RISK MANAGEMENT A PREREQUISITE FOR THE IMPLEMENTATION OF GOVERNMENT PROJECTS BY THE EASTERN CAPE DEPARTMENT OF LOCAL GOVERNMENT

BY

SANDILE SOJINI

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SUPERVISOR: DR A.M. SAMBUMBU

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DECLARATION

I, Sandile Sojini, hereby declare that unless specifically identified to the contrary, this dissertation is the result of my work; furthermore, I declare that the material contained in this dissertation has not been submitted to this or any other University in the fulfilment or partial fulfilment of the requirements for another degree.

…… ……

SOJINI S **DATE**

STUDENT NUMBER: 201317192

SIGNED IN EAST LONDON

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Abstract

This Research Report that this research was motivated by the fact that despite the tremendous achievements have been realized from the successful implementation of government programmes and projects related the construction and refurbishment of medical facilities, educational, bridges and road infrastructure facilities. Trends indicate that only iota of evidence implies that the concept of risk management is fully integrated and embraced as part of a culture for ensuring the successful project implementation by the Modern South African public sector organizations.

Empirical research revealed that the common types of risks that have been affecting the successful implementation of government projects and programmes include: riots, fraud, corruption, changes in demographic figures, outsourcing risks, and floods and changes in weather. Most of the participants stated that risks associated with riots do not only arise from the riots within the government departments, but also in the external environment. In terms of the internal riots, they revealed that when the employees go on strike or riots on their own or in solidarity with the other trade unions, leading to the process for the implementation of government projects and programmes being affected. Yet, in certain cases, they noted that internal riots or strikes most occur as preceded by rumours that the riots by a particular union will take place and may significantly affect the ongoing process of implementation of government programmes. Besides risks associated with the internal riots by the employees and the communities, the interview findings also indicated that the other forms of risks arise from the strikes and riots by the private enterprises

Chapter 1

Overview, Introduction and Research Background

1.1 Introduction

The effectiveness of risk management is critical for the successful management of the process of implementation of government projects and programmes (Jeppesen, 2010:27). Risk management enhances the identification and elimination of slacks in the process of project implementation. Subsequently, this provides the required momentum in the pace of project implementation (Jeppesen, 2010:27). The avoidance of unnecessary costs and wasted expenditures associated with project failures are also linked to effective risk management. Risk management influences the improvement in the efficiency of the overall project implementation, resource optimisation and the aggregated quantity of the delivered quality services (Hommen & Rolfstam, 2009:17). While recognizing and appreciating the values associated with effective risk management in the modern public sector organizations, the concept of risk management in South Africa is prescribed and emphasized in the National Treasury Regulations (2009), the Public Finance Management Act (1999), the Municipal Finance Management Act (2005) and the King 111 Report as one of the pre-requisites for ensuring the successful implementation of government programmes.

Certainly, tremendous achievements have been realized from the successful implementation of government programmes and projects related the construction and refurbishment of medical, education, bridges and road infrastructure facilities. Despite such successes, only an iota of evidence implies that the concept of risk management is fully integrated and embraced as part of a culture for ensuring the successful project implementation by the modern South African public sector organizations. In a study conducted by Pricewaterhouse (2014:3), it was noted that the integration of the concept of risk management in activity accomplishment by the South African Local Government Departments is still undermined by fraud and corruption, poor compliance with legislations, internal controls, poor management of financial and operational risks, poor implementation of the King 111 Report, and poor governance and ethics. This view is further accentuated in the report of the National Treasury of the Republic of South Africa (2014:5) that poor data management and lack of accurate reports, the

use of different risk management approaches in different government departments and poor leadership lead to the challenges limiting the effectiveness of risk management in the modern South African public sector organizations.

In the Eastern Cape Province, this concept of poor risk management seems to be already impacting on the extent of efficient and effective delivery of houses, roads and sanitation services, and medical and educational infrastructures. During 2013 and 2014, Wards 1, 13 and 24 of Buffalo City Metropolitan Municipality (BCMM) residents blockaded the main entrance routes to these areas with burning tyres demanding basic service delivery. In these cases, the police were called and some members of the community were arrested. It should be noted that there were project activities during these protests in these wards. Community members complained that they were not adequately consulted concerning their needs.

This study endeavours to establish to what extent the Project Management Unit (PMU) has an impact in implementing the projects during the financial year (2013/2014). One of the main responsibilities of the PMU is to have an impact in the communities in terms of: skills development, community involvement, municipal partnerships, local economic development and how the lives of the communities have improved. It is, therefore, for that reason that this research evaluates the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, so as to identify the inhibitors and the remedial measures that can be recommended. In line with this overriding motive of the study, the discussions in this chapter provides the research background information, the research problem statement, the research objectives and questions, the significance of the research, and the overview and structure of the research report.

1.2 Research Background Information

One of the current emphases of government is on supplying *new* infrastructure to meet the backlog in provision of basic services and broaden the service delivery foot print across the country while keeping abreast of growth and migratory patterns within society. It is also acknowledged that insufficient cognisance is placed on the need to

account for and plan for the on-going consequences of maintaining the integrity of those assets once developed. The outfall of this situation occurs where the assets intended for the upliftment of the citizen of South Africa can rapidly become expensive liabilities at the municipal level and cause extreme frustration and degeneration of confidence in Government. The National Government established a programme called the Municipal Infrastructure Grant which is known as the MIG Programme. This programme was established through the consolidation of the Consolidated Municipal Infrastructure Programme; Water Services Capital Grant; Community Based Public Works Programme; Building for Sports and Recreation Programme and the Urban Transport Grant.

The MIG programme is part of government's overall strategic programmes to eradicate poverty and create conditions for local economic development. It aims, therefore, to maximise opportunities for employment-creation and enterprise development. The programme is demand-driven, and service delivery is decentralised to municipalities. Municipalities play a central role in coordinating development activity and the delivery of municipal infrastructure in their jurisdictions. The Municipal Infrastructure Grant (MIG) is focused on improving the capacity, efficiency, effectiveness, sustainability and accountability of local government. Whilst national and provincial government are responsible for creating enabling policies, the financial and institutional environment for MIG the programme, namely, municipalities are responsible for planning municipal of infrastructure and for using MIG to deliver the infrastructure. For managing of the MIG funds, the Project Management Unit (PMU) was established by all municipalities. The Project Management Unit (PMU) is accountable to the council and management structure of the municipality in which it is established. The PMU is responsible for the administration and financial management of MIG funds.

The functions of PMU is managing projects of their own using MIG funds, co-ordinating the projects identification process in terms of the relevant Integrated Development Plans (IDPs), establishing and approving contracts with contractors and consultants for each project, including feasibility studies. The PMU must also ensure that projects meet planning objectives. MIG cities were established to promote integrated planning and funding of the built environment agenda in the large cities. In 2010, Cabinet decided to dis-establish the MIG programme and replace it with Urban Settlements

Development Grant (USDG). The USDG funding was allocated from the Human Settlements Development Grant (HSDG). The Urban Settlements Development Grant is intended as an instrument for metros to address linkages between public housing and economic growth to simultaneously contribute to Human Settlement Outcome. USDG intends to integrate the release of well-located land to the functions of planning and funding of the built environment. The USDG encourages cities to be proactive developers of infrastructure on well-located land by mobilising domestic capital; it should compel improvement inter-governmental co-ordination of development. The Project Management Unit (PMU) is responsible for the socio-economic impact assessment detailing how the USDG programme has an impact on the communities and municipalities in terms of: skills development, community involvement, municipal partnerships, local economic development and how the lives of the communities have improved. The unit must also facilitate the backlog studies and environmental impact assessment of projects when necessary.

Despite the fact that the Constitution of the Republic of South Africa does not expressly provide for the need of risk management, the need for the initiatives which are necessary for mitigating and managing risks during the implementation of public projects are inherent in Section 195 of the Constitution of the Republic of South Africa, 1996. In Section 196, the Constitution sets out the normative principles for achieving an effective public administration. Among these is the initiative for ensuring of the successful implementation of government projects and programmes so as to ensure that the government meets it obligations of meeting the needs of the citizens more effectively.

The Constitution impliedly bestows on the directors and managers in public departments to exercise the necessary due diligence inclusive of the initiative for mitigating all the risks to ensure that all the implemented government projects and programmes achieve the desired strategic objectives and goals. In a bid to achieve this, the South African Government General Procurement Guidelines (2013:16) acknowledges that risk management is one of the tools and techniques which can be used for ensuring effective planning and accountability by the directors and managers in government departments. Derived from Section 196 of the South African

Constitution, the roles and responsibilities for the implementation of a risk management strategy in all the modern South African Public Sector Organizations is now contained in the regulations published in terms of the Public Finance Management Act (PFMA), 1999. These were later amended by the National Treasury's (2009) Framework for Risk Management in Public Sector organizations which emphasizes the creation of an enabling environment for risk management by adopting the appropriate risk management strategy, human resource capacity, and the use of the Enterprise Risk Management Framework.

The National Treasury's (2009) Framework also emphasizes the need for risk identification, risk assessment, risk response, communication and reporting, monitoring, and the key roles and responsibilities of the risk management committees and audit committees. In terms of risk identification, it emphasizes that risk identification must be a deliberate and systematic effort to identify and document the institution's key risks so as to understand what is at risk within the context of the institution's explicit and implicit objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade, delay or enhance the achievement of the objectives.

The National Treasury's (2009) Framework highlights that this can be achieved if risk identification is strengthened by supplementing management's perceptions of risks with: the review of external and internal audit reports, the review of the reports of the Standing Committee on Public Accounts and the relevant Parliamentary Committee(s), financial analyses and historic data analyses. It adds that other analyses that must be accomplished include: actual loss data, the interrogation of trends in key performance indicators, benchmarking against peer group or quasi- peer group, market and sector information, scenario analyses and forecasting and stress testing.

With risk identification and assessment successfully accomplished, the National Treasury's (2009) Framework proposes that risk response must be directed towards developing strategies to reduce or eliminate the threats and events that create risks or the exploitation of opportunities to improve the performance of the Institution. Where the management of the risk is within the control of the Institution, the National

Treasury's (2009) Framework response strategies to be considered may encompass: avoiding the risk by choosing a different strategy or terminating the activity that produces the risk, treating the risk by implementing or improving the internal control system, transferring the risk to another party more competent to manage it by contracting out services, establishing strategic partnerships and buying insurance, accepting the risk where cost and strategy considerations rule out alternative strategies, and exploiting the risk factors by implementing strategies to take advantage of the opportunities presented by such risk factors. Besides, noting the relevant communication and reporting must be done timeously, and the National Treasury's (2009) Framework also prescribes that further risk monitoring and evaluation must be done on a regular basis.

In a bid to excel at this, it outlines that the risk management functions of the executive authorities must entail: ensuring that the institutional strategies are aligned to the government mandate; obtaining assurance from management that the Institution's strategic choices were based on a rigorous assessment of risk; obtaining assurance that key risks inherent in the Institution's strategies were identified, assessed, and are being properly managed; assisting the Accounting Officer / Authority to deal with fiscals, inter-governmental, political and other risks beyond their direct control and influence; and insisting on the achievement of objectives, effective performance management and value for money. In case of a municipality or municipal entity, the National Treasury's (2009) Framework states that in addition to these responsibilities, the Executive Authority should also: approve the risk management policy, strategy, and implementation plan; and approve the fraud prevention policy, strategy and implementation plan.

It is prescribed in Chapter 3 of the Treasury Regulations on Risk Management in the Public Sector that the accounting officer is vested with the responsibility for facilitating risk assessment and management so as to reduce or mitigate the exposure of the government departments. The Treasury Regulations on Risk Management in the Public Sector also requires that the accounting officer must provide a certificate to the relevant treasury by no later than 30 June each year indicating that a risk assessment has been completed and that a fraud prevention plan is operational. It also emphasizes that the internal audit unit must prepare, in consultation with and for approval by the

audit committee, a rolling three year strategic internal audit plan based on its assessment of risk for the institution in regard to its current operations, the proposed strategic plan and its risk management plan. Risk is defined in the Treasury Regulations on Risk Management in the Public Sector to refer to either uncertainty within the operational environment or the possibility that a specific event or events may derail a plan or service delivery outputs negatively.

As on the other hand, risk management is construed to connote a continuous process for identifying risk elements, determining the likely impacts should the risk occur, prioritizing risk elements, designing and implementing the appropriate contingency responses for remedying risk causes, and monitoring and evaluating the effectiveness of remedial activities. The Treasury Regulations on Risk Management in the Public Sector further highlights that Integrated Risk Management refers to an acknowledgement that risks are not only financial or fraud related but includes the ability of a series of planned activities to accomplish relevant political and social objectives. It also adds that risks that may occur in the area of operation of a public service institution can include; social, economic, environmental, system, resources, financial, fraud, loss of asset, theft, litigation and nepotism.

Despite the fact that the National Treasury's (2009) Framework provides a comprehensive prescription for risk management in public sector organizations, the findings of the study conducted by the Chartered Institute of Internal Auditors (IIA) (2013:4) indicate that awareness levels regarding the application of risk management as a day-to-day management tool are relatively low at the middle management levels. The IIA (2013:4) also reveals that there are problems related to work ethics and nepotism as important obstacles in the way of effective administration due to the fact that the Code of Conduct has not been successfully institutionalised in most of the modern South African government departments. It highlights that although extensive work has been done in the province with the assistance of donor organizations to identify transversal risk areas in departments, the overall internal capacity to ensure the effective roll out of the learning experience on risk identification, assessment and management to all supervisory staff is limited.

The IIA (2013:4) also notes that perceived instances of nepotism were also highlighted in appointment processes as service delivery barriers in the administration process. In other words, these findings echo the views of Naude and Ambe (2013:55) and Peterson (2013:119) whose studies revealed that there is a need for an inclusive process in the development of a risk strategy or fraud prevention plan for the reason that without a clear understanding of the rationale for specific control measures, officials view such arrangements as merely obstructive. Despite noting that information technology in most of the government departments is not adequately utilized by departments as an early warning system due to capacity problems, these authors also indicate that there is limited knowledge regarding the obligation of departments to develop a Fraud Prevention Plan and the statutory requirement of an appropriate certificate to be issued to the Provincial Treasury. Peterson (2013:119) further states that there is an extensive need to cascade the principles and management tools offered by risk management down to the lower supervisory levels in all departments. In other words, as it is indicated in the research problem statement in the next section, the overall entrenchment of the concept of risk management in the operations of most of the modern South African public sector organizations still remain quite limited.

1.3 The Research Problem Statement

The view that the overall entrenchment of the concept of risk management in the operations of most of the modern South African public sector organizations still remain quite limited is accentuated in the fact that the results of the study conducted by the Chartered Institute of Internal Auditors (IIA) (2013) suggest that over a third of public sector organizations still do not have effective mechanisms in place to manage risk. It elaborated that the Heads of Internal Audit of 42% of central government departments and 37% of local government organizations rated their own organization's awareness of the risks facing it and the effectiveness of its processes to manage them as 'in the early stages', 'in development' or even 'non-existent'. The National Treasury of the Republic of South Africa (2014:5) warns that, at a time of major restructuring, a large proportion of the public sector may be unnecessarily vulnerable to serious financial or operational failures, without adequate arrangements in place to spot potential dangers and put plans in place to minimize their impact.

Barclay (2013:19) points out that effective internal audit can play a key role in supporting public sector boards and management in reducing the recurrence of major public sector scandals such as the problems in organizational culture that jeopardized patient care at the Mid Staffordshire NHS Trust, or the poor governance that resulted in a flawed bidding process for the West Coast Mainline franchise. However, Barclay (2013:19) notes that the overall capacity and efficiency of the internal auditors are still quite poor and below standard to help organizations to manage the wide range of risks facing them, including financial and fraud risks, data security risks, health and safety risks, identify and address risk management, and internal control and corporate governance issues before they become a problem. Since then, Barclay (2013:19) reveals that the public sector has launched the first ever unified nationwide Public Sector Internal Audit Standards, introduced in April 2013. However, the Chartered Institute of Internal Auditors (IIA)'s research highlights that these Standards are not yet being fully adhered to in some areas of local government. It argued that the new Standards advise that the appropriate reporting line for Heads of Internal Audit in public sector organizations is to the audit committee, with administrative reporting to the chief executive, but the IIA (2013) highlights that 28% of Heads of Internal audit in local government have acknowledged that their teams report to the Chief Financial Officer (CFO). The IIA says that this could create a conflict of interest, potentially limiting internal audits' ability to be completely objective in fulfilling its scrutiny of financial controls, which also fall into the remit of the CFO.

Cuts to some public sector internal audit budgets are also an issue. Barclay (2013:19) also reveals that public sector Heads of Internal Audit are allocating less time to supplier risk than those in the private sector, despite the increased levels of outsourcing of public sector activity. He added that just 12 per cent of public sector organizations' Heads of Internal Audit perceive that outsourcing is one of the top risks that they devote time to, compared to 37% in the private sector. The IIA points out that the outsourcing of public sector projects to private sector contractors has recently resulted in some high profile problems, such as the controversy over the administration of 'Fit to Work' benefits assessments by Atos Healthcare, and the failure of G4S to provide adequate security staff for the Olympics, thereby forcing the organizers to call on the army.

The effects of these are latent in the fact that the outcome of the process of supplier selection may not lead to the selection of the suppliers with the requisite competencies, skills and business acumens and commitment to ensure that the implementation of allocated government programme is successfully accomplished. Such interference renders the overall process less transparent and open to competition, and subsequently undermines the five main pillars for supplier selection which are outlined in Section 217 (1) of the Constitution of the Republic of South Africa (Act No. 108 of 1996) and by the SA Government General Procurement Guidelines (SAGGPG) (2013:3) to include: value for money, open and effective communication, ethics and fair dealings, accountability and reporting, and equity.

However, as Barclay (2013:6) reveals, it has also been confirmed that not only are some of the municipal tenders being offered in response to bribes, but also that some of the officials have also been influencing the allocation of tenders to the firms that, in certain cases, they solely own. This author points out that the danger is that some of these individuals make double mistakes that include: one allocating tenders to themselves in a manner that flouts the prescribed policy and legislative prescriptions of the state, and secondly, getting payments and not delivering. In other words, these views imply that there are a lot of factors which are still marring the effectiveness of the process of effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government. It is as thus, against that backdrop that this research is being conducted in the context of the main aim of the study; the research objectives and questions outlined in the following subsections.

1.4 Aim of the Research

The main aim of this research is to evaluate the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, so as to identify the inhibitors and the remedial measures that can be recommended.

1.5 Research Objectives

In line with the above indicated main purpose of this research, the entire process of this study was directed towards the achievement of the secondary research objectives that include:

- Assess the types of risks that undermine the successful implementation of government projects by the Eastern Cape Department of Local Government;
- Examine the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government;
- Assess the factors that influence or inhibit the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government;
- Assess the effects of poor risk management on the implementation of government projects by the Eastern Cape Department of Local Government; and
- Recommend the measures for improving risk management a pre-requisite for the implementation of government projects by the Eastern Cape Department of Local Government.

1.6 Research Questions

In a bid to achieve the above outlined main purpose of the research and secondary research objectives, the entire process of this research was guided by the research questions encompassing:

- What types of risks undermine the successful implementation of government projects by the Eastern Cape Department of Local Government?
- How effective is the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government?
- Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government?

- How poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government?
- Which measures can be recommended for improving risk management a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government?

1.7 Significance of the Research

This research is important for the reason that it will provide a platform for the assessment and identifications of the factors limiting the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government. The identification of such factors will influence the prescription of the appropriate measures. As it is indicates the background information and the research problem statement for this study, the entire South African public sector organizations seem to be facing challenges associated with ensuring the effectiveness of risk management as a prerequisite for the implementation of government projects. In effect, the remedial measures which will be prescribed in this research will not only be effective for enhancing the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, but for improving risk management in the entire South African public sector organizations.

1.8 Overview and Structure of the Research Report

This research report is presented according to the five main chapters that include:

Chapter 1: Overview, Introduction and Research Background: This chapter provides the overview and research background, the research problem statement and the aim of the study, the research objectives and questions, the significance of the research, and the overview and structure of the research report.

Chapter 2: Literature and Theoretical Framework: This chapter examines theories and literature which are relevant to the study.

Chapter 3: Research Design and Methodology: This chapter elucidates on the research design and methodology which were used in the primary research process.

Chapter 4: Research Findings, Interpretations and Discussions: The research findings are interpreted and discussed in this chapter.

Chapter 5: Conclusions and Recommendations: This chapter documents the general conclusions of the study and the recommendations of the measures which must be adopted for improving risk management a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government.

1.9 Conclusion

It is noted, in the discussions in this chapter, that considering the challenges that continue to mar the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, this research is being conducted so as to identify the prevailing inhibitors and the remedial measures which can be recommended. In line with this aim of the study, it is further highlighted that chapter provided the overview and research background, the research problem statement and the aim of the study, the research objectives and questions, the significance of the research, and the overview and structure of the research report. Against the overview and research background provided in this chapter, the discussions in the next chapter examine theories and literature which are relevant to the study.

Chapter 2

Literature Review and Theoretical Framework

2.1 Introduction

In the context of the main aim of this research which is indicated in Chapter 1 of this Research Report to involve the evaluation of the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, this chapter examines theories and literature which are relevant to the study. Despite evaluating the notion of risk management and its relevance in the implementation of government projects in the modern public sector organizations, the chapter also assessed the types of risks that interfere with the implementation of government projects in the modern public sector organizations. The other key risk management concepts discussed in the chapter encompass; the integration of the strategic risk management process in the process for the implementation of government projects, the key success factors for risk management during the implementation of projects in the modern public sector organizations, and the limitations of risk management during the implementation of projects in the modern public sector organizations. The details of the discussions are as follows.

2.2 The notion of Risk Management and Its relevance in the Implementation of Government Projects in the Modern Public Sector Organizations

The purpose of project management is to forecast or envisage as many of the potential threats and problems as possible and to plan, organize and control activities to complete projects as successfully as possible in spite of all the risks (Lock 2003). Many of these basic elements are more of an attitude than a technique. This pertains to attitude of understanding problems before fixing them, of following through, of being practical, of getting work done and delivering it, of working well together and of doing good work are at the heart of project management (Kemp, 2004). Duncan (1996:6) defines project management as “the application of knowledge, skills, tools and techniques to project activities in order to meet or exceed stakeholder needs and expectations”. Meeting or exceeding stakeholder (client or customer) needs and expectations, more often than not, involves balancing competing demands among:

Scope (project objectives), time, cost and quality, Stakeholders with differing needs and expectations, Identified requirements (needs) and unidentified requirements (expectations).

Van der Waldt and Knipe (1998:59) are of the opinion that project management is “a set of principles, methods, tools and techniques for the effective management of objective-oriented work in the context of a specific and unique organizational environment”. Verma (1995:17- 18) states that project management is the “art of directing and co-ordinating human and material requirements throughout the life of a project to achieve project objectives within specified constraints”. All projects are also characterised by objectives, constraints, interfaces and interactions. Managing project interfaces is a major component of project management. There are three main types of project interfaces: people interfaces managing personal interfaces (human behaviour), organizational interfaces relate to the flow of information and communication between different components of the project organization, systems interfaces are non-people interfaces such as project hardware, software and facilities.

According to Meredith and Mantel (1989:6), actual experience with project management indicates that the majority of the organizations using it experience better control and better customer relations. Other advantages include: lower costs, higher quality and reliability, higher profit margins, a sharper orientation towards results, improved inter-departmental co-ordination and higher employee morale. Other benefits identified by Kerzner (1994:7) are: improved efficiency and increased profitability through better utilisation of limited resources; enhanced planning; and estimating and cost control, thus leading to a more consistent achievement of milestones and objectives. Projects are the building blocks in the design and execution of strategies for an organization and they provide an organizational focus for conceptualizing, designing and creating new or improved products, services and organizational process (Cleland, 2004). Projects and multidisciplinary working are key vehicles for delivering strategy (Handy, 2001). Increase in the use of projects over the last forty years reflects rapid change in the nature of markets and technologies (Turner, 2003). According to Jugdev and Muller (2005), to define what project success means is like gaining consensus from a group of people on the definition of “good art.” Project success is a topic that is frequently discussed and yet rarely agreed upon (Baccarini, 1999). Generally, views on project success have evolved over the years

from simple definitions that were limited to the implementation phase of the project life cycle to definitions that reflect an appreciation of success over the entire project and product life cycle (Jugdev & Muller, 2005). However, without the integration of risk management measures, the successful project implementation can be significantly undermined.

Similar views exist among authors such as Faure and De Villers (2014:61) that in the context of a governmental operation, a risk connotes the probability associated with the occurrence of an event linked to either the internal or external causes that can subsequently undermine the effectiveness of the overall governmental operations, performance, the achievement of the outlined strategic objectives, the delivering of services to its population and the ability to capitalize on the prevailing opportunities. In direct contrast to the concept of a risk, these authors point out that risk management deals with the systematic process of evaluating, identifying and understanding risks so as to determine how it can affect the overall process of strategy implementation or the delivery of government programmes so as to determine the appropriate measures that can be used to mitigate the probability of risk's occurrence. However, Faure and De Villers (2014:61) caution that the effective application of risk management strategies does not imply that the public sector managers must be risk averse, but instead provide managers with measures for ensuring that risks are confidently managed to an acceptable level.

They attribute argument to the fact that an organizational culture that strives for risk averseness can precipitate inflexibility that inhibits the ability of the organization to operate more effectively and influence the successful delivery of all the government programmes. Lam (2009:22) posits that whereas risk refers to the consequences associated with the uncertainties that can affect the ability of a government department to achieve its objectives, risk management deals with the identification, the measuring of the consequences and the likelihood of the occurrence of such uncertainties so as to determine a more structured approach that can be used in the management of such risks. He argues that the effective risk evaluation is measured by the extent to which it assesses what is critical to the successful implementation of a government programme or any activity of a public importance and then evaluating what may go wrong. According to Lam (2009:22), the use of such approach enhances the ability of

the public sector managers to gain an objective view on the major influencers and inhibitors of strategy implementation. In other words, he construes that risk management is not only an integral part of the process of strategy implementation, but also of good management practice. In a view consonant with Faure and De Villers (2014:61) and Lam's (2009:22) assertions, Hillson (2007:35) asserts that for the process of risk evaluation to be effective, it must evaluate all the different types of risks.

2.3 Types of Risks that interfere with the Implementation of Government Projects in the Modern Public Sector Organizations

These authors reveal that the types of risks that interfere with activities' accomplishments in the modern public sector organizations include: economic risk, environmental risk, operational risk, social risk, market risk, financial risk, political risk and technological risk.

2.3.1 Economic risks

Hillson (2007:35) elaborates that economic risks refers to the sudden changes that can occur in the economy to undermine the entire processes for the implementation of the government programmes. He points out that although governments play magnificent roles in manipulating a country's economic policies through policies that influence the aggregate demands and consumer spending, some of the risks can result from the government policies themselves. Hillson (2007:35) attributes this to the argument that a government policy restricting the imports of the materials which are not available locally can lead to scarcity that cause sudden price increases and the overall increment in the costs of the implementation of government projects. He adds that quite often, the government can lift the import duties on certain imports. However, where the process for the implementation of a particular government project is outsourced, the challenge can arise from the fact that the companies outsourced cannot easily influence a government to lift the import duties. As he noted, the effects are latent in the fact that the companies outsourced to will have the risks associated with the increasing scarcity and price increases just like any other form. This view reinforces Miller and Smith's (2011:45) revelation that the other economic risks that can affect the effectiveness of the process for the implementation of government

programmes include: the changes in aggregate demand, fluctuations in housing prices, the fluctuations in exchange rates, inflation, high unemployment rates, wage riots and the overall economic depression. Despite the devastating effects that these can have on the successful implementation of government programmes, Hillson (2007:35) also further suggests that market risks comprise the other set of risks that the managers in public sector organizations must also take cognizance of.

Hillson (2007:35) elaborates that market risks connote the forms of changes associated with the changes in market conditions that can interfere with the process for the implementation of government programmes. He adds that these changes and risks are usually attributable to market structure, product life cycle, alternate strategic direction, acquisitions, game theory, price elasticity and distribution strengths, and risks of market fluctuations. According to Hillson (2007:35), all these can affect the process for the successful implementation of the government programmes. In addition to these market risks, Marx (2008:66) notes that financial risks can also arise from the exposure to adverse events that erode the effectiveness of the projects in terms of the expected financial returns.

He reveals that some of the sources of financial risks may encompass: liquidity risk, credit risk, borrowing risk, currency risk, funding risk, investment risk, and derivatives. As on the other hand, Faure and De Villers (2014:61) state that the other common financial risks may include: loans, financing issues for projects, competition for government funding, and other general financial risks. In addition to economic risks, Miller and Smith (2011:45) highlight that environmental risks comprise part of the other types of risks that can limit the successful implementation of the government programmes.

2.3.2 Environmental risks

Miller and Smith (2011:45) state that environmental risks refer to the uncertainties arising from the sudden changes in the ecological and atmospheric environments. They explain that environmental risks are usually associated with the declining financial bottom line resulting from the environmental regulatory changes and increasing operational costs which are linked to global warming and the continuous depletion of natural resources that lead to scarcity. These authors reveal that the other

environmental risks are linked to land and water pollution and the severe weather conditions that can lead to the destruction of facilities. However, Miller and Smith (2011:45) point out that the concept of environmental risks are intertwined with the other forms of risks for the reason that the emergence of severe weather leading to the destruction of facilities can lead to economic as well as the financial risks. Nonetheless, they note that all these can undermine the successful implementation of government projects and programmes.

These authors state that whereas the changes in weather causing the destruction of property can affect the installations put in place and, sometimes, the progress of the establishment of certain government facilities, the changes in costs resulting from the scarcity in raw materials can affecting the overall costing and budgeting of the projects. In a bid to minimize all these environmental risks, Spencer (2005:113) emphasizes that it is critical that during the process of planning and implementing government projects, the necessary measures are put in place to mitigate such risks. Nevertheless, these authors explain that in addition to the environmental risks, the operational risks comprise the other set of risks that can undermine the successful implementation of a government project.

2.3.3 Operational Risks

Spencer (2005:113) argues that over time, trends have confirmed that the operational risks that can limit the successful implementation of projects and programmes by the modern public sector organizations can be linked to the failures of people, processes and technology. They added that other forms of operational risks can arise from outsourcing, reputational risks, and system risks, regulatory risks associated with lack of compliance, crime risks and business risks. From the studies which were conducted on operational risks that affect the performance of the municipalities in New Zealand, Beasley, Bruce and Bonnie (2008:46) cautioned that those who are charged with the implementation of public projects must take precautions against operational risks that are associated with limited resource base, lack of defined commercial centers, and poor protection from adverse developments. They further state that the operational risks that can affect the performance of the municipalities may encompass: developments with incomplete information and assumptions, fire and safety issues, outgrowing and over developing of communities, difficulties, outgrowing and

overdevelopment of communities, poor implementation plans and failure to recognize risks. In terms of the operational risks resulting from poor planning, Beasley et al. (2008:46) elaborate that the preponderance of the municipal managers to recycle plans undermines the constant update of plans in terms of the measures which can be used for mitigating the negative effects of new developments.

They posit that such approach exposes the public sector organizations to more risks, for the reason that in case of sudden events, the public sector managers must have difficulties in dealing with such challenges. Beasley et al. (2008:46) suggest that one of the measures for minimizing operational risks is to ensure that planning by the public sector managers is not only accomplished with the objective of merely enhancing compliance, but is also done in the context of thorough risks analysis, forecasting and environmental analysis so as to ensure that all the probable volatile changes are taken into consideration. Although certain risks can be unpredictable, Beasley et al. (2008:46) argue that the use of such approach enables the managers at least take care of the predictable risks as compared to the circumstances where the managers would have taken care of a combination of predictable and unpredictable risks. Hand in hand with operational risks, Miller and Smith (2011:45) also note that social risk comprise the other sets of risks that can inhibit the effectiveness of the process of project implementation in the modern public sector organizations.

2.3.4 Social Risks

Miller and Smith (2011:45) explain that social risks refer to the social changes that can occur all of a sudden in the economy to create threats or opportunities in the process of the implementation of government programmes. These authors highlight that the common sources of social risks may include the changes in demand, the decreasing percentage of working population, and the changes in prices. They state that such changes can affect the process for the implementation of government programmes. Miller and Smith (2011:45) base their arguments on the fact that the housing estate plan for the poor which was designed basing on a certain number of people can be affected by the sudden social changes, thereby causing more sections of the population to fall into destitution. At the same time, Hillson (2007:35) also highlights that some of the other social risks may include an aging population, decreasing population, a rapidly growing population and emigration of the younger population that

can affect the overall level of scarcity of skills for the implementation of government programmes. In addition to social risks, Lam (2009:22) also cautions that those who are charged with the implementation of government projects must also take cognizance of the political and technological risks.

2.3.5 Political and Technological Risks

Lam (2009:22) posits that political are associated with the uncertainties resulting from the exercise or the changes in government powers. He explains that the exercise or changes in government powers can affect the implementation of government programmes because the way the government may be exercising its powers may not be appropriate for enhancing the successful implementation of government programmes. Such a situation can lead to the risks of failures of government programmes. Lam (2009:22) further states that some of the risks posed by the government's exercise of its powers have, in certain cases, been latent in the tendency for the government to interfere in the procurement processes of government projects.

In addition to these, Lam (2009:22) also states that some of the political risks that can undermine the process for the implementation of government programmes may arise from transition economies, the governmental fiscal policies, pressure groups, terrorism and blackmail. This view is substantiated in the findings of the study which was conducted in Australia by Spencer (2005:113) and indicated that the two main political risks that can affect the implementation of government projects encompass: spending cuts in provincial government spending, and increased competition among municipalities for government funding. These authors reason that the reliance on government funding makes political risk a huge element in planning and strategy development for the fact that in case funding are withdrawn, the progress of project implementation can also be significantly affected. Meanwhile, Beasley et al. (2008:46) note that technological risks connote the events that would lead to: insufficient, inappropriate, or mismanagement of investment in technology, operational processes, service design, and information management. In effect, these authors reveal that quite often, the sources of technological risks include: informational technology, communications, control technology, information technology governance, information technology projects, and investment in technology.

In a bid to mitigate most of these risks, authors such as Psica (2008:19), Buttimer (2011:66) and Dore (2006:18) concur that the process for the implementation of government projects must be accompanies by an appropriate framework for risk management.

2.4 The Integration of the Strategic Risk Management Process in the Process for the Implementation of Government Projects

Theories indicate that the four main steps that define the effectiveness of the integration of the strategic risk management process in the process for the implementation of government projects encompass fours steps, namely, step 1: the setting of the strategic framework and context for risk identification and management, step 2: the evaluation and the identification of risk controls, step 3: design and implementation of the risk treatment plan, and step 4: monitoring and review of the effectiveness of the risk management process. The details of each of these four steps are evaluated as follows.

2.4.1 Step 1: The Setting of the Strategic Framework and Context for Risk Identification and Management

Psica (2008:19) argues that the setting of the strategic framework and context for risk identification and management comprises the first step for the realization for effective risk management during the implementation of government projects. In order for it to be effective, he suggests that strategic framework for risk identification and management must outline the criteria to be used for risk evaluation, the methodology, policies and procedures. He states that a table for risk reference must also be outlined to provide the basis for risk evaluation, monitoring, identification and control. Despite acknowledging that it is also a prerequisite that the clear roles and responsibilities of those involved in risk management must also be identified in this stage, Psica (2008:19) suggests that the strategic framework and context for risk management must also define the key strategies, activities, functions, and the critical success factors that will influence the effectiveness of risk evaluation prior, during and after the implementation of the government projects. Psica (2008:19) proposes that where the implementation of projects is not outcome-focused or where the activity or the project is distanced from the outcomes, focus must be directed towards the key dependencies

and the critical outcomes required to enable a government department deliver the identified service.

He highlights that the inputs critical for ensuring the successful implementation of a government project include resources, budgets, specific required equipment and skills. In other words, these views echo Charette's (2009:28) assertion that the critical activities required in the first stage of designing the framework for risk management entails the setting of risk management framework and establishing the specific risk assessment context. In terms of the risk management framework, he emphasizes that the managers in charge of the implementation of government programmes must ensure that risk management programmes are aligned with the strategic objectives and goals of the project as well as integrated in the overall planning and management functions of the concerned government department.

At the same time, Charette (2009:28) argues that it is important that the risk management framework clearly defines the core purpose, vision, mission and values that must be achieved. He adds that such values can usually be further distilled the legislation, the ministerial directive and charter. He states that the other prerequisites which must be considered during the establishing of the strategic risk management framework include: the analysis of the internal and external environments using SWOT Analysis, the evaluation and integration of the needs and expectations of the internal and external stakeholders, the outline of a framework for planning, reporting and managing risks, the alignment of risk management practices into the organizational practices, and the integration into the organizational governance and management structures. Upon completion of that Charette (2009:28) concurs with Psica (2008:19) that the management in charge of risk management and project implementation must be able to outline the risk management policy and the risk reference table. In terms of the risk management policy, these authors reason that it must prescribe the risk management systems will be integrated in the planning process, monitoring and reporting of the activities of the project, the risk management strategy, procedures, and the integration of risks into the organizational structures, roles and responsibilities of the individual. Psica (2008:19) argues that the risk reference table is a prerequisite for the reason that it provides the guide for risk evaluation, assessment, measurement and reporting for remedial and mitigating measures to be taken. He highlights that

some of the commonly used risk reference tables include: the risk controls rating table, consequence rating table, the likelihood rating table and risk acceptance criteria table.

Psica (2008:19) agrees with Dore (2006:18) that the risk control rating table enhances the assessment of the collective of the existing controls in order to determine how they can be effective for managing a particular risk. In order for it to be effective, these authors state that the risk controls rating table provides the qualitative criteria for measuring the effectiveness of risk controls on the three main basis encompassing: excellent, adequate and inadequate. In other words, the risk reference table facilitates the analysis and conclusion on whether the existing risk controls are tangible and in place and reasonable for reducing the likelihood and/or the occurrence of risks. Dore (2006:18) elaborates that the consequence-rating table is important for the assessment of different categories that the commitment and responsibilities of a government department to social, economic and environmental concerns. He state that under the consequence reference table, the common categories of consequences which are evaluated include; financial, injury, service interruption, reputation and image, operational effectiveness, community, legal compliance and the environment.

In order to reach the overall logical conclusion about risk levels associated with a particular project, Dore (2006:18) reveals that the consequence risk rating table uses a scale of 1 to 5, with 1 being labeled as insignificant and 5 rated as catastrophic. This author notes that the likelihood rating table facilitates the assessment of the probability of risk occurrence using a scale of 1 to 5, where 1 implies that the risk might be rare and 5 indicates that the risk is almost certain.

Meanwhile, Buttimer (2011:66) highlights that the risk acceptance criteria table provides the guidance for the assessment of the overall acceptance and tolerance of risks. He states that quite often, the risk acceptance criteria table defines risk in terms of low, moderate, high and extreme status that it remains for the managers to determine the logical mitigating measures which can be put in place. Besides the use of the different categories of risk reference tables, Buttimer (2011:66) also emphasizes that the specific risk assessment context can also be categorized as strategic, operational or project. He elaborates that the strategic risks are usually associated

with the long term objectives of the organization and can be best evaluated at the executive levels.

He states that operational risks are more linked to the development and implementation of projects as well as the required daily activities' accomplishments. Buttimer (2011:66) further explain that project level risks refer to the overall different kinds of risks associated with the different stages of the project life cycle that include: conception, planning, scoping, contracting, design, construction, testing/commissioning, hand-over and operation that must be identified and managed more effectively. Nevertheless, in addition to Step 1 that involves the setting of the strategic framework and context for risk identification and management, these authors highlight that the second step in risk management involves the evaluation and identification of risks.

2.4.2 Step 2: The Evaluation and the Identification of Risk Controls

Buttimer (2011:66) posit that with different categories of risks identified in the previous section, the evaluation and further identification of risk in this step involves the assigning of values to different categories of risks and rating each risk so as to make the relevant decisions on the risk controls that must be put in place. He explains that controls refer to the existing measures which are put in place to mitigate or prevent the consequence or the likelihood of the identified risks. In order to effectively assess the adequacy of risk controls, Buttimer (2011:66) suggests that the implementers of public projects can use the qualitative judgment by assessing whether the controls which are in place are effective managing the identified likely risks. He elaborates that if the rating of control reaches an excellent conclusion, then, it implies that the management has put in place all that is more than what is reasonably required for managing the consequence or the likelihood of a particular risk. If the results of the rating are adequate, Buttimer (2011:66) surmises that it signifies that all which is put in place meets every other reason person who would have put in place for managing or mitigating the consequences of such risks. He states that the results of rating implying that the control measures are inadequate indicates that the existing controls are unreasonable and ineffective for responding to the consequences of the identified risks if it occurs.

Meanwhile, Walker and Shenkir (2008:19) reveal that for the managers involved in the implementation of government projects to assess whether the existing risk controls are effective, then, they must be able the likelihood of the unwanted consequences occurring if actions are not taken, the likelihood of the severity of the consequence, the availability, suitability and costs associated with the implementation of control, the overall need to engage in a risk creativity activity, the extent of knowledge about the risk and its elimination or mitigation. These authors reason that despite the essence of assessing the effectiveness of risk control in groups, the effectiveness of each individual risk control must also be examined in the context of how relevant it is, documentation, its present use, the extent to which it has been updated in the context of the emerging risks, and the overall effectiveness in the light of the prevailing and predicted risks.

Walker and Shenkir (2008:19) emphasize that if an existing control is identified as being ineffective, then the necessary improvements should be incorporated in the treatment action plan. In addition to noting that the review and sign off of existing controls is an integral part of the management of the risk, these authors also emphasize that the responsibility needs to be assigned to control owners to ensure there is accountability for and ownership of this important aspect of the risk management process. In effect, they suggest that each risk which identified must be accompanied by the identification and allocation to the risk owner who is responsible for managing the risk, the strategy, activity or any other function that relates to risk management. For the risk owner to operate more effectively, Walker and Shenkir (2008:19) propose that some of the key responsibilities of the risk owner which must be clearly outlined include: the acceptance of the risk, the regular review of the risk, regular reporting of the risk, and monitoring the effectiveness of control and the implementation of any risk treatments. These authors reason that the assigning of risk ownership to a specific individual is of essence for ensuring the responsibility and accountability for risk management which are not easily available when risk ownership is assigned to a committee. They reveal that where the results of risk evaluation do not meet the defined acceptance criteria, then the risk owner will be required to reject the risk and apply the appropriate risk management measures. In cases, where the results of risk evaluation indicates that the risk meets the acceptance, Walker and Shenkir (2008:19) point out that the risk owner will be required to accept the risk. In

other words, these authors highlight that the risk owner has the options that include the acceptance of the risk, the avoidance of risk and the treatment of risks. Certainly, these decisions set the basis for the accomplishment of activities in the next step.

2.4.3 Step 3: Design and Implementation of the Risk Treatment Plan

Solomon (2008:66) argues that the formulation and implementation of the risk treatment plan is one of the last critical steps in the management of risks during the implementation of projects in the modern public sector organizations. He explains that these flow from the previous steps in which risks were identified and decisions are made on whether to accept or not to accept the identified risks. In a bid to ensure that the identified risks are effectively managed, he suggests that the different risk treatment options which must be integrated in the risk treatment plan include: the reduction of the consequences of risk if it eventuates, reducing the consequence of risk if it eventuates, reducing the likelihood of risk eventuating, and improving the control rating to adequate or excellence.

At the same time, Charette (2009:28) posits that although the effectiveness of managing risks is not measured by doing all which are possible, but reasonable, the criteria that can be used for assessing the effectiveness of different risk treatment options include: how the treatment will impact the level of risk or control rating, the cost of implementation versus the benefits derived, and the overall compatibility with the objectives or goals of the concerned government department. With all the different risk treatment options evaluated, Charette (2009:28) highlights that the next step involves the assessment and the establishment of the treatment plan prescribing how the chosen option will be implemented. He emphasizes that the treatment plan must outline the proposed actions, the resource requirements, responsibilities, timing, performance measures, and the use of the appropriate monitoring and evaluation requirements. However, Garland (2008:66) cautions that although the design and implementation of an effective risk treatment plan is one of the core determinants of risk management, the actual process of risk management does not end once risks have been identified, and assessed and documented. Instead, he suggests that the generated risk information must be used to inform the strategic and operational plans of the concerned government department, as well as the budgeting and the financial statements.

He further states that since project risks are those issues which will affect the successful delivery of the project, specifically its cost, timeliness and deliverables, it is important to integrate risk thinking into the project planning as the risk information can provide ideal checklists of what needs to be done to achieve a successful project and when it should be done. Garland (2008:66) construes that the early identification of the critical information will inform project planning and management, including the formulation of any contracts required for delivery of specific services or elements of the project.

2.4.4 Step 4: Monitoring and Review of the Effectiveness of the Risk Management Process

Despite noting that the terms and conditions specified in the contract should be reflective of the risk sharing decisions, Borgelt and Falk (2007:122) and Campbell (2008:54) also share similar views that monitoring and review is an ongoing part of risk management that is integral to every step of the process. However, they point out that monitoring and evaluation also comprise part of risk management that is most often given inadequate focus with the effect that most of the risk management programs may tend to become irrelevant and ineffective over time. Campbell (2008:54) posits that although monitoring and review ensures that the important information generated by the risk and are related processes, the distinctions between them are important in the context of risk management. He explains that monitoring is an ongoing process of routine surveillance of both internal and external environments, as review is a more periodic process that looks at the current status or situation, and is usually has a specific focus. Nonetheless, Campbell (2008:54) emphasizes that both monitoring and review must be designed to detect both the gradual and sudden change on the basis that continuous monitoring is most likely to detect a dramatic change in a timely fashion, as the periodic review of a particular aspect of the risk process is more oriented towards detecting trends and incremental change. In the process of monitoring and review, he emphasizes that particular attention must be directed towards the areas that include: the context of risk management, risk and controls, risk treatment, the consistency of risk management processes, and the adoption of risk management procedures and practices by staffs.

Marx (2008:66) argues that to be able to effectively monitor and review the management of risk, appropriate performance indicators need to be developed and strategically or operationally focused. He adds that higher level organizational performance measures should be used to judge the performance of risk management in the ongoing process of project implementation. At the same time, he suggests that to ensure that there is congruency between the risk management process and organizational performance measures, risk management should be linked into strategic plans, budgeting cycles and other all-encompassing documentation within the government agency. At an operational level, Marx (2008:66) emphasizes that both the outcome and process measures should be used as benchmarks with the effect that the outcome based performance indicators may include claim reports and are relatively accurate and sensitive.

He adds that since the process based performance indicators measure activities and processes as they occur, they provide more timely, if less precise information about changes. He notes that since monitoring and review of risks is an integral part of all core business functions, it should be seen and treated as such. However, Marx (2008:66) cautions that for it to be effective, the monitoring and review of the risk specific contexts, risks, controls and treatments should be the primary responsibility of risk, control and treatment owners and should be integrated into the existing reporting lines and forums of the concerned government department. He further states that this must be accompanied by the initiative of ensuring that the monitoring and review of the application of the risk management policy and procedures are integrated into the role of senior management, who should then ensure that the process is effective in delivering the desired outcomes.

In addition to these four main steps, authors encompassing NIST (2004:49) and Rolland (2008:29) also note that the process for risk management during the implementation of government projects is also influenced by certain key success factors.

2.5 The Key Success Factors for Risk Management during the Implementation of Projects in the Modern Public Sector Organizations

The literature on risk management indicates that the key success factors that can influence the effectiveness of risk management during the implementation of projects in the modern public sector organizations include: top management's support and commitment towards risk management initiatives, the initiation and fostering of a culture of total organizational risk management, and communication and consultation of the stakeholders on risk management initiative. The details of each of these key success factors are explored below.

2.6 The Top Management's Support and Commitment towards Risk Management Initiatives

NIST (2004:49) and Rolland (2008:29) reason that as much as the overall understanding and the application of risk assessment measures at the lower structures of the government are important, the overall buy in of the top management that risk evaluation and management are prerequisites for the successful implementation of government projects is also essential. These authors state that the commitment and support of the senior managers influence the integration of the concept of risk management during the strategic planning process and the overall process associated with project conceptualization.

They state that with the concept of risk management integrated at the strategic level, it may tend to be easier for the proponents of risk management to have cascaded down to the lower echelons of the organizational structure or the project implementation. In other words, they construe that a risk management process which is only accomplished at the operational levels without the integration at the strategic level is doomed to failure. NIST (2004:49) argue that the commitment and support of the top managers is not only important for ensuring the enforceability of risk management at the lower levels, but also for the allocation of sufficient resources for the accomplishment of the risk management related activities. It notes that in organizations where top managers are committed and supportive of the overall concept of risk management, separate structures (in terms of either a unit or a department) are usually allocated for risk management in conjunction to hiring risk

evaluators and management experts. As they noted, all these contribute significantly towards the improvement of the overall initiative for ensuring risk management during project implementation.

Leaving alone the commitment and support of the top managers to risk management, Tcankova (2002:290) notes that that same commitment and support of the senior directors is an insulator that protects the process of project implementation from being distorted by risks. In other words, he reasons that the senior managers' commitment is critical for not only risk management, but for all the successful implementation of the entire project. With top management commitment and support, he states that the project implementation related activities which may be effectively accomplished include: developing project procedures that include the initiation stage, training programs, establishing a project management office, and support quality management. Tcankova (2002:290) further reveals that a crucial part of a successful project is top management support, the benefit of which is related to improving decision-making in order to manage risk by effectively responding to business processes and managing risk.

Despite highlighting that the successful mitigation or bearing of risk is contingent upon commitment and support from top management, Anderson and Terp (2006:229) also argue that the commitment and support from top management plays a key role in influencing the success in almost any initiative within an organization. These authors attribute their arguments to the fact that it is the senior management that formulate and decide objectives and strategies for organizational risk management activities, mission and overall objectives. With a strong top management support and commitment, Henriksen and Uhlenfeldt (2006:107), Galorath (2006:114) and Harris (2006:70) share similar views that it may tend to be easier for a government department to initiate and foster the adoption of a culture of total organizational risk management.

2.7 The Initiation and Fostering of a Culture of Total Organizational Risk Management

Harris (2006:70) argues that the concept of effective risk management is acknowledged as critical for project implementation in the modern public sector

organizations, the challenge arises from the fact that the notion of risk evaluation and management is usually not comprehensively done. On that basis, he construes that if risk management is to be effectively integrated in project management, then, there must be the initiation and fostering of a culture of total organizational risk management. He elaborates that the notion of a culture of total organizational risk management connotes the situation where every manager, supervisor and employee willingly embrace the notion of risk management in all the processes of activities' accomplishments.

Harris (2006:70) emphasizes that the embracement of a culture of total organizational risk management is a prelude to ensuring the integration of risk management in the process of strategy formulation and implementation. With every employee aware of the total organizational risk management initiative and the notion of risk management integrated in the process of strategy formulation and implementation, it becomes easier for a government department to tackle risks from all angles. In other words, this author infers that an attempt to separate any of the two from the other can undermine the total initiative of the organization to achieve effective risk management.

In a bid to ensure that risk management is effectively integrated in the process of strategy formulation and implementation, Henriksen and Uhlenfeldt (2006:107) suggest that the concept of risk management will need to be integrated at the strategic, operational and project levels as well as in all planning objectives, decision-making and other elements of the government department's management framework. In addition to highlighting that there must also be the involvement of the whole organization, from the board to senior management and employees, these authors also propose that the main principles underpinning effective risk management that must be considered include; senior management commitment to a formal, documented and fully integrated risk management process and the use of common risk language.

Henriksen and Uhlenfeldt (2006:107) further state that the other essential principles encompass: clearly defined responsibility and accountability for functions, activities and associated risks, a process for identification and management of risk which is fully integrated with existing management processes including business planning,

budgeting and reporting processes, the enforcement of risk management through training and induction, and the monitoring of outcomes through the involvement of senior management and establishment of support functions and champions. Although also concurring with Henriksen and Uhlenfeldt (2006:107), Galorath (2006:114) also reveals that for a culture of total organizational risk management to be entrenched in government departments and project implementation, there is a need for the development of an organizational risk management philosophy and awareness of risk at senior levels and throughout the organization.

He proposes that this must be accompanied by effective communication and education for dissemination of the policy and procedures for risk management, raising awareness about managing risks, delivering education session on the specifics of the process of risk management, a performance management process for risk management, and a process for recognition, rewards and sanctions for compliance and non-compliance with risk management measures, respectively. In other words, these authors construe that communication and consultation with all the relevant stakeholders are the other prerequisites influencing the effectiveness of risk management during the process of implementation of projects.

2.8 Communication and Consultation of the Stakeholders on Risk Management Initiative

Lenckus (2006:12) argues that communication and consultation of the stakeholders on risk management influences the development and establishment of a comprehensive risk management system which is understandable to every employee. He states that this also influences the extent to which the integration of risk management initiatives, in project implementation, is also most likely to be successful. In other words, Lenckus (2006:12) notes that communication and consultation are essential to the overall risk management process because effectiveness of the risk management process depends upon, amongst other things, involving the right people at the right time and ensuring they understand, are involved in, and contribute to the process. This author explains that communication refers to the process of sharing of information and viewpoints. Lenckus (2006:12) highlights that the effectiveness of communication is measured by the attributes encompassing: the extent to which it is multi-directional in terms of the information, ideas and perspectives are shared across

functional areas, and senior management are receptive to the views of their subordinates. He further states that the effectiveness of communication is also influenced by how it enhances the sharing of information and opinions to the extent that other people's perspectives are understood and acknowledged.

In terms of ensuring the effectiveness of risk management measures, he emphasizes that factual information must be gathered from all relevant sources without treating an individual or a department as a monopoly on facts of risk management. At the same time, Liebowitz (2007:44) highlights that effectiveness of communication during the development and establishment of the risk management systems is also measured by the attributes that include how it enhances the interaction between all the stakeholders, facilitates the respect of all views and engages everyone in the process of decision-making. Liebowitz (2007:44) concurs with Lenckus (2006:12) that during the process of establishing the risk management system, consultation refers to the process that uses communication to make effective decisions.

Importantly, these authors caution that consultation is not an outcome or an end in itself but a means by which outcomes are achieved. Liebowitz (2007:44) posits that although consultation gives stakeholders the opportunity to influence decisions, it is not joint decision-making, but rather an effective way to receive useful input and ensure that all relevant viewpoints are taken into account in identifying and evaluating risks. Merna and Al-Thani (2005:62) reveal that during the implementation of risk management measures, a well-structured approach to communication and consultation induces benefits encompassing: organizational coherence and a positive culture for risk management implementation; trust and understanding which results in better internal and external relationships; fostering of a risk management process that becomes tangible for people know what it is and how it works; integration of multiple perspectives on risk management; and the embedment of risk management as part of an ongoing part of management and organizational practice. These authors further emphasize that since each step of the risk management process relies on communication and consultation to achieve its purpose, the consultation with internal and external stakeholders is essential to reaching a thorough understanding of the operating environment and to define the purpose and scope of the exercise.

In risk identification, Merna and Al-Thani (2005:62) state that diversity of input can prevent important risks being overlooked and ensures that risks are accurately described. In effect, they note that in the risk assessment process, communication and consultation are essential for allowing all perspectives to be considered in arriving at a realistic level of risk. They further reveal that quite often, risk treatment has only been effective, because of the effective communication and consultation that ensure that treatment plans, the monitor and review process are better understood. However, DeLoach (2004:29) cautions that in the development of a risk management framework, communication and consultation do not mean asking everybody their opinion about everything. In effect, he suggests that when developing a formal risk management process, it is important that the following are considered: the objectives that outline what the specific aims and goals of involving different parties in the process are; the participants that deal with the assessment of the appropriate parties to be involved at each step of the process; the perspectives that concern the evaluation of what particular contribution or viewpoint is anticipated and required from each participant; and the methods that deal with the analysis of how consultation will take place.

Finally, DeLoach (2004:29) argues that a successful means of embedding the management of risks into an organization's culture is to integrate the risk management process into existing management processes. He also states that organizations must avoid having risk management as a stand-alone process outside of the normal management activities as it can reinforce the message that the management of risk is part of managing the entire process of project implementation. However, authors such as Correia and Abreu (2011:261) and Gido and Clement (2003:19) caution that in addition to the use of the appropriate process for risk management and the integration of the key success factors, it is also important that certain essential project management techniques are used to enhance risk management and successful project implementation in the modern public sector organizations.

2.9 Integration of Critical Techniques for Project Implementation

Gido and Clement (2003:19) posit that as project managers use different measures for risk management, it is also important that certain essential techniques for project management and implementation are also integrated. They attribute their arguments to the fact that the integration of such techniques enhances the prediction and

identification of the probable further problems and opportunities that may either enhance or inhibit the process of project implementation in the modern public sector organizations. These authors construe that by using these techniques, key influences or variables that are acting on the project can be identified and included in the risk management model and constantly updated so that an accurate picture of the present can be used to build the possible future developments. In a bid to accomplish these more effectively, they highlight that the two main techniques that can be used include are: Network Analysis and Critical Path Analysis, and Programme Evaluation and Review Technique (PERT).

2.10 Network Analysis and Critical Path Method (CPM)

Gido and Clement (2003:19) reveal that the Critical Path Method was developed jointly by Du Pont and Remington Rand of USA in 1957 to facilitate the control of large and complex industrial projects. They further state that the Critical Path Method refers to a generic term covering techniques which depict a project with an arrow diagram showing the sequence and relationship of activities and events, in order to assist planning and controlling of the process of project execution. According to these authors, the Critical Path Method involves breaking down the work carried in a given part of an organization into small units, each of which is defined as an activity. As they noted, such approach not only influences the determining of project duration, but also the identification of the probable risks and the mitigating measures which can be put in place. In a bid to achieve this, they revealed that when an activity is completed, it is divided from the next activity by what is termed an event. Correia and Abreu (2011:261) state that an activity is seen as the smallest unit of action that is necessary for achieving effective control by ensuring that each activity is measured and compared with the time allocated for it. These authors elaborate that in more complicated networks, there may be a choice in the sequence in which activities are tackled, and some may go on simultaneously with the effect that each activity is timed, and the best possible sequence of activities is calculated in order to complete the task with the least wastage of time.

Correia and Abreu (2011:261) share similar views with Gido and Clement (2003:19) that such a process is termed Critical Path (CPA) which is also often readily adapted to computer programming to enhance the analysis of the numerous complex network

paths to completion. They highlight that the risk mitigating value of CPM is associated with the fact that it is used to identify a slack in the start and completion times of sub-elements and to quickly identify new priorities if unexpected events should change the network critical path. These authors highlight that the Critical Path Method encompasses 4 prescribed main steps, namely: Step 1: Breakdown of projects into identifiable sequence of events and activities; Step 2: Consideration of the essential questions; Step 3: Critical Path Method Diagram; and Step 4: Determine the Critical Path. In addition to Critical Path Method, these authors also emphasize that the Programme Evaluation and Review Technique (PERT) is the other technique that can be used in the control of activities, including risk identification and mitigating during the process of project implementation.

2.11 Programme Evaluation and Review Technique (PERT)

Hobb and Sheafer (2003:19) caution that PERT is a more complex form of network analysis because although Critical Path analysis uses a single estimate of time, in contrast, PERT uses three estimates, namely: optimistic, normal and pessimistic. They explain that whereas optimistic assumes that all goes well, normal estimates include a reasonable mix of favourable and unfavourable factors; pessimistic estimates assume that a great deal goes wrong for the project with the effect that the times are estimated using statistical probabilities to take account of favourable and unfavourable factors. Advocates of PERT and CPM argue that both PERT and CPM encourage actual planning in that throughout the project execution, planning of how each activity will be accomplished takes centre-stage. Because of the greater emphasis placed on planning, Hobb and Sheafer (2003:19) note that managers are forced to assess all the possibilities, uncertainties and pitfalls in order to compute the most likely time for project completion. As they noted, all these contribute to the identification and mitigation of risks that can undermine successful project implementation in the modern public sector organizations. Hand in hand with the use of these essential project management techniques, authors such as Marchesan and Formoso (2009:166) and Mourier and Smith (2000:219) also propose that the use of the appropriate forecasting techniques influences risk management and the successful project implementation in the modern public sector organizations.

Mourier and Smith (2000:219) argue that although the data collected about the environment essentially paints a picture about the past or at best the present, organizations still need information about the future so that they can plan their operations to meet the conditions which will apply then, rather than as they apply now. Although the major purpose of forecasting is to reduce uncertainty, these authors emphasize that management must use the best available information and techniques, supplemented by judgment in order to achieve the best possible forecast. Among other things, they cautioned that forecasting the effect of an environmental factor or factors can be difficult because of the relative complexity and dynamics of the environment.

In a stable environment, these authors state that what has occurred in the past might be a reliable indication of the future, but in a more dynamic environment, they reveal that change makes the past a poor predictor of the future. In effect, they suggest that during project implementation, different techniques must be appropriately used for different situations. Marchesan and Formoso (2009:166) point out that the two types of forecasting techniques that can be used include; time series techniques and causal techniques.

However, Beasley, Branson and Hancock (2009:10), Buttimer (2011:66) and Charette (2009:71) point out that the trends in the public sector organizations have confirmed that despite the technical initiatives which are put in place to manage risks and ensure that the process for project implementation is successful, quite often, certain limitations have still emerged to undermine the effectiveness of the entire project risk management.

2.12 The Limitations of Risk Management during the Implementation of Projects in the Modern Public Sector Organizations

Theoretical analysis indicates that the limitations that can undermine the effectiveness of risk management during the implementation of projects in the modern public sector organizations include: poor adherence to ethics and principles of good governance and poor adherence to the principles of procurement best practice. The details of these limitations are evaluated below.

2.12.1 Poor Adherence to Ethics and the Principles of Good Governance

Gianakis and Wang (2010:421) reason that adherence to ethics and principles of good governance during supplier selection is a prerequisite for ensuring successful risk management and successful implementation of projects in the modern public sector organizations. They add that such approach impacts positively on the avoidance of the corrupt and unethical practices to enhance the selection of only those suppliers who meet the specifications of the contracts for the activities that the government seeks to outsource. However, they point out that in most of the cases, empirical research has demonstrated that that has not been the case among government officials. Instead, they note that quite often, the process of supplier selection has been marred by corruption and fraud to thereby undermine risk management and successful implementation of projects in the modern public sector organizations. As they revealed, the effects of these have been latent in the fact that some of the suppliers have been known to operate cartels and restrict competition, as other suppliers falsify invoices and procurement staff award contracts on the basis of bribes.

Despite noting that some of these unethical and corrupt practices have been reflected in the tendencies of suppliers to inflate prices in collusion with staff or competitors, Gianakis and Wang (2010:421) emphasize that inculcation of a culture of adherence to ethical practices and good governance are some of the most effective ways of dealing with such situations to ensure that suppliers are selected on merit to enhance risk management and successful implementation of projects in the modern public sector organizations. These authors suggest that such situations can be circumvented if the government prescribes a clear regulatory and policy framework that strictly outlaws the engagement in any form of unethical practices. In such policies, these authors highlight that the areas that must be considered in the process of supplier selection include: the need to be conversant and respond accordingly to the issue of conflict of interests that may arise from the fact that one of the employees or a member in the procurement board holds shares in the supplier companies, as well as the need to disclose all forms of gifts which have been given and received. Meanwhile, Callendar and Mathews (2010:272) expressed concerns that since in the supplier selection process, corruption and all other forms of unethical practices can undermine the successful implementation of the government programmes, sanctions or penalties

must be imposed on any contractor or the staff in the procurement department who is found to be or to have engaged in corrupt practices or bribery or any form of unethical practices.

They add that ensuring that all the accounting officers and those in involved in supplier selection act honestly and with integrity, measures must be put in place to ensure that they constantly act honestly and with integrity. However, these authors note that the limitations are usually underlying in the fact that despite the existence of policy and legal frameworks on unethical practices during supplier selection, the effectiveness of the process of supplier selection is still often undermined by poor adherence to ethical concerns due to the poor commitment and bad examples set by the management.

They state that such bad examples which are exhibited by management usually make almost every employee feel as if the practice is normal. Such a view is echoed in Elliott's (2004:112) proposition that more practical measures can be taken by ensuring that all the suppliers, service providers and contractors declare, in their tender submissions, that they have fulfilled their tax obligations, service charge and levy obligations. If such declarations are falsely made, he suggests that the state should not hesitate to cancel a contract awarded or impose heavy penalties. Elliott (2004:112) also highlights that as much as the state department in charge of procurement may be complying with the relevant legislations that include the Labour Relations Act 66 of 1995, the Workmen's Compensation Act 30 of 1941, Unemployment Insurance Fund, and the Occupational Health and Safety Act 85 of 1993, in certain cases, the suppliers are selected in lieu of the evaluation of their overall compliance with such laws. He elaborates that the effectiveness of the supplier selection process is not measured only by the award of contracts to the more skilled and competent suppliers, but also to the suppliers who are able to contribute to the overall economic growth and the well-being of the population by adopting appropriate labour practices. In other words, he argues that the selection of the suppliers must be done in cognizance of the approach and labour practices exhibited by a particular organization or supplier. Although also concurring with Elliott (2004:112), Callendar and Mathews (2010:272) also emphasize that for the process of supplier selection to be accomplished in a manner which is ethically compliant, the government must ensure adoption of the appropriate

professional procurement systems and practices that foster the highest standards of honesty, integrity, impartiality and objective.

They add that such professional procurement systems must also encourage fairness, efficiency, and taking into consideration a number of other issues when selecting the suppliers. In other words, these arguments seem to substantiate the views of authors such as Eadie, Heaney and Carlisle (2007:103) and Egbu and Tookey (2004:661) that for effective selection of the suppliers to be achieved, the government procurement department must adhere to certain principles of procurement best practice.

2.12.2 Poor Adherence to the Principles of Procurement Best Practice

These authors note that the essential principles of procurement best practice that influence the effectiveness of the supplier selection process include setting of the appropriate standards, partnering, benchmarking, information sharing, collaboration with the suppliers, change management, the adherence to the constitutional provisions, knowing the supplier market, integrated procurement, and purchasing management. Specifically, Eadie et al. (2007:103) explain that the setting of the appropriate standards is one of the best practices that impacts positively on the effectiveness of the process of supplier selection. They attribute their arguments to the fact that the clarity of the standards renders it possible for all the parties involved in supplier selection to understand and determine the quality specifications required to be achieved after the completion of the project. In terms of the value of forming relevant partnerships, these authors note that although the encouragement of competition is appropriate during the process of supplier selection, some form of partnership and collaboration with suppliers are prerequisites for creating constructive dialogues that lead to cost reductions, improved quality and innovations which are usually necessary for ensuring successful implementation of the government projects. At the same time, Egbu and Tookey (2004:661) also reason that constant benchmarking of the existing government process of supplier selection with the processes of supplier selection in the other parts of the world influences the identification of the best procurement practices that can be used for further improvements. As they revealed, this must be accompanied by collaboration and information sharing between the prospective suppliers and the government

procurement departments so as to ensure that relevant modifications on the projects are undertaken. These authors also highlight that information-sharing and collaboration also enhances avoidance of duplication of such activities which can sometimes turn out to be more costly. Egbu and Tookey (2004:661) state that since certain changes and modifications are usually undertaken during the process of supplier selection, both the suppliers and the procurement government department must be capable of handing the resulting changes in the requirements more proficiently. In order to accomplish this, they propose that both the managers of the government procurement department and the suppliers must use the appropriate change management strategies. However, as Callendar and Mathews (2010:272) noted, the effectiveness of the process of supplier selection is not only measured by the extent to which it adheres to the relevant constitutional and governance principles, but also promotes the efficient and effective use of economic resources.

In addition, these authors note that knowing the overall trends in the supply market comprises part of the best practice which must be observed for the process of supplier selection to be effectively accomplished. These authors base their arguments on the fact that the rationale associated with the giving out of government contracts is to influence and guide the overall economic growth and income redistribution. In that regard, they state that having thorough market knowledge is important for assessing and understanding the overall characteristics of firms in the market so as to determine the kinds of firms that government activities must be outsourced to. Callendar and Mathews (2010:272) further reveal that thorough market knowledge enhances the understanding of the overall market trends that may include the prices and scarcity of certain products so as to assess the veracity of some of the claims put forward by the suppliers. In other words, these authors construe that knowledge of the market renders it possible for the government procurement departments to reduce costs associated with outsourcing. Despite emphasizing that this must also be accompanied by furnishing the suppliers with information on upcoming procurement opportunities, Hinson and McCue (2004:66) also caution that in a bid to ensure quality, the procurement process must be more integrated and accompanied by an effective purchasing management involving the accomplishment of activities that include: the selection of the appropriate goods, determining of the appropriate quality and quantity

to be purchased, inventory control, selection of the supplier and timing of the purchase delivery.

In other words, these authors deduce that in the midst of poor adherence to ethics and principles of good governance, including poor adherence to the principles of procurement best practice, no matter the kind of risk management framework put in place, its effects towards influencing risk management and successful implementation of projects in the modern public sector organizations may tend to be only minimal.

2.13 Conclusion

Despite examining the notion of risk management and its relevance in the implementation of government projects in the modern public sector organizations, the discussions in this chapter also evaluated the types of risks that interfere with the implementation of government projects in the modern public sector organizations. It was noted that the types of risks that interfere with activities' accomplishments in the modern public sector organizations include: economic risk, environmental risk, operational risk, social risk, market risk, financial risk, political risk and technological risk. In a bid to mitigate most of these risks, the chapter reveals that authors such as Psica (2008:19), Buttimer (2011:66) and Dore (2006:18) concur that the process for the implementation of government projects must be accompanied by an appropriate framework for risk management.

Theories indicate that the four main steps that define effectiveness of the integration of the strategic risk management process in the process for the implementation of government projects encompass: step 1: setting of the strategic framework and context for risk identification and management, step 2: evaluation and the identification of risk controls, step 3: design and implementation of the risk treatment plan, and step 4: monitoring and review of the effectiveness of the risk management process. In addition to these four main steps, authors encompassing NIST (2004:49) and Rolland (2008:29) also note that the process for risk management during the implementation of government projects is also influenced by certain key success factors. Literature on risk management indicates that the key success factors that can influence the effectiveness of risk management during the implementation of projects in the modern public sector organizations include: top management's support and commitment

towards risk management initiatives, the initiation and fostering of a culture of total organizational risk management, and communication and consultation of the stakeholders on risk management initiative.

However, authors such as Correia and Abreu (2011:261) and Gido and Clement (2003:19) caution that in addition to the use of the appropriate process for risk management and the integration of the key success factors, it is also important that certain essential project management techniques are used to enhance risk management and successful project implementation in the modern public sector organizations. In a bid to accomplish these more effectively, they highlight that the two main techniques that can be used include: Network Analysis and Critical Path Analysis, and Programme Evaluation and Review Technique (PERT). However, Beasley, Branson and Hancock (2009:10), Buttimer (2011:66) and Charette (2009:71) point out that the trends in the public sector organizations have confirmed that despite the technical initiatives which are put in place to manage risks and ensure that the process for project implementation is successful, quite often certain limitations have still emerged to undermine the effectiveness of the entire project risk management.

Theoretical analysis indicates that the limitations that can undermine the effectiveness of risk management during the implementation of projects in the modern public sector organizations include: poor adherence to ethics and the principles of good governance, and the poor adherence to the principles of procurement best practice. The discussions in the next chapter elucidate on the research design and methodology which were used in the primary research process.

Chapter 3

Research Design and Methodology (Qualitative Research)

3.1 Introduction

While mainly guided by the main aim of the study, the research objectives and questions which are outlined in Chapter 1 of this Research Report, the discussions in this chapter elucidate on the research design and methodology which were used in the primary research process. Despite highlighting that the study used the exploratory research design, the chapter also indicates that the research method was mainly qualitative, with interviews being the main qualitative research technique. With the main research method and technique having been examined, the chapter evaluates the target population and sampling techniques, data collection, data analysis, validity and reliability, and the research ethical considerations. The details of the discussions are reflected below.

3.2 The Research Design: Exploratory Research Design

In general, a research design is construed by authors such as Jackson, Drummond and Camara (2007:19) to refer to an epistemological framework prescribing a set of research methods and techniques which are used in the accomplishment of the primary research process. These authors concur with Gussy, Waters and Kilpatrick's (2006:165) that a research design can be an action research design, case study design, causal research design, cohort research design, cross-sectional research design, descriptive research design, experimental research design, exploratory research design, historical research design, longitudinal research design, observational research design, philosophical research design or a sequential research design. In the context of Gussy et al.'s (2006:165) interpretation, this research used the exploratory research design because it is more preoccupied with the overriding motive of discovering more about the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, so as to identify the inhibitors and the remedial measures that can be recommended. In other words, such a decision is attributable to the fact that it was anticipated that the use of the exploratory research design would provide details and the required insights into the following questions: How effective is

the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government? and Which measures can be recommended for improving risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government?

In a specific description, Saunders, Lewis and Thornhill (2009:21) posit that exploratory research connotes a research which is usually a prelude to the bigger study is applied for the purpose of gaining insights and highlighting details about the phenomenon that will concern the bigger research. Despite noting that exploratory research design is usually applied in circumstances where there are few or no enough findings of the earlier conducted studies exist, these authors also reveal that the goal of the exploratory research is usually to elicit the relevant information that renders it possible for the researcher to become familiar with the basic details, settings and concerns, gain a well-grounded picture of the situation being researched, generate new ideas and assumptions, and discover and refine issues for the undertaking of a more systematic evaluation.

Certainly, these explanations by Saunders et al. (2009:21) provide further illustrations on why the exploratory research design is being used in this research. Besides the values associated with the use of the exploratory research design, these authors also point out that there are drawbacks linked to the fact that the exploratory research design only uses very small sample sizes with the effect that the findings cannot typically be generalised to the population at large. They also caution that the exploratory research design is also limited by the fact that although it is flexible, it is often unstructured to thereby lead to only tentative results that have limited value in decision-making. At the same time, Saunders et al. (2009:21) highlight that the exploratory research design lacks rigorous standards applied to methods of data gathering and analysis because one of the areas for exploration could be to determine what method or methodologies could best fit the research problem. The use of the

exploratory research design in this study is conducted with such associated limitations in mind. This view is attributable to the fact that as much as it is acknowledged in this study that the exploratory research design may tend to use only a few samples and provide limited information which must be further explored, it was construed in this research that the use of the qualitative research method, and specifically, interviews as a qualitative technique, would lead to eliciting of the necessary details that would render it possible for such drawbacks of the exploratory research design to be diffused.

3.3 Research Method: Qualitative Research Method

Strauss and Corbin (2000:172) posit that a research method refers to a framework outlining the specific techniques and tools which are used in the primary data collection process. They postulate that a research method concerns the actual techniques that the research uses in the process of obtaining raw data from the participants or respondents in a study. Collis and Hussey (2009:15) and Bryman (2012:32) reveal that a research method can either be qualitative or quantitative. Bryman (2012:32) elaborates that the quantitative research method, which is usually applied when the researcher intends investigating large scale patterns of behaviour, approaches social phenomena from the perspective that they can be measured and quantified.

In stark contrast to the quantitative research methods, these authors note that qualitative research, which is often more effective when seeking to investigate interactions and relationships in details, refers to a research method which seeks to elicit as much in-depth understanding of human behaviour and reasons thereof as possible. Collis and Hussey (2009:15) further explain that the qualitative research method does not only seek to answer what, where and when of the research aspect, but also why and how of decision-making. Strauss and Corbin (2000:172) point out that whereas the common quantitative research methods include: experiments and surveys and statistical analysis; common qualitative research methods include participant observation, focus groups, interviews and content analysis.

Considering the views of these authors on what quantitative and qualitative research methods entail, this study opted for the use of the qualitative research method. The selection of qualitative research method is accentuated in the view that it was anticipated that it would facilitate sourcing answers to the following questions: How effective is the process used for risk management during the implementation of

government projects by the Eastern Cape Department of Local Government? Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government? and Which measures can be recommended for improving risk management a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government?

In a bid to achieve these research objectives, the study used interviews as the main qualitative data collection technique. This was derived from Zimbalist's (2007:29) enunciation that: interviewing which is the process of gathering data from humans by asking questions and getting them to respond can be structured, semi-structured or unstructured. In addition to noting that structured interviews are widely used in surveying opinions, beliefs and perceptions of people, he also explains that structured interviews refers to a research technique in which the research usually approaches the participants with a set of questions associated with limited response and a defined plan that the interview process follows.

Zimbalist (2007:29) adds that semi-structured interviews consist of a list of open-ended questions based on the topic areas the researcher intends to study with the effect that the open-ended nature of the questions provides opportunities for both the interviewer and interviewee to discuss certain topics in more detail. He states that the advantage of semi-structured interviews is also reflected in the fact that if the interviewee has difficulty answering a question or hesitates, the interviewer can either do a detail-oriented probe, elaboration probe, a clarification probe or a combination of the three. Zimbalist (2007:29) highlights that unstructured interviews is a technique which although used find information on a specific topic, the process usually has no preconceived plan or expectation as to how the interview must proceed. In this research, semi-structured interviews were used on the basis that although a questionnaire was designed based on the research objectives and questions outlined in Chapter 1 of this Research Report, avenues were also left so that if there was any need, further probe could be done through a detail-oriented probe, elaboration probe, a clarification probe. The process of how the sample population which was used in the

interview processes was drawn from the target population is explained in the following subsection.

3.4 Target Population

Despite the fact that it is also known as the theoretical population, Easterby-Smith, Thorpe and Jackson (2008:133) posit that a target population refers to the units, people or subjects which may comprise either human or non-human subjects which are the main focus of the research. These authors note that it is an important criteria that in determining the target population for the study, the selected units are similar in nature. In this study, the researcher's purposes is to examine, evaluate and describe the nature of the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government. The Eastern Cape Department of Local Government's Human Resource Document (2014) indicates that there are 46 managers and 107 ordinary employees. This implies that in total, 133 employees of the Eastern Cape Department of Local Government were the target population for this research. In a bid to determine the appropriate sample size, this research applied different techniques and the next discussions provide the details.

3.5 Sampling Method

Taylor (2007:126) notes that whereas a sample refers to a subset of the population which is used in a study, sampling connotes a process of determining the appropriate valid representative units or subjects which can be used in the study to enable it to possibly draw relevant generalization about the target population. He highlights that the process for sampling can be accomplished using either the probability or non-probability sampling techniques. In the context of Cooper and Schindler's (2005) explanation, probability sampling concerns the random process for determining the units which must be included in the subset of the population for the research. In addition to highlighting that probability sampling is mainly used in quantitative research, these authors also note that the main techniques which are used in probability sampling include: simple, systematic, stratified or cluster random sampling.

In contrast to probability sampling, Taylor (2007:126) posits that non-probability sampling, which is commonly used in qualitative research, refers to the technique in which the process for determining the units to be included in the sample is

accomplished using the criteria which are not based on randomness. They highlight that the techniques which are used in non-probability sampling include: purposive sampling, convenience sampling, judgmental sampling, quota sampling and snowballing. In line with Taylor (2007:126) and Cooper and Schindler's (2005) prescriptions and the fact that the selected research method is qualitative, this study used the non-probability sampling technique. Specifically, the study applied purposive, judgmental and convenience sampling techniques.

Taylor (2007:126) explains that purposive sampling connotes the use of a technique in which only the sample units which have characteristics which are relevant to the issues being researched are selected. Creswell (2009:127) describes purposeful sampling as sampling that takes place when the researcher chooses participants and areas where there is more information relevant to the study. He also states that the researcher also decides who is going to be sampled, what form the sampling should take, and the size of the sample. He further states that it adds credibility to sample when the potential purposeful sample is large.

Lohr (2009:5) concurs by stating that purposive sample is viewed as a deliberate or purposive selecting a representative and judgmental sample because the investigator uses his or her judgment to choose participants. In other words, the decision to use purposive sampling is anchored on the fact that this study is concerned with the evaluation of the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, so as to identify the inhibitors and the remedial measures that can be recommended. This implies that even if there were approximately 133 employees of the Eastern Cape Department of Local Government, some of them were not included on that basis. The study used purposive sampling by selecting only employees such as managers, supervisors and ordinary employees who are perceived to be knowledgeable and capable of providing authentic views and opinions on the use of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government.

This is not tantamount to discrimination, but is a process which was necessary for substantiating the veracity of the study. Although some of the employees were deliberately left out from the interview participants that comprised of the managers, supervisors and ordinary employees who were selected, no discrimination was made

on the basis of race, gender, age or any other unnecessary grounds. Nonetheless, using purposive sampling, the study was able to draw 15 participants from the target population of the 133 employees of the Eastern Cape Department of Local Government. After determining the appropriate sample size for the study, the interview process was undertaken, as described in the next subsection.

3.6 Data Collection

With the permission to conduct the research sought and granted by the management of the Eastern Cape Department of Local Government, the researcher commenced the interview process after the sample population was determined. This was accomplished through a structured open-ended interview questionnaire in which the narratives by the participants about their experiences of the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government were elicited. The interview questionnaire was designed based on the research questions which are outlined in Chapter 1 of this Research Report to involve assessing: How effective is the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government? and Which measures can be recommended for improving risk management a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government? It was anticipated that the design of the interview questionnaire, along these sections, would provide the necessary guide during the interview processes to ensure that the interview processes stick to the scope and issues that are relevant to the study.

In addition to these measures, a pilot test was also conducted on three (3) participants in order to ensure that the wording and sentences in the questionnaires could easily be understood by the interview participants without assistance from the interviewer. Although Tesch (2002:69), Zimbalist (2007:29) and Zurcher (2003:49) reveal that the three available options for accomplishing interviews include: tape recording the

session, taking detailed notes, this study used detailed note-taking as the participants explained themselves because it was anticipated that tape recording would have made a significant number of prospective participants feel uneasy and afraid to participate in the interview process. Once the interview began, the researcher attempted to establish a friendly rapport with the respondents by initiating small-talk to help relax them.

During the interview process, the participants were provided with ample time, without interruption, to elaborate and explain how they feel about the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, so as to identify the inhibitors and the remedial measures that can be recommended. These processes with little modifications were followed throughout until the desired sample population of 15 participants drawn from the target population of the 133 employees of the Eastern Cape Department of Local Government was effectively interviewed. The obtained information was processed, analyzed and interpreted according to the processes described in the next section.

3.7 Data Analysis

Gill, Stewart, Treasure and Chadwick (2008:21) indicate that the two main fundamental approaches which are used for the analysis of interview data include the deductive approach and inductive approach. These authors elaborate that the process and structure for analysing interview data using the deductive approach is usually predefined by a conceptual framework and/or the research objectives and questions for the study. In stark contrast, Gill et al. (2008:21) explain that in the inductive approach, a blind analysis is usually undertaken by reading and evaluating interview data without reference to any predefined framework in order to determine the emerging themes and how they relate to the key issues that concern the study. This study used a combination of deductive and inductive approaches in the process of analysing the interview data.

The deductive approach was used on the basis that while transcripts were being read and evaluated repeatedly, the overall purpose was to determine how the emerging themes and subthemes effectively relate and respond to the research questions that

are outlined in Chapter 1 of this Research Report. These are: How effective is the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government? and Which measures can be recommended for improving risk management a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government?

Although this process led to the identification of sufficient relevant themes and sub-themes, the inductive approach was also used to outwit the weaknesses of having to restrict the process for the analysis of interview findings to such research questions. The inductive approach was further used in order to encourage the analysis without any biasness, but with a free mind. In order to accomplish this, the study used the thematic content analysis as one of the most common techniques for the analysis of interview data using inductive approach. The three main steps which were used in thematic content analysis include: thorough reading and evaluation of interview transcripts, the identification of key themes and subthemes, grouping of themes according to how they relate or contrast each other, and creating relationships between key themes in order to assess whether they provide any relevant meaningful framework. Since the formulation and design of the questionnaire was guided by the research objectives and questions outlined in Chapter 1 of this Research Report, the resulting key themes and subthemes were not so distinct from the kind of information that the study aimed to achieve. Nonetheless, as the entire research process was being accomplished, measures were also put in place to ensure the validity and reliability as well as the ethical considerations of the study.

3.8 Validity and Reliability

The question as to whether the validity and reliability of a qualitative research can be upheld continues to dominate most of the modern literature and theories on qualitative research methods (Lincoln & Guba, 2005:69). In these debates, the contentious issue is that the validity and reliability of a qualitative research cannot be guaranteed

because of the high likelihood of the researcher's feelings, beliefs and cherished ideological values creeping into the analysis process to cause biasness. However, as this issue remains largely unresolved, enormous theories prescribe how validity and reliability in a qualitative research can be tested and guaranteed (Maxwell, 2012:279).

In a qualitative research, Maxwell (2012:279) highlights that validity is measured by assessing whether the obtained qualitative data is plausible, credible, and reliable and can be defended when challenged. In other words, he posits that validity and reliability in a qualitative research are debatable. In order to assess validity of a qualitative research, Maxwell (2012:279) outlines that the three types of validity in a qualitative research that must be considered, namely: descriptive validity, interpretive validity and theoretical validity. All three kinds of validity were considered in this research.

Descriptive validity was considered by ensuring that while the analysis and reporting of the interview data were being undertaken, the end result comprised the exact reflection of the behaviours identified during observation and the experience expressed by the sample interviewed participants. In other words, the researcher avoided changing or manipulating data in anyway whatsoever. Interpretative validity was ensured by construing the interview findings in the context of what the researcher perceived the sample interviewed participants to have been feeling, thinking, experiencing and perceiving. This was done in the context of the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, the inhibitors and the remedial measures that can be recommended. During the interpretation and explaining the interview findings, initiatives were undertaken to observe theoretical validity by ensuring that the provided explanations are congruent with the views in the collected data.

As much as descriptive validity, interpretive validity and theoretical validity are used for assessing the internal validity of a qualitative research, Lincoln and Guba, 2005:69) propose that the external validity of a qualitative research can be assessed by evaluating the extent to which the study can be generalized to another setting or group of people. They state that the assessment of generalisability of a qualitative research can be accomplished by evaluating: applicability, context dependent and replicability.

Because of the similarity of the target population of the 133 employees of the Eastern Cape Department of Local Government from which the 15 sample interview participants were drawn, it can be stated that this study meets the applicability test on the basis that it can be applied to another sample.

Regarding the context dependent generalisability, the study can be applied to another setting as long as the setting meets the criteria of a local government setting in which project implementations are accomplished. Replicability can be met on the basis that if the study were to be repeated without any modifications by management, the same findings would still be obtained. The other measures which were used for ensuring the validity and reliability in this research included: triangulation (which involved checking the study from different dimensions), taking longer periods on primary research, member checking, peer checking and audit trail (which involved keeping the record of everything that was done or said).

3.9 Research Ethical Considerations

Thomas (2003:3) defines research ethics as guidelines responsible conduct of biomedical research and it educates and monitor scientist when conducting a research to ensure a high ethical standards. Smith (2003:56) states that researchers are faced with a number of dilemmas when conducting a research with such that before conducting a study, the researcher needs to meet the following principles: discuss intellectual property frankly, be conscious of multiply roles, follow informed consent rules, respect confidentiality and privacy, and tap into ethics resources. During the entire processes of the study, a number of measures for enhancing ethical considerations were considered by ensuring that the researcher eliminated all possibilities of engaging in certain unethical practices which would have affected the validity and reliability of this study.

The researcher, at the beginning of the study, signed the research ethics forms containing different codes and wanted and unwanted practices in a research process. The researcher, in addition, undertook certain readings in order to avoid getting trapped in unethical conducts. During the selection of the sample, the researcher included respondents without segregations on race, age or disability, however, the biographical information section had to be removed from the questionnaire since the

respondents indicated their discomfort with it, and the researcher complied. The researcher acknowledged all sources cited in the research in order to avoid falling victim to plagiarism, which is an unethical practice in any research process.

The researcher also avoided fabrications or practices which could have been unethical. In addition, the researcher ensured that the respondents were protected from psychological harm. This was accomplished by avoiding all acts which could have led the respondents to suffer any unusual stress, emotional injury, embarrassment and loss of self-esteem. For instance, the researcher exercised transparency by requesting the respondents to expose anything on the questionnaire or in the research process which they felt psychologically uncomfortable with. Although, they expressed concern that the nature of the study would affect their reputation, they were counseled that the research process was not negatively targeted at anybody, but a pure academic programme. In terms of informed consent, the researcher also informed the respondents about the nature of the study, and stated that they were free to participate or not to participate. In addition, it was indicated that if they chose to participate, they were free to withdraw at any time during the process. In other words, since all the respondents consented to participate, the participation in this research was purely voluntary. The respondents' right to privacy was also observed by ensuring that all the obtained responses were strictly confidential. This was achieved by avoiding to present information in a way in which others could easily identify any respondent's responses. For example, the word "respondents" was used during the discussions, and therefore, did not attribute the responses to any particular individual. Finally, an appropriate level of honesty was maintained as part of the research ethical compliance.

3.10 Conclusion

In a nutshell, this chapter provides an accurate description of the research design, methods and techniques which were used in the primary study. It is indicated that considering that the main objective of this study is to evaluate the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, the inhibitors and the remedial measures that can be recommended, it was perceived that using qualitative research techniques would enable in-depth sufficient information to be obtained. Eliciting,

sufficiently, in-depth information is indicated in the chapter to have been perceived to render it possible for determining whether the main objectives of the study have been fulfilled. Based on such a conclusion, it is also noted that the latter sections in the chapter examined the target population and sampling, data collection method, data analysis, validity and reliability and ethical considerations. The next chapter provides the discussions and interpretations of the findings in the light of the issues in the research objectives and questions.

Chapter 4

Research Findings, Interpretations and Discussions

4.1 Introduction

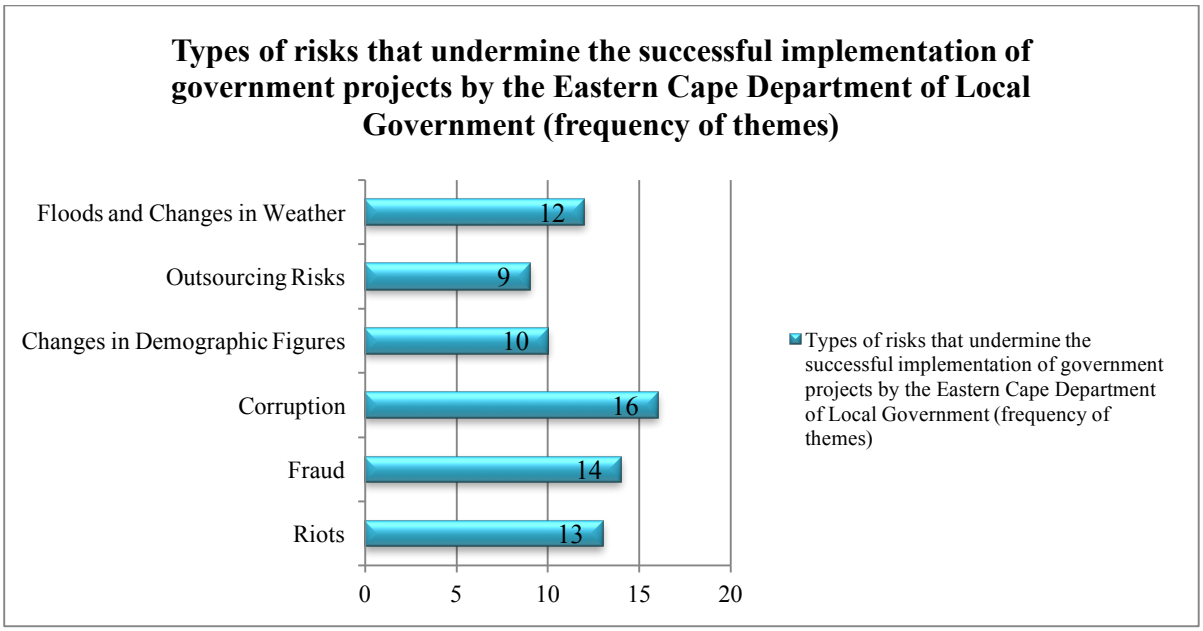
The research findings are interpreted and discussed in this chapter according to the research questions namely: What types of risks undermine the successful implementation of government projects by the Eastern Cape Department of Local Government? How effective is the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government? How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government? and Which measures can be recommended for improving risk management a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government? The details of the findings are presented and discussed in the sections and sub-sections that follow.

4.2 What types of risks undermine the successful implementation of government projects by the Eastern Cape Department of Local Government?

The analysis of the interview findings from the 15 interviewed employees and managers from the Eastern Cape Department of Local Government indicates that most of these participants revealed that the common types of risks that have been affecting the successful implementation of government projects and programmes include: riots, fraud, corruption, changes in demographic figures, outsourcing risks, and floods and changes in weather. The details of these risks are illustrated in Figure 4.1 and echo the theoretical findings in Chapter 2 of this Research Report in which it was noted that theories reveal that the types of risks that interfere with activities' accomplishments in the modern public sector organizations include: economic risk, environmental risk, operational risk, social risk, market risk, financial risk, political risk and technological risk. In the context of the illustration in Figure 4.1, most of the participants stated that risks associated with riots do not only arise from the riots within

the government departments, but also in the external environment. In terms of the internal riots, they revealed that when the employees go on strike or riots on their own or in solidarity with the other trade unions, the process for the implementation of government projects and programmes tends to be affected. In other words, they claim that the mere fact that such riots interfere with project implementation implement implies that they comprise some of the major key risks that must be constantly assessed and examined so as to determine the mitigating and preventive measures that can be put in place. In addition to the risks resulting from internal riots and strikes, some of the participants noted riots from the communities as part of the other risks associated with riots that affect project implementation. They explained that when the communities riot, they tend to create hostile environments within which the activities for project implementation cannot be accomplished.

Figure 4: 1: Types of risks that undermine the successful implementation of government projects by the Eastern Cape Department of Local Government



Despite the fact that such riots from the communities have been confirmed to comprise part of the risks that cause delays and interference with the implementation of government projects, most of the 15 interviewed participants revealed that endeavours are usually not undertaken to ensure that risks associated with the consequences resulting from the likelihood of riots or strikes do not ensue. They added that in the planning process for project and programme implementation, significant attention is paid to the other forms of major risks such as environmental and economic risks. This

view echoes the findings in Chapter 1 of this Research Report in which it was noted that the Treasury Regulation (2009) Framework outlines most of the risks that must be considered during the implementation of government projects, and risks associated with the consequences of riots are abhorrently ignored. As most of these 15 participants stated, such an approach undermines the process for the identification and mitigation of the probable risks.

Nonetheless, in certain cases, they noted that evidence indicating that internal riots or strikes are most likely to occur; this is usually apparent in the warning rumours that the riots by a particular union are going to occur and may significantly affect the ongoing process for the implementation of government programmes. Besides risks associated with the internal riots by the employees and the communities, the thematic logical content analysis of the interview findings also indicated that other forms of risks arise from the strikes and riots by the private enterprises. Participants elaborated that some of the risks arise from private service providers; they noted that when, for instance, the truck drivers go on strike or riots, this affects the performance of the companies to whom the implementation of government programmes has been outsourced to.

Although some of risks have been identified earlier, these participants highlighted that it has usually not been possible for such risks to be mitigated and managed. Instead, they revealed that the complexity and intricacies of the networks of relationships render it difficult for such risks to be effectively managed. Most of these 15 interviewed participants noted that the effective managing of the risks associated with riots outside the government departments implies that senior managers must link up with the trade unions and the employers in that industry. To date, the effectiveness of such linkages has not been possible.

Hand in hand with risks associated with riots, the illustration in Figure 4.1 also indicates that most of the 15 interviewed participants noted that the other risks that undermine the successful implementation of government projects and programmes are linked to fraud and corruption. They added that although such risks are apparent usually during project planning, they are not easy to be identified and remedied for the reason that some of the perpetrators of such risks are, themselves, the officials and directors who are in charge of initiating and taking the government projects through all the

development stages until the projects are successful. However, these interviewed participants stated that difficulties usually arise from the fact that instead of these officials dealing with such risks, they are the same people who perpetrate the risks. As most of these 15 participants revealed, such an approach causes risks that deprive government projects of the financial resources which are necessary for project completion. It is, on that basis, not questionable why authors such as the Chartered Institute of Accountants (2013) are noted to have highlighted in Chapter 1 of this Research Report that despite the regulatory and policy frameworks put in place for risks minimization, the overall achievement of the government towards the mitigating and managing of risks have been quite minimal.

Besides fraud and corruption, it is noted in Figure 4.1 that further thematic content analysis of the interview findings also indicated that the other risks are associated with consequences linked to the sudden changes in demographical figures. The participants explained that South Africa, in general, is a cosmopolitan country characterized by almost free movement in and outside the country. Internal movements can lead to altering and change in the demographical patterns in any geographical location within the country at any time. The interview findings indicated that in certain cases, changes in such demographical patterns have been the source of risks for that, after a project is planned based on a particular demographical figure of the population in that particular geographical location, all of a sudden, the government department realizes that the government programmes put in place are insufficient to cover all the needs of the population in that particular region. Most of the 15 interviewed participants attributed such circumstances to two factors, with the first one being migration to the urban centers from the rural areas and the other being immigration of the internal population from the other regions.

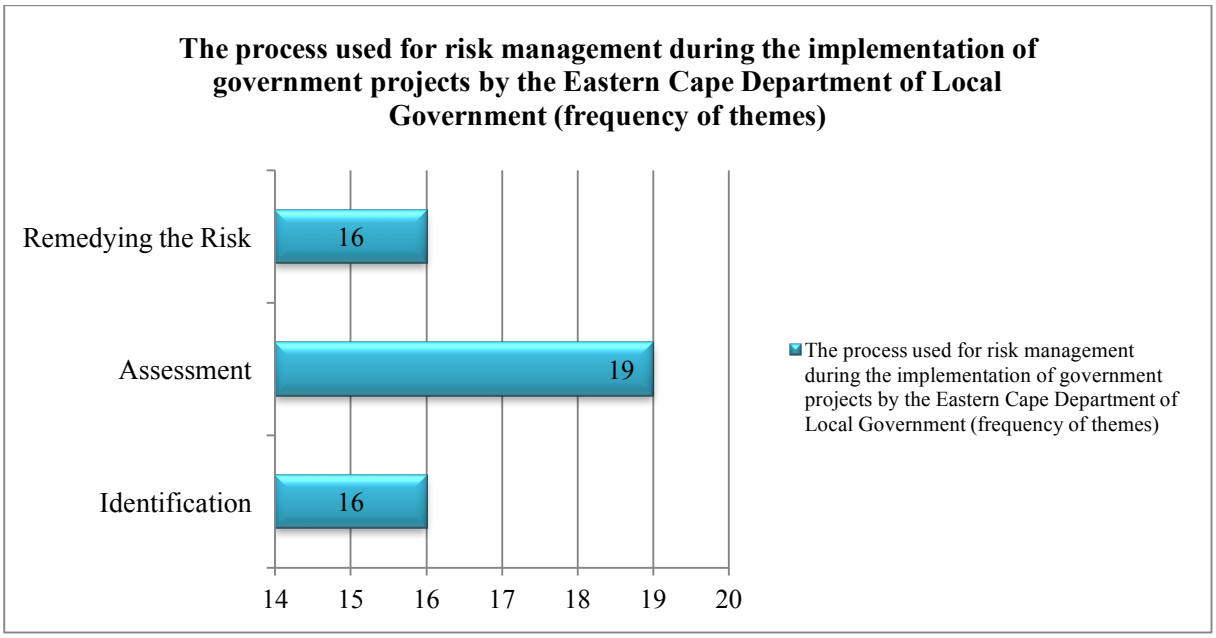
Although constant analysis and forecasting are highlighted in the interview findings regarding how such risks can be effectively dealt with, participants revealed that even if such risks are identified, due to resource constraints, it is usually not easy to make the necessary adjustments. At the same time, the illustration in Figure 4.1 indicates that some of the 15 interviewed participants noted that some of the risks are linked to outsourcing in which the tender contracts are awarded to the suppliers who do not adequately comply, and the changes in weather conditions. Whether or not these risks

are effectively identified and managed is what the next part of the interview process examined, and the findings are presented and discussed in the next sub-section.

4.3 The process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government

In the context of the illustration in Figure 4.2, the thematic content analysis of the interview findings indicated that the three key steps that are used in the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: the identification, assessment, and remedying the risk. Participants stated that unlike before, as a result of the amendment of the Treasury Regulations on Risk Management, significant attention is being paid towards ensuring that all the risks that undermine successful implementation of government projects are identified and mitigated. As a result of this, they stated that units and the risk management committees have been created in most of the government departments to enhance identification and mitigation of all the likely and probable risks.

Figure 4: 2: The process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government



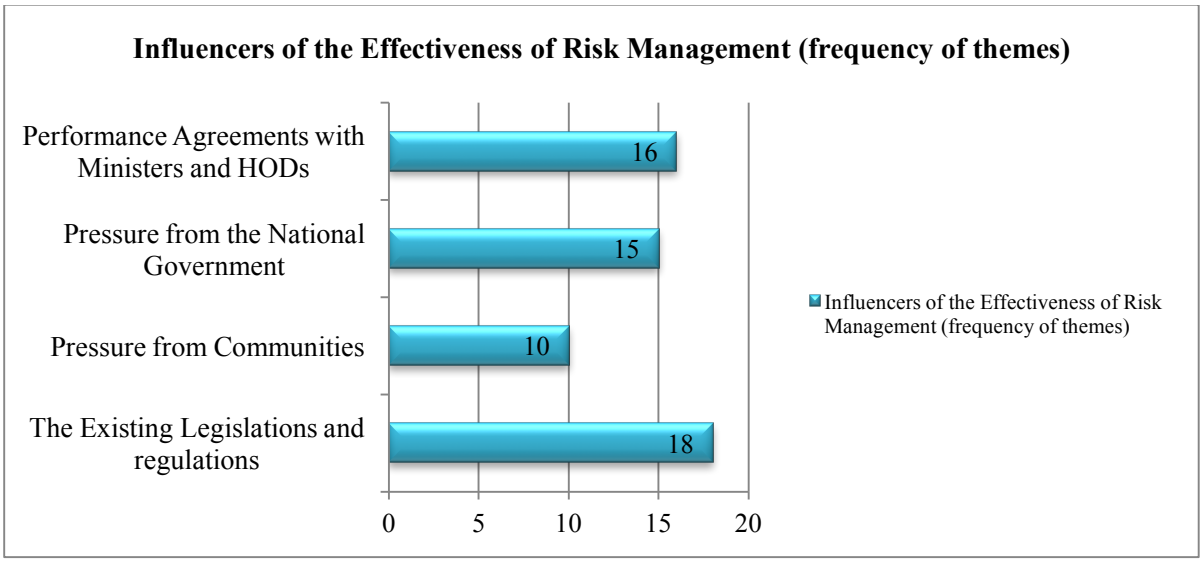
At the same time, they noted that in addition to the roles performed by these units and the risk management committees, all the accounting officers and the internal auditors are expected to file reports on risk analysis so as to enable the appropriate remedial measures to be adopted. In other words, as part of the risk analysis and assessment processes, most of these 15 interviewed participants explained that the risk management officers, the accounting officers and the internal auditors are expected to liaise with different government departments and private sector organizations in order to identify the risks that are most likely to emerge and interfere with the progress for the implementation of the government programmes.

At the same time, they revealed that part of the risk analysis and assessment activities accomplished by the employees and managers charged with risk management involve the analysis of reports and forecasting using the past and present political, economic, social, demographical and ecological environmental trends in order to ensure that all risks are identified and mitigated. In other words, as it is indicated in Figure 4.3, most of the 15 interviewed participants revealed that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively.

4.4 Influencers

The notion that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively is illustrated in Figure 4.3 that most of the 15 interviewed participants revealed that the factors influencing the effectiveness of risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: the national treasury regulations, pressure from the communities, pressure from the national government and performance agreements with Ministers and HODs.

Figure 4: 3: Influencers of the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government



They explained that with the new Treasury Regulations (2009) putting in place new requirements, stronger pressure has been put on most government departments to ensure that all risks are identified and mitigated. In other words, through this regulation, they elaborated that most of the officials are held more accountable by the Auditor-General of South Africa and other government institutions charged with enforcing accountability in areas where things are not going well. In effect, most of these 15 interviewed participants explained that most of the government officials charged with risk management have been forced to comply by ensuring that all risks are identified and mitigated. Certainly, this impacts on the effectiveness of risk management during the process for the implementation of government projects and programmes.

In addition to the stronger need for compliance with the Treasury Regulations (2009), the illustration in Figure 4.3 also indicates that most of the government departments have come under pressure from their communities to deliver. They elaborated that the recent increase in service delivery riots and the renewed efforts by the ruling African National Congress has been causing most of the officials charged with risk management during the implementation of government projects and programmes to ensure that such related risk management activities are effectively accomplished. In other words, these 15 interviewed participants pointed out that with riots from the communities being one of the sources of risks that undermine the implementation of government programmes, by addressing their needs, the government department would also be eliminating of the major sources of risks.

Besides the pressure from the national government, which is generally attributable to the renewed efforts by the ruling African National Congress (ANC), the analysis of the interview findings also indicated that the performance agreements signed by the president with the Ministers and HODs is the other factor that explain the effectiveness of risk management during the implementation of government programmes and projects. They explained that this is attributable to the fact that under such performance agreements, ministers and HODs are held accountable for failure of delivery. In effect, they stated that the ministers and HODs put pressure to ensure that all risks are identified and mitigated for all the government programmes and projects to be successfully implemented.

Despite the fact that most of the participants acknowledged that there have been tremendous improvements in the process of risk management during the implementation of government programmes, some of the participants, however, pointed out that there are still certain challenges that threaten to mar the effectiveness of risk management in most of the government departments.

4.5 Constraints/ Inhibitors

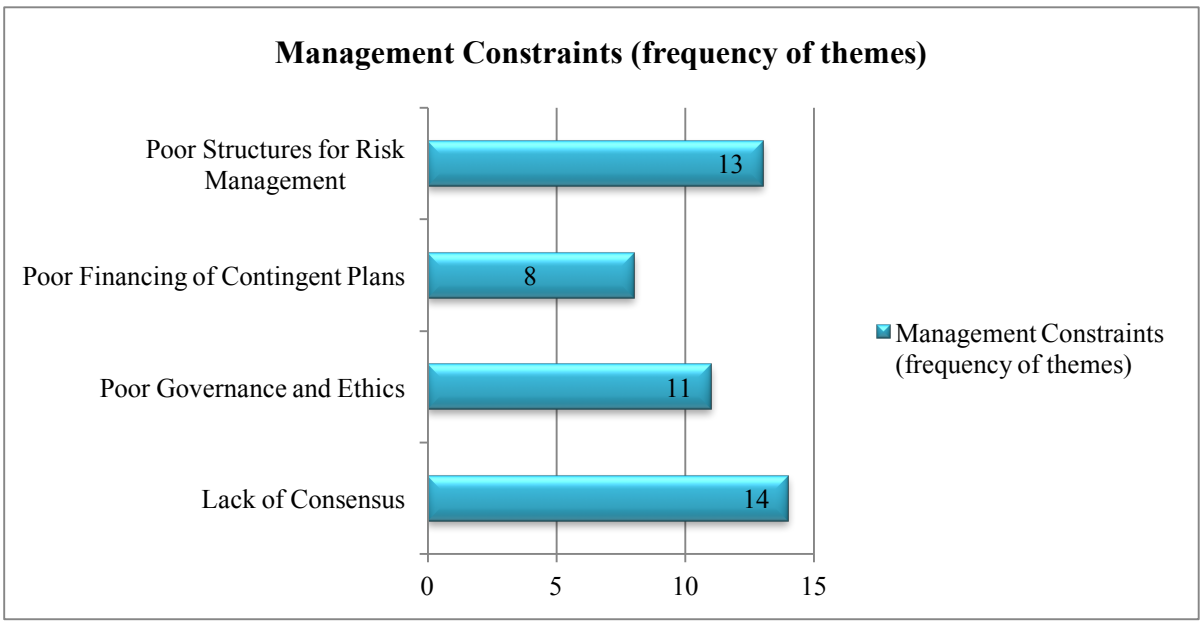
As is indicated in Figures 4.4, 4.5 and 4.6, the thematic content analysis of the interview responses from the 15 participants revealed that the three sets inhibitors that are marring the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local

Government include: Management Constraints, Human Resource Constraints and Operational Constraints

4.5.1 Management Constraints

In terms of management constraints, most of the 15 interviewed participants revealed that the effectiveness of the process of risk management during the implementation of government projects and programmes is still being marred the challenges encompassing: lack of consensus, poor governance and ethics, poor financing of contingent plans and poor structures for risk management. These participants explained that although constant risk assessment and identification are emphasized, quite often, there have been challenges associated with the failure of managers to reach consensus on the remedial or mitigating measures that must be taken.

Figure 4: 4: Management Constraints



They added that in certain cases, the disagreements have not only been about the mitigating and remedial measures that must be taken, but also difficulties and pondering on whether the risks identified to be probable will actually occur. According to the interview findings, as managers and directors disagree, they have usually only been surprised by when the event subsequently occurs. Yet, since the necessary preparations and measures will not have been put in place, the responses of the government departments have usually not been adequate or were completely ineffective for mitigating the consequences resulting from the occurrence of the risks

that could have been prevented. In other words, most of these participants revealed that it is more difficult for certain directors and managers in the public sector to be convinced about the probability of certain risks that require scientific knowledge to occur.

At the same time, Figure 4.4 indicates that some of the participants revealed that as much as all the relevant laws for enhancing risk management are put in place, there are still challenges related to poor governance and ethics. These participants noted that poor governance and ethics undermine the effective identification and mitigation of risks for that tenders are awarded to certain suppliers without thorough evaluation and assessment of the overall competence and skills of the contractor. They added that since in certain cases, tenders are awarded in response to bribes, very few initiatives have been undertaken to ensure that appropriate evaluation is conducted on how the contractor will go about implementing the allocated task.

As these 15 interviewed participants stated, the effects are usually latent as the contractors sub-contract certain activities to even more incompetent sub-contractors; consequently, it tends to become difficult for the managers and directors in government departments to reverse such incompetent output. According to the interview findings, all these explain the extent to which poor governance and ethics among the public sector managers and directors undermine the identification and mitigation of risks during the process for the implementation of government programmes.

Hand in hand with poor governance and ethics, the illustration in Figure 4.4 also reveals that the thematic content analysis indicated that some of the challenges marring the effectiveness of risk management during the implementation of government projects are linked to the poor financing of the contingent plans for risk management. These participants elaborated that although risks are in most of the cases identified and remedial plans are put in place, the initiative has not been followed through allocation of adequate financial resources. As they noted, the effects of such an approach are usually latent in the fact that when the risks finally occur, most of the government departments do not have adequate financial resources to finance the implementation of the remedial measures.

In the event of the risks being devastating during the process of project implementation, they noted that more resources are requisitioned from the national government. Despite the fact that such resources are usually subsequently availed, the findings indicated that it takes longer to do so to the extent that by the time these arrive, the consequences of the risks that have occurred will have aggravated from bad to worse. Meanwhile, it is noted also in Figure 4.4 that as much as the Treasury Regulations (2009) advocate for the establishment of the risk management committees, most of the local government units, especially at the municipal levels, still do not have effective risk assessment and management units. As the interview findings revealed, such lack of the relevant structures undermines the effective identification and management of risks during the process of the implementation of government programmes. Instead, most of the 15 interviewed participants stated that there is a tendency for most of the municipalities to rely on only on-risk analysis and reports provided by the internal auditors who are usually also less skilled and competent.

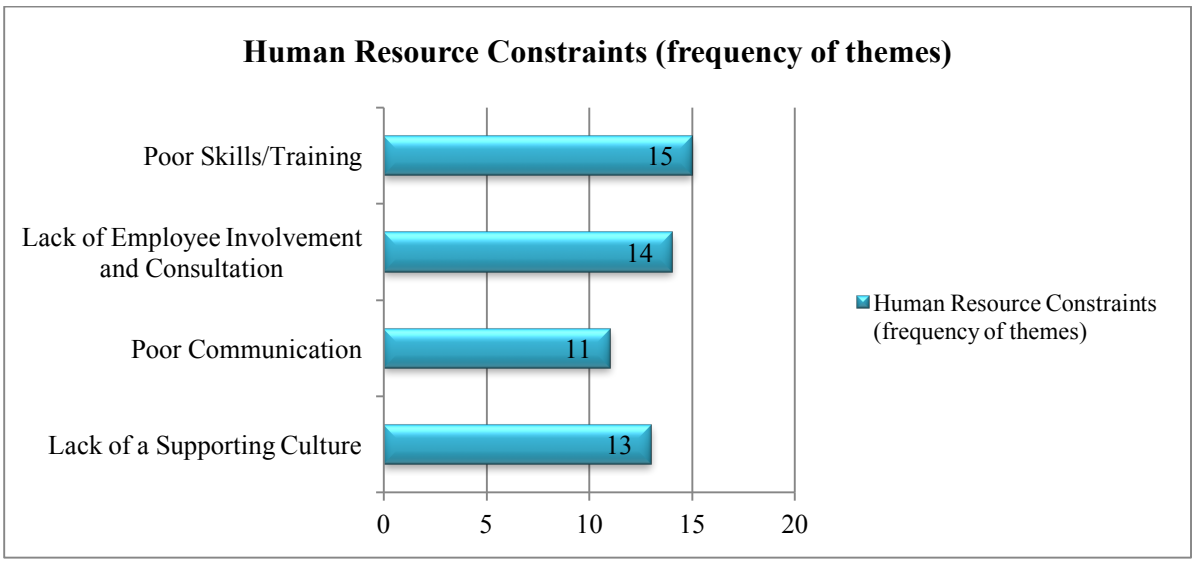
Besides management-related constraints, the thematic content analysis of the interview findings also indicated that most of the 15 interviewed participants highlighted that the other challenges marring the effectiveness of risk management during the process for the implementation of government projects and programmes are also linked to the human resource related constraints.

4.5.2 Human Resource Constraints

As it is indicated in Figure 4.5, most of the 15 interviewed participants revealed that the human resource constraints that are marring the effectiveness of risk management during the process for the implementation of government projects and programmes include: poor skills/poor training, poor communication and lack of employee involvement and consultation. The participants in this research reported that risk identification, assessment and mitigation are complex activities that require enormous amount of in-depth technical knowledge to be effectively accomplished. The skills that they identified to be critical include project management, finance, accounting and scientific knowledge.

Unfortunately, they pointed out that as much as the national and provincial structures of local government the personnel with such skills could be available, at the municipal levels, they are scare. These participants revealed that part of the explanations are attributable to the fact that the country, in general, has not been producing enough graduates in these areas. This creates scarcity and lack of competent personnel in the areas of risk management at the municipal levels, thus resulting in the negative implications usually manifested in the poor outcome of risk analysis, identification and management. Besides the challenges related to human resources constraints, the thematic content analysis of the interview findings also indicated that there is a tendency for input from the employees and all the other stakeholders to be ignored during the formulation of the policy for risk management and risk management measures. Instead, they stated that the process is usually restricted to the senior managers.

Figure 4: 5: Human Resource Constraints



Despite the fact that they did not point out the implications associated with such an approach, the theoretical discussions in Chapter 2 of this Research Report indicated that poor involvement and consultation with the relevant stakeholders undermine the fostering of a culture of risk management in the entire organization. In other words, considering that prior conducted empirical research indicates that the effectiveness of the implementation of most of the government projects and programmes are still being marred by a number of limitations, it is not questionable that it the explanations could

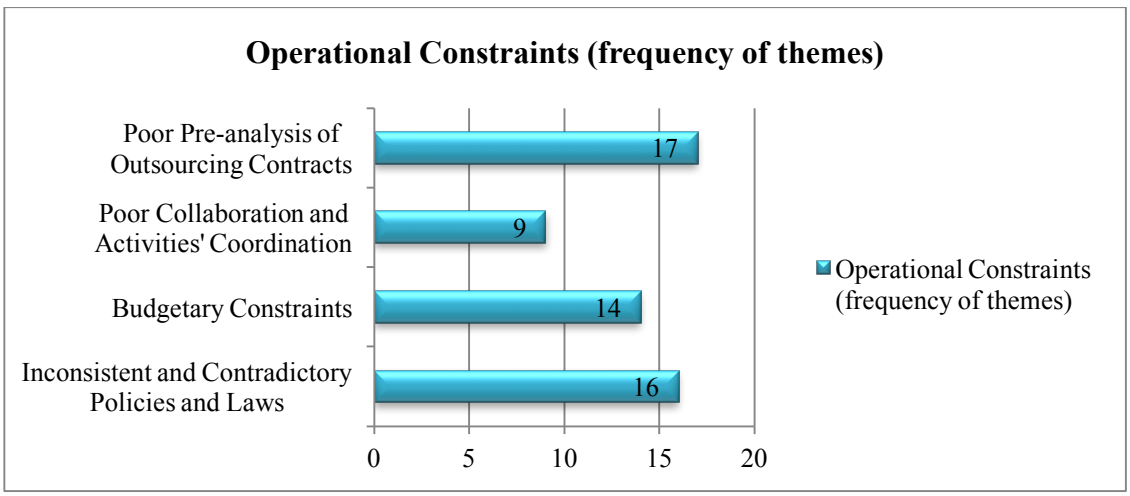
be residing in the poor fostering of a culture of risk management among the ordinary employees.

In other words, such theoretical findings echo the interview findings which indicated that lack of a supporting culture is one of the factors explaining the ineffectiveness of risk management during the process for the implementation of government programmes. Meanwhile, Figure 4.5 also indicates that the other human resource constraints marring the process for risk management during the implementation of government projects and programmes are related to poor communication between different units, between the managers and ordinary employees. Besides challenges linked to the human resource constraints, the thematic content analysis of the interview responses also highlighted that the other challenges are related to operational constraints.

4.5.3 Operational Constraints

Figure 4.6 illustrates that most of the 15 participants revealed that operational-related constraints that undermine the effectiveness of risk management during the implementation of government projects include: inconsistent and contradictory policies and regulations, budgetary constraints, poor collaboration and activities' coordination, and poor analysis of outsourcing contracts.

Figure 4: 6: Operational Constraints



The participants explained that as much as the need for the emphasis of risk management during project implementation is stressed by the government, the actual process of implementing the policies relevant for project implementation indicates that there are certain inconsistencies and contradiction. These participants reiterated that such contradictions in policies undermine putting in place the relevant risk mitigating measures. They cited the Preferential Procurement Policy as one of the policies that most of the procurement directors and managers in the modern South African public sector organizations find difficult to effectively reconcile with the initiative for ensuring effective risk management during the implementation of government programmes.

These participants elaborated that it is part of good intention for risk mitigation and management that during assessment of procurement decisions, only competent contractors are allocated government contracts. However, they pointed out that since the Procurement Preferential Policy prefers the allocation of procurement contracts to the previously disadvantaged groups who are less skilled, incompetent and unwilling to partner with competent ones, this makes the integration of risk mitigating measures in procurement contracts very difficult.

As it is further illustrated in Figure 4.6, the analysis of the interview findings also indicated that some of the operational challenges are related to budget constraints. These participants acknowledged that risk identification, assessment and mitigation is a complex process that must be accomplished by a team of experts. However, to the contrary, they revealed that some of the projects at the municipal levels are implemented based on the report of risk analysis provided by a single individual. In other words, they stated that due to resource constraints, most of the municipalities either have only a single unit employing only one or two personnel or do not have a risk analysis department at all with the effect that they tend to, instead, rely on consultants. Besides the capacity-related constraints linked to limited budgets, the thematic content analysis of the interview findings also indicated that the other operational challenges are related to poor collaboration, activities' control, and poor pre-analysis of outsourcing contracts. This could be attributable to poor skills and the issue of poor governance and ethics among the directors.

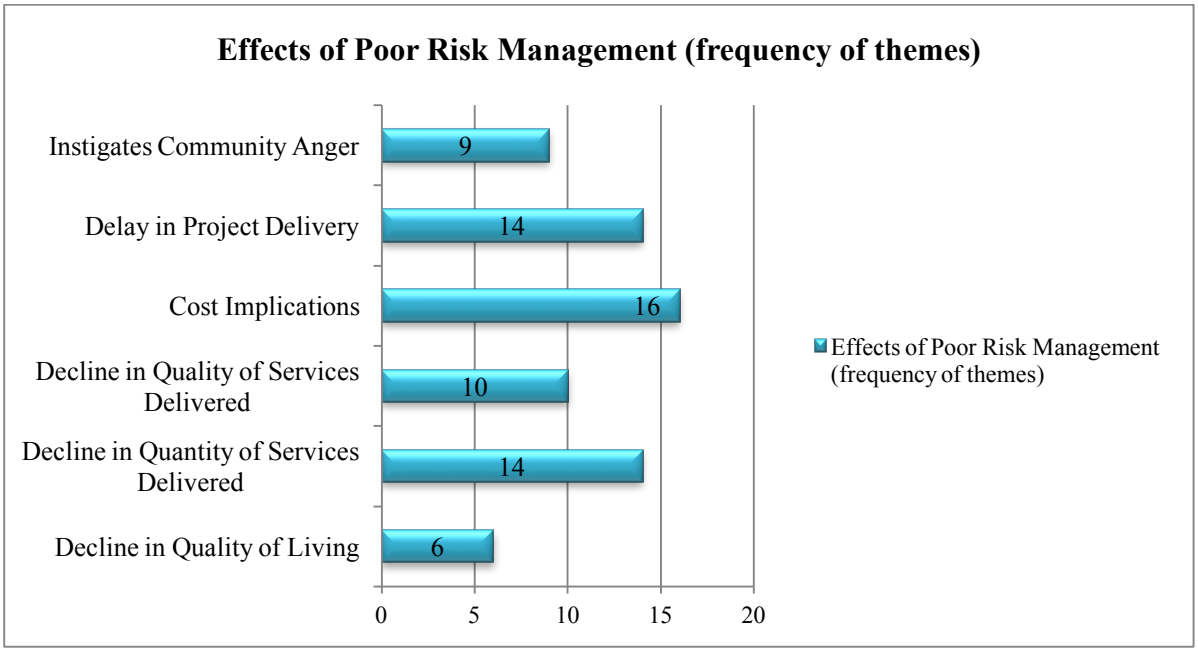
Nonetheless, with all these limitations, most of the 15 interviewed participants revealed that the negative implications on the effectiveness of risk management and the successful implementation of government programmes in the Eastern Cape Local Government Department has been enormous.

4.6 How poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government?

As it is indicated in Figure 4.7, most of the participants noted that as much as some of the municipal projects have been successfully implemented, in certain instances, poor risk management has affected certain projects thereby resulting in: decline in the quality of living, quantity of services delivered, quality of services delivered; cost implications; delay in project delivery; and instigated community anger. These participants explained that some of the contracts or projects such as the construction of roads, hospitals, recreational facilities and schools are intended to improve the overall quality of life of the population residing in the jurisdiction of a particular municipality.

However, with poor risk management to mitigate risks such as fraud, corruption and poor selection of competent service providers, most of the projects have either delayed or have completely failed because risks such as fraud and corruption lead to the theft of funds which could have been used for project completion. These 15 interviewed participants stated that the consequences are latent because it may take long for a patient in need of medical services to walk long distances to access medical centers; the learners, on the other hand, also have walk longer distances before they can attend schools. According to the interview findings, all these undermine the initiative of the municipalities to improve the quality of life of the population residing within their jurisdictions.

Figure 4: 7: Effects of Poor Risk Management



Despite the implications associated with the declining quality and quantity of the delivered services, Figure 4.7 indicated that other implications are linked to wasted expenditures associated with project failures. They elaborated that such costs arose from the fact that with some projects failing due to poor risk management, reviews had to be undertaken for the projects to be started and implemented all over again. According to these participants, this leads to waste of funds that could have been used in the other areas. On the other hand, Figure 4.7 indicates some of the participants revealed that with certain projects either failing or taking long to be delivered, the anger of the community members tends to be aroused thereby leading to riots that further exacerbate the delay of the process of project implementation. In other words, these findings imply that if the directors and managers in the Eastern Cape Department of Local Government are to effectively manage risks and successfully implement all the different government projects, then, they will need to review their entire present approach to risk management.

4.7 Conclusion

In a nutshell, the discussions in this chapter indicated that most of these participants revealed that so far, their experiences indicate that the common types of risks that have been affecting the successful implementation of government projects and programmes include: riots, fraud, corruption, changes in demographic figures, outsourcing risks, and floods and changes in weather. In terms of whether or not these risks are effectively identified and managed, the chapter reveals that the thematic content analysis of the interview findings indicated that the three key steps that are used in the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: the identification, assessment, and remedying the risk. In other words, as it is indicated in Figure 4.3, most of the 15 interviewed participants revealed that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively.

The notion that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively is accentuated in Figure 4.3 that most of the 15 interviewed participants revealed that the factors influencing the effectiveness of risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: the national treasury regulations, pressure from the communities, pressure from the national government and performance agreements with ministers and HODs. Despite the fact that most of the participants acknowledged that there have been tremendous improvements in the process of risk management during the implementation of government programmes, some of the participants, however, pointed out that there are still certain challenges that threaten to mar the effectiveness of risk management in most of the government departments.

As indicated in Figures 4.4, 4.5 and 4.6, the 15 participants revealed that the three sets inhibitors that are marring the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government, namely: Management Constraints, Human Resource Constraints and Operational Constraints. Nonetheless, with all these limitations, most of the 15 interviewed participants revealed that the negative

implications on the effectiveness of risk management and the successful implementation of government programmes in the Eastern Cape Local Government Department have been enormous. As indicated in Figure 4.7, most of the participants noted that as much as some of the municipal projects have been successfully implemented, in certain instances, poor risk management has affected certain projects resulting in: the decline in quality of living, quantity of services delivered, quality of services delivered, cost implications, delay in project delivery, and instigates community anger. In light of these findings, the discussions in the next chapter document the general conclusions and recommendations of the study.

Chapter 5

Summary, Conclusions and Recommendations

5.1 Introduction

This chapter documents the general conclusions and recommendations of the study. This process is undertaken with the aim of responding to the last research objective which deals with determining the measures which can be adopted for improving risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government.

5.2 Conclusion: Major Theoretical and Empirical Findings of the Study

It is noted in Chapter 1 of this Research Report that this research was motivated by the fact that despite the tremendous achievements have been realized from the successful implementation of government programmes and projects related the construction and refurbishment of medical facilities, educational, bridges and road infrastructure facilities. Trends indicate that only iota of evidence implies that the concept of risk management is fully integrated and embraced as part of a culture for ensuring the successful project implementation by the Modern South African public sector organizations.

The chapter highlights that in a study conducted by Pricewaterhouse (2014:3), it was noted that the integration of the concept of risk management in activities' accomplishment by the South African Local Government Departments is still undermined by fraud and corruption, poor compliance with legislations, internal controls, poor management of financial and operational risks, the poor implementation of the King 111 Report, and poor governance and ethics. This view is further accentuated in the report of the National Treasury of the Republic of South Africa (2014:5) that poor data management and lack of accurate reporting, use of different risk management approaches in different government departments and poor leadership lead to the challenges limiting the effectiveness of risk management in the modern South African public sector organizations. In the Eastern Cape Province, it was noted that this concept of poor risk management seems to be already impacting on the extent of efficient and effective delivery of houses, roads and sanitation

services, and medical and educational infrastructures. According to the chapter, it was, therefore, on that basis that this research evaluated the effectiveness of risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government, so as to identify the inhibitors and the remedial measures that could be recommended. In line with this overriding motive of the study, the discussions in the entire research process indicate that the study was guided by the following research questions:

- What types of risks undermine the successful implementation of government projects by the Eastern Cape Department of Local Government?
- How effective is the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government?
- Which factors are influencing or inhibiting the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government?
- How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government?
- Which measures can be recommended for improving risk management as a prerequisite for the implementation of government projects by the Eastern Cape Department of Local Government?. The details of the findings were as presented and discussed in the following sections and subsections.

The key theoretical and empirical research findings are summarized and presented in the following sections and subsections.

5.3 Conclusion: Major Theoretical Findings

The major theoretical findings of this research are as follows:

5.3.1 Major Theoretical Findings 1: Types of Risks that interfere with the Implementation of Government Projects in the Modern Public Sector Organizations

The theoretical research revealed that the types of risks that interfere with activities' accomplishments in the modern public sector organizations include: economic risk,

environmental risk, operational risk, social risk, market risk, financial risk, political risk and technological risk. Hillson (2007:35) elaborates that economic risks refer to the sudden changes that can occur in the economy to undermine the entire processes for the implementation of the government programmes. He points out that although governments play magnificent roles in manipulating a country's economic policies through policies that influence the aggregate demands and consumer spending, some of the risks can result from the government policies themselves. Hillson (2007:35) attributes this to the argument that a government policy restricting the imports of the materials which are not available locally can lead to scarcity that causes sudden price increases and the overall increment in the costs of the implementation of government projects. In addition to economic risks, Miller and Smith (2011:45) highlight that environmental risks comprise part of the other types of risks that can limit the successful implementation of the government programmes.

Miller and Smith (2011:45) state that environmental risks refer to the uncertainties arising from the sudden changes in the ecological and atmospheric environments. They explain that environmental risks are usually associated with the declining financial bottom-line resulting from the environmental regulatory changes and increasing operational costs which are linked to global warming and the continuous depletion of natural resources that lead to scarcity. These authors reveal that the other environmental risks are linked to land and water pollution and severe weather conditions that can lead to the destruction of facilities. Spencer (2005:113) argues that over time, trends have confirmed that the operational risks that can limit the successful implementation of projects and programmes by the modern public sector organizations can be linked to the failures of people, processes and technology.

Hand in hand with operational risks, Miller and Smith (2011:45) also note that social risk comprise the other sets of risks that can inhibit the effectiveness of the process of project implementation in the modern public sector organizations. Miller and Smith (2011:45) explain that social risks refer to the social changes that can occur all of a sudden in the economy to create threats or opportunities in the process of the implementation of government programmes. These authors highlight that the common sources of social risks may include the changes in demand, the decreasing percentage of working population, and the changes in prices. In a bid to mitigate most

of these risks, authors such as Psica (2008:19), Buttimer (2011:66), and Dore (2006:18) concur that the process for the implementation of government projects must be accompanies by an appropriate framework for risk management.

5.3.2 Major Theoretical Findings 2: The Integration of the Strategic Risk Management Process in the Process for the Implementation of Government Projects

Theories indicate that the four main steps that define the effectiveness of the integration of the strategic risk management process in the process for the implementation of government projects encompass: step 1: the setting of the strategic framework and context for risk identification and management step 2: the evaluation and the identification of risk controls step 3: design and implementation of the risk treatment plan, and step 4: monitoring and review of the effectiveness of the risk management process. Psica (2008:19) argues that setting of the strategic framework and context for risk identification and management comprises the first step for the realisation for effective risk management during the implementation of government projects. In order for it to be effective, he suggests that a strategic framework for risk identification and management must outline the criteria to be used for risk evaluation, the methodology, policies and procedures. He states that a table for risk reference must also be outlined to provide the basis for risk evaluation, monitoring, identification and control.

Psica (2008:19) argues that the risk reference table is a prerequisite for the reason that it provides the guide for risk evaluation, assessment, measurement and reporting for remedial and mitigating measures to be taken. He highlights that some of the commonly used risk reference tables include: the risk controls rating table, consequence rating table, the likelihood rating table and risk acceptance criteria table. Nevertheless, in addition to step 1 (which involves the setting of the strategic framework and context for risk identification and management), these authors highlight that the second step in risk management involves the evaluation and identification of risks. Buttimer (2011:66) posits that with different categories of risks identified in the previous section, the evaluation and further identification of risk in this step involves the assigning of values to different categories of risks and rating each risk so as to make the relevant decisions on the risk controls that must be put in place. In other

words, these authors highlight that the risk owner has options that include the acceptance of the risk, the avoidance of risk and the treatment of risks. Certainly, these decisions set the basis for the accomplishment of activities in the next step. In addition to these four main steps, authors encompassing NIST (2004:49) and Rolland (2008:29) also note that the process for risk management during the implementation of government projects is also influenced by certain key success factors.

5.3.3 Major Theoretical Findings 3: The Key Success Factors for Risk Management during the Implementation of Projects in the Modern Public Sector Organizations

The literature on risk management indicates that the key success factors that can influence the effectiveness of risk management during the implementation of projects in the modern public sector organizations include: top management's support and commitment towards risk management initiatives, the initiation and fostering of a culture of total organizational risk management, and communication and consultation of the stakeholders on risk management initiative. NIST (2004:49) and Rolland (2008:29) reason that as much as the overall understanding and the application of risk assessment measures at the lower structures of the government are important, the overall buy-in of the top management that risk evaluation and management are prerequisites for the successful implementation of government projects is also essential. These authors state that the commitment and support of the senior managers influence the integration of the concept of risk management during the strategic planning process and the overall process associated with project conceptualization. They state that with the concept of risk management integrated at the strategic level, it may tend to be easier for the proponents of risk management to have cascaded down to the lower echelons of the organizational structure or the project implementation.

Harris (2006:70) argues that the concept of effective risk management is acknowledged as critical for project implementation in the modern public sector organizations, the challenge arises from the fact that the notion of risk evaluation and management is usually not comprehensively done. On that basis, he construes that if risk management is to be effectively integrated in project management, then, there must be the initiation and fostering of a culture of total organizational risk management.

He elaborates that the notion of a culture of total organizational risk management connotes the situation where every manager, supervisor and employee willingly embrace the notion of risk management in all the processes of activities' accomplishments. Authors such as Correia and Abreu (2011:261) and Gido and Clement (2003:19) caution that in addition to the use of the appropriate process for risk management and the integration of the key success factors, it is also important that certain essential project management techniques are used to enhance risk management and the successful project implementation in the modern public sector organizations. However, Beasley, Branson and Hancock (2009:10), Buttimer (2011:66) and Charette (2009:71) point out that the trends in the public sector organizations have confirmed that despite the technical initiatives which are put in place to manage risks and ensure that the process for project implementation is successful, quite often certain limitations have still emerged to undermine the effectiveness of the entire project risk management.

5.3.4 Major Theoretical Findings 4: The Limitations of Risk Management during the Implementation of Projects in the Modern Public Sector Organizations

Theoretical analysis indicates that the limitations that can undermine the effectiveness of risk management during the implementation of projects in the modern public sector organizations include; poor adherence to ethics and the principles of good governance, and the poor adherence to the principles of procurement best practice. The details of these limitations are evaluated as follows. Gianakis and Wang (2010:421) reason that the adherence to ethics and principles of good governance during supplier selection is a prerequisite for ensuring the successful risk management and the successful implementation of projects in the modern public sector organizations.

They add that such an approach impacts positively on the avoidance of the corrupt and unethical practices to enhance the selection of only the suppliers who meet the specifications of the contracts for the activities that the government seeks to outsource. However, they point out that in most of the cases, empirical research has demonstrated that that has not been the case among government officials. Instead, they note that quite often, the process of supplier selection has been marred by

corruption and fraud to thereby undermine risk management and the successful implementation of projects in the modern public sector organizations.

As they revealed, the effects of these have been latent in the fact that some of the suppliers have been known to operate cartels and restrict competition, as other suppliers falsify invoices and procurement staff award contracts on the basis of bribes. In other words, these arguments seem to substantiate the views of authors such as Eadie, Heaney and Carlisle (2007:103) and Egbu and Tookey (2004:661) that for effective selection of the suppliers to be achieved, the government procurement department must adhere to certain principles of procurement best practice. These authors note that the essential principles of procurement best practice that influence the effectiveness of the supplier selection process include setting of the appropriate standards, partnering, benchmarking, information-sharing, collaboration with the suppliers, change management, the adherence to the constitutional provisions, knowing the supplier market, integrated procurement, and purchasing management.

5.4 Conclusion: Major Empirical Findings

The major empirical findings of this research were as follows:

5.4.1 Major Empirical Findings 1: Types of risks undermining the successful implementation of government projects by the Eastern Cape Department of Local Government

Empirical research revealed that the common types of risks that have been affecting the successful implementation of government projects and programmes include: riots, fraud, corruption, changes in demographic figures, outsourcing risks, and floods and changes in weather. Most of the participants stated that risks associated with riots do not only arise from the riots within the government departments, but also in the external environment. In terms of the internal riots, they revealed that when the employees go on strike or riots on their own or in solidarity with the other trade unions, leading to the process for the implementation of government projects and programmes being affected. Yet, in certain cases, they noted that internal riots or strikes most occur as preceded by rumours that the riots by a particular union will take place and may significantly affect the ongoing process of implementation of government programmes. Besides risks associated with the internal riots by the employees and the communities,

the interview findings also indicated that the other forms of risks arise from the strikes and riots by the private enterprises. They elaborated that some of the risks arise from the fact that for instance, when the truck drivers go on strike or riots, this affects the performance of the companies to whom the government programmes has been outsourced to.

Besides fraud and corruption, it is noted in Figure 4.1 that the interview findings also indicated that the other risks are associated with consequences linked to sudden changes in demographical figures. These participants explained that South Africa, in general, is a cosmopolitan country characterized by free movement in and outside the country, and internal movements can lead to the altering and change in the demographical patterns in any geographical location within the country at any time. Although constant analysis and forecasting are highlighted in the interview findings to be some of the responses through which such risks can be effectively dealt with, these participants revealed that even if such risks are identified, due to resource constraints, it is usually not easy to make the necessary adjustments. At the same time, Figure 4.1 indicates that some of the 15 interviewed participants noted that some of the risks are linked to outsourcing in which the tender contracts are awarded to the suppliers who do not adequately comply and the changes in weather conditions.

5.4.2 Major Empirical Findings 2: The process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government

Primary research indicated that the three key steps that are used in the process for risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: the identification, assessment, and remedying the risk. Most of these 15 interviewed participants explained that risk management officers, accounting officers and internal auditors are expected to liaise with different government departments and private sector organizations in order to identify the risks that are most likely to emerge and interfere with the progress for the implementation of the government programmes. At the same time, they revealed that part of the risk analysis and assessment activities accomplished by the employees and managers charged with risk management involve the analysis of reports and forecasting using the past and present political, economic, social, demographical and

ecological environmental trends in order to ensure that all risks are identified and mitigated. In other words, as it is indicated in Figure 4.3, most of the 15 interviewed participants revealed that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively.

The notion that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively is accentuated in the fact Figure 4.3 shows that most of the 15 interviewed participants revealed that factors influencing the effectiveness of risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: national treasury regulations, pressure from the communities, pressure from the national government and performance agreements with ministers and HODs. Despite the fact that most of the participants acknowledged that there have been tremendous improvements in the process of risk management during the implementation of government programmes, some of the participants, however, pointed out that there are still certain challenges that threaten to mar the effectiveness of risk management in most of the government departments.

5.4.3 Major Empirical Findings 3: The inhibitors of the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government

Empirical research indicated that three sets of inhibitors that are marring the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government include; management constraints, human resource constraints and operational constraints. In terms of management constraints, most of the 15 interviewed participants revealed that the effectiveness of the process of risk management during the implementation of government projects and programmes is still being marred the challenges encompassing: lack of consensus, poor governance and ethics, poor financing of contingent plans and poor structures for risk management. These participants explained that although constant risk assessment and identification are emphasized, quite often, there have been challenges associated with the failure of managers to reach consensus on the remedial or mitigating measures that must be taken. Hand in

hand with poor governance and ethics, the illustration in Figure 4.4 also reveals that the thematic content analysis indicated that some of the challenges marring the effectiveness of risk management during the implementation of government projects are linked to the poor financing of the contingent plans for risk management.

These participants elaborated that although risks are, in most of the cases, identified and remedial plans are put in place, the initiative has not been followed by the allocation of adequate financial resources. As they noted, the effects of such approach are usually latent in the fact that when the risks finally occur, most of the government departments do not have adequate financial resources to finance the implementation of the remedial measures. Most of the 15 interviewed participants revealed that human resource constraints that are marring the effectiveness of risk management during the process of implementation of government projects and programmes include: poor skills/poor training, poor communication and lack of employee involvement and consultation.

The participants in this research exclaimed that risk identification, assessment and mitigation is a complex activity that requires enormous amount of in-depth technical knowledge for it to be effectively accomplished. The skills that they identified to be critical include project management, finance, accounting and scientific knowledge. Figure 4.6 shows that most of the 15 participants revealed that the operational related constraints that undermine the effectiveness of risk management during the implementation of government projects include: inconsistent and contradictory policies and regulations, budgetary constraints, poor collaboration and activities' coordination, and poor analysis of outsourcing contracts.

Nonetheless, with all these limitations, most of the 15 interviewed participants revealed that the negative implications on the effectiveness of risk management and the successful implementation of government programmes in the Eastern Cape Local Government Department has been enormous. As indicated in Figure 4.7, most of the participants noted that as much as some of the municipal projects have been successfully implemented, in certain instances, poor risk management has affected certain projects thus resulting in: decline in quality of living, quantity of services

delivered, quality of services delivered, cost implications, delays in project delivery, and instigates community anger.

5.5 Recommendations

In consideration of the primary research findings for this study, it is recommended that the management of the Eastern Cape Department of Local Government must consider using the following strategies in order to ensure that risk management is effectively accomplished during the process for the implementation of the government projects and programmes:

5.5.1 Entrench the Culture of Good Governance, Ethics and Integrity

The view that the management of the Eastern Cape Department of Local Government must foster and entrench the culture of good governance, ethics and integrity is derived from interview findings that indicate that the effectiveness of the framework for risk management is not the problem, but the overall attitudes and approach of the senior managers and project directors towards good governance, ethics and integrity. As the findings indicate, such governance and ethics approach seems to be undermining the effective use of the framework for risk management.

In order to reverse such a trend, the management of the Eastern Cape Department of Local Government will be required to foster, entrench and integrate the concepts of good governance and ethics not only in risk management, but throughout the entire process for project implementation. In other words, during the process of project conceptualization and outsourcing of the relevant contracts, the senior directors and managers in the Eastern Cape Department of Local Government will need to ensure not only that all risks are identified and mitigating measures are put in place, but also to ensure that overall governance, ethics and integrity are accomplished in a manner that enhances risk management and successful implementation of all the government projects and programmes. Hand in hand with fostering and entrenchment of the concept of good governance, ethics and integrity, the management of the Eastern Cape Department of Local Government will need to invest in training and development of risk management specialists so as to improve the overall pool of qualified risk management specialists that they have at their disposal.

5.5.2 Investment in Training and Development of Risk Management Specialists

The increment in the investment of training and development of risk management specialist would contribute towards improving the overall capacity of the Eastern Cape Department of Local Government to deal more effectively with all the issues concerning risk identification, assessment and mitigation. This view is derived from interview findings which revealed that as much as the national and provincial structures of local government, personnel with such skills could be available, at the municipal levels, they are scarce. The findings revealed that part of the explanations are attributable to the fact that the country, in general, has not been producing enough graduates in these areas.

This creates scarcity and lack of competent personnel in the areas of risk management at the municipal levels thus resulting in negative implications usually manifested in poor outcomes of risk analyses, identification and management. This can be reversed if the management of the Eastern Cape Department of Local Government hires consultants to develop course contents for the internal training programmes in conjunction to the partnerships with the public universities to ensure that the concept of risk management is developed as a course programme.

As compared to the current situation under which the Eastern Cape Department of Local Government tend to rely on accountants, and financial and auditing experts. In other words, the training programme will need to be tailored to the needs and the specifics pertaining risk management during the process for project implementation in the modern public sector organizations. Through these, the Eastern Cape Department of Local Government would be able to get exposed to a pool of more qualified risks assessors and managers to improve the overall quality of the process and outcome of risk analysis and interpretation. However, the extent to which this measure will influence the effectiveness of risk management and the successful implementation of government programmes and projects in the Eastern Cape Department of Local Government will depend on the extent to which it is accompanied by the allocation of sufficient funds for the implementation of contingent plans.

5.5.3 Allocate Sufficient Funds for the Implementation of Contingent Plans

The notion that the allocation of sufficient funds for the implementation of contingent plans is attributable to the fact that one of the key primary research findings indicated that the effectiveness of risk management during the implementation of government projects is still undermined by the inadequacy of resources. In other words, they stated that due to resource constraints, most of the municipalities either have only a single unit employing only one or two personnel or do not have risk analysis department at all with the effect that they tend to instead rely on consultants. The allocation of sufficient resources will enable the management of the Eastern Cape Department of Local Government to reverse such a trend by establishing effect units and departments for risk management and filling all the vacancies with competent personnel who are hired on competitive salaries.

Similarly, all the contingent plans for managing risks will also be effectively implemented, as compared to the current situation where most of the contingent plans for risk mitigation are not effectively implemented. In addition to the allocation of sufficient financial resources for the implementation of the contingent plans for risk mitigation, the management of the Eastern Cape Department of Local Government will have to integrate the concept of risk management in all the core governmental activities.

5.5.4 Integrate the Concept of Risk Management in all the Core Governmental Activities

The view that the management of the Eastern Cape Department of Local Government will have to integrate the concept of risk management in all the core governmental activities is reinforced by the fact that the interview findings indicated that there is still poor entrenchment of a culture of risk management in most of the government activities. In other words, the findings reveal that there is a tendency for risk management to be perceived as a preserve for only certain individuals or departments. By encouraging the integration of the concept of risk management in all the core government activities, the management of the Eastern Cape Department of Local Government will be able to send the message to all the employees that the issue risk management is a concern for all. At the same, the management of the Eastern Cape

Department of Local Government will only be able to effectively integrate the concept of risk management in all the core governmental activities if the employees are involved and consulted during the process for design and development of risk identification, assessment and mitigating measures. This is attributable to the fact that by involving lower/middle level employees, lower/middle employees will be able understand the overall importance of effective risk management and the measures that they must take during the process for activity accomplishment and project implementation. The integration of the concept of risk management in all the core governmental activities will need to be accompanied by the establishment of independent structures to monitor and evaluate risk management.

5.5.5 Establish Independent Structures to Monitor and Evaluate Risk Management

The establishment of independent structures to monitor and evaluate risk management will provide the management of the Eastern Cape Department of Local Government with the requisite expertise for risk identification, assessment and mitigation. In other words, through a specialist risk monitoring and evaluation department, the management of the Eastern Cape Department of Local Government will be able to constantly identify and correct deviations undermining the effectiveness of risk management during the process for the implementation of government projects and programmes.

5.6 Conclusion

Generally, this research reveals that most of the interview 15 participants revealed that based on their experiences, the common types of risks that have been affecting the successful implementation of government projects and programmes include; riots, fraud, corruption, changes in demographic figures, outsourcing risks, and floods and changes in weather. In terms of whether or not these risks are effectively identified and managed, the study revealed that the three key steps that are used in the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: identification, assessment, and remedying the risk. Most of the 15 interviewed participants revealed that there is more pressure on government than ever before to ensure that all risks are identified

and mitigated effectively. The notion that there is more pressure on government than ever before to ensure that all risks are identified and mitigated effectively is accentuated in the fact that the study revealed that the factors are influencing the effectiveness of risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: the national treasury regulations, pressure from the communities, pressure from the national government and performance agreements with ministers and HODs. Despite the fact that most of the participants acknowledged that there have been tremendous improvements in the process of risk management during the implementation of government programmes, some of the participants, however, pointed out that there are still certain challenges that threaten to mar the effectiveness of risk management in most of the government departments.

It was noted that the three sets inhibitors that are marring the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government include: Management Constraints, Human Resource Constraints and Operational Constraints. In consideration of these primary research findings for this study, it is recommended that the management of the Eastern Cape Department of Local Government must consider using the following strategies in order to ensure that risk management is effectively accomplished during the process for the implementation of the government projects and programmes: Entrench the Culture of Good Governance, Ethics and Integrity, Investment in Training and Development of Risk Management Specialists, Allocate Sufficient Funds for the Implementation of Contingent Plans, Integrate the Concept of Risk Management in all the Core Governmental Activities and Establish Independent Structures to Monitor and Evaluate Risk Management.

The suggested area for further research is: “How good governance and ethics influence the effectiveness of risk management during the process for the implementation of government projects and programmes.”

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Appendix 1

Interview Questionnaire

List and briefly explain the types of risks that you think are undermining the successful implementation of government projects by your department.

Describe in detail the steps that you use in the process for risk management during the implementation of government projects by the Eastern Cape Department of Local Government.

List and briefly explain the factors that you perceive as the influencers of the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government.

List and briefly explain the factors that you perceive as constraints undermining the effectiveness of the process used for risk management during the implementation of government projects by the Eastern Cape Department of Local Government.

How has poor risk management impacted on the implementation of government projects by the Eastern Cape Department of Local Government?

End of Questions