CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1   INTRODUCTION

Competitive Intelligence (CI) has become increasingly important for organisations in the private sector, or profit-making organisations, because the level and intensity of competition has increased in recent years. CI helps organisations in the business environment to understand and respond to their competitors and the competitive environment (Horne & Parks, 2004: 33). This increase in the level and intensity of competition has also affected the public sector, or non-profit-making organisations, such as Public Service departments.

While it can be argued that CI is of limited value or importance to public sector organisations, since there is a lack of profit motivation in this sector, and the functioning and structure of these organisations differs from the private sector organisations to which CI principles are usually applied, it is believed that public sector organisations are becoming more like traditional profit-making organisations. Given the current economic environment within which these organisations function; the increased scrutiny in the operations of these organisations; the increased level of accountability placed on them; and the new and improved service delivery options that are now available to these organisations, it is suggested that CI can benefit these organisations on a similar level as it does private sector organisations (Horne & Parks, 2004).

CI has the ability to justify its existence in profit-making organisations with regard to profit margins. "It can improve the organisation's short term profits by improving the quality of tactical decisions and can increase its long term value by guiding management to make superior strategic decisions that increase shareholder value," (Wagner, 2003: 70). This author further points out that CI fits within the operations of public sector organisations only if it maximises value to the organisation's

stakeholders. This refers to improving the quality of life of the general public or specific targeted demographic groups.

The aim of Public Service departments in most countries is to lead the modernisation of the Public Service by assisting government departments to implement their management policies, systems and structural solutions within a generally applicable framework of norms and standards, in order to improve service delivery (South Africa (Republic), 2004$_3$). Furthermore, Public Service departments exist to serve the needs of the citizens of the country, and all citizens have the right to expect high quality Public Services that meet their needs. The aim of Public Service departments in South Africa is to improve service delivery through the transformation and improvement of human resources and the improvement of service delivery practices.

Public Service organisations also need to perform similar types of strategic planning activities to their private sector counterparts. These activities include environmental analysis, resource analysis, goal formulation, strategy formulation and organisational or systems design. For the organisations to accomplish these activities they require a vast amount of internal and external data and this data has to be analysed in terms of its objectiveness and quality. This task is best carried out by the CI function, (Wagner, 2003). Therefore, this study is needed for Public Service departments.

1.2 THE NEED FOR THE STUDY

The unique nature of the services offered by Public Service departments such as intangibility, heterogeneity and perishability, make it very difficult to apply CI and tools and techniques to this sector. Hence, very little has been written about CI in the Public Service departments, (Wagner, 2003: 70-83). Since Public Service departments are not perceived to have any competition and there is no measure of profit and losses incurred by these departments, it is a challenge to stimulate service excellence.

Public Service departments do, however, compete, and the competitor is usually another service department of the government of the country. As indicated by Greenberg (1982), there are four key areas of competition for Public Service

organisations: competing for funding, for personnel, for users, and for influence and prestige.

According to Hendrikz (2003_1) the fundamental driving force behind enhancing service excellence in Public Service departments should be 'purpose' and, in line with this, every civil servant should be focused and committed to a specific aspect of providing an excellent Public Service to their citizens. After all, each Public Service department exists for a specific purpose.

In South Africa, the Public Service departments have undergone significant changes, in order to rectify the injustices of the past. These changes have meant that several processes which have rationalised functions, structures, legislation and resources, have been adopted. Despite much progress, it is noticed that government does not have sufficient capacity to deliver and sustain a quality service to its citizens (Khumalo, 2003). Many weaknesses exist within service departments and the customers very rarely, if at all, experience the "Wow Effect" after visiting these departments for service. The Public Service departments are the sole suppliers or providers of certain products or services that the citizens need. They have no direct competition and these departments usually do not close down or depend on the customer for their survival. As a result, little importance is placed on improving customer relations or service delivery. Even when these initiatives are implemented in these departments they usually fail to show any benefit since there is no motivation to change the way things are done. This means that the customer is left with poor service and very little bargaining power for better or more effective service from these departments.

In civilised and democratic societies, Public Services are not regarded as a privilege but rather they are a legitimate expectation. The *Constitution of the Republic of South Africa, Act 108* (South Africa (Republic), 1996*)* stipulates that Public Services and administration should adhere to a number of principles, including that:
- A high standard of professional ethics be promoted and maintained
- Services be provided impartially, fairy, equitably and without bias
- Resources be utilised efficiently, economically and effectively

- Peoples' needs be responded to
- The public be encouraged to participate in policy making
- It will be accountable, transparent and development-oriented.

Hence, the government of South Africa introduced the concept of *Batho Pele* in 1997 in the *White paper on Transforming Public Service Delivery* (South Africa (Republic), 1997). This concept encourages the notion of "putting people first" and provides a framework for transforming Public Service delivery. It is an initiative to get public servants to be service oriented, to strive for excellence in service delivery and to commit to continuous service delivery improvement. Further, it can be regarded as a transparent mechanism that allows citizens to hold public servants accountable for the standard of service they deliver. *Batho Pele* adopts a citizen-orientated approach to service delivery and it is informed by the eight principles of consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money (South Africa (Republic), 2003_1). The citizen is regarded as the valued customer of the service. Hence, the terms 'customer' and 'citizen' will be used interchangeably in this study.

Hendrikz (2003_2) portrays this customer-centered Public Service as one where the needs and priorities of the customers shape the structure and policies of Public Service departments where there is no corruption and all citizens have equal access to Public Services. In this Public Service, customers are treated with courtesy and consideration; if a promised standard of service is not delivered, an apology is offered and full explanation of effective remedy to the situation is provided. It would be a service where citizens do not have to stand in long queues, being shifted from one counter to another office, only to find that they are in the wrong department. It would be a service where Public Service departments operate outside of the traditional work hours of 8.00am to 4.00pm, and employees take their lunch and tea breaks at different times so that the customer never has to be turned away.

It is now twelve years since the introduction of *Batho Pele* and while much has been done to improve the situation, customers are still standing in long queues, being

shuffled from one counter to the next office, and are being met with closed doors and offices during lunch breaks (Hendrikz, 2003_2).

The Public Service is reportedly still operating within over-centralised, hierarchical and rule-bound systems that were inherited from the previous dispensation and it is difficult to hold individuals accountable because:

- Decision making is diffused

- Focus is on inputs rather than outcomes

- Value for money is not encouraged

- Innovation and creativity are not rewarded

- Uniformity above effectiveness and responsiveness is rewarded

- Inward-looking, flexible attitudes that are at odds with the vision of a Public Service whose aims are service to the people are encouraged, (South Africa (Republic), 1997).

With over a million people employed in the Public Service Sector in South Africa, (South Africa (Republic), 2005), it has become necessary to improve the quality of services that are offered. The introduction of service delivery improvement programmes cannot be achieved in isolation from the other management changes that are taking place in the Public Services. It needs to be part of a fundamental change in the Public Service work environment where the public servants see themselves as the servants of the citizens of the country and where the service to the public is their primary goal. It is further noted that improved service delivery cannot be implemented by issuing of circulars only, and it is not just an administrative activity, instead it is a dynamic process and to do this, Public Service managers require new management tools.

1.3   THE STATEMENT OF THE PROBLEM

The purpose of this study is to ascertain how competitive intelligence tools and techniques could be implemented in Public Service departments in South Africa to enhance the delivery of services.

Therefore, the aims of the study are to:

- Assess the current state of Public Service delivery in South Africa
- Identify gaps in the Public Service current strategies for service delivery
- Identify from literature how CI tools and techniques could contribute to the functioning of the service sector
- Identify the forms of competition that impact service delivery in Public Service departments in South Africa
- Identify initiatives adopted by Public Service departments to improve service delivery
- Design a new CI related framework for gathering and analysing information that can be used in all Public Service departments in South Africa to improve service delivery.

1.4   VALUE OF THE STUDY

Therefore, the focus of this study is to make recommendations to improve the quality of the services delivered by Public Service departments in South Africa by implementing CI tools and techniques in these departments. It was felt that if these departments functioned in the similar manner as the private sector or profit-making industries operated, it would help them to improve and sustain the quality of the services that they provide, and have a more positive impact on the economy of the country and the quality of the lives of the citizens.

Since a study of this nature has not been done in the Public Service departments, and the fact that very little is written about CI in Public Service or non-profit organisations, it is envisaged that the results will be beneficial in developing a CI strategy for implementation in the Public Service departments. This study will also fill the gaps that exist in this area not only in SA, but globally.

The study contributes to the fields of Development Communication and Competitive Intelligence, two of the core areas in Information Science.

Development Communication is regarded as a method of providing communities with information in a manner that enables the communities to use that information to improve their lives. It should be creative and innovative and the information received must clearly reveal how it can better the lives of the recipients, promote hope and trust within the recipients, and encourage its recipients to be interested in the contents, (Currin, 2004: 79). Development Communication also involves participation with communities or government departments to explain how programmes work and how they can be accessed. This study focuses on improving the quality of Public Service delivery to the citizens of the country and creating the means through which they can achieve a better quality of life. It also involves participation/collaboration with the Public Service departments and officials in order to collect and verify data for the study.

The CI component of the study will contribute to the innovation, creation, and quality of information that can benefit the quality of the lives of the citizens.

1.5   SCOPE AND LIMITATIONS OF THE STUDY

The following scope and limitations have been identified for the study:

- The study is aimed at the Public Service departments that fall under the Department of Public Service and Administration (DPSA). It does not include other service departments that fall under the private sector and are profit-making.
- The identified CI tools and techniques were chosen for use in a large Public Service department but they could be also be used in all the other smaller Public Service departments in South Africa.
- The outcomes of the study will not serve as a prescribed method of practice in Public Service departments in South Africa, but rather as a recommendation for the improvement of service delivery.
- This study will not provide a historical or general overview of South African Public Services as this has been covered in literature (Naidoo, 2004) and, therefore, is not the focus of this study.

1.6   RELATED LITERATURE

Management strategists in most organisations in the world are relying more and more on the practice of Competitive Intelligence to succeed and sustain their businesses. Editors Prescott and Miller, in the book entitled *Proven strategies in competitive intelligence: lessons from the trenches (2001)*, provide a collection of case studies that describe the successful Competitive Intelligence operations that are used by the world's most famous market-leading companies. This provides a good background and understanding of the dynamics, reasons for implementing, and usefulness of CI. Furthermore, it identifies the most interesting innovations and innovators of the leading markets that are experimenting with the development of Competitive Intelligence systems, tools and strategies in order to contribute to sustainable and improved growth and profit. Lessons learned from these case studies can also benefit other companies planning to embark on CI activities, as they identify the best practices to follow in this field.

Since CI is a relatively new management concept, it is necessary to ensure that an accurate understanding and definition of CI is obtained. Several terms such as Business Intelligence, Competitor Intelligence, and even Industrial Espionage are found in literature to express the concept of CI. The basis of CI is knowing the difference between information and intelligence. Executives usually have to read through several reports and proposals before making decisions, and it is often found that they are overwhelmed with information and lack intelligence that will enable them to make more efficient decisions. Therefore, it can be said that companies that are able to turn information into intelligence will succeed.

A comprehensive definition of CI is "the legal collection and analysis of information regarding the capabilities, vulnerabilities, and intensions of business competitors conducted by using 'open sources' and ethical inquiry," (Society for Competitive Intelligence Professionals, 2008).

Kahaner (1997) eloquently discusses what the new world of CI is by showing how companies efficiently, systematically, and economically collect information, analyse, and use it to make decisions. This understanding can assist the decision makers in the

public sector in making more informed decisions concerning improving the quality of services offered to citizens.

While much has been written about CI in large profit-making organisations, it is true that very little relevance has been placed on the value and implementation of CI in the service sector. Furthermore, when literature alludes to the service sector, it predominantly refers to private sector services or for-profit services. *Managing frontiers in Competitive Intelligence, edited by Fleisher & Blenkhorn* (2001) is a commonplace example of this. Only a single chapter in the book discusses CI in the service sector (profit-making services) while the rest of the book cuts across several dimensions of business practice and discusses new ideas, techniques and tools for managers in Competitive Intelligence.

Fleisher and Blenkhorn's single service-sector chapter refers to the unique characteristics of service industries that make it necessary to differ the traditional CI process when performed in these industries. It also discusses the differences and similarities between CI in product-based and service-based industries. The chapter culminates in the development of a CI value-chain for service industries, a framework for gathering information and competitive analysis, and a service-quality competitive analysis model. However, no empirical tests were carried out using these tools in the service sector environment to validate their usefulness, hence, room has been left for further research, (Clarke, 2001: 222). The researcher has taken this challenge and has decided to investigate the need for and use of these CI tools and techniques to enhance the quality of service delivery in Public Services in South Africa. The chapter in Fleisher and Blenkhorn's book has served as the background upon which this research has developed.

Most organisations, and individuals alike, confine competition to just the other companies performing the same function as they are, and literature usually refers to these as 'the direct competitors' or 'traditional competitors'. The basic reason for this could be the fact that it is relatively easy to spot traditional competitors, study and analyse them. However, it must be realised that in the business world, competition can be 'anything and everything' that will send the customer away from your door (Sawyer, 2002: 7). The service sector has a diversity of competition present, usually

in an intangible form, and this makes it more complex for CI processes to be implemented. Sawyer (2002: 8) is the first and only author, thus far, who focuses on CI for service-sector industries. While the work also, largely, concentrates on for-profit services, it does talk about services where human labour, with value-added expertise, or human capital, forms the core of the business. This is the situation in the Public Service and many of the cases and strategies outlined can be applicable here. Therefore, they provide a good understanding of best practice in CI for the Public Services in South Africa.

CI is about differentiating between catching up and breaking out of an industry and then positioning oneself beyond best practices to invent new practices. It is about understanding the difference between getting better and getting different and then learning how to get different in ways that will stun and thrill customers. It is for this that the Public Services in South Africa should strive. Hamel (2000) discussed these issues as well as the challenges that many companies, such as the Public Services, face in reinventing themselves not just in times of crisis, but continually. It also provides an understanding of how companies can continue to grow and thrive in ever-changing turbulent times such as the situation in South Africa at present.

It is important for the Public Service sector in South Africa to improve its quality of service delivery, not only by comparing its performance with other sectors within South Africa, but also by positioning itself among the best in the world. This can be achieved by bench-marking with other global industries and by implementing the most recent CI strategies, tools and techniques. Recent literature on these aspects can assist in making sure that the most suitable and appropriate CI tools and strategies are implemented to enhance service delivery in the Public Services (Blenkhorn & Fleisher, 2005; Fleisher & Bensoussan, 2003).

No study relating to CI can be regarded as complete without reference to the Society of Competitive Intelligence Professionals (SCIP) (Prescott & Fleisher, 1991). This professional body has produced various publications, such as the '*Competitive Intelligence Magazine*', the '*Journal of Competitive Intelligence and Management*' and the proceedings of conferences. These publications aim to further the development of CI and to encourage greater understanding of the management of

competition. They are regarded as an indispensable source of inspiration and "how to" guidance from people who understand best the challenges that organisations face (Society for Competitive Intelligence Professionals, 2008).

As far as management theory is concerned, there seems to be consensus regarding the need to develop better explanations about performance, effectiveness and productivity that can help the organisation to improve its position for success in the global environment. This is particularly true of the Public Service in South Africa as it seeks to improve its services and overcome the poor reputation that it has obtained as a result of low motivation, poor service and political obstacles. A recent publication, *Citizenship and management in Public Administration: integrating behavioral theories and managerial thinking (2004)* discusses these issues from a global perspective, thus, helping the researcher to assess the situation in South Africa with an eye on the global environment.

Most literature that has emerged from government regarding Public Services has, in recent times, alluded to the transforming and improvement of service delivery or quality service delivery or service excellence (Public Services Act South Africa (Republic), 1994; Khumalo, 2003; Ngema, 2004; White Paper on transforming Public Services, 1997; Constitution of the Republic of South Africa, South Africa (Republic), 1996). The fact that some of these are in the form of legislation highlights the seriousness of the issue, along with the commitment towards improving the quality of Public Services in South Africa.

While the above outline good policies and strategies to improve service delivery, there needs to be an emphasis on the policy and strategy implementation. As a result, public institutions should gear themselves to implement these policies and strategies by transforming their objectives into service delivery projects and activities (Du Toit, et.al, 2002). In order for the researcher to identify appropriate CI tools and strategies that can assist Public Services to enhance service delivery, it is essential to get an idea of the current state of Public Service delivery in South Africa (Van der Walt & Du Toit, 1997; State of Public Service Report, (South Africa (Republic), 2005; Diphofa, 2005). These documents can assist not only in identifying the current state of Public

Service delivery, but can also be used to identify the gaps that exist in Public Service delivery.

Hendrikz (2003₂) identified six reasons why service excellence is lacking in the Public Services and why most citizens in South Africa complain about the quality of service received from these departments. These reasons are as follows:

- Internal focus of what is going on inside the organisation rather that what is happening outside

- Public sector has no competition and their sponsorship is guaranteed

- Rewarding incompetence and empire building – when work is not accomplished it is seen as not having enough staff to accomplish hence, more staff allocated to the task. This leads to more rules, responsibilities allocated to staff, more supervision and line of authority, and more red tape, rather than improving the situation

- Rewarding complication – employees complicate things that only they know how to deal with and this makes the organisation incredibly dependent upon the employee. The aim here is on the creation of dependency and not on service excellence

- Inability to motivate employees to provide customer satisfaction

- Giving employees authority without power – the power to authorise is usually passsed from office to office using every trick to avoid individual responsibility. Hence, it can take months to get the simplest things done.

The above reasons align not only with the researcher's experience, but also, arguably, that of most of South Africa's citizens, in terms of how the Public Service operates. With an understanding of what the current situation is, the selection of appropriate CI tools and strategies to remedy the situation can be facilitated.

In light of the given reasons for poor service, solutions need to be obtained. Hendrikz (2003₁) proposed that the secrets of service excellence in the Public Service can be found by studying a non-profit system where service excellence is applied effectively. He identified 'mother nature' as being the only system where this is the case.

However, while this may seem complicated and bizarre to apply to the Public Services, the following secrets to service excellence can be identified:

- Focus all energy on results – Service excellence is an "end" and not a "means." We need to know what it is that we want and find ways to overcome stumbling blocks in getting there

- Empower front line staff to produce results –the moments of truth take place at the front desk and not in the executive's offices

- Reward results – provide reasons for employees to produce results. Behaviour is conditioned when it is rewarded

- Implement service excellence through small decisions, made consistently.

The above provides an indication of the nature and extent that has gone into trying to improve the quality of service in the Public Services but to no avail since a solution is still being sort in the latest *State of the Public Service Report* (South Africa (Republic), 2008_5).

Public Service organisations are structured and operate quite differently from private-sector organisations and the key difference, with respect to CI implementation, is the lack of profit motivation in the public sector. Public Services are structured to be bureaucracies with a budget that is drawn down to provide a specific service. Management incentives and rewards tend to be related more to budget management and budget size, than organisational effectiveness (Wagner, 2003: 71).

The Public Services are characterised by the intangibility of services and the existence of multiple service objectives. The consumer, or user, has little influence on the organisation because the organisation is often a local monopoly and user payments are not a primary source of funds. These organisations sometimes fail to analyse their competitive position in terms of funds, staff, other resources and even users. This is largely because they do not utilise the basic concepts of strategic management. Often they are unable to plan strategically because they lack a clear definition of the service organisation's mission and goals (Greenberg, 1982: 81). This provides more of a motivation for the Public Services to implement the techniques practiced by businesses such as CI.

It is important for managers to understand the landscape within which the service sector finds itself. This will allow them to be better able to realise the contribution that they can make within this competitive landscape and realise how they can benefit from a variety of strategic and tactical actions that are well suited for the service sector (Rodie & Martin, 2001: 19). Furthermore, such an understanding would provide managers with the reasons why the service sector should adopt an entrepreneurial attitude to improve its performance. This attitude is essential in order to provide sufficient background for commitment to CI process in this sector.

The key points of analysis in any CI process will depend on the characteristics of the specific service industry. Furthermore, many techniques carry over from product to service-based industries and it is important to realise that certain traditional product-based techniques may not be adequate for the service industry as these techniques are meant for the simpler offerings of products and are not able to cope with the complexity of the service industry. Therefore, it is suggested that the Public Service sector should rely on its internal experts for assistance in determining what factors impact competition and use these factors as the drivers for CI activities (Cobb, 2004: 32).

Public Service departments and other non-profit-making organisations also go through strategic planning processes regularly, just as their profit-making counterparts do. To improve the efficacy of the strategic planning process, the CI process can assist in collecting the necessary decision support information (Horne & Parks, 2004: 36). While it must be acknowledged that CI alone is not the answer, it can and does provide external background and fundamental perspectives that can compliment the traditional inward focus that Public Services usually have. This, then, can become a valuable tool for enhancing the quality of services delivered.

The one place where an organisation can really differentiate itself from others is in the quality of the services that it provides. The changing nature of customer relationships can also impose challenges for organisations that provide services. Hence, a new breed of service worker is demanded by these challenges: workers who are empathetic, flexible, informed, articulate, inventive, and able to work with minimal level of supervision (Henkoff, 1994: 49).

The Public Service departments in South Africa are also faced with these challenges as their customers are becoming more demanding and their expectations of service are increasing. The citizens are reliant on the Public Services to satisfy their needs and to perform activities that are necessary for proper public administration in South Africa.

The review of literature indicated that there is a growing amount of research conducted into CI within the profit-making sector, and also a substantial amount into improving service delivery in various sectors and environments in SA. This was supported by a search on the Nexus dataset of the National Research Foundation (www.nrf.org). However, no study was found linking CI tools and techniques with the Public Services sector.

1.7   RESEARCH METHODOLOGY

1.7.1   GENERAL INTRODUCTION

This section provides a description of the research procedure and methodology that was used to ascertain how CI tools and techniques could be implemented in Public Service departments in South Africa in order to enhance the quality of services delivered. The subjects and situational context within which the study took place, the instruments, and the data collection techniques and analysis are described.

This study was qualitative in nature and was divided into two components:

- Theoretical – through an extensive review of the literature
- Empirical – the ethnographic study conducted at the chosen Public Services department, namely the Department of Home Affairs (DHA).

1.7.1.1 Literature review

A review of related literature involves the systematic identification, location, and analysis of documents containing information related to the research problem (Gay, Mills & Airasian, 2009: 80). For this study a comprehensive literature review was

conducted by consulting articles, reviews, monographs, books, dissertations, electronic media, research reports, project findings, and newspapers.

The purpose of conducting a review of the literature was to determine what has already been researched on the topic, and also to determine the need for the study by identifying gaps that exist in the literature. The review also served to determine how these gaps could be filled and to demonstrate the underlying assumptions of the study. Furthermore, by being familiar with the research area, the researcher was able to have some insight, which assisted the facilitation of the interpretation of the results of the findings.

The results could then be discussed in terms of whether they agreed or disagreed with previous findings, thereby eliminating doubt and bias in the findings and justifying arguments by referencing previous research. The literature study was also able to assist the researcher in the selection, structuring and execution of the empirical research activities.

1.7.1.2 Empirical component

The empirical component of the study was conducted by means of an ethnographic study at the DHA. Ethnographic research produces a picture of a way of life of an identifiable group of people using a process (primary participant observation) enabling the researcher to discern patterns of behaviour in human social activity (Gay, Mills & Airasian, 2009: 415).

The researcher first identified and diagnosed the research problem. The diagnosis developed certain theoretical assumptions about the nature of the organisation and its problem domain. The researcher then collaborated with the staff of the DHA in order to take action to identify possible solutions that could improve the problem area.

These actions were guided by theoretical frameworks or models that give an indication of the desired future state of the organisation and the changes that would be needed to achieve such a state. Such changes might include determining the current state of service delivery in the Public Service, and then implementing appropriate CI

tools and techniques in order to enhance the quality of services that will be delivered in the future. Thus, ethnographic research was suitable for enhancing the understanding of the complex problem as represented in this study and the researcher was able to generate knowledge that can further enhance the development of models or theories to improve the problem area and to fill that gap that existed in this area. Figure 1.1 is a graphic representation of the ethnographic research process that will be discussed in detail in Chapter 3.

Ethnographic Research Process

- Overview

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Data collection techniques
- Observation
- Ethnographic interviews
- Focus group discussions
- Content/document analysis
- Workshops

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Data analysis for the ethnographic study

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Validity & reliability of ethnographic research
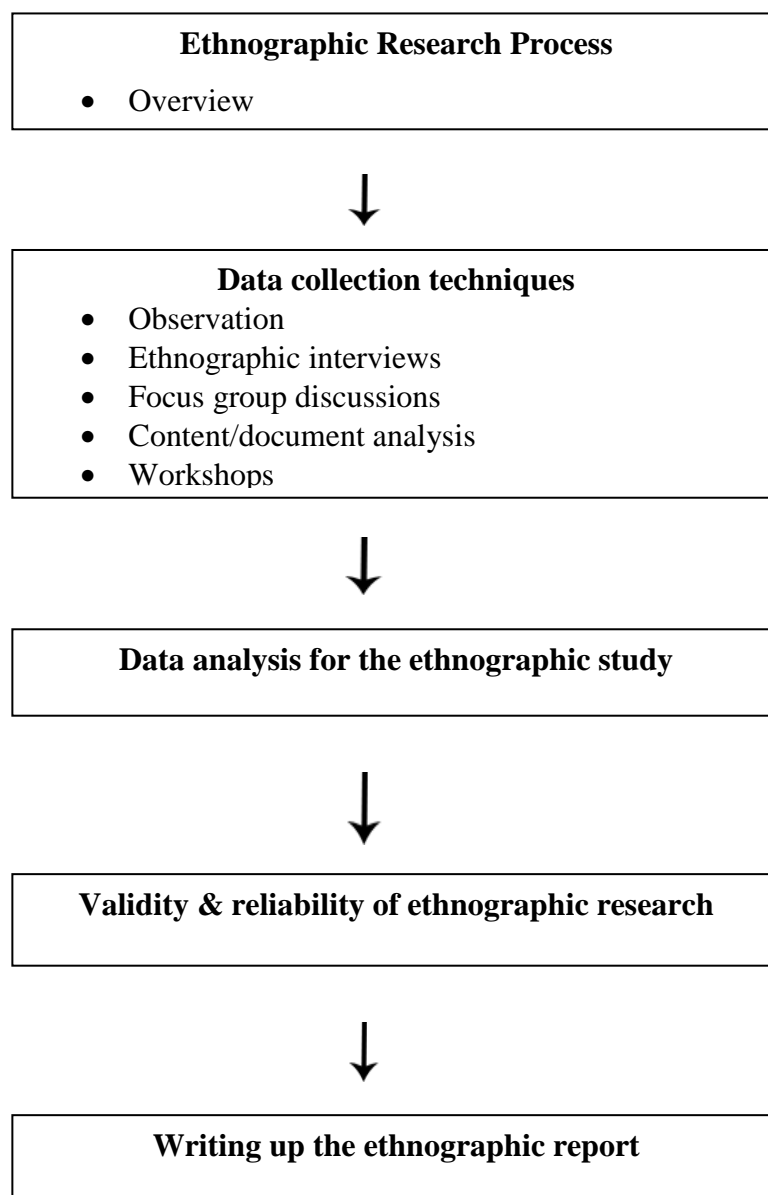
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Writing up the ethnographic report

Figure 1.1 The ethnographic research process

1.7.2   SUBJECTS OF THE STUDY

The Department of Home Affairs in South Africa was used as the case study for this research. The research process was, therefore, negotiated through and facilitated by the Director of the Strategic Executive Support Services division of DHA. As the researcher was the first academic to be conducting a study of this nature in this department, and in the absence of a Research and Development Division, it was assumed by the staff at DHA that the focus of the study was Information Technology (IT) related and would benefit the IT division more. Hence, the researcher was placed within the IT division, managed by the Chief Information Officer of DHA.

However, since CI is usually a strategic management-level operation in organisations, the researcher, although based in the IT division, was able to collaborate with management-level staff across the Department of Home Affairs. The researcher felt it essential that management-level staff were involved because these individuals are already involved in the strategic planning and execution of the corporate plans and they have the knowledge that could assist in ascertaining the current state of service delivery and also help in identifying the gaps that existed in the department that has led to poor service delivery. It would also be easier for the new CI tools and techniques to be accepted and implemented in the department without much delay or waiting for approval and authorization from higher levels if these staff were already aware of them from the start of the study.

This form of participant selection in ethnographic research is known as key informant/participant selection and involves selecting a small number of individuals in such a way that they will be good key informants who will contribute to the researcher's understanding of a given phenomenon (Gay, Mills & Airasian, 2009: 135). This well-defined, pre-established criterion for selection of participants was able to ensure that the context and quality of the results received for the study was reliable and free of biases.

The Department of Home Affairs is one of the largest Public Service departments and it was purposefully selected as it is the one department that every citizen is reliant upon, from "birth to death." They hold a monopoly over the services that they offer

and citizens are compelled by law to utilise these services in order to ensure that proper public administration is practiced in the country. The results obtained from this study, however, will be applicable in all Public Service departments in South Africa.

1.7.3   INSTRUMENTS FOR THE STUDY

As mentioned earlier, several methods were used for data collection in this study:

- A comprehensive literature review or document analysis was conducted to identify the current state of service delivery in Public Services departments in South Africa, particularly in the Department of Home Affairs. The literature review also assisted the researcher in providing a better understanding of Competitive Intelligence, its functioning and benefits for organisations in general and, more specifically, for its applicability in Public Service departments

- Ethnographic interviews with management-level staff, focus groups and document analysis were also used to obtain adequate information to determine the current state of Public Service delivery in South Africa. These tools have ensured that scientific methods have been followed and that the results obtained from the study will have meaning and value

- CI tools that were developed in a previous study by Clarke (2001) were then adapted for their usefulness in the Public Services. While these CI tools are useful in business environments, the researcher adapted them for use in this instance. Benchmarking was used for this purpose to determine the best practices and tools used for CI in other service-providing organisations. This helped the researcher to select the most appropriate tools that can be used in the Public Service departments to improve the delivery of services

- The final stage of the research, a new CI-related framework for gathering and analyzing information that can enhance the quality of service delivery was developed by theoretical and strategic means.

1.7.4 ANALYSIS OF DATA

This research needed to be oriented towards the needs of the end users, which in this case are the citizens of the country, since they will benefit from better Public Services, and the Government, as they will then be able to achieve their goal of providing efficient and effective Public Services. Therefore, the analysis of the data became a very important aspect of the study, in order to ensure that it was useful, relevant and accurate.

A qualitative form of data analysis was used and collaboration with the managers from the Department of Home Affairs was necessary to assist in analyzing certain data and to clarify the accuracy of data received. The collaboration was also able to provide an indication of the reliability and accuracy of the data that was collected. These issues will be discussed further in Chapter 3.

1.8 DEFINITION OF KEY TERMS AND EXPLANATION OF ABBREVIATIONS

1.8.1 CLARIFICATION OF TERMS

Table 1.1 outlines the definitions of the key terms that will be used for this study.

Table 1.1 Definition of key terms

TERM	DEFINITION
Competitive Intelligence	Competitive Intelligence is a systematic program for gathering and analyzing information about competitors' activities and general business trends to further an own company's goals (Kahaner, 1996: 16).
Competitive Intelligence strategies	Competitive Intelligence strategies should be regarded as the road map or direction pointers for competitive intelligence (Neuland, Olivier & Venter, 2002: 31).

Excellence	The customers' perception that an organisation's product and/or performance is superior to that of its competitors (Tebbe, 1996 cited in Wagner, 2003: 72).
Services	Services are all those economic activities in which the primary output is neither a product nor a construction. Value is added to this output by means that cannot be inventoried – means like convenience, security, comfort and flexibility (Quinn & Gagnon, 1986: 95).
Public Services	Public Services can be regarded as a group of public institutions or departments that are responsible for providing essential and basic services to the citizens of a country.
Service quality	The degree of discrepancy between customers' normative expectations for the service and their perception of the service performance (Parasuraman et al, 1985).
Service delivery	The provision of a product or service by a government department or body, to the citizens of a country that the specific service or product was promised to or which the citizens expect.

1.8.2 ABBREVIATIONS

Table 1.2 provides a list of abbreviations used in this study together with an explanation of their meaning.

Table 1.2 List of abbreviations and meanings

Abbreviation	Meaning
CI	Competitive Intelligence
CEO	Chief Executive Officer
CIO	Chief Information Officer
DHA	Department of Home Affairs
DPSA	Department of Public Service and Administration
EI	Ethnographic Interviews
FG	Focus group
FIFA	Federation of International Football Associations
FN	Field notes
HR	Human Resources
ID	Identity Document
IT	Information Technology
PPP	Private Public Partnership
PSD	Public Service Delivery
SA	South Africa
WS	Workshop

1.9 FRAMEWORK OF THE STUDY

Figure 1.2 is a graphical representation of the framework for the study.

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                    ┌─────────────────────────────┐
                    │         CHAPTER I           │
                    │  INTRODUCTION AND PROBLEM    │
                    │        STATEMENT            │
                    └─────────────────────────────┘

                    ┌─────────────────────────────┐
                    │         CHAPTER 2           │
                    │ COMPETITIVE INTELLIGENCE IN  │
THEORETICAL         │        ORGANISATIONS        │
COMPONENT           └─────────────────────────────┘

                    ┌─────────────────────────────┐
                    │         CHAPTER 3           │
                    │    RESEARCH METHODOLOGY      │
                    └─────────────────────────────┘

                    ┌─────────────────────────────┐
                    │         CHAPTER 4           │
APPLICATION OF      │ PUBLIC SERVICES AND SERVICE  │
                    │   DELIVERY IN SOUTH AFRICA   │
THEORY: EMPIRICAL   └─────────────────────────────┘
RESEARCH
                    ┌─────────────────────────────┐
(CASE STUDY)        │         CHAPTER 5           │
                    │ CI FOR PUBLIC SERVICE        │
                    │        DELIVERY             │
                    └─────────────────────────────┘

                    ┌─────────────────────────────┐
DEVELOPMENT OF NEW  │         CHAPTER 6           │
                    │ CI TOOLS AND TECHNIQUES FOR  │
CI FRAMWEORK        │  IMPROVING SERVICE DELIVERY  │
                    └─────────────────────────────┘

                    ┌─────────────────────────────┐
                    │         CHAPTER 7           │
                    │ RECOMMENDATIONS AND          │
                    │      CONCLUSIONS            │
                    └─────────────────────────────┘
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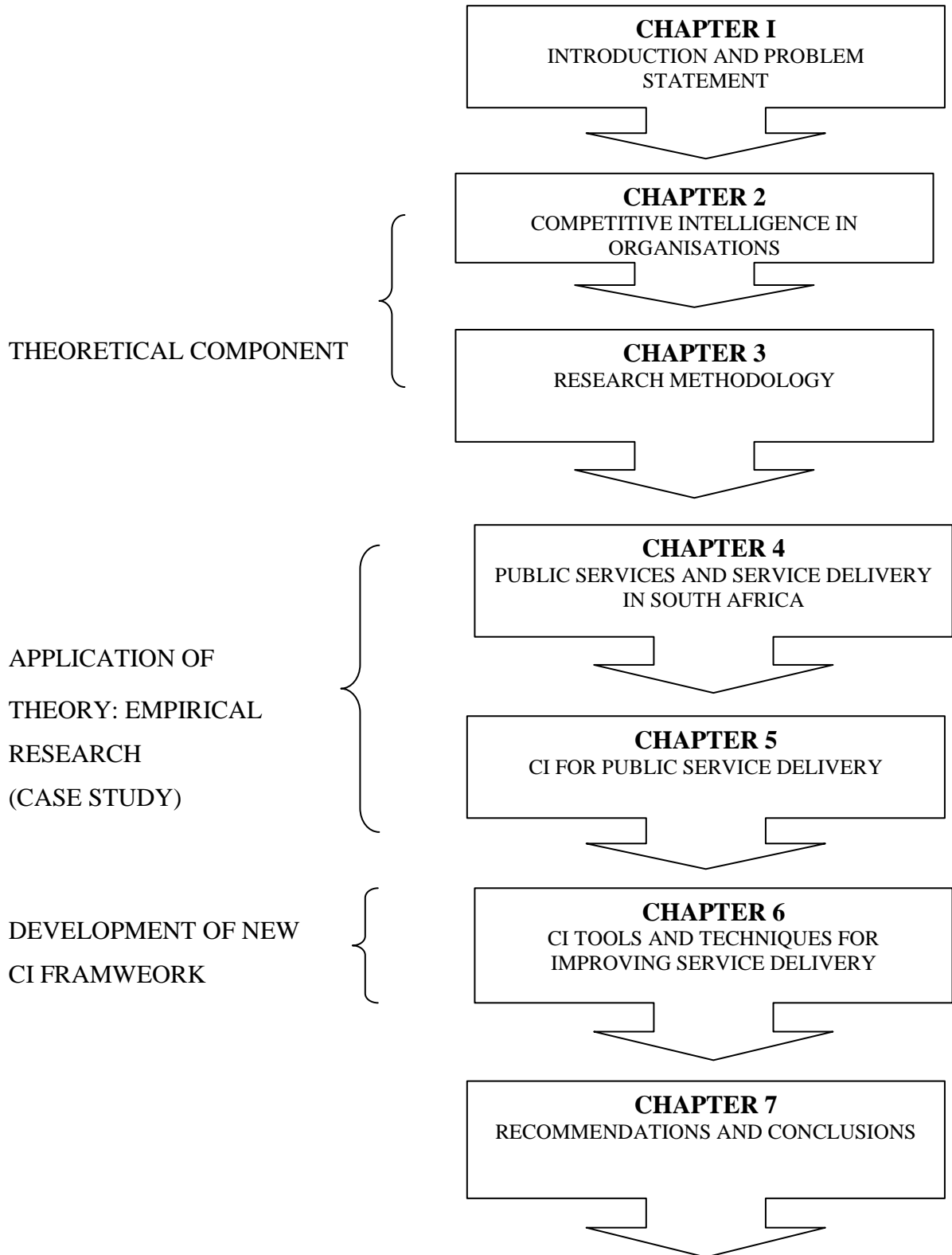
Figure 1.2 Framework for the study

1.10   ETHICAL STATEMENT

Since the study is rather complex in nature and it applied a completely new process to the quality of services offered by Public Service departments in South Africa, it was important for the researcher to ensure that all ethical issues with regard to social science research was adhered to. Participants from the DHA were assured of confidentiality throughout the research process and the reporting of the results. Care was also taken not to become over involved in the problem and to remain as impartial as possible. Scientific methods of data collection, analysis and reporting were adhered to.

CHAPTER 2

COMPETITIVE INTELLIGENCE IN ORGANISATIONS

2.1   INTRODUCTION

Since the Competitive Intelligence process is not usually associated with not-for-profit organizations in general, and Public Services in particular, it is necessary to put this process into context. Firstly, this chapter will provide a comprehensive discussion of what CI really is. Having clarified this, the need for such a process and the benefits that it has for organisations, will be established. While most new concepts and processes are easy to understand and follow, the implementation of these processes in organisations remains a challenge, therefore it is essential to discuss how CI can be implemented in organisations.

Most public-service sector organisations do not believe that they have any competition, or, therefore, that CI can be useful to them. In order to demystify this belief, a discussion of CI for the service-sector organisation will be provided together with the various tools and techniques that can be used. The Public Services actually do have very different forms of competition and in order to improve the quality of services that they offer to their customers, it is essential to identify the competitors or competition that exists. The manner in which CI will be implemented in these organisations will differ from that of the private-sector organisations. This chapter provides a discussion based on the literature review on CI and commences by placing CI within the context for this study.

2.2   WHAT IS COMPETITIVE INTELLIGENCE?

Organisations have been practicing some form of Competitive Intelligence for many years, without them even knowing it and without referring to these practices as CI. In many instances, CI has been used for strategic planning, marketing, financial

planning, policy development and re-engineering of an organisation's activities in order for the organisation to remain viable in the environment.

Managers require some form of information that can assist or compel them to take certain decisions regarding the functioning and performance of the organisation. With technological innovations and globalisation, the situation has now escalated to new levels forcing organisations to stop and take stock of what is happening and what needs to be done. This is where the emergence of CI as a business process has been noticed.

As mentioned 1.6 above, several terms can be used to describe what CI is. Therefore, no universal terminology exists that gives a name to the activities known here as CI (Prior, 1997-2009). Globally, the terms 'business intelligence', 'competitor intelligence', 'market research', 'market monitoring', 'market intelligence', 'corporate intelligence', 'competitive information', 'commercial intelligence' and 'knowledge management' are used by organisations (Global Intelligence Agency, 2005:7; McGonagle & Vella, 2002: 35). However, for the purpose of this study, CI has been chosen as it best describes the activities that the study intends to discuss.

CI can be regarded as the process that organisations use to gather actionable information about their competitors and the competitive environments within which they function, before applying this information to their decision-making and the planning processes so that it can improve their performance (Fleisher, 2001: 4). While it is mostly believed that CI is espionage or "spying" it is, in fact, a legitimate way of collecting intelligence by legal and ethical means (Horowitz, 1999).The information that the CI practioners need is usually readily available in the public domain and requires no illegal activities to access them.

The characteristics of the CI process have been defined by Rouach & Santi (2001: 523) as, "an art of collecting, processing and storing information to be made available to people at all levels of the firm to help shape its future and protect it against current competitive threat; it should be legal and respect code of ethics; it involves the transfer of knowledge from the environment to the organisation within established rules." This definition places emphasis on information but it should be noted that CI

goes beyond the mere collection of information. It also involves the analysis of the information and its conversion into actionable processes that can benefit the organisation.

Horne & Parks (2004: 36) view CI as another tool that can help all types of organisations to better understand their current competitive environment and respond to the challenges in the marketplace. Maximum benefit is achieved when CI is integrated as part of the overall functioning and operations of the organisation. CI does not have to be a great expense, and not all organisations require the same depth and level of CI practice. CI programs may be situational in nature and operate on an "as needed" basis, or they can be perpetual, becoming part of the infrastructure of a company (Weeks Group, 2003). However, CI cannot be regarded as the answer to all an organisation's problems. Rather it should be seen as an important tool that provides the organisation with a different angle to view its situation and a more outward focus (as compared to the traditional inward focus) on its performance.

While CI is commonly associated with personnel from the marketing or strategy section of the organisation, it is a process that can, and should, be performed by any person or organisational department. After all, it is not the organisation that competes, but the people within it (Kahaner, 1997:8). Since CI is regarded as a process and not a function, it should appear in all aspects of the business as one seamless, continuous activity and not be relegated to one section or unit (Kahaner, 1997: 23).

Competitive Intelligence is able to predict the future or "probable future" of the business and their environments. This is done by means of a cyclical process known as the Intelligence Cycle (Figure 2.1). During this process, raw information is acquired, gathered, transmitted, evaluated, analysed and made available as intelligence for policymakers to use in decision-making and action (Johnson, 1995-2000). According to Kahaner (1997: 43-45), the basic unit of Competitive Intelligence is the intelligence cycle, which is made up of five stages that are repeated over time and can be applied to specific business problems or objectives.

The first stage is planning and direction. This is when management usually gets involved in deciding what intelligence is needed before an appropriate course of

action is decided upon to achieve the desired outcome. Following this is the collection and processing stage, when the actual raw information is gathered and processed so that it can be electronically transmitted and stored, facilitating the easy retrieval and analysis of the information. The analysis stage is the most difficult unit of the cycle and it demands specific skills and competencies in order to weigh the value of the information; identify patterns that appear; and then produce intelligence upon which actions will be taken. Several tools and techniques are used in this stage to analyse the information collected.

The fourth stage in the cycle is the dissemination of the intelligence to those who will be using it. Once that is done, the final stage of the intelligence cycle is the evaluation and control stage, where feedback is obtained from stakeholders to assess whether their needs were satisfied. When the needs of the stakeholders are not met or when new ideas and questions arise out of the intelligence obtained, the cycle will have to be restarted to in order to satisfy these needs. Furthermore, the action taken based on the intelligence provided will result in changes within the organisation and these will result in more intelligence requirements. Thus, CI can be seen as a continuous process and not a once off activity.
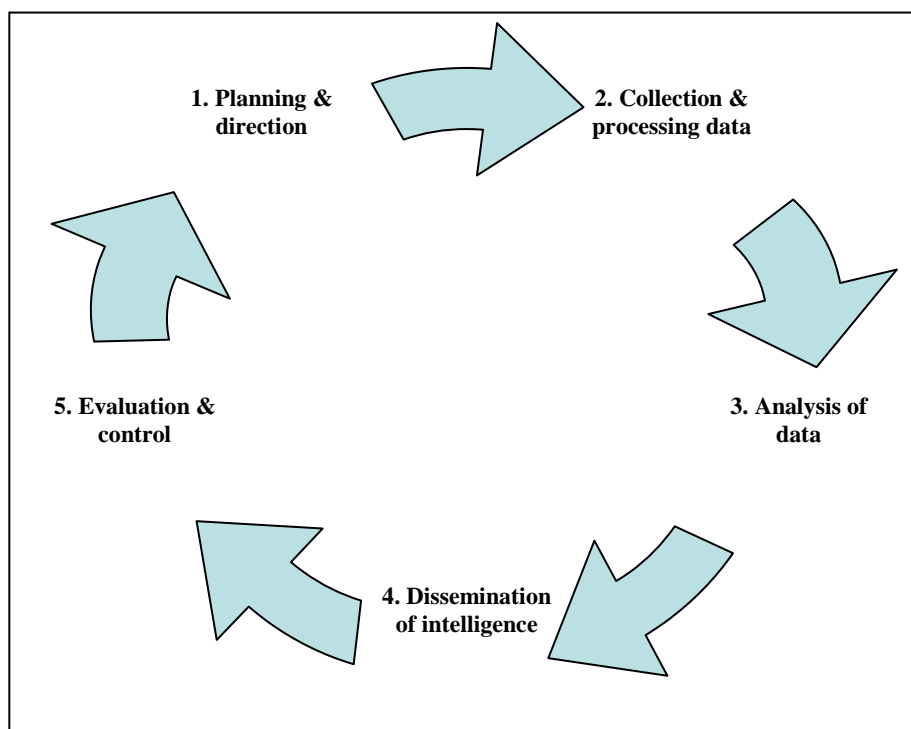

Figure 2.1 The Intelligence Cycle (adapted from Kahaner, 1997: 44; Fleisher & Bensoussan, 2007: 8)

Therefore, CI can be regarded as a process of using legal and ethical means to discover, gather, develop, process, analyse, disseminate, evaluate and control timely and reliable intelligence, so that decision makers in the organisation can take appropriate action to make the organisation more competitive, and improve its overall performance in the eyes of the customers.

2.3   NEED FOR CI IN ORGANISATIONS

While it can be argued that CI is yet another 'management hype' similar to 'Business Process Reengineering', 'Total Quality Management', and 'Customer Satisfaction', it should be realized that the difference with CI is that it centrally focuses on information. This is the one factor that organisations will always need, and will never have enough of, especially if they intend to survive in the rapidly changing environment. Furthermore, with globalisation, technological advancements and networking becoming a reality of the new business environment, it is unlikely that a decrease in rapid changes taking place will be seen. This means that organisations will have to constantly re-evaluate their activities and functions. The ultimate objective of CI is to formulate sound, fact-based, rational decisions for action (Gross, 2000: 4). This is the result of intelligence work and implies that the CI process should become an essential part of the infrastructure of organisations.

The reasons why organisations need CI have been identified by Kahaner (1997: 24) as follows:

- The pace of business is increasing rapidly and decisions need to be made faster and with fewer resources, hence organisations can keep pace with this new speed by means efficient management and CI

- Managers are faced with information overload, since information is traditionally regarded as power. However, information is of no value if it is not relevant, timely, accurate and reliable. CI has the capacity to analyse and evaluate the information gathered and to offer the most relevant, high quality and accurate information to managers, thereby saving them the effort and time to sift through large quantities of information

- Organisations are faced with increased global competition from new competitors, since they are now part of a global economy, and their competition can emerge from anywhere in the world. CI can help organisations to identify these emerging competitors.

- Organisations' existing competition is becoming more aggressive, and this has resulted in the 'survival of the fittest' where organisations all compete for the same customers. CI can assist the organisation to forecast competitors' actions and allow them to be proactive, and take action before the situation becomes worse

- Political changes affect organisations either positively or negatively and all organisations need to ensure that they function within the ambit of these political changes. CI has the capability to keep organisations informed of political changes that affect their operations

- Rapid technological advancements can mean new opportunities for organisations. Keeping track of these changes in its own industry as well as other related industries is essential for the survival of the organisation.

The above is by no means an exhaustive list of the reasons for the use of CI, but it provides organisations with sufficient motivation for ensuring that CI forms a part of their management processes. Furthermore, Bernhardt (2005: 2) proposes that the executives in most companies function in an intelligence vacuum, and that strategic planning is based on "gut feel" or "instinct." Several unchallenged assumptions are made regarding certain situations and few mechanisms are available to coordinate and manage the delivery of accurate, relevant and timely intelligence about external threats or competitor capabilities, intents and plans that can benefit the organisation.

2.4   BENEFITS OF CI IN ORGANISATIONS

Various benefits can be identified from the needs listed above. CI can do more than just provide the organisation with intelligence for decision-making purposes. A well-designed CI system can assist the organisation in their strategic planning process as well as in determining the intention and capabilities of its competitors, so that the extent of the risk to which the organisation is exposed, can be established.

Gross (2000: 1) confirms this by indicating that CI within an organization serves as a catalyst in the decision-making process. It also forms part of the value chain that takes data elements, converts these into actionable information, and results in strategic decisions.

The benefits of CI for organisations are identified by Kahaner (1997: 23-27) and Bernhardt (2005: 2) as follows:

- Organisations that implement CI are rarely surprised by events that affect their business and performance since they are able to anticipate these changes in the marketplace long before they occur and they are able to prepare themselves for these "predictable surprises"

- Organisations are able to anticipate the actions of their competitors and adjust their own activities accordingly in good time to outsmart the competition

- CI helps organisations to discover new or potential competitors and their activities in the marketplace

- Organisations learn from the successes and failures of others and, thus, save valuable time, money and resources

- Organisations are in a better position to increase the range and the quality of their future acquisitions, targets, mergers, and partnerships

- CI helps organisations learn more about new technologies, products and processes that affect them and so determine which are the most appropriate ones for their success

- Political, legislative and regulatory changes take place regularly and organisations are not always aware of them. CI provides an opportunity for organisations to learn about any such changes that would impact their business operations

- Organisations deciding to enter into new businesses can benefit from CI, not only in their decision-making, but also by providing foreknowledge about the potential success (or otherwise) of these new ventures

- CI exposes the organisation to new ideas and concepts, thereby providing the opportunity to view the organisation in a new light, and with an open mind. It also forces the organisation to be more outwardly focused an not have a limited, internal focus on the organisation

- Organisations, which have in the past failed to implement and sustain the latest management tools as a result of a lack of information, are now able to do so successfully as timely, accurate, unbiased, and valuable information is provided by CI
- CI sheds light on "business blindspots" and helps organisations to see and recognise the not so obvious aspects of their business
- CI reinforces the competitive culture in the organisation
- CI makes the organisation more aware of its need for counter-intelligence and information security.

A recent global study of CI in large companies that was conducted by the *Global Intelligence Alliance* (2005: 18) revealed the following benefits that companies claimed to have achieved through the use of CI:

- Increased quality of information received
- Accelerated decision making
- Improved systematically, in terms of information collection and analysis
- Improved effectiveness
- Increased awareness
- Improved dissemination of information
- Improved threat and opportunity identification
- Time and cost saving.

The study also indicated that CI was able to fill a primarily strategic role in the companies, with top managers being the most important users of CI information products. CI was also used in strategic planning and business development; continuous monitoring of the companies; and gathering of information on competitors, customers, and industries in the field (Global Intelligence Alliance, 2005).

The results of a South African study, *Evolution of CI in South Africa: early 1980's to 2003* (Viviers & Muller, 2004: 59) very positively revealed that companies in South Africa acknowledged that CI could enhance competitiveness. The study showed that CI is regarded as a legitimate business activity in South Africa. Also important in this

study was the fact that CI activities in companies did not just involve analysing competitors, but go beyond this to include customers, regulatory matters and suppliers.

CI usually involves the performance of two important tasks for an organisation. The first is Offensive CI, which helps to position the organisation in the marketplace and confidently maps out a course of future positioning. The second task is Defensive CI, which provides top management with actionable intelligence on what is happening, what is likely to happen and how to react to these events (Lueker, 2005: 56). While information on competitors is essential for organisations to succeed, the effective implementation of CI in organisations requires more than just information about the competitors. It must be able to include information about the industry in general, legal and regulatory trends, political and economic conditions. Only then can the strengths of competitors or the competition be accurately assessed within the context of these issues. Hence the implementation of CI in organisations needs now to be discussed.

2.5   IMPLEMENTING CI IN ORGANISATIONS

While, in theory, the process of conducting CI seems to be a relatively logical and simple way of conducting business, the implementation of such a process is more challenging and daunting. Hence, the reason why many organisations have failed to use, or have not even considered utilising, CI in their operations. The situation is further compounded by other factors. These factors include: the negative attitudes of managers; the organisation's corporate culture not being conducive for CI; previous research failures of CI programmes that have not worked out as a result of ineffective implementation; lack of understanding of the organisation's strengths and weaknesses; the lack of resources to conduct CI; and, finally, the fact that CI is regarded as an additional cost for the organisations (Broome, 2001: 201; Kahaner, 1997; Metayer, 1999; Madden, 2001: 56).

A review of the literature indicates that there are several ways of implementing CI in organisations (Kahaner, 1997; Cook & Cook, 2000; Sawyer, 2002). The implementation also includes CI sub-processes such as assessment and reporting of

the performance benefits; efficacy of the CI and decision-making process; feedback on the future planning for CI; and the review and reassessment of the organisation's strategy, (Fleisher, 2001: 16). Prescott & Smith (1989) noted that while the functions and characteristics of implementing a specific CI programme in an organisation often reflect the unique needs of that organisation, it is possible also to identify patterns across a large number of CI programmes.

The implementation of CI is usually based on the needs of the organisation and these needs can be tactical or strategic. Depending on where the organisation is positioned, it may require different CI systems to be implemented, (Metayer, 1999: 72). The needs can be divided as:

- Tactical-urgent needs – the objective here will be to provide the operational staff with rapid information and to generate additional revenue
- Tactical-ongoing needs – the idea here is to provide different departments in the organisation with information that they require on a regular basis
- Strategic-urgent needs – calls for bold decisions and management will need support in terms of business development
- Strategic-ongoing needs – the objective is to support strategic initiatives that are less urgent in the organisation, (Metayer, 1999: 72).

Farrell (1999-2003) identified ten major steps that need to be taken when implementation of CI in an organisation and these can be broadly stated as:

- Step 1: Gain executive management's backing and commitment for CI or the process will not succeed
- Step 2: Appoint a CI manager who will lead the process by establishing clear objectives and directives for the CI function, match tasks, skills and interests of team members and prevent the team from being distracted
- Step3: Conduct a stakeholder analysis to determine who the intelligence users are, the purpose for needing intelligence, how it will be used and when it will be required
- Step 4: Determine the purpose, direction and policies from the information obtained in Step 3 and develop a statement of who it is to serve, and the products or services to be delivered

- Step 5: Conduct an information audit of what information already exists in the organisation to support the needs as identified in Step 3 and what support structure is available to communicate this information in the organisation

- Step 6: Perform a SWOT analysis to determine the strengths, weaknesses, opportunities and threats of the CI process

- Step 7: Perform a force field analysis to determine the factors that can hinder the success of the CI process

- Step 8: Determine the critical success factors that ensure the successful operation of the process

- Step 9: Decide on strategies for establishing or developing the CI capability in the organisation and the approaches that will be taken

- Step 10: Define the action plans that will be necessary to deliver the strategies and allocate responsibilities, time frames and evaluation and review of these actions.

The above steps can be used in all types of organisations, and using such a structured method of implementing CI in an organisation can ensure the success of the process. Furthermore, while one may believe that the implementation of such a process is rather complex and has its own inherent problems, research reveals that nine out of ten large-scale companies in various markets around the world implemented CI and have been doing so for between three and five years. Of the total of 287 companies in eighteen countries surveyed, 88% already have people responsible for the implementation of CI. It was also evident from the research that there are large budgets and increasing investments in CI activities, thereby indicating that CI is already a well established practice in large-scale successful companies in the world (Global Intelligence Alliance, 2005). Furthermore, CI tools and techniques have allowed organisations to access information that they require, easily analyse, synthesise and distribute it.

2.6   CI TOOLS AND TECHNIQUES

The present global environment is confronted with constant change and development as a result of technological innovations and new business developments. Access to

information is also increasingly easy, leading to information overload in certain instances. This means that it is increasingly necessary for organisations (and individuals) to have the tools, strategies, techniques and models, as well as the skills, needed to manage this vast amount of information. Tools for gathering, sorting and analysing information so that it can be converted into actionable intelligence are required to assist CI practioners in accomplishing their tasks. It is also important to note that while several tools, techniques, and strategies are identified in the literature (Sandman, 2000: 69-95; Gieskes, 2001: 76-79; Marceau & Sawka, 2001: 160-163; Fleisher & Bensoussan, 2003), each organisation has to select appropriate tools, techniques, and strategies to suit their unique environment and needs. In certain instances, a range of CI tools may be used in an organisation to ensure that information (intelligence) gets to the users in a form that they can assimilate easily and quickly.

It is often assumed that CI only works for large companies. However, CI can work for almost any type of business irrespective of its size. McGonagle & Vella (1993: 104) suggest that when developing strategies for CI in smaller, independent organisations, one should look inward at the organisation and think about the organisation's own experiences. This will assist in analysing the constraints that the CI effort will encounter and help to provide the essential activities via appropriate tools and techniques.

Organisations make use of technological tools such as the intranet to record information and share it with everyone in the organisation. Technology also permits the organisation to merge internally produced information such as reports, memos, database contents, and minutes of meetings, with the large amount of information that is available on the internet (Gross, 2000: 5).

Fleisher & Bensoussan (2003: xviii, 12, 20) state that the analysis of collected information requires creativity and technical knowledge, intuition, models and frameworks. They have discussed over four dozen techniques, tools and frameworks that organisations can utilise in order to obtain CI that is needed. However, the authors have cautioned against the use of these formal methods as a means of taking "superficial shortcuts" to management decision making. They also indicate that while

these techniques are available and have been used by organisations for many years, there is no one right analytical tool that can solve the problems of every organisation.

The complexity and depth of the analysis and, subsequently, the tools and techniques that will be chosen, is dependent on the business situation and the needs of the organisation. Furthermore, no method by itself will be able to provide all the answers that decision makers need to improve their competitiveness. Therefore, it is advised that appropriate methods be chosen for use in specific situations and a combination of methods may be more beneficial to obtain optimal results. CI practioners should guard against repeatedly choosing the same method and tools that they are familiar with. Apart from compromising the quality of the outcome, it can also give the competitor an idea of the organisation's strategic plans especially if they are aware of the techniques or tools on which the organisation consistently relies.

It should also be noted that many tools, techniques and models applicable for CI use, are actually the traditional business or managerial tools, techniques and models that have been used in organisations for strategic planning and management decision making. They are based on solid research that has been conducted and are usually backed up by theory but on their own may not be adequate for CI purposes. However, they are flexible enough and with slight modifications and adjustments, creativity and innovative thinking, they can be used successfully in CI activities.

Fleisher & Bensoussan (2003: 27) have categorised the tools, techniques and methods that can be used in CI into five broad categories, i.e.; strategic analytical techniques; competitive and customer analysis; environmental analysis; financial analysis; and evolutionary analysis. Some examples of such tools include the SWOT analyses, macro environmental analyses (STEEP), value chain analyses, customer value analyses, scenario analyses, and issue analyses. Some of these tools will be discussed in more detail in the Chapter 6, when CI tools and techniques for improving service delivery in the service sector will be focussed upon.

Lenz and Engledow (1986:329) suggest that the "essential character of organisational environments may be changing in ways that require new modes of thought and analysis". The authors further indicate the mounting pressure that is placed on senior

level managers and corporate staff in organisations to develop better methods for assessing the organisations' environments. Various models for environmental analysis that could assist organisations in strategic decision making have been identified that could be used by all types of organisations. It further relates that the environment of the organisation consists of competitive forces that impact the functioning of the organisation.

2.7   CI FOR THE SERVICE SECTOR

Before discussing CI for the service sector, it is essential to first ascertain what the organisation of the service sector is and what the characteristics are that pose a challenge for implementing CI within these organisations.

2.7.1   WHAT IS THE SERVICE SECTOR ORGANISATION?

Service sector organisations are seen as, "those that sell customised services to their customers and they are not confined to a physical object, they can be difficult to deconstruct, they often involve lengthy sales (or marketing) cycles and they come with come with "value-added" services," (Cobb, 2004: 29).

The service sector places a greater emphasis on the role of human capital in the organisation. Especially customised services are built around the tacit knowledge of the organisation's employees. Hence, it can be stated that the supply chain of service sector organisations is not necessarily physical in nature but it is focused on how knowledge is shared within an organisation (Cobb, 2004: 30).

The service sector can also be referred to as services where human labour plus expertise (value-added) or human capital is the core function of the business (Sawyer, 2002: 8). Within the context of this study, the service sector will refer generally to organisations with the sole existence of providing services to the user, with the intention of improving the quality of life for the user. While this can also describe profit-making industries, the major focus of this study will be non-profit services.

Service sector organisations have certain unique characteristics that differentiate them from the private sector and other organisations.

2.7.2 NATURE OF THE SERVICE SECTOR

Rodie & Martin (2001: 5-9) identified four generalised characteristics of service sector organisations: intangibility, simultaneity/inseparability, perishability and heterogeneity. These characteristics pose the following challenges for implementing CI in the service sector:

- Services are highly intangible in nature making implementation challenging since there is no tangible product to show to the customer

- Managers, employees and customers often have different perceptions of what the service should or should not entail, and differing perceptions of how the service can be evaluated

- The cost and value of the service offered is usually not-for-profit purposes and may not be easily apparent to the customer

- Services are usually produced and consumed simultaneously and often in a situation where the presence of the service provider and customer are inseparable. Hence, the customer may not be in the position to evaluate the service offered prior to obtaining it, which can sometimes result in the customer being dissatisfied when the service provided is not up to the their expectations

- Service providers find it difficult to detect and remedy any service defects or errors that are exposed to the customer, since the customer is usually physically present when the service is produced

- The quality of the service produced and delivered may depend, to a certain extent, on the customer's contributions (e.g. the application for identity documents requires accurate details and documentation such as the birth certificate). Thus, the service is not under the complete control of the service provider

- The customer's presence and involvement in the service accentuates the need for effective interpersonal skills on the service provider's part

- In certain cases the service provider and customer involvement are essential and the service provider has to interact directly with the customer, thereby cutting out

the network of intermediaries from whom CI information could have been obtained, such as data capturers, and helpdesk support staff

- The customer's physical presence and reaction to the services received, or other behavioural traits, can influence the reaction of fellow-customers either positively or negatively

- The service provider often has some amount of flexibility to customise or mass produce services, according to the needs of the customers. However, various constraints such as lack of capacity, facilities, equipment, time and labour inhibits this from happening every time

- Services are heterogeneous in nature and, as mentioned, are subject to the expectations, attitudes, and temperaments of the customer which may vary from day to day and from customer to customer

- The lack of standardisation of services can also lead to cost-related inefficiencies as a result of work being redone, materials wasted in the process, and time spent on serving customers or making corrections to work already completed

- Service organisations usually have a high staff turnover, which means that the sector has challenges in terms of training, supervision, and motivation of employees to ensure that highly skilled and empowered front-line workers with good interpersonal skills are present to respond to the rather varied and differentiated customers.

Non-profit organisations or government agencies and departments can be referred to as typical service sector organisations, which form the focus of this study. This sector provides services at a low cost (or for no charge at all) and in order to achieve their objectives, they need CI processes and activities.

2.7.3 NEED FOR CI IN THE SERVICE SECTOR

Profound changes in competitive environments and in customer values have resulted in services becoming the central focus of corporate strategies and operational agendas for most organisations in the world. This in an attempt to attract customers, retain them and keep unique competitive edge. The challenge for the service sector is to

implement strategies effectively and cost-efficiently (Vandermerwe, Lovelock & Taishoff, 1994: xxiii). Furthermore, customers have become even more educated and informed and more environmentally aware than in the past. Therefore, managers and service providers are forced to transform the way they think and behave in order to respond to these changes.

From the literature, it is evident that the service sector has grown to become a large part of the world's gross domestic product, and the markets of the world are being dominated by the service sector. Furthermore, it is reported that the service sector is growing throughout the world and in every developed and developing country and an entrepreneurial character is evident in this sector (Rodie & Martin, 2001: 5; Sawyer, 2002: 13). Sawyer (2002: 15-17) states that service sector organisations often deal with concepts and ideas as opposed to tangible products, and they need to develop tools, strategies and solutions that can help them to defend their existing business and find new ways of utilising their knowledge to grow the business. CI can be seen as the tool for doing this. By keeping the organisation informed of the various competitive threats from customers, influencers and employees, the service sector can become more proactive in responding to these threats, before they cause much harm to the organisation or its reputation.

The open systems theory of Thompson (1967) and Katz & Kahn (1978) has also been able to provide a theoretical foundation for the need to implement CI in organisations. Open systems theory suggests that bureaucracies (such as Public Service departments) do not exist in a vacuum and they respond to the environment within which they exist (Thompson, 1967). The environment also has an impact on the operations and internal functioning of the organisation and the organisation is dependent on its environment for support and continued existence. Katz & Kahn (1978) went further and developed a framework for open system theory which focussed on using energies or inputs within a business context to create products or services that are made available to consumers. The authors further emphasised that the energies or inputs could be in the form of external influences from the environment; resources from the organisation such as employees and raw materials; and intangible external influences such as status, recognition, satisfaction or rewards. Public Service departments are largely open systems and CI has the ability to assist these organisations with information that

can assist them in the design, structuring and planning of the organisation to survive within its environment.

Competitors in the service sector are usually difficult to define or identify. The reason for this is that there is a wide range of competitors, which makes it very difficult for organisations to fully understand their competition and to position themselves accordingly. Furthermore, the competition in service sector organisations is constantly changing, and the sources of the competitive threats move rapidly from one customer to the next. Therefore, there is no way of predicting exactly which competitive forces a company will be faced with from day to day, or week to week (Sawyer, 2002: 19).

The areas of competition for the service sector and non-profit organisations have been identified. Firstly, there are those that are internal to the organisation: resources; funding and other economic factors; physical resources and facilities; personnel; expertise and experience; and influence and prestige. Secondly, those aspects that are external to the organisation: users or customers. Finally, there are competing organisations: product-form competitors; generic competitors; and enterprise competitors (Greenberg, 1982: 82).

Clearly, implementing CI in the service sector presents a huge challenge. However, implementing CI for Public Service sector organisations is no easier.

2.8 CI FOR THE PUBLIC SERVICE SECTOR

It is difficult to motivate and justify the implementation of CI activities in the Public Service sector, mainly because of the lack of an easily quantifiable outcomes measure. Outcomes measures are usually subjective in nature for example, the improvement of the quality of life of a designated community or demographic group. Furthermore, the Public Services also have several stakeholders who are involved in the operations of the departments and these stakeholders can view the outcomes measure from varying perspectives (Wagner, 2003: 72). However, this can be regarded as an ideal motivation and opportunity for CI to be implemented, so that it adds value to the Public Services' functioning. In this case, CI activities can ensure

that appropriate, accurate and actionable intelligence is made available to the organisation in order that it can meet its challenges. An understanding of the Public Service sector is important before one is able to identify the forms of competition that exists in these organisations.

2.8.1   DEFINITION OF PUBLIC SERVICE SECTOR AND NON-PROFIT ORGANISATIONS

Public Service sector organisations can be referred to as those organisations that generally fulfil a social or political need and are, thus, closer in nature to non-profit organisations (Wagner, 2003: 71). Public Services are usually paid for through general taxation and operate within a legal and financial framework. The workers in the public sector are committed to serving the public.

Non-profit organisations serve the community and their purpose is to help a community or a group of individuals to achieve a goal that benefits them and that of the society as a whole (Firoz & Wightman, 2002: 102). Non-profit organisations are further seen as those organisations that are able to take on tasks and provide services without the financial and legal constraints that their profit making counterparts are faced with. Most non-profit organisations are in existence to assist government to achieve its Public Service delivery mandate to the citizens and this is usually a voluntary service. These organisations have realised that no bureaucracy has all the funds, resources and time to deal with all social problems (Vigoda-Gadot, 2004_2: 46).

Public sector organisations and non-profit organisations often have similar stakeholders. These stakeholders are the general public or specific groups of the public, based on their needs. For the purpose of this study, they will be regarded as customers or clients. Both public and non-profit organisations have similar organisational structures and funding systems. Sometimes, these terms are used interchangeably to refer to Public Services.

Public Services can, therefore, be regarded as the services that are provided by the government of a country to its citizens. This can be a direct service via government departments or Public Service departments, or it can be via non-profit organisations. This study will focus only on the Public Service departments, although the researcher accepts that the discussions and issues discussed are also applicable to non-profit organisations, overall. Certain general forms of competition are common to the organisations.

2.8.2 COMPETITION IN THE PUBLIC SERVICE ORGANISATIONS

Within Public Service organisations, it can be noticed that very little attention is placed on the value of market research and reports that provide the organisations with competitive benchmarks for their operations. Most of these organisations function in isolation as they are the only organisations that provide specific services. As a result, they do not interact with other similar service providing organisations. Competition is not obvious in these departments or organisations, and it is a challenge for the organisation to identify and recognise any form of competition that may have an impact on its operations.

Greenberg (1982: 83-86) identified four key areas of competition that should be recognised for non-profit organisations. These areas of competition are also applicable for the Public Service and are:

- Competition for funding
- Competition for personnel
- Competition for users
- Competition for influence and prestige.

2.8.2.1 Competition for funding

Public Service organisations usually rely on funding from central or local government. This money is collected through taxation, but there are certain instances when funding is supplemented by a fee-based service (a small fee may be charged to

cover the cost of the service and not to make profit). Public Service organisations have to lobby for funding or present a special case, in the event of requesting increases in funds. They are more often faced with few opportunities for increases to their budgets, as this is controlled by legislation. This means that it is essential for the organisations to collect reliable, high quality intelligence on any projects that are in progress so that these can be used to motivate for funding and be sustained to the end (Wagner, 2003: 75).

Public Service organisations have to compete for funding with other services that the government also offers. These may include essential services such as health care, welfare, education, housing, sanitation and water. They also have to compete for a larger portion of the budget with other branches that offer the same service. In certain instances, the branches that report good performances and achieve plans and projects may get more funding to sustain the reputation that they feel they have earned. Sometimes funding for a specific Public Service is influenced by politics and government priorities (especially during local and national elections). In order to impress supporters and would-be supporters, funds may be diverted to issues that the politicians regard as urgent and important, thus, leaving some Public Service organisations with limited funds to achieve their goals.

Greenberg (1982: 84) suggests that competition for funding focuses on two phases. Firstly, the analysis of all the competitive organisations or departments and how they are able to raise funds, and secondly, having clear definitions of the specific mission or competitive area for the organisation so that it can concentrate its efforts to obtain the necessary funding and resources. However, in Public Service organisations, it is often the situation where different departments compete for the same funding but are measured differently.

Competing for personnel is also a common practice in these organisations.

2.8.2.2 Competition for personnel

Public Service organisations are usually labour intensive and require trained personnel with dedication and willingness to serve the needs of the citizens and to make a

difference in the community. The personnel in these organisations are, in effect, the service and workers cannot be separated from the service that is offered. Hence, staff need to be competent and skilled in what they do and be prepared to update their skills and competencies as required by the ever-changing, differentiated and more sophisticated work environments where latest business management techniques and practices are being adopted.

Therefore, Public Service organisations are subject to more competition for personnel. Any inability to recognise this can have negative consequences for the entire organisation. Furthermore, it is realised that staff in these organisations are not paid very high salaries; have low status in the community; have little room for advancement because of the absence of career ladders; and work in isolation and without any colleagues in certain cases (branches or division). Worker burnout, exhaustion and depression due to overwork and unpleasant working situations, are also regular complaints (Greenberg, 1982: 85). This results in high staff turnover in Public Service organisations and also difficulty in attracting high calibre staff in positions. Most professionals and lower level staff working in this environment do so because of their loyalty to the profession and their desire to improve the quality of life of others and not because of their loyalty to the employing organisation.

In some cases, staff with the required skills and competencies, choose not to work beyond the contracted limits that are expected of them. They are also the ones who constantly bring down the morale of the department and influence others in the department to follow their way of functioning. This attitude may be a result of several factors such as political affiliation, union impact or past experiences. This form of competition is internal to the organisation and can be more severe than any other form of competition (Sawyer, 2002).

Competing for personnel, meaning the attraction and retention of skilled workers, can be a severe challenge for the Public Service organisations as workers are more attracted to the private sector where work conditions are better and career paths well defined. Wagner (2003: 75) suggests that CI techniques be used by the Public Service organisations to better understand competitors for personnel and the decision making criteria used by potential employees when applying and evaluating jobs.

Another important form of competition identified for Public Service organisations is competing for users/customers.

2.8.2.3 Competing for users/customers

The users, in the case of Public Service organisations, are the customers or clients to whom they provide a service. This includes the current users of the services and any potential users who are not aware of the service offered. Although Public Service organisations are usually the only ones providing a specific service, e.g. where the Department of Home Affairs is the sole provider of South African ID booklets and passports, they still experience competition from their customers. They will have to take action to increase the number of customers that use the service and more importantly, to improve the awareness of the service to the customer. More customers using the services mean that more people are complying with government regulations, resulting in good public administration in the country.

The competition for customers is made more difficult because prior experiences that the customer has had with a specific department and the nature of that prior relationship will impact whether the customer will return to use further services or not. A satisfied customer will be pleased to come back to the same department for future services, whereas a less satisfied customer may go to great lengths to avoid the service, even if it means getting involved in underhand (and illegal) ways of obtaining what is needed, e.g. the paying of a bribe to get passports or licences. This not only leads to poor service delivery but also to corruption and unethical behaviour both on the part of the customer and the member of staff engaged with the customer.

The customer's lack of knowledge and education with regards to new services offered or new methods of doing things can also pose a competitive barrier in Public Service organisations. Some customers may not be aware of new procedures that are adopted or they may be reluctant to change to new ways of doing things. Education, therefore, plays a role in getting customers 'up to speed' with changes and to alleviate customer perceptions of what needs to be done (Sawyer, 2002: 32).

The customer's perception of the location of Public Service organisations can also be a form of competition. Especially in the South Africa, customers may be reluctant to go to an organisation that is situated in an area known for its bad reputation for activities such as highjacking and theft. Also, most Public Service departments are usually situated in the business districts of a city, which will be busy with traffic and will have limited parking available, thereby influence the customer's perception of the service. Sawyer (2002: 34) advises that the best way to deal with competition that emanates from customers is to be aware that this form of competition exists and to keep in touch with the customers on a regular basis as this will assist the organisation to develop greater influence and prestige in the environment.

2.8.2.4 Competing for influence and prestige

Public Service organisations compete for influence and prestige and would like to be seen as the departments that make a difference. The attempt to increase their visibility and claim credit for certain services offered is visible in their activities such as Public Service awards, service excellence nominations and the recognition for outstanding performances by individuals or departments. Such awards are usually displayed in specific Public Service departments or in the media. It is also a way of gaining the confidence of the customers and to show proof of the nature of their activities. Citizens of a country usually take the Public Service departments for granted and see them as essential services offered by the government but rarely equate these departments with other private sector organisations or as best in the business.

Therefore, it can be noted that the Public Service organisations definitely do have competition that they need to take into consideration. Most of the competition is internally based and CI functions can be a very useful tool for the Public Service organisations if it intends to improve its operations and activities to meet the demands placed on it.

2.9   SUMMARY

Since CI is a new concept that is being adopted by more organisations, it has been necessary to discuss what CI really is and to describe the process. It has also been important to highlight the needs for such a process in organisation. No organisation will be motivated to implement a new concept unless sufficient evidence is available regarding the benefits of that concept. Hence the benefits of CI implementation in several established organisations have been shown. These organisations, both South African and international that have been implementing CI in their operations have met with successful results.

The implementation of such a process in organisations is usually met with strong reservation from staff and this mainly because of the lack of knowledge about how the process should be conducted. The implementation of CI should be based on the unique needs of the organisation and the steps for implementing CI have been identified allowing CI to be implemented in all types of organisations irrespective of the size and nature of the business.

In order to accomplish the successful implementation of CI in organisations, several tools and techniques are necessary. The discussion has identified traditional management tools and techniques that have been used in business organisations for many years. With slight modifications, innovative thinking and creativity, these can be used for CI in organisations. It was necessary to provide an explanation of the nature and characteristics of the service sector organisations and, in particular, Public Service organisations, or sector. The close similarity that exists between Public Service organisations and non-profit organisations was also established.

While all organisations have some form of competition, it is not easily identifiable in the Public Service organisations. Hence, it has been important to establish exactly who or what the competition is in this sector. These were identified as competition for funding, competition for personnel, competition for users or customers and competition for influence and prestige.

With a better understanding of CI and its usefulness in organisations, in particular the Public Service sector, it is necessary to establish if this process is suitable for the Public Service sector in order to improve the delivery of services. Hence, a review of literature in order to understand the current state of Public Service organisations in South Africa and in particular the delivery of service by this sector will continue and this will be discussed in Chapter 4. The current strategies that this sector uses will also be examined and the possible need to improve the current status quo of Public Service delivery will also be investigated in Chapter 4. Therefore, it is essential to first determine what methodology will be used to address all the aspects of this study.