



# Performance Improvement Dilemmas in South Africa

by Belia Nel, MA, CPT

**T**he challenge of competitiveness and the crisis of human capital are at the top of today's business agenda in many countries. However, the competitiveness challenge becomes a dilemma in many developing countries. Developing countries need effective approaches for unleashing the talent potential of their human capital and at the same time need to focus on productivity improvement in systematic and reproducible ways.

Performance improvement initiatives are very challenging in a developing country, especially one with strong first-world characteristics such as:

- good infrastructure for both ground and air transportation (i.e. cities, towns, and villages are accessible)
- democracy and political stability
- growing and developing economy backed by gold, diamonds, platinum, and other minerals
- technology-driven banking, information, communication, and financial systems (i.e. automatic cash machines and satellite communication)
- social systems (i.e. medical services available to the entire population)
- legal infrastructure with a sound judicial system

The social, political, legal, environmental, and economical dimensions have distinctive influences on implementing performance improvement change processes. The external environment, from a societal level, must leverage and support change. These changes will occur and be necessary at different levels for the private sector, government, and small nongovernmental organizations as well as small and medium enterprises. These changing shifts are also necessitated by the need to be globally competitive and also by the opening up of emerging markets.

## South Africa's Potential Performance Improvement Landscape

Several dilemmas are clouding the performance landscape in South Africa. The landscape described below pertains particularly to South Africa but is indicative of conditions that may occur in many other developing countries with strong first-world characteristics.

The question asked of developing countries' governments is whether the broad socioeconomic and political environment acts as an enabler for development.

Broadly speaking, many poor communities do not have access to education, resources, and funding which will facilitate the implementation of performance improvement initiatives.

### **Socioeconomic Conditions in South Africa**

South Africa is an upper-middle income country. Its economy includes a modern financial and industrial sector supported by a well-developed infrastructure. An informal subsistence sector also exists.

Significant levels of poverty and inequality are major issues confronting South Africa, which is one of the most unequal societies in the world. The poorest 40% of the population spend less than 3% of national consumption, while the richest 10% have 46% of national consumption. Many households still have unsatisfactory access to clean water, energy, health and education. The high crime rate in South Africa is influenced by these circumstances.

South African poverty statistics are as follows:

- 18 million people (from a total population of 47 million) live below the World Bank's poverty line of \$2 per day.
- Approximately half the population lives in poverty. The poorest 20% spend, on average, less than R100 per person per month (less than \$14 U.S.).
- Between 60% and 70% of children live in poverty, and 25% of children under the age of 9 have severe to moderate stunting. Stunting is the slow down of growth or development particularly due to malnutrition in children.

Unemployment is also a major problem, especially among the younger generation. In 1996, 33% of working age adults were unemployed. That rate by 2001 had risen to 37%, and in 2002 to 41.8%.

Macroeconomic planning currently focuses on re-engineering the economy but also increasingly on ways to absorb the large number of unemployed and to alleviate poverty. The Growth, Employment, and Redistribution (GEAR) Program has focused on rebuilding and restructuring the South African economy. Initiatives to redistribute wealth through the Reconstruction and Development Program (RDP) have had limited success. While the South African economy has shown growth, there has not been a corresponding decrease in unemployment.

Government efforts to reduce unemployment include the introduction of an affirmative action program to eliminate the workplace color bar as well as gender and disability discrimination. The government has also prioritized black economic empowerment. While apparently successful, it seems to be limited to privileged groups.

Real increases in spending are taking place in a range of areas surrounding poverty reduction and development,

such as extending social assistance and health and education services. There is enhanced investment in municipal infrastructure, rural development and urban renewal. Capacity in safety and security is being expanded, land reform accelerated and services to citizens improved. The ethos of Batho Pele (promise of better delivery) is becoming entrenched in the public service; this, together with commitment to the principles of good governance in the public service, is intended to benefit all South Africans.

A further factor that affects development in South Africa is the impact of HIV/AIDS. The United Nations Development Programme created the human development index (HDI) as a measure of achievements in basic human development. While South Africa currently has one of the highest HDI measures in Southern Africa, HIV/AIDS is expected to have a detrimental effect on that over the next 10 years.

### **Politics and Environment**

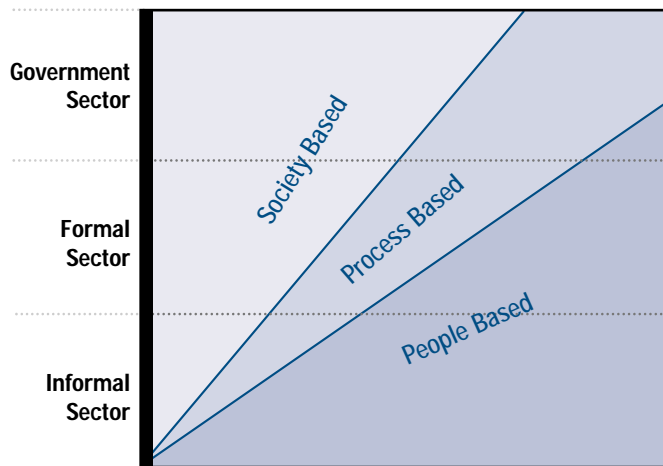
With the change of power in 1994, citizenship rights were granted to all South Africans. The governance of the country has been fairly smooth since the ruling party, the African National Conference, incorporated the tenets of freedom and protection of individuals' rights into the constitution.

The globalization of international trade and financial markets may negatively affect individual citizens and developing countries alike, if economic and social structures are unable to absorb the shock of transformation. Access to international markets has meant that South Africa has to improve productivity and quality while being more competitive abroad. Globalization further increases the competitive pressure internally, as it results in more imports.

Globalization also brings pressure to maintain strong governance, because major international political players increasingly reject undemocratic governments. One underlying motivation to steer clear of instability is to secure returns on international financial investments and the uninterrupted supply of minerals, such as diamonds and gold, of which an abrupt shortage may negatively affect the world economy. South Africa does have strong corporate governance structures, however, the problem lies in the lack of application of these laws. The many structures and laws in existence suggest that corruption is being taken seriously at the highest levels of government. Although lower than in most sub-Saharan countries, the incidence of corruption in South Africa is sufficiently serious to constitute a serious barrier to government achieving its goals.

To help understand and distinguish between formal, informal, and governmental sectors, definitions and examples are provided below:

- **Formal sector:** Typical medium to large organizations including "blue chip" organizations who provide work to



**Figure 1. Horizontal and Vertical Performance Improvement Context.**

the majority of the population. These organizations tend to be highly regulated.

- **Informal sector:** Although many initiatives are currently being developed, this sector is still highly unregulated as a very important part of the growing economy of South Africa. Typically, this sector includes vendors on street corners who sell and provide services to consumers at a point of need.
- **Governmental sector:** This sector is the second largest employer in South Africa and represents all the government-type services supplied at a national as well as at a regional level (e.g. the Department of Correctional Services, Department of Safety and Security, to mention a few).

## Challenges on the Performance Improvement Landscape

The scenario of South Africa presents many opportunities for human performance technology (HPT) application. The foundation steps of HPT can be superimposed on this landscape:

- The complexity of the situation lends itself to an environmental scanning analysis providing critical information about the priorities and strategic departure points.
- A current and desired workforce performance analysis in concert with cultural due diligence will provide the necessary input for a critical gap assessment.
- A cause analysis will reveal the reasons for the poor economic performance and development of South Africa. Possible reasons could include the focus or lack of focus at the formal, informal, and government levels.
- Both the cause and intervention selection and design should be focused on the three areas mentioned above. This will necessitate a major change at government and societal levels in South Africa. Too many of past and existing change initiatives are implemented at formal level.

- Continuous evaluation and feedback will reveal the non-strategic, ill-aligned and sometimes ad hoc intervention implementation in South Africa.

As represented in Figure 1, the following assumptions and challenges are evident:

- The informal sector comprises up to 90% of economic activity in South Africa and is mostly represented as small and medium enterprises in both the formal and informal sectors. The informal sector is mostly driven by entrepreneurial individuals and small groups. In many instances these groupings are supported by the work of nongovernmental organizations.
- The challenge for HPT professionals in the informal sector is enormous, as many of the members can improve their performance and productivity outputs. HPT can contribute at this level, which will benefit the economic growth and development of this country overall.
- Many performance improvement initiatives are currently being implemented at the formal sector level. Many organizations are preparing to establish performance improvement departments and functions and developing performance improvement implementers (HPT practitioners). However, while these interventions and developments are necessary to grow and sustain the formal sector contribution to the overall economy, they are more needed at the informal and government sector levels. The informal sector will, as it grows, feed the formal sector and ultimately benefit the developing and transforming government.
- It is estimated that the formal sector which of the total economy is contributing to the growth and development of South Africa's overall gross domestic product.
- It is critically important that the work of HPT practitioners be aimed at the informal sector. The gap between the developed (formal) sector and the developing (informal) sector provides numerous opportunities and challenges for HPT practitioners to mobilize their skills and knowledge at the informal sector level.
- At the governmental level many initiatives and interventions are geared toward the betterment of society at large. However, to increase the gross domestic product, the talents and entrepreneurial will of the human capital of South Africa should be unleashed through the application of HPT. There is an opportunity to further assist the government with the application and implementation of HPT. This type of initiative will ensure a more productive alignment of government legislative practices within the informal sector. This could mean a greater philosophical and practical cooperation between government agencies and nongovernmental organizations.

The challenge exists within this dilemma not only to develop the HPT body of knowledge but also to apply and integrate the principles and practices of performance improvement at the informal and governmental levels.

## Strategic Performance Opportunity Analysis

As HPT professionals we align our work with the 10 international standards of performance improvement. However, to achieve high sustained economic growth in South Africa, we also need to identify performance improvement practices that will assist HPT professionals in aligning themselves with the realities and conditions of a developing country.

In a multicultural country a standard first-world approach to performance improvement is not always appropriate or productive. South Africa, as many developing countries, is faced with challenges regarding globalization and the dynamics this creates for performance improvement initiatives. Given this context, it is necessary to introduce a modified HPT strategy through emerging performance practices. These performance improvement practices for South Africa are as follows:

- Focus on the receiving system.
- Empower the individual and small groups.
- Be sensitive to diversity.
- Gain stakeholder commitment.
- Work in a globalized context.
- Be relevant.
- Deliver on time.
- Work ethically.
- Be alert to change.
- Build capacity.

HPT application in South Africa and other developing countries should align these performance improvement practices with the foundation principles and process standards for performance improvement. These practices will help redefine an approach directed at the informal sector level where a performance improvement strategy implementation is needed to reduce the gap between the formal, governmental and informal sectors.

### Strategic Analysis

The performance improvement practices that fall under the category of strategic analysis include the following:

- Focus on the receiving system.
- Gain stakeholder commitment.

Often projects fail because strategic issues are overlooked or poorly analyzed. Typically the analysis and alignment will include addressing and/or answering the questions below:

- What is the nature of the diversity and multicultural profile in the country?
- How will the diversity and multicultural practices be integrated into the country's business culture?
- What business issues need to be addressed with a performance improvement strategy? What are the underlying performance problems and diversity behaviors that

need to be solved at societal-, process- and people-based level?

- What is the value proposition of the country that will be supported by a performance improvement strategy?
- What is the multicultural and multi-ethnicity value system readiness?
- Will the government practices support and sustain the performance improvement initiatives?
- What is the performance improvement readiness of the implementers, champions, and stakeholders?
- What are the competency and skill levels of the implementers at both the informal and governmental sectors?
- Will the existing policies, procedures, and systems support the globalization initiatives for performance improvement?
- What are the first-world dimensions and drivers that will maintain the newly introduced performance improvement strategy?
- What leadership practices will support this initiative?
- What gaps exist in the alignment of the government, formal, and informal systems as well as individual and societal practices?

### The Design and Development

The performance improvement practice related to design and development is that of working in a globalized context.

The government as well as the formal and informal sectors should design and develop a performance improvement strategy addressing the current performance opportunities and gaps that exist at a societal-, process- and people-based level.

The proposed strategy should be juxtaposed with existing legislative strategies and fit the prevailing contexts of the country in terms of multiculturalism, diversity, and multi-ethnicity. The outputs of this phase would consider the following:

- Achieve buy-in from business, government, and non-governmental organizations for the process by establishing the entry development requirements to this mindset shift by taking cognizance of the prevailing multicultural and diversity issues.

First, business, government, and nongovernmental organizations should prioritize communities where the greatest need occurs for performance improvement initiatives. Secondly, these entry development requirements should level the playing field by providing a performance charter for performance improvement. A performance charter should contain the provision of reasonable access to resources and funding, access to appropriate information and communication systems as well as access to adult training and development projects and initiatives. Without these reasonable, basic entry development requirements performance improvement initiatives will not be sustained.

- Design and develop a performance improvement strategy:
  - ✓ Clarify expected outcomes at local and global levels.

- ✓ Clarify expectations, roles and responsibilities of all role players, stakeholders, and implementers.
- ✓ Sensitize all role players, stakeholders, and champions to the performance improvement thinking and action planning in all the sectors and at all levels.
- Develop a specific and customized performance improvement process model that addresses the formal, informal, and governmental sectors.
- Develop and design the tactical game plan of operational implementation.

### **Implementation**

The performance improvement practice important to implementation is to deliver on time.

The performance improvement implementation and communication strategy should be aligned with the international and emerging performance practices. The strategy and process model will provide for the following:

- Specific evaluation and measurement systems
- Communication and feedback loops from all stakeholders, implementers, and custodians in the environment, required for all the input and output areas as well as the receiving system
- Delivering these appropriate interventions on time

### **Development of Implementers and Custodians**

The performance improvement practices important to this category are to empower the individual and small groups, and to build capacity.

This phase will deal with the sensitizing, development, and skill improvement of all implementers and custodians of the performance improvement process. During this phase the analysis of appropriate resources should also be conducted. The success of the implementation process will depend on the competency levels of implementers and custodians at the government, formal, and informal sector levels as well as access to information, quality resources, and sound communication channels. Therefore the following would need attention:

- Redefinition of the current human capital development strategy to include the performance improvement framework
- Development and implementation of a strategy that focuses on the knowledge and skills gaps of all implementers and custodians of the performance improvement process. This phase is the most challenging in the total performance system, as access to training, development, and education is most problematic at the informal sector (followed by the governmental sector) due to the lack of funding. The formal sector, however, with its first-world practices and business agendas, has streamlined knowledge and application delivery systems.

These training, development, and education strategies should be aligned with the country's legislative policies and international best practices and standards. The 10 international standards for HPT should form the context for any developing country's framework.

### **Communication**

There is one performance improvement practice related to the category of communication: Be sensitive to diversity.

The overall success of the implementation of a performance improvement strategy will depend on the integration of the diversity, multi-ethnicity, and multicultural dimensions of the human capital of South Africa. It is critical that the information be communicated effectively via the appropriate channels given the challenges the country faces in ensuring maximum impact in the alignment of the societal-, process-, and people-based levels.

### **Measurement and Evaluation**

Measurement and evaluation have one performance improvement practice: Work ethically.

The success of the implementation and maintenance of a performance improvement strategy in a multicultural and multi-ethnic country will depend on the ethical and rigorous evaluation and measurement systems available in the government, formal, and informal sectors. The impact and outcomes should be continuously evaluated as key learning points and should become part of the overall knowledge platform for South Africa.

### **Action Planning and Rollout**

The performance improvement practices under the category of action planning and rollout include the following:

- Be relevant.
- Be alert to change.

A coordinated action plan should be developed for the various levels. It becomes extremely challenging for the HPT practitioner to roll out an action plan in the informal sector as a lack of infrastructure and access to communication and information channels prohibits a streamlined implementation strategy. A dedicated effort by business, nongovernmental organizations, international agencies, and government can play a pivotal role in the implementation of a performance improvement strategy. The relevance of performance improvement initiatives and the perceived needs of the informal sector contributing to the growth and development of the economy of South Africa should not be overlooked.

## Masters Statement

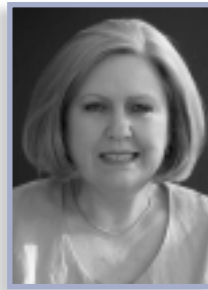
**What advice would I give someone on the path to becoming a master of his or her field?**

Network as much as possible with specialists and professionals in the field; observe what they are doing and ask for their advice. Read widely, not only in the HPT field. Gain business knowledge, particularly if you are from a human resources environment. It will help with credibility and it will assist with doing HPT work. Attend professional meetings, seminars, and conferences. Write and publish articles and contribute opinions when asked. Organize HPT-related events in your organization for management and staff if you are an internal consultant—build the body of knowledge through sharing! Continuously share information with other like-minded professionals and organize get-togethers to debate issues.


## The Future of HPT in South Africa

The performance of the human capital in South Africa will take on new significance in our ongoing development of the economic future. Human performance technology, the systematic and systemic approach to improving productivity and competence, is key to global competitiveness.

The developing economic landscape of South Africa presents challenges and a number of dilemmas for implementing HPT. These opportunities for performance improvement implementation should be leveraged from government, formal, and informal perspectives. Too much emphasis is currently placed on the formal sector development, while the informal sector provides numerous opportunities to apply performance improvement, and these changing shifts should be embraced at societal-, process-, and people-based levels. 🌱



**Belia Nel, CPT**, is the founder member of the Leaders of Learners in South Africa. She is a regular speaker at local and international conferences and is the president of the ISPI South African Chapter. In 2003 she received an ISPI leadership award for the groundbreaking HPT work in South Africa as well as the Certified Performance Technologist designation. She may be contacted at [belia@LOL.co.za](mailto:belia@LOL.co.za).



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