

**CRITICAL SUCCESS FACTORS FOR THE  
IMPLEMENTATION OF VALUE-BASED  
MANAGEMENT (VBM) IN A PROVINCIAL  
GOVERNMENT DEPARTMENT IN THE FREE  
STATE**

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requirements for the degree

Master in Business Administration  
at the  
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# DECLARATION

I declare that the field study hereby handed in for the qualification Master's in Business Administration at the UFS Business School at the University of the Free State is my own independent work and that I have not previously submitted this work, either as a whole or in part, for a qualification at another university or at another faculty at this university.

I also hereby cede copyright of this work to the University of the Free State.

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Date: November 2022

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- My MBA colleagues Prudence Mmusi, Teboho Ubane and Teboho Nyakane who were very supportive during this journey.
- Last but not least, my special wife and family at large for their moral support throughout this journey.

## **DEDICATION**

I would like to dedicate this work to the following persons:

- My late grandmother and parents, who are the source of my inspiration. They are the ones who planted this seed in me but could not live long enough to enjoy the harvest. They will forever remain special in my heart, and I am hopeful that they are smiling wherever they are.
- My wife and children, who had to endure long days and nights without a husband and a father. Their sacrifice is highly appreciated.
- My relatives and siblings, who have been supportive of me during both dark and bright days of my life. I would forever appreciate their love and sacrifice for my life. I am hopeful that this success would inspire them as well.

## **ABSTRACT**

Many organisations, both public and commercial, employ value-based management as a powerful management philosophy to assess their performance. Departments and agencies are challenged to improve programme and service performance at all levels of government. The ability of public sector organisations to demonstrate value generation will determine their long-term survival as they become more performance-driven and citizen-focused. To ensure the Free State province's survival in these trying economic times, provincial executives must establish a state capable of carrying out its developmental mandate within their different departments. This requires the government to conserve the planned financial resources and spend them wisely on service delivery.

The purpose of this study was to examine the critical success factors for the implementation of value-based management in a provincial government department in the Free State. The critical success factors for the implementation of value-based management were investigated through the literature review to understand its applicability to the public sector environment such as provincial government departments. Through a series of interviews, a qualitative research approach was used to acquire a deeper knowledge of the essential success factors that add value to the provincial departments in the South African Free State province.

Although the research study revealed that the participants understand the value drivers within the government departments in the province, most of the participants indicated the need for appropriate training and education on the concept of value-based management and the benefits thereof.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Introduction

Effective public service delivery first emerged with the introduction of Section 195(1) of the Constitution of the Republic of South Africa, which mandates that public employees follow good governance principles for effective and efficient public administration to provide services impartially, equitably, and effectively (The Constitution of the Republic South Africa, 1996). Fourie and Poggenpoel (2016) assert that 'the state's inefficiencies in implementing its inequitable approach to service delivery ultimately led to a fall in revenue from state-owned firms, which culminated in widespread boycotts of rent and service charges.'

The notion that value-based management (VBM) has a major impact on corporate performance has clearly been validated as an organisational approach to excellence. VBM is a widely utilised concept in the public sector, where it has been used for a range of activities, including the establishment of key performance indicators (KPIs) for assessing overall business performance. Provinces and municipalities account for the largest part of South Africa's governmental expenditure. As a result of South Africa's slower economic growth, the budget framework has been reduced, affecting the Free State Provincial Government (FSPG). This study looked at the requirements of a provincial government department in the Free State to effectively start using value-based management.

## 1.2 Theoretical background to the study

Departments and agencies are challenged to improve programme and service performance at all levels of government. The ability of public sector organisations to demonstrate value generation will determine their long-term survival as they become more performance-driven and citizen-focused. Because funding support is contingent on programme improvement, agencies that do not demonstrate results must defend their programme mandates and budgets (Webster and Cokins, 2020).

Most of the public spending is directed at provincial government departments and municipalities. It is important for provinces and municipalities to have enough money

to spend efficiently and effectively Treasury (2020) if they want to build and grow a state that can keep up with its development responsibilities.

The Free State province is known as the breadbasket of South Africa because to its rich land and favourable climate (Baron, 2004). The financial framework for municipalities and provincial government departments has been reduced because of South Africa's recent sluggish economic growth. The South African government can't give provinces more money for big social and economic projects because of slower economic growth. The Free State government is not immune to the economy's present poor growth, which resulted in a constrained budget framework, and therefore no further funding for developmental projects inside the province is available. This simply means that the province's budget allocations to various departments must be reduced by the Free State provincial treasury.

This research study concentrated on the provincial government department in the Free State, which receives funding from the infrastructure budget. It is necessary to identify critical success elements for the value-based management concept's application to provide tools, sources, and value drivers for sustainability. Value-based management is a notion that can be used to quantify an organisation's value (Van Wyk and Smith, 2008).

Increasing financial issues at various agencies throughout the world increased pressure on agencies to demonstrate the success of their programmes and services to lawmakers and the public (Bigsten and Gebreeyesus, 2007). Today's difficulties for leaders in the broader context of delivering value centre on cost estimation, budget justification, risk analysis, and conveying anticipated and measurable results (Webster and Cokins, 2020).

### **1.3 Background to the problem statement**

According to the White Paper from November 1995, public services are facilities that are required to satisfy people's fundamental needs (Abdullahi, et al., 2015). This covers topics like generating employment and altering how land is utilised, along with housing, water and sanitation, energy sources, transportation, food, education, health care, the environment, social welfare, and security. The mandate was to ensure that the public sector, local government, and parastatals, both national and provincial, are governed in accordance with the Public Service Act (Proclamation 103/94), among

other things, to ensure that the supplied services are cost effective (Abdullahi, et al., 2015). The 1995 White Paper was implemented with the goal of strengthening positive trends toward quality, efficiency, effectiveness, and value-based services that qualify for return on investment and cost-effectiveness, but it appears to be failing, if it existed at all (Department of Education in South Africa, 1995; Renn, 2008).

The prevalent bureaucratic approach to service delivery places little emphasis on adhering to existing governing legislative frameworks, prescriptive rules, and regulations that characterise value-based management. This method makes sure that a return on investment is made when efficiency, economic value-based service, performance management, and productivity are pursued (Abouzeedan, 2010). The entire system and processes face and overcome obstacles related to demotivated and unproductive employees who exhibit difficulties in promoting professional work ethics and dedication among public officials the quality of roads, buildings, and all other services is an important issue. The establishment of the government in 1994 did not resolve all issues. As a result, as stated in the White Paper, measures for resolving historical problems must be developed in accordance with value for money criteria. Therefore, this study is necessary.

This was uncovered in a survey by the Free State Agriculture (FSA) members, that the government spent R6 million in the 2020 financial year alone on promised repairs and maintenance of road infrastructure. According to FSA president Francois Wilken, this not only impacts workers on their way to and from work but also causes a safety threat for vehicles. Farmers in the Free State have contributed millions of rands to restore provincial and municipal roads that have been neglected by both the provincial and local governments in the Free State (Food for Mzansi, 2020).

The evident difficulties identified by the National Treasury in 2005 (PFMA) imposed stringent governance, financial, and administrative requirements on most government departments and resulted in municipalities in various provinces being placed under administration (Botha, 2005). The necessity of identifying various performance-management strategies, such as value-based management, has been highlighted because of the provincial budget cuts. Lack of alignment, which is frequently a sign of silo and bunker mentalities, allows various departments to work on side projects rather than those that are more crucial to achieving the overall goal of their business (Webster and Cokins, 2020).

#### **1.4 Problem statement**

The problem is that in the Free State Provincial Government, there is a challenge with road infrastructure budgeting and accountability. This lack of budgeting and accountability led to budget cuts by the national treasury because the department didn't meet the standards set in their business plans, which were attached to the conditions of the budget for road infrastructure in the Free State province.

#### **1.5 Research aim**

The purpose of this study was to examine the critical success factors for the implementation of value-based management in the Free State Provincial Government Department.

#### **Research objectives**

- To determine the success factors for the introduction of value-based management.
- To identify the value drivers that can be applied in the department.
- To recommend the key performance indicators to measure departmental performance to ensure that key projects are prioritised and measured accordingly.

#### **1.6 Research methodology**

The researcher must make sure that the study is carefully planned in order to achieve the aims and objectives of the research.

##### **1.6.1 Qualitative research approach**

To assess the applicability and relevance of the crucial success criteria in adopting value-based management in government departments, the researcher chose a qualitative research strategy and gathered qualitative data.

##### **1.6.2 Research design**

To investigate the crucial success elements for the implementation of value-based management, an exploratory study approach was used.

### **1.6.3 Population, sampling, and data collection**

The Free State Provincial Department's chief directorate for road infrastructure is the target group. Interviews with a total of 20 officials was conducted to get detailed, insightful data that accurately reflects the public's opinions and viewpoints. Only information pertaining to employees of the road infrastructure unit was collected. Twenty people was interviewed using the Zoom and Microsoft Teams virtual platforms.

Purposive sampling is where the researchers randomly select individuals from the target population based on their individual traits or their experiences, attitudes, or opinions (Cooper & Schindler, 2011). In this study, purposive sampling was utilised to pick twenty employees to participate in the study using the non-probability sample technique. Permission to conduct research in the department was requested from the Head of the Department. Consequently, the contact details of the participants were also requested in the form of email addresses for the entire population.

### **1.6.4 Data analysis**

Noble (2013) says that the goal of data analysis is to recreate the available data in a meaningful or understandable form that is transparent, exact, and thorough while being true to the narratives of the participants.

### **1.6.5 Ethical considerations**

The University of the Free State provided the researcher with a letter of consent detailing the purpose of the research. The participant was shown the consent letter, which highlighted the following:

- The collected data will only be used for research purposes.
- The confidentiality and anonymity of the participants and organisation shall be protected with due care.
- All participants were explained the study's objective by the researcher, and they were asked to sign consent forms.

## **1.7 Contribution of the study**

To ensure the Free State province's survival in these trying economic times, provincial executives must establish a state that can carry out its developmental mandate within their different departments. This requires the government to conserve the planned financial resources and spend them wisely on service delivery. To excel in these challenging economic times, when financial resources must be utilised properly, provincial leaders must be held more accountable for ensuring the developmental mandate is met. This can be accomplished by implementing a value-based management programme that measures departmental performance. The Free State Government Department must then assess the crucial success factors for value-based management implementation to manage value.

## **1.8 Chapter layout**

Chapter 1 defines the issue and goal of the research in the specific field of study. Chapter 2 examines the literature that has already been published about value-based management (VBM). The discussion includes the VBM idea, history, crucial success elements for VBM implementation, and value driving framework, a new paradigm for VBM in governments' public sector, the implementation plan of approach, the obstacles to VBM implementation, key performance indicators applicable to provincial governments, and the economic background of the Free State province.

Chapter 3 explains the research strategy. The study methodology, research design, population and sampling, the research instrument, data analysis, validity and reliability of research design, and ethical consideration are the main topics of the discussion while Chapter 4 provides the qualitative data that was gathered and its analysis. Finally, Chapter 5 addresses the study results, implications of the findings on the research questions, recommendations of the study, assumptions of the study, limits of the research, advice on the consequences of the findings on the topic, and suggested areas for further research based on the findings.

## **1.9 Conclusion**

The notion that value-based management (VBM) has a major impact on corporate performance has clearly been validated as an organisational approach to excellence. VBM is a widely utilised concept in the public sector, where it has been used for a

range of activities, including the establishment of key performance indicators (KPIs) for assessing overall business performance. Provinces and municipalities account for the largest part of South Africa's governmental expenditure.

The research was concentrated on the Free State Provincial Government Department, which receives funding from the infrastructure budget. It is necessary to identify critical success elements for the value-based management concept's application to provide tools, sources, and value drivers for sustainability.

# **CHAPTER TWO: LITERATURE REVIEW**

## **2.1 Introduction**

The literature on topics associated to the research challenge is reviewed in this chapter. Additionally, the idea of value-based management (VBM) was examined to determine its application to the Free State province, South Africa. The advantages, and crucial success elements for a VBM system's effective implementation is also discussed. The literature study was developed by using relevant data from books, published journals, and databases like Emerald. Research by various authors was highlighted in this chapter; it starts by providing a succinct background analysis of the subject, in which it covers the significance of value-based management, the implementation plan approach for value-based management, as well as the historical economic context of the Free State Province.

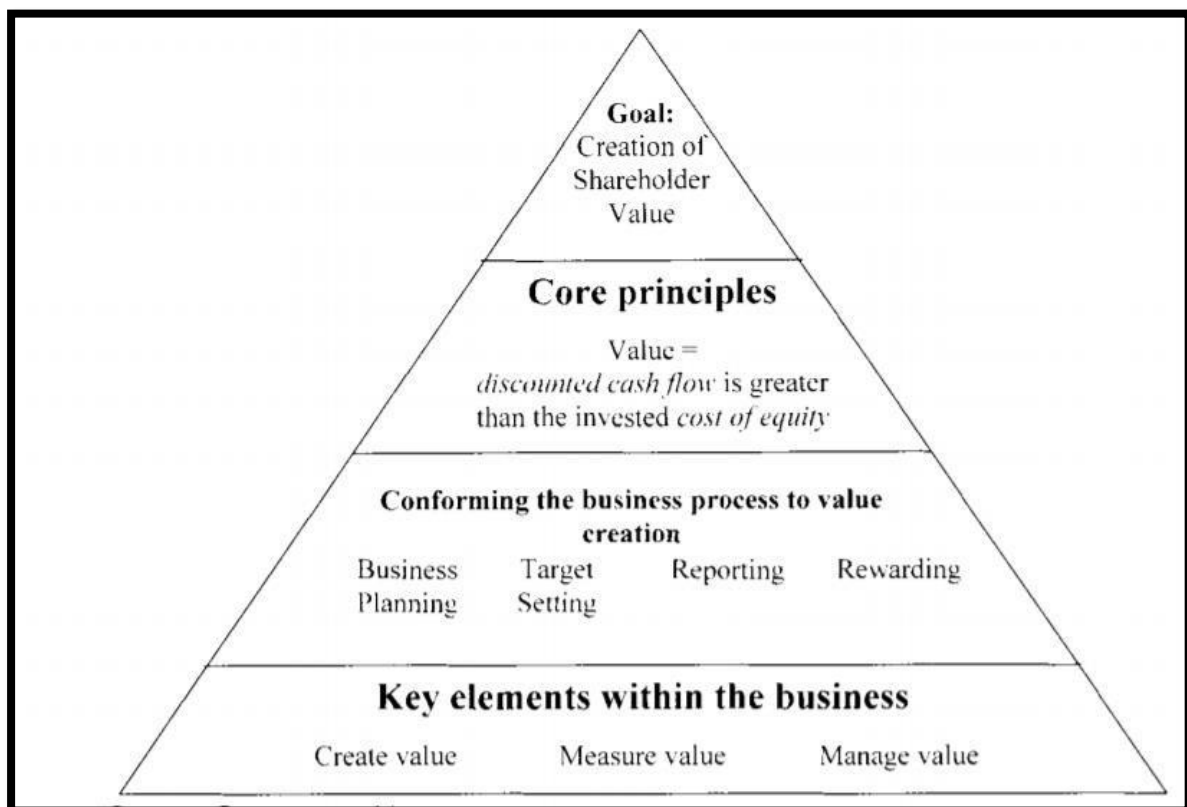
The literature was reviewed to determine the key success elements for the adoption of VBM and relevant value, and these variables will then be evaluated through data analysis to determine their relevance in the Free State province of South Africa. A summary of the value-based management implementation strategy is provided below.

## **2.2 The concept of value-based management**

According to Young and O'Byrne (2000), management is characterised by the ability to accomplish goals through utilising people. This definition implies that management is the concept of organising, planning, overseeing, and directing an organisation's human resources and other resources to accomplish the aims and objectives of the organisation. However, value-based management (VBM) looks at the concept of management differently. The assertion that VBM has a significant impact on business performance has undoubtedly been proven as a strategy for organisational excellence. The VBM concept is widely used in the public sector, and it has been included into several processes for developing key performance indicators (KPIs) to assess overall company performance. This study will examine the idea of value-based management, as well as its advantages and key success elements for its successful implementation in an organisation.

According to Bracci, Mouhcine, Rana, and Wickramasinghe (2022) VBM entails methods for producing, monitoring, and controlling value inside the organisation. It might be interpreted as an all-encompassing management strategy for the organisation, considering its culture, communications, vision and mission, strategy, and decision-making process. Without sacrificing the organisation's strategic vision, value-based management assists executives of organisations and their connected stakeholders in making data-driven judgments between short-term and long-term goals (Pienaar, 2018).

According to Pienaar (2018) the value-based methodologies are based on the principle that changes in a company's economic value are the best indicators of its basic financial success. The diagram in Figure 1 shows the overall summary of value-based management.



**Figure 1: Value-based management summary**

Source: Jordaan (2017)

According to Jordaan (2017), the maximisation of shareholder wealth is the goal of value-based management. Therefore, it is crucial that businesses make sure that their systems and procedures are centered on adding value for their shareholders. Jordaan (2017) added that the value-based management framework links strategy, performance measurement, and operational procedures to guarantee agreement.

### **2.3 Value-based management background**

The background of VBM stretches back to the 19<sup>th</sup> century. According to Tom (2014), the Industrial Revolution brought about the concept of VBM because businesses must invest in machinery and create jobs to attain economies of scale. He went on to say that the concept was slowly adopted and gained recognition and popularity when Alfred Rappaport wrote and published the book titled 'Creating Shareholder Value' in 1986. Value-based management was developed because of the requirement for consulting firms to coordinate strategic and operational choices with the objective of value creation. The aim is to maximise the value of the company to its owners (Tom, 2014).

### **2.4 Value-based management defined**

VBM is a management idea that makes sure enterprises are operated steadily to maximise value (Pienaar, 2018). This includes:

- Value creation.
- Value management.
- Value measurement.

Chopp and Paglia (2002) define VBM as the process of aligning important organisational processes like strategy planning, budgeting, compensation, performance measurement, training, and communication around value creation. According to this definition, VBM is a framework that includes every aspect of management, including planning, goal setting, reporting, performance evaluation, and performance measurement (Khopade, 2020).

### **2.4.1 Benefits of value-based management**

Several organisations recently indicated their dedication to the creation of sustainable, everlasting value for their customers and stakeholders. Observable articles appeared with titles like 'Managing value: It is not just about the numbers,', 'Maximizing shareholder value: Achieving clarity in decision-making', etc., with case studies on value-based management implementation. This shows that the VBM concept has yielded great results when implemented in organisations.

According to Firk, Schmidt and Wolff (2019) managers should employ value-based performance measurements (VBM) when making decisions, which will help the organisation make better judgments. However, Schmaltz, Lueg and Agerholm, (2019) suggest that an organisational culture of transformations and the value creation mindsets of all the organisation's employees are necessary for a VBM to succeed. Firk, Schmidt and Wolff (2019) mention the following benefits if value-based management is applied:

- VBM is a potent comparative tool that may be used to benchmark the performance of competitors.
- VBM is a strategic technique that aids organisational leadership in locating and emphasising value drivers.
- VBM is a tool that aids management in resource allocation and in determining value generation and waste in investments.
- VBM offers a useful language for corporate communication, both internally and outside.
- When VBM is performed correctly, it might result in a decrease in capital base, which can be financially beneficial.
- VBM aids in the production of value by requiring accountability from every unit inside the firm.

### **2.5 Critical success factors for implementation of value-based management**

There are three steps that must be completed for an organisation to determine the effective adoption of a value-based management system:

- Gain top management support.

- The VBM framework must be customised to suit a particular organisation's strategic direction.
- Make the VBM the lifeblood of the organisation.

The success of the implementation of VBM is only possible when management realises that it has to do with culture change in the organisation; thus, value-based management needs to become the lifeblood of the organisation (Chopp & Paglia, 2012). Chopp and Paglia (2002) also support the above notion by saying that value-based management requires well-built and visible senior management support as a critical success factor. He continued that VBM also requires a cultural change and therefore requires a significant amount of time and resources, as well as endurance. Krol (2017) categorises the factors for the successful implementation of value-based management into internal and external impulses.

### **2.5.1 Internal impulses**

According to Krol (2017), the implementation of a successful VBM strategy calls for a deep evaluation of the existing strategy before it can be converted to a value-added strategy. The economic risks of business initiatives must be monitored and controlled to make contingency plans in case of uncertainty. From this point of view, VBM is a risk management tool that can be used to bring out and deal with uncertainties (Leiserowitz & Parris, 2015).

### **2.5.2 External impulses**

Regardless of the economic situation of a country, there is always a scramble for capital resources or a scarcity of capital resources (Krol, 2017). Krol (2017) continues that for businesses to be successful in providing services, they must become competitive in the provision of financial resources. The cash flow of the business, which essentially demonstrates its capacity to fulfil its payment or credit obligations going forward, is the primary factor that determines access to lines of credit.

### **2.5.3 Elementary building block of VBM**

According to Young & O'Byrne (2021), the elementary building block of value-based management is the mastery and acceptance by senior managers in the business, of the underlying concepts of value creation and, therefore, being able to implement

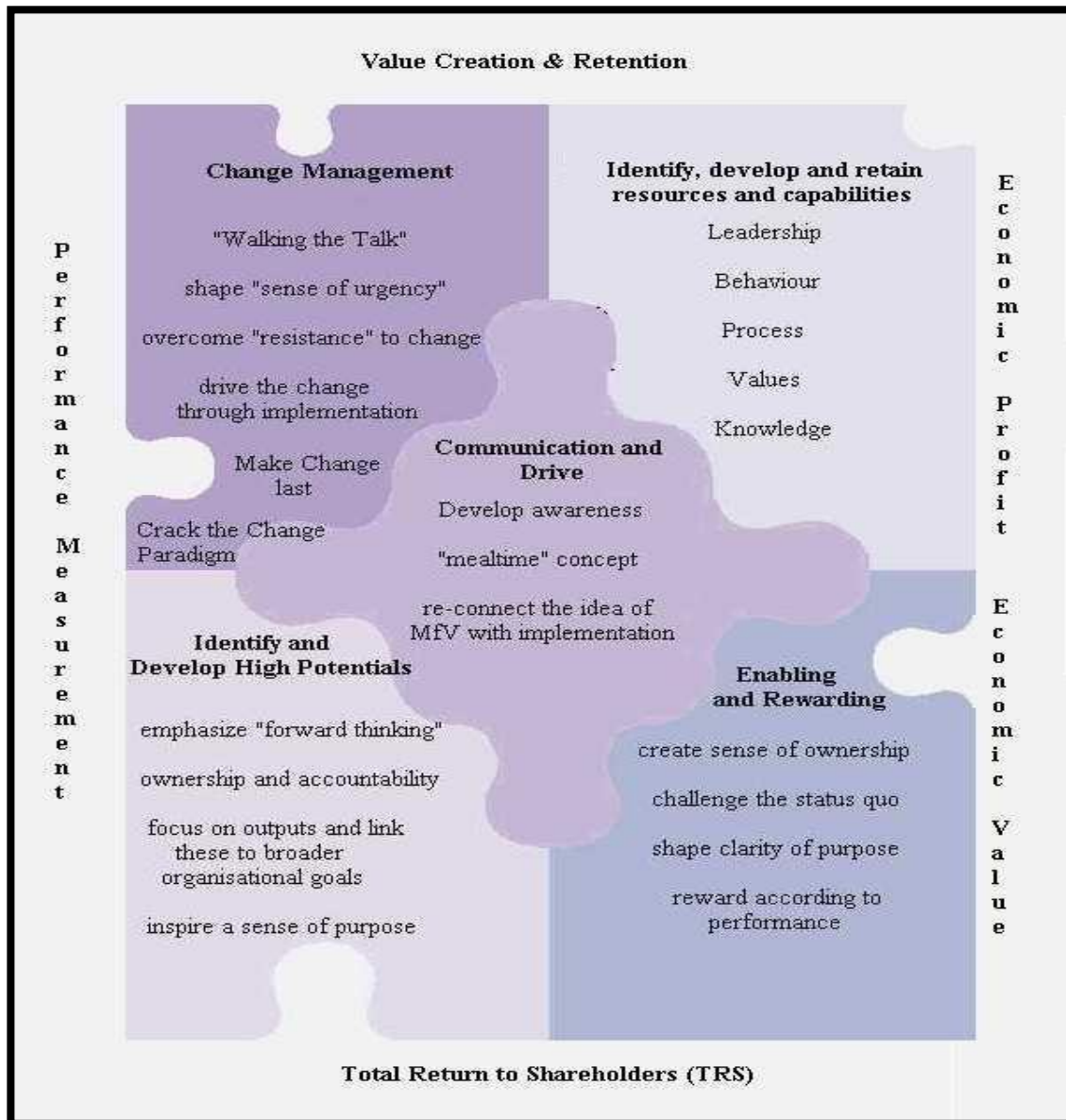
culture change. Jordaan (2017) also emphasises that management must be openly convinced that there is a need for compelling change. For the successful adoption of VBM, he continues that 'management and the entire organisation must accept VBM as a management framework.' It is essential for management to instill VBM as a way of life for an organisation to benefit as much as possible from the implementation of a value-based management system.

According to Koller (1994), an effectively integrated VBM provides decision makers inside the organisation with crucial information to aid in making value-creating decisions. Frigo (2012) further suggests that VBM may help the organisation's management by encouraging and guiding the process of value creation. If the organisation's strategy is primarily focused on producing and maximising value, the VBM aim can be attained. The organisation's leaders must be dedicated to accomplishing this and employ the appropriate KPIs.

## **2.6 Value driving framework**

According to Tangermann (2018), the value driving framework for creating and sustaining value over time is achieved through reaching financial targets. He continued to say that communication acts as the centre of the model, meaning to say that the value can only be realised through active communication. Change management is an important aspect of the value driving framework, as there can be a high level of resistance from stakeholders (Tangermann, 2018).

Tangermann (2018) agrees with Jordaan (2017) on the issue that the successful implementation of a VBM programme depends entirely on senior management support. He said that the key to make changes last in a company is management support and cascading down to middle management. It is therefore critical that the executives of an organisation make provision for capabilities to create and sustain value. This means that employees should be provided with a sense of ownership when a robust reward system is in place, to promote VBM implementation. Figure 2 below illustrates the value driving framework. The value driving framework as depicted below gives an insight on the critical success factors for the implementation of VBM in an organisation which is very critical for this research study as the stipulated components of the framework was examined to determine their applicability to the research study.



**Figure 2: Value driving framework**

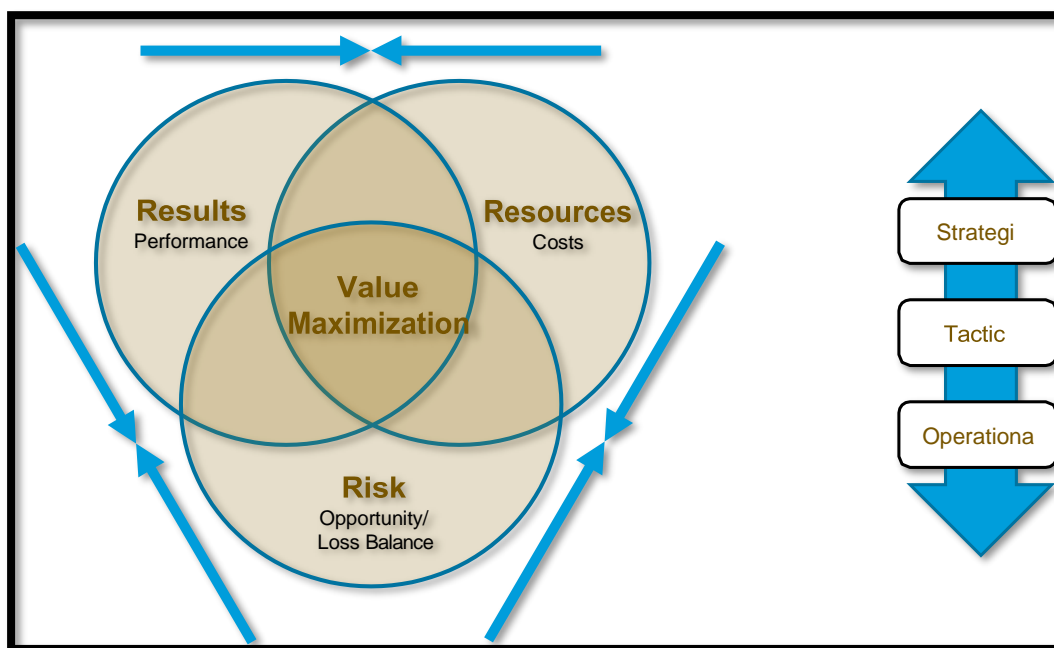
Source: (Tangermann, 2018)

## 2.7 A new paradigm for value-based management in governments' public sector

According to Webster (2020), the interpretation of value-based management in government entities has been narrowly confined to the determination of financial performance. However, the new paradigm of value-based management in the public sector has a tremendous potential to alter the way the strategy and operations of government entities should be run. Government employees are always under

extreme pressure to deliver on the expectations of their wide range of stakeholders, who have varying demands and expectations (Webster & Cokins, 2020).

The new paradigm of value-based management in public sector organisations proposed by Webster & Cokins (2020) gives a glimpse of the what, the why, and the how of value-based management. The proposed new public sector management framework considers risk management, a solid performance management system, and the methodology of assessing the needs and expectations of the stakeholders. Webster & Cokins (2020) further explain that any organisation, whether in the private or public sector, delivers value through efficient utilisation of its resources while managing the threats or risks that may affect the attainment of the desired results. Figure 3 below is a conceptualisation of the overall value maximisation concept.



**Figure 3: Value maximisation concept.**

Source: (Webster & Cokins, 2020).

## 2.8 Implementation plan of approach

According to Van Wyk & Smith (2014), VBM is designed to lay out the basis for decision making. They went on to explain that to adopt a value-based management system, senior management must be trained in both the system's principles and the dialectics of important metrics.

### **2.8.1 Basics of VBM implementation**

There are basic management and control activities that are critical for sustaining and maximising the value of the organisation. According to Tangermann (2018), the following activities are critical for VBM implementation.

- Real preparation of decisions and plans and determining the effects on the value for the organisation.
- Effective communication to align the decisions and plans with all parties involved.
- Proper execution of decisions and plans.
- Measuring performance by means of key performance indicators (KPIs) and to link up the KPIs to the parties or individuals involved.
- Analyse the effects and willingness to learn and setting up improvements to the action plans.
- Monitoring and control of these actions and the results thereof.

The above activities are important to any organisation in order to successfully implement the VBM. Proper communication is the key activity in ensuring that all the plans are well communicated to all workers in the organisation to ensure that they understand and execute the decisions and plans of the organisation.

### **2.8.2 Preparations**

The procedures below must be followed to guarantee proper deployment, according to Tangermann (2018).

- Identification of critical tasks to be done - this involves a study of the present or current conditions, assessing readiness, and mapping the model of the desired state.
- Creation of required management structures - it is crucial at this stage that top management be involved as leaders to shepherd the efforts of value creation and implementation.
- Strategy development for building commitment to change - this involves the process of developing a strategy and committing to implement that strategy.
- Design or develop communication mechanisms to communicate the change -

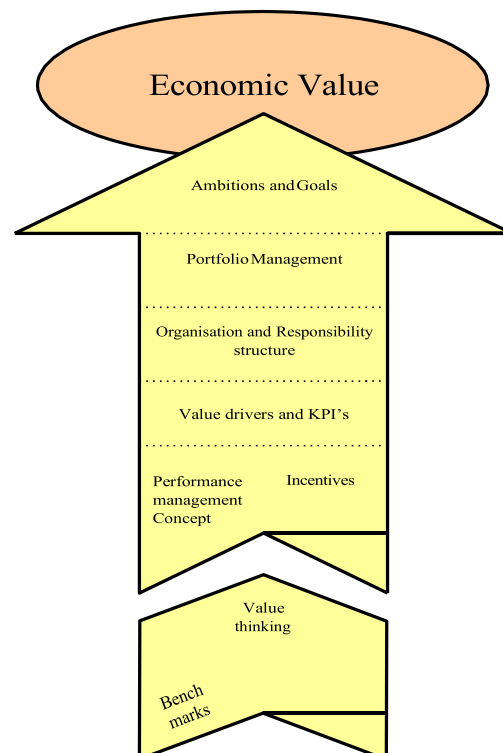
ensuring that everyone who is involved in the change is informed about its progress by means of meetings, newsletters, and other forms of communication (Tangermann, 2018).

- Assigning relevant resources to sustain the change - management of critical resources is important to ensure that the value implementation efforts are maintained. Engagement of outside consultants is always critical to ensure a successful value creation concept.

The procedures for the deployment of VBM is complimented by the key activities for the successful implementation of the VBM.

### 2.8.3 Making value happen

To successfully implement value-based management, it is also critical to make value happen. This involves emphasising leadership and giving direction towards the value creation (Tangermann, 2018). According to a report by LEK Consulting (2017), the ‘make it happen’ concept looks at leadership, but it also looks at value creation. Value creation looks at performance measurement (KPIs), rewarding systems, and value drivers. Figure 4 below shows the making value happen model.



**Figure 4: Making value happen model.**

*Source: (Tangermann, 2018)*

Transparency and accountability are essential for the making value happen model to be effective. Transparency will enable all the stakeholders and employees at large to know exactly what is expected of them and be aware that their performance is measured as objectively as possible. Accountability will empower the employees to be able to make decisions and to effect changes they deem necessary for the productivity of the business (Tangermann, 2018).

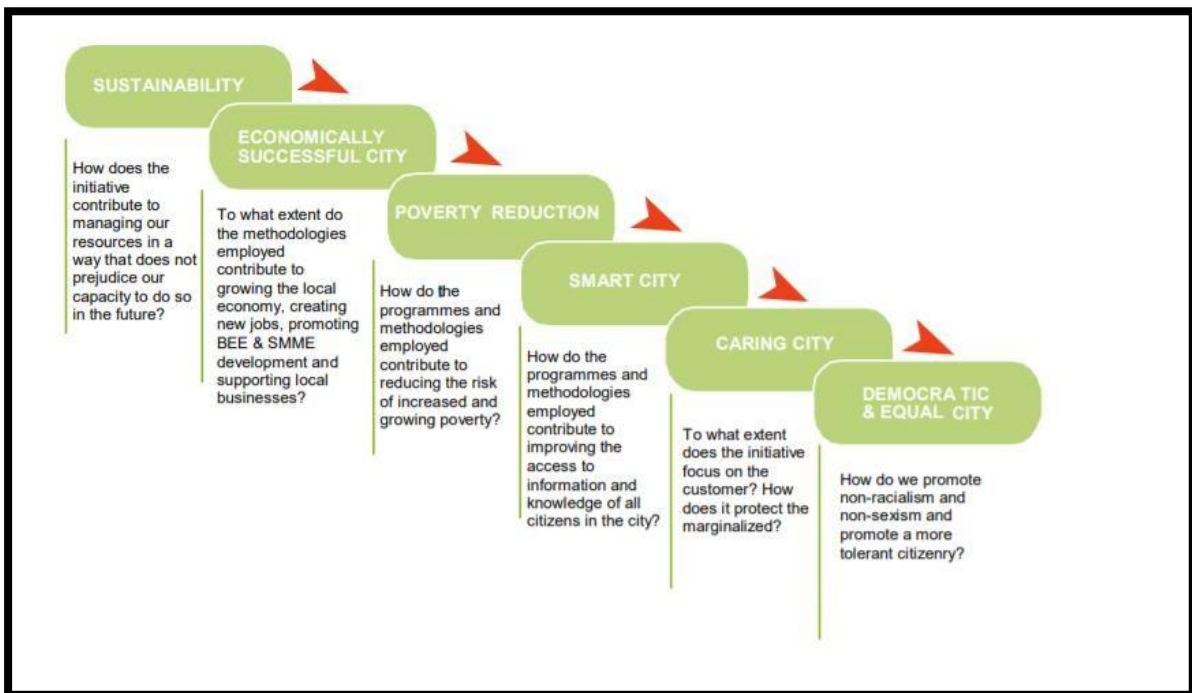
### 2.8.4 Value drivers

Value drivers can be defined as those variables that have an impact on an organisation’s performance (LEK Consulting, 2017). Businesses must concentrate on the value drivers and the accompanying, clear targets, customers, and all other significant stakeholders, including the staff, to be able to produce and keep value.

According to LEK Consulting (2017), there are two ways of identifying value drivers, namely:

- Impact of the value driver.
- Controllability.

Figure 5 below shows a typical key value driver map for a municipality or province.



**Figure 5: Typical key value drive.**

Source: (Ethekwini Municipality, 2011)

## 2.8.5 Shareholder value

Tom (2014) defines shareholder value as a term used in business to measure the company's success with the focus on enriching shareholders. Tangermann (2018) concurred with this view when he said that value-based management should consider and protect the interest of shareholders. A typical shareholder versus value driver for application to any environment is shown in Table 1 below.

**Table 1: Stakeholder and value drivers**

<b>Stakeholder</b>	<b>Value drivers</b>
Employees	<ul style="list-style-type: none"> <li>• Job security and basic compensation</li> <li>• Bonus and incentive</li> <li>• Social security</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Reasonable prices</li> <li>• Quality products or service delivery</li> <li>• After sales services</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Honoring agreed payment dates</li> <li>• Financial support</li> <li>• Long term business relationships</li> <li>• Acceptable prices of materials and services</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Reasonable prices of goods and services</li> <li>• Improved standard of living</li> <li>• Adequate service delivery</li> <li>• Employment creation</li> <li>• Good infrastructure</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Tax payments</li> <li>• GDP growth</li> <li>• Economic development projects</li> <li>• Compliance to stipulated regulations</li> </ul>

Source: (Tungare & Pillai, 2013)

Numerous empirical investigations have shown that the primary goal of value-based management is to produce shareholder value, which is consistent with the published literature on the subject. Rappaport established the idea of shareholder value in 1986, where profitability is the central pillar of value creation exclusive to the shareholders of the organisation. Value-based management is a pursuit of success for the organisation, its employees, and its shareholders (Beck, 2014). Beck (2014) continues that senior management plays a very critical role in ensuring that value is created and coordinating company activities to make the greatest use of the shareholder value for shareholders and stakeholders to gain more from the organisation. This means that employees, customers, consultants, and contractors were more opulent. It is important to note that value-based management works with a few key performance indicators that are implemented and driven by the senior management of the organisation. Beck (2014) alluded to the fact that a value-based management system therefore encompasses strategic planning, the establishment of value-based metrics, key performance management systems such as financial KPIs, performance-based supervision, and finally, the organisation's top management's dedication. In support of the above notion, Munteanu *et al.* (2012) further explain that value-based management systems should have quantitative measurement metrics as value can only be given attention when it gets measured. To determine the values of an organisation, there is a need for transparent data that can be used to quantify useful information that can then be used to determine value (Munteanu *et al.*, 2012).

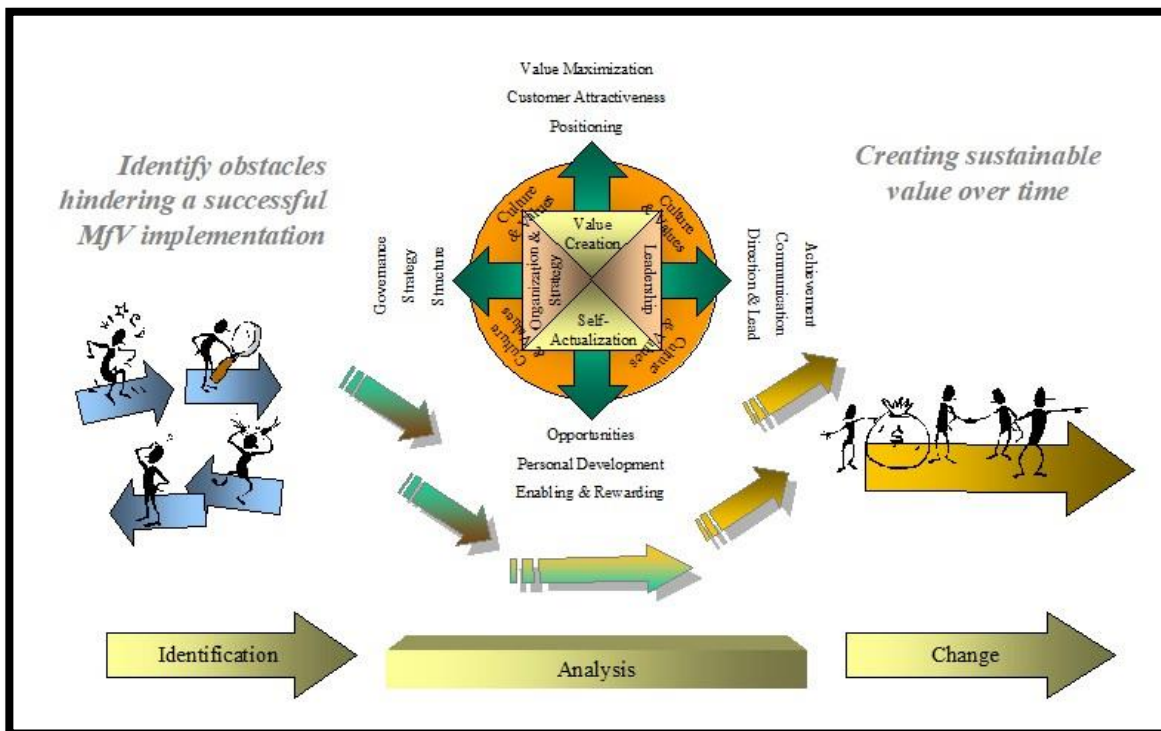
## **2.9 Obstacles to value-based management implementation**

The implementation of value-based management faces difficulties, much like the adoption of any other system. According to Tangermann (2018), the following obstacles are faced when implementing a value-based management system in an organisation:

- Lack of commitment from top management.
- Lack of sense of urgency.
- Resistance to change.

- Lack of employee training in important aspects of the business that create value for the organisation.

However, Tangermann (2018) devised a model that identified the obstacles that hinder the successful implementation of value-based management. Figure 2.6 below indicates the model of the obstacles that hinder the successful implementation of value-based management.



**Figure 6: Model for searching for VBM implementation obstacles.**

Source: (Tangermann, 2018)

The model states that the employees lie at the centre of any successful implementation of value-based management, as they make the difference and define the value themselves. Employees can also be a source of hindrance to the successful implementation of a VBM, because employees working for organisations feel unchallenged by goals and objectives, so their initiatives are not recognised enough in the organisation. Tangermann (2018) further explains that a lack of personal development for employees also influences how employees perceive the importance of value in the organisation. Also indicated on the model is communication. Communication is one of the obstacles to the successful implementation of a VBM system. If there is no communication between employees and the top management

of the organisation on the most critical aspects of the business activities that create value, the implementation of performance measure is bound to be a failure. For employees to support any effort toward the implementation of a value-based management system, they must be trained on those parts of the business that generate value in the organisation. Therefore, this calls for leadership abilities from the top management that guarantee that the employees are led towards the attainment of the strategic vision of the organisation.

## **2.10 Key performance indicators applicable to provincial governments**

Effective provincial administration and government have grown in importance in the new millennium and are now closely related to economic growth (Pandya, 2012). This has led public-sector organisations to continuously enhance their performance by using indicators that are pertinent and necessary to the accomplishment of predetermined goals. The phrase ‘measures that represent the health of an organisation and the health of its business development system’ refers to key performance indicators. According to Tangermann (2018) KPIs are statistical metrics, or key performance indicators. Enns *et al.* (2016) elaborate that key performance indicators (KPIs) connect the organisation's objectives and strategy to its outputs, keeping the senior management informed of its past, present, and future performance, while Alkhaldi & Gadhoum (2017) emphasised the importance of KPIs as tools in contemporary organisations. Numerous studies on the value of establishing KPIs in organisations claimed that both the private and public sectors may benefit from using KPIs.

### **2.10.1. South Africa’s national road safety strategy and key performance indicators**

The Provincial Government Department in the Free State province’s vision is to ensure a prosperous province that has a sustainable community safety, mobility, and road infrastructure (Department of Police, Roads and Transport, 2022). The mission statement has the following objectives:

- Monitor, oversee, and assess police service delivery in the Free State.
- Promote integrated crime prevention initiatives.
- Promote and regulate public transport and road safety.

- Ensure road safety and an integrated transport system and networks.
- Provide government motor transport services.
- Perform targeted visible police patrols.
- Ensure a rapid response to complaints.
- Investigate reported cases.

The Department of Transport's national safety strategy of 2016-2030, seeks to constantly reduce the frequency and severity of traffic accidents and, as a result, the number of fatalities and injuries in a coordinated, effective, and efficient manner (Leiserowitz and Parris, 2015; Penchneon, Morton, and Squires, 2017).

The following are some of the key performance indicators that are outlined in the road safety strategy of the United States as per the road safety management plan (2016-2030):

- Number of education and road safety programmes launched.
- Number of officials trained on anti-corruption.
- Numerous new procedures and methods have been implemented to combat fraud and corruption.
- Number of annual data audit processes completed.
- Number of roadworthiness tests completed.
- How many students and community members participate in road safety programmes?

## **2.11 Economic background of the Free State province**

With a share of the continent's GNI of nearly 40%, South Africa has one of the largest economies (GNI) in sub-Saharan Africa (Puukka *et al.*, 2017). One of the most diversified economies in Africa is that of South Africa. The economy is aided in its expansion and development by numerous sectors. South Africa has a total of nine provinces, which vary significantly in size (South African Government, 2021). The Free State province is particularly relevant to this research project. With a population of roughly 5.7% and a land area of 10.6%, it is the third-largest province in South

Africa (Puukka *et al.*, 2017). The Free State province is in the centre of South Africa with Lesotho and Kwa-Zulu Natal province on its eastern border, the Northern Cape and North West provinces on its western border, the Eastern Cape Province on its southern border, and Gauteng and Mpumalanga provinces on its northern border.

The Free State province is composed of the following district municipalities:

- Xhariep district, which is a semi-arid area composed of small rural towns.
- Mangaung Metro, located in the central part of the province, with big cities such as Bloemfontein, Botshabelo, and Thaba Nchu.
- Thabo Mofutsanyana district, home to fruit farms, mountain ranges, and tourism activities.
- Fezile Dabi district, with its massive agricultural production (maize) activities and chemical fuel plants.
- Lejweleputswa district with the province's goldfields.

Agriculture, mining, and industry make up most of the Free State province's economy. About 90% of this province is cultivated to produce crops, earning it the nickname 'the breadbasket of South Africa' (Elsenburg, 2019). Approximately 34% of South Africa's total maize production, 37% of its wheat, 55% of its sorghum, 33% of its potatoes, 18% of its red meat, 30% of its groundnuts, and 15% of its wool are produced in the Free State province. The province, where mining is the main industry, is the fifth-largest producer of gold worldwide. Being the location of the enormous synthetic-fuels corporation Sasol, it is a leader in the chemicals sector (Elsenburg, 2019).

Despite being the third-largest province in South Africa, the Free State province has the lowest population of any of the other provinces. It has a population of 2 834 714, or 5.1% of the country's population, and 129 825 km<sup>2</sup> of land area (Elsenburg, 2019). The province's capital, Bloemfontein is also the judicial centre. The Mangaung Metropolitan Municipality is the only metropolitan municipality in the province; eighteen local municipalities and four district municipalities are also present (Elsenburg, 2019).

### **2.11.1 Free State growth and development strategy (FSGDS)**

A basic policy framework for the Free State Provincial Government, the FSGDS aims to specify the general strategic policy goals and objectives of the province in line with those of the National Strategic Plan. The Free State growth and development strategy outlines the key and critical elements of development, which encompass the social, economic, and political environments. It sets out the provincial priorities that trigger economic development and growth, service delivery, and public service transformation (Mangaung Metropolitan Municipality, 2018).

According to the FSGDS, the following are the drivers or priority areas of intervention for economic growth and development in the province.

- Job creation through all-inclusive economic growth and sustainability.
- Skills development and education innovation.
- Rural development.
- Proper governance and administration.
- Construction of social cohesion.

The FSGDS strives to identify the value drivers' strategies and key performance indicators to ensure that performance is measured and monitored in all five priority areas.

### **2.11.2 Free State province sustainable development goals**

The concept of development gained momentum immediately after the Second World War; by then, the widespread goal in developing societies was raising incomes and providing poor people with the basic goods and services they required (Moyer and Hedden, 2020). During this period, the concept of development was used to describe economic factors alone, a phenomenon Cluver, et al. (2019) considered to be quite misleading given that development entails a lot more than just the economic aspect.

Over the past decades, the international community has collectively stressed the need for human and social capital development (Moyer and Hedden, 2020), considering the reality that comprehensive development can only be accomplished and sustained if all factors are considered. At the United Nations Commission on

Environment and Development Cluver, et al. (2019), the role of the environment on the sustainability of development is stressed and has to date gained widespread recognition and momentum. The phrase 'development that meets the requirements of the present generation without compromising the ability of future generations to meet their own needs' is used to characterise sustainable development (Wickham, 2001).

Moyer and Hedden (2020), express the need for the interaction between the environmental, economic, and social processes to be continually sustained through the development process to meet up with future expansions in population and the use of human, natural, and material resources. According to Elsenburg (2019), the interests of various groups of people within and between generations should be balanced in the economic, social, and environmental components of development for it to be adequately sustained. It is important to highlight that there is no single definition for sustainable development, but that all definitions share the idea that it involves resource exploitation at a rate that won't harm future generations (Elsenburg, 2019).

## **2.12 Summary of main themes**

The below factors were identified as the main themes for the study, as indicated by the literature review:

- Value-based management: literature indicates the importance of VBM in an organisation to ensure that things are done properly and that the organisation's objectives are achieved. Additionally, value-based management has a significant impact on organisational performance and can help organisations improve their performance.
- Value drivers: the following drivers were identified amongst others through literature as value drivers that differ in terms of the stakeholders of the organisation; in relation to employees, job security and basic compensation were identified, for the community, an improved standard of living and adequate service delivery, and for suppliers, honouring agreed payment dates and long-term business relationships.
- Critical success factors: top-level management support, customisation of VBM to be in line with the organisation's strategy and making VBM a lifeblood in the

organisation were highlighted as essential aspects to ensure that organisations successfully implement value-based management.

## 2.13 Conclusion

The evaluated literature demonstrates that the topic has been the subject of prior investigations. To keep up with the latest trends, it is vital to conduct research on the current success factors due to the dynamics created by the new VBM measures. VBM can be defined as a management concept that ensures that businesses are run steadily to maximise value (Pienaar, 2018). The literature reviews primarily focused on the theoretical aspects, framework, critical success factors, and benefits of VBM. Discussions also included the value drivers and sustainable development objectives. VBM must become the foundation of the organisation for it to be successfully implemented. Management must recognise that this requires a shift in the firm's culture (Chopp and Paglia, 2012).

According to Tangermann (2018), the value-driving framework for creating and sustaining value over time is achieved through achieving financial targets. He continues that communication acts as the centre of the model, emphasising that the value can only be realised through active communication. Change management is an important aspect of the value-driving framework, as there can be a high level of resistance from stakeholders (Tangermann, 2018).

Moreover, Tangermann (2018) indicated that the successful implementation of a VBM programme depends entirely on senior management support. He said: *"In order to make change last in an organisation, management support and cascading down to middle management is crucial."* It is therefore critical that the executives of an organisation make provision for capabilities to create and sustain value. This means that employees should be provided with a sense of ownership when a robust reward system is in place to promote VBM implementation.

The literature reviews also identified many significant factors or priority intervention areas for the province's economic development. The FSGDS identifies the following as the province's economic growth and development catalysts or priority intervention areas:

- Job creation through all-inclusive economic growth and sustainability.

- Skills development and education innovation.
- Rural development.
- Proper governance and administration.
- Construction of social cohesion.

In conclusion, the FSGDS strives to identify the value drivers' strategies and key performance indicators to ensure that performance is measured and monitored in all five priority areas.

The following chapter examines the research design, methods, and ethical issues.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

The research approach for the research study is thoroughly explained in this chapter. Along with population sampling, data collection tools, data analysis, and ethical considerations, we also go into detail about research design in this chapter. Data collection, interpretation, and communication are all part of the research technique. Choosing the right method for your research depends on your research question; it could be seen as the theory about making good choices in science.

## 3.2 Research methodology

Methodology, according to Sangrá, Raffaghelli, and Guitert-Catasús (2019) is a methodical approach to solve issues. A group of techniques for describing, understanding, and predicting events make up research methodology. According to Voorn and Van Genugten (2022) methodology refers to the empirical 'how' of a research study. It talks about how the researcher makes sure that the study is well-planned so that it can meet the goals and objectives of the research.

### 3.2.1 Qualitative research

Qualitative research, according to Voorn and Van Genugten (2022), is the analysis of phenomena within their social and cultural contexts of occurrence. A qualitative research methodology is based on the collection and analysis of participants' written or spoken words and is based on body language and emotions, which enable people's perceptions to be understood (Voorn and Van Genugten, 2022).

### 3.2.2 Quantitative research

Quantitative research is normally used when objectives are probatory in nature (Voorn and Van Genugten, 2022). It is used to measure the correlation between two variables e.g., the relationship between age and performance. This research method quantifies data gathered from a big population and uses a statistical approach to analyse the data to address a research problem (Malhotra and Birks, 2007).

### **3.2.3 Data sources**

#### **3.2.3.1 Primary data sources**

As the name suggest, primary data sources are obtained from the original source of information. They are obtained through observation, pictures, and photographs through data collection instruments such as interviews, questionnaires, and discussions (Malhotra and Birks, 2007).

#### **3.2.3.2 Secondary data sources**

As opposed to primary data sources, secondary sources including reports, project documents, literature reviews, etc. are used to obtain secondary data. According to Malhotra and Birks (2007) secondary data can also be obtained from existing working documents, manuals and procedures, policies as well as standards.

Qualitative research was used as the study's research approach. The justification was that qualitative research would help the researcher gain a deeper understanding of the crucial success factors for the introduction of value-based management, enabling the researcher to develop strategies for identifying the most suitable financial resources for the province's economic development. In this study, qualitative research was analysed to obtain a wide range of data and gain insight into value-adding developmental programmes. Also considering the scope of the study, qualitative analysis is the best method to use in this research study.

### **3.3 Research design**

Research design is defined by Paurav (2008) as a master plan, blueprint, and series of research tasks and activities. It is essentially a blueprint of the techniques and methods the researcher utilised to collect and analyse the crucial data needed to address the research challenge (Paurav, 2008). The goal of the research design is to provide an appropriate scope for the study. According to Malhotra and Birks (2007) it is critical to make a significant decision in the research design process to obtain the relevant information for the research study.

The study design must also be planned (and described) in terms of the objectives (exploratory, descriptive, analytical, predictive), the methodology (qualitative, quantitative), the reasoning (deductive, inductive), and the results (basic, applied), as

stated by (Collis and Hussey, 2014). The three main types of research design are exploratory, descriptive, and causal.

### **3.3.1 Exploratory research design**

According to Collis and Hussey (2014), an exploratory study is carried out when there is insufficient knowledge about the current research problem, when there is no information available regarding how previous research issues or problems of a similar nature have been resolved, as well as when some facts are known but more information is needed to develop a workable theoretical framework. Fundamentally, exploratory studies are carried out to better comprehend the study subject. To understand and account for descriptive data, exploratory research was done (Boru, 2018).

### **3.3.2 Descriptive research design**

A market phenomenon or its features are described using a descriptive research design (Paurav, 2008).

### **3.3.3 Causal research design**

Casual research design is about relationships between causes and effects. To discover and explain which variables are the cause (independent variables) and which are the effects, Paurav (2008) claims that causal investigation provides answers to research problems that need responses (dependent variables).

In this study, an exploratory design was used. The fundamental premise of the research design was that it would evaluate the crucial success criteria for implementing value-based management to identify any observable patterns or correlations. The research used data gathered from earlier research on the application of value-based management for secondary data collection. The research strategy was selected because it will improve comprehension by clarifying the hows and whys of certain events. The exploratory study design's flexibility allowed for the utilisation of a semi-structured interview with open-ended questions, resulting in more definitive findings. Participants provide in-depth answers to open-ended questions that effectively address the study topics.

### **3.4 Population and sampling strategy**

#### **3.4.1 Population**

The collective of all units with features, such as people, countries, organisations, cities, and regions, is referred to as a population, according to Bryman and Alan (2014). The group of ideas being thought about and for which information is being sought might be referred to as a target population (Bryman and Alan, 2014). The department comprises of six chief directorates, twenty directorates and four senior management officers.

The chief directorate was selected because it epitomizes the VBM and is important to our study due to its involvement in a variety of projects. The chief directorate for road infrastructure was among the target group. To collect detailed, insightful information that will accurately reflect the public's impressions and opinions, interview schedules for a total of twenty authorities were provided. The study was limited to fifteen engineers, two financial accountants within the unit and three monitoring and evaluation officials.

#### **3.4.2 Sample and sampling method**

A sample is a randomly chosen portion of the population used in research (Bryman and Bell, 2017). Sekaran (2003) assert that sampling design is all about determining the source of data to analyse. Samples from the population are analysed to better understand the characteristics of the entire population Sekaran (2003), and sampling should be done in such a way so that the results of the study appropriately reflect the characteristics of the entire population (Bhattacharjee, 2012). There are two main categories of sampling designs, probability sampling and non-probability sampling, according to Sekaran (2003).

In probability sampling, every component of the population is a sample subject with some known chance or probability. Probability sampling techniques are utilised in situations when sample representativeness is crucial. Probability sampling techniques include simple random sampling, systematic sampling (in which the researcher selects a sampling frame at random), stratified random sampling-representation based on population subgroups, cluster sampling (in which individuals who fit the study population's definition are identified), area sampling, and double

sampling (Sekaran, 2003). In non-probability sampling, it mainly depends on subjective opinions. Non-probability techniques include quota, judgement, convenience, and snowballing, among others. Although quota sampling techniques are sometimes viewed as faulty from an academic standpoint, it is the most popular technique in the UK market research industry. Judgment sampling refers to the process by which a fieldworker or researcher chooses a candidate for the study. This assessment was made by the most pertinent group of responders. Participants who are readily or comfortably accessible make up the convenience sample. Although this approach saves time and money, it does draw in participants who might not be a good fit for the study's objectives. To guarantee that the twenty individuals chosen to participate in the study's interviews can offer the top-notch, in-depth data required to meet the study's goals.

Additionally, according to Bryman and Bell (2014), non-probability sampling leaves it up to the researcher's judgement whether to include or exclude certain components from the sample. To put it another way, not every person in the target population has a chance to be in the sample, and a well-designed selection process should result in a sample that is suitably representative. Furthermore, the selection of sample components is not necessarily done with the intention of having them statistically represent the population. Instead, the researcher uses arbitrary methods, such as intuition, convenience, and personal experience, to choose the components of the sample.

Convenience sampling entails choosing sample components that are most conveniently available to participate in the study and that can offer the necessary information. Convenience samples are utilised because they allow the researcher to conduct many interviews efficiently and rapidly. A judgment sample entails picking precise sample components for the intended use. It is a type of convenience sampling where the sample components are chosen by the researcher using his/her own discretion. The target population's strata are identified, the sample size is established, and a quota is determined for the sample elements from each stratum in quota sampling. The non-probability purposive sampling was the sample technique used to choose twenty employees to participate in the study. The head of department authorised for the research to be done in the department. As a result, the head of

department also shared the contact information of the participants with the researcher.

The rationale behind the selected sample size is as follows:

- Engineers: These experts are exceptionally skilled at weighing the costs and rewards. They would be able to provide details about the department's ongoing projects and suggest which ones the agency should prioritise.
- Monitoring and evaluation of officials: These officials are responsible for monitoring the current and completed projects of the department. They were in a good position together with engineers to provide information related to the projects that are taking long to finish which results in costing the department more money. And, to provide information in relation to the objectives set by the department, whether they were achieved or not.
- Financial and Cost Accountants: These officials are responsible for ensuring that funds are allocated according to the projects that were approved for implementation in the province. Their role in the research was to provide information in terms of available financial resources provided by government in support of the road infrastructure projects.

In considering sampling, the following factors were adequate to justify the procedure:

- Study cost.
- Better accuracy of results.
- Greater speed of data collection.
- The Department of Police, Roads and Transport is a major revenue generating department for the Free State province.

### **3.5 The research instrument**

According to Bhattacharjee (2012), whether a qualitative or quantitative approach is used, the sort of data collecting tools that are used in the study will depend on it. Data can also be gathered through primary or secondary sources of information. "Primary sources include first-hand knowledge, which involves the use of instruments like

observations, surveys, questionnaires, experiments, and personal interviews (Surbhi (2017). On the other hand, secondary sources offer secondary data, including the usage of government. Interviews with a sample size of twenty participants drawn from the Free State Provincial Government Department personnel was used to collect the study's primary data.

The primary information was gathered by drop-and-pick interviews, which were used to manage the data. There were open-ended questions in the interviews. It was divided into two pieces, with Section A containing general information of the participants, a list of the many trainings they had already taken, and a summary of their accomplishments as a result. Section B addressed the research goal, which was to identify key success criteria for the adoption of value-based management.

### **3.5.1 Procedure for data collection**

The interview schedule was meant to gather rich, insightful data that will most properly reflect the thoughts and viewpoints of the population being studied. Because of this, interview schedules are typically employed in qualitative research, when in-depth probing is used to acquire data. Themes were found and put together once the interviews were recorded, transcribed, and coded (Rosenthal, 2016).

The interview may be fully or partially structured. A structured interview follows a set of pre-planned questions from which the interviewer does not stray. With a semi-structured interview, additional follow-up questions to the pre-established questions can be added to elicit further insight from the responder (Cooper & Schindler, 2011). However, not all interview techniques, are appropriate for follow-up inquiries. As mentioned before, follow-up questions are permitted in semi-structured interviews but not in structured interviews.

There were two components to the interview schedule. The participants had the option of verbally answering the biographical questions in Section A during the interview or in writing prior to it. There were open-ended questions in Section B. The research questions were addressed through the interview questions. Twenty semi-structured interviews were conducted for the current research investigation. The interviews lasted one hour each. Only once the participants have given their informed, voluntary agreement to the interviewing, audio recorders were utilised to capture the interviews.

### **3.6 Data analysis**

Thematic analysis is a method of data analysis that results from this study strategy. A technique for finding, analysing, and reporting patterns (themes) within data is called thematic analysis. It thoroughly organises and briefly describes your data set (Bowen, 2009). Thematic analysis tries to investigate meaning in context, according to Bowen (2009). It is crucial to find themes in the data collected for the researcher to analyse their meanings in context. The researcher can later code the data by categorising the raw data under the themes by recognising themes in the data. According to Boru (2018), data analysis entails reconstructing the data that is already available in a relevant or understandable manner, in a transparent, exacting, and complete manner, while being faithful to the participants' narratives. In qualitative research, thematic analysis is not a straight-line procedure where you go from one stage to the next. Instead, you move back and forth between the six phases as necessary in a more recursive process (Bowen, 2009). Below, the six stages of thematic analysis are covered.

#### **3.6.1 Phase 1: Familiarising with the data**

To fully comprehend the information during this stage, it is crucial to read the data several times. Immersion is the practise of repeatedly reading data. During the coding process, meanings and patterns in the data are sought via immersion (Bowen, 2009).

The next stage is to record the interview and then write down the information after it has been gathered through voice recording. Transcribing is the process of putting the interview on paper. By writing down the material, transcription enables the researcher to become even more familiar with the information while also allowing them to listen to the interview again (Bowen, 2009).

#### **3.6.2 Phase 2: Generating initial codes**

After examining the data, the analyst comes up with ideas, and the following stage is to create basic programmes using the data. Codes specify a characteristic of the data that the analyst thinks are interesting. This stage serves as the fundamental component of the raw data access (Bowen, 2009).

The researcher read through the transcripts of all the interviews multiple times to look for important terms after the transcription procedure. This procedure is known as

coding. The degree to which the themes are data- or theory-driven will influence the coding, which can be carried out manually or through a software programme (Bowen, 2009).

### **3.6.3 Phase 3: Searching for themes**

In this stage, topics rather than codes are the focus of the study. It entails grouping all pertinent coded data extracts within the themes that have been determined by sorting the various codes into probable themes. The process of finding themes after coding make it possible for the researcher to organise all the raw data; this is known as thematic analysis (Bowen, 2009).

### **3.6.4 Phase 4: Reviewing themes**

The themes are reviewed and improved on two different levels throughout this phase. Reviewing at the level of the coded data extracts constitutes level one. The researcher read each of the compiled extracts for a certain theme and assess whether they seem to follow a logical progression. The analyst would revamp the theme by coming up with a new one and connecting it to other pertinent themes (Bowen, 2009).

### **3.6.5 Phase 5: Defining and naming themes**

The analyst defines and fine-tunes the themes that was submitted for analysis during this stage. The essence of each topic and the element of the data it captured were identified after the analysis. A thorough study must be done for each individual theme, and the themes must be recorded (Bowen, 2009).

### **3.6.6 Phase 6: Producing the report**

The report's final analysis and writing are done at this phase. Whether writing a thematic analysis for publication, a research project, or a dissertation, the goal is to convey the complex story of your data in a way that persuades the reader of the analysis's value and validity. The analysis must explain the story the data reveal both within and between themes in a clear, simple, logical, and engaging manner. The article must contain enough data extracts to show the themes' prevalence in the data with enough supporting evidence (Bowen, 2009).

### 3.7 Validity in qualitative approach

Consistency and dependability in a qualitative approach resemble reliability in a quantitative one. When using a qualitative technique, validity refers to how the data acquired is maintained as plausible, credible, and reliable. The building blocks of dependability, credibility, transferability, and conformability form the basis of trustworthiness (Babbie and Mouton, 2007). By carefully choosing the interview subjects, the researcher made sure that the research for this study was reliable. The interviewees were picked so that there was no support of the existing ideas in the answers obtained. The definitions of believability, transferability, conformability, and dependability provided by Bracci, Mouhcine, Rana, and Wickramasing (2022) are as follows:

- **Credibility:** indicates that the research's findings are credible and reliable considering what participants, or the subject of the study understand. Credibility was achieved by ensuring that the questions on the interview schedule were reasonable for generating valid and truthful accounts of the phenomena.
- **Transferability:** refers to the extent to which the research's findings can be applied to comparable or unrelated participant groups or other contexts or generalisations. To ensure transparency, methods were written up so that readers could see exactly how the data was collected and analysed.
- **Conformability:** conformability, which alludes to the final construct, encapsulates the conventional notion. Conformability was assured by ensuring that the outcome of the research was neutral and not biased to personal interests of the researcher.
- **Dependability:** pertains to how the researcher uses the sample, believing that a sample size of one can yield reliable results without affecting the dependability of qualitative data. To ensure dependability of the research study, the researcher accounted for the constant changing conditions of the subject under study and ensuring that another researcher could be able to follow the decisions made in the recommendations and conclusions of the study.

### **3.8 Data Saturation**

According to Hennink & Kaiser (2019), a crucial idea in qualitative research is saturation. It is used to determine when a study's data is adequate to generate a strong and trustworthy understanding of the subject under study. In qualitative research, purposeful (non-probability) samples are frequently used, yet they are saturated. Since it denotes the validity of the data, saturation is a crucial concept that is commonly taken into consideration when assessing the quality of qualitative research.

After receiving ethical clearance approval, the interviews were given to the participants for fifteen working days to obtain data saturation. Because the study's approach allows data to be analysed while it is being collected, the analysed data was sent back to the participants to validate and make edits as needed, or to provide greater clarification to their responses.

### **3.9 Ethical consideration**

The researcher must take reasonable precautions to preserve the institutions' and participants' rights. Always treat study subjects who are human with respect and do not do them any damage, and this harm covers both physical pain and emotional distress.

The letter outlining the research's purpose was obtained by the researcher from the University of the Free State. The participant was shown the consent letter, and was informed of the following:

- That only the research will be conducted using the data collected.
- The participants' or organisation's privacy and anonymity were safeguarded with due care.
- All participants will be explained the study's objective by the researcher, and they will be asked to sign consent forms.

When appropriate, the researcher acknowledged other researchers, according to the signed plagiarism declaration form. The reporting of results in an inaccurate manner was avoided, and the data collected was exclusively used for academic purposes.

### **3.9.1 Ensuring that permission is obtained**

According to Arifin (2018), a consent document providing a brief explanation of the study, an interval to activities, and a statement suggesting autonomous participation is necessary to guarantee that participants are knowledgeable and conversant about the research; allocation to present detailed information on the study, the researcher's name and contact information must be provided.

### **3.9.2 Ensuring participants have given informed consent**

Arifin (2018) states that all participants in the research are required to provide their written consent. Additionally, participants will be informed of what they are going to agree to. There will be a conversation with the participants, and they need to sign the documents that contains all necessary information. Participants must receive thorough information about the research's intended goal from the document. He continued by saying that the paper should also outline the goals and parameters of the investigation, the kinds of inquiries made, and what might be anticipated throughout the interview process. A draught covering letter that addresses private and autonomous participation has been created to provide participants in this study with all pertinent information.

### **3.9.3 Ensuring confidentiality and anonymity**

Participants' names and last names can be substituted with pseudonyms, according to Arifin (2018), to protect their privacy. If pseudonyms are not allowed to be used in this study, personal information of participants won't be revealed. Additionally, any materials used in the study process should be stored in a location that only the designated researchers have access to. These documents contain all the interview questions that will be used during data collection.

### **3.9.4 Ensuring no harm**

Arifin (2018) asserts that it is crucial to safeguard everyone's safety while participating in research. Throughout the study process, both the researcher and the participant are susceptible to various dangers. The researcher will ask for the participants' email addresses to schedule interviews virtually because the present Covid-19 pandemic is hitting the nation and the entire world. This prevents the spread of the corona virus, which has been said to have a four to five-day life lifetime on paper.

### **3.10 Conclusion**

The focus of chapter three was the research approach used for this study. Interviews with participants were organised as part of a qualitative research strategy. Twelve of the twenty individuals that were invited by the researcher via Microsoft Teams during the month of August 2022 accepted the invitation. Out of the twelve invited participants, four were engineers, six monitoring and evaluation officials, and the final two were from the finance sector. All participants are based in the Bloemfontein offices. The research findings of the study that resulted from the data collection and analysis processes will be presented in Chapter 4.

# **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION**

## **4.1. Introduction**

Chapter 4 provides the research project's data analysis and conclusions. Surveys given to employees of the Free State Provincial Government provided the qualitative data. Investigating crucial success factors for VBM adoption in a Free State provincial government department was the goal of this study.

The key performance indicators for monitoring departmental performance will then be established using the vital success elements for the implementation of value-based management, ensuring that important strategic projects are prioritised and measured appropriately.

## **4.2 Analysis of the research results**

This research study's data analysis includes all employees of the FSPG department. The following characteristics of the participants' demographic profile have been considered:

- Gender.
- Highest qualification.
- Number of years.
- Age of participants.

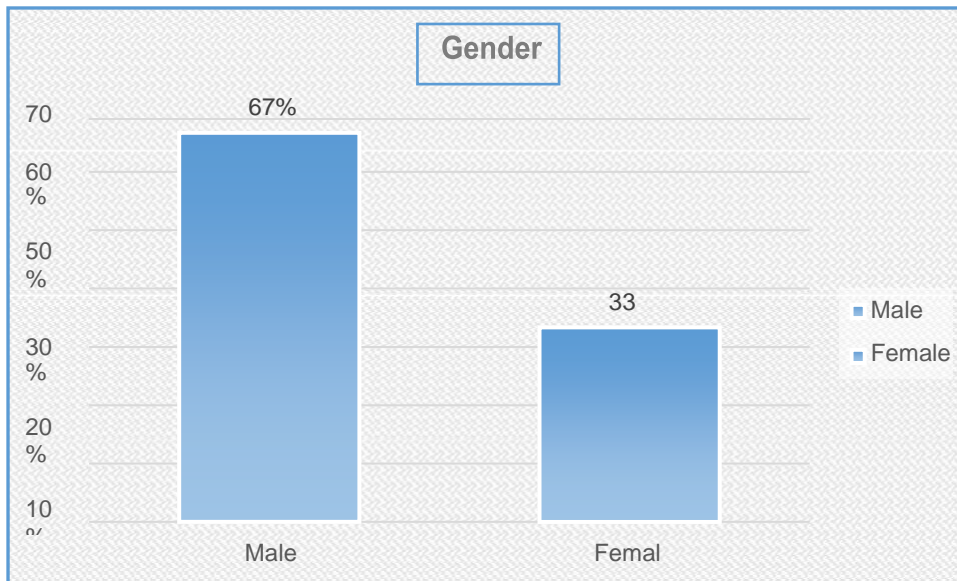
The intended sample size for the study was twenty willing participants, however only twelve responded to the email sent to them, for an acceptable response rate of 60%.

**Table 2: Participants' demographics**

Participant	Gender	Highest Qualifications	Years in-service in the department	Position
Participant 1	Male	Matriculation Certificate	11 - 20 years	Monotoring and Evaluation
Participant 2	Male	National Diploma	1 - 5 years	Engineer
Participant 3	Male	Postgraduate Degree	11 - 20 years	Monotoring and Evaluation
Participant 4	Male	Bachelor Degree	6 - 10 years	Monotoring and Evaluation
Participant 5	Male	Bachelor Degree	+ 20 years	Engineer
Participant 6	Male	National Diploma	11 - 20 years	Monotoring and Evaluation
Participant 7	Male	National Diploma	11 - 20 years	Monotoring and Evaluation
Participant 8	Male	National Diploma	6 - 10 years	Finance
Participant 9	Female	National Diploma	1 - 5 years	Finance
Participant 10	Female	Bachelor Degree	11 - 20 years	Monotoring and Evaluation
Participant 11	Female	Postgraduate Degree	11 - 20 years	Engineer
Participant 12	Female	National Diploma	6 - 10 years	Engineer

#### 4.2.1 Gender

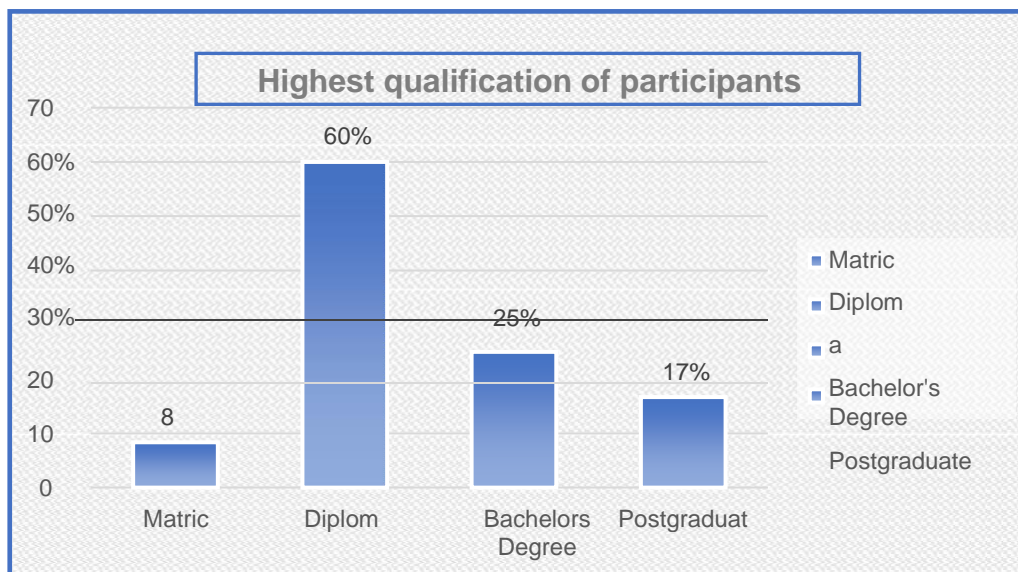
Twelve individuals in total finished the interview. Eight of the participants were men, and four were women, as illustrated in Figure 7.



**Figure 7: Gender of participants.**

#### 4.2.2 Highest qualifications

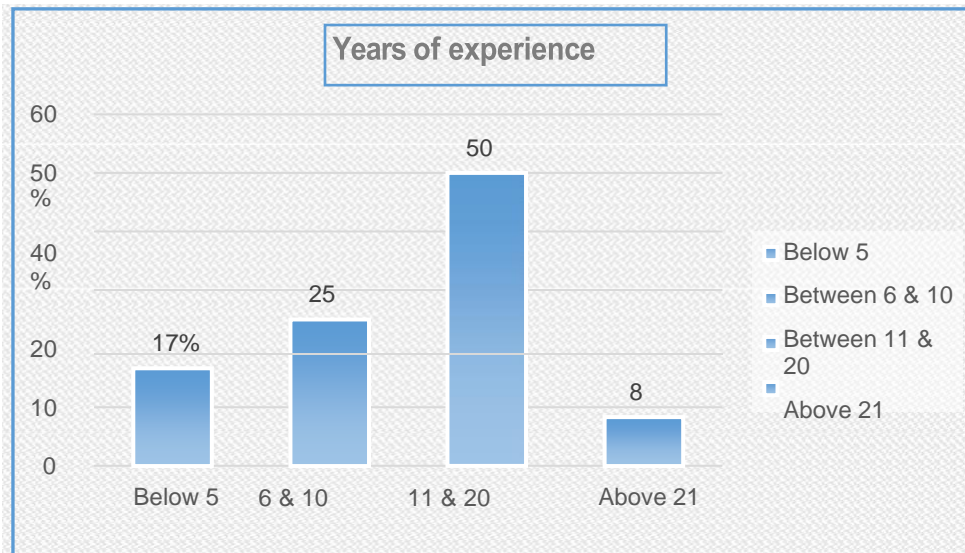
The participants who took part in this research study have educational backgrounds ranging from high school to post-graduate degrees. Three of the participants in the interviews had bachelor's degrees, two had postgraduate degrees, six had diplomas, and one had a matriculation certificate. The information regarding the highest qualification is shown in Figure 8 below.



**Figure 8: Illustration of the highest qualification of the participants.**

### 4.2.3 Years of experience

Figure 9 below show the number of years of experience of the participants with 50% of the participants fall in the 11 to 20 years of experience.



**Figure 9: Years of experience of the participants.**

### 4.2.4 Position of participants

The participants' positions included engineers (4), monitoring & evaluation (6) and finance (2).

## 4.3 Research Findings

As an introduction, the participants' knowledge of value-based management was considered to identify aspects that can aid in promoting value-based management.

### 4.3.1 Value-based management

The objectives of the questions were to assess participant comprehension of value-based management and how the department connected this idea to their personalisation tactics.

#### 4.3.1.1 What does value mean to you?

*“According to my understanding, value should be whereas a department, we implement the projects which add value and advance the lives of our people in the province.... In addition to this, it must be also relating to the costs versus benefits in*

*terms of what we spend the financial resources on as the department or should I say, the province.” (Participant 10).*

Additionally, participant 7 asserted as follows in relation to their understanding of value:

*“I think value is what we get in return after we have spent funds on the procurement of goods and services or after the implementation of the project. We derive at this point after doing value for money assessment to ensure that we got what’s worth for government money.”*

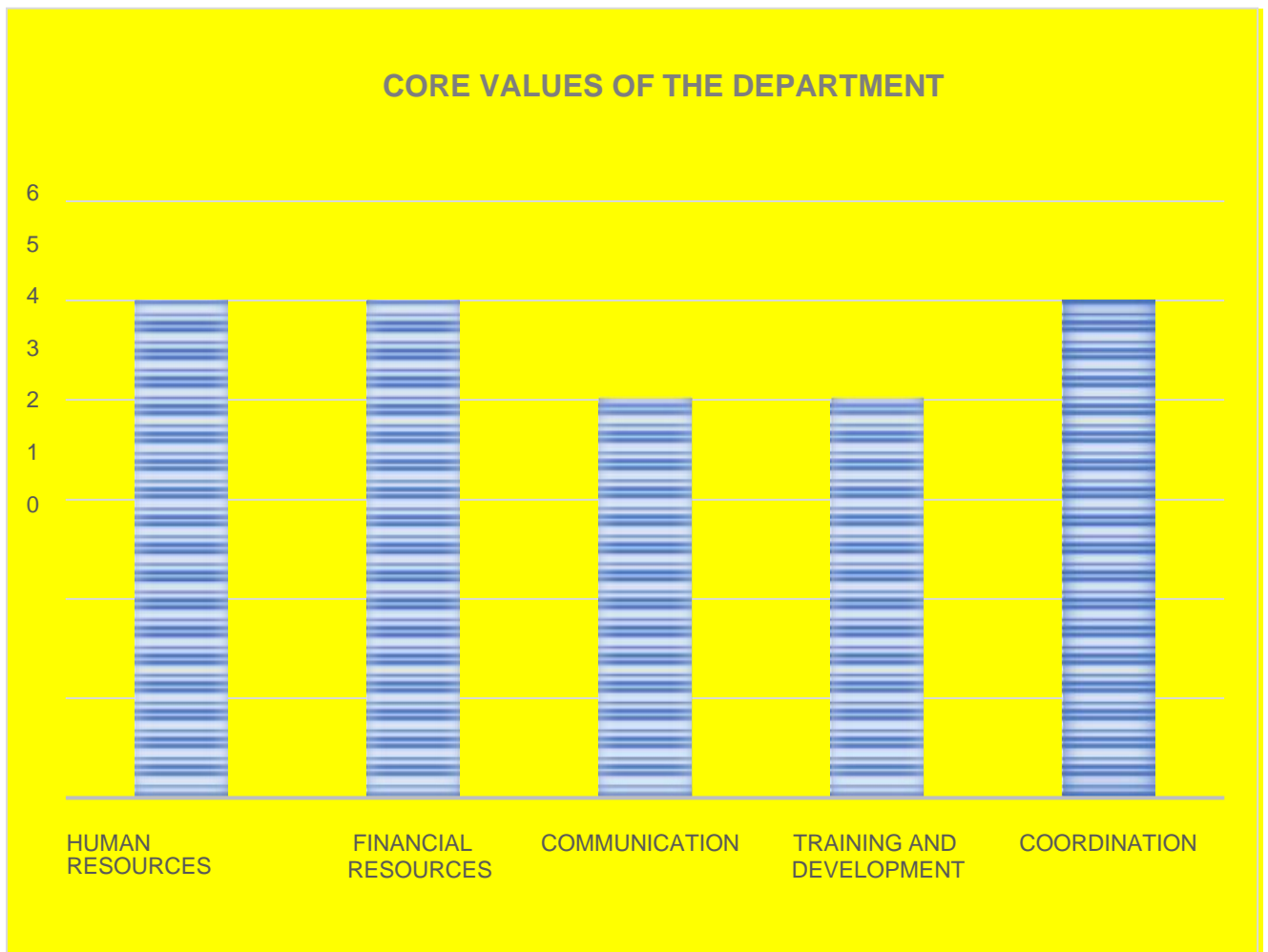
#### **4.3.1.2 What are the core values of your department?**

The participants provided several core values in relation to their department, and they had the following to say:

*“I think the most important values that all employees should observe include amongst other the following .... Accountability, value for money, equality, equity and fairness openness and transparency” (Participant 1).*

The sentiments of participant 1 were further supported by Participant 11 as follows:

*“Some of the values I can recall are, value for money, integrity, accountability, honesty, and professionalism as well as mutual trust and respect.”*



**Figure 10: Core values of the department.**

Figure 10 indicates that value for money, accountability and professionalism were key core values according to the participants.

#### **4.3.1.3 Did management discuss the departmental goals and objectives with you?**

The question was seeking to determine to what extent the management of the department communicate to all levels of employees in the department regarding which direction the department is taking and what is expected from all officials.

In response to this question, the participants had similar views and some of them had this to say:

*“There is little communication of strategic decisions. This is mainly limited to the executive management (head of Department and his subordinates/reports).” (Participant 5).*

*“Strategic decisions are discussed at executive management level and communicated to all senior managers, and they develop annual performance plans to align their work with the organisation’s strategy.” (Participant 9).*

#### **4.3.1.4 How actively do you work with the core values of your department, stated in question 2?**

The question was asked to get an understanding from the participant with regard to their core participation and their understanding of the core values of the department and implementing them accordingly.

*“If you relate this question to your key topic, I will say, we lack mainly in ensuring value for money, however, in terms of consultation and access, we make sure that all our stakeholders are consulted and they have access to the information that may affect them” (Participant 3).*

*“We lack accountability, professionalism, and integrity. This is evident when you check the departmental contribution to irregular expenditure whereby there is no accountability for all the officials who did wrong.” (Participant 4).*

#### **4.3.1.5 In your own opinion, do you think values are important for your department?**

The question was asked to get participants’ views on the values they think are mostly important to the department.

*“Values in the department remind all the officials of their role in improving the lives of the community of the Free State province and in ensuring that there is a mutual respect and trust among public servants.” (Participant 12).*

#### **4.3.1.6 Does your department include all employees in decision making about the project to be implemented?**

This question was asked to determine to what extent does the department include all the employees in the planning and implementation of key projects in the department.

In response to this question, the participants had this to say:

*“In terms of decision making, the department normally discuss its strategies on senior management level and only heads of different units form part of that team. Employees*

on operational level are only informed when the projects are on the implementation stages.” (Participant 3).

“Based on my position in the department, I have been included in the decision making, however, I think there is a lack of involvement of other officials on lower levels as they play a critical role in implementing the projects or any strategic goals of the department.” (Participant 11).

#### **4.3.2 Value drivers**

##### **4.3.2.1 What kinds of projects are being implemented by your department currently?**

The question was seeking to determine the awareness from the participants about the projects which are implemented by the department.

“Firstly, I would like to state that the main objective of the department of transport is to ensure that road safety and road infrastructure are maintained in their good state. We have implemented major projects in the province to main our roads and other infrastructure roads which were in an old state were refurbished and upgraded.” (Participant 6).

With the above response, the department however had some challenges in ensuring that these projects are achieved on time, this was asserted by Participant 5 as follows:

“Such initiative usually faces the challenge of resource constraints, both financial and human resources. These constraints hinder our endeavor to realise value add initiatives.”

##### **4.3.2.2 Which projects do you think the provincial administration should focus on for the development and growth of your department?**

The question was asked to determine the participants’ view on the projects which the department can implement to stimulate growth and development in the department.

“The provincial administration needs to implement projects which are impactful to our community to improve their lives, which will result in improving the growth of the province” (Participant 8).

Participant 10 had this to say in support of the above response by Participant 8.

*“As the provincial administration, we need to assess all the proposed projects and prioritize them to ensure that the department only implements projects which will add value to the growth on the province as well as ensuring that these projects benefit the communities on of the Free State”.*

#### **4.3.2.3 What are the benefits of these projects to your department?**

The participants was asked this question to determine if the department derive any value or benefits from the projects implemented.

Majority of the participants indicated that these benefits do not only affect the department, but the whole province of the Free State.

*“It is crucial that we all understand and get involved in Value addition programs. More so, I guess it is important that everyone in the business is involved to ensure that we are all on the same page.” (Participant 4).*

*“The population of the province is growing, and many people are moving to the province, more especial people from the neighbouring countries such as Lesotho and Botswana. As a result of this, these projects ensure that the department plans well ahead to deal with this influx and ensuring that the department deliver on its mandate.” (Participant 3).*

#### **4.3.2.4 Do you feel that the provincial administration is doing enough to engage the community in developmental projects?**

The question was asked to determine to what extent does the department consult and involve the community in the decision making when planning and implementing the projects.

The participants had this to say:

*“We often do not get involved in initiatives that add value to the realisation of the main objectives of the business. In my own view, decision making processes should be a consultative and brainstorming process where everyone is involved in the formulation of ideas that help the organisation to move forward.” (Participant 8).*

In addition to this response, Participant 1 had this to say:

*“I think such initiatives require total support from everyone in the organisation. My*

*suggestion would be that we need to involve even the community members we offer services to. I am sure their feedback and contributions on service delivery would go a long way in ensuring that we continuously improve our systems and processes.”*

#### **4.3.2.5 Does the national government give your department adequate financial support to implement these projects?**

The question wanted to find out whether National government provides adequate financial support for the implementation of project by the Provincial Department.

*“We need both financial and human resources to sustain the VBM process. All staff training on VBM and its benefit is critical. I strongly believe that if as employees are trained on the main objective of the business, whatever strategic initiative becomes so much understandable, and we will embrace it. This also calls for capital injection on development staff.” (Participant 11)*

Participant 5 mentioned that other strategic projects are hindered by both the unavailability of adequate funds and the appropriate human resources to drive the implementation process and had this to say,

*“The budget allocated to our department is always not enough to support such initiatives. More so, we do not have enough human resources. Covid-19 came, and the department restructured, and we are overwhelmed with loads of work, and we are not coping. We need more people to help with the demands of service delivery in this province.”*

#### **4.3.2.6 Does the management support infrastructure development projects in your department?**

This question was asked to determine the level of support the management of the department provide in terms of the planned projects and their implementation thereof.

The participants provided their views as follows:

*“We need to be part of the process at all levels if this Value Based Management must be implemented. I am sure we can help the business with our two cents of ideas; however, we are not involved as employees most of these initiatives, yet we are the ones who help the organisation realise its goals and objectives.” (Participant 8).*

One of the participants mentioned that other strategic projects are hindered by both the unavailability of adequate funds and the appropriate human resources to drive the implementation process and had this to say,

*“From my own observations, the department of roads has been affected heavily with competent resource shortages. Should the management consider making sure that competent human capital availability, I am positive that every objective of the organisation would be achieved.” (Participant 2).*

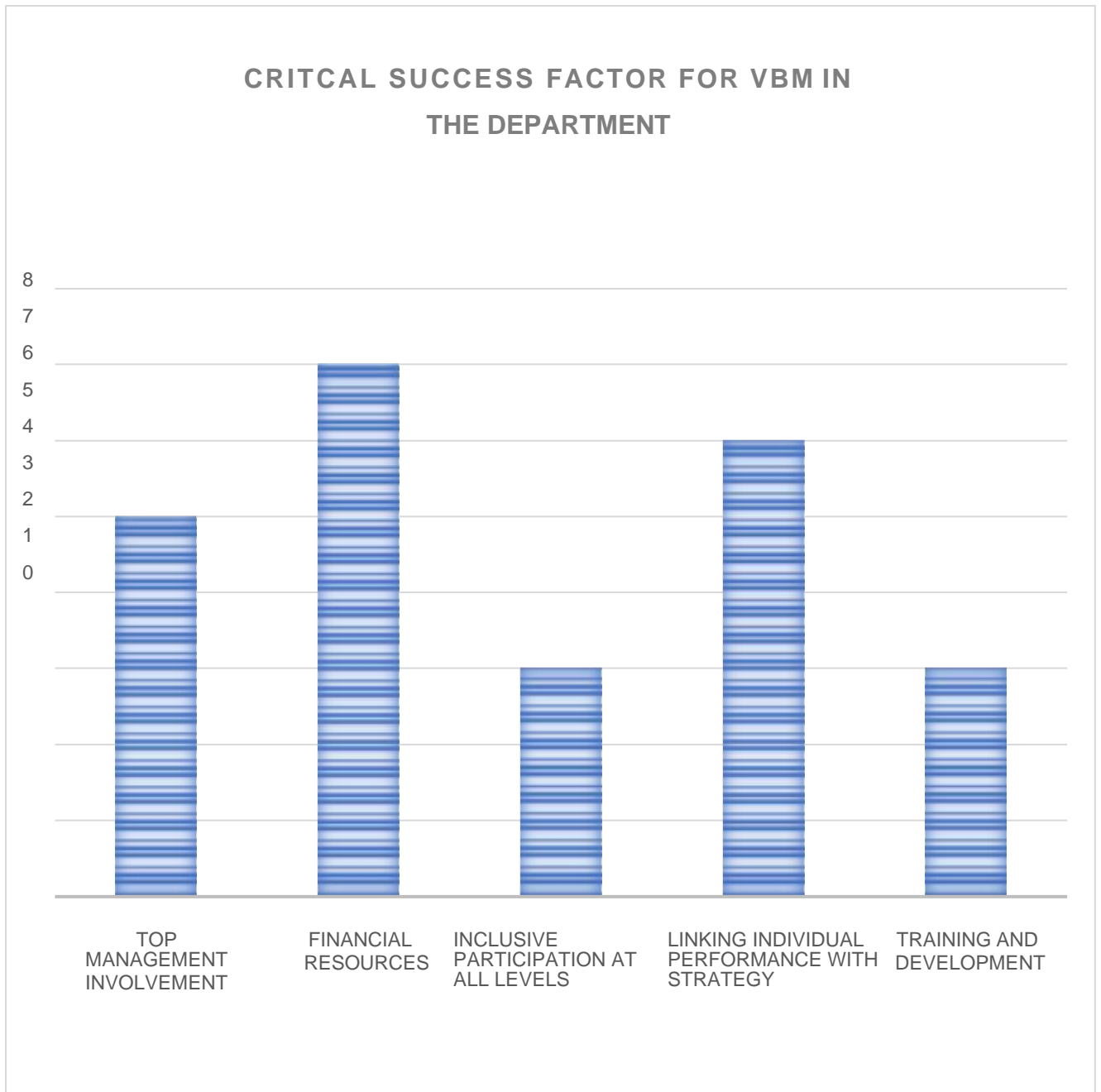
### **4.3.3 Critical success factors for the introduction of value-based management**

Several questions pertaining to the Provincial Government's critical success factors were posed to ascertain whether participants understood what value-based management is. The objective was to determine what would make it possible for the Free State Provincial Government Department to implement value-based management.

#### **4.3.3.1 What factors of value-based management do you think your department should focus on to serve its purpose?**

When asked what made value-based management work in the Provincial Government Department of the Free State, several factors came up.

Keeping all of this in mind, five of the participants said that for the provincial department to implement value-based management, there needs to be openness and trust between the different stakeholders and the departments. Figure 11 depicts these critical success factors which are regarded as key for the department to successfully implement the value-based management.



**Figure 11: Departmental critical success factors for the implementation of VBM.**

*“Willingness and commitment by senior management is very crucial. I have noticed that this is lacking and causing a failure in the achievement of strategic goals and objectives of the department.” (Participant 1).*

*“In my view, there is need for trust to be developed between our departments and the community we serve. I think a re-emphasis on rebuilding trust would go a long way in ensuring that the value we need to give to the stakeholders is achieved.” (Participant 2).*

*“Well, I work in the police force and with the rampant crime activities going on nowadays, the public has lost trust on us. I understand very well that our mandate is to maintain law and order in the communities we save and the country at large, but it seems as if we have failed the public in ensuring that this objective is achieved. Therefore, this again calls for the senior management of the departments to support us in ensuring that we deliver our mandates and rebuild the trust again.” (Participant 9).*

#### **4.3.3.2 What are your expectations from the management to ensure that your department fulfils its set goals and objectives to ensure that projects are completed efficiently and effectively?**

When asked about the goals and objectives of their respective departments, the following responses were revealed by the participants.

*“I work in the department of roads in the Free State Province and from my understanding, the main objective of ensure road safety within the South African roads is maintained and safeguarded.” (Participant 1).*

*“In my department we ensure that the department promotes integrated crime prevention initiatives to ensure sustainable community safety” (Participant 8)*

*“I will speak on my day-to-day duties; I ensure that we create and implement road safety awareness campaigns to alert the public of the importance of driving with caution on our roads. These initiatives also provide important road safety cautions not only for motorists but also pedestrians, cyclists, and children to ensure their safety when they are on the road.” (Participant 3).*

From the above responses, it is clear that the participants are aware of the goals and objectives of their respective departments. This is also a good indication of the acknowledgement of the core value that the respective departments should offer to different stakeholders. The above responses also revealed that there is need for the top management of the departments to foster strategic objectives and goals of the provincial departments within the Free State Province.

#### **4.3.3.3 In your own view how best can developmental projects be managed?**

The question was asked to get participants' view on the factors or mechanisms that the department can use to manage the developmental projects.

*“We need a continuous engagement with our stakeholders to understand their needs and concerns. This I believe will then help in reshaping our strategic goals and objectives hence the future is well articulated. I strongly believe if we have strong engagements with our communities, this would help us to deliver value.” (Participant 7).*

*“I think the main goal of the department of transport is to ensure that road safety and road infrastructure are maintained in their good state.... Additionally, it is important that we involve everyone in Value Based Management Initiatives. I have that all officials understand and get involved in strategy implementation at all roles and levels. More so, I guess it is important also to mentor and support officials on strategy implementation at their respective levels to fully close all gaps for effective and successful realisation of goals and objectives of the strategy.” (Participant 5).*

#### **4.3.3.4 What recommendations can you give to management to assist the organisation to realise its objectives and goals?**

The question was asked to get participants' recommendations in assisting management of the department to achieve the planned objectives and goals.

Majority of the participants asserted as follows:

*“In order for the department to realise value and see the fruits of the Value Based Management implementation, I strongly believe that if all senior management of the organisation are committed to achievement of its mandate, which would go a long way to ensure that they are achieved.” (Participant 1).*

*“Over and above the senior management of the department's commitment towards driving the Value Based Management initiative, it goes without saying that indeed financial resources are very critical to any initiative in today's business world.” (Participant 11).*

In addition to the above, another participant mentioned the issue of awareness and coaching of staff to ensure they understand and embrace the value-based management initiative.

According to Webster (2020) the interpretation of VBM in government entities has been narrowly confined to the determination of financial performance. However, the new paradigm of value-based management in the public sector has a tremendous potential to alter the way the strategy and operations of government entities should

be run. Government employees are always under extreme pressure to deliver the expectations of their wide range of stakeholders who have varying demands and expectations. The question on the critical VBM tools that are applicable to the provincial departments in the Free State province, revealed several tools. With regards to the tools that can be utilised to realise the benefits of value-based management, almost all participants mentioned the issue of the availability of resources as a main tool in the implementation of VBM.

*“Without resources be it enough funds or human resources, we will continue to plan without achieving our goals. Population is growing at a rapid rate, and we are under a huge amount of pressure to ensure deliver our mandate to the communities we serve. We do not have enough resources to cater for the rapidly increasing population. If enough resources are allocated to our province from the national office, I am positive that we will achieve better results and add value to our communities.” (Participant 3).*

Two participants mentioned the issue of performance as a VBM tool to ensure the desired outcomes are monitored and measured.

*“We need a robust performance management system for us. We need to have proper measured of the expectations in as far as the objectives of the department are concerned. I agree that these Key Performance Indicators are there, but I have never seen annual evaluation of these to check on how far we have performed.” (Participant 5).*

*“We do not often know how we are performing in as far as both long- and short-term objectives are concerned. We need to implement a performance measurement tool which monitors our performance against the set objectives.” (Participant 12).*

In support of the above response (Enns *et al.*, 2016), it was further emphasised that key performance indicators (KPIs) keep the organisation's top management informed of its past, present, and future performance by connecting its goals and strategy to its deliveries. However, Alkhaldi & Gadhoum (2017) emphasise the importance of KPIs as a tool for modern organisations. Numerous studies on the significance of using KPIs in businesses stated that both the private and public sectors can benefit from KPIs.

Another point raised with regards to critical tools that can be utilised in the adoption

of VBM was stakeholder value (Tom, 2014). According to Tom (2014), stakeholder value is a term used in business to measure the company's success with the focus on enriching shareholders. Kennerly (2015) concurred with this view when he said that value-based management should consider and protect the interest of shareholders. In support of the above, two participants had this to say,

#### 4.3.4 Key performance indicators to measure departmental performance

Opportunities for improvement can only be identified through the implementation of measurement metrics that can track progress of value drivers and therefore any deviations can proactively be resolved.

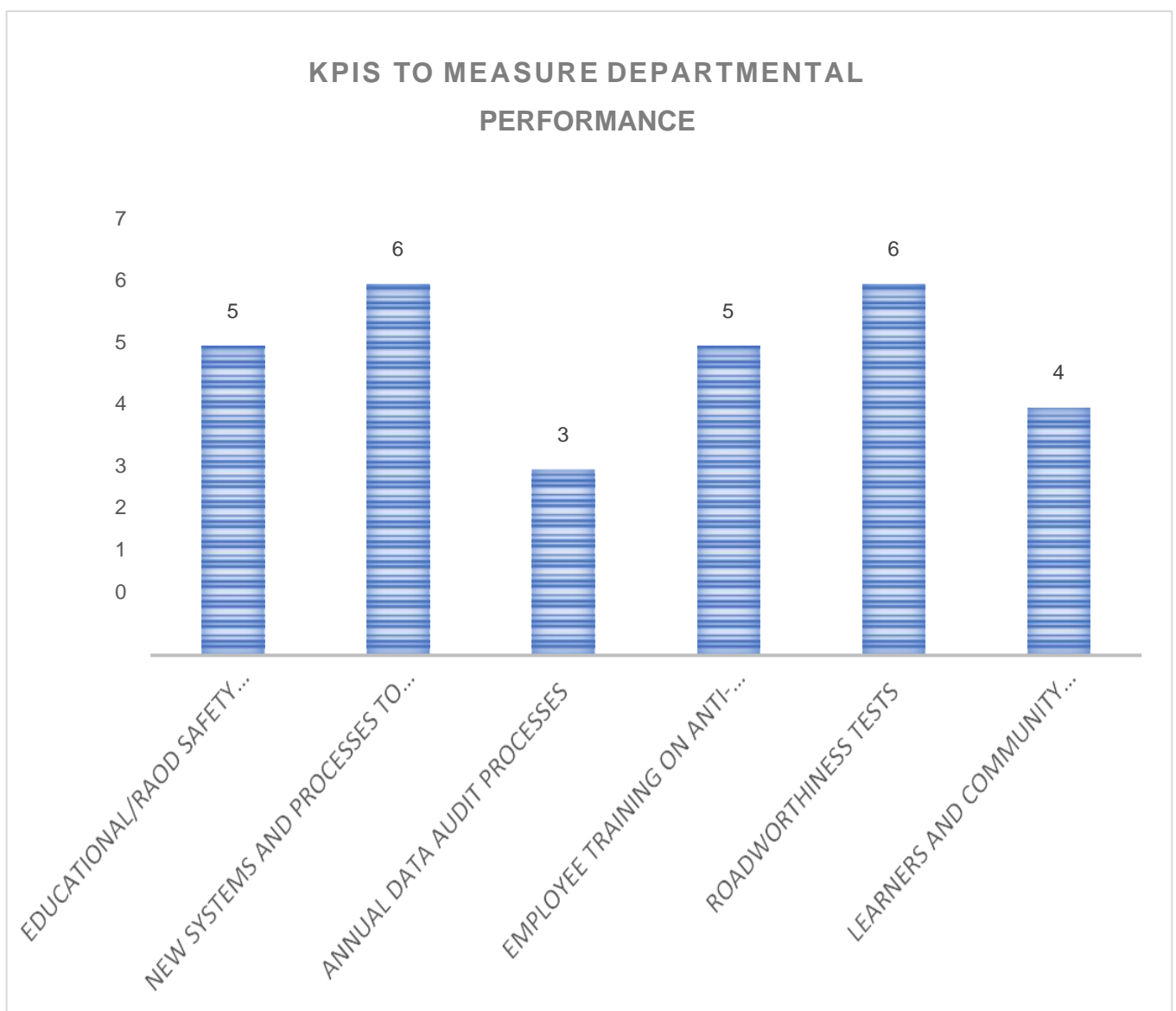


Figure 12: KPIs to measure departmental performance

Figure 12 depicts some of the KPIs to measure the performance of the department as identified by the participants. It is crucial for the provincial department of the Free State, not to overlook opportunities for improvement in as far as value addition initiatives is concerned. Alkhalidi & Gadhoum (2017) emphasise that KPIs are extremely important tools in modern organisations. KPIs are said to be equally applicable to the public and private sectors, according to several studies on the significance of establishing KPIs in organisations.

### Free State Provincial Government Department

Proposals for the key performance indicators, that could assist the provincial department in tracking their progress toward implementing value-based management, are provided below.

*“I think if the department could put more financial resources on promoting road safety awareness programmes would help the province curb the increased number of road carnages. We need to increase the rate of our road safety awareness programs to make the road users aware of the dangers associated over speed for example.”*  
(Participant 1).

*“We need to increase the frequency of road infrastructure inspections and repairing. So, I think if we can measure the number of road inspections per quarter or per year that would help us be aware of the state of our roads and be able to action before it is too late.”* (Participant 3).

Additionally, in support of the frequency road infrastructure inspections, Participant 5 had this to say in order to enable these inspections:

*“It goes without saying that the state of our provincial roads is bad. The government should increase budgets allocated to provinces to ensure that maintenance activities on road infrastructure are as effective as they should be.”*

Furthermore, other participants had asserted as follows:

*“One measure that comes into my mind when it comes to road safety is to gather the number of road carnages versus the number of road safety campaigns done to see the correlation of how effective these campaigns are in reducing the road accidents.”*  
(Participant 8).

*“I would think of measuring the number of arrests on unroadworthy vehicles. However, the department heads must do something on bribes and corruption as well. We all know that bribe and corruption activities are a challenge in this country...but we cannot afford to make efforts towards preventing this chronic disease.” (Participant 12).*

*“We are short staffed. We need to increase the number of police officers enrolled into our provincial training centres. So, I think if we increase the number of enrolments of new police officers, we can be able to use this as an indicator of how many resources we are feeding into the system.” (Participant 2).*

Participant 6 asserted as follows: *“We need resources, be it finance, human resources, and any other resources such as cars, etc. that we enable us to effectively promptly respond to any crime related complaints. We do not have enough of such resources according to the way I see it. That then makes it so difficult for us to execute our duties of making sure that there is law and order in our communities.”*

Lastly two participants provided their proposals as follows:

*“In my own view, a good measure of how best we are doing is the number of reported crimes versus the successful arrest of perpetrators. In other words, all the opened dockets should be measured against what has been successfully closed.” (Participant 9).*

*“We need to improve on number of patrol teams in the whole province. Again, this also calls for provision of adequate resources which eventually calls for more financial resources allocated as well. Then we will require to incentivise teams when they successfully win on arrests. This way I think we can win on reducing the high alarming crime rates.” (Participant 4).*

#### **4.4 Summary of the findings**

Several success factors and value-based management approaches can be used to promote VBM in the FSPG department, according to findings of primary research. Additionally, value drivers and applicable KPI's revealed in the primary research corresponded well with those discovered in the study's literature review. There have however, emerged critical success factors from the interviews which were not covered in the literature review.

- Value drivers: Both financial and human resources were identified as the key value driver for the department. Without these resources, the department will not be able to achieve its objectives or complement the planned projects on time.
- Critical success factors: Financial resources, training and development, and inclusive participation at all levels are new emerged critical success factors that were identified through the interviews with the participants. However, financial resources, linking individual performance with strategy and top management involvement were identified as the most critical success factor for the department.
- KPIs to measure departmental performance: The most crucial KPIs to gauge the effectiveness of the division were determined to be new systems and procedures to handle fraud, roadworthiness tests, employee training on anti-corruption, and education/awareness programmes for driving safely.

#### **4.5 Conclusion**

This chapter gives a thorough overview of the research findings. The study's conclusions indicated crucial success elements, value-based management tools, and implementation-friendly strategies, and key performance indicators as measurement metrics for evaluating the performance of the Free State Provincial Government Department in South Africa.

The whole research study's suggestions for key performance indicators, which must be implemented by provincial departments to reap the rewards of the value-based management project, are summarised in the following chapter.

# **CHAPTER FIVE: RECOMMENDATIONS AND CONCLUSIONS**

## **5.1 Introduction**

The study's main goal was to identify key success criteria for the adoption of value-based management in a Free State provincial government department. To accomplish the study's main goal, a qualitative research methodology was used. This chapter will give a summary of how the secondary objectives were accomplished and will offer suggestions for the key performance indicators to assess departmental performance to guarantee that important projects are prioritised and evaluated appropriately.

## **5.2 Research summary and conclusions**

The main purpose of the study was to examine the critical success factors for the implementation of value-based management in a provincial government department in the Free State.

To achieve the primary aim of the research, the following objectives were identified:

- To determine the success factors for the introduction of value-based management.
- To identify the value drivers that can be applied in the department.
- To recommend the key performance indicators to measure departmental performance to ensure that key projects are prioritised and measured accordingly.

To address these research objectives, the research was divided in to five chapters which are summarised below.

- Chapter 1: Introduction - The backdrop of the research study was one of the topics covered in the introduction. The format for research questions, goals, and objectives were discussed.
- Chapter 2: Literature Review - The second chapter draws from previously read material. In Chapter 2, a thorough study of the idea of value-based

management and crucial success factors for its implementation was done. It also covered key performance measures relevant to the Free State province's provincial government.

- Chapter 3: Research Methodology - This chapter's main subject was the study's methodology. For the study, a qualitative technique was used. The methods used for data collection and sampling were discussed, among other things.
- Chapter 4: Results, Discussion, and Interpretation of Findings - The results of the research were presented in the chapter. The study's interpretation of its findings was summarised after careful consideration of qualitative data analysis and content analysis.
- Chapter 5: Conclusions and Recommendations - The research is concluded in this chapter. Included are suggestions and findings derived from the study's aims, questions, and objectives.

The first objective of the research study was to determine the success factors for the introduction of VBM. Most participants identified finance resources, linkage of individual performance with strategy, top management involvement, inclusive participation at all levels, and training and development of employees as the major critical success factors for VBM implementation, in the provincial departments of the Free State province.

The second objective was to identify the value drivers that can be applied in the department. The research findings with regards to value drivers within the Free State provincial government departments revealed that both financial and human resources were identified as the key value drivers for the department. Without these resources, the department will not be able to achieve its objectives or complement the planned projects on time.

Based on the third objective, to recommend the key performance indicators to measure departmental performance to ensure that key projects are prioritised and measured accordingly, it was found that opportunities for improvement can only be identified through the implementation of measurement metrics that can track the progress of value drivers, and any deviations can therefore be proactively resolved. KPIs such as the number of road safety campaigns, the new systems implementation through utilisation of technology to monitor fraudulent activities, the number of

training programmes on anti-corruption, and the number of roadworthiness tests have been identified as critical KPIs to measure the performance of departments.

### **5.3 Main findings and recommendations**

The interviews provided additional information that was consistent with the conclusions of the literature review. The following research questions served as the basis for the study's main conclusions and served as the justification for its execution:

- What are the success factors for the introduction of value-based management?
- What are the value drivers that can be applied in the department?
- What are the recommendations of the key performance indicators to measure departmental performance to ensure that key projects are prioritised and measured accordingly?

#### **5.3.1 Finding 1: Provision of sufficient financial and human resources**

Both financial and human resources were identified as the key value drivers for the department, because without these resources, the department will not be able to achieve its objectives or complement the planned projects on time. According to the literature review it is imperative that businesses become competitive in the provision of financial resources to be successful in service delivery. The cash flow of the business, which essentially demonstrates its capacity to fulfil its payment or credit obligations going forward, is the primary factor that determines access to lines of credit.

#### **Recommendations:**

- Critical assessment of all the proposed projects and prioritize them to ensure that the department only implement projects which will add value to the growth of the province as well as ensuring that these projects benefit the communities in the Free State province.
- All staff training on VBM and its benefit is critical. If employees are trained on the main objective of the business, all strategic initiatives become so much more understandable. This also calls for a capital injection on the development of staff.

### **5.3.2 Finding 2: Linking individual performance with strategy**

The interpretation of value-based management in government entities has been narrowly confined to the determination of financial performance. However, the new paradigm of value-based management in the public sector has a tremendous potential to alter the way the strategy and operations of government entities should be run. Government employees are always under extreme pressure to deliver the expectations.

#### **Recommendations:**

- A strong performance management system that accurately gauges' expectations in relation to the departments' goals.
- Implementation of a performance measurement tool which monitors performance against the set objectives.
- Proper alignment of functional strategies with organisational or departmental strategies to ensure that there is coordination and congruence between these strategies.

### **5.3.3 Finding 3: KPIs to measure departmental performance.**

The most crucial KPIs to assess the performance of the department were determined to be new systems and procedures to handle fraud, roadworthiness inspections, employee training on anti-corruption, and education/awareness campaigns for driving safely. It is crucial for the provincial department of the Free State, not to overlook opportunities for improvement in as far as value addition initiatives is concerned.

#### **Recommendations:**

- Adequate financial resources to effectively promote road safety awareness programmes to monitor the number of road awareness campaigns as a KPI.
- Increase budget on road infrastructure inspections and repair in the province to assess the state of the roads and action accordingly.
- It is damaging to the department to increase the number of new police officers enrolling in the province. Therefore, the number of hires can be tracked annually as a KPI.

#### **5.4 Limitations of the study**

Other provincial governments within the borders of South Africa were not included in the study, which was restricted to looking at the crucial success criteria for the implementation of value-based management in a provincial government department in the Free State.

The study focused mainly on the value drivers and value-based management methods that are appropriate to provincial departments and was only limited to the provincial departments in the South African Free State Province. Additionally, the researcher guaranteed the participants' secrecy regarding their responses, but the researcher was unable to ensure objectivity because, in accordance with the participant reporting line, individuals who submitted information to the researcher had no influence over the outcomes. The researcher did not gather much detail, especially from the private sector side, as they indicated confidential concerns about some information.

#### **5.5 Significance of the study**

To ensure the survival of the Free State province in these trying economic times, provincial executives must establish a state capable of carrying out its developmental mandate within their different departments. This requires the government to conserve the planned financial resources and spend them wisely on service delivery. To excel in these challenging economic times, when financial resources must be utilised properly, provincial leaders must be held more accountable for ensuring the developmental mandate is met. This can be accomplished by implementing a value-based management programme that measures departmental performance. The FSPG department must then assess the important success factors for implementing value-based management to manage value.

#### **5.6 Recommendations for further research**

Value-based management drivers, critical success factors and key performance indicators that are applicable to provincial departments differ from one province to another. This is due to the possibility that different provinces may have different economic development agendas and plans. The study, however, can be scaled up to the national level to look at all national development projects in accordance with the

National Development Plan and understand value drivers for national economic development. Its goal is to examine the critical success factors for the implementation of VBM in a Provincial Government Department in South Africa. The idea of using the value-based management framework at national level would make for an interesting subject of future research regarding crucial success elements for the implementation of VBM.

## **5.7 Conclusion**

Examining the crucial success elements for the adoption of VBM in a provincial government department in the Free State was the goal of the research project. The goal of the study was to identify value drivers and KPIs that may be used by provincial departments in the South African Free State province. The notion that value-based management (VBM) has a major impact on corporate performance has clearly been validated as an organisational approach to excellence. VBM is a widely utilised concept in the public sector, where it has been used for a range of activities, including the establishment of key performance indicators (KPIs) for assessing overall business performance. Provinces and municipalities account for the largest part of South Africa's governmental expenditure. As a result of South Africa's slower economic growth, the budget framework has been reduced, affecting the FSPG.

To ensure the FSPG's survival in these trying economic times, provincial executives must establish a state capable of carrying out its developmental mandate within their different departments. This requires the government to conserve the planned financial resources and spend them wisely on service delivery. To excel in these challenging economic times, financial resources must be utilised properly, provincial leaders must be held more accountable to ensure the developmental mandate is met. As the framework places emphasis on value unleashing and value drivers for achieving the strategic objectives of various departments, VBM has the potential to contribute to economic growth and development at provincial and national levels when effectively applied.

To sum up, the study significantly advanced the idea of value-based management that can be applied to provincial government departments and agencies to improve the quality of their programmes and services.

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# LIST OF APPENDICES

## APPENDIX A: INTERVIEW SCHEDULE



### Interview Schedule

#### SECTION ONE: Demographic Information

##### Gender

- Male
- Female

##### What is your highest qualification?

- Matric
- Diploma
- Bachelor's degree
- Postgraduate

##### Which department do you work for between the following?

- Roads
- Transport
- Police

##### How many years have you been working?

- Less than 5 years
- 6-10 years
- 11-20 years
- 21+ years

##### Do you know what Value Based Management is?

- Yes
- No

## **SECTION TWO: Value Based Management**

1. What does value mean to you?
2. What are the core values of your department?
3. Did management discuss the departmental goals and objectives with you?
4. How actively do you work with the core values of your department stated in question 2?
5. In your own opinion do you think values are important for your department?
6. Does your department include all employees in decision making about the project to be implemented?

## **SECTION THREE: Value drivers**

1. What kinds of projects are being implemented by your department currently?
2. Which projects do you think the provincial administration should focus on for the development and growth of your department?
3. What are the benefits of these projects to your department?
4. Do you feel that the provincial administration is doing enough to engage the community in developmental projects?
5. Does the national government give your department adequate financial support to implement these projects?
6. Does the management support infrastructure development projects in your department?

### SECTION THREE: Critical success factors

1. What factors of value-based management do you think your department should focus on in order to serve its purpose?
2. What are your expectations from the management in order to ensure that your department fulfills its set goals and objectives to ensure that projects are completed efficiently and effectively?
3. In your own view how best can developmental projects managed?
4. What recommendations can you give to management to assist the organization to realize its objectives and goals?

## APPENDIX B: APPROVAL LETTER FROM THE DEPARTMENT



police, roads & transport  
Department of  
Police, Roads and Transport  
FREE STATE PROVINCE

To: All Department of Police, Roads & Transport Officials

### DATA COLLECTION BY MR TE KOTJOMELA FROM THE DEPARTMENT OF POLICE, ROADS & TRANSPORT

Dear Colleagues and Supervisors

1. Permission has been granted by Acting Head of the Department to Mr. TE Kotjomela, a Research Candidate at the University of the Free State to collect data in a form of questionnaires, focus groups and records from the Department towards attaining his Master's degree with the Business School at the University of the Free State.
2. The topic of his project is "Critical success factors for the implementation of value-based management in a provincial department government department in the Free State".
3. I take this opportunity to wish Mr. Kotjomela a successful research work at Department of Police, Roads & Transport.

Your immense support will be highly appreciated.

Kind regards,

Mr R. Thakiso

Acting Head of Department

Free State Department of Police, Roads & Transport

2022-06-23

Date:

Office of the MOD  
4<sup>th</sup> Floor Perm Building, Chierolla Maske Street,  
Hloamfontein

## APPENDIX C: ETHICAL CLEARANCE LETTER



### GENERAL/HUMAN RESEARCH ETHICS COMMITTEE (GHREC)

11-Jul-2022

Dear Mr Tsela Kotjomela

#### Application Approved

Research Project Title:

**Critical success factors for the implementation of value-based management (vbm) in the provincial government department of the free state**

Ethical Clearance number:

**UFS-HSD2022/0800/22**

We are pleased to inform you that your application for ethical clearance has been approved. Your ethical clearance is valid for twelve (12) months from the date of issue. We request that any changes that may take place during the course of your study/research project be submitted to the ethics office to ensure ethical transparency. Furthermore, you are requested to submit the final report of your study/research project to the ethics office. Should you require more time to complete this research, please apply for an extension. Thank you for submitting your proposal for ethical clearance; we wish you the best of luck and success with your research.

Yours sincerely

**Dr Adri Du Plessis**

**Chairperson: General/Human Research Ethics Committee**

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[duplessisA@ufs.ac.za](mailto:duplessisA@ufs.ac.za)  
[www.ufs.ac.za](http://www.ufs.ac.za)



## APPENDIX D: LANGAUGE EDITING CERTIFICATE

11/27/22, 6:44 AM

University of the Free State Mail - Final document



Tsela Kotjomela <2005029216@ufs4life.ac.za>

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### Final document

2 messages

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**Marietjie Schutte-Smith** <SchutteM@ufs.ac.za>  
To: Tsela Kotjomela <2005029216@ufs4life.ac.za>

Fri, Nov 25, 2022 at 3:19 PM

Congratulations on your document, it was nice reading it.

Please find attached the edited version of your document.

I've added comments to the document where you need to address something, this is your responsibility please.

Once again, I am very sorry for sending the document so late, we were called to the hospital at 18h00 yesterday and we only got hom at 4am this morning.

You can have a nice rest after you've completed the last comments.

Best regards,

Marietjie

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University of the Free State: This message and its contents are subject to a disclaimer.  
Please refer to <http://www.ufs.ac.za/disclaimer> for full details.

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753K

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Tsela Kotjomela <2005029216@ufs4life.ac.za>  
To: Nokuthula Vuluka <vulukaayama@gmail.com>

Sat, Nov 26, 2022 at 1:42 PM

Mr. TE Kotjomela  
University of the Free State  
Student number 2005029216  
[Quoted text hidden]

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## APPENDIX E: POPIA COMPLIANT CONSENT FORM



### RESEARCH STUDY INFORMATION LEAFLET AND CONSENT FORM

#### DATE

Academic year 2022

#### TITLE OF THE RESEARCH PROJECT

**CRITICAL SUCCESS FACTORS FOR THE IMPLEMENTATION OF VALUE-BASED MANAGEMENT (VBM) IN A PROVINCIAL GOVERNMENT DEPARTMENT IN THE FREE STATE**

#### PRINCIPLE INVESTIGATOR / RESEARCHER(S) NAME(S) AND CONTACT NUMBER(S):

Mr. Tsela Edward Kotjomela                      2005029216                      076 384 2277

#### FACULTY AND DEPARTMENT:

Economic and Management Sciences Faculty  
Business School

#### STUDY LEADER(S) NAME AND CONTACT NUMBER:

Mr. Mark Peters  
082 311 9118

#### WHAT IS THE AIM / PURPOSE OF THE STUDY?

The purpose of this study is to examine the critical success factors for the implementation of Value Based Management in a Provincial Government Department in the Free State.

#### WHO IS DOING THE RESEARCH?

I am Tsela Edward Kotjomela, studying Master's in Business Administration student at the University of the Free State. The main purpose of this research is mainly for academic purposes in fulfilment of the MBA programme.

#### HAS THE STUDY RECEIVED ETHICAL APPROVAL?

This study has received approval from the Research Ethics Committee of UFS. A copy of the approval letter can be obtained from the researcher.

Approval number: *UFS-HSD 2022/0800/22*



#### **WHY ARE YOU INVITED TO TAKE PART IN THIS RESEARCH PROJECT?**

The participants were chosen based on their experience dealing with projects, their knowledge of expected project costs, their understanding of the fundamentals of infrastructure projects, and their understanding of the value equivalent to that paid to contractors. Researcher followed all of the procedures to acquire consent from the Department Head to conduct this research. The researcher will keep the information confidential and will not share it with anyone. Engineers, financial accountants, and monitoring and evaluation officials are the targeted group in this respect, with a total number of participants projected to be twenty (20).

#### **WHAT IS THE NATURE OF PARTICIPATION IN THIS STUDY?**

The participants' task is to respond to the study interview questions. Due to the uncertainties surrounding the current COVID-19 epidemic, twenty interviews will be performed via online platforms, Microsoft Teams and Zoom, rather than face-to-face. The interviews will last between twenty (20) and thirty-five (35) minutes. AsBecause the targeted participants have hectic schedules as a result of their position in the organization, the interviews will be performed during lunchtime, free time, or after hours. The data collection process is expected to take three (3) weeks. Because no children or minors are among the participants, there is no danger or risk that the questions would cause harm. Describe the participant's actual role in the study.

#### **CAN THE PARTICIPANT WITHDRAW FROM THE STUDY?**

Participation in the study is completely voluntary, and there are no penalties or benefits if you do not participate. This study is completely voluntary, and you are under no obligation to participate. You will be given this information sheet to keep and asked to sign a written consent form if you opt to participate. Please note that once the interviews have been performed and the data has been reviewed, you will not be able to withdraw.

#### **WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?**

Because participation in this study is voluntary and free, no payment or reward is offered, and no financial benefits are promised to the participants. Furthermore, there will be no expenses to the participants. The study's participants will remain anonymous.

#### **WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?**

Participating in the study will cause no trouble or discomfort to the participant because their personal information will be utilized solely for this research and kept private and confidential. There is no chance of others discovering a person's participation in the study. In addition, data will be collected during lunch or free time, as well as after office hours, if prior arrangements are made.

#### **WILL WHAT I SAY BE KEPT CONFIDENTIAL?**

No one will be able to connect the participants to the responses they provide because their names will not be recorded anywhere. The replies of the participants will be assigned a false code number or

a pseudonym, and they will be referred to as such in the data, any publications, or other forms of research reporting, such as conference proceedings. The data will be accessible to the transcriber/external coder, who will sign a confidentiality agreement to ensure confidentiality. Additionally, personnel responsible for ensuring that research is done correctly, such as the transcriber, external coder, and members of the Research Ethics Committee, may review the answers. Unless you give others permission to examine the records, records that identify you will be available exclusively to those working on the project. Your anonymous information may also be utilized for other reasons, such as research reports, journal articles, and conference presentations. Any release of the material will respect your privacy, and a study report may be submitted for publication, but individual participants will not be identified. Because the study relied on interviews, the researcher will make every effort to guarantee that the information presented in the interview is not linked to the participants. Participants are free to leave the study at any moment without facing any consequences. Participants cannot withdraw from the study after the interviews have been performed and the data has been processed since this would jeopardize the validity and impartiality of the results.

#### **HOW WILL THE INFORMATION BE STORED AND ULTIMATELY DESTROYED?**

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard/filing cabinet of the UFS Business School for future research or academic purposes; electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. Soft copies will be destroyed permanently from the laptop and all external drives while hard copies will be shredded. All the recording from Microsoft teams and Zoom will be permanently deleted.

#### **WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?**

Because participation in this study is voluntary and free, no remuneration, incentive, or financial benefits are promised to the participants. Furthermore, there will be no expenses for the participants. The study's participants will remain anonymous. Interviews will be scheduled at lunchtime, free time, or after hours to avoid causing any trouble to the participants. There are no known or prospective risks of injury or adverse effects for potential participants because the interviews will be performed using Microsoft Teams and Zoom. Furthermore, there is no danger of others learning about your participation in the study.

#### **HOW WILL THE PARTICIPANT BE INFORMED OF THE FINDINGS / RESULTS OF THE STUDY?**

If you would like to be informed of the final research findings, please contact Tsela Edward Kotjomela on 076 384 2277 or email me at 2005029216@ufs4life.ac.za. The findings are accessible for a period of five years after the finalization of this research. Should you require any further information or want to contact the researcher about any aspect of this study, please contact 076 384 2277 email at 2005029216@ufs4life.ac.za . Should you have concerns about the way in which the research has been conducted, you may contact Mr. Mark Peters at 082 311 9118 or email him at

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**mark@markjpeters.co.za. Any possible level of inconvenience to the participants will be to schedule interviews during lunch time and after working hours.**

**Thank you for taking the time to read this information sheet and for participating in this study.**

**CONSENT TO PARTICIPATE IN THIS STUDY**

I, the undersigned,

\_\_\_\_\_ (participant's full names to be included), (the  
"Participant")

confirm that I voluntarily agree to participate in the research study referred to as the

\_\_\_\_\_ (the "Study") in relation to

\_\_\_\_\_ and which Study is being conducted by

\_\_\_\_\_ (insert the name of the researcher), (the "Researcher").

I, the undersigned Participant, further confirm that–

1. the Researcher has explained the nature, procedure, potential benefits and anticipated inconvenience of my participation in the Study;
2. I have read (or had explained to me) and understood the Study as explained in the attached information sheet;
3. I have had sufficient opportunity to ask questions and am prepared to participate in the Study;
4. I understand that my participation in the Study is entirely voluntary and that I am free to withdraw at any time without penalty (if applicable);
5. I voluntarily provide the UFS and the Researcher with my personal information and consent to the UFS and the Researcher collecting, disclosing and processing my personal information in order to conduct the Study and any related activities in relation thereto;
6. I hereby acknowledge and confirm that I understand the purpose for which the UFS and the Researcher may collect, store, use, delete, destroy, outsource, transfer or otherwise process, as the context and circumstances may require and as contemplated in terms of POPIA, my personal information as set out herein;
7. I am aware that the findings of the Study will be anonymously processed into a research report, journal publications and/or conference proceedings and that my personal information will be aggregated and deidentified at such stage;
8. I also give the UFS permission to share, without notification, the collected data with other researchers at the UFS or other Higher Education Institutions. This permission is dependent on the same principles of ethical research practices, anonymity/confidentiality, safekeeping of information, and other issues listed above applying.

I, the Participant, agree to the recording of the *Microsoft Teams*



<b>Full Name of Participant:</b> _____
<b>Signature of Participant:</b> _____ <b>Date:</b> _____
<b>Full Name(s) of Researcher(s):</b> _____
<b>Signature of Researcher:</b> _____ <b>Date:</b> _____

