

From Policy to Projects: A Public Service Value-Chain Network Model

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ABSTRACT South Africa is characterised by an interdependent, three-sphere system of co-operative government. To foster coordination and co-operation in this system requires alignment of government programmes. Chain thinking provides a logical framework to probe the path of transforming policy into institutional strategies, programmes and projects. In a network of actors and governmental processes it becomes a highly complex endeavour to sift through the various chains in government, in order to pinpoint areas that require more effective cooperation and coordination. By utilising a literature survey in an interpretivist research paradigm, the aim of this paper is to propose dimensions and elements of a public service value-chain network model to provide an analytical and conceptual framework for a detailed analysis of value chains on vertical, horizontal and institutional levels in government.

INTRODUCTION

The South African Government is characterised by a system of co-operative governance according to which the national, provincial and local spheres must coordinate and integrate their functions to translate national legislation into service-delivery programmes and projects. This system of co-operative governance involves a network of actors, approaches, and strategies. If a link within the value chain from intended policy to operational projects is broken, society will in all likelihood suffer due to ineffective service delivery. A common approach is thus necessary to establish effective horizontal and vertical value chains within and between spheres of Government. The National Development Plan: Vision 2030 (NDP), for example is a mechanism for intergovernmental coordination. The NDP propagates more effective alignment of governmental functions through systematic processes. This can theoretically facilitate coordinated and integrated action across the various organs

of the state and simultaneously underwrite the country's socio-economic development goals. This requires that Government align its policies, strategies, programmes, and projects to avoid duplication and unnecessary spending in governmental units.

Conceptions of "value for money" and "outcomes-based" governance entered the public sector arena mainly through the New Public Management (NPM) paradigm. These ideas focus on the end results (that is output, outcomes and impact) of government policies and projects. The aim of this paper is to focus rather on the input dimension of government. This input should be coordinated and aligned effectively in order to render value to society in the long run. Citizens who are at the receiving end of service-delivery projects, only experience the successes and failures of such projects since its outcomes are more visible, for example potholes in streets, walls that crack, and leaking sewerage pipes. Citizens as end users are typically oblivious to the total value chain that should be in place to render these services eventually. This entails the so-called "back-office engineering" of Government's architecture.

Objective

The objective of this paper is to reflect on the interlocking and complex levels of value chains that Government should follow on vertical, horizontal and institutional levels. These

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chains can be implemented to transform policy into service-delivery projects by various governmental institutions in the three spheres. In addition, the paper proposes dimensions and elements of a Public Service Value-chain Network Model to facilitate further analysis on this matter. The focus of the paper is illustrated in Figure 1.

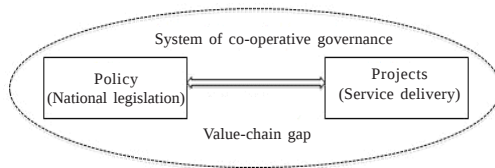


Fig. 1. Conceptual map for value-chain analyses
Source: Author

To connect policy (intent) and project (action) within a system of co-operative governance, dimensions and elements are uncovered that could help construct a value-chain network model, which could give a more detailed analysis of governance processes. This model could provide a more holistic vantage point, help avoid fragmentation in analysis, and facilitate (neo-) institutional analysis in Public Administration as field of study.

OBSERVATIONS AND DISCUSSION

The Network Mode of Governance

The notion of “network” governance emerged mainly due to the realisation that government institutions are often only one of many actors that constitute a network to implement public policies. The discourses on state-centric governance, meta-level governance, the futuristic role of government in society, aid in the growing prominence of network thinking in governance (see Meek and Thurmaier 2012). Furthermore, interest in systems, dynamics, and processes regarding networks has led to the development of various classical and contemporary theories and analytical models such as-

- Bureaucratic Theory;
- Transaction Cost Theory;
- Agent Theory;
- Scientific Management Theory;
- Rational Choice Theory;
- (Applied) Systems Theory;
- Organisational Network Analysis; and
- Structural-Functional Analysis.

Attempts to structure the above mentioned theoretical and empirical investigations into the nature, structure and architecture of this network of actors are thus not new. In his study of decision-making in Government, Allison (1971), for example, utilised the Rational Actor Model, the Organisation Process Model, and the Governmental Politics Model. All three models provide useful theoretical frameworks to investigate the interrelationship between a range of actors involved in governance. These models can, however, also be reductionist since they only focus on particular dimensions of networks. Other exponents of these frameworks are Ostrom (1990), who focused on public service “industries”, and Elmore (1985) who proposed that policy networks were to be “mapped backwards and forwards”. Hjerm and Hull (1982) furthermore suggest that networks and structures to implement policies should be investigated in government. For their contribution Malone et al. (1987: 484), utilised Transaction Cost Theory to guide “value reconfiguration” processes in organisations involved in networks. These attempts brought a variety of conceptual approaches together for a common interest, namely to investigate the nature and dynamics of networks in governance.

Network analysis hence emphasises the need for systems thinking (see Senge 1990) and an external focus. Thinking in terms of systems and the external dimension of public institutions, include the realisation that hierarchical bureaucratic control in all likelihood will be replaced by processes of collaboration and bargaining among a network of institutions. Furthermore, a network mode of governance generally influences the following elements: norms, intergovernmental systems, interfaces between state and society, legislative and rule configurations, societal patterns, and state traditions. To guide administrators in this new mode of governance, Snellen et al. (2012: 184) propose “chain thinking” in public administration. This mode of thinking refers to cooperation between independent organisations in order to solve a dominant chain problem or a system-wide problem that puts the whole chain’s value at risk. Chain thinking leads to the realisation that no chain partner is able to solve the problem in the chain on its own. Such chain thinking is already evident in conceptions of “supply chain management” as well as “accountability chains” in Government (National Treasury 2004: 8).

Integrated Service Delivery through a Whole-of-Government Approach

The establishment of networks in government brought about certain dynamics and complexities, necessitating a more integrated approach to governance. Uncoordinated actions of various public institutions on different spheres of government may lead to fragmentation. Such fragmentation may result in a mismatch between policy and programme design and societal priorities. Globally, governments, therefore, strive to overcome single-purpose approaches. As a result the whole-of-government approach emerged as possible answer to overcome fragmentation (Christensen and Laegreid 2007). This approach refers to a mode of governance that avoids public administration in silos, moving towards the creation of formal and informal networks. Governments hence aim to have a coordinated, synergistic and collaborative response to societal challenges and needs (Wildavsky 1992). A whole-of-government approach promotes close cooperation between government, civil society, and business on the various levels – national, local government, as well as communities.

Power-sharing arrangements in Government impact significantly on the functions, structure and process of public administration. A country such as South Africa is characterised by a multiplicity of administrative systems, which shows varying degrees of overlapping and interaction. These administrative systems also entertain different levels of autonomy from central administrative institutions. Montesque's principle of *Trias Politica* (separation of powers between the legislative, executive and judicial branches) is coupled with the devolution of state power. Such a state of affairs generally leads to a situation in which each sphere of government (that is national, provincial and local) designs its own system and processes of administration. Collectively, constitutional, legal, and political arrangements present a multitude of administrative and governance alternatives. This causes public administration to be a complex mix of jurisdictions, competencies and processes. A maze of institutions with different mandates and jurisdictions are thus involved in the various aspects of governance. As stated previously, such a state of affairs has many implications for a whole-of-government approach in public administration. Scholars and practitioners have to take cogni-

zance of the complexities associated with a network of actors involved. Researchers have to appreciate the respective roles and contributions of different institutions operating at multiple tiers and spheres of government. Both networks and a whole-of-government approach are thus greatly significant when analysing value chains in Government.

Value Chains in Government: Conceptual and Contextual Clarification

A literature survey reveals that the origins of the concept "value chain" in organisations can be traced back to Michael E. Porter. He developed this concept in 1980 in his publication *Competitive Advantage*. Porter regards a value chain as a model explaining how organisations obtain resources as input, adds value to it through various managerial processes, and produce finished products and/or services (output) to customers. Porter (1985) furthermore refined the value chain by focusing on its primary processes (that is input, processing and output) and its support activities (that is distribution, resourcing and after-delivery service). The total value delivered at the end of the value chain can be regarded as the sum total of the value accumulated throughout the series of activities (Hansen and Birkinshaw 2007). The goal is to deliver maximum value for the least possible total cost (Gereffi et al. 2001; Homburg et al. 2009: 40). A perspective of the value chain also helps organisations to separate useful activities from those not adding value (Marson and Heintzman 2009). Such a perspective means to identify each section of the value chain and to observe where improvements can be made (see Kaplinsky 2002).

In the early 1990s, the influence of a new school of thinking in public administration came to the fore, known as "New Public Management" (NPM). A fundamental premise of NPM is that market-like approaches should be followed to realise value for taxpayers' money by focusing on Government's outputs and outcomes (OECD 2010: 55). To comply with this approach private sector practices entered the public sector domain and "managerialism" (Pollitt 1993) hence became widespread.

Osborne and Gaebler (1992) further introduced conceptions of "reinventing" Government to illustrate how creativity, entrepreneurship and innovation should be adopted by government

administrations. By introducing NPM conceptions of “value-for-money”, “performance orientation”, “outcomes-based” and “results-based” governance increasingly entered the public administration practice and derived concepts from its lexicon (Osborne and Plastrik 1997: 43). These conceptions place emphasis on the *value* that can be added to government processes for improved service delivery. In other words, it focuses on how taxpayers get value for their money. Alter (2008: 72) adds that when applying conceptions of value within the context of service delivery, one needs to clarify issues such as value for money, cost-benefit, service excellence and customer-care. The adoption of a value-chain perspective in the public service thus has a certain merit. This perspective joins the “chain” idea and the “value” dimension to form a *value chain*.

Marson and Heintzman (2009) report that since the 1990s, public service improvement was globally recognised as a priority. To remedy challenges associated with the rendering of services, public sector organisations searched for ways to improve the performance of public institutions. In South Africa, for example, the White Paper on Transforming Public Service Delivery, 1997 (*Batho Pele*) provides specifically for the value-for-money principle. The Public Service Commission (PSC) (2007: vii) highlights, however, that Government seems to have no conceptual clarity on applying this principle. The PSC (2007: viii-ix) suggests that the following systems and processes should be in place to facilitate value for money in government processes:

- Develop performance indicators to measure how departments deliver and assess the services for which they are responsible.
- Incorporate the concepts of economy and efficiency into practice of value for money, for example benchmarking of costs and other approaches to measure economy, which could help estimate costs.
- Establish clear norms and standards.
- Obtain customers’ input on service expectations.
- Establish effective procedures for Supply Chain Management (SCM).
- Design a performance reporting system.
- Improve the quality and credibility of non-financial data.

As was pointed out it could be argued that by the adopting these measures, the value-for-money principles could significantly enhance various value chains in Government.

Elmore (1985) proposed that policy networks should be mapped “backwards and forwards”. In the same vein it is the contention of the author that Government’s value chains should be mapped to identify potential obstacles, bottlenecks, and bureaucratic complexities. In this way translation of national policy into service-delivery projects could be streamlined. In their support of this notion, Kaplinsky (2002) and Marson and Heintzman (2009) suggest that a service value chain adds significant value by providing a “bidirectional, cross functional approach that can enhance cost-efficiency”. Rabin et al. (2007: 1086) in turn regard a value chain in Government as an “arrangement of activities and tasks undertaken to add or create value”. They further argue that arrangements of governance increase value chains’ efficiency by managing the sum of transactions in Government. Otenyo and Lind (2006: 623) also confirm that value-chain analysis in Government generally improves the design and delivery of services by aligning support systems such as administrative and logistical functions with primary delivery systems. This view is congruent with the initial conceptions of Porter (1985) as highlighted above.

Policy and Project Value Chains

As the title of this paper suggests, a value-chain network model is proposed to bridge the potential gap between policy and projects. Therefore it is important to provide a brief exposition of these concepts within the context of a value chain.

Policy-making Value Chains

Although there are various definitions of public policy, scholars generally concur that the main purpose of public policy is to maintain and improve human well-being by focusing on problem-solution (Anderson 2000: 4), by the legislator (Hanekom 1992: 7) through the allocation of resources (Cloete and Wissink 2001: 11). Furthermore, different authors present diverse phases in the policy-making process, but there is a general consensus that the process at least includes the following phases:

- policy problem identification;
- policy agenda-setting;
- policy formulation;
- policy adoption;
- policy implementation; and
- policy evaluation and analysis.

These phases can be presented as a value chain (see Fig. 2). For example, if the policy problem (phase 1) is not properly defined, the policy proposal (phase 3) will not be formulated adequately to address the problem effectively. The successes or failures in the one phase thus lead to corresponding outcomes in subsequent phases along the policy value chain.

Especially the phase of policy implementation is significant for this paper. This is because the value chain perspective centres around the implementation phase by unpacking it by means of executive strategies, programmes and projects. A further important point is that public policy can be examined on four levels. These levels are interrelated to such an extent that it becomes practically impossible to draw an absolute dividing line between them (Hanekom 1992: 10). These levels include the following forms of policy:

- Political or party political policy generally refers to the programme of action prepared by a specific political party.
- Government or national policy translates the ideas of the political party into practical objectives by reflecting the direction in which society is to be steered.
- Executive policy generally emanates from government policy resulting from the close collaboration between senior public managers and political heads.
- Operational or administrative policy is the most specific one to note and is aimed at ensuring the effective execution of departmental operations. Hereby Government's policy is implemented at the operational level. It deals with matters such as utilising and maintaining personnel, determining work methods and procedures, and establishing appropriate arrangements for control.

Figure 3 illustrates the hierarchical nature of the value chain for levels of public policy.

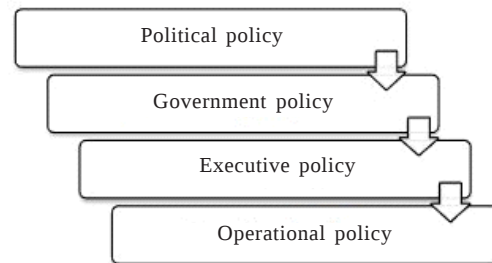


Fig. 3. Policy level: Value chain

Source: Author

Schmitz (2005) applies analyses to the policy arena by focusing on the value chain in order to provide useful information for policy makers on all spheres of Government. The analysis explores the steps involved in translating policy into implementation initiatives (that is, projects). This entails the cascade of policy –

- from the top level (political policy or party political policy) to an intermediate level (government policy);
- from the second to the third (executive policy); and
- from the third to the fourth level (administrative policy).

The cascading of policy from one level to the next represents the translation of the broad scope of political policy into specific project activities.

National policy (that is legislation) is translated into strategies through various government departments, agencies and entities on national, provincial and local spheres. These strategies, as described in strategic plans, in turn, are executed by means of programmes (cf. De Coning and Günther 2009: 45). Programmes can be regarded as a portfolio of projects. Projects are thus the operational vehicles through which policy is executed.

Project's Value Chains

Turner and Bitz (1991: 8) regard a project as an attempt to organise human, financial and other



Fig. 2. Policy-making process's value chain

Source: Author

resources required. These resources are organised to systematically undertake a well-defined scope of work within specification, time frame and cost parameters. This is done to achieve beneficial change defined by quantitative and qualitative objectives. Van der Waldd and Knipe (2002: 60) understand a project as a collection of tasks that has a beginning and completion date, a dedicated budget and quality parameters. Projects are carried out by a team to meet an objective as defined by a sponsor.

Methodologies of project management such as PRINCE2, PMBOK, and OPM3, guide organisations to transform their policy. Especially the OPM3-model (Organisational Project Management on three levels, namely portfolios, programmes and projects) provides a meaningful approach to translate portfolios into programmes and eventually into projects. The Project Management Body of Knowledge (PMBOK™) as official standard of the Project Management Institute suggests the following generic phases in the life cycle of a project. These linear phases present a value chain ranging from the conceptualisation to the closure of a project (see Fig.4).

To translate policy into projects, a more integrated approach is needed to appreciate the value chain developing between policy and projects. Figure 5 indicates the stage when the value chain becomes relevant for the policy as well as for the project.

It is evident that the project value chain commences during the phase when the policy is im-

plemented. As stated earlier, projects are generally utilised as instruments or vehicles to execute policy.

In the following section the value chain for policy-making and for project management are placed within the context of South Africa's system of co-operative government.

The System of Co-operative Government in Brief

The following aspects accentuate the complexities associated with systems of government: the network mode of governance, the quest for value-for-money, the need for a whole-of-government approach, as well as dispersed value chains related to policy and projects. This is especially true for a country like South Africa, characterised by a cooperative system of government.

On its most fundamental level co-operative governance refers to three spheres of government working together to provide services by means of a comprehensive, whole-of-government approach. The Constitution of the Republic of South Africa, 1996 (Chapter 3, Section 41) stipulates that the three spheres have to assist and support each other, share information and coordinate their efforts. The Constitution further demands that the three spheres of government should be distinctive, interdependent and interrelated. Although these three spheres of government generally perform functions autonomously, they are part of a unitary system of government meaning that they have to coordi-



Fig. 4. Project management's value chain

Source: Author

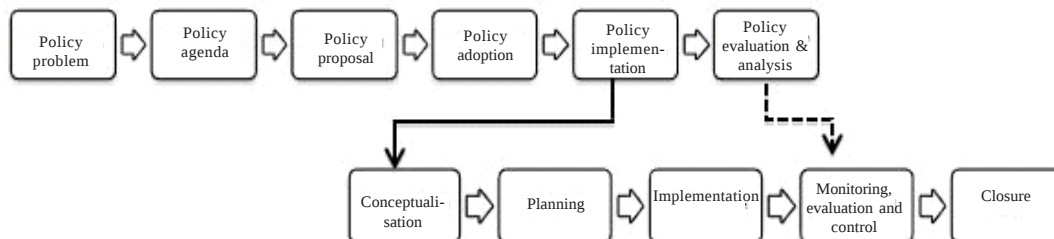


Fig. 5. Value-chain interface between policy and project management

Source: Author

nate their budgets, programmes and projects, particularly those that cut across the respective spheres. It should be noted that the private sector increasingly play a significant role in governance by means of mechanisms such as public-private partnerships, outsourcing, commercialization of services, and so forth. The role of the private sector, however, falls outside the focus of this paper.

The vertical value chain can be presented as follows (see Fig.6):

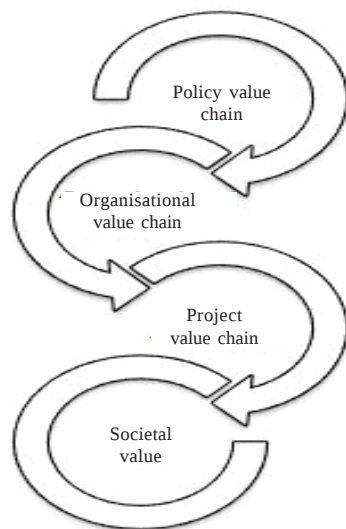


Fig. 6. Vertical value chain in Government

Source: Author

The respective “chains” in this value chain are highlighted below.

Policy-making Value Chain in Co-operative Government

Since democratisation in 1994, South Africa is characterised by vibrant and often volatile interactions within the political arena. Based on the principles of a constitutional democracy, political processes are guided by the Constitution of the Republic of South Africa, 1996.

Societal needs and problems are placed on the political agenda through political parties, the media and other pressure groups within society. After proper consultation with all relevant stakeholders consensus should be reached on the interventions required to address the particular issue. The national department in which policy

domain the issue resorts should then design a draft bill on the issue. On approval by the political head (Minister), the draft bill is submitted to a Cabinet Committee, namely the Legislation and Proceedings Section, for recommendations. The bill may first be tabled at either the National Assembly of Parliament, or at the National Council of Provinces. Once the President signs the bill it becomes an Act of Parliament.

Value Chain for Policy Planning in Co-operative Government

Once an Act of Parliament (that is national policy/legislation) is promulgated the executive authority has to begin detailed planning for the operationalisation of the Act between the various spheres of government. As stated earlier, alignment in government is facilitated by vertical and horizontal coordination. Vertical coordination in this context refers to the planning processes, mechanisms and instruments that are in place to translate national policy into sectoral plans and programmes.

On national level, Government is characterised by a complex web of planning value chains by which to facilitate policy implementation. In February every year the President of the country delivers his State of the Nation Address (SoNA) in which broad policy directives and priorities are issued. The country’s National Development Plan: Vision 2030, provides an overarching planning framework for the content of the SoNA. The Presidency’s Policy Coordination and Advisory Services is a branch that conducts research and provides analytical support and advice to the Office of the Presidency on policy issues and the various aspects of coordinating, implementing and monitoring a policy. Based on the SoNA, the Government’s Programme of Action (GPoA) provides a comprehensive framework in which so-called “apex” priorities are determined. The GPoA consists of five clusters representing the respective government sectors. The clusters foster integrated governance by enabling more effective cooperation and coordination between government departments.

Horizontal coordination is especially relevant within and between the sectoral departments on national and provincial spheres. Each of the five clusters has forums and coordinating mechanisms to promote cooperative governance

among the respective spheres. Five Ministerial Cabinet clusters are further tasked with the integration of policy and strategic programmes between national and provincial spheres. These Cabinet clusters thus aim to reduce governance fragmentation and to ensure that each government department is aware of the other's operational activities in areas of common interests and where their work may begin to overlap.

The Cabinet *Lekgotla* (a strategic planning session) which is held annually in July, reviews progress made on government's strategic priorities as outlined in the GPoA. This review session further lays the foundation for the next annual planning cycle and the budget estimate adjustments within the Medium-term Expenditure Framework (MTEF) period. Presidential *Imbizos* (consultative sessions) aims to "take Government to the people". During these sessions, the president, the deputy president, the national ministers, provincial premiers and members of executive councils (MECs) conduct visits with ordinary South Africans in communicating Government's progress on the various projects.

On the provincial sphere, the respective premiers deliver their State of the Province Address shortly after the SoNA to set policy priorities for each of the nine provinces. Provincial legislatures must also design a Provincial Growth and Development Strategy (PGDS), which serves as instrument for planning and implementation of the policy.

On the local sphere of government, South Africa has 278 local, district and metropolitan municipalities. These municipalities are required to prepare an integrated development plan (IDP) in terms of the Local Government: Municipal Systems Act 32 of 2000. The IDP is a strategic planning instrument of Council through which local communities are consulted on their developmental needs and priorities. The respective IDPs of all municipalities within a province must be aligned with the provincial PGDS.

The IDP is operationalised by means of a "top-layer" (strategic) Service Delivery and Budget Implementation Plan (SDBIP). This Plan interprets the five year IDP in terms of annual performance contract between the municipal administration, council and community. The SDBIP should indicate the following aspects of the Plan: the responsibilities of each senior manager, the resources (input) to be utilised, and the milestones for each deliverable (output). The SDBIP should thus provide a holistic perspective of all municipal operations in key performance areas, budget allocations per delivery area, as well as associated monitoring and oversight procedures. Both the IDP and SDBIP thus serve as effective instruments to implement policy by identifying essential projects of service delivery.

The value chain for policy planning as briefly outlined above, is illustrated in Figure 7.

The important features of vertical-planning alignment include the following gains: intergovernmental relations, public accountability, coor-

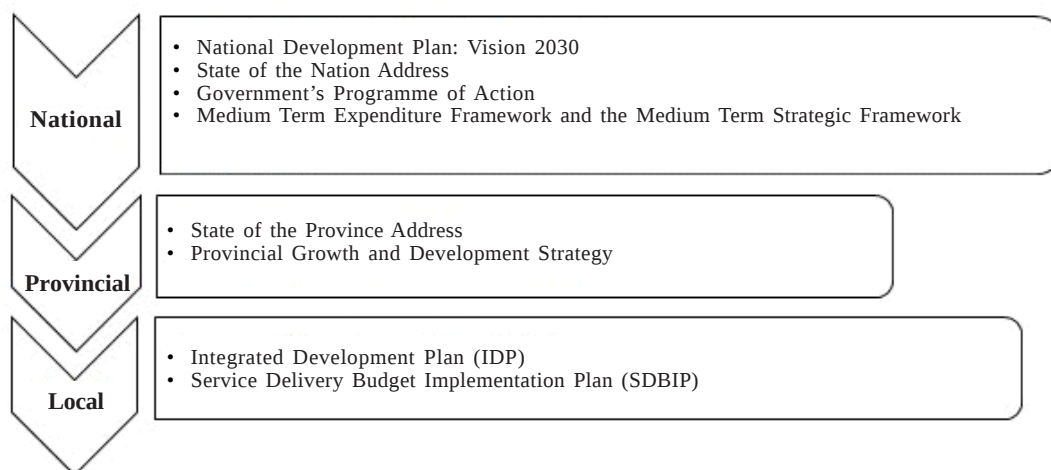


Fig. 7. Vertical policy planning's value chain

Source: Author

dination and integration, effective implementation (that is service delivery), dispute resolution and sustainable development. The following structures and mechanisms are in place to achieve these ideals of mutual consultation and coordination of policy planning:

- The President's Coordinating Council (PCC);
- National Intergovernmental Forums (MINMECs);
- Provincial Intergovernmental Forums (Premiers' Forums);
- District intergovernmental Forums; and
- Inter-municipality Forums.

Organisational Value Chain

The executive authority in the system of co-operative government is dispersed into national, provincial and local spheres. In the national sphere the respective national departments are responsible for specific competencies such as health, education, housing, and safety. National departments, however, need to decentralise some of these competencies by means of departmental policy directives to both provincial departments and municipalities. The Directors General of all national and provincial departments meet regularly to devise concretised plans. These meetings take place in a structure called the Forum of South African Directors General (FOSAD). Each Director General has to make sure that his or her department has clear plans to implement policy. They present these plans to Cabinet, usually by means of the Budget Vote for the particular Ministry.

Each institution needs to perform effective, efficient and economical in order to implement the policy effectively. This implies an organisational value chain whereby resources (input) allocated to the respective institutions, are successfully transformed through organisational systems, processes, and activities, into output (service-delivery projects) and outcomes (value to society). In congruence with Quinn's (2014) opinion that the management of an organisation can be regarded as a "chain of interrelated functions", an organisational value chain refers to the dimension of "micro performance" (see Bouckaert et al. 2002) of public service value chains. It refers to processes (flow chart) which government departments or municipalities follow in acting as agencies to execute projects (service delivery). These value chains present dimensions of input, processing and of output.

The processing dimension, for example, would comprise:

- budgeting and financing, including supply chain management;
- logistics and operations;
- Information and Communication Technology;
- human resources (including leadership, and supervision);
- departmental infrastructure (office equipment, buildings, and so forth); and
- Management (i.e. planning, coordination, control, organising).

Project Value Chain (Policy Execution)

Projects can be successful only if organisational value chains succeed. The availability and allocation of organisational resources, for example, will have a direct bearing on project input, and the quality of management processes will impact directly on planning and executing projects.

Projects are executed within national and provincial spheres by national and provincial government departments, and in the local sphere by municipalities. Municipal IDPs and SDBIPs, as stated above, provide the basis for the design and execution of projects. Top-layer SDBIPs are operationalised further by means of departmental SDBIPs. The IDP and SDBIP also serve as instruments for municipal councillors (that is, elected political representatives) to perform their oversight responsibilities during the implementation of these service-delivery projects. Municipal performance scorecards are mainly utilised for this purpose. Additional structures and mechanisms such as Internal Audit, the municipal Performance Management System (PMS), annual and quarterly performance reports, are used to monitor and assess the execution of projects. The value chain for IDP/Projects is illustrated in Figure 8.

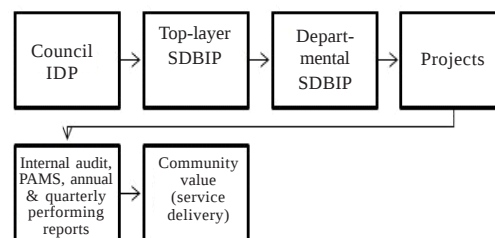


Fig. 8. IDP/Project value chain

Source: Author

The IDP must make provision for both vertical and horizontal alignment. Horizontal alignment implies cooperation and alignment among municipalities. On the other end of the scale, vertical alignment refers to alignment and synergy between national and provincial departments and municipalities. These departments are expected to provide policy and planning input to municipal planning processes as well as technical advice. National and provincial departments should furthermore ensure that municipal planning, programmes and projects are alignment with sectoral programmes. There should thus be syntheses in top-down and bottom-up planning processes between the different spheres of government. Regarding vertical alignment and coordination, national and provincial government departments should accommodate the priorities reflected in the respective IDPs when devising their strategic plans and executing their projects.

Section 155 (6) of the Constitution, mandates provinces to monitor and support municipalities and to promote the development of local government capacity. A key actor in this regard is the Department of Co-operative Government and Traditional Affairs (CoGTA), which is responsible for coordination, monitoring and support regarding projects. Insufficient coordination between the three spheres may result in sector-driven projects being implemented without considering area-specific realities and operational and management capacities.

Towards a Value-chain Model to Translate Policy into Projects

Most examples of value-chain applications in Government focus on the output dimensions of the value. The Service Value Chain and the Service Profit Chain models, for example, illustrate simple steps to improve, enhance and maintain customer satisfaction (cf. Anderson and Mittal 2000: 108). In the case of the Canadian Government, Quinless (2012: 7) applied a Service Value Chain model to pinpoint “drivers” for customer satisfaction. The drivers identified were timeliness, knowledge and competence, courtesy, fairness and outcome. Hansen and Birkinshaw (2007) confirm that the Service Value Chain model is able to influence and improve service delivery within the public sector. The Service Value Chain addresses quality of service delivery from the beginning by emphasising the

significance of a happy and competent workforce (Allee 2000). In contrast, the Service Profit Chain Model can influence the internal and external focus of service delivery in the public sector by stressing the quality of service delivery.

Both the Service Value Chain model and the Service Profit Chain model have limited application value for this paper, since these models focus on value chains within governmental institutions and negate a broader systemic perspective. These models add little value, particularly to the network and whole-of-government modes of governance, Allee (2000: 36) in this regard presents the idea of a “value network”. Allee argues that a typical value chain present a linear production process, whilst modern modes of governance require the perspective on a more “fluid network”. The notion of a value-chain network is adopted for purposes of this paper in order to propose a Value-chain Network Model for the South African Public Service.

When designing a Value-chain Network model (VCNM), Alter (2008: 72) added further value by proposing a “service value chain framework”. The concept of a framework augments the dimension of an extended network by providing a broader perspective on the various structures and functions that make up the service. A further contribution to the design of a value chain model are made by Bouckaert et al. (2002), who distinguish two distinct streams with different focal points within Government’s performance.

- Macro-performance refers to the role of Government in rendering public services and goods such as economic growth, employment, health care, and education.
- Micro-performance includes administrative practices in public institutions.

Bouckaert et al. (2002) furthermore propose a theoretical model, a “hypothetical flow chart”, to illustrate how improvements in service delivery might have an influence on “a posteriori trust” (after the facts) in Government. The ideas of a macro and micro value chains as well as flow charts add specific application value to the design of a value chain model.

A further important dimension when designing a value chain model is coordination between various structures in different spheres of government. Coordination has vertical, horizontal and intra-organisational dimensions. On a vertical level coordination should be carried out through overall national policies and approaches in the different spheres of government. Horizontal coordination, in turn, occurs between in-

stitutions within a particular sphere. Intra-dimension means coordination should occur within an institution to connect its systems, processes and functions. These three types of coordination have a direct bearing on the conception of value chains in Government.

In constructing a model the following elements and dimensions are extracted from the theoretical analysis above (Table 1).

Table 1: Value chain elements and dimensions

<i>Value chain elements</i>	<i>Value chain dimensions</i>
• Network • Whole-of-government • Value framework • Flow charts, mapping backwards and forwards • Bi-directional and cross-functional • Cooperative government • Intergovernmental relations	• Political processes • Policy-making process • Vertical planning and coordination • Horizontal planning and coordination • Organisational processes • Project processes

Bringing it All Together: Network Model for a Public Service Value Chain

Figure 9 places the vertical, horizontal and organisational dimensions of alignment within the context of the South African system of co-operative government. Furthermore, it provides for three main value-chain processes, namely (a) a policy-making value chain, (b) a vertical and horizontal value chain for policy planning, and (c) a policy-implementation/project value chain. It should be noted that these three value chains are highly interrelated and not always linear in nature. The model, however, helps establish a framework for more detailed analyses.

The value added by the above mentioned model includes the following gains:

- Brings into perspective the elements and dimensions uncovered in the theoretical exposition.
- Is non-complicated enough to allow a more detailed analysis of each value chain within the network.
- Unlike other value chain models, it includes the dimension of policy planning.
- Places the value chain within the context of co-operative and network governance by focusing on vertical and horizontal coordi-

nation between the respective spheres of Government.

- Highlights the place of the organisational value chain in executing projects successfully.
- Links policy with projects (that is, service delivery) by means of a value chain to bring the dimension of value-for-money to society.

CONCLUSION

The purpose of this paper was to design a Public Service Value-chain Network model for directing the translation of policy into projects. This was done within the context of cooperative government in South Africa. This endeavour was particularly ambitious given the highly complex and dynamic nature of the network of actors, structures and mechanisms involved in the making and implementation of policies in a whole-of-government frame. The purpose, however, was not to conduct an in-depth analysis of this network, but rather to establish a broad framework to guide such an analysis. An underlying secondary purpose of the paper was to inculcate a value perspective (that is, value-for-money, performance) in the public service.

RECOMMENDATIONS

The recommended Public Service Value-chain Network model provides for three interrelated and interdependent value chains. Successes and failures in one chain will in all likelihood lead to successes and failures in the next one. The construction of further more detailed value-chain models is recommended to establish frameworks for analyses and to appreciate the complex nature of networks, a whole-of-government approach, and value-adding dimensions within a system of co-operative government. This model could guide further analysis in value chains of Government, by translating policy successfully into projects and adding value to society through improved service delivery.

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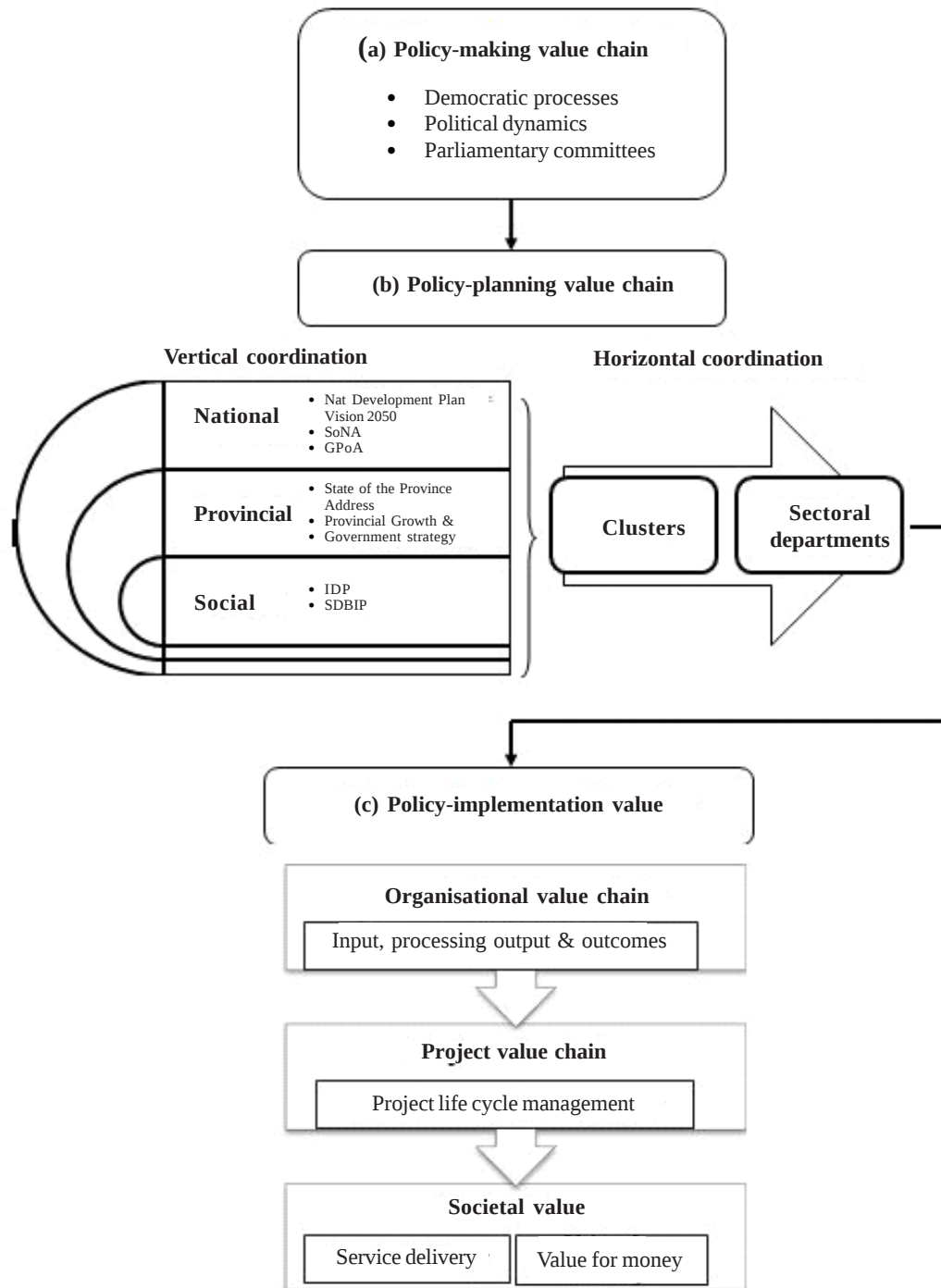


Fig. 9. Public Service Value-chain Network Model
 Source: Author

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