

## **KPA 4: Financial Management**

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Financial Management deals with all aspects of resource mobilisation and expenditure management in government departments. Financial management processes involve the administration of funds used to deliver public services and includes the prioritisation of programmes, the budgetary process, efficient management of resources and exercising controls. The effective, efficient and economic use of public finances is essential for growth and development of the country. Whilst there have been pockets of excellence with some departments obtaining clean audit opinions, the pace of public financial management improvement has been slow. Nonetheless, like HRM, FM is a critical function in all departments as it links planning to implementation.

The Public Finance Management Act (PFMA) promotes good financial management through the effective and efficient use of the limited resources. The mandated processes include financial management and accountability systems, reporting and dealing with waste and corruption. In this regard, the KPA covers Supply Chain Management (SCM) and Expenditure Management (EM) practices and complements the monitoring done by National Treasury. SCM standards include demand, acquisition, logistics and disposal management. EM includes cash flow, payment of suppliers and unauthorised, irregular, fruitless and wasteful expenditure.

### **SOME LESSONS FOR IMPROVING PRACTICE IN FINANCIAL MANAGEMENT**

The cases are chosen on the basis of their potential learning value for the wider public service and not because they resemble best practice on a specific standard. An important overall in financial management is the importance of breaking down the Chinese wall between Supply Chain Management and Expenditure Management. These two process directly interact and this is most evident in the good practice on payment of suppliers where both departments actively combined processes by bring them under a single manager, or locating the units in the same space.

#### **Policy and planning**

**A clear vision and targets:** The policy on the payment of suppliers is clear and requires the implementation of departmental process to achieve the set targets. The steps outlined are clear but change starts with a vision which in term determines the path to be taken and the process to achieve it. The vision also assists in motivating stakeholders to take action in the right direction. A breakdown of tasks is an important first step in the accomplishment of any task. If senior management communicates expectations and deliverables, then these are more likely to be integrated into departmental and individual performance agreements. Targets also enable department to track and monitor progress and to identify and deal with problems as they arise. Management consistently communicates expectations via series of events, communications, and engagement.

#### **Professional service and performance culture**

**Peer pressure or accountability:** Peer pressure or peer accountability is a powerful performance driver. The requirement to pay suppliers within 30 days was already in the legislation but it was after pressure from FOSAD or Provincial Management that

departments took a bold steps to comply with the regularity requirement. In this regard, management performance can be improved through regulatory compliance. An essential condition is a proactive organisational culture supported by management vigilance, long service staff and consistent, constructive relationships among key players. When an organisation has the right organisational culture, where all people involved are responsible and accountable, monitoring, evaluation and disciplining processes are not necessary.

### Organisation and resourcing

**Organisational *feng shui*:** The structure of office layout is important, because it can create either a connected, interactive space, or separate work areas. A critical success factor in the payment of suppliers is to break down the virtual and actual walls between SCM and EM. In both departments, the SCM and EM teams worked together and communicated constantly. This ensures that the correct information is collected and verified at the procurement stage, enabling faster payment on receipt of invoice. One of the factors that delay the payment to supplier process is lacking the correct information such as banking details, tax clearance certificate of suppliers.

**Develop the right systems to support the work process:** Departments have developed tracking systems which allow managers to monitor payment process from procurement to payment. This involves registering invoices, entities, and payment; systematically and continuously monitoring the process; fixing or correcting blockages that delay or clog the flow of system; and controlling and disciplining persons who fail to perform or comply with the regulations and rule. These systems have to be support by an **effective control system**. It is impossible to hold people accountable without close and systematic monitoring. However, holding staff and responsible persons accountable is not easy. Most changes or improvements or transformation processes fail because of the weakness or failure of this accountability-holding dimension.

**The right people in the right places:** Although leadership is important, no matter how committed or capable a leader is, without the right staff and skills, it is difficult to transform or improve performance and productivity. Managers need to employ the right persons in right positions. Most government departments and organisations complain about the skills shortages or not having qualified or competent staff. Skills shortages together with resource constraints are indeed a great challenge. Assigning staff or employees to the wrong or unsuitable tasks or duties can jeopardise the system. It is therefore a responsibility of management or leadership to make sure the right people are in right positions. Abuse of power or authority could be ascribed to the failure or weakness of staff appointment or assignment process.

### The role of leadership

**The full support of the leadership and senior management is important:** One of the common factors that cause an organisational improvement process to fail is the reluctance of management to deal professionally with non-conformers or poor performers. It is, therefore, important to note that the role of leadership in communicating expectations and managing consequences is a critical and decisive success factor. Once the leadership as well as the senior management are committed and dedicated to making the change process successful, other steps will be followed gradually.

## **PAYMENT OF SUPPLIERS**

### **NATIONAL DEPARTMENT OF ENERGY: EXPEDITIOUSLY EXPEDITING<sup>1</sup>**

Small businesses play a major role in an economy. It is estimated that about 91% of the formal business entities in South Africa are SMEs, contributing about half of GDP and providing about 60% of the total labour force (Solomons, 2013; Abor & Quartey, 2011). Success of SMEs will effectively reduce troublingly high unemployment level and, in turn, an excessive crime rate of South Africa (Falkena et al, 2002).

However, starting a business is hard work. Five out of seven small businesses established in South Africa fails in the first year, although a global average is one in two (Kgosana, 2013; DTI, 2013). One of the crucial factors that drive small businesses out of their businesses is late payment by government departments (Solomons, 2013). According to a survey conducted by the South African Chamber of Commerce and Industry (SACCI), late government payments severely affects a number of small businesses. Late payment creates cash flow and operations problems in about 60% of small businesses surveyed (Odendaal, 2012).

The issue of late payment by government department is a global problem. Many European countries have instructions to their government departments to pay suppliers within 30 days and to pay interest for amounts outstanding longer than 30 days. Similarly, in South Africa, it is financial misconduct for government departments to fail to pay suppliers within 30 days (RSA, 2000) and the Government is committed to solve the late payment problems. In December 2011, an instruction was issued by the National Treasury to all national and provincial departments to ensure that valid invoices are paid within thirty days. Moreover, in his State of the Nation Address, on May 30, 2012, President Zuma (2012) stated that "All departments must ensure adherence to the directive to pay suppliers within 30 days for work done,"

However, the majority of departments are still struggling to be able to pay suppliers within 30 days. At the same time, there are several departments that have complied with this requirement. The National Department of Energy (DoE) is one of them. This is the story of how the DE progressed from level three to four of the Management Performance Assessment Tool (MPAT) and therefore is among the top five percent of all 156 national and provincial departments. This case study tells the story of what the department did, what the good practices are that other departments can learn from, and what the challenges are. It focuses only on the process of payments to suppliers.

### **Background**

Department of Energy (DoE) is a department responsible for energy policy. It was established in 2009 when the former Department of Minerals and Energy (DME) was divided into the Department of Energy and the Department of Mineral Resources.

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<sup>1</sup> This case study was written for the Department of Performance Monitoring and Evaluation (DPME) by Myo Naing, with the support of Professor Anne Mc Lennan, from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

The Finance branch has different directorates, aligned to the CFO (Chief Financial Officer) structure as issued by the Department of Public Service and Administration (DPSA). The two directorates that play a role in the process of payment to suppliers are Expenditure Management and Supply Chain Management directorate. Both directorates work on the process of payment to suppliers simultaneously. The work of one directorate impacts the work of the other. In other departments, they report to the CFO, through different lines, but in the DE, these two directorates report to the Chief Director of Finance and Supply Chain Management. And the Chief Director, in turn, reports to the Chief Financial Officer (CFO). Payment of suppliers is monitored at Executive committee (EXCO), Management Committee (MANCO) and Forum of Heads of Department (FOSAD), and is included in the Annual Performance Plans (APPs) and performance agreements of the CFO, Chief Director and other relevant officials.

At the beginning, when the DE split from the DME, the DE had only 270 people. But now it has 560 staff in total, including the nine regional offices—each of which has no more than 7 staff members. The Department handles generally between 100 and 110 invoices in a month and about 200 invoices in March, which is an unusual month in terms of finance. Besides order payments, which are to suppliers, the DE also pays transfer payments to about 80 to 90 municipalities every month. The amount of transfer payments are about 1 million rand to each municipalities.

### The path taken expeditiously by the DoE

The expediting process of payment to suppliers started in July 2012 following an email from the Director-General (DG) who just returned from a FOSAD<sup>2</sup> meeting, that called for an Audit Committee Meeting. In the Audit Committee Meeting, the DG gave a briefing about issues raised in the FOSAD meeting and the instruction was discussed, then, came out with very strong message that

*I will not be subjected to any embarrassment in the next FOSAD meeting. When they read the reports of performing and non-performing departments, I don't want to be seen in the non-performing departments. We need to comply.*

It took only three months for the Department to achieve its objective, that is, to be able to pay suppliers within 30 days. Since then, the Department has achieved an unbroken record of paying all invoices within 30 days period.

### ***Giving the message loud and clear***

*It is coming from the top to say I expect that directive to be implemented.*

Kotter (1996) argues that one of the eight errors that people make when trying to change organisations is under-communicating the vision or the objective. In the transformation process of the DE, there was firm, direction came from them top. At the very beginning, the DG demonstrated her dedication to fulfil her mandate in terms of the PFMA by the direct instruction to Finance. The Department distributed the Treasury Note and DG instructions to all officials through a communication broadcast tool called “DoE Community”.

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<sup>2</sup> A meeting attended by all DGs from all Departments.

*We outlined to them exactly what that instruction note entails, what the requirements were in terms of reporting, what was the requirement from all of the line functions and branches requiring that. We spoke out clearly that this and what we have to expect and this is how we are going to go forward.*

This message was reinforced by incorporating the 30 days payment process into the Annual Performance Plan (APP) as a Performance Indicator. It is a target in the APP, the institutional operational plan, and related individual Performance Agreement. There is accountability for it and progress is reported regularly to Management Committee (Manco) meetings, in Quarterly Reports and to different structures including FOSAD and the National Treasury. The Department reports monthly as a branch to different committees. In terms of the reporting to the National Treasury, there is a mandatory monthly reporting requirement. The department prefers monthly reports because it enables the department to pick up issues monthly and report in the monthly internal report.

The change process has to be originated from the leadership, but buy-in by all role players is essential to accomplish it. The DE achieved the management buy-in by addressing the matter in the Audit Committee, EXCO, Manco and Extended Manco Meetings as well as in various events and awareness campaigns. Besides these formal meetings and communication channels, both Supply Chain Management (SCM) and Expenditure Management (EM) directorates conduct awareness campaign and training, at least once in each region and several times for all branches in the Department in a year. The SCM also makes presentations about three or four a year for every new programme introduced. Moreover, there are also orientation sections on the process. The Chief Director shares how he sends a clear message whenever possible:

*When I gave presentations at Manco meeting on financial results, on the last slide it says 'Please note all invoices must be submitted'. I put it in all meetings. I use every opportunity I have.*

The team indeed found the ways to resolve the challenges and successfully accomplished the turnaround process.

Collecting and registering Invoices

*What is important for us is to pay as fast as possible and to sort out when there are problems that delay the payment process, explains by the EM Director.*

The payment to supplier process is managed by two Directorates; the Supply Chain Management (SCM) and Expenditure Management (EM) directorate. The two Directorates work together as a team from the start to the end. They help each other to get bank details verified. If there are problems, they try to solve them together.

An initiative to collect invoices from desk to desk and even from drawers came from the CFO. The process starts in SCM with the invoice register and ends in EM with the payment register. The supply chain team expedite the process by collecting invoices, registering, monitoring, checking and interrogating money transfers on daily basis. Works of EM actually starts when the supply chain finishes its part of the task. The administrator in Accounts Payable conducts an age analysis upon receipt and prioritises the registration and book out of invoices.

There are two kinds of invoices involved in the process—order payment invoices and sundry payment invoices. Order payment invoices come to SCM and sundry payment invoices to EM. The Director of EM, who was previously in supply chain for 13 years, explains the bad habit of people in the way they look at invoices. Supply chain practitioners think that invoices must be immediately captured in a register. The attitude and view of end users is different.

*End users do not see invoices as something important. What is important to them is just the delivery of goods and services they required. And they don't worry what happen to invoices and delivery notes.*

The Director of SCM is a key person who expedites the process of payment to suppliers. All invoices and vouchers come to her. Officials involved in the process ensure that vouchers accompanying deliveries are timeously captured on the system. LOGIS report RR103 is used to monitor invoice age analysis, and register accruals for goods received.

For invoices related to a service, the line function or project manager submits a certified invoice where the service has been satisfactorily rendered. The invoices are accompanied by a detail report. When the SCM receives invoices, within two days, a SCM official of contact section checks the invoices against order, service level agreement, payment schedule—if applicable—and any other relevant supporting documents, and then stamps and barcoded, unless they are photocopied at the Department, and captured on RCCP (Recorder and Communications Control Panel) for store items or on RCRI for non-store or C-item such as a rendered catering service.

For invoices related to goods, invoices are sent to end users to check and verify whether goods delivered are correspondent with what ordered, and then, to approve the invoices, within two days. When the invoices come back, the SCM checked whether everybody signed in the invoices.

*After everything clear, we sign off and load them on the system so that we can check everything is okay in our invoice register. When supply chain management has done all these process, they hand over to the EM, within two days, for pre-authorisation, final authorisation and payment. The date when invoices are submitted to expenditure management and do authorising and final authorising are also recorded in the register. The report RR105-purchase to payment keeps account of process until payment is authorised and disbursed.*

In the EM, LOGIS online is used for the daily reconciliation, to see what invoices were captured, authorised and disbursed. So all people in the process use all systems to check whether payment went through. From the invoice register, which is delivered to the EM, is captured into the payment register, which is the integrated register we created in the Microsoft Excel, the movement of that batch. There are two separate registers—invoice register and payment register. The Department is trying to integrate these two registers but has not done yet.

In the invoice register, managed and processed by the SCM, there are three different dates; the date of the invoice, the date of an invoice received, and the date invoice is paid. And there are turnaround times and the Director of SCM can see whether invoices

are within 30 days period or closer to the 30<sup>th</sup> day and she can prioritise and resolve whatever delaying the payment.

Invoices are captured in the mainframe computer and, then, captured in the Logistical Information System (LOGIS) online. Payment process happens on LOGIS online that is integrated with (Basic Accounting System (BAS). Delays come in when capturing data into the Mainframe, those data are different from the LOGIS Online. That is the Director of SWM is working there. (See Figure 1: Payment Process)

Invoice registers are centralised. The EM Director explains about the benefit of centralisation of the invoice registers.

*Centralisation of the invoice registers is a big thing. We used to have backlog. We used to have many, many, invoices when someone follow up and made went unnoticed. The centralisation of invoice registers solves that problem and works better.*

The Department also use a Safety-web process. All payments exceeded one million Rand go via the Safety-web process. There are basically four authorisations—preauthorisation and authorisation, and then the next day on the Safety web there are two authorisations. Moreover, in order to involve everyone in the process to check invoices are in the register, invoices are registered in S-Drive (Shared Drive), everybody can check.

Not all payments are in equal priority. Some are more important than others. Some are due in the next three days, some are in the next five days, and some in the next 10 days. Invoices that are due in one or two days are preceded immediately.

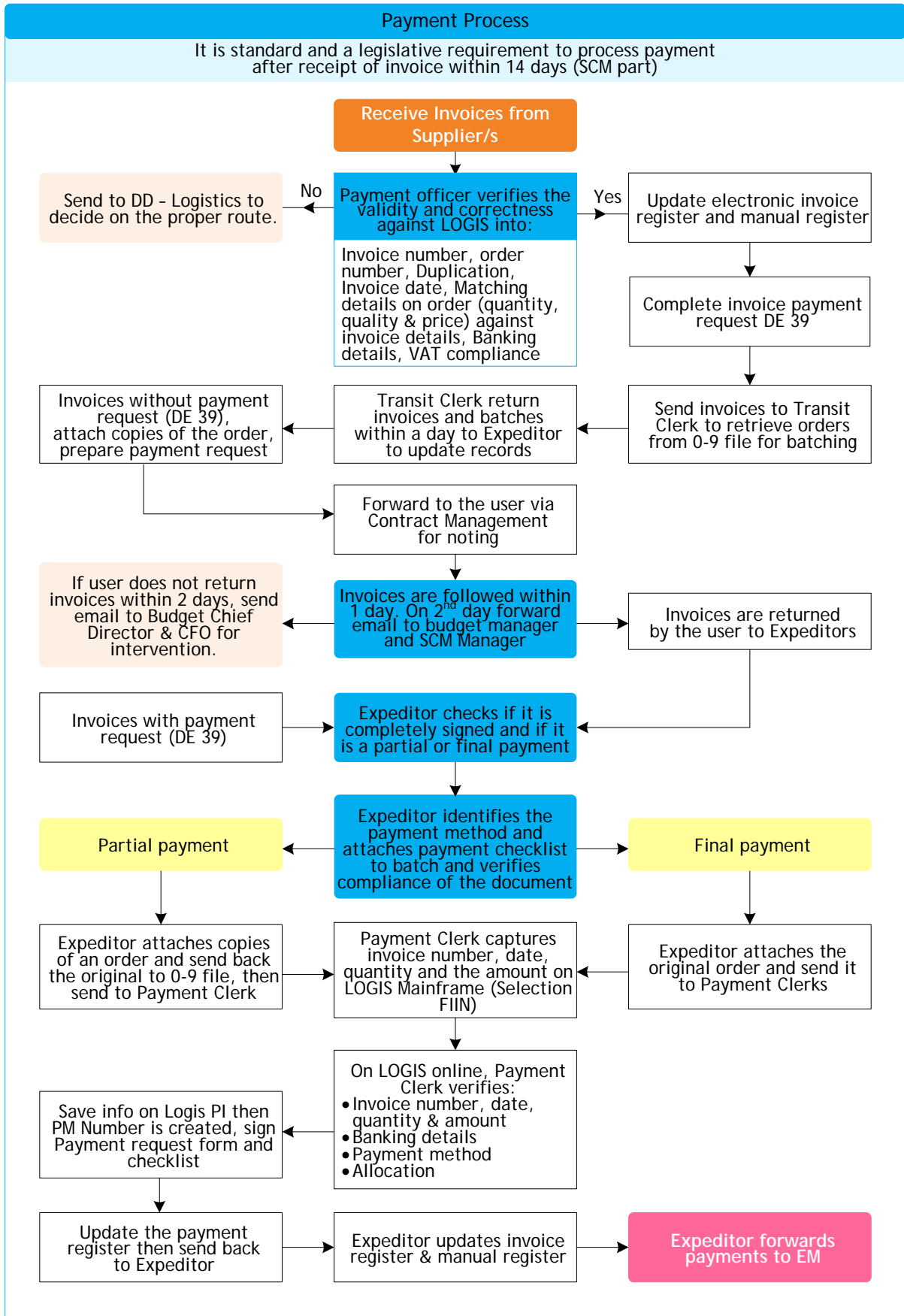
*It is a stressful process, but we get to do it and we seek out invoices that we need to pay immediately, explains the Chief Director.*

### **Reversing the process**

A clear and well-communicated vision is essential for the successful transformation. But it is only one factor in a large system. Based on that vision, a logical plan or a strategy needs to be established (Kotter, 1996: 71). Factors causing the payment late were well-studied and documented. One of them is lacking the correct information such as banking details, tax clearance certificate of suppliers. Since banking detail verification is major issues on the payment, in the DE, orders are only generated only after banking details are verified. One of the several innovative approaches the DoE implemented is making sure to get all information of suppliers before orders are placed. In the DE, before an order is issued, all the recorded criteria for payment is sorted out, because challenges and factors that delay the payment process are issues such as not having budget, or no allocation. The Chief Director states that:

*So before generating orders, in order to make sure invoices are payable within 30 days, all of the conditions that satisfy the payment must be met at that point. If you get the invoices, you cannot get running around looking for tax clearance certificate or SBD 4 or SBD 9 ... Other things we want to do in advance are also to ensure that details of persons are already on the system, verified by the National Treasury, and all of that before we receive invoices. At the point of getting invoices, all you want to do is press the button, basically.*

Figure 1: Payment Process



Source: Logistics Management Process Flow, Department of Energy.



### ***Setting internal dead-lines and reminding system***

One of the initiatives the DE implemented is setting internal deadlines that are a few days ahead of the actual deadline and sending reminders regularly. In every particular step in the process, there are internal deadlines—for instance, setting the 4<sup>th</sup> of each month to get the monthly report to the Treasury ready, although it is due on the 7<sup>th</sup>, and setting the due-date for making transfer payments to municipalities on the 1<sup>st</sup> of every month or at least within the first week, although the due-date according to the Treasury regulatory is the 10<sup>th</sup>. Reminders are placed in the Outlook Diaries of all relevant role-players for completion of the tasks by the internal dead-lines.

There are occasions when people miss the deadlines. Since these deadlines are set a few days ahead of the actual deadlines, there are buffer times or lead times that enable the Department to address the problems.

### ***Overcoming resistance***

In any change process, resistance is a natural part of it and should be expected (Coghlan, 1993; Steinburg, 1992; Zaltman & Duncan, 1977). There is indeed some resistances in the DoE. When the process of expediting the payment was communicated throughout the department, there were excuses that said it is not doable.

*People said 'Yes, but'. I said 'I am not interested in challenges. We will find ways to resolves them' said the Chief Director.*

The Director of EM tells of how her PA collects invoices, with a list, like a tax collector. There are some floors that she now refuses to go because people do not want to see her. They say "*Please leave us alone, we don't have invoices. And don't harass us.*"

The important turning point in the change or performance improvement process is to get employees and staff realised that the change is serious and that there are consequences when they do not comply. In order to keep employees and staff compliant, the Director of EM has to use a clever trick. She told the staff that if they delay the payments to suppliers, she will delay paying their salaries. And it works. The Director explains with a laugh,

*They don't know I can't stop their salaries, and as long as they think I can do that, they adhere.*

### ***Dedication, commitment and proactive initiative***

*You can have the best system in place, but if you don't have the commitment, dedication of all officials involved in the process, you will find that you will not achieve it. So it must start with people understanding. An importance of the process is full commitment*

The change process originates from the leadership. The DG demonstrated her dedication to fulfil her mandate in terms of the PFMA and issued the direct instruction to Finance Branch and Finance Committee. Although the leader's commitment and direction is important and essential, without the dedication and commitment of all role players, it is impossible to implement the change process. The main reason for the improvement, according to the Chief Director and Directors of EM and SCM, is the dedication of all officials.

The Finance branch is known as a group of serious workers who make efforts to get things done by starting early and staying late until assigned works are done. When the tasks have been implemented, they can take a day off in the following week.

Another example that illustrates the dedication and commitment of the key players is that when SITA system is down, and when people are saying “*it is not our problem, what can we do*”, the DE proactively takes the initiative to solve that problem by sending two officials, with all invoice batches, passwords and payments to Treasury.

*We will send two of our officials, with all of those payment batches, to go and sit and process there, we can't process here. They get passwords, user IDs to log in all of that. When the Treasury DEs not have a space, we go to PMG office or HOR anywhere we can.*

Furthermore, the managerial vigilance in the DE is apparent in the practices of officials in the Department. The officials such as the Chief Director and Directors check the National Treasury website once a month or once in two months, and not just every quarter, to make sure the DE does not miss any of its announcements.

### ***Time to reap the harvest***

*The Department was defaulted thrice between February 2012 and September 2012, because the computer system went off-line. Moreover, when the Treasury issued the instruction, the Department did not comply in the first month because it was not clear about the instruction in terms of implementation date. There were also some communication problems.*

But after a good seed has been sown, it is time for harvesting. It took only 3 months for the change process to produce results. The payment to supplier process was improved. The Department has achieved an unbroken zero return ever since. Not only is the Department able to pay suppliers within 30 days, it is able to do transfer payments to municipalities within 30 days too, although it is not in the regulatory requirement of the Treasury Instruction. Moreover, the DE also progressed from MPAT level 3 to the level 4 for its cash flow management.

*To get the more advance online system that other two departments are using.*

The DoE has been trying to get the online system that other two Departments are currently using. The Department requested, asked and begged to them, through the National Treasury, but to no avail. Cooperation and collaboration are necessary and advisable not only within a Department but also among Departments. It is unnecessary or even silly to invent the wheel by all individual.

### **Lessons learned: five success factors**

The improvement in the payment to supplier process can be attributed to different initiatives launched by the Department. These initiatives are simple and easy to be implemented. But there must be full commitment and dedication from the leadership and management in the first place.

Five success factors are noted from the success story of the DoE improvement process. These factors are (1) creating and communicating a clear objective, i.e., to be able to pay suppliers within 30 days; (2) Getting things right at the beginning, for example, having necessary information of suppliers before orders are placed and setting internal deadlines that are several days ahead of the actual deadline; (3) establishing an organisational culture that is effective and proactive; (4) getting the office layout right or “organisational Feng Shui”, for instance, placing two directorates in the same floor that allow officials and staff of these two directorates sit together in meetings and also work as a team; and (5) the effect of peer pressure or peer accountability.

**A clear vision and objective:** Inspiration to take necessary actions needed to produce major change is hardly possible without a clear good vision (Kotter (1996: 71). Although the word

“vision” sounds grand or mystical”, Kotter (1996: 71) argues that “the direction that guides successful transformations is often simple and mundane”. Then, all role players have to be communicated and explained about the clear vision and objective. The vision of the DE is to be complied with the Treasury regulation, for this case, to pay suppliers within 30 days. The DG of the Department succeeded to convey her vision for the Department to role players and stakeholders. The management also successfully communicated the vision within the department throughout series of events, communications, and engagement.

**Getting things right at the beginning or reversing the process:** A clear and well-communicated vision is essential for the successful transformation. But it is only one factor in a large system. Based on that vision, a logical plan or a strategy needs to be established (Kotter, 1996: 71). One of the several innovative approaches the DE implemented is making sure to get all information of suppliers before orders are placed. One of the factors that delay the payment to supplier process is lacking the correct information such as banking details, tax clearance certificate of suppliers.

**Organisational culture:** Organisational culture is the behaviour of people who are part of an organization. It is one of the determining factors that make the change process of the DE successful. The most prominent and important characteristics of the DE’s organisation culture are its proactive nature, management vigilant, long friendships and good continual relationship among key players, and commitment and dedication by all role players.

Proactive nature of the Department such as setting internal dead-lines and reminding system, sending two officials to the National Treasury or other departments to process the payments when the communication system is down for all departments and most of the Departments are not bothered, by saying “*the whole system is down. It is not our problems what can we do?*”

An example of management vigilant can be seen in the way the DE checks the National Treasury website, in order not to miss instructions and directions because sometime the instructions and directions from the National Treasury do not arrive to the Department because of communication problems for example sending to wrong email addresses.

The long friendships and good continual relationship between Directors of SCM and EM, who know each other since they were in the DME, is also one of the important factors that make the working relationship between these two directorates smooth, effective and efficient. In fact it can be seen as an organisational social capital. There is a tested correlation between the good working relationship among related branches or sectors, or even individual staffs and performance and productivity of an organisation.

**Organisational Feng Shui:** The structure of office layout is important, because it can create a connected, interactive space, or can separate work areas (Wolfeld, 2010). Penn et al (1999) found that employees tend to more interact with co-workers in an office layout that are more accessible. Moreover, an accessible office layout also provides regular and meaningful face-to-face contact among employees and officials to share information and knowledge (Tooren, 1985).

As a newly established Department, the DE has several advantages, which might be difficult to be enjoyed in the old system and arrangement but understood and reconstructed and reformed based on the experiences. One of these advantages is an ability to learn from the past and to redesign the process as well as the office layout that is the best suitable for the nature and process of the tasks.

One crucial factor that helps to accelerate the payment process of the DE is placing all related and interconnected branches and directorates such as SCM and EM in one place. In the old

building, before the Department was separated from the DMG, the EM sat in the same campus but in another building on the 2<sup>nd</sup> floor, and the SCM sat in the Building Block A, on the lower floor. Since the two directorates were in apart, there were communication issues and movement between them were delay and many broken in so many places because of the situation.

The new layout of the office helps to expedite processes.

*Now in this new building, there is just a passage between two directorates. They basically work together as a one team. And that helps because in some of the meetings, we interrogated some of the issues, we asked how far do you sit from each other. Sometime you don't need to send an email. You get up and you go, states the Chief Director with delight.*

The SCM and the EM teams work together literally hourly basis and hold meetings together. They see each other all the time and communicate immediately. They come to one another and, take a lift together, and have a conversation.

**Peer pressure or accountability:** Although being often underutilised or under-acknowledged, Haudan (2013) argues, peer pressure or peer accountability is a powerful performance driver. Haduan (2013) even claims that it is even more efficient than any policy or system could achieve. The requirement to pay suppliers within 30 days was already in the legislation<sup>3</sup>. But it was only after the DG was embarrassed at the FOSAD meeting in June 2012, the Department took a bold and serious step to comply with that regularity requirement.

This case study demonstrates that management performance can be improved through regulatory compliance<sup>4</sup>. It also shows several important and helpful lessons that other departments should learn, follow and be benefited. If asked to name just one primary factor that makes the change process of DE, it would be the DE's organisational culture that includes its proactive nature, management vigilant, long friendships and good continual relationship among key players, and commitment and dedication by all role players. It can be seen from the DE case study that when an organisation has a right organisational culture where all people involved are responsible and accountable, the monitoring, evaluation and disciplining processes are not even necessary.

Jean-Paul Sartre (1972: 463) said that 'we are our choices'<sup>5</sup>, in other words we are the result of the choices we make. This case study of DE shows us that the key players, who led the expediting process of payment to suppliers within 30 days, have successfully defined who they are and what their Department is, and what they are capable of achieving.

*If one department can do it, so are all departments.*

### ***An analogy to understand organisational management***

From the payment process of the DoE, it can be understood that managing an organisation is like using a computer that has two components—hardware and software. Hardware refers to the physical parts or components or objects that can be touched, such as in computer—monitor, mouse, keyboard, computer data storage, hard drive disk (HDD); and in organisation—building, furniture, tools, utensils, and machine parts. Software are non-tangible components or parts that cannot be touch or seen, like in computer—programmes; and in organisations—organisational culture, leadership qualities, management practices. Besides these two parts—hardware and software both in computer

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<sup>3</sup> Public Finance Management Act, Act 1 of 1999.

<sup>4</sup> The notion that the MPAT is based on.

<sup>5</sup> Nous sommes nos choix.

system and organisation, there is one critical component—an operator or operators. In order to operate a computer system, or to manage and lead an organisation, these three components – operators, hardware and software – have to work harmoniously.

An organisation, although it has the best hardware, could not be expected to be effective or efficient if it does not have effective software programme or its operator or operators are not motivated or intelligent or hard-working. In the same vein, an organisation, which has the most effective leadership and capable and motivated management team, could not be productive or efficient, if it does not have effective software or programme. What such organisation needs is to introduce or install necessary software or programme that are required to enable the organisation as well as leaderships, management and all stakeholder involved, to implement their tasks effectively and efficiently. Education and training can be understood as installing a programme into organisation as well as minds of all people involved, so that their understanding, thinking, relationship with one another, and therefore performance and productivity could be improved. Similarly, the MPAT process could be seen as a software programme that helps and assists organisations and departments to improve their management performance practices by assessing their quality of Management Practices and also sharing the best management practices noted in the best performing departments.

It can be seen from the case study of payment to supplier process of the DoE, all these three components—hardware, software, and operators—work harmoniously. In the context of the DoE, the hardware stands for building, building layout; software refers to organisational culture, managerial vigilant, or friendships among employees and staff, as well as the payment process and system devised by the Department; and operators involve the DG, Chief Director, Directors of SCM and EM and all officials and staff who are involved in the payment to supplier process.

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## **PAYMENT OF SUPPLIERS**

### **NORTHERN CAPE DEPARTMENT OF SOCIAL DEVELOPMENT: COMMITMENT AND CAPABILITY: PUSHING THE BOUNDARIES<sup>6</sup>**

Small and medium businesses are key to the job creation that South Africa desperately needs to eradicate poverty and inequality, and to improve the living conditions of the majority of its citizens. It is therefore government policy to encourage and develop small and medium businesses and enterprises, however, many are in financial jeopardy due to late payment by government departments for goods and services.

It is a legal requirement prescribed by the PFMA and a National Treasury regulation for departments to pay within 30 days of the receipt of a valid invoice. Failure to comply with these regulations constitutes financial misconduct.

In December 2011, an instruction was issued to all national and provincial departments to ensure that valid invoices were paid within thirty days. The issue is still a problem currently. However there are also several success stories that have emerged that demonstrate the problem can be solved and that it is possible to pay suppliers within not only thirty days but within five days. The only things that departments need are the commitment of the leadership, the creation of a system that streamlines the process of payment of suppliers, and systematic and continuous monitoring and disciplining.

This is the story of the Northern Cape's Department of Social Development that was one of the five percent of all 156 national and provincial departments that have progressed from level three to level four of the Management Performance Assessment Tool (MPAT). The DSD of the Northern Cape not only progressed to MPAT level 4<sup>7</sup>, but that it has also succeeded to pay suppliers within five days. It therefore was chosen by the Department of Performance, Monitoring and Evaluation (DPME) to share its experience and good practices with other departments. The DSD stands out for its best practice in the field of Financial Management. It excels in the field of Payment of Suppliers.

This case study describes the story of what the department did, what the good practices are that other departments can learn from, and what the difficult parts are. It focuses only on the process of payments to suppliers.

#### **The background**

The Department operates from the head office in Kimberley and also through five district offices. The head-office assumes overall responsibility for finance, which includes the five district offices and the majority of the work is carried out at the head office. The district offices report to the head-office. In other departments, the head-office does not interfere with the operations of district managers. But as a social development department, the

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<sup>6</sup> This case study was written for the Department of Performance Monitoring and Evaluation (DPME) by Myo Naing, with the support of Professor Anne Mc Lennan, from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

<sup>7</sup> Which means the Department has tracking systems in place, and management investigates the reasons for non-payment.

head-office interferes and manages the operations of district offices. Although, the districts have their own managers, finance is related to the whole department. Moreover, the managers at the district level are general managers but not financial managers. Although the financial sector as a whole is managed at the head-office, some functions are decentralised to the district offices and they can make payments of up to R200,000 from their offices.

Generally, the head office makes about eight hundred payments a month. Sometimes it pays up to one thousand invoices a month. One month, it managed 3,000 payments in the month. On average, the district offices make between 180 and 200 payments in a month. The average total value of the payments that the whole department pays out is seven million in a month. The transaction volume of payment varies among the district offices because of their different sizes. On average, one district office pays out about three hundred thousand rands a month.

About three years ago the DSA was unable to be complied with regulations of the PFMA and the National Treasury to pay suppliers within 30 days. However, last year the Department has achieved the target of paying the suppliers not within 30 days, but within five days, and have a good story to proudly tell other fellow departments. This is the story of how it was achieved, the chain of actions and steps involved in the improvement process, and how key players took part in the process.

**In the beginning there was a supportive leader, a committed team, and a clear objective ...**

The department was always concerned with compliance issues. The intention and attempts to solve non-compliance was always there. And people were battling and fighting but on their own and in isolation. The break arrived only with the arrival of the new Head of Department (HOD) in October 2010. As soon as arrived in the department, the new HOD, who already had that time over 30 years of experience in public sector, declared that she wanted to achieve 'the clean audit' that year and provided a range of complete support to transform the operations of the department in order to improve performance and efficiency.

The previous HOD did not come in to the office much. It is a very significant change for the department. The first thing the new HOD did was to arrange support for a team that includes a director, who was really the driving force of this payment within five days effort, and the Chief Financial Officer (CFO), in terms of initiating and leading the change process and the disciplining of people over non-compliance. The commitment and support given by the HOD to the team, energised the change drivers with confidence to full charge.

### ***No information means no managing and no monitoring***

*We issued self-warning to ourselves.*

The change process, then, started in December 2012. While preparing and discussing for the Department Operational Plan, the Finance Director came up with an idea that "we will pay within five days". The team then reviewed its annual performance status and set the target of paying suppliers within five days, although the legislation requires it to pay



within 30 days. The team started the transformation process by issuing a self-warning to themselves in order to set the tone for the whole department.

But staff and employees were not happy with the target, and protested. As Machiavelli (1980: VI. 4) rightly noted about five hundred years ago that whenever a change is introduced, all those “who are well off under the existing order of things” will become enemies and resist the change. The team did experience intense resistance from employees and staff.

*Every one resisted. They said they do not have time, they do not have resources, they are too busy. It is impossible to do that. It's crazy. There is no way we can do it. Until today some people still think that we are crazy to pay within 5 days.*

Staff started manipulating and giving excuses and lying to the team. But the team did not back off, but stood together and firm, and kept pushing. When people asked “why the Presidency says to pay in 30 days and why are you saying we have to pay suppliers within five days”, the Finance Director explained to them

*If suppliers work with us they are unlikely able to do businesses elsewhere because all capital are tied here that is the reason why. Your non-payment has implication of empowerment of small businesses. If we don't pay, the suppliers will have cash-flow problems and they cannot wait for 30 days. Sometime the orders have to be cancelled.*

The team continued with more continuous monitoring and chiding people. The CFO explained how the Finance Director assertively initiated the process;

*He started registering invoices and he started actually monitoring, even the district officials, on weekly basis, to check from the date we received the invoices that were recorded in an invoice register versus the date they paid.*

In order to be able to monitor effectively and systematically, having reliable and credible information is an indispensable condition. One of the well-acknowledged weaknesses of an M&E system is a lack of information or not having complete information. Without complete and credible information, monitoring is impossible. Moreover, a clear line of processes together with a responsible person to carry out clearly defined tasks and duties is also necessary to conduct effective monitoring.

In order to have complete, current and credible information, the team assigned a staff member to register all invoices coming in to the department, including invoices that go to the five district offices<sup>8</sup>. The team made sure of assigning the staff who is not interested in whether suppliers get paid or not, therefore is not in a position to manipulate the information she has. Her job is just to register invoices. Relating to the choosing the right person for the job, the Finance Director explains,

*If we assign a clerk from the finance, the process might be compromised, because it is their benefits who get paid. Thus, we need somebody who is really not interested whether the suppliers are paid within 30 days or not. So that they would not manipulate the data.*

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<sup>8</sup> It is important to note that invoices are received by the supply change section and then transferred to the Finance section. The registration is done by a staff member only when all invoices are received by the Finance section.

The system implemented in the Finance section has multiple registers such as an “invoice register”, and a “payment register”. The register has the date, the time, whom the payment was distributed to, and also tracked the process as it went along. The registration process is built into the network and a lot of people feed information into the system.

After all invoices are registered in the system, equal numbers of invoices are distributed to clerks or staff prior to the payment process. Then, the monitoring activities are closely conducted throughout the line process. It is now easy to track whom the payment was distributed to for compliance, distributed to for checking, distributed to for authorisation, which get the payment for compliance, why the payment is not forward to the next stage.

*Now I have a credible source that she captures information for me, with enough information to start monitoring from there. So in any given point in time, you can go to the registers and check the status of particular payment, who is sitting with the payment, because there you can claim a b c there, explains the Director who leads and monitors the process very closely.*

The registering system provides information on who gets which invoices, the invoice number and date are also recorded. So it is easy to check immediately who got the payment for compliance, why the payment has not been forwarded to the next stage. The register is also upgraded regularly. The process is monitored on a regular basis. Later, people within the system realised that the process was being monitored closely. “*That assisted the process so much that as soon as you got the entity in the system, there would be no delay*”, proudly claimed by the Director.

After all invoices are registered in the system, equal numbers of invoices are distributed to clerks or staff to precede the payment process. Again, the monitoring is closely conducted throughout the line of process. The register system provides credible, complete and current information on who get which invoices, invoice number and date are also recorded. Tracking the process such as checking whom the payment was distributed to for compliance, distributed to for checking, distributed to for authorisation, is easy to be conducted and also easy to be monitored. The register is also upgraded regularly. The process is monitoring on a regular basis.

### ***Reducing the road blocks***

Finance management in general and the payment of suppliers in particular is a group-activity. A good flow of information and work processes is essential. A delay in one step can mean a delay in other steps because the steps are linked together in physiological interdependence and operate as a functioning whole. The ability to detect delay points and to hold responsible staff accountable is the key to the process.

There are factors that prevent to do the payments in time. Staff used various excuses for not making payments. The common excuses are that the payment could not be made because entities did not provide entity forms, or entities do not register, or entities’ banking details are outstanding. In order to overcome these excuses, the Finance Director assigned a staff, again, to register all entities that work with the Department. He explains

*In that way, I cannot be told that the payment cannot be paid because entities did not registered, because I have a benefit of going to check. We are checking whether the entities were captured in the system. We have right to challenge why the entity was not captured in the system. What I would then do is I would take the entity to relevant finance manager or district manager, and said look we have this entity you follow up and make sure we get all of these documentations.*

After solving all kinds of excuses the staff and employees gave, the team started measuring productivity and efficiency level of the staff. In one forum, the team made a demonstration on efficiency, what can be achieved with the current staff, how long it takes to capture the data, how long it take to confirm a payment. The Director explains that *"It is not about the number of payments that can be done in a day but about the time needed to make a payment. Then we calculated the numbers of payment we can pay a day"*.

### ***What we need are: attitude, culture and commitment***

The demonstration and initiative were not welcome pleasantly by staff, as usual. The CFO shared the experience and said

*People were so shocked and so angry because they were told that you were not working eight hours a day. No one is working efficiently eight hours a day, they chat and make coffee and have lunch and they feel like they are busy the whole day but they really weren't.*

The efficiency and productivity are, according to the CFO, more concerned with attitude, culture and commitment. It is not necessary to have many staff because there are not a lot of fund that are to be transferred. She told about a big fight that she had with the supply chain group because

*They could not issue an order immediately and they gave all kinds of excuses why they cannot issue orders; load of work, the system, the printer, network, and everything. But investigating, it is just people who have a counter-productive attitude.*

She continues that

*The biggest weakness of the people is that it is really easy for them to say no but they can't explain why. We said to our people if you say "no" tell us why. They cannot explain us why. I think it is just that government officials are not committed. It is just a lack of commitment".*

### ***Rules are nothing without controlling and enforcement***

Having rules and regulations necessary for performance improvement is not enough to ensure the performance will be improved. A systematic control and enforcement system is essential in order to ensure employees and staff comply with these rules and regulations and follow the prescribed processes in the correct order. According to Becker's (1968) Expected Utility Maximisation theory, a person, or an employee, or a staff member complies with the rules and regulations only at the level of his or her expected utility in the case of non-compliance weight with a probability of detection. When there is no chance, or a low probability of detection, or the punishment is not severe enough, he or she will not be bothered to comply with the rules and regulations. Then, there would be

no benefits or advantage but just a greater burden that these rules and regulations will have on society or an organisation.

After the demonstration, the team demands each staff to process 30 invoices a day. At the end of the day, each staff member has to report to the Director of Finance on what they have done and what they have not done. The Director monitors the register whether they are meeting their targets. When they do not meet the target, he would say *"you are not efficient, you are not efficient, you are not efficient"*.

Excuses for not being able to pay suppliers are discussed and solutions are formulated and implemented together. Throughout the process, consultation and engagement is carried out among stake-holders. The Financial Management holds a formal monthly meeting. Unit sub-groups also have their own meeting. The Finance team engages with all staff and employee informally every day, even at the night shift and visits district offices regularly. They also contact suppliers telephonically every week, once or twice.

Close and continuous monitoring as well as control and disciplining is undertaken by the Finance Director. *"Every day I look at the registers." If I find something irregular, there would be a sort of fight"*, said by the Director with a laugh. To anyone who does not comply with the regulations and rules or does not perform to the standard level, the HoD issues written warnings. After sending written warning twice, a necessary disciplining is undertaken.

At the same time, there is also a reward for staff who meets the daily targets.

*We also said that they can take off afternoon if they meet the targets. They can do things afternoon. Their table are clean. They don't have to wait until the weekend to do things and they can do in the afternoon.*

Gradually, people realised that the team takes the process seriously and the process is monitored closely. Although people felt pressured and burdened at the beginning, they later understand that their service delivery is important for people and gained a sense of ownership. They even started monitoring themselves. The culture of efficiency was slowly rooted in the Department. The Finance Director told about a staff,

*Whatever invoices are coming into the Finance, he was rushing to get his number that we made it as a daily target.*

Actions, indeed, speak louder than words.

### ***No way, without the HoD's Support***

In the whole transforming process, the HoD plays a very significant role. The CFO explains *"Without the support from the HoD, we could not do. Before three years ago, we would be crashed"*.

The HoD herself monitors the process, disciplines and chides people who does not comply and issues written warning. *"She did not sign before we explained why we only deliver four payments"* said the CFO. Although soft and very understanding, she does not hesitate to disciplines people and writes written warning to people who are not complied with rules and regulations. Even in senior management meetings, she questions people in terms of non-compliance matter both financial and non-finance issues. *"She even questioned the*

*MEC in the Senior Management Meeting*", retold the CFO. However, the working relationship between the political and the administrative sections of the department is very good.

### ***A harvest of efforts***

By implementing the change process, the payment of suppliers' process was impressively improved. The organisation is now able to pay suppliers within five days, without requiring additional resources or capacity, but by instilling a culture of efficiency, responsible and accountable in the department.

*"There is no resource constraint. Although it has limited resources, the current level of staff is enough for the task. It is but all about people who are committed to doing their works," stated the Chief Financial Officer (CFO).*

The Finance director who spearheaded the change process is even confident that the organisation could pay suppliers quicker than five days. Accordingly, the department has now proudly ascended into the league of the top five percent among all 156 national and provincial departments that have progressed from level three to level four of MPAT.

### **The Way Forward**

*The next challenge is to transform the whole province. I want to improve turning around services, said the Finance Director.*

Because of the simple nature of the payment of supplier process, there is not much room for improvement. However, having a systematic supplier data base - that has complete, current and certified information such as all the banking details - can make the process much more efficient and effective. Moreover, having in-house trainings tailored to the particular needs of the organisation could enable the organisation to perform the same work with less staff.

Currently there is not any problem concerning the policy. *"I don't think there is anything wrong with policy. I think that it is just government officials are not committed. It is just a lack of commitment"*, said the CFO. However, a policy that emphasises and encourages a variety of 'in service' courses in departments, and clarifies the roles of stakeholders and provides more authority to the senior management to control and enforce non-compliance matters could improve the performance and efficiency of the organisation.

### ***A journey of efficiency***

The whole process taken by the DSD could be understood as a journey from a state of inability to pay suppliers within 30 days to a state of capability to pay suppliers within five days. The journal had been in the mind of certain group of people and they believed that it was necessary. But they were isolated and disorganised in their attempt.

Their dream of taking that journey became materialised only when the new leader came to the Department. The leader, who had the same vision like theirs, authorised them to take the lead. Along the journey, the group encountered resistances from people who did not believe the journey is necessary. However, the team convinced the people who resisted that the journey was important and necessary. The team mobilised the resources,

formulated and followed a program of actions, cleared road blocks, solved and overcame problems and challenges, encouraged, empowered, rewarded and disciplined the fellow travellers, and then reached their destination.

### Lessons learned: five success factors

The change process devised and implemented by the team of the DSD is quite simple and straightforward. Every department or organisation can easily apply this system. The system does not require any additional resources. The steps that the Finance section of the NC Department of Social Development has taken correctly, but differently from other departments and organisations are the ways that it monitors and holds responsible persons accountable by disciplining them when necessary. Without enforcement, what is the use of rules and regulation?

The success of the SDS depends on five success factors that are interrelated and interdependent. Lack of one factor will cause the whole process unsuccessful. These success factors are (1) creating and communicating a clear objective, i.e., to be able to pay suppliers within five days, (2) developing a right system that will enable the organisation to achieve its objectives and goals, i.e., having credible, current and complete information, and effective monitoring throughout the process, (3) having an effective control system that holds employees and staff accountable, through continuous monitoring, and disciplining when necessary, (4) having full support and commitment from the leadership and senior management, and (5) having the right persons in the right places, for example assigning a woman, who does not have a personal interest in whether suppliers get paid or not, and therefore does not have a desire to manipulate the information, and will register all incoming invoices.

**A clear vision and objective:** Change starts with a vision. A clear vision provides a clear path to be taken: the clearer the vision, the easier the process to achieve it. Moreover, the vision assists in motivating stakeholders to take action in the right direction. Thus, having a clear sense of objective is the most important first step in the accomplishment of any task. One of the most important responsibilities of a leader to be succeeded is to have clear objectives of the organization and its members, and to communicate it to all stakeholders, staff, managements and employees in an organization. As soon as arrived to the Department, the HoD had succeeded in creating an objective for the Department, i.e., to get a clean audit, and communicating it to the whole organization. The Department did achieve the clean audit that year. Success begets success, as a famous saying goes. Then, the next turnaround move is to be able to pay suppliers within five days.

**A right system:** Once a clear objective is created and communicated effectively. The next step is to formulate a system that is necessary to achieve the objective. The DSD had, again, succeeded in developing and implementing the system, i.e., registering invoices, entities, and payment; systematically and continuously monitoring the process; fixing or correcting blockages that delay or clog the flow of system; and controlling and disciplining persons who fail to perform or comply with the regulations and rule.

**An effective control system:** Having a well-articulated clear objective and a system to achieve it alone will not produce results. Without credible and complete information,

systematic monitoring could not be conducted. And without close and systematic monitoring, it is impossible to hold people accountable. However, holding staff and responsible persons accountable is not easy. Most changes or improvements or transformation processes fail because of the weakness or failure of this accountability-holding dimension.

The first of the three laws of performance (Zaffron & Logan, 2009) is that people performance is correlated to situations they are in. The responses, actions or behaviours of staff and employees, therefore, depend on how they are managed, monitored, controlled and disciplined. Similarly, in his Nobel lecture, Becker (1992) discusses how people decide to comply or not with rules and regulations. According to Becker, people calculates a probability of detection and a likelihood of getting caught, and the severity of penalty and cost if get caught. If they believe that the probability of detection and a likelihood of getting caught, or the severity of penalty and cost are low, people will take chance and will not comply with rules and regulation. Thus, there are two necessities; close and systemic monitoring and detection in order to force people to comply with rules and regulations, and high enough severity of penalty or cost of getting caught in order to keep people complied. Otherwise, Instead of helping and benefitting organisations, the rules and regulations become a disservice and become a burden.

**The full support of the leadership and senior management:** On the other hand, disciplining employees or staff is a difficult task. It cannot be implemented without the full support of the leadership and senior management. Throughout the change process, Yukl (19814) argues that, the role of the leader is key. In the case of DSD, the change driver or the change agent, although they themselves are a kind of leadership, acknowledged that they have the benefit of having full support from the HOD. It was even claimed that the change or transformation or performance improvement process could not be implemented before the current HOD arrived in the department, three years ago.

One of the most important and difficult leadership responsibilities is leading change, argues Yukl (1981). One of the common factors that caused the change or organisational improvement process to fail is the reluctance of management or leader or leaders to deal, professionally, with non-conformers or poor performers. It is, therefore, important to note that the role of leadership is, although it might be small, the critical and decisive success factor in the process. Once the leadership as well as the senior management are committed and dedicated to making the change process successful, other steps will not be too difficult and will be followed gradually.

**The right persons in the right places:** Although leadership is paramount important, no matter how committed and capable a leader is, without right staff and employment, he or she alone could not do much in order to transform or improve the performance and productivity of the organisation. The leader needs to employ right persons in right positions. Most government departments and organisations generally complain about the skills shortages or not having qualified or competent staff. Skills shortages together with resource constraint are indeed a great challenge. On the other hand, there is another dimension of these matters. It is a misallocation of resources or mis-assignment of staff and employees. A perfect system might be in place. But assigning staff or employees at

wrong or unsuitable tasks or duties can jeopardise the system. It is therefore a responsibility of management or leadership to make sure right people are in right positions. Abuse of power or authority could be ascribed to the failure or weakness of staff appointment or assignment process.

In this case study, the process of payment to suppliers is started with a right person whose task is just to register invoices and who is not interested in whether suppliers get paid or not, therefore is not in a position to manipulate the information she has. Moreover, the department did not have to make changes or efforts to get the right peoples in the right positions such as appointing new officials or hiring expensive consultants. It already has two committed, diligent, energetic and strong officials who led and managed the change process successfully.

This case study illustrates that regulatory compliance does lead to improved management performance and improved service delivery outcomes<sup>9</sup>. It also proves several important and helpful lessons that other departments should learn, follow and be benefited.

To sum up, for anyone who has eyes for learning or a willingness to learn, there are lessons everywhere. It is not the lack of lessons but the lack of wisdom, or the right attitude or a willingness, to take lessons and learn from every opportunity. At the same time, it is not the lack of resources or skills shortage, but the lack of the will to perform, to serve, and to improve continuously. It is all about having the right attitude among all stakeholders to turn around and improve the performance and productivity of the organisation. As soon as all the key players, even if not all stakeholders, have decided and dedicated to change, achieve, improve or excel, nothing will be the matter, or be able to obtrude in the process. Almost every goal is achievable as long as there is a strong will and firm determination in the mind of key players.

*Change occurs because key players really want it to occur.*

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<sup>9</sup> the notion that the MPAT is based on.