Asian Journal of Business and Management (ISSN: 2321 - 2802)
Volume 12 – Issue 1, December 2024

The Strategy Formulation to Confine the Escalating Wage Bill: A Case of Limpopo Provincial Government

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ABSTRACT---- ***Many African countries face difficult choices in managing the size of their public sector wage bill, which poses an acute threat to fiscal and macro-economic stability. The wage bill accounts for a growing share of government expenditures across Southern Africa and threatens to stifle the government's normal operations. The high public sector wage bill compromises service delivery because a substantial amount is committed to employees' salaries and benefits. Governments need to restrain the rising public sector wage personnel expenditure while at the same time taking into account the government's significant priorities as far as development is concerned. Most countries worldwide that struggle to compete effectively in the global economy review their compensation practices to return to fiscal balance. The proper control over the public purse is fundamental to any responsible government. This includes all spheres of government such as National, Provincial and Local Government.***

Government departments must focus on delivering quality public services by effectively managing their wage bill through adequate fiscal planning and employment flexibility. In addition, with the rise of technological innovation, governments need to relook at the size of public service and alternative service delivery approaches that will drastically lower the wage bill without hampering the provisioning of services.

The paper aims to formulate a strategy to confine the government's escalating wage bill by strengthening resource planning, estimating, costing, budgeting, and controlling personnel expenditure. The setting for this study is Limpopo Province in South Africa. Empirical data were collected by administering semi-structured interviews, and the gathered data were thematically presented and analyzed.

Keywords--- wage bill, government, employees' salaries, expenditure, budget, public sector and service delivery

1. INTRODUCTION

South Africa is no exception, as it faces a looming fiscal cliff due to the high growth of public service remuneration that might cause a slowdown in economic growth. The South African Government is spending over R650.4 billion on its public sector wage bill (national and provincial departments) for the headcount of 1.3 million employees in 2020/21 (National Treasury, 2020). The Institute of Race Relations (2018) indicates that South African public service is bloated and costly, and the sector's wage bill has outstripped inflation and increased much higher than the private sector in South Africa.

The Limpopo Provincial Government Personnel Management Framework (2016) reflects that the personnel expenditure of the province is the highest in the country compared to other provinces. The wage bill of Limpopo Province constitutes 72.0 per cent of the provincial budget against the national average of 60.0 per cent in the 2016/17 financial year. In the quest to manage compensation of employee expenditure, the province established the Provincial Personnel Management Committee (PPMC) in 2016, whose primary role is to consider the merits of filling posts in the departments and ensure that a budget is available to fund such posts.

2. LEGISLATIVE INSIGHTS

Realistically, no public institution can render effective services to the public without funds to cover its operational and capital costs (Tsheletsane & Fourie, 2014). Consequently, South Africa has suitable oversight bodies and legislative frameworks. However, the low number of clean audit reports demonstrates the poor financial management in South African government departments. Furthermore, this shows that material findings on non-compliance with crucial legislation exist in the financial records of government departments.

The robust management of the public service personnel expenditure compels the proper implementation of the following legislations to enable the government to offer the required public services financially and sustainably.

2.1 Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999)

The South African legal framework for the management of public funds is pronounced by the PFMA, which puts together a framework for financial management to enhance accountability. This Act is one of the most critical pieces of legislation passed by the first democratic Government in South Africa. The PFMA enables accounting officers to manage the resources allocated to their institutions and, at the same time, hold them accountable for utilizing the resources at their disposal. Section 39(2) (a) of PFMA requires the department's accounting officer to take effective and appropriate steps to prevent overspending of the vote or a main division within the vote. This includes establishing control systems to ensure that any human resource decisions with financial implications are affordable in the allocated budget.

2.2 Treasury Regulations

Due to differing operations systems amongst departments, the uniform norms and standards required by the Constitution (1996) have been established by National Treasury and the Accounting Standards Board. The Treasury Regulations were formulated to provide the best financial management practices by allowing individual accounting officers to determine the detailed procedures and processes according to the business needs of their departments. In terms of Section 76 of the PFMA, the National Treasury must make regulations or issue instructions applicable to departments, including periodic updates on Treasury Regulations. Paragraph 8.3.2 of Treasury Regulations obliges the accounting officer of an institution to ensure that the personnel cost of all appointees, promotions and salary increases are met within the budgetary allocation of an institution. Paragraph 6.3.1 of Treasury Regulations further says that personnel expenditure and transfers to other institutions may not be increased without the approval of the relevant Treasury.

2.3 Public Service Regulations (Government Notice No. R.1 of 5 January 2001 as amended)

The new Public Service Regulations require an integrated framework to promote effective performance. This framework allows departments to find creative, more efficient, and effective ways to achieve policy goals. Section A of Part VIII of the Public Service Regulations (Public Service Regulations, Government Notice No. R.1 of 5 January 2001 as amended) states that departments should enhance result-orientated organizational efficiency, effectiveness, and accountability for using resources. Therefore, when determining a public service employee's salary, available funding, the employee's performance, recruitment and retention of appropriate skills, collective agreements and job evaluations need to be considered. The regulations also prescribe a time frame for filling funded vacant posts. According to this regulation, the funded positions must be advertised and filled within a year. Maserumule (2016) supports this, who specifies that public service staffing is an important function of managing human capital.

2.4 Public Service Act (RSA, 1994) and the Public Service Amendment Act (RSA, 2007)

Section 11(1) of the Public Service Act promotes the consideration of equality and democratic values and principles enshrined in the Constitution during the appointment and filling of the post. The power to create and fill vacancies in the public service vests with Executive Authority in terms of section 3(7) and 9 of PSA (RSA,1994). Section 7(3) of the PSA, 1994 states that the accounting officer of the department shall be responsible for the efficient management and administration of their department, including the effective utilization and training of staff, the maintenance of discipline, the promotion of sound labour relations and the proper use and care of state resources and they shall perform the functions that may be prescribed.

3. LITERATURE REVIEW

3.1 The global analogy of the public sector wage bill.

The high public sector wage bill has been a controversial issue globally. Most countries worldwide that struggle to compete effectively in the global economy review their compensation practices to return to fiscal balance (Ramlall, Maimani and Diab, 2011). Although the composition of personnel spending varies by country, government spending on employees' salaries has gradually increased over the past decades in several European Countries (Afonso and Gomes, 2014). Despite the increasing level of privatization around the world, the following countries have undergone difficulty in managing their public sector personnel expenditure:

- The Nordic countries, including Denmark, Norway and Sweden, employ a relatively large proportion of their population to provide public services (between 20-25 per cent). Therefore, they require a strong focus on spending efficiency, including the wage bill (International Monetary Fund, 2016).
- The United Kingdom's government wage bill increased rapidly in 2000 and was worsened by a recession in 2008 due to rising public sector debt. As a result, in 2009, the United Kingdom's public sector wage bill accounted for about one-third of government expenditure, and public expenditure cuts were implemented (Financial and Fiscal Commission, 2012).

The public sector in developing countries continues to employ a large percentage of the workforce, and it has been growing about four times as fast in developing countries as in developed countries (Kareem, Bakare, Ademoyewa, Bashir, Ologunla and Arije, 2014). The proportion of the labour force working for the government is the indicator of how public services are delivered in a country, and it determines the costs of service delivery (Organisation of Economic Cooperation and Development, 2011).
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3.2 The African countries' experience with managing public sector wage bill

In most African countries, personnel expenditure is notoriously difficult to contain, and the public sector wage bill has been rising significantly in recent years (International Monetary Fund, 2016). For example:

- In Tunisia, the spending on the wage bill was equivalent to 13.5 per cent of GDP and 50.0 per cent of government expenditure in 2015, and this has reflected the government's reliance on public sector employment to maintain social cohesion during the country's political transition. Nonetheless, the relatively high level of expenditure in the wage bill raises concerns about the sustainability of the budget.
- In Kenya, the public sector's large wage bill reflects high wages rather than high employment and results from the absence of a clear and legally binding wage and remuneration policy. As a result, the public sector salaries exceed those of the private sector and crowd out social and infrastructure spending.

Most African Countries are severely constrained in their ability to manage personnel expenditure. The countries such as Egypt, Morocco, and Tunisia have already begun adjusting wage bill processes due to fiscal distress (International Monetary Fund, 2018). The challenge is maintaining the functioning of service delivery institutions within the shrinking fiscal space.

3.3 Contextualizing public sector wage bill in South Africa

The South African Government faces a looming fiscal cliff due to the high growth of public service remuneration and a slowdown in economic growth. The public sector is a significant employer in the South African economy, with an average of 18.0 per cent of employment in the public sector (Kerr and Wittenberg, 2017). After a gradual decline between 2000 and 2006, South Africa's wage bill increased sharply in 2007 after introducing a new compensation framework (International Monetary Fund, 2016). Human Research Council (2010) suggest that the public sector wage bill in South Africa has been increasing by an average of 6.3 per cent above inflation every year for the past eight years. The progression of the wage bill represents the expansion of public sector employment, resulting in the lower provision of public services and investment due to high personnel spending consumption. The Institute of Race Relations (2018) warns that South African public service is bloated and costly. This wage bill for public service has outstripped inflation and increased much higher than the wage bill of the private sector in South Africa.

4. LIMPOPO PROVINCIAL GOVERNMENT BUDGET ALLOCATION AND PERSONNEL SPENDING

The high percentage share for compensation of employees was high-pitched between 2013/14 and 2015/16, surpassing 70.0 per cent of the total budget. In 2017/18, the province allocated a budget of R43.055 billion or 70.0 per cent available for spending on the compensation of employees from the total provincial budget of R61.459 billion (Limpopo Provincial Government, 2017). This trend needs to be compacted to a specific limit to avoid the potential diverts of limited resources from core service delivery imperatives to the funding of compensation of employees.

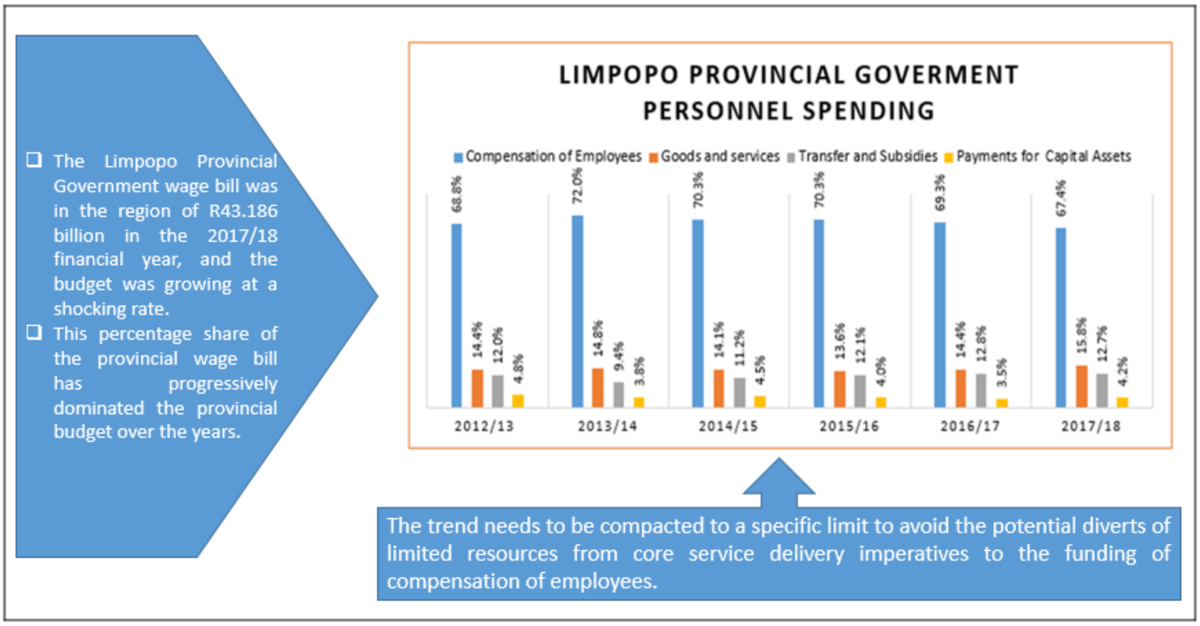

Figure 1: Limpopo Provincial Government Personnel Spending

Adapted from Limpopo Provincial Government 2017/18 EPRE

The relationship between the public service employees' costs and the provincial government departments' affordability to deliver on their developmental mandate requires serious attention from the Provincial Treasury.

5. THEORETICAL ELUCIDATION

Theories are statements that predict the actions which lead to the results. For example, the theory of success demonstrates the successful dialogue in a reinforcing cycle to describe the system dynamics. According to this theory, when the quality of relationships rises, thinking improves and increases the quality of actions and results. Fig.3 shows that achieving high quality results positively affects the quality of relationships.

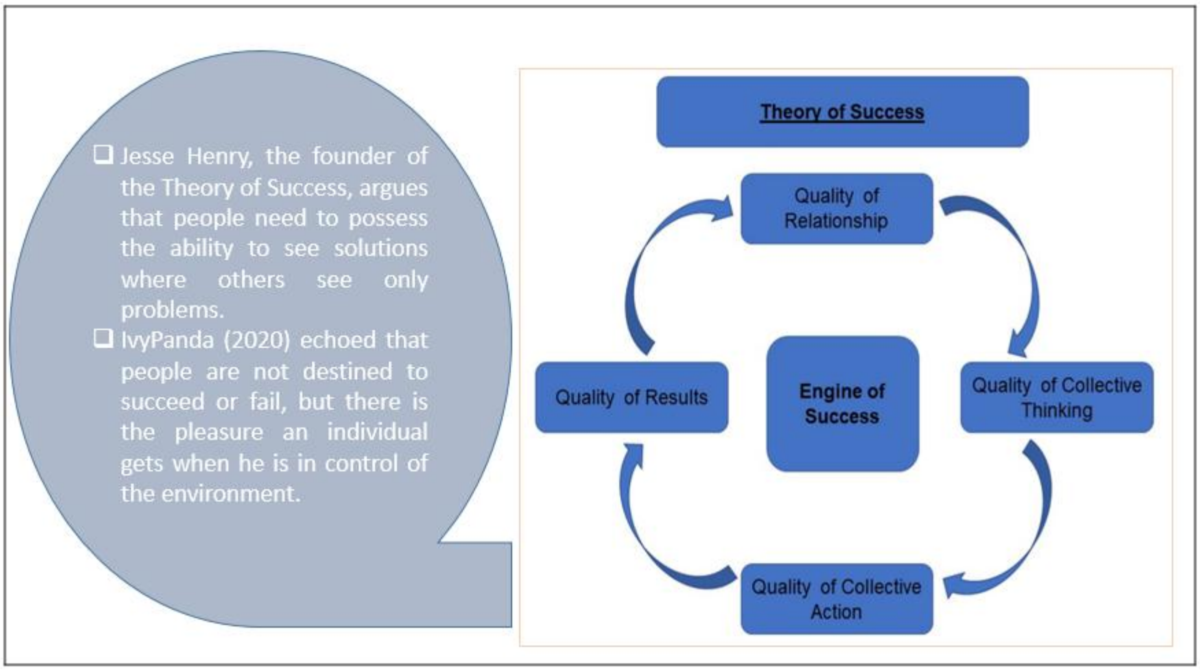

Figure 2 – Theory of Success

Source: Daniel Kim, 2008. Organizing for learning. Waltham: MA: Pegasus

To summarize and amplify this theory, the quality of relationships among the stakeholders increases the team spirit, respect and trust to achieve the desired results. As a result, the quality of thinking improves the stakeholders on different issues. Furthermore, when the level of thinking is heightened, the quality of actions will likely improve through better planning, greater coordination and higher commitment. In other words, achieving high-quality results positively affects the quality of relationships with the stakeholders.

6. RESEARCH METHODS AND DESIGN

The study adopted the qualitative research mode of survey within the interpretive paradigm, an intensive, universal description and analysis of a bounded phenomenon (Merriam, 2009). Johnson & Christensen (2014) expressed that the qualitative research method strives to gain more knowledge regarding the topic from the participants. On the other hand, action research was chosen to understand the underlying causes of the existing problem and enable future solutions to improve organizational performance. According to Lesha (2014), action research is appropriate for any study to improve performance.

The data collection instrument used to collect primary data for this qualitative research was a semi-structured interview schedule with 25 participants. These were purposively sampled, as they were envisaged to provide relevant information. Mukonza (2015) attests that semi-structured interviews allow the researcher to obtain guided answers and allow the interviewees to volunteer more information on the subject under discussion.

7. PRESENTATION OF THE FINDINGS

In accordance with the reporting of qualitative research, the presentation and discussion of the findings are demonstrated in the following thematic manner.

- **Limitations on the role of the Provincial Treasury**

According to sec 18 of the PFMA, the provincial treasuries are required to implement legislation such as the PFMA, Treasury Regulations, the annual Division of Revenue Act, and other prescripts to manage the provincial financial affairs and exercise control over the budget implementation by provincial departments. One of the respondents mentioned that:

> *"Constitutional functions and powers of the Treasury are limited. As a result, the ultimate control and responsibility of the spending of the personnel costs lay with the implementing departments. However, with the limited control, Treasury has done well in at least restricting departments from being negligent" (Participant 4).*

- **The ring-fencing of personnel spending to a certain limit.**

The ring-fencing of budget allocation or fund means to restrict the use of the allocation intended for a particular purpose. This implies that the department does not have authority over the compensation of employees budget, and when there is a realized saving, it is the responsibility provincial Treasury to reallocate the budget through a proper budget process. One of the respondents who was assertive in his sentiments indicated that:

> *"The wrong projections of the department can distort the ring-fenced allocation and make the whole exercise in vain. For example, if the allocated personnel budget of departments is R100 000 instead of R120 000. This implies that the department will need to report potential over-expenditure of R20 000 in the monthly in-year monitoring report" (Participant 18).*

For the strategy of ring-fencing the personnel budget to work, a thorough analysis of personnel expenditure and correct calculations in terms of how much is required for compensation of employees need to be determined. Then, if the accurate figures can be ring-fenced, the departments will meet the spending obligations. One of the respondents, who were softer in his sentiments, indicated that:

> *"The depletion of resources in the provincial government leads to cutting the cloth to fit the dress" (Participant 20).*

Some respondents uttered that the allocated budget belongs to departments and that they should be given the liberty to distribute it. According to these respondents, the ring-fenced allocation undermines the responsibilities of the accounting officer as required by PFMA.

- **The bloated organizational structure of provincial departments**

The organizational structures of provincial departments are growing substantially, and they need to be trimmed to curtail the high personnel expenditure. The lack of proper mechanisms for managing new appointments contributes to hiring personnel not necessarily aligned with the organizational requirements. The point of departure in wage reduction is to narrow the staff establishment and align the department's responsibilities with these new structures. Such alignment will determine the redundant posts, and such positions cannot be filled once they become vacant. Some of the respondents commented that:

> *"The provincial department's organizational structures are bloated. The size is too big at the head office than the district structures" (Participant 14).*

The above response shows that Limpopo Provincial Government lacks a clear coordination strategy for wage reduction. For example, some of the positions at the provincial office have no interface with existing functions at the district level.

- **Implementation of unfunded programmes from National Departments**

Limpopo provincial departments are more prompt in implementing unfunded circulars and directives from their National Departments than other provinces. The carrying out of unfunded projects by provincial departments overloads the personnel budget. For instance, the absorption of Social Work Graduates by the Department of Social Development. One of the respondents said:

> *"Some of the mandates that the province receives from the National departments do not necessarily require the province to create new components and posts, some of the things are just a project which can be added to the existing programmes, but unfortunately, the province creates units and advertises posts and after 3 to 5 years those posts become redundant after the completion of such projects" (Participant 23).*

The above response implies that Limpopo Provincial Government's personnel spending is high compared to other provinces that are hesitant to implement mandates that are not accompanied by funding.

- **Linking the filling of the posts to available funding**

The approved recruitment plan of provincial departments must be aligned with the available budget. The outputs of the tightly linked budget and the plans assist in holding the department accountable for exceeding the allocated budget. One of the respondents indicated that:

> *"Accounting Officer is required by the regulatory framework for human resource management to establish a system of controls for ensuring that any human resource decisions with financial implications are affordable in terms of the department's budget" (Participant 25).*

- **Mandatory consequence management for non-compliance with legislation**

In the public service, there is a need for consequence management for officials who do not adhere to legal parameters in discharging their duties or responsibilities. So often, the allocated budgets for departments are not utilized for the purposes they are voted for because of the self-serving interest of some implementing managers who position themselves to benefit from state funds. One of the participants highlighted that:

> *"Lack of technical skills by officials and implementers of those laws and there is no accountability for those employees who contravenes the legal frameworks and prescripts in discharging their responsibilities" (Participant 11).*

Until the legislation that will force and compels individuals to account personally is enacted, the financial and human resource management regulations are to no effect.

8. ANALYSIS AND DISCUSSION OF THE FINDINGS

The study's major findings were discussed with reference to the below mentioned themes and sub-themes. In addition, the participants of the research provided the following suggestions to control the growth of personnel expenditure:

- **Limitations on the role of the Provincial Treasury**

There are limitations on the Provincial Treasury's role regarding the running affairs of provincial departments as set out in the PFMA. According to section 38 of the PFMA, the accounting officer must put internal control measures to ensure the proper financial management of resources (including personnel management). While Provincial Treasury plays a pivotal role in budget allocation and monitoring, it cannot impose personnel management control measures on provincial departments as that responsibility ultimately lies with the Accounting Officer. The right-sizing of personnel numbers for line departments is an appropriate undertaking that requires collaboration between departments and other stakeholders such as the Office of the Premier and DPSA.

- **Ring-fencing of personnel spending budget to a certain limit**

The budget allocation letters given to provincial departments by Provincial Treasury ring-fenced the compensation of employees to a certain limit to ensure that personnel spending obligations of provincial departments do not exceed the allocated budget. According to National Treasury (2020), it is the responsibility of the government department to ensure that there is alignment between the compensation of employees' budgets and personnel headcount. Ideally, the departments cannot spend more than the allocated budget. It is a momentous offence for any Accounting Officer to spend beyond the allocated budget as it constitutes unauthorized expenditure.

- **The bloated organizational structure**

The staff establishments of government departments are unaffordable due to the fast growth of public servants' earnings over the past ten years and the poor economic conditions South Africa currently faces (National Treasury, 2020). Therefore, the bloated organizational structure must be reviewed to enhance the organization's competence and endurance. There is a need to employ a more rational programme that encompasses trimming unproductive posts whilst maintaining a core staff that guarantees continuity and sustained output. As a result, the HR and Finance personnel must prepare budgets and headcount management (National Treasury, 2020).

- **Implementation of unfunded programmes from National Departments**

The personnel spending in Limpopo Provincial Government is high compared to other provinces because other provinces do not implement mandates that are not accompanied by funding. In addition, government policies such as OSD make provincial personnel spending unaffordable and need to be revisited. The procedure for a performance management system also did not assist the government in reducing personnel expenditure because more employees were given higher notches which increased the overall earnings of the employees.

- **Linking the filling of the posts to available funding**

The compensation ceilings need to be lowered to limit the budget growth of government personnel spending. As a result, the recruitment plan of provincial departments requires alignment with the available budget. The outputs of the tightly linked budget and the plans assist in holding the department accountable for performance. The Public Service Act and Public Service Regulations indicate that the executive authority has delegated the responsibilities of personnel management-related matters in decision-making. However, those decisions should be guided by the availability of appropriate resources and compliance with critical financial and performance management (Auditor-General, South Africa, 2019). The Provincial Treasury as the custodian of the provincial's financial resources comes into the picture to promote transparency and sound financial management.

- **Mandatory consequence management for non-compliance with legislation**

The lack of consequences management contributes significantly to the poor implementation of the law. The officials are not complying with applicable legal parameters in discharging their duties or responsibilities. In terms of PFMA and Treasury Regulations, the individual officials of public departments and institutions are responsible for funds flow. Compliance management entails making appropriate rules that are lawful and followed for which consequences of non-compliance are clear and commensurate with risk and context (City of Cape Town, 2019). As much as there is no accountability, the government will still see the employees overlooking the rules, regulations and guidelines in discharging their responsibilities. Remarkably, the Office of the Auditor-General has flowed into space through the revised public auditor's Act, where they now hold the accounting officer accountable for not taking action for transgressions. The lack of consequence management mainly influences the continued transgressions.

9. CONCLUSION

The study exposed that Limpopo Provincial Government faces an immense challenge because the line departments need to reduce personnel costs. The most operational way of doing this seems to be to reduce personnel numbers. The study established that the provincial department's personnel expenditure continues to rise, yet these increases do not translate into service delivery. The annual cost of living adjustments, the rise in government employee headcount, the filling of unfunded posts, and the power of unions over the outcome of wage bargains influence the high personnel spending growth.

10. RECOMMENDATIONS

The study is putting forward the following recommendations for consideration by Limpopo Provincial Treasury in managing the wage bill of line departments:

- **Avoiding the implementation of unfunded mandates from national departments**

The carrying out of unfunded mandates with personnel implications from national departments overloads the provincial government compensation of employees' budgets—for example, implementing a social worker's OSD. Therefore, when the unfunded mandate is received from the national department for implementation, the respective department needs to consider a reasonable number of regulatory alternatives and select the least burdensome and most cost-effective option that achieves the intended objectives.

- **Shifting of funds from compensation of employees to critical non-personnel spending.**

The Limpopo Provincial Government is struggling economically due to stagnant or decreasing state revenues. Therefore, improved budget management becomes even more critical. In addition, the department needs to reduce the size of personnel expenditure and allocate the potential saving to substantive programmes to ensure the most efficient and effective use of resources while at the same time meeting the growing demands of the citizen.

- **Circumventing skill mismatch in Limpopo Provincial Government**

The provincial government Departments are faced with a dominance of under-qualified staff, and most employees are mismatched with their field of employment. The personnel numbers, skills composition and capacity constraints negatively impact provincial departments to deliver on their mandates. The NDP highlights the need for well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of consistently delivering quality services. These skills mismatch needs to be addressed through on-the-job training and retraining of the access staff since new skill acquisition will not be possible due to budget constraints.

- **Reviewing the bloated organizational structure**

Limpopo Provincial Government is experiencing a discrepancy between the number of productive employees and managerial staff, invested time, spending and the allocated budget. Therefore, the organizational structures and budget should be aligned to guide the setting up of resources and execution of the department's mandates.

11. WAY FORWARD

Meiser and Nath (2018) defined strategy as explaining how and why a given set of actions will cause the desired outcome. Based on the engagements presented in this paper, the study recommends the model below to provide reliable cost information to estimate the financial implications of the public service workforce. As a result, the Personnel Cost Simulation Model (PCSM) was developed to estimate the cost of employees' remuneration in public service. This includes role clarifications in personnel budgeting and headcount management by relevant units within the department.

11.1 High-level description of personnel cost simulation model

The PCSM is a resource planning, cost estimating, budgeting and control paradigm for preparing personnel budgets and headcount management. The purpose of PCSM is to assist the provincial departments in preparing a credible personnel budget that does not exceed the allocated budget and causes the budget over expenditure. Subsequently, the overspending of the allocated budget is resolved by identifying funds from other spending items to cover the budget shortfall. Ultimately, shifting funds from non-personnel spending items compromise the government's ability to spend more on projects that derive economic growth, job creation, and critical service delivery.

11.2 Dependencies of the model to achieve the desired results

- Adequate resources to improve employees' conditions of service;
- Historical information, which includes approved organizational structure, staff establishment, departmental memos, budget and expenditure reports;
- Relevant cost, i.e. financial outlays for resources that will be consumed for implementation; and
- Human Resource Management and Finance staff.

11.3 Why Build a Model?

The model is a representation that can define, analyze, and communicate the set of concepts. Correspondingly, Cloete & De Coning (2011) and Brynard et al. (2014) postulated that models simplify reality and better assist people. The building of models helps to understand the problem to investigate the solution. Friedenthal and Mordecai (2021) indicated that the significance of a model is measured in terms of how it supports the intended purpose. The modelling permits early exploration of alternatives through model simulation techniques and eases the team members' integration. Figure 3 shows a Personnel Cost Simulation Model process flow using diagrams to demonstrate the relationship between the phases of cost management.

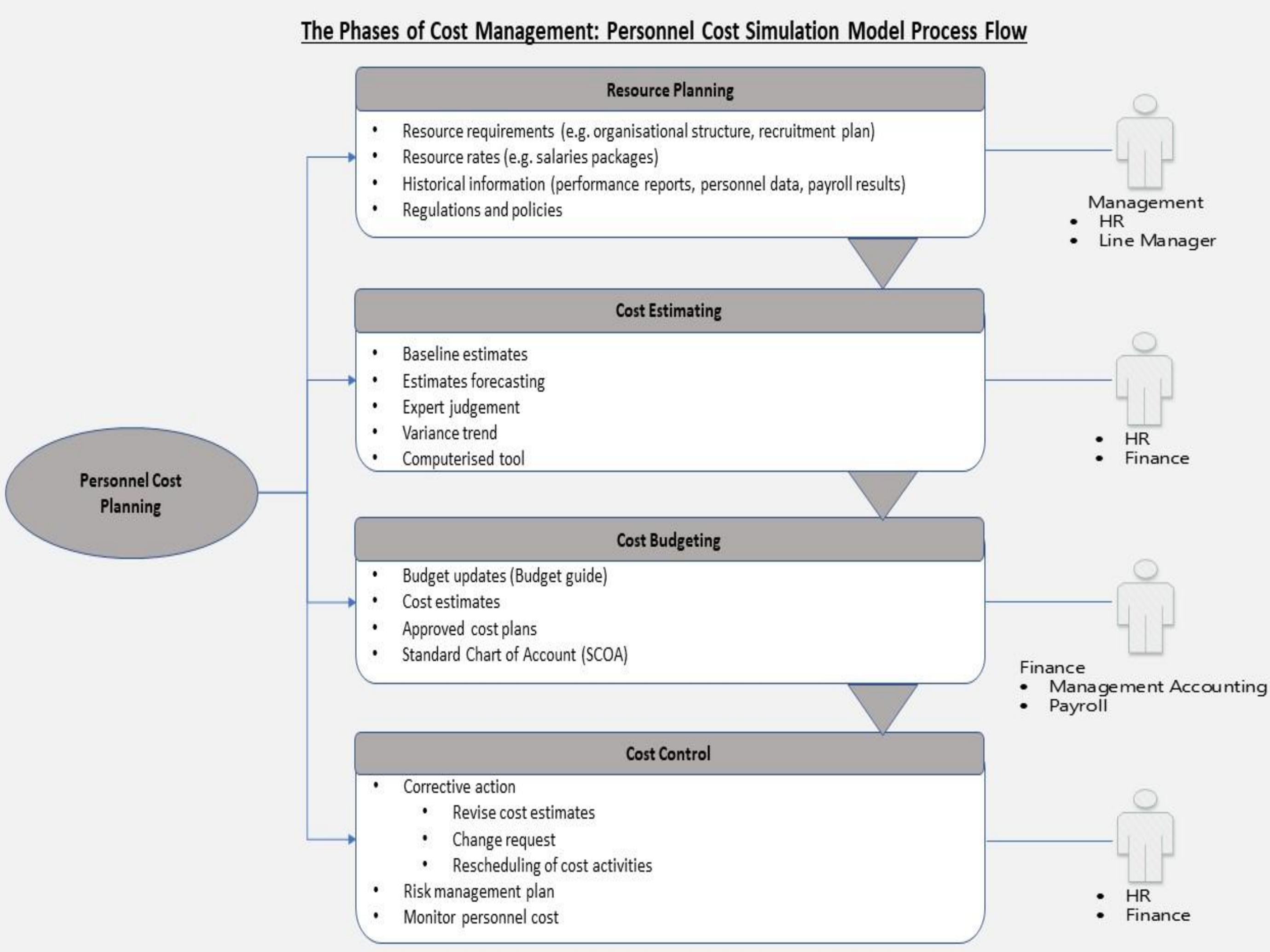

Figure 3 - The phases of cost management

Source: Author's illustration

The model identifies the primary phases of cost management for controlling the growth of the compensation bill. These phases include the following:

11.3.1 Resource Planning

Resource Planning is a process of identifying, forecasting, and allocating resources of the institution at the right time and cost. This planning is important because resources are among any institution's most expensive investments. Furthermore, with the ailing economy causing budget constraints, government departments must undergo comprehensive resource planning. In this case of personnel costing, resource planning gives rise to the following variable resource inputs:

- the required resources (i.e. the number of required employees),
- resource rates (i.e. employees' package),
- historical information such as performance reports
- Regulations and policies.

A comprehensive resource plan helps the department plan, predict resource availability, and prepare the wage bill. However, a sub-optimal planning process can adversely impact the department's wage bill and eventually balloon the personnel costs.

11.3.2 Cost Estimating

Cost estimating entails collecting and analyzing the past year's data to forecast the future cost of the programmes or activities. The cost estimate is important to any institution for the following reasons:

- to substantiate the funding decisions of the institution;
- to prepare the annual budget requests; and
- to develop performance measurement baselines.

In addition, having a credible estimate of projected costs makes the budget allocation process more manageable and expands the possibility of a program's success.

11.3.3 Cost Budgeting

Cost budgeting involves estimating and planning organizational costs. The initial cost estimates are based on comparative or parametric estimating techniques.

11.3.4 Cost Control

Improving public service quality while reducing costs aims to balance reduced budget resources and growing citizens' service demands. Therefore, controlling personnel costs is vital for any institution to guide budgeting and spending decisions.

11.3.5 The Desired Results

On average, the compensation of employees rose in nominal terms by just over 8.0 percent per annum between 2009/10 and 2019/20 across all categories of public servants. In 2020/21, the average compensation of employees rose by 0.4 percent. The changes in the wage bill of the department are driven by increases in employees' numbers and salary scales.

The PCSM proposed in this study is a culmination of public sector personnel costing conceptualization. This conceptualization is strongly influenced by the researcher's literature review, theoretical framework, and empirical evidence from this study. As a result, the model may help the provincial departments manage the wage bill through proper cost control.

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