

Contextualising the Guidelines of Contracting Organisational Development Consultants in South African Municipalities

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Abstract

As part of the developmental process, municipalities are required to implement certain mechanisms to improve performance, and are legally bound to implement mechanisms "situated" within the programme of organisational development (OD). Unfortunately, due to the lack of capacity, municipalities apparently make use of professional OD consultants from outside. Therefore, this

article explores the manner in which relationship can be enhanced between municipalities and consultants. Furthermore, the article also highlights core aspects that municipalities should take into consideration during contract negotiations and drafting, and suggests some conditions required to promote skills transfer.

Keywords: Municipalities, Organizational Development, Contracting, Consultant, Development Fund.

VOLUME 2 (1) 2014

"Africa's Development Watch"

**AFRICA'S PUBLIC SERVICE DELIVERY
AND PERFORMANCE REVIEW**



ISSN 2310-2195 (print)

ISSN 2310-2152 (online)

Introduction

Local government as a sphere of government that is placed strategically closest to the people should interact with communities in an endeavour to carry out the responsibilities of service delivery to ensure growth and development in a manner that promotes and enhances community participation and accountability (White Paper, 1998: ix).

At the same time the White Paper (1998:17) puts it clearly that local government must have a powerful impact on reconstruction and development in South Africa. In order to achieve reconstruction and development, municipalities within local government should implement mechanisms to improve performance. For these mechanisms to be implemented, the White Paper (1998:96) prescribes that they should be situated within a programme of organisational development (hereafter OD).

In order to achieve the above-mentioned objectives of the White Paper, apparently municipalities in South Africa make use of consultants due to the lack of required skills. DPSA (2003:22) and De Villiers *et al.* (2006:9) as cited in Kroukamp (2008:24) reveal that indicators of incapacity in municipalities include the growing utilisation of consultants. The lack of skills and expertise could mainly be due to the politically motivated appointments where skills and expertise are not considered. Such cases tend to lead to waste of funds as the incumbents cannot deliver, resulting in appointments of consultants. This means two people may be paid for the same job.

In recent years, there has been an outcry from the practice and academics circles regarding the use of consultants in government. For instance, the South African Municipal Workers Union (SAMWU), an integral role player in municipal governance, recently expressed dissatisfaction with the extent to which consultants are used and paid in municipalities. These shared sentiments call for the need to review the relationship between government and consultants (Motala, 2009; & SAMWU, 2013). The sentiments were triggered by the Auditor-General's reports which indicated that in spite of the huge amount of money that has been paid to consultants, the audit processes still pick-up mistakes on submitted financial statements (Bailey & Hawker, 2012:1).

Furthermore, the Centre for Municipal Research and Advice revealed that consultants were not used only in the municipal financial departments, but were a "general practice" (Bailey and Hawker, 2012:2). This matter is exacerbated by the lack of capacity, especially

in the small and rural municipalities. Hence, Motala (2009:1) argues that there is a need for consultants to support and capacitate municipalities where there are skills gaps. However, the practice shows that there is little transfer of skills between consultants and municipal staff.

Therefore, it stands to reason that the use of consultants needs to be streamlined in order for municipalities to benefit and be able to provide services on their own. According to Johnson (2005:11) the transfer of skills from more skilled consultants or service providers, offer an opportunity to enable and empower municipalities to provide the required services themselves. Hence, this article attempts to explore the manner in which relationship between municipalities and consultants can be improved towards achieving skills transfer.

Furthermore, as indicated earlier, legal provisions on local government aims that mechanisms to improve performance in municipalities must be within the programme of OD. Therefore, this article also endeavours to provide a broader OD perspective by proposing principles that could be used as guidelines where municipalities intend to enter into contract with consultants to improve their systems, procedures, and processes; or provide any other services. To begin, OD is defined below.

Organizational development defined

According to McLean (2006:3), there is no "standard" definition of OD, and what may be considered as legitimate OD practice by one individual, may equally be regarded by other individuals as legitimately being beyond the scope of OD. French and Bell (1995:28) argue that these premises should not be considered as serious limitations, in view of the fact that the field is still developing, and arguably, what has been discovered from literature is that a core understanding of the target of change, is the total organisation or system.

A number of authors have tried to define OD. On the intellectual level, Van der Waldt and Knipe (2001:53) define it as a long-term effort intended to improve organisational problem-solving capacity and the ability to cope with change. While, Betman and Zeithalm (in Hilliard and Kemp, 2001:88) argue that OD covers a wide spectrum of

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activities such as people's attitudes, beliefs, values, and behaviours about the workplace, and as such, are primarily intended to facilitate organisational effectiveness.

In the same manner, the OD definition based on the study conducted by McLean and McLean (2001), indicates that OD can be seen as any process or activity based on the behavioural sciences, that, either initially or over the long term, has the potential to develop in an organisational setting, enhancing knowledge, expertise, productivity, satisfaction, income, interpersonal relationships, and other desired outcomes, whether for personal or group/team gain, or for the benefit of an organisation, community, nation, region, or, ultimately, the whole of humanity (McLean, 2006:9).

While the above-mentioned definitions are acceptable, for the purpose of this article the approach of Cummings and Worley (2005:1) to OD as a system-wide application and transfer of behavioural science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that direct an organisation to its desired effectiveness; appears to be fitting the context of municipalities. This is in view of the fact that municipalities are required by law to develop strategies, structures, systems, and processes in order to render services effectively and efficiently (Municipal Systems Act, Act 32 of 2000).

When municipalities use consultants as agents of change to bring about improvement to strategies, structures, systems, and processes as shown above, theories of change in literature such as Lewin's change model, the action research model, appreciative inquiry model, and General model of Planned Change, indicate that the most critical step that should be handled with care when a consultant's services are enlisted in an organisation is that of entering and contracting (Meyer & Botha, 2000:96; McLean, 2006:51; & Cummings & Worley, 2005:78). Therefore in the next sections of this article, an emphasis is on core aspects that municipalities should take heed of during contract negotiations and drafting.

Entering and contracting

Reynolds (1997:23) indicates that entering and contracting is the first stage in the OD process, and it serves to establish a relationship between an organisation and the OD consultant or OD practitioner who could be internally appointed. The complexity of the entering and contracting stages and formality of the OD process depends on various

situations. One situation is when municipal manager is also an OD practitioner. In this case, entering and contracting usually involves the manager and workers discussing those issues to work on, and in what ways they will meet the goals set. In a situation where municipal officers or the management team intend to use professional OD consultant from outside the organisation, entering and contracting becomes a complex and formal procedure due to legal requirements (Cummings & Worley, 2005:72).

To understand entering and contracting, each of these processes needs to be explained. Therefore, the process of entering firstly receives attention where entering can be seen as the beginning of a relationship between professional OD consultant and an organisation.

Entering into an organisational development relationship

According to French and Bell (1995:269) the establishment of a relationship or discussion between a professional OD consultant and an organisation, such as a municipality, unfolds when the municipal manager, through the power delegated to him/her by the municipal council, contacts a professional OD consultant or internal OD practitioner about problems occurring in organisational operations and its performance. As a result, one of these agents of change will be recommended to the municipal council as a person who could render assistance. It stands to reason that in the event of using external professional OD consultant, a tendering process should be followed in order to promote competition and transparency.

Logically, in case of external professional OD consultant, the next step after the tendering process has been concluded would be for the municipality to then set the date for the meeting between municipal management team and the consultant. According to McLean (2006:47) the first meeting should be held on site, particularly during breakfast or lunch break. The setting might as well be helpful to the professional OD consultant because additional information on the organisational culture may be observed during these interactions. Obviously, it is in this first meeting where the professional OD consultant and municipal management team would then begin to discuss what group or department in the municipality would be regarded as the logical starting point for required OD activities (French & Bell, 1995:269).

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According to Cummings and Worley (2005:73), the first meeting provides an opportunity for organisation's members to present the issue that has prompted it to enlist assistance from the professional OD consultant. In municipalities, municipal management team is to play a crucial role in this situation. At times, the issue to be addressed may be specific, for example, lack of communication amongst the team members or in general. If, for example, a city is expanding too fast; the municipality needs to prepare itself for rapid changes. Cummings and Worley (2005:73) further suggest that such problems should then be accompanied by an implied or stated solution. For example, if there is a conflict amongst the team members, team building could be a solution.

Certainly, entering into an OD relationship in a service organisation such as a municipality could not be finalised until a contract is developed and agreed upon (McLean, 2006:47). Therefore, entering as a prerequisite is related to contracting.

Developing a contract

Contracting can be seen as the extension of entering into an OD relationship in an organisation, and it should clarify how the OD process will take place. Meyer and Botha (2000:96) assert that the contract must be well drawn up and that it should be clearly defined between an organisation and the professional OD consultant. This means that, firstly, the terms of the contract or expectations must be stipulated before any attempt could be made to initiate the OD process, and this activity is referred to as compiling a letter of agreement or a memorandum of understanding (McLean, 2006:51).

As Johnson (2005:10&11) reveals, the Local Government Project conducted a survey of an extensive range of South African municipal service delivery contracts. The findings of this survey point to the fact that common dangers with consulting include among other things, a potential loss of accountability and threats to continuity of service. Furthermore, the contracts are almost generally silent on skills transfer.

It is in this context that a letter of agreement or memorandum should specify the expected outcomes that the professional OD consultant will have to realise, and in what way the work relationship will be utilised for the accomplishment of such outcomes. Here, the professional OD consultant also has to state his/her expectations in the agreement (Reynolds, 1997:29 and McLean, 2006:57-58).

In order for any change in procedures or issues to be accomplished in any municipality, the professional OD consultant and the municipal management team should surely devote adequate time and resources to such exercise. It should also be ensured that all parties involved should be aware of the timeframe and commitment needed, as well as what resources will be required to be assigned to the change process (Cummings & Worley, 2005:76).

Another issue, as part of the formal contract would be that the professional OD consultant and/or the municipality would be required to specify all issues related to work relationships, including skills transfer. Parameters with regard to confidentiality on personal issues should be specified, as well as procedures relating to the way in which the relationship could be terminated. Agreement should also be stipulated with regard to whether it would be expected of the professional OD consultant to provide expert recommendations and/or assist departmental managers in their decision-making (Cummings & Worley, 2005:78 and McLean, 2006:57-58).

Considering the above-discussed literature overview relating to the entering and contracting processes, it is critical at this juncture that recommended guidelines of how to handle entering and contracting in municipalities be provided.

Recommended guidelines of entering and contracting in Municipalities

To assist with skills transfer in municipalities, this article proposes that the employment of an external professional OD consultant can be considered if a municipality does not already have an OD practitioner, or when organisational conditions are such that an internal OD practitioner needs assistance from outside. As Motala (2009) indicates that there are areas where services are best performed outside the government.

In this case, entering and contracting, as the first step in the OD process should be formalised according to the stipulations of section 116 of Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA), which indicates that a contract or agreement should be in writing. The MFMA further indicates that, it should stipulate the terms and conditions of the contract or agreement, which should also include the termination of the contract or agreement in the case of non- or underperformance;

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dispute resolution mechanisms to settle disputes between the parties; a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and any other matters that may be prescribed.

Procedurally, it is important that an external professional OD consultant as well as the municipality should first agree on their roles and responsibilities that should be established, in order to facilitate an OD process. In as far as the establishment of the contract between an external consultant and the municipality is concerned; again section 116 of MFMA stipulates that a municipal manager should establish capacity in the administration to assist in the formulation of such a contract and review process, and to oversee the day-to-day management of the contract or agreement. Motala (2009:1) argues that the reality on the ground is that the consultants will deliver what they can and also what they deem to be sufficient in fulfilling their contractual obligations when work is 'task' and 'fee-based', as opposed to being executed by permanently employed individuals. Hence, municipal managers should always adhere to the foregoing stipulations of the MFMA when intending to enlist the services of external professional OD consultant.

Thus, in order to facilitate entering and contracting between an external professional OD consultant and a municipality, a project steering committee should be formed. Departmental managers, with assistance of other managers and labour representatives can lead this committee. This could strengthen planning and enhance oversight mechanisms for monitoring external professional OD consultants' activities in a proper way.

Proposed process of entering and contracting

As already suggested, the implementation of OD could be carried out by either using an external professional OD consultant or an internal OD practitioner. In either of these circumstances, entering and contracting should be treated as the first step. At this juncture, it is critical that the significance of the internal OD practitioners in municipalities is highlighted.

Internal OD practitioner

This article argues a municipality is within its rights to decide under what circumstance to make use of external professional OD consultants. However, it would also be proper to consult with internal OD practitioners if there is a need to enlist the services of external professional OD consultants. This is suggested where a municipality has a section or unit for OD practices.

In addition to this, consulting with internal OD practitioners is crucial because these are individuals who can also be assigned the role of monitoring the implementation of the proposed OD strategic plans and action plans after external professional OD consultants have completed their tasks and exited. Furthermore, internal OD practitioners could also beneficially train and develop, as well as coach management in the implementation of OD proposals and provide feedback that could serve to improve strategies, structures, systems, and processes in municipalities during management and operational staff meetings. This should be seen as being beneficial to the managing of municipalities, instead of having no individual to monitor the implementation of the proposed developmental strategies and resultant action plans.

To this effect, it would be preferable that internal OD practitioners should be employees of municipalities who already are providing professional services such as diagnosing systems, developing interventions, as well as assisting managers to implement those interventions. The internal OD practitioner could also be part of a human resource management or could work as a consultative unit within municipalities.

For the internal OD practitioner, the recommended guidelines for entering and contracting are identical to those followed by an external professional OD consultant, but could have various elements of flexibility because this person functions within the municipality. In this way, flexibility here implies that some of the aspects in the agreement could be less stringent, and issues such as periodic review, and termination of agreement or contract, could be omitted.

Recommended guidelines for the external professional OD consultant will now be explored.

External professional OD practitioner

In dealing with the external professional OD consultant, the municipal manager, in consultation and with support of the mayor, should stipulate the procedures or functions of the external professional OD consultant and the project steering committee. Subsequently, members of the project steering committee should also define their functional procedures clearly and allocate responsibilities to the members, and ultimately, should inform municipal employees by making use of circulars, e-mails, and notice boards about the establishment of project steering committee, its objectives, activities, and eventually, and requesting employees to cooperate with the members of the project steering committee.

It should be a matter of principle that the procedural guidelines of the project steering committee should reflect issues such as skills transfer, monitoring and implementation of the process, reporting and giving advice where necessary, changes and budgetary alterations in view of the unfolding of the process, problem identifications, facilitating the aspects of the process, evaluating quality of deliverables, reporting to key role-players about developments and finally submitting a long-term developmental strategic plan to the municipal manager.

To add to the credibility of this endeavour (OD process), the municipal manager should also stipulate the powers and functions that will be delegated to the project steering committee in no uncertain terms. However, caution should be given here that it should be a priority that the responsibility of the OD process should always remain with the municipal manager in as far as accountability to the mayor or the council is concerned. The municipal manager should also clearly identify the reporting mechanisms that the project steering committee should follow.

Thus, proposed distribution of roles and responsibilities during the implementation of OD in municipalities should be assigned to the following individual(s), which are the:

- **Municipal council** – as the final political decision-making body of a municipality, the council has to consider and adopt the implementation of the OD process and eventually, adopt the OD long-term developmental strategy.
- **Mayor** – he/she should approve the implementation of the OD process, and approve nominated individuals to be members of the project steering committee.

- **Municipal manager** – as head of administration in municipalities, he/she has to nominate members of the project steering committee and draw up procedural guidelines to be used by the external professional OD consultant as well as by the project steering committee.
- **Departmental managers** – they should identify areas of concern that needs change or development, provide information and subsequently suggest possible solutions to the stated problems.
- **Internal OD practitioner (if available) and External professional OD consultant** – it is expected that they should manage and co-ordinate the OD process, and be responsible for the preparation of project proposals.
- **Project steering committee** – this committee should prepare the OD process plan; make sure that all committee members are involved; ensure that the process is strategic and organisational orientated; confirm that proper documents are consulted; ascertain that reports in compliance with the procedural guidelines are submitted to the municipal manager; and finally, submit project proposals to the municipal manager for acceptance.

Lastly, as shown earlier in this article, it is also recommended that the outlined guidelines in this article can be used as guiding principles during outsourcing municipal services so as to develop the culture of learning and improve skills of employees in municipalities. When considering these principles it becomes clear that municipalities should endeavour to be strategic and be more "human resource development" oriented.

Conclusion

This article endeavoured to show that municipalities are legally bound to implement mechanisms to improve performance, and that those mechanisms should be situated within a programme of organisational development. Research in literature also reveals that municipalities in South Africa lack the required OD skills, and as a result they have to employ external consultants in order to achieve their developmental needs.

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Furthermore, definitions of OD were highlighted. Entering and contracting as the first step of OD process was looked into in the context of making use of either, an internal OD practitioner or external professional OD consultant. Recommended guidelines of handling contracts when municipalities enlist services of external professional OD consultants were proposed. The role of various actors in the municipality in this regard was also suggested.

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VOLUME 2 (1) 2014

"Africa's Development Watch"

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ISSN 2310-2195 (print)

ISSN 2310-2152 (online)