addresses |
|-----|---|--|
| 1 | sustainable funding that ensures developmentally focused allocation of resources and innovative revenue generation | Revenue generation |
| 2 | efficient cash management that ensures sustainable liquidity levels in the province | Cash management (budget) |
| 3 | effective financial management and reporting that ensures responsible stewardship and transparent resource utilisation and expenditure | Resource usage Cost management |
| 4 | a well-structured governance framework that ensures accountability, transparency and fiscal discipline in line with statutory obligations | Organisational framework – encompassing governance and legal matters |

Source: Compile from GPT document (internal)

Table 5.3 provides the aspects of what is addressed. These aspects will be tested against the development of a business model later in the discussion. Having analysed the vision and mission, it became clear that GPT created a clear picture of what it is to achieve and how it should achieve the goals. The vision states the recipients of the GPT strategic outcomes as the people of Gauteng. However, the GPT only services the departments in Gauteng, which in turn service the needs of the Gauteng people. Measuring the department's success should be in establishing how it could support the departments to achieve their imperatives. The mission is clear on how financial and fiscal support will be provided.

Figure 5.4 below summarises the strategy development and implementation articulated within the Medium Term Strategic Framework derived from the NDP. The diagram indicates the national, provincial and departmental links in the strategy development and implementation framework. It also includes stakeholders, such as the municipalities.

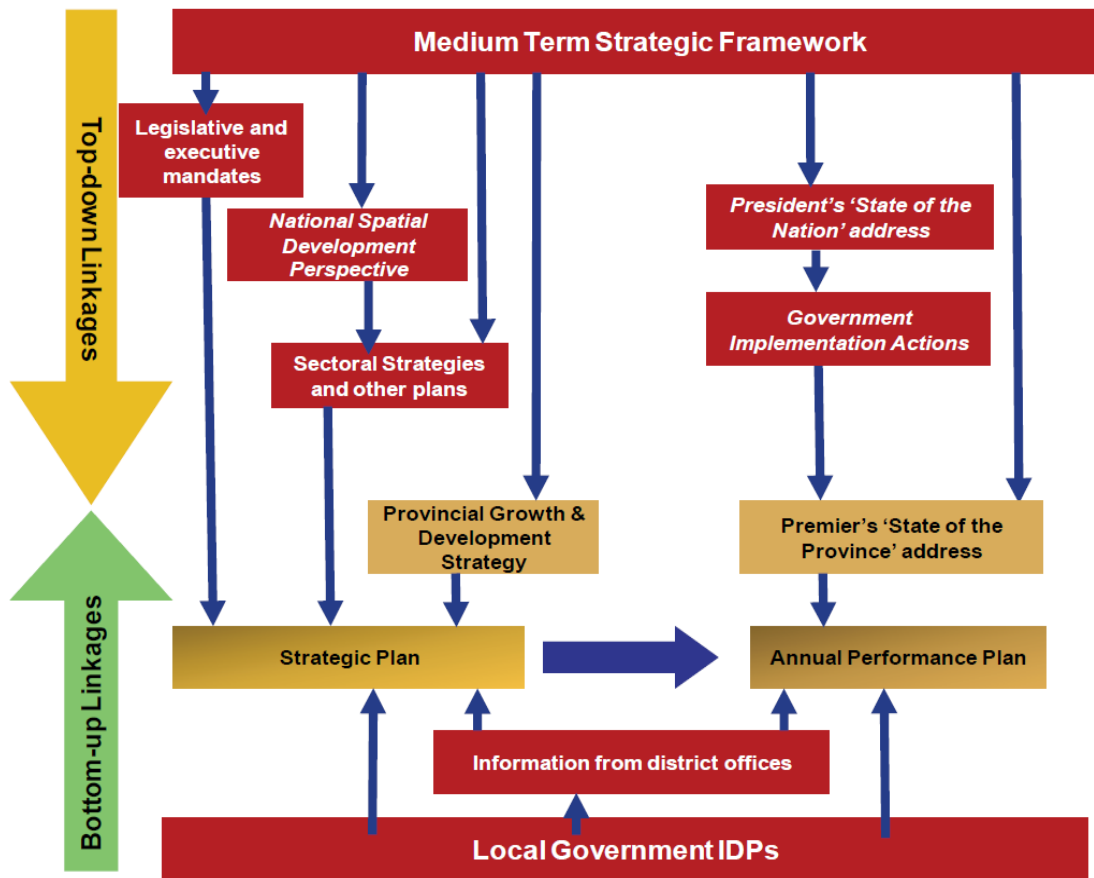


Figure 5. 4 Strategy Development and Implementation Framework

Source: Adapted from the GPT Strategy for 2019 – 2013

Figure 5.4 shows the links between the national and lower governments, such as the local governments. There is a clear direction on strategy development from the MTSF provided at the beginning of an administrative year and runs for five years. The link shows how the President's State of the Nation address flows to the point of implementing the NDP as a government implementation action. A clear link is also provided where a strategic plan is drafted and how implementation should be performed. Confusion exists in the department that the APP and OPS plans are the implementation models while they are the reporting tools.

The legislative framework has been stated as an area that requires reform in the strategy management process. There was a specific mention of how provinces and departments

were expected to deliver public service with municipalities that questioned their authority. It indicates a framework for such reporting arrangement was clearly defined and legislated. A legislation review was required to formalise the relationships within the government. It is interesting to note that the officials want to formalise relationships but are against the rigid nature of strategy development and implementation (reporting).

5.3 LEADERSHIP

It became clear that the mandate of GPT was derived from the legislation that brought it to being. The challenge is that a structure is put into place to respond to the legislative requirements, and strategy does not impact the structure. An organisation should not be pressured to follow an ancient structure in implementing its strategy as structure follows strategy.

Furthermore, there was a need to identify the core skills required to capacitate the department fully. Critical and scarce skills were not identified, and action plans were initiated. Moreover, the skills plan did not provide for such needs. There should be continuous training and skills development and not only an inventory of possible interventions, while impact assessment was not done.

Core competencies required for implementing the structure were not stipulated in the current organisational arrangement, and no evidence was found of the level of creativity and innovation required in the organisation. In addition, the strategy was not visible to everyone in the organisation and could, therefore, not be translated into knowledge creation.

Knowledge management has to be relooked as no policies were available to manage creativity and innovation. Staff resignations resulted in a skills drain and derailed the effective strategy implementation process. The implementation model must reflect how creativity, innovation and knowledge management could be included in the loop. Furthermore, knowledge management should be part of the feedback loop when reporting strategy progress.

The study has found that staff capability was an issue which must be looked into and corrected. With knowledge management being an issue, the capability will remain an issue. In addition, job descriptions are limiting the application of available capabilities.

What was critically observed from the review of the secondary data is a number of challenges which pertain to leadership and the rigidity of the legislative environment. The PFMA is very prescriptive and provides almost a method on what must be done, and the deviations are regarded as non-compliance to the Act. That stifles the ability of the organisation to innovate and renew in order to position itself for better service delivery. What is also observed is that the turn-over of the leadership as well as the unwillingness of the leadership to try and test new things is indicative of the inflexibility of the Act and its associated regulations. The leaders do not always finish the term of office, which is five years, resulting in the new leaders starting the strategy development from start with the benefits of the already implemented strategy not fully enjoyed (if any at all). That in its shape derails the progress and the constitutional rights of the citizens of the country.

5.4 PERFORMANCE MANAGEMENT

Although there was a transparent process for target setting and reporting performance using the APP and OPS plan, no tools existed for measuring the relevance of the identified actions. The inference was that once all the APP and OPS plan targets were met, the strategy would be fully implemented and results achieved. However, the reporting loops do not cater for all outcomes. Thus, a framework must indicate the reporting cycles and what must be reported.

The department has no deliberate change management system due to regularly implementing new strategies or action plans. Although an office within Human Resources was mandated to deal with change, it was ineffective. Therefore, each unit embarks on change and implements change as they deem fit. The change is not documented, and deviations from the expected strategy implementation effort can only be established when performance is done on a half-yearly basis. Furthermore, because there is no change plan, there is also no communication plan. The strategy implementation is managed through the APP and OPS plan. Each team member is expected to perform the actions

assigned to them in consultation with others, though it happens in isolation. Communication or feedback on action plans is done infrequently but consistently quarterly and yearly. Moreover, officials need to know how their actions impact the achievement of the provincial results.

5.5 A BUSINESS MODEL FRAMEWORK FOR STRATEGY IMPLEMENTATION

5.5.1 Meta-insights on strategy development and implementation

After studying the current strategy development and implementation framework in the South African public sector it became clear that the strategy needs to be confirmed against the Da Vinci Institute leadership framework discussed in 2.2.4.

5.5.1.1 Strategy development and implementation

Strategy development and implementation must be based on a transparent systems thinking foundation embracing agility, alignment, the engagement of leaders and employees, innovation, and technology. The measurement of activities and performance output excellence and workplace integration balance a clear organisational vision and mission (Cabral *et al.*, 2019). Furthermore, the logical and applicable strategy must be understandable to the entire workforce and all stakeholders inside and outside the business

Good strategy management depends on the agility and alignment of the strategic framework and its components. The management of such a system depends on sustainable business performance and good communication.

The management of people must be grounded in the investment in intellectual capital, people and communities, contractors and suppliers. Therefore, people must be skilled and need competency building and training, be aware of their roles in support of the organisation and learn to cope with perpetual change to develop organisational and personal culture (Bryson, 2018). In addition, innovative leadership is needed to plan and implement an inclusive framework.

The strategic plan should support ideas and concepts to create innovative people, technology, culture and organisational design. A combination of good management engages the public and private sectors to collaborate interactively for the betterment of all (Torfling, 2019). An end-to-end value stream of work processes is needed to support strategic management. These processes must be measured for adoption by all stakeholders, and standardised methods and tools are essential.

Technology is an enabling tool to support organisational work processes and strategic management for substantial, sustainable organisational achievement (Bryson, 2018) and knowledge production.

5.5.2 A Business Model for Agile Strategy Implementation

The business model development is informed by a specific structure divided into parts, each with specific steps to follow. First, a parent-child relationship exists between the organisation and the departments it services. The parent is the provider of services, and the child is the recipient of the services.

- i. The process starts with having a well-crafted vision, mission and values system for the organisation. The value proposition of the department must be known and reduced into writing. Furthermore, it must be communicated to the organisation and all other internal and external stakeholders.
- ii. The strategy implementation process is divided into stages, each containing various steps. These steps explain the different stages embedded in the implementation process. Table 5.4 explains the formation of a business model framework. The insights for creating the business model were extracted from the research findings and provided the opportunity for proposing a theory for developing a business model framework.

Table 5. 4 Creating a Business Model Framework for Strategy Implementation

| | | | | | |
|----------------|---|---|---|--|------------------------|
| Stage 1 | Internal and External environment analysis | | Change Management Processes and Feedback Loops | Measurement of the outcomes – Quality Assurance | Impact Analysis |
| | Step 1 | Prepare business strategy | | | |
| Step 2 | Build a market-orientated plan (the client) | | | | |
| Stage 2 | The organisation’s responsibility to the client (the parent) | | | | |
| | Step 3 | Create a value proposition. | | | |
| | Step 4 | Create alignment of resources to the proposition. | | | |
| | Step 5 | Developing a distribution strategy | | | |
| | Step 6 | Develop a service excellence agreement. | | | |
| Stage 3 | The client’s responsibility to the organisation (the child) | | | | |
| | Step 8 | Budget allocation and collection of revenue | | | |
| Stage 4 | The measure of sustainability and performance | | | | |
| | Step 9 | Sustainability | | | |
| | Step 10 | Performance enhancement | | | |
| Stage 5 | Measurement of business continuity and risk management | | | | |
| | Step 11 | Innovation | | | |
| | Step 12 | Risk assurance and management | | | |
| Stage 6 | measuring successes | | | | |
| | Step 13 | Feedback to the stakeholders | | | |

Source: Own compilation

The building blocks in Table 5.4 are categorised, each adding to an entire structure, proposed as a strategy implementation tool. Each of the building blocks will be discussed in the following sections.

Stage 1: Internal and External environment analysis

Stage 1 of the business model introduces GPT. The environment scan is done continuously, even during strategy implementation. Therefore, it is not just a process to be followed when developing a strategy, but it happens throughout. It highlights who the organisation is and what products they offer. The part also introduces the recipients of the services that GPT offers. The vision and mission analysis provides an understanding of the stakeholders and the value proposition that must be offered to stakeholders.

Step 1: Preparing a business strategy

Preparing a business strategy involves stating the vision and mission of the organisation. It also involves stating how the organisation will ensure the vision is realised. The plan is all about the customer and must focus on providing the best value for the customer. Therefore, the value proposition and the vision must be closely linked for the best value proposition. The vision is developed first, and then the value proposition follows.

Step 2: Building a market-orientated plan (the client)

A well-articulated vision requires that a plan be formulated to define the market. All service offerings must be listed with a plan to deliver those offerings to the intended recipients. Consequently, the organisation should not only put a service together but ensure it is the best it can offer for customer excellence. After-service support must be offered to ensure the sustainability of the services. During service delivery, a product can be improved to build a better product for the client.

Stage 2: The organisation's responsibility to the client (the parent)

The organisation has a responsibility to the departments in GPG as their clients. It is also responsible for the people of Gauteng serviced by the departments. This responsibility must be clearly defined in the strategy implementation document so that it can be measured. There are also incidental recipients of services which are not measured and will be regarded as the residents of Gauteng Province. The organisation is responsible for providing a service to the clients for a lasting experience. Clients receive a service from the departments and give feedback to the organisation. The level of satisfaction will

be included in a service-level contract. Reputation damage is challenging to manage; hence, a favourable customer experience must always be kept intact.

Step 3: Create a value proposition

Each organisation provides services or goods to its clients. The definition of a product or service is not good enough if it does not create value for the service recipient. All the recipients of the value proposition must be listed so that specific products and services are directed at meeting their needs. The requirement is for the organisation to create a simple and direct statement to describe what the organisation offers to the market. The statement or value proposition must be straightforward and understood by both employees and recipients of the service. Therefore, the department must be able to articulate what the value proposition is in the vision. However, the value proposition is directed at the public only and not the internal customers.

Step 4: Create alignment of resources to the proposition

Human resources enablement

For a strategy to be successful, the employee and the whole team should deliver their best. Consequently, the organisation must provide human resources to deliver its value proposition. Organisational effectiveness and performance rely on team effectiveness, which involves its capacity to perform the functions as envisaged, using the available capabilities. Teams must be aligned with the vision and the value proposition, and every effort must be made to meet the recipients' needs. Team buy-in is essential, just as much as leadership providing team feedback. The goals are defined, and action plans are formulated for teams to implement and increase the chances of the business plan realising the envisaged results.

1. The capacity of the branches and the units

The correct number of employees is required in the organisation. The sizes of the teams from the branch side, the unit side, and right-up to the sections must have the correct proportions. Structures are adjusted to match the requirements of the organisation's

ability to meet the demands of its value proposition. The key is to have the right size of workforce for the task at hand.

2. The capability of internal resources (intellectual resources)

Capability refers to all the organisation's employees being able to provide or perform the tasks they are employed to do. There may be enough personnel to carry out the tasks, as has been the case in the department, but the personnel perform all tasks correctly and competently. The business model must address the challenges of a lack of team incapability.

Financial resources

Every organisation requires funding to perform its functions or to deliver on its value proposition. In its implementation plan, the department must indicate how and where it will receive funding and the size of its allocated budget. The activities in the strategy implementation must then ensure that the control of the allocated funds can be matched with the results of the implemented strategy. Cash flow management is critical for tracking funds flow and pacing the activities in line with the allocated funds, and at times the funds are forecasted to be expensed. The fast depletion of costs can indicate to leadership which activities need to be pursued and which to abandon and what the impact would be on the organisation's endeavour to deliver on its mandate. Funds are managed in a project format.

Infrastructure resources

The technology is an enabler of the organisation in planning and tracking the strategy activities, including the compilation of the reports that enable the leadership and the organisation to report accurately on the progress of the strategy implementation. Therefore, the choice of technology is critical, and the Information Technology teams must be able to choose and implement the correct technology.

Step 5: Develop a distribution strategy

A good value proposition on paper will not derive any value for the organisation unless accurate plans have been developed to operationalise the strategy. Service must be

delivered in a way that will ensure that both the organisation and the recipients derive value. The information must include a) where the customers will receive the service, b) how the customers will receive the service, c) under what conditions they will receive the service, d) who will assist in service delivery, and e) how will I know that they are happy with the service that they received? A plan must be transparent regarding how the recipients will receive the proposed value. A team is put in place to educate the recipients about the value proposed for a shared understanding of what is to be delivered and what is to be expected.

Step 6: Develop a service excellence agreement

Offering a value proposition is different from delivering on the promise. It is also vital to ensure that the value delivered is sustainable. Therefore, the quality of service will ensure its sustainability. It is imperative to stipulate how a service will be maintained once delivered. Included in the service excellence agreement are brand awareness activities. The activities will touch on the vision, value proposition and services offered. There is a need for building a marketing calendar which clearly states how the organisation will reach the target markets to inform on the service offerings. Customer satisfaction and customer service are built into the service excellence agreement.

Step 7: Establishing the collaborators and network partners

The success of the GPT depends on its ability to foster relationships with the other role players. The department cannot be effective unless it forms partnerships and networks with the other departments it services and the communities which form part of its network or beneficiaries of its services. Such networks assist the department in knowing how they are doing in terms of the services they provide, what is lacking, and what were the latest developments in the space in which they operate. These networks also impact the environment in which they operate to achieve a particular objective. Collaborations with external parties to deliver the value proposition are essential for superior quality and continuous business support after providing a service.

Stage 3: The client's responsibility to the organisation (the child)

The organisation's purpose is captured in its value proposition. However, the organisation cannot be the giver of service and not receive something in return from the clients or the environment in which it operates. Tangible and non-tangible things the organisation receives must be defined during the development of the business model. Flowing from the clients is positive feedback on service delivery and the ability to generate and collect the required revenue.

Step 8: Budget allocation and collection of revenue

The department receives budget plans from all other departments in GPG and allocates the available budget to the departments based on a predetermined criterion considering the set service level requirements. There need to be clear and visible criteria for allocation and sessions influencing the allocation.

Fiscal planning takes into account the planned revenue collection. Therefore, revenue collection must be included in the business model allowing the department to have deliberate plans for performance and communication with stakeholders.

Stage 4: Measuring sustainability and performance

Step 9: Sustainability

Sustainability implies that capability and core competencies are durable over a long period and that all other resources are optimally used and can be replicated to generate added value. Innovation and reconfiguration of internal processes, using the competencies and capabilities within the organisation, could achieve superior results for thriving within the ever-changing internal and external environments. If results are sustainable, resource allocations will reduce over time, allowing the department to reassign the resources elsewhere. In addition, sustainable results put the organisation in a better position to share and request additional resources needed for development.

Step 10: Performance enhancement

The chosen business model must indicate exit points to measure progress and success predetermined on a project-by-project basis but factored into the overall departmental business model. It must be explicit to all stakeholders in the value chain within and outside the organisation.

Stage 5: Measurement of business continuity and risk management

A plan to stop unsuccessful businesses must be provided in the business model. A lack of budget for the department and a lack of budget allocation to the GPG departments could create an outcry in Gauteng province. The impact must be minimised by having plans in place.

Step 11: Innovation

There must be a policy dealing with the organisation's innovation and research. The likelihood of strategy sustainability rests on innovation instruments used in the organisation. Innovation assists in clearly looking at the quality of services offered and how the organisation would likely differentiate its service offerings. Embedded in innovation is the ability to be creative, solve existing problems, and improve what works.

Step 12: Risk assurance and management

The model must provide the ability to identify risks and plan alternatives for when risks occur. The risk management plan cannot stand alone. It must be an integral part of the strategy implementation and reported on as the strategy implementation takes place in the organisation. Every strategy must be accompanied by a risk plan so that the risk plan can be implemented and followed up as the strategy is implemented.

Stage 6: Measuring success

Measuring success ensures that all results are measured, recorded and communicated in the organisation. The plans' outcomes can only be achieved through deliberate and dedicated performance management, where targets are set and achieved. Corrective

actions must be implemented to manage the impact of failure, and there must be a plan to harness more successes from current success indications.

Step 13: Feedback to the stakeholders

The feedback loops to stakeholders must be open at all times. The model must reflect the stakeholder engagement processes. All stakeholders must be identified for each output measured in the strategy document. There must be a document to guide the involvement of all stakeholders in strategy implementation and delivering the expected outcomes. For example, a web-based document about the business model framework could be developed, and stakeholders invited to comment and suggest ways to improve the implementation of strategies.

5.6 CONCLUSION

Chapter 5 discussed the findings concerning strategy development and implementation and business model development in Gauteng Provincial Treasury presented in Chapter 4. Secondary findings from the literature review were used to develop the interview guide and survey questionnaire. Therefore, the same data collection and analysis tools were used to present and discuss the research findings. Meta-insights extracted from the research findings were applied to create a business model framework for application in public sector organisations in general and the GPT in particular. The framework was developed as a proposal indicating a strategy development and reporting path to address some problems observed in the GPT strategy implementation process. Chapter 6 will conclude the research findings to observe whether a solution to the research problem could be realised.

CHAPTER 6: CONCLUSION

The literature review indicated that there are numerous ways to conceptualise the idea of a strategy and that effective strategic management is needed to ensure the long-term success of an organisation. This chapter provides an overview and conclusion to the research topic regarding a business model for strategy development and implementation in the Gauteng Provincial Treasury. Strategy management typically provides tools to manage organisations effectively.

6.1 INTRODUCTION

The research problem stated that despite the importance of the Gauteng Provincial Treasury in ensuring strategic direction on provincial and local levels, there was no indication of implementing an agile and effective business model framework.

Consequently, the theoretical proposition was that due to no evidence of strategy innovation and agile business model implementation in the Gauteng Provincial Treasury, strategy implementation lacks structure, is not integrated, and does not provide the opportunity for sustainable performance and delivery.

The research aim was to derive a business model framework for agile strategy implementation in public sector organisations, and the objectives were

1. To conceptualise strategy development and implementation, business model development and the current state of business model development on national, provincial and local levels in South Africa.
2. To methodically elicit information from executives and managers on their perceptions of strategy development and implementation and the application of a business model framework in the Gauteng Provincial Treasury.

3. To critically present the findings on strategy development and implementation and business model development in the Gauteng Provincial Treasury.
4. To derive a business model framework from the research findings as a proposal for agile strategy implementation in public sector organisations.

Although the GPT was used as the research environment, the business model framework should be developed to address general strategy development and implementation in public sector organisations.

The research methodology applied a pragmatic, sequential mixed-method design with abductive reasoning to collect and analyse the data. The secondary findings were used to develop interview guides and a survey questionnaire. Ten executives and senior managers from GPT were purposely selected to share their stories on strategy development and implementation in the GPT. The survey questionnaire was distributed to 80 senior and middle managers in the GPT. Stratified sampling was used to select those managers involved with strategy development and implementation in the GPT to complete a multi-choice questionnaire. The questionnaire findings verified the interview findings for mega-insights to develop an agile business model framework.

6.2 SUMMARY OF FINDINGS

The findings were presented in Chapter 4 and discussed in Chapter 5 to gain insights for building a business model framework. Although the findings were discussed according to the interview guidelines in Appendices D and E, only the most important insights are listed below.

- i. Key terms and theories had to be explained as strategy development and implementation and business models were poorly understood in the organisation.
- ii. Furthermore, the findings indicated that GPT had to follow the strategy developed by the National Development Plan. The conclusion was that the NDP strategy was descriptive and allowed little room for a creative implementation approach. The

government sector is highly regulated and utilises predetermined frameworks for developing and implementing business strategies.

- iii. A business model has not been mentioned in any strategy development or implementation documents. Instead, the government uses pillars though the theory behind the allocation of pillars for strategy implementation and the guidelines were not explained.
- iv. No change management is affected during strategy development and implementation when politicians change office. The APP and OPS plans do not always measure the pre-arranged targets and are not formulated correctly.
- v. The GPT has a clear mandate and cannot deviate from innovation because strategy development and implementation lack creativity.
- vi. Information is not shared when people resign, and no formal information management plan exists. Furthermore, capacity building does not follow an innovative strategy, and many employees are not competent in their jobs.
- vii. There is a need to develop a process to continuously document best practices and activities in the department for a complete record of what activities individuals are performing. The APP and OPS plan and technology were cited as inadequate for tracking the strategy implementation in the department.
- viii. Critically important, is the impact of the legislative environment on the agility of the strategy implementation. The issues of ease of strategy take-up by new leadership without having to put in place a new strategy. This revolves around issues of sustainability of performance and overall improvement of the organisation.

It seemed critical to link performance management to all areas of strategy implementation and that an agile management plan should be followed throughout the organisation.

6.3 CONCLUSIONS

The conclusion was that strategy innovation and agile business model implementation in the Gauteng Provincial Treasury did not exist. The current strategy implementation lacks structure, is not integrated, and does not provide sustainable performance and delivery

opportunities. The NDP, although well developed, did not allow the application of a more agile, innovative and online implementation plan with clear guidelines.

Therefore, the information could be used as a guideline to develop an innovative, agile business model for strategy implementation. Although the research focused on the GPT, the model could be developed and implemented in any organisation.

6.4 SUMMARY OF CONTRIBUTIONS

The study contributed to the body of knowledge in Business Management and Innovation. Furthermore, the Da Vinci business leadership framework could be applied to inform the research questions and verify the business model derived from the findings. Although the study provided a framework for a public entity, it could be tested in any business environment.

The challenges identified in the South African local government's strategy development and implementation were a lack of leadership and employee skills, accountability, limited capacity, innovation, communication, and corruption, negatively impacting the ethical climate and operational excellence of the National Treasury and Gauteng Provincial Treasury. Therefore, understanding appropriate strategy development and implementation and business model development could contribute to improved leadership behaviour to address these challenges for achieving operational excellence in local government.

Furthermore, the Leadership of the National Treasury supported and sponsored these studies to enhance national, provincial and local governance for the general development and a better life for all South African citizens. The study's return on investment (ROI) will realise once the framework can be studied and applied where deemed applicable within the larger government environment.

The researcher's return on investment (ROI) was the knowledge he obtained in business strategy development and implementation. It contributed to self-development and improved his ability to conduct focused, in-depth research with the confidence that he could present the business strategy model to other organisations.

Pragmatism was applied as the philosophical paradigm to describe a real-world question and work toward a solution and application in the workplace. It also provided new insight into solving future problems and developing new knowledge.

The recommended framework could add value to the organisation, create the integration of efforts, and enhance performance output for sustainable results throughout the government if accepted by leadership.

6.5 FUTURE RESEARCH

The current framework only focuses on the strategy development and reporting path as these address the research problem. Therefore, the implementation of the business model is not depicted in the framework. Implementation requirements and reporting must be set clearly in the framework. The research participants strongly recommended the use of pillars as a model for strategy implementation. However, the inference was that they did not understand business model strategy development and implementation. Therefore, the NDP used pillars to address strategy development and implementation performance.

A recommendation for future research is to focus on implementing such a business model, which should be easier to test in a private business environment. Furthermore, although the current strategy implementation rules are rigid for all public sector organisations, it would be interesting to see whether the findings differed when performed in another provincial treasury department. The impact of leadership changes on the strategy must also be further probed.

6.6 CONCLUSION

The research aim and objectives were addressed, and the research problem was resolved by deriving a business model strategy development and implementation framework from the research findings for application in public sector organisations. Such a business model as a strategy development and implementation framework could lead to an agile and integrated structure for sustainable organisational performance. Furthermore, if such a business model could be implemented online, any changes could be effected in real time to create knowledge, innovation, and employee capabilities.

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APPENDICES

APPENDIX A: DA VINCI INSTITUTE ETHICAL COMMITTEE APPROVAL

APPENDIX B: EMPLOYER APPROVAL TO CONDUCT RESEARCH

APPENDIX C: INVITATION TO AN INTERVIEW OR SURVEY QUESTIONNAIRE

APPENDIX D: INTERVIEW GUIDE – EXECUTIVES

APPENDIX E: INTERVIEW GUIDE: SENIOR MANAGERS

APPENDIX F: SURVEY QUESTIONNAIRE

APPENDIX G: EDITOR'S LETTER

APPENDIX A: DA VINCI INSTITUTE ETHICS COMMITTEE APPROVAL

From: Prof HB Klopper <hb@davinci.ac.za>
Sent: Friday, 17 February 2023 09:00
To: NAT:SCM:Fani MI- Lt Gen <FaniM@saps.gov.za>; mfani@stadiodl.ac.za
Cc: ricaviljoen@me.com
Subject: RE: Request for ethical clearance form

100%. Prof Singh roped in to note.

Regards

HB

From: NAT:SCM:Fani MI- Lt Gen <FaniM@saps.gov.za>
Sent: Friday, February 17, 2023 7:55 AM
To: Prof HB Klopper <hb@davinci.ac.za>; mfani@stadiodl.ac.za
Cc: ricaviljoen@me.com
Subject: RE: Request for ethical clearance form

Good morning Prof Klopper

Thank you for the response. I indeed collected the data in 2017.

I will make my examiner responses accordingly in my submission, indicating this feedback on the ethics process.

Kind Regards

Lt General Fani

From: Prof HB Klopper <hb@davinci.ac.za>
Sent: Thursday, 16 February 2023 22:42
To: mfani@stadiodl.ac.za; NAT:SCM:Fani MI- Lt Gen <FaniM@saps.gov.za>
Subject: RE: Request for ethical clearance form

Dear Fani

Thank you for your email.

The ethics process kicked in at the end of 2019. If you collected data before then, the research office will issue a letter of exemption as not a requirement back then. If thereafter, a more detailed explanation to be added in report – no need to get post data collection approval for ethics. Please confirm the date when you commenced with data collection.

I roped Prof Singh in who will conclude the matter, since he has oversight on the examination process.

Regards

HB

From: Molefe Fani <mfani@stadiodl.ac.za>
Sent: Thursday, February 16, 2023 8:19 PM
To: Prof HB Klopper <hb@davinci.ac.za>; fanim@saps.gov.za
Subject: Request for ethical clearance form

Good evening Prof Klopper

I registered for PhD in 2016 and did not apply for ethical clearance. My impression was that the proposal defence and approval formed the ethical clearance part.

If I may please ask for the forms so that I can fill and hand in. I'm about to submit a final report after corrections from the examiner's comments.

Will appreciate your assistance.

Kind regards

Molefe Fani

PhD Student



Prof HB Klopper

**Chief Executive
Officer**

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**APPENDIX B:
EMPLOYER APPROVAL TO CONDUCT DOCTORAL RESEARCH**



Enquiries: M. Lebesa
Tel: (011) 2279245

Mr Molefe Isaac Fani
Gauteng Provincial Treasury
75 FOX Street
Imbumba House

**APPROVAL TO PERMIT MR MOLEFE PERMISSION TO CONDUCT RESEARCH ON THE
RELATIONSHIP BETWEEN BUSINESS MODEL DEVELOPMENT AND STRATEGY
DEVELOPMENT IN GPT: STARTING FROM DECEMBER 2016 TO 30 MARCH 2016.**

Your request for permission to conduct research within the Gauteng Provincial Treasury (GPT) bears reference.

Your request is hereby granted, with conditions as out set out in the GPT Research Request Form that you have to sign; and in line with the GPT Research Policy. It is the expectation that you will comply with all the conditions.

In order to set and make arrangement for research, please liaise with Mr. J Mashele DDG: SRFM, to provide you with permission to make reference to any report or interview with any participant or participants within the sub directorates. You would also be required to obtain approval from the individual participants and confirm their availability and this should be done during lunch time. The contact details for DDG: SRFM: jeffrey.mashele@gauteng.gov.za

On completion of the study, you are expected to supply an electronic copy of the research to the Chief Director: Corporate Services at Mavis.Tshokolo@gauteng.gov.za.

Yours Sincerely

Ms. Nonfundo Tshabalala

HOD: Gauteng Provincial Treasury

Date: 26/10/2016

Cc Mr. J. Mashele: SRFM

**APPENDIX C:
INVITATION TO AN INTERVIEW OR SURVEY QUESTIONNAIRE**

DEPARTMENT OF INNOVATION AND PEOPLE MANAGEMENT

Research Topic: Business Models for Business Strategy Implementation: A Gauteng Provincial Treasury Framework

Purpose of the Study: I am performing field research as a requirement for the Doctor of Management in Technology and Innovation degree at the Da Vinci Institute for Technology Management.

The study aims to discover the use of business models as a framework to implement selected business strategies. The study will identify the organisation's business model(s) and link them to the strategy implementation plans while also identifying a generic framework.

What will the study involve? The study will involve conducting personal in-depth interviews with selected participants that could last up to one hour per session and completing a questionnaire by other participants that will not exceed 30 minutes. In addition, the intention is to gather qualitative and quantitative data during the study.

Why have you been asked to take part? You have been identified because of your leadership role within your branch or unit and your valuable strategic leadership experiences to provide good insights on the topic.

Do you have to take part? Participation is voluntary.

Will your participation in the study be kept confidential? Yes, there is no request to disclose your identity.

What will happen to the information that you provide? The data will be kept confidential for the duration of the study, and no names will be allocated to the answers. On completion of the thesis, the data will be kept for a further 24 months and destroyed afterwards.

What will happen to the results? The data collected will be analysed and presented in the thesis without any names attached to it. The results will be shared with my academic study leader, Dr Rica Viljoen. The research will be reviewed by the examiners selected by the Da Vinci Institute. After the degree's examination and allocation, the data will be publicly made available. A copy of the thesis will be made available to the HRD office as agreed in the permission to conduct research at GPT Form.

What are the possible disadvantages of taking part? I do not foresee any unintended consequences for your participation. On the contrary, some of the information shared regarding your experiences could realise organisational renewal.

What if there is a problem? I will encourage you to provide open and honest feedback in the interviews and survey questions. If any problem is encountered, please get in touch with my promoter. The email is provided below.

The Ethical Clearance Committee of the Da Vinci Institute has given ethical clearance for the research.

Further enquiries and clarity? If you need further information, you can contact me: Molefe-Isaac Fani, mobile: +27 76 410 2127, email: Mfani@sbs.ac.za and my study supervisor, Dr Rica Viljoen: email: rica@mandalaconsulting.co.za

Please indicate whether you will participate in the interviews or complete the questionnaire by signing the following statement. After receiving your signed consent, the interviews will be scheduled or the questionnaire will be emailed or hand delivered to you.

I agree to participate in the personal in-depth interviews or survey questionnaire.

.....

Date:

**APPENDIX D:
INTERVIEW GUIDE - EXECUTIVES**

Strategy Development, Implementation and Business Model Development

Section 1: Strategy Development and Implementation

| Pillars | Strategy Building Blocks | Interview Questions |
|----------------------------|---------------------------------|---|
| Strategic Direction | Strategy Development | <ul style="list-style-type: none"> • What is your role in strategy development? • How do you go about developing strategies in your area? |
| | Strategy implementation | <ul style="list-style-type: none"> • What is your role in strategy implementation? • How do you implement strategies? • What are your thoughts on the utilisation of pillars applied in GPT? |
| Leadership | Structure | <ul style="list-style-type: none"> • How do you feel about the current structure in your unit or branch regarding strategy implementation? |
| | Core competency | <ul style="list-style-type: none"> • Outline the competencies required and necessary to implement the strategy. |
| | Annual Performance Plan (APP) | <ul style="list-style-type: none"> • Please share with us your thought about APP. |
| | OPS Plan (Operations Plan) | <ul style="list-style-type: none"> • Share with us your thoughts on OPS Plan |
| | Change Management | <ul style="list-style-type: none"> • In implementing new strategies, how do you manage the change process? |
| | Communication | <ul style="list-style-type: none"> • How is strategy communicated and how are the feedback loops managed? |
| Performance | Target setting | <ul style="list-style-type: none"> • How do you set the performance indicators and targets for the organisation? |
| | Integration | <ul style="list-style-type: none"> • How do you ensure the integration of your strategy with the branch and department? |
| | Action plans | <ul style="list-style-type: none"> • How were the action plans formulated for the implementation of the strategy? |
| | Appraisal | <ul style="list-style-type: none"> • How is strategy performance appraisal performed? |
| | Sustainability | <ul style="list-style-type: none"> • How do you ensure that the outcomes of your strategy are sustainable? |
| Resource Allocation | Technology | <ul style="list-style-type: none"> • Share with us the use of technology in strategy development and implementation. |

Section 2: Business Model Development

| Pillars | Business Model Building Blocks | Descriptions |
|-------------------------------|--|---|
| Business Models | Business models in perspective | <ul style="list-style-type: none"> • How would you define Business Models? • Do you use business models in your strategy implementation efforts? • What process would you follow to develop a business model? • How have you linked the activities of the organisation/branch/unit to a business model? • How do you make changes to the business model? |
| Products | Value Proposition | <ul style="list-style-type: none"> • Give an overview of what your organisation offers to the province. • How are the customer needs identified and catered for in the business model? |
| | Value configuration | <ul style="list-style-type: none"> • How are the processes aligned to achieve the value proposition? |
| Customer Interfaces | Target Customers | <ul style="list-style-type: none"> • Who are your customers? |
| | Distribution channels | <ul style="list-style-type: none"> • What means do you use to reach your customers? |
| Innovation | Fostering innovation | <ul style="list-style-type: none"> • How do you apply innovation in your strategy implementation? |
| Financial Aspects | Allocation of budget | <ul style="list-style-type: none"> • How are funds allocated for the implementation of the strategy? • What model or process is used? |
| | Revenue model | <ul style="list-style-type: none"> • How does the organisation make money? • Is there a model in place? |
| Knowledge Management | Capacity building Capability building | <ul style="list-style-type: none"> • What is the process of managing knowledge in the organisation? • How is employee training and development linked to the business model's implementation? Or strategy? • How is leadership development linked to the implementation of the business model? |
| Stakeholder Engagement | Partner network | <ul style="list-style-type: none"> • What network of partners have you created with other companies to create a unified value? • How do you manage collaboration efforts? |

| | | |
|--|--|---|
| | | <ul style="list-style-type: none">• What deliberate processes do you have to engage with your clients / stakeholders? |
|--|--|---|

**APPENDIX E:
INTERVIEW GUIDE – SENIOR MANAGERS**

Strategy Development, Implementation and Business Model Development

| Pillars | Strategy Building Blocks | Description |
|----------------------------|----------------------------------|---|
| Strategic Direction | Strategy Development | <ul style="list-style-type: none"> Take us through the strategy development methodology. |
| | Strategy implementation | <ul style="list-style-type: none"> How do you implement strategies? What are your thoughts around utilisation of pillars? |
| | Annual Performance Plan (APP) | <ul style="list-style-type: none"> Share with us your thought around APP |
| | Operations Plan (OPS Plan) | <ul style="list-style-type: none"> Share with us your thoughts around OPS Plan |
| Leadership | Structure | <ul style="list-style-type: none"> How do you feel about the current structure in your unit or branch in as far as strategy implementation is concerned? |
| | Core competency | <ul style="list-style-type: none"> Outline the competencies required and necessary to implement the strategy |
| | Change Management | <ul style="list-style-type: none"> In implementing new strategies, how do you manage the change process? |
| | Communication | <ul style="list-style-type: none"> How is strategy communicated and how are the feedback loops managed? |
| Performance | Target setting | <ul style="list-style-type: none"> How do you set the performance indicators and targets for the organisation? |
| | Integration of plans and reports | <ul style="list-style-type: none"> How do you ensure the integration of your strategy with the branch and department? |
| | Setting of action plans | <ul style="list-style-type: none"> How were the action plans formulated for the implementation of the strategy? |
| | Performance Appraisal | <ul style="list-style-type: none"> How is strategy performance appraisal performed? |

| | | |
|---|--|---|
| | Sustainability | <ul style="list-style-type: none"> How do you ensure that the outcomes of your strategy are sustainable? |
| Resource Allocation | Technology | <ul style="list-style-type: none"> Share with us the use of technology in strategy development and implementation. |
| | Allocation of budget | <ul style="list-style-type: none"> How are funds allocated for the implementation of the strategy? |
| Pillars | Business Model Building Blocks | Description |
| Business Models | Business models in perspective | <ul style="list-style-type: none"> How would you define Business Models? Do you use business models in your strategy implementation efforts? What process would you follow to develop a business model? How have you linked the activities of the organisation/branch/unit to a business model? How do you make changes to the business model? |
| Product and services offered by the department | Value Proposition | <ul style="list-style-type: none"> Give an overview of what your organisation offer to the province |
| | Value configuration | <ul style="list-style-type: none"> How are the processes aligned to achieve the value proposition? |
| Customer Interfaces | Target Customer | <ul style="list-style-type: none"> Who are your customers? |
| | Distribution channel | <ul style="list-style-type: none"> What means do you use to reach your customers? |
| Innovation | Fostering innovation | <ul style="list-style-type: none"> How do you apply innovation in your strategy implementation? |
| Financial Aspects | Revenue model | <ul style="list-style-type: none"> How does the organisation make money? |
| Knowledge Management | Capacity building Capability building | <ul style="list-style-type: none"> What is the process of managing knowledge in the organisation? |
| Stakeholder Engagement | Partner network | <ul style="list-style-type: none"> What network of partners have you created with other companies to create a unified value? How do you manage collaboration efforts? What deliberate processes do you have to engage with your clients / stakeholders? |

**APPENDIX F:
SURVEY QUESTIONNAIRE – SENIOR AND MIDDLE MANAGEMENT**

Strategy Development and Implementation

1 What is your designation in the organisation?

| | | | | | |
|----------------|--|----------|--|-------|--|
| Chief Director | | Director | | Other | |
|----------------|--|----------|--|-------|--|

2 What is your role in strategy development and implementation?

| | | | | | | | |
|-----------|--|-------------|--|------------------------------------|--|------|--|
| Developer | | Implementer | | Both the developer and implementer | | None | |
|-----------|--|-------------|--|------------------------------------|--|------|--|

3 Comment on the extent of the effectiveness of the following in the organisation by ticking the appropriate box:

| Statement | Effective | Not effective | Not certain |
|-------------------------|-----------|---------------|-------------|
| Strategy development | | | |
| Strategy implementation | | | |

4 Strategy development and implementation take the following form in the organisation (tick an appropriate box):

| Statement | Agree | Moderately agree | Do not Agree |
|--|-------|------------------|--------------|
| Thick and large document with many confusing words | | | |
| Reduced to meaningful information only | | | |
| Use of business models and frameworks with clear guidelines | | | |
| There is a clear form or format for the development of strategies | | | |
| There is a clear form or format for the implementation of strategies | | | |

5 The use of pillars as a form of strategy implementation has assisted in the achievement of expected outcomes

| | | | | | |
|-------|--|------------------|--|--------------|--|
| Agree | | Moderately Agree | | Do not Agree | |
|-------|--|------------------|--|--------------|--|

6 Should the strategy be implemented using models and/or frameworks, results would be far more meaningful than they are currently. To what extent do you agree with this statement?

| | | | | | |
|-------|--|------------------|--|--------------|--|
| Agree | | Moderately Agree | | Do not agree | |
|-------|--|------------------|--|--------------|--|

Leadership

- 7 Rate the following measures pertaining to strategy implementation, with “absolutely appropriate” indicating your highest level of satisfaction, and “absolutely inappropriate” indicating the level of your highest dissatisfaction.

| Statement | Absolutely inappropriate | | Neither/Nor | Absolutely appropriate | |
|--|--------------------------|---|-------------|------------------------|---|
| | 1 | 2 | 3 | 4 | 5 |
| The current structure as depicted on the organogram | | | | | |
| The skills of the staff in implementing strategies | | | | | |
| The use of APP as a performance tool | | | | | |
| The use of OPS Plan as a performance reporting tool | | | | | |
| The change management efforts geared towards achieving a new state or desired strategic outcomes | | | | | |
| The detail and extent of communicating the strategic efforts in the organisation | | | | | |

Performance

- 8 Rate the following measures pertaining to strategy implementation, with absolutely appropriate indicating your highest level of satisfaction, and absolutely inappropriate indicating the level of your highest dissatisfaction

| Statement | Absolutely inappropriate | | Neither/ Nor | Absolutely appropriate | |
|--|--------------------------|---|--------------|------------------------|---|
| | 1 | 2 | 3 | 4 | 5 |
| Target setting is accurate and the targets measure the correct outputs | | | | | |
| The set targets yield the required results | | | | | |
| The strategies in all branches are integrated to ensure that the departmental strategy is achieved | | | | | |
| Action plans formulated achieve the set targets | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| Strategy appraisal is uniform and has a specific structure to report on | | | | | |
| The implemented strategies are sustainable or ensures that sustainable results are achieved | | | | | |

Resource allocation

- 9 Indicate by ticking YES or NO as to how you agree to the following. YES being agreement to the statement, and NO representing the disagreement to the statement.

| | YES | NO |
|---|-----|----|
| The technology used to implement strategies is adequate | | |
| The number of staff members employed to execute strategy is appropriate and enough (capacity) | | |
| The knowledge of staff and competence are enough to carry the strategy outputs (capability) | | |
| The staff tasked with strategy implementation can utilise the given technology | | |

Business models

- 10 Tick the appropriate block below. Knowledgeable indicates your level of comfort with the statement, and less knowledgeable indicates a skills gap that must be bridged using an appropriate intervention.

| Statement | Not Knowledgeable | | Not Sure | Knowledgeable | |
|--|-------------------|---|----------|---------------|---|
| | 1 | 2 | 3 | 4 | 5 |
| I clearly understand what business model mean | | | | | |
| I understand the characteristics of a business model | | | | | |
| I know the difference between a diagrammatic representation and a business model | | | | | |
| I know how to put a business model together | | | | | |
| A pillar is a business model | | | | | |
| I know that GPT uses business models to implement business strategies | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| I understand the benefits of utilising business models | | | | | |
| The activities of the organisation are depicted on its business model | | | | | |

11 Miscellaneous

Indicate whether you “KNOW” or “DON’T KNOW” the existence of the following in the organisation.

| | I Know | I Don't Know |
|---|--------|--------------|
| The value proposition of GPT (what it offers) | | |
| Who and what the needs of GPT customers are | | |
| Processes used to reach the customers | | |
| How the processes in the organisation are linked to achieve set targets | | |
| How to apply innovation and creativity in strategy development and implementation | | |
| How budgets are allocated to implement strategies | | |
| How revenue is generated by GPT | | |
| The policy or process in managing knowledge in the organisation | | |
| That training and development in strategy management is offered by the organisation | | |
| There is leadership development programmes in the organisation | | |
| Who the GPT internal and external stakeholders are | | |
| The processes to manage stakeholder engagements | | |

General remarks pertaining to strategy development and implementation.

I would like to thank you for taking part and partner with me on my research journey. Please contact me on 0764102127 once the questionnaire is completed. Otherwise, I will come around and fetch the completed form 72 hours after date and time of submission.

Molefe-Isaac Fani

APPENDIX G: EDITING CONFIRMATION LETTER

Dr Marthie de Kock
Academic Consultant and Editor
DLitt et Phil

Mr Molefe Isaac Fani
Da Vinci Institute for Technology Management
Johannesburg
15 May 2023

Dear Mr Fani

This letter is to confirm that I have language edited your doctoral thesis:

**Business models for business strategy implementation:
A Gauteng Provincial Treasury framework**

Language confirmed: UK English (except Appendices)
General checks: Spelling, grammar, and sentence structure.
Punctuation: Including consistent use of ellipses, hyphens, and quotation marks.
Numbering: Headings, sub-headings, and pages.
Passive voice: Acceptable in academic writing.
Reformatting of thesis.
Citations in text was checked against Reference list.

The utmost care has been taken to identify errors in the document with a high level of attention to detail. However, it is inconceivable that errors will be missed due to human error. If any rules have been applied that you are unhappy with, if you have any questions, or if you require any changes, please let me know.

I wish you the best with the examination and confirmation of your research report.

Kind regards



Marthie de Kock (DLitt et Phil)

Mobile: +27724465001