

# The Management of a Community Project – A Case Study

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## **Abstract**

All tiers of Government, including private sponsors and overseas agencies invest huge amounts of money in community projects, in order to address the challenges of poverty alleviation and job creation in South Africa. However, these projects seem to be doomed for failure due to poor management or mismanagement, resulting in the loss of jobs, as well as of the funding. The qualitative approach was utilised for this study, because of the size of the population (N = 28). The case study method was the most appropriate for this study. Data collection was carried out by interviewing members of the community project, as well as management and sponsors. Data on similar projects was obtained from a consultant who is a member of a team of project assessors. On-site observation as well as informal interaction with community members clarified attitudes, feelings and perceptions towards the project. The findings of the study indicate that poor management of the project, including the poor communication between sponsors and community members, as well as lack of sound selection practices, resulted in failure.

**Keywords:** Communication, community project, job creation, management, poverty alleviation, selection.

## **Introduction**

Job creation, and through it, poverty alleviation, has become one of the most important challenges of the 'new' South Africa. Fifteen years into the new political dispensation has seen few improvements to the lives of those who

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struggle to survive. Poverty levels, based on consumption expenditure of R800 or less per month per household for the North West Province, are reported to be as high as 37 percent of the population; only the Free State and the Eastern Cape are worse off at a level of 48 percent (StatsSA 2000).

Although the average rate of unemployment for South Africa is given as 21,9 percent (<http://www.statssa.gov.za>, 2009), there are towns and areas where it could be as high (or even higher) than 90 percent.

Not surprising then, that the South African government has come up with different initiatives to combat the problem – the latest being Broad Based Black Economic Empowerment (BBBEE), the Accelerated Shared Growth Initiative for South Africa (ASGISA), the Expanded Public Works Programme (EPWP), and the Joint Initiative on Priority Skills (JIPSA) – the latter being instituted to develop scarce skills which are in short supply in South Africa ([www.info.gov.za/key/indicators/lfs.asp](http://www.info.gov.za/key/indicators/lfs.asp)). Some of these initiatives have been cascaded down to provincial level, like the North West Province's own North West Provincial Growth and Development Strategy: 2004-2014. According to the document published on this initiative 'job creation and poverty eradication together with the low level of expertise and skills, stand out as the greatest challenges to be resolved'.

Since initiatives like JIPSA offer medium to long term solutions to the problems of poverty alleviation and unemployment, government agencies, private sector initiatives and offshore sponsors often opt for community projects that can address these problems in both the short and longer term. The question however, is: how successful are these community projects?

## **Problem Statement, Research Questions and Objectives**

The short answer to the question of the success or otherwise of community projects, is that we simply do not know, due to a lack of coordination and information on these projects (which makes data collection extremely difficult), but, based on available information, most projects are not successful. The few successes are shouted from the rooftops, while the many failures are swept under the carpet. Of seven projects investigated, only one was successful. The other six, with funding ranging between R130 000 and R28 million, never got off the ground.

In spite of how well-meaning these projects are, most seem to be doomed for failure – one province reportedly wrote off R55 million as ‘wasteful spending’ on community projects in 2008 alone. Sub-problems, contributing to the main problem included poor management of projects as well as poor selection practices.

The main research question was: ‘Why did this project fail?’ Further questions that needed to be asked were:

- Did a lack of sound management practices contribute to failure?
- What was the cause of misunderstandings between the initiators of the project and community members?
- Was the selection of community members based upon the requirements of their jobs?

The objectives of this study were thus to determine the reasons why the project failed, and whether the failure was due to a lack of sound management practices, inclusive of poor communication as well as of the selection of community members based on non-work related criteria.

## **Literature Review**

Many different agencies (apart from government agencies) have emerged to address the challenges of job creation and poverty alleviation. They operate as Industrial Development Zones, Entrepreneurial Development Agencies, business-sponsored projects and Incubation Centres, to name but a few. Although they have the same objectives, their efforts seem to be largely uncoordinated, and often as not go unrecorded. The emphasis of project initiators seems to be on the financing of projects rather than on sustained management.

An exception to the usual uncoordinated approach to projects, is the initiative by the University of the Western Cape’s Foundation for Contemporary Research (FCR), who has taken 30 municipalities under their wing (<http://www.fcr.org.za>). Apart from ensuring that projects are well managed, the FCR also engage in research on municipal projects.

Another encouraging initiative is that of the Impumelelo Innovation Trust Awards, whereby exceptional municipal projects are annually

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recognized (<http://www.impulelo.org.za>). However, among the 41 recipients of awards for 2008, only one municipality received an award for a project similar to the one described in this case study.

Most agencies and sponsors, however seem to forget the basic principles of sound management when embarking on initiating projects.

In addition to the people, physical resources, financial resources and knowledge in an organization, there is a further element that is necessary to direct all resources and activities effectively toward goals. That indispensable element is management (Cronje, Du Toit, Marais & Motlatla 2004: 120).

These authors further show that the four most common causes of business failure are lack of managerial competence (40%), lack of leadership (30%), lack of managerial experience (20%), and lastly, no industry experience (10%).

As the physical and financial resources are usually provided by agencies and sponsors, the focus of project initiators, apart from management, should be on people, knowledge and skills. The selection of people (including managers), is of the utmost importance to ensure the success of any project. Swanepoel (2001: 311) defines selection as:

The process of trying to determine which individuals will best match particular jobs in the organizational context, taking into account individual differences, the requirements of the job and the organisation's internal and external environments.

If criteria for selection are based on anything but those indicated in the definition, the project's chances of success are slim.

Bezuidenhout (2010: 31) reported on a selection and screening instrument developed by Terblanche to enable agencies and sponsors to select farming beneficiaries with the best chance of success. Some of the criteria used in the screening and selection procedure are level of education, previous experience, aspirations, managerial skills, record-keeping ability and attitudes.

Projects further stand or fall, depending on communication between agencies and sponsors on the one hand, and those who should benefit by

them on the other. As projects rest on a contractual relationship between initiators and beneficiaries, the terms and conditions should be communicated clearly – preferably in writing. Too often projects are based on an unwritten psychological contract - ‘a person’s beliefs of what is expected of another in a relationship’ (Greenberg & Baron 2003: 405). Apart from the strong potential for misunderstandings, expectancies of participants in a project, has implications for their levels of motivation as well. According to Nel *et al.* (2004: 319-320) expectancy entails the extent to which an individual believes that effort will lead to a reward of value to him/her. The level of motivation of the individual, in turn, then depends upon whether these expectancies will be realized.

### **Purpose and Importance of the Study**

The purpose of the study was to determine the causes of failure of the project studied.

This exploratory case study may show the way for further research into the reasons for failure of most of these community projects. Being exploratory in nature, the study may also provide a framework for further studies on community projects. It may further sensitise agencies to the pitfalls inherent in the initiation, funding and management of projects of this nature, as well as the importance of management, including communication and selection of participants for the project.

### **Research Approach and Methodology**

The research approach followed was qualitative in nature. Babbie and Mouton (2003) describe the qualitative research paradigm as having the following characteristics:

- Human action is always studied from the insiders’ perspective;
- The emphasis, therefore is on methods of observation and analysis that remain close to research subjects;
- Methods include observation, unstructured interviewing, as well as semi-structured interviewing;

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- The goal is to describe and to understand (as opposed to the quantitative approach's goal to explain and predict) human behaviour; and
- The qualitative approach includes three design types, namely ethnographic studies, case studies and life histories.

The case study method was selected as the most suitable for this study, because, according to Welman and Kruger (2002)

usually the objective of a case study is to investigate the dynamics of some single bounded system, typical of a social nature, for example ... a community or participants in a project ....

Case studies are usually descriptive in nature, and new ideas and hypotheses may be generated from painstaking observation. The main disadvantage of single case studies is that no generalizations can be based upon the findings (Terre Blanche, Durrheim & Painter 2006).

The target population consisted of 23 community members, four members of the project management team and one team member of provincial project assessors (N=28).

The purposeful sampling technique was used. Struwig and Stead (2001: 121), state that, because random selection and generalisability are not of primary importance in qualitative research, 'qualitative researchers generally select samples purposefully rather than randomly'. McMillan and Schumacher (2006: 319) describe the reason for taking purposeful samples as 'these samples are chosen because they are likely to be knowledgeable and informative about the phenomena the researcher is investigating'.

The sample consisted of community members purposefully drawn from the four main sections of the farming project (8), all the members of the management team (4), as well as one provincial project assessor. The sample size thus was 13.

A literature search was conducted on key aspects such as poverty levels, unemployment, and governmental and other agencies engaged in various projects with the intention of alleviating poverty and creating jobs. Triangulation was used in the gathering of data, because, according to De Vos (2003: 341), 'by measuring something in more than one way, they (researchers) are more likely to see all aspects of it' (the phenomena studied).

Therefore, the following sources were consulted for the purposes of this study:

- The offices of the Provincial Government, the District Municipality, as well as the private sector organisation involved in the specific community project;
- Both the Chief Director and the Director in charge of the project;
- The supervisor of the project, as well as her deputy;
- Members of the community engaged in the project;
- A member of the provincial project inspection team;
- Documents and statistics; and
- Relevant literature.

An interview schedule, consisting of both forced choice, as well as open-ended questions, and covering the four main sections of the project, was used to interview community members. An unstructured approach was used in interviewing the management team and the assessor, in order to elicit project information of special importance to these respondents.

The supervisor of the project cautioned the researcher that no information of value would be forthcoming from community members. ‘We (the supervisor and her deputy) are from Lesotho, but they don’t even want to tell us what is wrong’. The co-researcher, being a local, and Setswana-speaking, was then brought on board to conduct the interviews.

On-site visits to the project were also carried out at regular intervals over a three month period in order to observe and to obtain information from the community members in an informal way.

The analysis of the interview data followed the five steps of interpretive data analysis described by Terre Blanche, Durrheim and Painter (2006: 322-326), namely:

- i. Familiarisation and immersion (reading through the data repeatedly to determine what interpretations are possible, and could be supported by the gathered data);
- ii. Inducing themes (inferring classes/themes from the data);
- iii. Coding (classification according to identified themes);
- iv. Elaboration (structuring the data); and
- v. Interpretation and checking (interpreting the data and checking on

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the quality of interpretation).

By comparing interviewees' perceptions to factual data (from documents) it was found that some themes were not valid, e.g. interviewees ascribed failure of the project due to a high mortality rate among the chickens, when in fact it proved to be within acceptable levels.

## **Case Study: Historic Development of the Project**

A District Municipality (preferring not to be named), bought a farm from a successful commercial farmer in 2001. The farm included farming land, a small dairy and a dairy herd, a fully equipped broiler house with a capacity for raising 10 000 chickens, as well as 11 tunnels for growing vegetables. The total investment is estimated at R4 million.

Initially 23 jobs were created, with the prospect of increasing the number of jobs, as there were plenty of opportunities to expand all four sections of the project, namely the chickens, the tunnels, the dairy, as well as utilisation of the rest of the farm for, inter alia, maize production. The cost per job for creating the 23 new jobs was R174 000 – well below the average of R250 000 per job suggested by the Industrial Development Corporation (Van Rensburg 2006).

The 23 positions created by initiating the project, were filled from the unemployed of a community situated about eight kilometers from the farm. Some of the newly appointed community members had some farming experience at lower levels, but the majority were inexperienced. Training was conducted on the operational aspects of the different sections of the project (the dairy, the tunnels and the broiler section).

The main idea of the District Municipality was that the community should become an independent and self-sufficient business enterprise in a short period of time. However, this was not communicated in clear terms to the project members.

To tie the community members over until an income was generated from the project, the Municipality paid each member a nominal salary (that this was a temporary measure was also not made clear to community members).

Two inexperienced municipal officials were appointed to oversee the project, while the members elected their own foreman.

Initially the project seemed to take off well. The private sector supplier of day old chickens provided on-the-job training and support, and financed the supply of day old chickens, foodstuffs and medicine. The Municipality financed the initial planting of the tunnels. However, soon some serious problems emerged.

First, the truck used for the transport of supplies and produce was stolen. It was never recovered, and the Municipality refused to replace it (some foul play was suspected). Then the tractor broke down, and was not repaired. This meant that the land could not be tilled, and ruled out the possibility of planting maize on a large scale. The Municipal management felt that the project needed to be managed (and further funded) by the community members themselves, while the latter was of the opinion that the Municipality should take the responsibility for maintenance and input costs. Community members complained that Municipal management still held the reigns, in spite of them stating that the project was owned by the community. They further pointed out that proceeds from the project should be paid to the community, and not kept by the Municipality. The Municipality then agreed to pay the proceeds of the first harvest into project members' own bank account. The members promptly emptied the bank account to pay themselves Christmas bonuses. Hence, in the following year, no finance was available for the replanting of the tunnels. The broiler section continued, because it was given a line of credit from the supplier of day old chickens, chicken feed and medicines.

In the previous season the Municipality incurred costs to the tune of R90 000 for the upkeep and planting of the tunnels. Proceeds from the harvest amounted to R9000 only. Management threatened to withdraw members' 'salaries'. Members responded by taking produce for their own use, including selling off some of the chicken feed.

The dairy herd and milking machinery was then sold, depriving the project members of a regular cash income.

Next, the broiler-raising project started losing money. The supplier of chicken feed sent a truck to deliver chicken feed on a Saturday, but there was nobody to receive it, as project members refused to work over weekends (they did not move to the farm, but preferred to stay on in the settlement situated eight kilometers from the farm). According to the elected foreman, members ignored his instructions, telling him that 'you are one of us; we

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need not take instructions from you'. The supplier of chickens, seeing the writing on the wall, withdrew its support, causing the collapse of the chicken-producing section.

The whole project was now reduced to a small cabbage patch on open land outside the tunnels. The tunnels, left untended, deteriorated to the extent that a major cash injection was needed to put them back into production.

Municipal management felt that the project members abused their chances, and that they had to draw a line on the expenditure on the project. In spite of the supervisors casting around for a way to save the project (one idea was to appoint a neighbouring farmer as manager/coach), Municipal management was adamant that the project should be closed down.

In a last ditch effort to convince management to salvage the project, the researcher, accompanied by the Executive Director of a Graduate school, during an appointment with the Chief Director, suggested that through management and business training of the project members, and proper management controls, the project could still be successful, but to no avail. The Chief Director felt that it would amount to 'throwing good money after bad'. For all practical purposes the project was dead.

Today, the farm, and all of its promising infrastructure, stands abandoned and in a state of serious neglect – a silent monument to the failure of an initiative which offered so much hope for a community in need of jobs.

## **Findings - Factors Leading to Project Failure**

The community project started off with the best intentions of job creation and poverty alleviation, but good intentions are seldom enough to guarantee the success of a business venture, as indeed any project of this nature amounts to.

If a single reason must be found for the failure of the project, then it must be laid at the door of poor management. The failure of this project may be attributed to the following factors:

- Communication between the main sponsors and community members were flawed; no written contract was entered into by the parties – instead they relied on the psychological contract consisting of uncommunicated expectations;

- No proper planning, including a realistic budget, were in place prior to initiating the project;
- The only comprehensive records kept, were those of the chicken supplier; virtually no information was available from the Municipality;
- Project members were all selected from the ranks of the unemployed, which seemed to be the most important criterion for selection;
- Project members saw themselves as employees of the Municipality, and not as owners of the project, because they were paid a monthly ‘salary’;
- Training of members focused solely on the technical aspects of farming, and not on the business aspects;
- The members of the management team of the project were unqualified and inexperienced;
- Ill discipline among members, without proper controls, led to malpractices; and
- Chicken farming is a low profit margin/high volume type of farming requiring discipline and a highly scientific approach to production.

### **Answers to Research Questions**

#### **▪ *Why did this project fail?***

The findings listed above indicate the main reasons for the failure of the project.

#### **▪ *Did a lack of sound management practices contribute to failure?***

According to Kotter (in Nelson & Quick 2003: 392) the management process consists of planning and budgeting, organizing and staffing and controlling and problem solving. As there was little evidence that any of these managerial functions were in place, one must conclude that lack of sound management practices did indeed contribute to the failure of the project.

#### **▪ *What was the cause of misunderstandings between the initiators of the project and community members?***

From the findings of the study it is clear that misunderstandings flowed from

reliance on a psychological contract; expectations of both parties were not clearly communicated

▪ ***Was the selection of community members based upon the requirements of their jobs?***

It was found that the only criteria for selection were residence in a nearby settlement, as well as unemployed status

## **Recommendations**

Based upon lessons learnt from the failure of the project studied, the following recommendations can be made:

- Community projects should not be undertaken in isolation; cooperation, coordination, and cross-fertilisation of ideas and experiences are called for;
- A first step should be to compile a central register of similar projects (at least at provincial level); networking, including regular communication between projects, are essential for success;
- When buying a successful operation, the owner should be asked to manage the project, at least until community members can stand on their own feet; the project studied, for example, could further have made use of the expertise of neighbouring successful farmers who could have acted as mentors and consultants;
- An explicit, written contract should be entered into between the initiators of the project and the community members who participate in it, rather than relying on an unwritten psychological contract in which expectations of both parties largely remain undisclosed;
- Apart from technical, operational training, project members should receive business training on an ongoing basis;
- Managers and overseers must be appointed with due regard to competencies required by the project - especially those of management; the screening instrument developed by Terblanche (Bezuidenhout 2010) could be of value in this regard;
- The selection of community members should be based upon criteria other than unemployment status only, e.g. appropriate experience,

aptitude and ability; the criteria developed by Terblanche could be considered;

- Proper planning for the project should be done for the short term, medium term and long term; it must be expected that the project will not become profitable and self-sufficient overnight;
- Implementation of the project must be supported by regular evaluation, quality assurance, feedback and meticulous record-keeping;
- Project members must assume ownership of the project; this should be promoted through sound communication as well as through participation in decision-making; and
- A management board, consisting of all stakeholders should be constituted to consider and ratify/ reject important decisions, e.g. the sale of project assets.

## **Conclusion**

Community projects often are the option of choice for poverty alleviation, job creation as well as for training and development of community members. Failure of these projects is not only a waste of scarce resources that could have been profitably applied elsewhere, but are also expensive in the application and development of human capital – a failed project means job losses, which are in direct opposition to the intention underlying these projects.

Apart from their potential for the alleviation of poverty and of job creation, community projects also have implications for successful land reform. ‘Rural Development and Land Reform minister Gugile Nkwinti has conceded that over 90% of land reform farms have failed when measured by agricultural productivity’ (*Farmers Weekly* 19 March 2010).

Williams, director of The Rural Action Committee in the Mpumalanga Province, also stated that 90 percent of all land reform projects have failed in that province (Zvomuya 2006). There is no reason to believe that the success rate is significantly better in other provinces.

Due to the qualitative approach used for this study, the results cannot be generalized to other projects of a similar nature. However, it did explore possible reasons why projects of this nature often fail.

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Emerging from this study, it could prove fruitful to find successful projects, and to determine what factors contributed toward their success.

As in the case studied, we often have only one chance of getting it right. Failure of projects leads to important stakeholders, like sponsors and project members, to lose interest, which in turn leads to a total melt down.

With proper planning and management, agencies initiating community projects, can get it right – the first time.

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