EXPLORING THE RESOURCE MANAGEMENT CHALLENGES THAT PROMPTED THE SOUTH AFRICAN MILITARY HEALTH SERVICES TO OUTSOURCE HEALTHCARE

by

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DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof, (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Date: December 2020

ABSTRACT

There is a growing body of research that confirms that organisations often resort to outsourcing when they are experiencing resource management challenges. Outsourcing is mainly used as a cost-saving strategy. While this is done primarily by the private and public sectors, military organisations are increasingly using outsourcing as a better option. While little (or no substantive) research has been conducted in the South African National Defence Force (SANDF) regarding the rationale behind outsourcing, no specific research has focused on why the South African Military Health Service (SAMHS) decided to outsource healthcare services. Against this backdrop, this study seeks to bridge this knowledge gap. The purpose of the study is to explore the resource management challenges that prompted SAMHS to outsource healthcare services.

The study employed administrative management theory, resource dependency theory, and privatization theory to explain why organisations resort to outsourcing. The study adopted a qualitative explorative and descriptive design to conduct the research involving an intense literature review to collect data. Multiple methods were used to collect data such as information in the archives, books, online journals, government gazette, policy documents and available relevant documents from SANDF to obtain quality data, was conducted. Content analysis was used to analyse the data that was collected from primary and secondary sources.

The findings reveal that a lack of management skills and governance led to mismanagement of resources and the cause for outsourcing of healthcare services by the SAMHS. Non-compliance with the policies and the legislative framework by managers led to resource management challenges. The SAMHS did not outsource healthcare services as a cost-saving strategy, but mainly because of a lack of resources and specialised skills to carry out its duties.

The conclusions show that the outsourcing of healthcare services can be used by the SAMHS to save costs as it has been used and recommended by other health organisations.

The establishment of measures and processes for implementation and control is important in the management of contracts between organisations and service providers to ensure that quality services are provided.

This study recommends that all managers in managerial positions at all levels in the SANDF and SAMHS organisations should possess management qualifications, skills, knowledge, capability, and experience. This will ensure that the management of all resources is implemented cost-effectively so healthcare service delivery does not suffer. The refurbishment of the facilities should be completed so that the outsourcing of services can be minimised. The SANDF and SAMHS should adhere to procurement processes when purchasing equipment and medical supplies to avoid irregular expenditure. Lastly, there must be strict adherence to all the legal frameworks that specify how patient care should be managed and provided to the patients, as well as how the responsibilities of healthcare service providers, including managers of healthcare organisations, should be practiced. Finally, the study suggests that future research (preferably field research) should be conducted in this field.

Keywords: Resources, management challenges, outsourcing, quality healthcare, contracting, SANDF, SAMHS.

OPSOMMING

Daar is 'n toename in navorsing wat bevestig dat organisasies dikwels uitkontraktering gebruik wanneer hulle voor uitdagings ten opsigte van hulpbronbestuur te staan kom. Uitkontraktering word hoofsaaklik as 'n kostebesparingstrategie gebruik. Alhoewel dit veral deur die private en openbare sektor gedoen word, gebruik militêre organisasies toenemend uitkontraktering as 'n beter oplosssing. Alhoewel daar weinig (of geen substantiewe) navorsing in die Suid-Afrikaanse Nasionale Weermag (SANW) gedoen is rakende die rasionaal agter hierdie uitkontraktering nie, het geen spesifieke navorsing gefokus op waarom die Suid-Afrikaanse Militêre Gesondheidsdiens (SAMHS) besluit het om gesondheidsorgdienste uit te kontrakteer nie. Teen hierdie agtergrond poog hierdie studie om bogenoemde kennisgaping te oorbrug. Die doel van die studie is die ontleding van die knelpunte rakende hulpbronbestuur wat SAMHS aangespoor het om gesondheidsorgdienste uit te kontrakteer.

Die studie het gebruik gemaak van administratiewe bestuursteorie, teorie van hulpbronafhanklikheid en privatiseringsteorie om uiteen te sit waarom organisasies gebruik maak van uitkontraktering. Die studie het 'n kwalitatiewe ondersoekende en beskrywende model gebruik om die navorsing uit te voer, wat 'n intense literatuuroorsig insluit om data te versamel. Navorsing is gedoen met behulp van veelvuldige metodes soos inligting in die argiewe, boeke, aanlynjoernale, staatskoerante, beleidsdokumente en beskikbare toepaslike dokumente van die SANW om kwaliteitsdata te bekom. Inhoudsanalise is gebruik om die data wat uit primêre en sekondêre bronne versamel is, te verwerk.

Die bevindinge toon dat 'n gebrek aan bestuursvaardighede en bestuur gelei het tot die wanbestuur van hulpbronne en die gevolglike uitkontraktering van gesondheidsorgdienste deur SAMHS. Bestuurders se nie-nakoming van die beleid en die wetgewende raamwerk het struikelblokke vir hulpbronbestuur veroorsaak.. SAMHS het nie gesondheidsorgdienste as 'n kostebesparende strategie uitgekontrakteer nie, maar

hom hoofsaaklik daartoe gewend weens 'n gebrek aan hulpbronne en gespesialiseerde vaardighede om sy pligte uit te voer.

Die gevolgtrekkings toon dat die uitkontraktering van gesondheidsorgdienste deur SAMHS gebruik kan word om koste te bespaar, aangesien dit deur ander gesondheidsorganisasies gebruik en aanbeveel is. Die daarstelling van maatreëls en prosesse vir implementering en beheer is belangrik in die bestuur van kontrakte tussen organisasies en diensverskaffers om te verseker dat gehaltedienste gelewer word.

Hierdie studie beveel aan dat alle bestuurders in bestuursposte op alle vlakke in die SANDF- en SAMHS-organisasies oor bestuurskwalifikasies, vaardighede, kennis, bekwaamheid en ervaring moet beskik. Dit sal verseker dat die bestuur van alle hulpbronne kostedoeltreffend geïmplementeer word sodat dienslewering in die gesondheidsorg nie benadeel word nie. Die opknapping van die fasiliteite moet voltooi word sodat die uitkontraktering van dienste tot die minimum beperk kan word.

SANDF en SAMHS moet by die aankoop van toerusting en mediese voorrade by die aankooprigtlyne hou om onreëlmatige uitgawes te vermy. Laastens moet daar streng voldoen word aan al die wetlike raamwerke wat spesifiseer hoe pasiëntesorg bestuur moet word en aan die pasiënte gelewer moet word, asook hoe die verantwoordelikhede van gesondheidsorgverskaffers, insluitend die bestuurders van gesondheidsorgorganisasies, uitgevoer moet word. Laastens stel die studie voor dat verdere navorsing (verkieslik veldnavorsing) op hierdie gebied gedoen moet word.

Sleutelwoorde: Hulpbronne, bestuursprobleme, uitkontraktering, gesondheidsorg van gehalte, kontraktering, SANW, SAMHS.

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LIST OF ABBREVIATIONS

AU	African Union
COE	Cost of Equity
CT-scans	Computed Tomography scans
DOD	Department of Defence
DODI	Department of Defence Instruction
ECONEX	Competition and Applied Economics
ETD	Education Training and Development
FY	Financial Year
GDP	Gross Domestic Product
ICU	Intensive Care Unit
IDF	Israel Defence Force
MDMV	Minister of Defence and Military Veterans
MHS	Military Health Services
NCS	National Core Standards
NDoH	National Department of Health
NDP 2030	National Development Plan 2030
NDPW	National Department of Public Works
NHI	National Health Insurance
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
PCODMV	Portfolio Committee on Defence and Military Veterans
PFMA	Public Finance Management Act
PPP	Public–Private Partnership
SADC	Southern African Development Community
SAHR	South African Human Research
SAHRCR	South African Human Rights Commission Report
SAMHS	South African Military Health Services
SANDF	South African National Defence Force
SASSETA	Safety Security Sector Education and Training Authority

SCOPA	Standing Committee on Public Accounts
SWOT	Strength, Weaknesses, Opportunities and Threats
UN	United Nations
USA	United State of America
US	United State
WHO	World Health Organisation

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CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The study deals with the resource management challenges faced by the South African Military Health Services (SAMHS) with a focus on the rationale behind the outsourcing of healthcare services. Organisations depend on resources to function effectively and achieve their visions; coupled with these resources is their proper management to ensure that those resources are utilised accordingly and allocated where there is a need. Czajkowski, Foster and Kesselman (2005:631) describe resource management as the process used to allocate and control the capabilities of the organisation, such as resources and services to other objects, whether users, applications, or amenities. They posit that resource management is concerned not with the core function of a resource or service but rather with how this function is accomplished, such as when a requested operation starts or how long it takes to complete. When resources are not managed properly by the organisations' managers, service delivery is affected, which may lead to the outsourcing of some of the services to external stakeholders.

Globally, the mismanagement of hospital resources has resulted in the quality of patient care services being negatively affected. Parand, Dopson, Renz and Vincent (2014:1) conducted a research study in a United Kingdom hospital where they investigated factors that affected the quality of patient care provided to the clients. They found that managers in healthcare organisations have a legal and moral obligation to ensure a high quality of patient care through policies, systems, and procedures as established. According to these scholars, management failure by the hospital leaders was perceived as affecting the quality of care and safety of patients. Thompson (2007:17) concurs that healthcare organisations are dynamic and complex, which requires managers to be perpetually vigilant.

Managers need to provide leadership and supervise and coordinate activities of highly specialised tasks to be carried out in the healthcare organisation, including the performance of their personnel to ensure that quality healthcare services are provided. The World Health Organisation (2015:7) indicates that many countries struggle to improve hospital planning and management, both at the facility and health system level. These obstacles include poor management, inefficiencies, high costs and poor clinical governance, quality, and safety. The World Health Organisation (WHO) emphasises the importance of hospitals and the range of challenges experienced that warrant the improvement of hospital planning and management as a critical issue. According to the WHO, this requires a whole-of-system approach, connecting hospitals to other parts of the health system to ensure equitable delivery of integrated, people-centred services. As a consequence, the statement echoed by WHO informs the outcomes of resource management challenges as the cause for poor patient care delivery that may result in the outsourcing of healthcare services as an option to deliver quality patient care.

According to Bastian, Kang, Swenson, Fulton, and Griffin (2016:827), the United States Department of Defence Military Health System (DoD MHS) strives to provide the best healthcare services possible. These also include achieving top preventative care and population health outcomes for its members while operating efficiently and containing costs. These authors contend that the DoD MHS is under increasing pressure from healthcare consumers that demand safe, effective, and patient-centred world-class health care. This is due to the rising cost of new healthcare technology, specialised procedures, customisable medicine, and a highly-skilled labour force that determines the allocation of resources for effectiveness. Resource management has become a challenge in the provision of quality patient care due to the inadequacy of finance as a critical resource, resulting in managers outsourcing some of their activities as an option to cope with the situation at DoD MHS. Onyishi, Okechukwu and Emeh (2012:36) have a different view on resource management challenges that cause difficulties in the provision of services.

Onyishi *et al.* argue that good organisational structure still depends on a well-managed organisation's human resources for enhanced performance in achieving the critical goals of the organisation. Onyishi *et al.* then argue that management challenges of personnel in the Nigerian local government led to the underperformance of the organisation, as one of the critical resources of the organisation was tended to. According to these researchers, the goal of human resource management is to develop workers to contribute to goal achievement in the organisation by management, improved productivity, and quality and service. This includes healthcare organisations. This supports the theory of interdependence of organisational resources in the provision of quality services to the clients. When there is a lack of one resource, performance and productivity will inevitably be affected.

Management failures, together with poor performance in public hospitals of South Africa, has been linked to the inflexibility of hierarchical bureaucracies, managers lacking the ability to supervise the day-to-day tasks of their facilities, and the absence of performance-based incentives (Fusheini, Eyles & Goudge, 2017:69). Furthermore, managers often face restrictions in the effective performance of routine or strategic tasks resulting in management challenges or resources. The management challenges of the South African National Defence Force (SANDF) leaders have been questioned due to the mismanagement of the budget resources allocated to them. This is due to irregular expenditure tendencies regarding personnel, outsourcing of services, and a lack of required capabilities in some instances (Defence Review, 2015:9-5a). This is evidenced by the Auditor-General's report on the qualified audit received by the SANDF for the financial year 2018/19, citing the complete mismanagement of its assets (Department of Defence Annual Report, 2018:197). The rising costs of medical care in South Africa, as reflected in SAMHS, have been highlighted as the primary obstacle. This includes the perpetually rising cost of medicine and medical equipment and contractual obligations, which place an enormous strain on the military health budget, exacerbated by increased personnel spending and outsourcing of healthcare services (Defence Review, 2015:9-5b).

Amid these challenges, the Minister of Defence and Military Veterans (MDMV) appointed a ministerial task team to investigate aspects of the management of the military health system in SAMHS in 2014 (defenceWeb: 2014). At a practical level, all the above-mentioned management challenges are attributed to the unavailability of some of the critical resources required for the effectiveness of the healthcare service providers in the rendering of quality care to clients. The SAMHS is the branch of the SANDF responsible for medical services and the training and deployment of all medical personnel within the force. Though unusual, as most national militaries incorporate their medical structures into their existing service branches, the SANDF regards this structure as being the most efficient method of providing medical care and support to the SANDF's personnel. According to the Defence Review (2015:10-16), the SAMHS must be able to provide military health support to extended operations over long distances. As per the policy prescript, such layered health services will ensure both force health protection and force health sustainment.

While the SAMHS is mandated to provide healthcare services to its clientele, The *Star* newspaper reported that doctors and nurses were resigning and leaving 1 Military Hospital (one of the military hospitals), sparking fears that their departure will bring 1 Military Hospital to the brink of collapse (Molosankwe, *The Star*, 15 September 2014). The cause of their departure was reported to be low salaries compared to doctors working at state hospitals, lack of equipment, and an incompetent human resources department. The situation was particularly bad at the hospital because it lacked many specialists, nursing staff, and equipment. As a result, the SAMHS was forced to outsource some of its capabilities to private hospitals due to the unavailability of critical resources for quality patient care, such as staff with specialist skills and equipment, to name a few. Given the ever-increasing utilisation of outsourcing as a response to the said challenges, this study specifically explores the underlying reasons that prompted the SANDF, in particular the SAMHS, to outsource.

The situation in the SAMHS needs to be attended to with possible solutions to alleviate the challenges experienced. As the budget allocation to the SANDF is continuously reduced, the SAMHS need to devise strategies to afford healthcare services with the money made available for its functions. The MDMV confirmed that the department has been forced to continuously adjust its plans downwards in response to the declining budget. The MDMV alluded that this reduction will have a direct impact on the training, equipment, sustainment, core capabilities, and operational output of the SANDF (Budget speech, 18 July 2019).

The SAMHS needs to consider outsourcing some of its capabilities to save costs and for this, proper planning is critical. According to Moschuris and Kondylis (2008:1), outsourcing has become a popular strategy that healthcare organisations use to control the rising costs of providing services. Moschuris and Kondylis further elaborate that with outsourcing, the managers of the organisations focus on other critical issues while an external contractor undertakes responsibility for managing one or more of a healthcare organisation's business, clinical, or hospitality services. According to the Defence Review (2015:10-17), sickbays and primary healthcare clinics are located in such a way that they are easily accessible and able to provide healthcare services through various components of multi-disciplinary teams within the geographical concentrations of the military community. Proper resource allocation to the area military health units will help alleviate patient overload to tertiary hospitals, enabling management of critical cases and saving the costs.

1.2 RESEARCH PROBLEM

The SAMHS' mission statement refers to the provision of comprehensive healthcare services with state-of-the-art equipment to benefit the military community of the SANDF and their dependants. SAMHS is also mandated by the Defence Act (42 of 2002) and the Constitution of the Republic of South Africa (Act 108 of 1996) to provide an all-inclusive multi-disciplinary health capability to SANDF members and their dependents at all times.

Despite this accepted practice, in recent times, the SAMHS had been deployed to provide healthcare services in areas which fall outside the mandate of the Defence Act.
For example, the SAMHS was tasked to manage public hospitals in the North West province during the public unrest in May 2018 using the allocated budget. This caused serious financial constraints (African News Agency, 04 May 2018: 01).

The SAMHS' capability is over-stretched, which has hindered the services' ability to perform healthcare services simultaneously during deployments, undertaking force preparation and rendering healthcare services (defenceWeb, 2014).

The demand for operational emergency care practitioners outweighs the current capability resulting from high personnel turnover coupled with inadequate facilities and unserviceable outdated equipment. The SAMHS cannot rely on recalling the scarce-skilled personnel in the Reserve Force component as they are in high demand in both the public and private sectors, therefore, they are not always available (defenceWeb, 2014). Although the Safety Security Sector Education and Training Authority (SASSETA) has offered funds for the specialised training of the SAMHS nurses, personnel turnover remains high due to a lack of clinical practice of skills gained and unavailability of supervision from specialists' doctors (defenceWeb, 2014).

In addition to the above-mentioned challenges, the never-ending renovations of tertiary hospitals (especially 1 Military Hospital) have had adverse consequences for the rendering of healthcare services. Interfering with 1 Military Hospital as a level four capability creates insurmountable management challenges for the availability of resources and essential units. The closure of the units such as the critical care unit, the radiography unit responsible for doing CT-scans and the operating theatres resulted in the SAMHS approving outsourcing of healthcare services. The SAMHS could not renovate the facilities on its own as it depends on the Department of Public Works to complete the work. Repair and maintenance, according to the Defence Review (2015:14-26), is the responsibility of the Department of Public Works, however, funding constraints have severely hindered the maintenance of essential infrastructure which impacts directly

on the operational readiness of the Defence Force and continues to inhibit and impede the rendering of services.

In this regard, the unavailability of resources such as scarce-skilled human resources, serviceable equipment, budget constraints, and infrastructure challenges resulted in the SAMHS not having the capacity to provide or render healthcare services to its clientele. Hence, it resorted to outsourcing such services.

1.3 RESEARCH QUESTIONS

The study seeks to answer the following questions:

1.3.1 Primary research question

What are the resource management challenges that prompted the SAMHS to outsource healthcare services?

1.3.2 Secondary research questions

- Why is the SAMHS outsourcing healthcare services?
- What effect does outsourcing healthcare services by the SAMHS have on the SANDF and the clientele?
- What recommendations can be suggested to prevent the outsourcing of healthcare services by the SAMHS?

1.4 RESEARCH OBJECTIVES

1.4.1 Primary research objective

To explore the resource management challenges that prompted the SAMHS to outsource healthcare services.

1.4.2 Secondary research objectives

- To understand the rationale behind the outsourcing of healthcare services by the SAMHS.
- To describe the effect the outsourcing of healthcare services has on the SANDF and the clientele.
- To recommend managerial initiatives that could be implemented to prevent mismanagement, which result in the outsourcing of resources by the SAMHS.

1.5 PURPOSE OF THE STUDY

The purpose of this study is to explore the resource management challenges that prompted SAMHS to outsource healthcare services.

1.6 SIGNIFICANCE OF THE STUDY

There was a concern in the SANDF about the rapidly rising cost of healthcare services as reflected in the SAMHS and evidenced by the continuously increasing costs of medication, hospital equipment, and contractual responsibilities. This placed enormous pressure on the SAMHS' limited budget. As a consequence, there were studies conducted by Roberts, Henderson, Olive and Obaka (2013:5) and Ikediashi (2014:1) on outsourcing of healthcare services. The findings of their studies supported the phenomenon of outsourcing due to the requirement of the organisations wanting to minimise the costs of managing healthcare services in their own environment. However, this was not the case with the SAMHS. Outsourcing of healthcare services by the SAMHS was due to the unavailability of resources to carry out those activities, which negatively affected the SANDF and SAMHS budget. Given the above, at a practical level, this study may be essential not only to the military practitioners who are the immediate beneficiaries and/or policymakers at the government level but also to the scientific community at large since its results may assist in identifying and confirming the resource management challenges that led to the outsourcing of healthcare services. At a theoretical level, since

there is a paucity of research in this regard, this study may bridge knowledge-gap with regards to underscoring and ascertaining the underlying reasons that prompted the SAMHS to outsource healthcare services.

The results of this study will contribute to the scant knowledge on the reasons for the increase in the outsourcing of healthcare services, especially by military institutions. The study recommends possible solutions that can be used to mitigate the impact of identified challenges and a proposed strategy for outsourcing healthcare services that can be used by the SAMHS to outsource cost-effectively.

1.7 SCOPE OF THE STUDY

It is essential to accentuate that although this study does discuss the SANDF in general, the primary focus is specifically on the SAMHS as a service corps responsible for the provision of healthcare services to the SANDF members and their dependents. While the study refers to other studies conducted at global, continental, and national level, it only covers the resource management challenges experienced by the SAMHS during the period between the 2014/15 financial year and the 2018/19 financial year. It is crucial to conduct a study during this period because there was a rapid increase in outsourcing that was mainly attributed to resource management challenges.

1.8 RESEARCH METHODOLOGY

The research methodology includes all the stages, processes, and plans that the researcher used for collecting and analysing the data during this investigation (Polit & Beck, 2008:765). It comprises the methods the researcher identified as vehicles to conduct research. The implication of the research methodology is to have a complete plan for the study, starting from conceptualising the research problem to the final strategies for data collection (Burns & Grove, 2011: 319).

1.8.1 Research design

A research design is a strategy for conducting a study which includes methods for maximising control over factors that might interfere with the trustworthiness of the study, and the result of a series of decisions made by the researcher on how to implement the study (Burns & Grove, 2011:319). The design of the study helps to determine the structure of the research project (Aurini, Heath & Howells, 2016:47). In this study, the researcher used a qualitative explorative and descriptive design to conduct the research. Using this design enabled the researcher to explore the phenomena under study while the qualitative description aided in acquiring the facts and their meaning, which in this case was the data from the literature review. The qualitative explorative and descriptive design enabled the researcher to achieve a better comprehension of the management challenges of the SANDF.

1.8.2 Research methods

Polit and Beck (2012:12) define research methods as the techniques or methods the researcher uses to organise and structure a study systematically from the beginning to the end that is from data collection to data analysis. According to Burns and Grove (2011:321), research methods are systems used to arrange a research study and collect and analyse the data in an orderly fashion.

1.8.3 Data collection

Creswell (2007:118) views data collection as a series of interrelated activities aimed at gathering quality information to answer emerging research questions. A qualitative researcher engages in a series of activities in the process of collecting data. The researcher used intense literature review to collect data using multi-methods such as information in the archives, books, online journals, Internet, print media, government gazette, policy documents, available statistics and custodians of historical information and also available relevant documents from SANDF to obtain quality data.

The intention was to review the literature written by prominent authors and experts on management challenges affecting the SANDF with a specific focus on outsourcing of healthcare services by the SAMHS.

The advantage of reviewing literature already available is that it is easily accessible. The disadvantage is that some information may be outdated, and some might need to be supported with live data from the field. Different sources of literature (think-tanks, academia, policymakers, and practitioners) focusing on addressing management challenges and healthcare services were considered salient for this study in terms of providing contextual information and a multiplicity of suggestions that could be considered viable.

1.8.4 Data analysis

The researcher used content analysis method to analyse and describe the data collected through literature review. According to Elo and Kyngäs (2008:108), content analysis is defined as a method of analysing written, verbal, or visual communication messages. Content analysis involves making replicable and valid inferences from data to their context to provide knowledge, new insights, and a presentation of facts and a practical guide of action. Elo and Kyngäs further explain that the disadvantage of using content analysis is that the research questions should not be vague and excessive interpretation by the researcher may pose a threat to successful data analysis. In this case, the researcher studied all the source documents, hard copies, and electronic material. The analytic procedure entails discovering, choosing, reviewing, and merging data contained in documents.

1.9 TRUSTWORTHINESS

Polit and Beck (2012:745) refer to trustworthiness as the degree of confidence used by qualitative researchers to ensure the reliability and credibility of the qualitative research data.

To ensure the trustworthiness of the data the researcher used the framework of Lincoln and Guba in Polit and Beck (2008: 585). The following steps are a description of the strategies the researcher used to ensure the credibility, transferability, dependability, confirmability, and authenticity of the data.

- **Credibility**

Credibility deals with the question, “How congruent are the findings with reality?” (Merriam in Shenton, 2004:64). The researcher used the content analysis on the data collected from the records retrieved from the public libraries, internet, archived records, and the intranet. The researcher further provided a detailed description of the phenomenon under study (Shenton, 2004:64).

- **Transferability**

The extent to which the findings of one study can be applied to another study is known as transferability (Merriam in Shenton, 2004:69). To achieve transferability, the researcher provided adequate contextual information to enable readers to weigh the application of the findings to another context (Polit & Beck, 2012: 585).

- **Dependability**

Dependability refers to the stability or reliability of data over time and across conditions (Polit & Beck, 2012:585). Research design, methods of data collection, analysis, and interpretation of all data collected are clearly defined by the researcher. Literature control was ensured by a proper interpretation of study findings to correlate with the results in the existing literature. All the documents read and analysed were kept to conduct an audit trail (Polit & Beck, 2012: 585).

- **Confirmability**

Confirmability refers to objectivity, which is the potential for congruence between two or more independent people about the data's accuracy, relevance, or meaning (Polit & Beck, 2012:585). The researcher used data collected through the literature review to ensure that findings avoided the bias, motivations, or perspectives of the researcher. The results and findings of the research process were kept to show what could have transpired during the research process.

- **Authenticity**

Authenticity refers to the extent to which the researcher honestly and faithfully shows a variety of different realities as conveyed by the participants (Polit & Beck, 2012:585), in this study, it was the data collected from the literature review as no participants were interviewed. Authenticity was ensured when the researcher interpreted data to allow readers to develop an understanding of the management challenges in the SANDF.

1.10 ETHICAL CONSIDERATIONS

The approval for conducting the research was obtained from the Research Ethics Committee of the Faculty of Military Sciences at the University of Stellenbosch, the Department of Defence Intelligence of the SANDF as some of the documents used had security classifications though the researcher mostly utilised documents that were already available for the public use.

- **Objectivity and integrity in the research**

This refers to the obligation placed upon the person conducting the research to report the findings truthfully; avoiding misrepresenting the results (Mouton, 2011: 238). The researcher maintained objectivity when reporting the findings after data analysis. Though

objectivity in qualitative studies was occasionally a challenge, the researcher used secondary data from the documents.

- **The fabrication and falsification of data**

The researcher used the data as it had been presented and only the data collected from the intense literature review was used. Manipulating data in any form is considered unacceptable and unethical; this is viewed as a serious transgression in the field of research. All reference material must be appropriately referenced; researchers must be recognised consistently throughout the report. All individuals who directly and or indirectly contributed to this research were acknowledged accordingly (Christiansen, 2014: 77).

1.11 LIMITATIONS OF THE STUDY

The study only relied on the available literature, policy documents, newspapers, official documents and could not access some of the classified material. To mitigate any possible shortcoming that might have emerged, the researcher ensured that only credible, substantive, and quality documents were analysed. While no field research was conducted, publicly-available information especially primary sources proved to be worthwhile and sufficient to answer the research questions, and to offer great insight into the reasons the SAMHS decided to outsource its functions. As a consequence, the researcher proposes that future studies be conducted using primary data by interviewing the relevant respondents to gather more information on the outsourcing of healthcare services as a method of dealing with resource management challenges.

1.12 DEFINITIONS OF TERMS

Healthcare services

Healthcare services are described as the systems of delivering primary, secondary, and tertiary healthcare services, including multi-disciplinary healthcare team services.

Outsourcing

Outsourcing is described as contracting-out the services that were previously executed by the organisation to stakeholders or the use of external resources as an operative strategy for enhancing the organisation's performance (Ikediashi, 2014:39).

The South African National Defence Force

The SANDF was established by Section 224 (1) of the Constitution of the Republic of South Africa, (Act 108 of 1996). It is a Defence Force that continues to exist and consists of the regular force, the members of which serve full-time until reaching their age of retirement or expiry of their contracted term of service, or are otherwise discharged from the Defence Force by law (Defence Act, 42 of 2002).

South African Military Health Service

The SAMHS is one of the service corps that falls under National Defence Force of South Africa. Its main function is to render all-inclusive medical capabilities and services to all the employees of the SANDF and their dependants, members of parliament, and the United Nations clientele, as promulgated by the Defence Act (42 of 2002).

Area Military Health Service

The Area Military Health Service provides services by multi-disciplinary healthcare professionals in the community, which includes the identification of health problems, management of health conditions, and maintenance of continuing healthcare.

Tertiary Hospitals

Tertiary hospitals are healthcare institutions that provide specialised consultative healthcare to inpatients and on referral from primary and secondary healthcare facilities

for advanced medical investigation and treatment. These will refer to 1 Military, 2 Military and 3 Military Hospitals in this study.

1 Military Hospital is situated in Pretoria, with a bed capacity of 499 which was reduced to 350 due to the renovations taking place. The hospital is managed by a General Officer Commanding with the rank of a Brigadier General and has a variety of clinical specialists that provide specialised medical treatment to the Defence Force members and their dependents. It is also a level 4 medical capability for the United Nations Peace Keeping Operations.

2 Military Hospital is situated in Cape Town, with a bed capacity of 149. The hospital is managed by the Officer Commanding with the rank of a Colonel, and has some clinical specialists that provide day-to-day medical treatment to the Defence Force members and their dependents.

3 Military Hospital is situated in Bloemfontein, with a bed capacity of 103. The hospital is managed by the Officer Commanding with the rank of a Colonel, and has some clinical specialists that provide day-to-day medical treatment to the Defence Force members and their dependents.

Constitution of the Republic of South Africa (Act 108 of 1996)

The Constitution is the supreme law of the Republic of South Africa. Law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled.

Defence Review 2015

This is the Defence policy that gives authoritative allocation of values for the National Defence community, designed to give direction, coherence, and continuity to courses of action.

Level 4 Medical Capability Hospital

This is a medical facility that provides complete medical care and specialised treatment not available in the mission area. This medical care involves rehabilitation treatment and convalescence for chronic illnesses; this type of management can be protracted and expensive as prescribed by the United Nations Peace Keeping Operations.

1.13 OUTLINE OF CHAPTERS

The outline of the chapters is as follows:

Chapter 1 orients and introduces the issues of management challenges in the SANDF with a specific focus on the outsourcing of healthcare services by the SAMHS, the rationale for undertaking the research study, discussion of the problem statement, research questions and research objectives, the research methodology, and research design that were employed. Ethical considerations are described in detail, and there is a definition of key terms.

Chapter 2 reviews both theoretical and empirical literature related to the study of resource management and outsourcing. An international perspective on why militaries often resort to outsourcing is also sought in this chapter. This chapter further discusses the circumstances under which outsourcing was used to address, overcome, or prevent management challenges.

Chapter 3 explains and discusses policies and the legislative framework relevant to resource management and how it should be adhered to and applied in the SAMHS environment.

Chapter 4 provides contextual information, comparing literature with practice. The chapter also explains the rationale behind the outsourcing of healthcare services in the SAMHS.

Chapter 5 concludes the study and further consolidates the recommendations based on answers provided for the research questions. The limitations encountered by the researcher are indicated as suggestions for future research.

1.14 SUMMARY

This chapter provided an orientation and introduction to the resource management challenges in the SAMHS that prompted it to outsource healthcare services. The significance of the research study was also discussed. The remainder of the chapter involved a discussion of the problem statement, research questions, research objectives, research methodology, and the research design employed on which the study is focused. The following chapter discusses the theoretical framework of the study through a literature review on the issues of resource management challenges and the outsourcing of healthcare services. It also deliberates on the related concepts of resource management and outsourcing, highlights the effects of outsourcing of healthcare services by the SANDF and its clientele, and elaborates on the relevant theories.

CHAPTER 2: RESOURCE MANAGEMENT AND THE RATIONALE BEHIND OUTSOURCING

2.1 INTRODUCTION

The previous chapter introduced the issues of resource management challenges with a specific focus on the outsourcing of healthcare services by the SAMHS. This chapter discusses the theoretical framework of the study through reviewing literature on resource management and its associated challenges, outsourcing in general, and the outsourcing of healthcare services in particular. This chapter focuses on the common and opposing views regarding resource management and what motivates organisations to outsource some of their critical functions. It also highlights the effects of outsourcing of healthcare services on the SANDF and its clientele and elaborates on the relevant theories. This chapter explores both theoretical and empirical literature related to the study of resource management challenges and especially the international perspective on why militaries often resort to outsourcing. This chapter also discusses the circumstances under which outsourcing was used to address, overcome, or prevent management challenges.

2.2 RESOURCE MANAGEMENT

Management is described as a process that entails planning, organising, directing, and controlling resources, where these components are interwoven but each, in turn, comes to the fore as appropriate in practical situations (Jooste, 2009:44). Likewise, management, as described by Hissom (2009:1), is an organisational process that includes skills such as strategic planning for resources, setting objectives and managing resources. It involves deploying resources, such as human and financial assets needed to achieve objectives and measuring results, which encompasses recording and storing information for later use or for others within the organisation.

Abbass (2012:115) concurs with the description by adding that these skills are all connected and emphasises that they are fundamental for all managers to realise the vision and mission of their organisation in utilising its resources. Abbass further identifies them as obligatory ingredients for efficiency and effectiveness in the management of organisations, including its resources. If a manager of an organisation lacks these skills, planning and organising of all the activities of the organisation would be inefficient and unsuccessful and may result in resource management challenges that would affect the quality of healthcare services provided to the clientele.

Healthcare management refers to the ability of the manager in providing leadership and direction to the organisations that deliver personal health services, and to divisions, units, departments, or services within those organisations (Buchbinder & Shanks, 2011:17). Resource management, on the other hand, involves planning and decision-making concerning the allocation of resources to achieve defined objectives and goals of the organisation, minimising the unwanted outcomes by the healthcare manager. It also encompasses reviewing the objectives for enhancing and sustaining the capability to deliver high-quality public services (National Audi Office, 2003:16). Resource management is also described as a function of managers that requires them to have critical and technical skills in managing human resources (Cole, 2005). Cole regards human resources as one without which the organisation may not be able to function, explaining that weak managerial skills may result in zero productivity and ineffectiveness.

Czajkowski, Foster and Kesselman (2005:631) describe resource management as the processes used to regulate how capabilities provided by grid resources and services are made available to other components, whether users, applications, or services. The authors posit that resource management in this regard is not only concerned with the core function of a resource, service, or what it does for clients, but rather with how this function is performed and the results. The criteria for the grid infrastructure are the ability to share resources with non-trivial qualities of service.

According to Pahker (2018), resource management is the process of planning or allocation of the resources of an organisation to maximise the effectiveness of the use of these resources. Pahker further explains that different types of resource management involve scheduling, planning, and management itself. What distinguishes the three is the depth of planning. Resource management as recognised by Rius (2019:3) and Hissom (2009:4) encompasses the planning and allocation of an organisation's employees and other resources most efficiently to achieve the highest-quality outcome by setting objectives. This includes managing resources and deploying the human and financial assets needed to achieve those objectives. Rius (2019:3) and Hissom (2009:4) purport that the management of resources includes management of various assets for the effectiveness of the organisation. These entail planning so the right resources are assigned to the right tasks, organising so the required resources are in place when needed, and leading and controlling all the activities that must be carried out for quality healthcare service delivery.

Rius and Hissom also emphasise that measuring the results to enforce the manager's basic functions and responsibilities for effective resource management of an organisation is also important to identify gaps in time to prevent challenges. However, Gordon and Hinkle (2011:2) who conducted their study in the United States define defence resource management as activities implemented by aligning plans to the mid-term and long-term defence objectives. This is done through the development and execution of yearly budgets to implement those plans. Gordon and Hinkle further explain that the goal of sound resource management is to achieve a cost-effective allocation of resources in an organisation. They add that this demands that future obligations need to be recognised and balanced against other commitments of the Department of Defence (DOD) as an organisation.

Managing resources also includes schedules and budgets for people, projects, equipment, supplies, and infrastructure in addition to healthcare services. According to Kellermann (2017:1), the United States (US) DOD has two primary medical missions, the first is to maintain an operational medical capability to support combat operations and the

second is to provide a healthcare benefit to the DOD beneficiaries where management of resources should be acceptable.

Kellermann (2017:1) posit that the military health system of the US underperforms when in the military hospitals due to limited resources available, as compared when deployed as a medical support during operations. This results from the imbalance in resources distribution. He compared the innovations and transformation this health system displayed when deployed during the Operations Enduring Freedom in Iraq from 2001 to 2014, where its approach to trauma and emergency care achieved the highest rate of survival from battlefield wounds in the history of combat. This, according to Kellermann (2017:1), was due to supervision and management of resources accordingly including the utilisation of skilled personnel relevantly. The US health system is mandated to provide comprehensive health services to millions of service members, their families, and military retirees at home. The poor quality care rendered to the clientele resulting from the mismanagement and poor distribution of resources had cost implications as outsourcing of healthcare services was resorted to. This resulted in management challenges as services not budgeted for having to be provided due to the poor performance of personnel.

Berman, Pallas, Smith, Curry and Bradley (2011: iii) describe health service-delivery as a means to access and use by those in need, adequate quality of care to produce health benefits, efficient use of scarce resources, organisations that can learn, adapt, and improve. This implies that organisations' managers must be able to plan, organise, and acquire financial, physical, and human resources to deliver health services effectively. This denotes that managers need to have managerial skills to assist them as policy-makers to navigate the complexity of their organisations and make better decisions to improve health services.

Failure to use the management skills by the healthcare service providers may result in management challenges of resources due to improper planning, poor organising, and allocation of the resources for service delivery. Sub-outcome 6 of the National

Development Plan (NDP) 2030 subscribes to improved health management and leadership.

The NDP 2030 recognises the need to ensure that people who lead health institutions must have the required leadership capabilities and high levels of technical competence in a clinical discipline to manage resources and health institutions effectively (NDP 2030:15).

Management of scarce resources in the hospital environment comprises the planning, organising, acquiring, distribution, or allocation of those resources efficiently for the provision of healthcare services to patients that is of high-quality and results in patient satisfaction (Scott, Harvey, Felzmann, Suhonen, Habermann, Halvorsen, Christiansen, Toffoli & Papastavrou, 2018:3). The researcher uses this definition throughout the study to refer to 'resource management'.

Resources in this study will include personnel, finance, equipment, and functioning infrastructure in the hospital organisation. Anderson (2013:1) concurs that managing the effective use of scarce resources plays an important role in hospitals for the provision of high-quality care and good patient outcomes. Considering the above definitions of resource management, there are common factors in all, such as planning, organising, controlling, and financing resources. The emphasis is on the distribution or allocation of these resources in the organisation for the achievement of objectives and provision of healthcare services goals by managers.

According to Engelchin-Nissan, Catan, Oz, Arieli, Brief, Moshe and Shmueli (2017:6), management of insufficient resources has caused challenges for the Israel Defence Force (IDF) to deliver medical care to its members due to the shortage of experienced healthcare service providers and limited resources. The scholars reported that the IDF resorted to outsourcing of healthcare service by inviting well-experienced civilian doctors to assist with the military primary healthcare system and by contracting out some of their capabilities. Outsourcing, where organisations delegate part of their functions to other

providers, is a strategy used as an effective way to reduce costs, update technologies, and maintain quality patient care (Dankner, Rieck, Bentacur, Dayan & Shahar, 2007:75). Management of insufficient or limited resources in an organisation results in challenges that often compel managers to outsource some of their capabilities.

Healthcare service providers cannot deliver poor standards of health services to their patients that may jeopardise their lives. Hence, they are sometimes faced with contracting external stakeholders to render services to maintain quality patient care. This situation resonates with the circumstances of the SAMHS in outsourcing healthcare services due to the unavailability of resources to provide quality care to their clients. Some organisations outsource their healthcare capabilities as a strategy to save costs and maintain quality service delivery while focusing on other issues of management.

2.3 OUTSOURCING

Roberts *et al*. (2013:5) describe outsourcing as the assignment of core services or operations of the organisation to a provider that focuses in that area of service or operation to minimise the expenses of the organisation, with positive results. According to Kavosi, Rahimi, Khanian, Farhadi and Kharazmi (2018:2), outsourcing is a way of handing over some of the essential or non-operational activities of the organisation to a contractor outside the organisation to reduce costs. This strategy is used to increase efficiency, focus on core processes, improve skills, reduce service delivery time, and increase competitive advantage for the organisation. According to Ikediashi (2014:79), organisations use outsourcing as a strategy to plan on the cost-related factors when they want to improve their financial standing, as well as cost-efficiency.

Outsourcing improves cost affordability because it helps organisations to eliminate ineffective assets, reduce fruitless expenditure, and contract the services to a provider that can deliver an activity at a lower cost. On the other hand, Ghodeswar and Vaidyanathan (2008:28) suggest that outsourcing saves an organisation costs by reducing investment in assets, making resources available for other purposes and

generating cash by transferring assets to the service provider. The concept of outsourcing is to be discussed into two parts: outsourcing in the healthcare sector and outsourcing in the military context.

2.3.1 Outsourcing in the healthcare sector

Outsourcing is also recognised as the strategic use of external resources to conduct activities normally handled by the organisation's personnel with its own resources for the intentions of saving costs, taking care that core business activities are not outsourced (Glaa, Zoghlami & Taghipour, 2014: 189). Their study indicated that healthcare executives are now more accepting of outsourcing than in the past to address the economic pressure facing healthcare organisations while maintaining and improving the quality of care. The need for hospital leaders to possess the required skills such as planning, organising, and control over outsourcing to maintain consistency in the workplace and prevent unnecessary expenses was emphasised.

Czerw, Kowalska and Religioni (2012:619) confirmed that outsourcing of healthcare services in Polish public hospital by managers is done to align the economic achievements of a facility with its quality. Glaa, Zoghlami, and Taghipour (2014:189) also cite that cutting the costs of healthcare services and improving the quality of care has made outsourcing some of the activities a necessity for hospital managers. The researchers state that some hospital managers even opt for off-shoring some services to save on costs. Outsourcing decreases the hospital's management board's activities, allowing them to focus on other hospital issues and allocate the available resources according to the prioritised activities of the organisation (Cholewa-Wiktor & Sitko-Lutek, 2017:357). The management of resources that are insufficient to run the organisation often results in outsourcing healthcare services to external stakeholders.

Manyisa and van Aswegen (2017:36) believe that the achievement of the organisations' goals relies on the aspect of resources as it is important in improving working conditions and performance of personnel. Manyisa and Aswegen further maintain that the necessary

resources must be made available to employees so that they can complete their tasks on time.

Access to resources refers to one's ability to acquire the financial means, materials, time given to complete the task, rest breaks, cognitive capacity, support staff, and suppliers to do the work. Manyisa and van Aswegen further indicate that a lack of resources leads to the outsourcing of healthcare services to other organisations in pursuit of the continuity of service delivery. According to Billi, Pai and Spahlinger (2006:245), tertiary health centres outsource healthcare services when facing capacity constraint to qualified community providers. These researchers confirm that clinical outsourcing enables tertiary health centres to meet the expectations of service timeliness and provides good opportunities to collaborate with other health care providers. However, Billi, Pai and Spahlinger caution that outsourcing may result in dependence and loss of control for the tertiary health centres. Other parties involved in clinical outsourcing such as local associates, patients, and payers may also meet potential threats as well as enjoy profits in an outsourcing arrangement.

Moschuris and Kondylis (2008:1) affirm that outsourcing is an increasingly popular strategy that healthcare organisations can use to curb the rising costs of providing services. These researchers further explain that outsourcing ensures that an external contractor assumes responsibility for managing one or more of a healthcare organisation's capability, clinical, or hospitality services. Commonly, healthcare organisations resort to outsourcing healthcare services due to resource constraints and as a strategy to control costs. The outsourcing of services assists managers to focus on other critical issues of the organisation, while quality healthcare to the clients is not affected. However, healthcare organisations' managers must have the necessary skills to outsource their capabilities to other organisations.

According to Nkoane (2015:46), outsourcing of the services at the Tshwane District Hospital was aimed at providing quality services to public units rapidly, however, it was reported that patients were suffering because of outsourcing of services. It was reported

that external service providers did not understand the health issues involved in healthcare that must be provided to patients, resulting in patient dissatisfaction with the healthcare services provided to them. Nkoane contends that it was better when the hospital had its own kitchen and cleaning department, for example, as dieticians would consult with patients before sending their diets to the wards where they are admitted, which does not happen with the external service providers.

2.3.2 Outsourcing in the military context

According to Engelchin-Nissan *et al*. (2017:1), expenditure on healthcare services has increased in public sectors. Similarly, the military health systems in the US experience the same. The military health system has been blamed for spending too much while not providing quality healthcare services due to a skills deficit as there is a lack of training and development of the human resource factor in military hospitals. There has been a call for the US DOD to close most of its remaining facilities, outsource the healthcare services to the private sector, and place more military healthcare providers in civilian hospitals. Outsourcing of healthcare services has been adopted to curb costs and improve the outcomes and patient care rendered to their clientele. The hospital management outsources services to contractors that specialise in such services to focus on the primary activities of the organisation. Engelchin-Nissan *et al*. assert that outsourcing healthcare services is cost-effective and helpful as it offers additional knowledge, facilities, and awareness on training and development requirements of personnel. According to the researchers, it also promotes patient satisfaction and quality healthcare. This ensures focusing on the main objectives and improving the quality of patient care.

The situation in the US military health system is not different from the SAMHS' reasons for the outsourcing of healthcare services, i.e. costs and lack of resources. However, Engelchin-Nissan *et al*. (2017:1) state that the US health system outsources healthcare services as a planned strategy to curb costs whereas the SAMHS is forced to outsource due to incapacity caused by lack of resources and insufficient budget allocation from the

SANDF, among other challenges. Outsourcing in this regard is done for cost-effective measures as opposed to the SAMHS situation, where the non-conducive environment to provide healthcare services exists due to poor infrastructure and lack of other resources.

Military hospitals are supposed to cater to the country's president and deputy president, their predecessors, foreign dignitaries, and members of the SANDF and their families. The *Sunday Times* newspaper (14 July 2013) reported that 1 Military hospital, which is meant to be the SANDF's flagship hospital, has been forced to transfer patients to private hospitals for treatment because of the shortage of medical specialists, specialised operating theatres, and ICU beds, to name a few. The *Sunday Times* established that the hospital refers cardiac patients to Medi-clinic Heart Hospital, and doctors use operating theatres at the Zuid-Afrikaans Hospital for orthopaedic surgery *(Sunday Times* newspaper, 14 July 2013), at high cost to the SAMHS as these procedures are quite expensive.

Various resource management challenges hinder the provision of an all-inclusive medical service and force the SAMHS to outsource certain healthcare services that are either not available or cannot be provided for in-house at a cost to the SANDF and the state (*The Star* newspaper, 15 September 2014). The following discussion focuses on the factors associated with management and resources as critical requirements for an organisation to function optimally. These factors apply to all types of organisations that provide services, including military healthcare services.

2.4 RESOURCE MANAGEMENT CHALLENGES

The critical discussion below focuses on all the factors related to resource management challenges as identified from the reviewed literature. A basic understanding of the resource management challenges is pertinent to understand why organisations (especially the military) outsource. The resources that the researcher refers to are human resources with work experience and specialist skills, equipment, budget or finance, and healthcare facilities.

2.4.1 Human resources with special skills

According to Armstrong and Taylor (2014:4), human resource management has been contextualised as all aspects of how people are employed and managed in organisations. The researchers explain that this entails all the activities of strategic human resource management, such as human capital management, corporate social responsibility, organisation development, recruitment and selection, management, training and development, performance management, employee well-being and the provision of employee services. Armstrong and Taylor further report that an organisation's employee value proposition consists of what it offers to prospective or existing employees that they will value and that will persuade them to join or remain with the business. Cooper, Kirton, Lisk and Besada (2013:131) describe the importance of capacity building in healthcare as a strategic investment with potentially higher returns for an organisation to run smoothly with skilled personnel. These researchers suggest that managers of the institution need to develop their incumbents to prevent a shortage of skills. Srivastava and Agarwal (2012: 46) concur that the ability to manage an innovative and diversely talented body of employees may result in the future success of any organisation, which includes a healthcare institution. Managers must have the necessary skills to attract and retain employees and can deal with different people for the successful management of workforce diversity.

Delobelle (2013:162) points out that the brain drain of skilled health care workers to more developed countries is caused by the quality of working conditions, pay, and career opportunities, which has created a shortage of health care staff and profoundly affected the public health sector. If skilled personnel are not taken care of as required by the organisations, there will be high turnover which will affect the provision of healthcare services. The turnover of personnel with scarce-skills from the SAMHS was due to the unavailability of opportunities for practising skills gained by the doctors and nurses due to the infrastructure and lack of equipment and medical supplies where patients are outsourced to other hospitals. Furthermore, poor staffing and heavy workload coupled with insufficient time to provide quality patient care were emphasised as the stressors

and predictors of nurses quitting public hospitals (Kinfu, Dal Poz, Mercer & Evans, 2008: 2; Li, Fu, Hu, Shang, Wu, Kristensen, Mueller & Hasselhorn, 2010: 70; Mokoka, Elhers & Oosthuizen, 2011: 4; Oosthuizen & Ehlers, 2007: 14–24).

These academics concur with the other authors that an additional cause of nurses exiting the public sector stems from the desire for more professional development opportunities. They cite the need for better wage compensation, better salaries, and better working conditions and equipment as the causes for turnover.

Khatri, Wells, McKune and Brewer (2006:9) argue that the human factor is fundamental to healthcare, yet its appropriate management has remained beyond the reach of healthcare organisations. Significant efforts need to be made by healthcare organisations in developing jobs and work systems, individual knowledge and skills, and interpersonal skills for employees to deliver safe, affordable, and high-quality patient care. Fusheini, Eyes, and Goudge (2017:69) agree that managers who lack the management skills often fail to develop personnel and manage labour relations or instil discipline, resulting in demotivation which affects the morale of human resources. It is important to take care of the human resource for high-quality healthcare services to be realised. When the human resources of an organisation are managed and developed well, quality healthcare services can be rendered, which results in patient satisfaction.

2.4.2 Equipment

According to Combes and Arespacochaga (2013:16), from the American Hospital Association, the appropriate use of medical resources involves a synchronised effort across the healthcare care field and in partnership with clients. Therefore, according to the authors, hospitals and health systems have a responsibility to encourage appropriate and consistent use of health care resources to prevent shortages. This ensures that quality patient care is delivered and outsourcing of healthcare services is prevented. Combes and Arespacochaga indicate that appropriate stock control was not done as personnel equipped with the necessary skills to do this job were either not available or

only a few were still available. Additionally, a well-functioning administrative structure is essential to the enhancement of proper procurement system. The multi-layered structure requires all the important resources for its effectiveness and, most importantly, the mission to prevent or recover health active acquisition (De Oliveira, Guimaraes & Jeunon, 2017:236).

Mutia, Kisi and Maranga (2012: 9) conducted a study in Kenya's major hospitals where an evaluation of the existing facilities' maintenance management practice and processes was done. Mutia *et al.* found that medical equipment professionals were responsible for the equipment used in providing patient care to be well-maintained, operational, safe, properly configured to meet the mission of the medical treatment facility and remain in a good working condition. This was found to be crucial for providing good health services and saving scarce resources. However, in addition to maintenance, the researchers confirmed that medical equipment management involves other critical activities to ensure that equipment is effectively planned and budgeted for, procured, and operated. Failure to maintain and repair of broken equipment could require the organisation to spend more of their budget in the procurement of new equipment, which may result in negligence of other important resources and activities of the healthcare service delivery. Ultimately, services may need to be outsourced to ensure quality patient care is not affected although more expenditure will be incurred.

The shortage of crucial hospital resources has resulted in hospital employees facing difficulties in performing their duties, according to the South African Human Rights Commission (in Manyisa & van Aswegen, 2017:35). Hospital equipment is vital in rendering quality healthcare services. A study was conducted on factors hindering working conditions in public hospitals and revealed that most hospitals still possess unserviceable old equipment that cannot be used (Manyisa & Aswegen, 2017:35). These scholars found that the unavailability of sufficient budgets contributed to the non-maintenance and replacement of resources, which impacts negatively on rendering quality patient care and the provision of services. Outsourcing of healthcare services by

the SAMHS can be prevented if serviceable and well-maintained equipment is made available for service delivery.

2.4.3 Finance

Blecher, Daven, Kollipara, Maharaj, Mansvelder and Gaarekwe (2017:26) indicate that the global economic downturn has had a huge impact on health budgets across the world, due to negative or slow economic growth that has resulted in revenue shortfalls. These authors further maintain that governments had to rely partially on loans to cover sustained expenditure. South Africa also experienced a period of economic slowdown, causing considerable fiscal constraint. Although budgets are constrained within the health system, the demand for quality healthcare is seemingly infinite. According to Safarani, Ravaghi, Raeissi and Maleki (2018), it is the government's missions that citizens have access to primary and basic healthcare as provided by the public hospitals without financial burden. Governments are aware that a healthy society is the foundation for the development of a country. However, although the focus on health is important, challenges in providing primary healthcare exist due to financial constraints. These scholars further report that hospitals and health systems are complex institutions that are under constant pressure to reduce costs while ensuring quality care and strong workforce maintenance.

Anderson (2013:1) contends that growth in healthcare spending threatens to cause massive government budget deficits and significant increases in service costs. The researcher further suggests that identifying systematic sources of inefficiency and studying ways to improve operations can bring positive outcomes in managing healthcare fiscal resources. Mack (2016:28) emphasises that wasteful healthcare spending generally takes the form of redundant, inappropriate, or unnecessary tests and procedures that are recommended by physicians who do not want to make decisions based on the physical examination of a patient. It happens that these investigations are frequently requested by patients especially if there is a lack of management control measures in a healthcare organisation, which results in fruitless expenditure. The money spent on unnecessary

investigations could be used to train and develop personnel or to procure equipment for the organisation.

2.4.4 Healthcare facilities

One crucial component for the performance of an organisation in the provision of quality services is facilities management. According to Ikediashi (2014:3), facilities management are services that support the main functions of the healthcare organisation as they provide an enabling environment for the hospital's operations. Ikediashi goes on to explain that facilities management includes training of personnel to handle the equipment and is also an integrated approach to the management of infrastructure that creates an environment that supports the primary objectives of that organisation.

To fully realise the fundamental business objectives of the organisation, maintenance of the healthcare facilities as a support function is crucial in the coordination of physical assets and place of work while supporting services to the employer and the key responsibilities (Pitt & Tucker in Ikediashi, 2014:3). Failure to maintain hospital facilities may harm quality patient care, resulting in patient dissatisfaction due to poor healthcare service delivery. These authors further state that the provision of adequate infrastructure is essential as poor infrastructure is associated with increased levels of job dissatisfaction and is a potential risk factor for nosocomial infections.

Sub-outcome 7 of the National Development Plan 2030 on improved health facility planning and infrastructure delivery emphasises that the improvement of health facilities needs a more systematic and professional approach. This includes the establishment of a Project Management Support Unit to be planned, organised, and implemented according to the prescriptions (NDP, 2030:18). According to Pramatarov and Trifonova (2015:8), facility management should be one of the core functions of a manager of an organisation. These researchers conducted strength, weaknesses, opportunities and threats (SWOT) analysis study of a military hospital in Bulgaria where they identified that organisation, personnel, equipment, buildings, and related infrastructure were crucial

factors for the provision of high-quality facility services. They concluded that the strengths of the hospital are determined by the available capabilities of staff, level of satisfaction of patients and staff, the setting of the hospital and the internal distribution of the various offices, as well as the factors for competitiveness in comparison with other hospitals.

Gelnay (in Shohet and Lavy, 2004:210) does not share the sentiments that the provision of facility management and other non-core activities should be delegated to the healthcare managers of organisations. Gelnay (in Shohet & Lavy, 2004:210) reports that this has been growing gradually and impacts the quality and effectiveness of healthcare services as the possibility is high that managers whose attention is divided among many issues may lose focus on healthcare. Gelnay (in Shohet & Lavy) claims that healthcare managers have to divide their focus and do not finish their tasks, but if these were delegated to the respective qualified individuals, it would contribute to the successful delivery of healthcare services. These findings support the resource dependency theory discussed below under the theoretical framework (section 2.8) by emphasising the interconnectedness of resources for an effective organisation. Without a favourable environment, no quality healthcare can be provided. The SAMHS facilities were reported to be in a poor state, especially the Intensive Care Unit of 1 Military Hospital.
This is one of the tertiary hospitals under alleged mismanagement of funds, acute staff shortage and lack of equipment to manage patients (*Pretoria* newspaper: 7 November 2014). Patients are exposed to health risks when managed in such conditions.

2.5 OUTSOURCING OF HEALTHCARE SERVICES

Outsourcing of healthcare services occurs when these services are contracted to external healthcare providers to render healthcare services to the patients or clientele of a hospital due to a lack of capabilities. According to Ikediashi (2014:1) and Alijanzadeh, Zare, Rajaee, Fard, Asefzadeh, Alijanzadeh and Gholam (2016:2938), outsourcing of healthcare services is a plan incorporated by public sector agencies to improve value for money in providing public services. Khoza and Du Toit (2011:1) resonate that this strategy compares very well with the *Batho Pele (*People First) principles where the public sector

was transformed to meet the development challenges that were negatively affecting service delivery to be compatible globally. The scholars maintain that innovative measures in managing hospitals require accountability in improving services.

2.5.1. Quality of healthcare services

The quality of healthcare services is the most important factor in the success and sustainability of health organisations (Alijanzadeh *et al*., 2016:2936). The academics indicate that quality healthcare services increase customer satisfaction and trust in the provider organisation. Mosadeghrad (2014:86) describes quality in healthcare as a production of collaboration between the patient and the healthcare provider in a conducive environment. Mosadeghrad also acknowledges that quality healthcare services depend on individual factors of the healthcare service provider, the patient, and factors of the healthcare organisation and bigger environment. The differences in internal and external factors such as the availability of resources and collaboration among providers are taken into consideration in quality patient outcomes.

Chan (in Roberts, Henderson, Olive & Obaka, 2013:6) indicates that there is evidence that a rising and persistent global recession has a direct fiscal relationship with the quality of healthcare delivery. The scholar identifies the three areas that affect quality care as cost, access, and quality, which makes it imperative for healthcare service providers to consider outsourcing as a viable alternative to address growing challenges and minimising costs. The author concludes by indicating that outsourcing support services in healthcare allows an organisation to realise substantial strategic advantages. The WHO (2012a) supports the concept that a well-performing and responsive healthcare workforce with a well-functioning healthcare system ensures equitable medical supplies and provides quality service. An appropriate and affordable financing system coupled with an effective and able governance system that involves workable strategic policies and accountability always results in quality healthcare service delivery.

According to Kroes and Ghosh (2010:124), outsourcing decisions based on quality confirms that organisations are encouraged by the accessibility of a dealer with superior expertise that can improve on the quality of services previously executed in-house.

This also improves performance to the required quality standard, improves the quality of service to users, and improves mutual trust between organisation and customers. These also involve the improvement of responsiveness in after-sales delivery. Kroes and Ghosh posit that even though the organisation managers outsource healthcare services to save costs, they also expect quality services to be delivered to their clients.

2.5.2 Healthcare delivery

According to Roberts *et al* (2013:7), quality healthcare delivery is the central concern for any health care delivery system. The authors add that there is a growing consciousness about the utility of outsourcing of services, especially as it relates to healthcare industries, therefore senior leaders should ask the tough questions to guide their understanding of issues relating to outsourcing before the task of outsourcing support services is undertaken to ensure quality healthcare to their clients.

However, Ikediashi (2014:190) cautions about the domineering influence of the key participator in the outsourcing contract which may harm the outsourcing relationship. This may result in undesirable client-related risks and will affect quality healthcare delivery. Ikediashi reports that all interactions between the outsourcing participants reported as defensive and expected were from client-based organisations. The participants in outsourcing were not eager to acknowledge the health risks associated with outsourcing healthcare services, such as the negative effect on the morale of employees and inadequate planning of outsourcing legislation as revealed by the study conducted by Ikediashi.

However, outsourcing primary healthcare services was seen as a major improvement on the quality of healthcare delivery between low- and middle-income countries where the governments have limited capacity to manage healthcare services and mitigate the existence of risks (Tanzil, Zahidie, Ahsan, Kazi & Shaikh, 2014:6).

Bastian *et al.* (2016: 827) explain that healthcare delivery systems in the US are under increasing pressure from healthcare clients to provide world-class health care that is safe, effective, patient-centred, timely, efficient, and reasonable. Health systems are expected to deliver high-quality care to patients while reducing costs. These researchers posit that delivery of quality care is complicated by the temporary nature of healthcare providers either due to deployments or due to personnel re-allocation between hospitals, clinics, and field units. Quality service delivery can be difficult due to the rising cost of healthcare services resulting in the outsourcing of healthcare services.

2.5.3 Patient satisfaction

“As opportunities for outsourcing increase, clients’ interest in understanding the framework of service outsourcing is also growing. Clients also want to understand the benefits and demerits of outsourcing so that they can weigh whether indeed the benefits outweigh the disadvantages of this model of doing business” (Foxx, Bunn & McCay, in Dozier, 2018). However, Roberts *et al*. (2013:7) emphasise the importance of situational analysis by the managers before outsourcing. These scholars suggest that the executive management of the hospital or healthcare organisation has to consider the reasons behind the outsourcing of healthcare services before finalising the process. An evaluation of the possible challenges the organisation may face in the course of outsourcing, best practices of outsourcing, and the implications for the hospital’s management before embarking on outsourcing taking the patient’s needs at the centre may be assessed.

Barati, Najibi, Yusefi, Dehghan and Delavari (2019:1) describe outsourcing as a procurement device in which an organisation purchases a special service at an approved quality and quantity for a determined period from a service provider that is out of the

organisation and controlled through a contract or collective management. These authors further explain outsourcing as an effective strategy resulting in increased personnel, client, and stakeholder satisfaction. Barati, Najibi, Yusefi, Dehghan and Delavari posit that outsourcing of healthcare services has an advantage in increasing the benefit and decreasing the cost for the public sector and it is important that the implementation and monitoring strategies are well-defined and in place.

2.6 EFFECTS OF OUTSOURCING IN AN ORGANISATION

Although managers of organisations use outsourcing of healthcare services as an option to cut costs and allow themselves to focus on critical issues of the organisation while the external stakeholders take care of the core and non-core activities, challenges have been reported due to the outsourcing of services. According to Allen and Mobley (in Dozier, 2018), the cutting of costs in healthcare services delivery by outsourcing to contractors does not always materialise. These researchers posit that other contractors fix the prices to charge more for the services provided, which can be costly for the organisation contracting out. They further argue that contracting services may result in high turnover resulting in inexperienced, poorly-trained personnel rendering healthcare services, which affects the quality of care provided.

Kahouei, Farrokhi, Abadi and Karim (2015:2) acknowledge that there is an indication that human resources working in organisations that have outsourced services to contractors experience job insecurities, poor work performance, demotivation, high rates of absenteeism, and job replacement. The researchers suggest that outsourcing of services can also create negative feelings among personnel who remain in the organisation. Roberts *et al*. (2013:7) agree that outsourcing healthcare services bear positive outcomes for the organisations, such as the decrease in expenditures for the outsourced services with regard to staffing and training, the quality of the services provided increases, and may result in satisfied clients. However, there are still many potential negative effects observed or reported. The researchers reported in their study that it is important for the managers to consider legal, ethical, and moral issues that may be caused by the

outsourcing of services. Roberts *et al*. argue that managers may end up paying lawyers for litigation brought about by the disgruntled employees left destitute by the outsourcing of services.

2.7 INTERNATIONAL PERSPECTIVE ON OUTSOURCING OF HEALTHCARE SERVICES

The international perspective on the outsourcing of healthcare services is explored in detail according to the review of the global, continental, and local spheres.

2.7.1 Global perspective

On the international front, the National Association of Health Underwriters in the US (2015:1) agrees with Engelchin-Nissan *et al*. (2017:1) and highlights that the cost of outsourcing healthcare services in the US is rapidly rising and has a huge impact on health insurance coverage in the country. This organisation emphasises that there needs to be a thorough examination of the factors causing dramatic increases in healthcare spending. This could aid in developing effective private and public policy solutions to contain the cost of healthcare without affecting the quality of service received by their clients. In such cases, the outsourcing of such services is highly recommended.

Zhiarfar, Seyedin, Tourani, Zarnaq and Ayoubian, (2014:145) reported that Iranian hospitals have begun using outsourcing healthcare services as an effective strategy for enhancing and improving the quality of healthcare provided. However, the concept of outsourcing is relatively new. Zhiarfar *et al*. conducted the study to explore the impact of outsourcing management of healthcare services on the quality of service and discovered that hospitals could transfer their activities to create and maintain long-term relationships and they will be more successful. Furthermore, core activities and the goals of the organisation may be assigned to external stakeholders to ensure client satisfaction. A research study conducted in Greece revealed that outsourcing of healthcare services is done to deal with the budget drivers such as cost reduction, risk mitigation, adapting to

quick changes without threatening internal resources, and value stream redefining (Guimarães & de Carvalho, 2011:140).

These authors further indicate that it is important that healthcare managers become aware of the outsourcing in healthcare risks such as losing control of suppliers, accountability issues and loss of competences, information confidentiality problems, and excessive supplier dependency.

2.7.2 African perspective

According to Anyika (2014:113), Nigeria is faced with the increasing cost of healthcare as is the case with the established and emerging economies resulting in developing strategies to change how health activities are employed. Anyika emphasises that Nigeria is faced with fundamental healthcare-related challenges and concerns for the affordability of health care are ubiquitous. The researcher believes that there is a need to operate the health system more efficiently, which means resorting to the outsourcing of healthcare services to curb the costs.

A study conducted at Kenyatta National Hospital in Kenya confirms that organisations use outsourcing of services as a planned strategy for effectiveness and competitiveness to realise their objectives of quality patient care while benefiting from external stakeholders in areas that are not their strengths (Kamuri, 2010:14). The researcher further explains that outsourcing as a service delivery technique can be used to capitalise on efficiency and increase service delivery quality. Kamuri posits that challenges of quality healthcare services delivery were due to increasing costs. However, according to Kamuri, outsourcing requires measures for proper structuring and monitoring. Kamuri emphasises that structuring and monitoring will assist the organisation to realise benefits, such as reducing costs, improving service quality, and increasing efficiency and innovation while avoiding risks such as liability issues in the organisation.

2.7.3 Local perspective

According to the Trade, Competition and Applied Economics (ECONEX Report, 2013:6) half of national health expenditure in South Africa is currently being spent on private healthcare through the outsourcing of healthcare services. This implies that even the government relies on outsourcing of healthcare services for the benefit of its citizens to receive quality services by trusting the private health sector, which plays a pivotal role in assisting the government to fulfil its constitutional mandate. This includes the provision of excellent quality health services to South African citizens.

Harris, Goudgea, Ataguba, McIntyre, Nxumalo, Jikwanac and Chersicha (2011:119) conducted a study on inequities and accessibility to healthcare in South Africa and discovered that even though the government provides free healthcare service to the citizens from the public hospitals, accessibility was a challenge. Most of the citizens felt that given the choice, many prefer using the private sector, even if it incurs incredible expenses. The concern is that greater resources flow to private facilities, thus worsening the public sector. Harris *et al*. concluded by saying that improving public sector service quality and perceptions thereof and creating equitable access to different levels of public care could reduce the use of private providers and thus minimise financially catastrophic charges. In this regard, the outsourcing of services is directly from the clients due to dissatisfaction about the quality of healthcare services they receive from the public hospitals.

Nkoane (2015:45) conducted a study at Tshwane District Hospital investigating the experiences of community nurses during their practical phase, where participants reported that the outsourcing of healthcare services to the private health sector harms their practical skills. It was reported that due to the unavailability of resources in the Tshwane District Hospital, healthcare services had to be outsourced although impacting negatively on their practical training and effort to provide nursing care to patients.

2.8 THEORETICAL FRAMEWORK

The theoretical framework is the structure that embraces or support a theory of a research study. The theoretical framework presents and describes the theories that explain why the research problem under study exists (Adom, Hussein & Joe, 2018:438).

2.8.1 Administrative management theory

This theory determines the options of an ideal method to integrate all jobs and run an organisation effectively and efficiently (Sridhar, 2017:5). The emphasis of this theory is on establishing the best way of running an organisation. The founder of this administrative theory was Henry Fayol (1841-1925), who focused on managerial activity and maintained that the five fundamental tasks of any manager are planning, organising, commanding, coordinating, and controlling. He was the pioneer in formulating fourteen principles of management, which were the division of work, authority and responsibility, discipline, unity of command, subordination of individual interest to the general interest, remuneration, unity of direction, centralisation, order, equity, stability of tenure, initiative, spirit de corps, and the scalar chain principle. Fayol emphasised that the process of management is the same at any management level of an organisation and common to all types of organisations. This implies that all managers from different levels of the organisation or management levels need to acquire the management knowledge to apply these managerial functions for effectiveness and efficiency.

The founder emphasised that management is concerned with five main functions which are planning activities, organising tasks, distributing work among personnel, leading people, and controlling standards of performance. The weakness identified in Fayol's principles is that they do not answer the question of degree of specificity. It does not mean that what is applicable for the other organisations, whether public or private may be applicable in a military organisation with different organisational activities; therefore, a definite theory may not always be practical. Failure to apply these mentioned skills, tools and or management tasks by managers or leaders of the organisations may lead to the

management challenges faced by most of the organisations including the SANDF and SAMHS.

2.8.2 Resource dependency theory

According to Ikediashi (2014:42), the resource dependency theory demonstrates the interdependency between resources and the organisation. No organisation can run smoothly without human resources and vice-versa, for example. This theory epitomises three components, which are authority or power, the availability of resources, and the interconnection of the two components. All these components are glued together by the resource magnitude which dictates to the authority in the environment the criticality of the required resources. The importance of resources for an organisation to provide services as required is evident from this theory; failure to have such resources may result in poor quality services provided to the clients. Human resources may not be able to perform their duties if the infrastructure does not provide a favourable environment for healthcare services coupled with a lack of equipment to carry out the duties as expected.

This theory does not explain the risks associated with outsourcing healthcare services. Organisations, therefore, adopt plans to access those crucial means and form resource-dependent connections with stakeholders to ensure organisational existence. This explanation supports the case of the SAMHS outsourcing healthcare services due to its inability to render healthcare service as influenced by the lack of capabilities and infrastructure (defenceWeb:2014). Failure to have resources in the organisation leads to outsourcing healthcare services, which can be influenced by resource management challenges. Although outsourcing is used by other healthcare organisations as a strategy for cost-effective measures, it will result in irregular expenditure (if it is not planned properly) as evidence for mismanagement of resources.

2.8.3 Privatisation theory

Privatisation theory explains how the change of ownership of former state-owned businesses to private ownership and control is done through the transformation of property rights administrations and reduction of public control (Soyebo, Kolawole & Babatunde, 2001:3; Scheider & Jager, 2001:6 cited in Odukoyo, 2007:25).

These authors further describe that privatisation involves the reallocation of control rights, previously the responsibility of the public decision-making structure, to a single person, private organisation, or a collective of shareholders controlling that private company. When the African National Congress came into power, the policy of privatisation became official and was implemented with the aim of black economic empowerment and the acceleration of economic growth (Greenberg, 2006:14). The author further explains that privatisation of state-owned enterprises was a way of relieving pressure from capital that would not have been enough for budget allocation on governments' responsibilities, and the required resources for the modernising and expansion of service providers.

In this regard, outsourcing the SAMHS' healthcare services to external stakeholders does not mean handing over its proprietary rights to the private person or private organisation permanently, as in privatisation language. It is a temporary measure to ensure the continuity of healthcare provision to its clientele due to unavailability of some of its capabilities with the hope of bringing back outsourced services as soon as the challenges are resolved. Although the three theories discussed above are aligned with the research topic under study, the most relevant theories that underpin the theoretical framework of this study are the administrative management theory and the resource dependency theory. These theories assist the researcher in understanding and elucidating the variables surrounding the study and in answering the research questions. The resource dependence theory explains the interdependency of resources for the effectiveness of the organisation that involves the authority or power the manager or leader has over the control of the organisation, the availability of resources, and the interconnection of the two components. The theories clarify the reasons that prompted the SAMHS in resorting

to outsourcing its healthcare services. The following is a discussion of the literature of the other researchers based on the factors associated with resource management challenges.

2.9 SUMMARY

The literature reviewed from studies conducted by different researchers reveals the importance of resources for organisations to operate effectively in the provision of services to their clients, especially healthcare services. The interdependence of resources from the resource dependency theory describes the implication that quality healthcare services cannot be provided or rendered if there is a shortage of resources in an organisation. It is, therefore, important for managers to apply all the management tasks when performing their duties for effectiveness and efficiency. Most researchers reported that the outsourcing healthcare services by hospitals, both public and military, is a planned strategy by managers to curb costs. Outsourcing healthcare services is done to contract out capabilities that the organisations find impossible to perform due to the unavailability of resources, while ensuring that the core functions of the healthcare organisation are retained. The SAMHS situation is different, as outsourcing the healthcare services is done due to the unavailability of resources and not as a planned strategy to cut costs or avoid irregular expenditure. The following chapter discusses the policy and legislative framework underpinning resource management and the outsourcing of healthcare services and how they should be applied in the SAMHS.

CHAPTER 3: POLICY AND LEGISLATIVE FRAMEWORK UNDERPINNING RESOURCE MANAGEMENT AND OUTSOURCING

3.1 INTRODUCTION

The previous chapter focused on the theoretical framework of the study through a literature review of the issues of resource management challenges and the outsourcing of healthcare services by the SAMHS. A discussion of the related concepts of resource management and outsourcing was provided. It also highlighted the effects of outsourcing healthcare services on the SANDF and its clientele and further elaborated on the relevant theories. The chapter also explored both the theoretical and empirical literature related to the study of resource management challenges and especially the international perspective on why militaries often resort to outsourcing. It also discussed the circumstances under which outsourcing was used to address, overcome, or prevent management challenges.

This chapter discusses the policies and legislation relevant to resource management and how they should be applied in the SAMHS environment. The discussion of the policy and legislative framework is supported by the factors identified from the literature reviewed on resource management and outsourcing of healthcare services by the organisations. Srivastava and Thomson (2009:73) posit that all organisations, whether private or public, are governed by policies or procedures and these need to be reviewed periodically for their efficient utilisation. The review process assists in the monitoring and evaluation of the implementation of such acts, policies, strategies, rules, regulations, and standard operating procedures. These will be prioritised according to hierarchy.

3.2 RESOURCE MANAGEMENT

This section begins by discussing the legislation relating to resource management. Thereafter follows a discussion of the policies guiding resource management, standard working procedures involved, and the strategies that are used.

a. Legislation

- **National Health Act, No. 61 of 2003 on Norms and Standards; Regulations applicable to different categories of health establishments and Clinical leadership and clinical risk**

According to Chapter 3 of this act, all health establishments must establish and maintain systems, structures, and programmes that are appropriate to the health establishment and the services it provides, to alleviate clinical risk and promote clinical leadership to safeguard the quality and safety of the health care services provided by the establishment. Chapter 7 of this act emphasises that all health establishments must manage their health care personnel in a manner that ensures that they deliver safe and effective care.

b. Policies

- **National Development Plan 2030**

Proper resources management requires competent leaders and managers at all levels in the health system from clinic to tertiary hospital. Training and development is necessary for such competencies; however, the current training and development programmes do not meet the requirements for the job and should be replaced. People who lead institutions must have the required leadership capability and high-level technical competence in a clinical discipline for all the organisations to run smoothly (National Development Plan, 2030: 336).

The healthcare needs of South Africa demand that appropriate policies be implemented with regards to the available resources; that is human resources, equipment, finance, medical supplies, and infrastructure. Government could incentivise the production of appropriately-trained personnel in sufficient numbers within a realistic but short time as an indication for good governance (NDP, 2030: 348).

- **World Health Organisation**

According to the World Health Organisation (WHO), more efficient use of resources will also allow funds to be spread further. However, there is evidence in many countries of significant failure to manage resources (WHO, 2006:24).

- **South African Health Review 2018**

The National Health Amendment Bill (Private Member's Bill, 2018) proposes that all clinics operate 24 hours a day, seven days a week. The proposal has obvious practical constraints, although the problem it aims to address is real (South African Health Review, 2018:3).

- **Defence Review 2015**

Military hospital facilities must be positioned in specific geographical locations, based on the military footprint, to provide a comprehensive hospitalisation service to patients. These capabilities are also utilised in support of operations. The purpose of military hospitals is to render secondary and tertiary levels of care including rehabilitation functions. These can be designed to accommodate the activities of a Level 4 hospital in peace support operations and normally involve specialist surgical and medical procedures, reconstruction, rehabilitation, convalescence, and psychological and social support (Defence Review 2015 :10-18).

- **National Core Standards for Health Establishments in South Africa (National Department of Health)**

In terms of Section 78 (a) of the National Health Act, No. 61 of 2003, the responsibilities of the Office of Health Standards Compliance are to monitor that senior management delivers strategic direction through pre-emptive leadership, planning, and risk management supported by the relevant supervisory support structures. Functional

governance structures, strategic management, strategic and operational plans, risk management, risks and medico-legal incidents, quality improvement systems and effective leadership should emphasise oversight and accountability (National Core Standards, 2011).

The following factors are discussed with their relevant policies and legal framework in detail pertaining to resource management:

3.2.1 Human resources with special skills

3.2.2 Equipment

3.2.3 Finance/budget

3.2.4 Healthcare facilities

3.2.1 Human resources with special skills

3.2.1.1 Legislation

- **Constitution of the Republic of South Africa, Act 108 of 1996: Chapter 6 paragraph 39**

The Constitution of the Republic of South Africa is very clear in providing a national imperative for human development through Education, Training and Development (ETD) when it states the following in its preamble: ‘Improve the quality of life of all citizens and free the potential of each person’.

- **Defence Act, No. 42 of 2002**

Paragraph 63 (4) of the Defence Act 42 of 2002 states that training of members is an essential part of force preparation and may encompass tutoring at any military or tertiary institution for higher education and learning in the world, as well as practical training which must include physical training, sport, structured recreational activities, and military exercises including tertiary education for scarce skills.

- **Skills Development Act, No. 97 of 1998**

The Skills Development Act (paragraph 2) prescribes that the employer has the responsibility to improve the quality of life of workers, their prospects of work and labour flexibility, and to improve productivity in the workplace and the competitiveness of employers by allowing them to attend professional courses. This enables them to develop and function effectively in their work environment. According to this act, the employer is encouraged to use the workplace as an active learning environment and to provide employees with the opportunities to acquire new skills (Skills Development Act, No. 97 of 1998).

- **Skills Development Amendment Act, No. 31 of 2003**

This act is an amendment of the Skills Development Act No. 97 of 1998. It was amended to empower the Minister of Education to make regulations regarding learner ship agreements and to regulate private employment service agencies. This act also provides for the Minister to allow the use of funds in the National Skills Fund for the administration of the Fund to provide a new plan for budgeting in respect of training by national and provincial public entities. Lastly, this Act empowers the Minister to establish and promote a national standard to promote good practice in skills development.

- **National Qualifications Framework Act, No. 67 of 2008**

This Act provides for the National Qualifications Framework (NQF). The NQF is a comprehensive system, approved by the Minister of Higher Education and Training, for the classification, registration, and publication of articulated and quality-assured national qualifications. The South African NQF is a single integrated system comprising three co-ordinated qualifications Sub-Frameworks for general and further education and training, higher education and trades and occupation.

3.2.1.2 Policies

- **World Health Organisation and National Development Plan 2030**

According to the WHO, policymakers worldwide must focus on expanding the capacity to train and educate future employees for the organisation to be effective and efficient in its performance. The education of the health workforce is crucial if the world is to meet its major health challenges, such as achieving the Millennium Development Goals, preventing and treating chronic diseases, and responding to emergencies.

The National Development Plan 2030 indicates that human resources need to be strengthened at all levels by ensuring that human resource management personnel in the health sector are appropriately accredited. Reviewing of remuneration continuously and putting into operation incentive schemes, such as the occupation-specific dispensation, to boost services in underserved areas is mandatory. Performance management and retention of health practitioners should receive as much attention as producing new professionals (NDP 2030:349 and WHO, 2006:9-11).

- **United Nations Medical Support Policy**

The United Nations (UN) has adopted a multi-level concept of medical support comprising basic first-aid and four successive levels of structured medical support. All healthcare

professionals deployed in the UN Peace Keeping Operations are expected to have basic knowledge of first-aid, including specialised skills such as cardiopulmonary resuscitation, wound dressing, control of haemorrhage, immobilisation of fractures, and casualty evacuation. This knowledge is important for military healthcare service providers who are required to operate in small groups, often with no immediate access to medical care.

- **Defence Review 2015**

According to Defence Review 2015 (2015:11-12), Services and Divisions, the functional competency authorities must provide and coordinate accredited function-orientated education and training as follows: Specialist education, which may include medical, engineering and other advanced fields, is to be provided by external tertiary educational institutions contracted to the Defence Force.

- **DODI TRG/00004/2001 Department of Defence Instruction on overarching policy for Education, Training and Development (ETD) in the Department of Defence (DOD)**

This Department of Defence Instruction (DODI) is aligned with Government's commitment to provide quality Human Resources Development (HRD) as governed by, amongst others, the National Skills Development Strategy III, National Qualification Framework Act of 2008 as well as the Skills Development Amendment Act, No. 31 of 2003 and the National Development Plan.

- **DODI POL and PLAN NO 52/2001 (Edition 2): Department of Defence Human Resource Strategy 2010**

The aim of the DOD HR Strategy 2010 is to ensure the establishment of the most effective, efficient, and economic defence HR composition, of the right quantity and quality in the right places at the right times. 'Right quality' means that the DOD's human resources should be competent by possessing the required knowledge, skills and attitude

to effectively, efficiently and economically execute the DOD's mission, as well as the functions and tasks of the posts in which they are staffed (South African DODI POL and PLAN, 2010:4-5).

3.2.1.3 Strategies

- **Department of Defence Human Resources Development (HRD) Strategy and Plan 2016-2025: Renewal and Modernisation (Paragraph 8)**

Through the HRD Renewal and Modernisation Strategy 2025, the DOD seeks to deepen military professionalism and leadership and reposition its status as a modern, professional, and disciplined force (Paragraph 8:4). The value underpinning this strategy is to ensure access for all officials to quality training and education opportunities equitably and efficiently. This strategy makes provision for redress for officials who did not acquire accredited skills or qualifications thereby enabling a culture of self-development and lifelong learning.

- **National Skills Development Strategy III: 2011**

The third National Skills Development Strategy (NSDS III) monitors the integration of higher and further education and skills development into a single Department of Higher Education and Training. Cooperation between employers, public education institutions, colleges, universities, universities of technology, private training providers will be promoted so that the integration of education and training becomes a reality experienced by all South Africans.

NSDS III must ensure improved access to training and skills development opportunities and achieve the fundamental transformation of inequities linked to class, race, gender, age, and disability in our society. It must also address the challenges of skills shortages and mismatches and improve productivity in the economy.

3.2.2 Equipment

3.2.2.1 Policies

- **Defence Review 2015**

The Defence Review (2015:10-16) prescribes that the SAMHS shall prepare, provide, and deploy military health capabilities to support the landward and maritime defence strategies, inclusive of the air defence and special force components thereof. The SAMHS must be able to conduct and sustain layered military health support to protracted operations over long distances. Such layered health services will ensure both force health protection and force health sustainment.

According to the Defence Review (2015:14-20), defence procurement expertise must establish the organisational procurement structures with qualified procurement personnel to capacitate the chief of the defence force and commanders at all levels to control defence resources and account. The finance and procurement department will be sought to accelerate defence supplier payments. Logistic and finance delegations, organisational capabilities, and information systems will be cascaded to the lowest appropriate levels within the Defence Force, but not below unit level. This requires that the delegations framework for logistics and finance be revisited to effectively support the concept. A centralised procurement and logistical management system with standardised procurement systems and processes at national and provincial level must be considered to improve efficiency, deal with corruption, and economy of skills and scale (Presidential Health Summit, 2018:35).

3.2.3 Finance/ Budget

3.2.3.1 Legislation

- **Public Finance Management Act, No. 1 of 1999**

The Public Finance Management Act, No. 1 of 1999 and its regulations control the management of finances in national and provincial government. It sets out the procedures for efficient and effective management of all revenue, expenditure, assets, and liabilities. It establishes the duties and responsibilities of government officials in charge of finances. The Act aims to secure transparency, accountability, and sound financial management in government and public institutions.

3.2.3.2 Policies

- **Defence Review 2015**

According to the Defence Review 2015 (2015:14-16), defence spending will be managed in the manner recommended in the Public Finance Management Act, No. 1 of 1999 (as amended) and the National Treasury Regulations (as amended). The finance management system must achieve the following objectives:

a. Enable force provisioning, force preparation and force employment through the provision of appropriate finances and consolidate finance planning, execution, control, and reporting.

b. Provide comprehensive and quality multi-disciplinary products and services at the best possible value.

c. Support local, distant, distributed and extended lines of communication including International operations.

3.2.3.3 Strategies

- **Presidential Health Summit Report 2018**

Provincial health departments must reduce escalations and try to understand cost drivers.

They must stick to the budgets allocated and monitor expenditure against service delivery standards. Provincial health departments must also establish budget and expenditure rules, e.g. maximum cost of equity (COE) share of the allocated budget. Moreover, they must instil accountability and transparency in governance and procurement. Provinces are expected to prioritise their financial resource allocations in a manner that will ensure that the delivery of quality health care is not compromised (PHSR, 2018:47-60).

3.2.4 Healthcare facilities

3.2.4.1 Legislation

- **Constitution of the Republic of South Africa, Act 108 of 1996**

According to the Constitution, everyone has the right to an environment that is not harmful to their health or well-being (Chapter 6: paragraph 53). A conducive environment that is safe to healthcare provision must be ensured always.

- **Occupational Health and Safety Act, No. 85 of 1993**

The Occupational Health and Safety Act, No. 85 of 1993 provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery. This includes the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.

3.2.4.2 Policies

- **World Health Organisation (WHO) Report of 2006**

According to the WHO (2006:12), it is important that that the organisations take note that no matter how motivated and skilled health workers are, they cannot do their jobs properly in facilities that lack clean water, adequate lighting, heating, vehicles, drugs, working equipment and other supplies. The evidence for the performance benefits of improving basic infrastructure and supplies is very thin, but it seems highly likely that such improvements, once in place could create major, almost immediate gains.

- **Defence Review 2015**

The Defence Review 2015 (2015: 14-25) clearly states that repair and maintenance is the responsibility of the Department of Public Works. However, funding constraints have severely hindered the maintenance of essential defence infrastructure, giving rise to a significant maintenance backlog which impacts directly on the operational readiness of the defence force and its ability to prepare and employ forces. The defence force may further consider entering into joint ventures with designers and conservation organisations to minimise the cost of managing defence facilities and to improve defence infrastructure without drawing on additional state funds.

3.2.4.3 Standard Working Procedures

- **National Core Standards for health establishments in South Africa (National Department of Health)**

According to the National Core Standards (2011), there must be clean, safe, and secure physical infrastructure that includes buildings, equipment, plant, and machinery that are functional as well as services and effective waste disposal.

3.3 OUTSOURCING OF HEALTHCARE SERVICES

The section discusses the legislation relating to the outsourcing of healthcare services, policies guiding the process of outsourcing of healthcare services, standard working procedures involved, and the strategies that are used. The following factors are discussed with their relevant policies and legal framework:

3.3 Outsourcing of Healthcare Services
3.3.1. Quality of healthcare service
3.3.2 Healthcare Delivery
3.3.3 Patient Satisfaction

3.3.1. Quality of healthcare service

3.3.1.1 Legislation

- **National Health Act, No. 63 of 1977**

The purpose of the National Health Act 63 of 1977 is to provide measures for the promotion of the health of the people of the Republic of South Africa and the rendering of health services.
This act also defines the duties, powers, and responsibilities of certain authorities who render health services in the Republic and to provide for the co-ordination of such health services.

- **National Health Act, No. 61 of 2003**

The National Health Act was enacted to provide a framework for a structured uniform health system within the Republic, taking into account the obligations imposed by the Constitution and other laws on the national, provincial and local governments with regard to health services; and to provide for matters connected therewith. The purpose of the

National Health Amendment Act, No. 12 of 2013 was to amend the National Health Act, 2003, to provide for the establishment of the Office of Health Standards Compliance in ensuring quality health standards.

3.3.1.2 Policies

- **World Health Organisation**

The WHO's constitution declares health as a fundamental human right. All citizens are entitled to quality healthcare services.

- **United Nations Medical Support Policy**

The United Nations Medical Support Policy (1999:18-28) prescribes that levels of medical support for UN peacekeeping missions to be consistent. This is necessary to ensure that the highest standards of medical care is provided to peacekeepers, particularly as medical units and personnel can come from different countries with different standards of medical care.

One of the SAMHS' tertiary hospitals has been chosen to be a Level Four medical facility and is expected to provide definitive medical care and specialist medical treatment not available or impossible to provide for within a mission area. This includes specialist surgical and medical procedures, reconstruction and rehabilitation, and recuperation. Such treatment is highly specialised and costly and may be required for a long duration.

- **National Development Plan 2030 Chapter 10**

An important reform is the proposed Office of Health Standards Compliance (OHSC) to promote quality by measuring, benchmarking, and accrediting actual performance against standards for quality (NDP 2030, 337). The NDP notes that "the national health system needs to be strengthened by improving governance and eliminating infrastructure backlogs." While the attainment of good health is not the responsibility of the health sector

alone, the sector plays a significant role in ensuring that the population has access to quality health services.

3.3.1.3 Standard Working Procedures

- **National Core Standards**

As part of quality assurance, the National Department of Health developed the National Core Standards against which service delivery by health establishments can be assessed. The seven domains of the National Core Standards include patient rights, patient safety, clinical governance and care, clinical support services, public health, leadership and corporate governance, operational management and facilities and infrastructure (National Health Act, No. 12 of 2013) as amended.

3.3.2 Healthcare delivery

3.3.2.1 Legislation

- **Section 27 of Chapter 2 of the Constitution the Bill of Rights**

Patient rights must be respected and be upheld, including access to needed care and to respectful, informed, dignified attention in an acceptable and hygienic environment, seen from the point of view of the patient. These rights include health care, food, water, and social security where everyone has the right to have access to health care services including reproductive health care (Constitution of South Africa, Act 108 of 1996).

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3.3.2.3 Strategies

- **Presidential Health Summit 2018**

The Presidential Health Summit (PHS) was held from 19 to 20 October 2018 in Johannesburg and focused mainly on action-orientated solutions and finding the way out of the current health system challenges. According to the PHS, the healthcare services must be accessible to South Africans in terms of affordability, availability, and acceptability. There is an urgent need for health facilities to meet the OHSC standards, considering that contracting in National Health Insurance will require certification from Office of Health Standards Compliance (Presidential Health Summit, 2018:10).

3.3.3 Patient satisfaction

3.3.3.1 Legislation

- **Patients' Bill of Rights Chapter 2 of the Constitution**

Patient rights must be respected and be upheld, including access to needed care and to respectful, informed, dignified attention in an acceptable and hygienic environment, seen

from the point of view of the patient. These rights include health care, food, water, and social security where everyone has the right to have access to health care services including reproductive health care (Constitution of South Africa, Act 108 of 1996).

3.4 SUMMARY

The availability of the policies and legislation as prescripts for the management of resources in the provision of healthcare services plays an important guidance role. These should be adhered to for the prevention of healthcare risks and successful management of the healthcare organisation. This chapter discussed the legislative and policy framework guiding or regulating the use of resources in the healthcare sector. Policies from the international (e.g. WHO, UN), regional (AU), and national (the Constitution, legislation, NDP, and others) perspectives were reviewed. The following chapter discusses the outsourcing of healthcare services as a response to management challenges in the SAMHS. It also indicates where policies and legal framework were not adhered to as required. In the following chapter, the researcher provides contextual information, comparing literature with practice, and explaining the rationale behind the outsourcing of healthcare services in the SAMHS.

CHAPTER 4: OUTSOURCING OF HEALTHCARE SERVICES AS A RESPONSE TO RESOURCE MANAGEMENT CHALLENGES IN THE SOUTH AFRICAN MILITARY HEALTH SERVICES

4.1 INTRODUCTION

The previous chapter reflected on the relevant policies and legislation that guides and regulates resource management practices, and how they should be applied in practice. This chapter seeks to ascertain whether policy objectives translate into desired outcomes. The policies and legislation were discussed according to the factors identified from the literature reviewed on resource management and the outsourcing of healthcare services by the organisations. This chapter provides contextual information, comparing literature with practice, and explains the rationale behind outsourcing of healthcare services by the SAMHS. This chapter begins by analysing the resources management challenges within the National Department of Health (NDoH), SANDF, and SAMHS environments and provides the rationale why these organisations resorted to outsourcing services. Finally, the chapter examines policy guidelines and implementation challenges.

4.2 MANAGEMENT OF RESOURCES BY THE NATIONAL DEPARTMENT OF HEALTH

According to the National Health Act (No. 61 of 2003), the NDoH is responsible for South African public healthcare, which is funded by the Government. It uses the referral system within its hospitals for the management of patients where the required resources or capabilities may not be available. This referral system occurs between the public healthcare services, i.e. from the primary healthcare level to the district hospital and from the district hospital to the tertiary hospital. The NDoH intends to restore the quality and accessibility of referral hospital services through development plans that will ensure that hospitals at each level provide all-inclusive clinical care (National Health Act 61, 2003:18).

The public sector occasionally outsources healthcare services to private hospitals due to capabilities that are not available in public hospitals, such as procedures that need specialist intervention. According to the National Department of Health Report, South Africa (2003:12), the main cost drivers in the public health sector are pharmaceuticals, laboratory services, blood and blood products, equipment, and surgical consumables. These cost drivers have an adverse influence on efficient and effective service provision. Inefficiencies in the procurement and monitoring of hospital support services such as security, laundry, and catering services also contribute to high costs.

Outsourcing from public hospitals to external stakeholders may be for either clinical services or non-clinical services, for example, the laundry services as stipulated by the National Health Act. The outsourcing of services by NDoH was evidenced by a public hospital in the Western Cape that outsourced the pharmacy services to a private company to improve the dispensing of chronic medication for easy accessibility for its patients (McIntyre & Ataguba, 2011:15). The NDoH outsourced the services to have the pre-packaged medication delivered to stable patients. This prevented patients from waiting in long queues at the hospital's pharmacy and improved healthcare delivery, although the process was costly.

According to the Government Gazette (2015:29), healthcare services in the public health sector from the NDoH place more emphasis on primary health care where basic patient care is provided before a referral to the district hospital or tertiary hospital. The Government Gazette further explains that this was planned and implemented to prevent or ease patient overload to hospitals and ensure that quality healthcare services are rendered to the clients. However, due to lack of resources in the public sector, this system of referral is not always effective as patients prefer to go directly to tertiary hospitals because treatment is not available at the primary health care centres or because of the need for quality healthcare services (Government Gazette, 2015:29). The South African government initiated the establishment of the National Health Insurance (NHI) as a system of addressing the issues of quality healthcare services to the public as beneficiaries.

This was also intended to ensure that every South African citizen receives quality healthcare equally. The Government Gazette (2015:12) describes the NHI as a system that will be used for financing healthcare services to render excellent and affordable health services to all South Africans, according to their health requirements, regardless of their socioeconomic status. The rationale behind the implementation of the NHI is to provide equal health services to citizens without financial pressures and remove the division that has been experienced due to socio-economic status. The NHI, according to the government, will establish a unified health system by maintaining equality in funding, decreasing disintegration in funding pools, and by making health care delivery more inexpensive and accessible for the people. This insurance will require more funding from the government to ensure that resources required in delivering quality care are easily accessible and available. The aim of the NHI was also to ensure that all healthcare services requirements are available in all the public health sectors and outsourcing of services is minimised.

4.3 RESOURCE MANAGEMENT CHALLENGES THAT LED THE NDOH TO OUTSOURCE HEALTHCARE SERVICES

It is worth noting that management challenges have been experienced by most government organisations and departments, resulting in service delivery being negatively affected. According to Mpofana (2016:1), South Africa‘s health service delivery in the public sector has been poor since there is a highly skewed system(s) as compared to the well-resourced and expensive private sector. Mpofana further claims that public and private sectors provide services to different segments of the population; therefore, the quality of service delivery will differ.

Moeketsi (2014:4) agrees that the NDoH has other challenges that stall (or impede) progress in providing efficient and effective service delivery to its citizens and management of district hospitals. A typical example is the lack of resources in the Free State province. Moeketsi confirms that poor working conditions, job dissatisfaction, and

low personnel morale are all serious concerns that affect service delivery in the Free State.

Gray and Pillay (in Moeketsi, 2014:12) pointed out that 75%-80% of South African citizens depend on the public healthcare services that experience challenges with regards to lack of medical supplies, equipment, financial, human resources and collapsing facilities. These researchers confirm that the lack of such resources results in severe difficulties in the provision of quality healthcare services.

According to Coovadia, Jewkes, Barron, Sanders, and McIntyre (2009:830), resource management challenges in the NDoH could be partly attributed to a lack of political will and lack of decisive (or competent) leadership to manage underperformance. Coovadia *et al*. further assert that public sector managers tend to retain incompetent senior staff and leaders which results in loyalty rather than an ability to deliver being rewarded. The academics further report that accountability from NDoH managers is lacking. Lack of accountability has resulted in the mismanagement of resources. As a consequence, the NDoH has failed to comply with the National Development Plan 2030 that advocates for proper resources management. Proper resource management requires capable leaders and managers at all levels in the health system from clinic to tertiary hospital. Nonetheless, the challenges continue to exist. In response, training and development is necessary for those that do not meet the competency requirements for a job and should be replaced if they are unable to perform as expected. Conversely, public sector managers have failed to adhere to this since they normally turn a blind on incompetent managers (Coovadia *et al*., 2009:832).

Resource management challenges faced by the NDoH have had a negative impact on human resources with special skills, equipment, finance resources, and healthcare facilities. The compliance of the NDoH with the applicable legal framework (or lack thereof) will be analysed with reference to the stipulated international and national healthcare controlling bodies in providing healthcare services.

4.3.1 Human Resources with Special Skills

Although the number of doctors trained in 2005 has increased in line with the government plans to increase the capacity required by the public sector to ensure efficient and quality healthcare service delivery, the output does not satisfy the needs of all South Africa (Coovadia *et al*., 2009:829). These researchers add that the public sector is experiencing personnel shortages due in part to the skills drain by the private medical sector, and most importantly, medical doctors. Medical doctors in the public sector have a preference of specialising in other fields other than working as general practitioners, but due to the unavailability of opportunities to develop further as a result of the shortage of personnel, they resign in numbers. According to the South African Human Rights Commission Report (SAHRCR) (2009:38), the standard of training of healthcare professionals in the public sector has dropped resulting in poor quality of healthcare services provided to the community.

The SAHRCR adds that private practitioners who used to refer complicated investigations to public institutions due to the available specialised skills have since declined or vanished. The conditions were made worse, according to the SAHRCR, by the closure of some nursing schools post-1994 by the NDoH, which negatively impacted the skills required by the healthcare organisations. As a contingency plan, the NDoH has started to train healthcare professionals in large numbers to increase human resource capacity. However, that was affected by the posts structure that offered limited posts, therefore, the recruitment of trained personnel could not take place effectively (SAHRCR, 2009:36). Some healthcare professionals migrated to other countries due to these challenges. Delobelle (2013:162) affirms that the brain drain of skilled healthcare workers to more *developed* countries is caused by poor quality of working conditions, pay, and career opportunities. This adversely affects the healthcare environment. There has been an increased shortage of healthcare staff. As a consequence, the performance of the public health sector is profoundly affected.

The Constitution and the Skills Development Act (No. 97 of 1998) prescribes or provides that the employer is responsible for improving the quality of life of workers, their prospects of work, and labour flexibility and improving productivity in the workplace by allowing them to attend professional courses. Although the public sector adheres to these acts by sending many candidates to be trained as medical doctors in Cuba in trying to meet the requirements of these Acts, the capacity was not sufficient to meet the demands of healthcare services. The situation was made worse by the post structure that could not absorb the turnover of personnel. According to Passchier (2017:837), the public sector needs to support and motivate the available health professionals by efficient human resource management, establish healthy conducive environments, and investigate the reasons of turnover instead of focusing on training new professionals (who will certainly end up moving to the private sector) due to compromising working conditions. Passchier recommends that efficient human resource management will enhance morale and job satisfaction which will encourage personnel to pursue personal and professional goals while providing quality healthcare services and avoid outsourcing of services.

People are crucial in the delivery of healthcare services; therefore, a strong appreciation of human resource management concerns by healthcare organisations is required for the success of any healthcare initiatives (Kabene, Orchard, Howard, Soriano & Leduc, 2006:15). These academics emphasise the need for human resources inspiration in healthcare systems to prevent challenges from occurring.

4.3.2 Equipment

The Presidential Health Summit Report (2018:33) reports that the NDoH is experiencing problems with the supply chain management as a system utilised currently to purchase medical supplies and medical equipment. The challenges range from limited supply chain management skills, inadequate monitoring and governance on available systems, and shortage of equipment and consumables leading to poor quality of healthcare services.

The report further highlights that the supply chain management system has contributed to the alarming corruption within government departments, frustrating and problematic supply chain management processes. The suppliers that are not paid on time impacts on resources availability and the poor procurement systems with the processes that are not standardised across all levels result from the poor chain management system.

A study conducted at a Limpopo hospital revealed the complications caused by the lack of medical supplies and equipment that has resulted in prolonged patient stay in the hospital that could have exposed them to nosocomial infection (Mokoena, 2017:67). However, government has a procurement system that means, if followed properly and accordingly, the public sector would not be experiencing a shortage of medical supplies and equipment depending on the knowledge and competence of the procurement personnel (Mazibuko, 2018:11). Mazibuko adds that public procurement also presents an opportunity for dishonest procurement practices that has seen a sharp increase in corruption in the public sector. The scholar asserts that corruption has a negative impact on the equipment and medical acquisition with the lack of consequence management for those found to have committed crime. The NDoH has failed to comply with the legal framework of the procurement system as prescribed (the Public Finance Management Act, No. 1 of 1999 and the Preferential Procurement Policy Framework Act, No. 5 of 2000).

Globally, technology is advancing rapidly, as is the need for the technologically advanced equipment to be procured for the healthcare organisations in the delivery of health services (Kachieng'a, 2010:102). Kachieng'a purports that, despite the ongoing call for technologically advanced equipment, some healthcare organisations still have old and outdated equipment. Kachieng'a suggests that health service planners, hospital managers, physicians, and other healthcare workers need to understand the trends that control health care delivery systems. Maintaining the expensive and sophisticated equipment requires training of the personnel using it to prevent mishandling and breakages and ensuring proper maintenance (Kachieng'a, 2010: 115).

4.3.3 Finance

The Annual Report for 2016/17 Financial Year of the Department of Health of Mpumalanga Province (2017:16) confirmed that the department suffered unauthorised, fruitless and wasteful expenditure amounting to R2 306 000 (two million three hundred and six thousand rands) in that financial year. This was an increase from the previous year's total of R13 934 000 (thirteen million nine hundred and thirty four thousands rands to R16 240 000 (sixteen million two hundred and fourty thousand rands. The current fruitless and wasteful expenditure accumulated from the Eskom account, legal fees, National Health Laboratory Services (NHLS), and municipalities. The department reported that it had submitted the list to the provincial financial misconduct committee and district financial misconduct and loss control for investigations. This irregular expenditure may result in a shortage of resources in public hospitals that may lead to poor healthcare services being rendered to the clientele.

The Department of Health in Mpumalanga Province failed to comply with the Public Finance Management Act, No. 1 of 1999, which regulates the management of finances in national and provincial Government by setting out the procedures for efficient and effective management of all revenue, expenditure, assets and liabilities. Although they have taken measures to correct the situation by reporting the matter and requesting an investigation to be carried out, they remain negligent. Managers of healthcare organisations need to be vigilant when dealing with finances to prevent corruption.

The President of South Africa, Cyril Ramaphosa, recently signed the NHI Bill in 2019, to improve healthcare services to benefit all the citizens of this country. This NHI will require huge funding to be implemented by the NDoH. According to Passchier (2017:836), financing the NHI will be the least of the health system's problems; rather, the main problem will be how the money will be spent. Passchier cites the lack of governance and accountability including corruption that has led several provinces into chronic budget deficits as the major concern. An important critique of the NHI is that its implementation

will be affected by the poor administrative and managerial capacity of the public sector (South African Institute of Race Relations, 2016:48).

Although the government of South Africa intends to improve the quality of healthcare services for the citizens, the perception of widespread corruption within the public procurement space is a fundamental concern to many South Africans (Public Service Coordinating Bargaining Council, 2016). The Public Service Coordinating Bargaining Council asserts that the public procurement system is perceived as corrupt, uncompetitive, and generally driven by dishonest administrators who work for politically-associated families and companies.

Olaniyan (in Adetiba, 2016:16) describes the corruption of greediness as corruption that occurs when high-ranking government employees misuse their assigned positions to convert public funds into private gain. Olaniyan (in Adetiba, 2016:16) explains that this practice is common in situations where these government employees take advantage of the flaws in the organisational settings of the state for their individual gains. Olaniyan further explains that these corrupt activities consist of embezzlement, bribes (usually from private and foreign companies), or money laundering. These corrupt activities affect the pace with which service delivery is brought to the people and impact negatively on service delivery because of the unavailability of resources.

4.3.4 Healthcare Facilities

The South African government has the largest property portfolio in the Southern Hemisphere in the custodianship of the National Department of Public Works (NDPW), which it is currently failing to do its duties in terms of asset life cycle management (Buys & Tonono, 2007:77). These researchers posit that the NDWP does not show evidence on the existence of an immovable asset management plan and that there is a critical need for competent personnel to do the job with necessary skills.

Although funding is reported to be a challenge, Buys and Tonono confirm that inadequate finance is one of the biggest problems encountered by the maintenance managers as their budgets are constantly cut when there is a financial crisis in the country. This lack of funds has delayed maintenance and construction of some of the healthcare facilities, which has a negative impact in healthcare service provision.

Manyisa and van Aswegen (2017:35) state that public hospitals in South Africa have poor physical infrastructure that contributes to personnel's poor working conditions and negatively impacts service delivery and the quality of patient care. These are some of the factors that have led the NDoH to outsource healthcare services to external stakeholders. According to the Constitution, everyone has the right to an environment that is not harmful to their health or well-being (Chapter 6: paragraph 53). A safe and conducive environment must be ensured, something the NDoH has failed to provide because of dilapidated healthcare facilities, especially in rural areas. Inadequate infrastructure, particularly the absence of private wards, contributes to a lack of protection of privacy of clients. The Occupational Health and Safety Act, No. 85 of 1993 prescribes the rules and regulations for the health and safety of persons at work. According to this Act, the NDoH did not fulfil the requirement as stipulated.

4.4 OUTSOURCING OF HEALTHCARE SERVICES BY THE NDOH

According to Mpofana (2016:1), the majority of South African citizens depend on public healthcare services, although they have been reported to be appalling. Mpofana adds that it is commonly known that South African public sector is short of required skills and capacity, and it is believed that the private sector can contribute to skills transfer and capacity building by being service providers. The public sector must be mentored into policy learning, emulation, and transfer of knowledge and practices from private to public sectors to correct the situation. According to Coovadia *et al*. (2009:832), the importance of leadership and management skills development by managers in ensuring that sound health policies and social policies are implemented is mandatory to control outsourcing of healthcare services.

However, Poutvaara (2014:5) perceives healthcare as a sensitive area of procurement, such that when outsourcing is selected as a way to provide healthcare services, it becomes a challenge if not done cautiously. Poutvaara observes that outsourcing to the private sector may result in unfair treatment of the sickest clients who may be deprived of services to decrease costs from the outsourcing healthcare institutions.

According to the National Treasury (2007:11), prioritising Public–Private Partnerships (PPP) as a way of promoting efficient healthcare service delivery in the public sector is important and should be treated as an urgent issue. The aim of the National Treasury was that a contract will be established that will ensure that PPP contracts should also involve the private party transferring appropriate skills to the procuring institution.

The Government introduced the NHI as a way of ensuring that the public sector which caters for the majority of the citizens maintain the required standards of service delivery to prevent outsourcing of healthcare services to the external stakeholders while benefitting (Ataguba & Akazili, 2010:77). The scholars believe that the government initiated the NHI to improve the public healthcare service delivery but must strengthen the accountability of government officials in this regard to protect state funds and prevent corruption and wasteful expenditure.

Ataguba and Akazili (2010:77) maintain that in 2005, the WHO pledged on countries to plan towards achieving universal treatment that will resolve the issues of inequalities to healthcare for its citizens which prompted the South African government to propose the NHI. The outsourcing of healthcare services by the NDoH has had a negative impact on the quality of healthcare service, healthcare delivery, and patient satisfaction. The compliance of the NDoH to the applicable legal framework (or lack thereof) will be analysed with reference to the stipulated international and national healthcare controlling bodies in providing healthcare services.

4.4.1. Quality of Healthcare Services

According to Mosadeghrad (2014:78), quality healthcare is characterised by characteristics such as obtainability, approachability, affordability, acceptability, relevance, capability, suitability, confidentiality, caring, accountability, reliability, comprehensiveness, and facilities to mention a few. These attributes ensure service delivery that will result in patient satisfaction. Although the NDoH has established a clear agenda for quality health care and substantial annual expenditure, health system inadequacies continue to affect the lives and health of the citizens of South Africa negatively (Beggi, Andrews, Mamdoo, Engelbrecht, Dudley & Lebese, 2018: 78). These scholars further hold that the citizens have lost confidence in the public sector due to the medico-legal claims resulting from negligence by healthcare providers associated with poor quality of services delivered and unsafe work areas. The negative outcome of these medico-legal claims is paid using the NDoH's operational budget. This results in the NDoH outsourcing healthcare services to the private sector, although the referral system of the public sector is not effective due to lack of resources in all healthcare organisations.

According to Beggi *et a*l. (2018:78), encouraging healthcare quality increases health service access and positive health results which, according to the Constitution, is the right of every citizen. However, according to these researchers, the lack of a clear all-encompassing quality strategy to drive health reform has had a limited translation of these policies into practice. Al-Saa'da, Abu, Al- Abdallat, Al-Mahasneh, Nimer and Al-Weshah (2013:42) explain that healthcare organisations experience many difficulties involving new issues such as client dissatisfaction and the increasing cost of health services, to mention a few for services. All these influences encourage health organisations to adopt a system that can meet these requirements dealing with the constant changes, technology modifications, increase in the health services expenditure, increase in competitive position, and gaining customers' satisfaction.

The scholars emphasise the need for healthcare organisations to adopt supply chain management that will ensure that required resources are available at all times for the healthcare organisation to provide quality services. Supply chain management can influence the quality of healthcare services if the administration processes and quality assurance can measure the medical service of the items if they meet the required standards are put in place in the organisation (Al-Saa'da *et a*l., 2013:43).

These researchers also emphasise the need for knowledgeable personnel to manage the supply chain management system to ensure proper procurement of resources. Failure to do so will result in poor service delivery by healthcare organisations. According to the Presidential Health Summit (2018:17), the challenges in the provision of good quality health care by the NDoH are caused by poor procurement or supply chain management systems that have a negative impact on the availability of adequate medicines and other important health supplies. The report acknowledges that, although there is an essential medical equipment list and an essential medicine list accompanied by the delivery of chronic medicines distribution programme, there are still challenges due to inadequate maintenance of equipment and stock-outs of medicines which impacts negatively on quality service delivery.

President Cyril Ramaphosa gave an assurance that the implementation of the NHI will ensure that National Core Standards are adhered to, to be able to monitor and evaluate the quality of services rendered to the citizens of South Africa (Presidential Health Summit, 2018:17). The NDoH has failed to comply with the WHO's constitution that declares that all citizens are entitled to quality healthcare services and the National Core Standards (NCS) that promote quality assurance in the delivery of healthcare services. The NDoH established the NCS as a measure to monitor and evaluate the quality of healthcare provided and enforce quality assurance in 2008. An audit of public health facilities piloted in 2011 confirmed poor performance on vital procedures in Primary Healthcare Centre facilities specifically. This was evidence of poor governance and management of healthcare facilities and resources, including human resources.

4.4.2 Healthcare Delivery

The NDP 2030 (Chapter 10: 304) suggests that healthcare services require revitalisation to meet the health needs of South African citizens. To improve services for the patients and the communities, the NDP 2030 proposes that roles and responsibilities of the national department, provinces, districts, public hospitals, and primary healthcare facilities need to be reviewed if healthcare delivery has to be improved. The NDoH has so far not complied with the proposed objectives of NDP 2030. This is evidenced by the deteriorating state of healthcare facilities that fail to deliver healthcare services to the public.

The importance of the White Paper of 1997 for the makeover of the health sector in South Africa is highlighted by the fact that it required decentralisation of management of health services (Fusheini, Eyes & Goudge, 2017:69). The White Paper, according to Fusheini, Eyes, and Goudge, calls on the district health system to increase access to services by making primary healthcare available to all citizens. Mosadeghrad (2014:78) emphasises the importance of healthcare professionals in the provision of healthcare services depending on factors such as experience, individual abilities, and personalities necessitating the availability quality of healthcare services, which remains a challenge due to turnover and results in the outsourcing of services to the external stakeholders.

According to Fusheini, Eyes and Goudge (2017:75), the importance of financial management is critical for effective hospital governance in South Africa, where a balance between budgets and budgeting and the requirement for the efficient provision of healthcare services and relations between provinces and hospital management exist. Primary health care centres in the NDoH are currently experiencing challenges regarding resources, hence, the referral of patients to the other levels of the hospitals or private sector is common in part due to mismanagement of funds allocated to these organisations. Patients outsourced to other healthcare services are not always satisfied with the arrangement as some do not have transport to reach the destinations; it requires more money from them which they cannot afford.

4.4.3 Patient Satisfaction

Burger, Ranchod, Rossouw and Smith (2016:192) state that the available procedures of client satisfaction in the NDoH are usually created via client-satisfaction surveys relying on the outcomes of such. The Programme of Action initiated by the government serves as a recent and noticeable example of the use of client satisfaction surveys in the public health sector. The popularity of client-satisfaction surveys may be credited to the appeal of failing, complicated and multi-faceted health system experience into a simple indicator with a client-centred and client-responsive approach.

Although the government has set numerous praiseworthy goals to improve the quality of healthcare services in the public sector, media and communities have reported that service delivery is failing to meet the national core standards and client expectations (Maphumulo & Bhengu, 2019:1; National Department of Health 2012:4).

According to Kollapen, Carnelly, Jaichand and Lawrence (2017:3), the South African public sector is experiencing a high rate of medical practice lawsuits that impacts negatively on the budget allocated to the NDoH. The scholars note that the medico-legal risks are due to lack of leadership, lack of supervision of subordinates by their managers, negligence, and failure to comply with the National Core standards. An increase in misconduct cases against nurses was reported by the South Africa Nursing Council which shows that the rights of both patients and families were violated (National Department of Health, 2013:38).

The attitude of healthcare professionals has resulted in patient dissatisfaction with regards to healthcare services provided to them. Maphumulo and Bhengu (2019:5) caution that clients are becoming aware of their rights to healthcare services and the expectations they have from the healthcare providers. This is influenced by the rise in the use of the internet. Maphumulo and Bhengu also maintain that it is important that healthcare providers become attentive when rendering services as this trend of internet use makes patients' care more complicated, with the unavoidable demand for high-quality

care delivery, while resource reduction continues. There are situations where clients demand to be outsourced to the private sector with the hope that they will receive good service delivery and become satisfied, which in turn becomes costly for the public sector.

The Bill of Rights of patients in Chapter 2, Section 27 of the Constitution is ignored by healthcare professionals where negligence is practiced while rendering care to clients; which indicates non-adherence to the prescribed legislation. Although the following section discusses the resource management challenges in the SANDF that led to the outsourcing of services, the emphasis is on the SAMHS as one of the service corps that deals with healthcare services.

4.5 MANAGEMENT OF RESOURCES BY THE SANDF

According to the Constitution, the mandate of the Department of Defence (DOD) is to defend and protect the country, its territorial integrity, and its people, in accordance with the Constitution (Section 200) and the principles of international law. This correlates with the mission of the DOD which is to provide, manage, prepare and employ defence capabilities proportionate with the needs of South Africa as regulated by the Constitution, national legislation, and parliamentary and executive direction (South Africa Constitution Act, 108 of 1996). This mandate of the Constitution prescribes the importance of resources management to achieve the set goals. The Constitution further emphasises that the responsibilities of the SANDF are provided through the proper management, provision, preparedness, and employment of defence capabilities, which are in line with the domestic and global needs of South Africa. The mandate of the Department of Defence further includes the support to the development of the state and contribution to the socio-economic needs of the country. The Minister of Defence and Military Veterans (MDMV) acknowledges that the SANDF has a critical goal to achieve with its region and other partners that is security, peace, and stability and without sufficient budget it will be impossible (Department of Defence Annual Report, 2014/2015: VI).

According to the State of the Nation Address (SONA, 2018), the President stated that 2018 will be used to reinforce the commitment to ethical behaviour and ethical leadership and turn the tide of corruption in our public institutions. The SONA 2018 emphasised quality leadership and proper management of the resources allocated to each department for the achievement of its goals, which includes the SANDF.

4.6 THE RESOURCE MANAGEMENT CHALLENGES THAT LED THE SANDF TO OUTSOURCE SOME OF ITS SERVICES

In the budget speech of 2019, the MDMV confirmed that the department had been forced to constantly adjust its plans downwards in response to the decreasing budget. The MDMV also highlighted that the decline in the budget would have a direct impact on the training, equipment, sustainment, core capabilities and operational output of the SANDF (MDMV budget speech, 18 July 2019). The continuous budget cuts for the defence force indicates that it cannot fulfil its constitutional mandate. This was revealed by the MDMV when complaining about the lack of funding for the SANDF recently when giving the budget speech for the Defence (MDMV's budget speech: 5 September 2019). The situation is made worse by rising military personnel costs and poor financial controls. The following table indicates the decline in the budget allocation of the SANDF within the past five financial years.

Table 4.1: Budget allocation to the SANDF in the last five financial years

	DATES											
Money in R-Bn	**FY 2014**		**FY 2015**		**FY 2016**		**FY 2017**		**FY 2018**		**FY 2019**	
Programme	Vote	Paid	Vote	Paid	Vote	Paid	Vote	Paid	Vote	Paid	Vote	Paid
Defence Admin	42 831 234 000	41 972 724 875	44 579 390 000	43 778 205 713	47 169 745 000	47 171 178 996	48 618 790 000	47 422 278 145	47 949 743 000	48 474 453 007	50 512 992 000	50 510 000 000
TOTAL	-858 409 125		-790 084 287		+987 566 004		-1 185 461 855		+1 424 71o 007		-2 992 000	

Source: Department of Defence Annual Reports FY 2014/15- FY 2018/19

The table above indicates the budget allocation to the SANDF for the past five financial years with the continuous change of the budget voted for and amount finally allocated or paid to the SANDF. For example, in the Financial Year 2014, the SANDF voted for a budget of 422 831 234 billion rand but was allocated 41 972 724 875 billion rand; the difference was minus 858 409 125 million rand. The budget allocated to the SANDF has been constantly reduced, as evident in the Financial Year 2017, which was 48 618 790 000 billion rand but only allocated 47 422 278 145 billion rand. The difference was minus 1 185 416 855 which has affected the activities of the SANDF.

The only positive differences in the budget allocation demonstrated in the above table were in the Financial Years of 2016 and 2018. This budget allocation was in excess due to the money allocated for the operational deployment to safeguard the borders of South Africa and disaster relief in the neighbouring countries. The MDMV reported to the parliament that countries around the world spend around 2 to 2.5% of the gross domestic product (GDP) of their national budget on the defence force compared to the SANDF, which is allocated only 0.95% of the GDP (Lindiwe Mabena, 31 July 2019: @SABCNewsOnline). This reporter even compared the SANDF budget allocation with the countries in the Southern African Development Community (SADC) where it was found that countries such as Zimbabwe spend 3% of the GDP; Botswana spend 2.7% of the GDP; Angola spend 5.7% of the GDP on their defence forces, to mention a few. This is far greater the SANDF's budget, who has additional responsibilities to attend to when instructed by the President as the commander in chief.

The continuous weakening of the SANDF budget will have a negative impact on the ability of the DOD to rejuvenate the SANDF; the force will continue to age and have insufficient members to sustain operations with an increase of the SANDF skills gaps influenced by the accelerated loss of expertise, (MDMV, budget speech, 2016). The budget allocation of FY 2016 had a positive difference due to the extra budget that was allocated for the support of the Exercise Operation Corona, where the SANDF was delegated to manage the borders of South Africa but declined in the following financial years.

Although the MDMV expresses concerns about the budget cuts of the SANDF, the Department of Defence Annual Report of FY 2017/18 (2018:190) reported an irregular expenditure that amounted to R55 million incurred by the SANDF. An amount of R22 million was incurred for the non-utilisation of funds allocated, R20 million for the medical equipment procured but not utilised and R13 million for the software installed, tested, personnel trained on how to use including travelling costs but the services were not rendered (Department of Defence Annual Report of FY 2017/18, 2018:190).

These incidences show the mismanagement of financial resources allocated to the SANDF result in a failure to accomplish goals set for service delivery in all of its departments. The non-utilisation of the funds allocated to the department indicates that managers do not have the required skills to manage their units.

According to the report of the Department of Defence Annual Report of FY 2017/18 (2018:190), Armscor incurred irregular spending on contracts that it managed on behalf of the DOD, which did not adhere to the Preferential Procurement Policy Framework Act (No. 5 of 2000) requirements. It was also discovered that the other contracts granted were deviations from procurement legal framework. According to National Treasury documents, the special defence account, which manages the acquisition and upgrading of main weapon systems and technology for the department is in crisis. The department was allocated about R50 billion in the 2019/2020 financial year and this will be reduced by R5 billion in 2021/2022. Resource management and allocation to the service corps has become a challenge for the Chief of SANDF with the limited budget allocated to the Department, together with lack of accountability from the SANDF managers and lack of consequence management for the corrupt activities observed and identified through inspections.

The SANDF overspends drastically on the maintenance of its personnel, which is above the required levels, according to the Defence Review 2015. The Portfolio Committee on Defence and Military Veterans (PCODMV) recommends that strong efforts be made by the SANDF to realign its spending priorities with the envisaged 40:30:30 split between

the compensation of employees, operational costs, and capital expenditure. Given that no additional funds are likely to be received by the SANDF, the organisation has been advised to develop alternative means to ensure this spending realignment is mandatory (Announcements, Tablings and Committee Reports, 2018:83). According to the Constitution, the SANDF has an obligation to remain deployable in support of regional and continental peacekeeping missions and in support of the United Nations (UN) or the African Union (AU).

This has been confirmed through, for example, the April 2018 re-commitment of the SANDF to the UN mission in the Democratic Republic of Congo for one year regardless of budget constraints (Announcements, Tablings and Committee Reports, 2018:65). Resource management challenges in the SANDF have devastating effects on human resources, equipment, financial resources, and facilities. The compliance of the SANDF with the applicable legal framework (or lack thereof) will be analysed with reference to the stipulated international and national controlling bodies in providing services as required by the Constitution.

4.6.1 Human Resources

According to Vote 19: Defence and Military Veteran (Budget Estimates of National Expenditure 2018:2), the SANDF faces more challenges due to its labour-intensive work. The compensation of employees continues to be its largest expenditure item over the medium term, spending on which accounts for a projected 57.1 per cent (R87.7 billion) of its total budget which is way above the budget allocated. Amidst these challenges of finance for the SANDF, the cabinet has approved average reductions of R2.7 billion in 2018/19, R3.3 billion in 2019/20, and R3.5 billion in 2020/21 for the department which will worsen the situation (Budget Estimates of National Expenditure 2018:2). According to the Medium-Term Strategic Framework of 2014 to 2019, the MDMV together with the Chief of SANDF are expected to restructure the Department of Defence by reducing the number of personnel due to the huge amount of budget spent on salaries. The Chief of the SANDF

is expected to establish a strategy of right-sizing the SANDF as per the requisite of the Defence Review 2015.

The Defence Review 2015 recommends that the ratio should be 40:30:30, that is, personnel spending at 40%, operating costs at 30%, and capital costs at 30% of the total budget (Announcements, Tablings and Committee Reports, 2018:65). The Defence Review recommends an initial decrease in staff numbers while keeping defence expenditure stable (during Milestone 1). Milestone 1 of the Defence Review 2015 requires a decrease to 72 000 members from 75 500 members currently in the defence force (Announcements, Tablings and Committee Reports, 2018:65. However, the DOD reported in the 2017/18 Annual Performance Plan that it is currently not in a position to reduce personnel numbers due to the lack of an effective exit mechanism.

Krsteski (2017:53) suggests that corruption in the recruitment of military personnel has contributed to the balloon structure of the SANDF human resources. Krsteski notes that political interferences play a critical role in recruitment, appointments, and promotions of SANDF members. This has resulted in an absurdly high ratio of general officers per soldier, undermining the professionalism of the military, and destroying the morale of the soldiers. Generals in the SANDF, according to Krsteski, are not required to fulfil the deployment requisites for peace mission activities as promulgated by the Constitution of South Africa as they are at the strategic level of the organisation. Technical skills are more required to augment capabilities as per the Defence Review 2015 criteria for milestone 1, which is force restructure decline.

The Portfolio Committee on Defence and Military Veterans (PCODMV) made recommendations when presenting the Budget Report of 2016/17 with regards to the Annual Performance Plan of the Department of Defence (Announcements, Tablings and Committee Reports, 2018:63). The recommendations urged the MDMV to urgently engage with National Treasury to find means of addressing the projected over-expenditure on compensation of employees in 2017/18 and beyond. Progress in this

regard should have been presented to the PCODMV on an ongoing basis (Announcements, Tablings and Committee Reports, 2018:63).

According to the PCODMV, that has not happened, this indicates non-compliance of the SANDF resulting in over-expenditure with a negative impact on other departments for the availability of capabilities and service delivery. The Announcements, Tablings and Committee Report (2018:68) stated that this trend of over-expenditure continued even in the 2018/19 budget vote whereby personnel expenditure increase has been observed to have increased by 57.1%, which is (R27.116 billion) of the DOD's total expenditure. It is thus 17% higher than the envisaged personnel expenditure.

Personnel statistics are expected to decrease only slightly from 75 500 to 75 204 in 2018/19 due to retirements. This number of personnel retiring soon will not impact the budget expenditure. The Public Finance Management (PFMA) Act, No. 1 of 1999 establishes the duties and responsibilities of government officials in charge of finances. The Act aims to secure transparency, accountability and sound financial management in government and public institutions. Due to continuing irregular and over-expenditure, the SANDF has failed to adhere to PFMA.

4.6.2 Equipment

The Defence Review (2015:14-20) has instructed that the defence procurement expertise must establish the organisational procurement structures with qualified procurement personnel. This will be done to enable the Chief of the Defence Force and commanders at all levels to control defence resources and accounts. According to this policy, SANDF should have a procurement department with personnel with the required expertise in the field of procurement. However, due to cadre deployment, members are staffed in positions for which they do not qualify which results in poor performance and corruption. Manyaka and Nkuna (2014: 1576) indicate that cadre deployment has resulted in maladministration and caused institutional performance to suffer. The researchers conducted a study in municipal and other public service departments and discovered that

appointments of the political allies were used as the reward to political associates who had no expertise with regards to the job. Procurement units have been established within the SANDF; however, the department frequently receive qualified audit reports due to irregular expenditure where tenders are given to unqualified people.

This confirms that the SANDF is non-compliant with the policy as personnel placed in the procured posts do not have the required expertise. Krsteski (2017:53) describes the system used by the SANDF to procure its equipment and capabilities as a way wheel of corruption where contracts are given to businessmen without adhering to competition regulations. This, according to Krsteski, promotes corruption where prices are inflated by officials to benefit themselves. Inflating the prices results in over-expenditure for the department.

Krsteski further reports that the Auditor General, after carrying out auditing and investigation with regards to the management of the budget allocated to the SANDF, found that there were irregularities in expenditure when the procurement of equipment was supposed to be carried. These irregularities amounted to approximately of R1 billion. Even though irregularities were reported, there were no repercussions for the misappropriation of funds nor did the MDMV meet even once with the Auditor General to discuss the findings and how they would be followed up.

According to Newman (2002:63), over half of the G20 countries do not have measures of checks and balances over armed forces in place, which is are a potential threat to universal stability. Resources management challenges in the SANDF have resulted in the unserviceability of the C130, Oryx and Rooivalk Helicopters which hampers the peacekeeping mission deployments (Announcements, Tablings and Committee Reports, 2018:82). As a result, the PCODMV has demanded to have updates on the maintenance and serviceability of these support aircraft. This implies that SANDF officials failed to carry out their duties in the maintenance and repair of the equipment for the organisation to function effectively.

The weak currency impacts negatively on the resources of the SANDF, which have to find spares and equipment from overseas as well as sending personnel overseas for training. However, the PCODMV reported that the Machinery and Equipment budget allocation decreased from R181.9 million in 2017/18 to only R89.0 million in 2018/19. This is the lowest allocation to Machinery and Equipment since 2014/15 (Announcements, Tablings and Committee Reports, 2018:70).

This supports parliament's observation that the SANDF does not utilise the entire budget allocated for the procurement, maintenance, and repair of the equipment. It is a reflection of the lack of financial management skills and non-compliance with the PMFA by the SANDF leadership, which results in management challenges of resources.

4.6.3 Finance

According to the Defence Review (2015: vii), the SANDF must have a capability that is robust, flexible, and able to project and sustain joint landward, air, maritime, special force, and military health operations. This capability must be effective over extended distances for protracted periods on the continent. This Defence Policy further elaborates that the military operating qualities of command and control; movement and manoeuvre; firepower; intelligence; protection and survivability; and sustainment must be entrenched in all capabilities. This instruction, from the Defence Review 2015, requires sufficient budget allocation to the SANDF and with proper management of financial resources that will avoid over-expenditure that may contribute to the failure of achieving the required capabilities. Irregular expenditure of R 631 million was incurred during the year under review (Department of Defence Annual Report, 2018:190).

The SANDF had a shortfall of R539 million on personnel compensation during the FY 2017/18 because of an increase in the number of employees from 74 812 in January 2018 to 75 555 in February 2018 (Performance Annual Report 2017/18:1255). The National Treasury only approved R450 million of the R593 million shortfall. However, the National Treasury have not yet authorised the variance of R143 million which will lead to irregular

expenditure as the SANDF will remain with the 75 555 members until the end of the financial year. The SANDF failed to comply with the PFMA by not adhering to the budget allocated for performing its duties. Employing more personnel is also against the Defence Review 2015's Milestone 1, where the SANDF was instructed to reduce the force structure for rejuvenation of the future force design.

Additional irregular expenditure of R163 million was incurred in the previous financial year due to contractual obligations into which the SANDF entered without the proper processes of tender procurement management. The chief of the SANDF has failed to perform his duties set out in the Defence Act, as one of his responsibilities is to execute the approved programmes of the budget for the Defence Force by allowing mismanagement of procurement processes resulting in wasteful or irregular expenditure.

Krsteski (2017:53) indicates that the SANDF's procurement transparency and accountability is severely limited by secret budgets, such as the Special Defence Account where there is allocation of funds that is not accounted for. Krsteski also notes that there is evidence that indicates that this special account is being used for a substantial amount of non-secret procurement to avoid legislative provisions, reporting, and oversight.

Krsteski acknowledges that this special account is problematic as defence procurement has been tarnished by allegations of corrupt purchases in the South African defence trade worldwide. The use of arms trade payments to bribe public officials has been a major allegation in the defence procurement in recent years. The budget allocation of the SANDF may remain under pressure due to global and domestic economic pressures. Currently it stands at only 0.95% of South Africa's GDP against a global norm of 2% (Announcements, Tablings and Committee Reports, 2018:65).

As such, the SANDF intends to develop another funding model to assist in funding the implementation of the 2015 Defence Review. According to the White Paper on the South African Defence Related Industries (1999:4), the SANDF shall be a balanced, modern, affordable and technologically advanced military force with effective weapons and

equipment, capable of executing its tasks effectively and efficiently (Chapter 2: par. 11.7) but that is impossible.

If SANDF is to achieve the aims of the White Paper on the South African Defence-related industries, it will need sufficient funds from the Parliament. Currently, the mismanagement of the funds allocated to the SANDF will make it impossible for the government to increase the budget, impacting negatively on services that need to be provided. There were concerns reported by the committee that manifested throughout the 2017/18 whereas at the end of the Second Quarter, the DOD had spent in excess of 100% of its allocated budget on advertising (R42.375 million spent against an allocation of R7.797 million) and communication (R334.936 million spent against an allocation of R99.106 million).

Challenges in the contracts agreed upon between the SANDF and service providers have been identified such as price overcharges that make the department overspend (Announcements, Tablings and Committee Reports, 2018:65), which indicates corruption. These actions affect crucial capabilities that are not attended to by the SANDF such as air capability where a lack of maintenance was reported.

According to the PFMA, the SANDF has failed to comply regarding the management of the funds, transparency, expenditure, and assets and liabilities as evidenced by over-expenditure and the lack of accountability. The lack of management skills of the SANDF leaders and managers are found to be causes of the resources availability deficit affecting its performance. The following discussion entails SAMHS' resource management and the reasons for the outsourcing of healthcare services.

4.7 RESOURCE MANAGEMENT BY THE SAMHS

The SAMHS' mission statement is about the provision of the comprehensive healthcare services with the state-of-the-art equipment to benefit the military community of the SANDF and their dependents. The SAMHS is also mandated by the Defence Act and the Constitution to provide an all-inclusive multi-disciplinary health capability to SANDF

members and their dependents at all times. It is therefore important that the SAMHS has sufficient resources to fulfil the mandates effectively.

Despite this accepted mandate, recently the SAMHS had been deployed to provide healthcare services in areas which fall outside the mandate of the Defence Act. For example, the SAMHS was tasked to manage public hospitals in the North West province during the public unrest and crisis in May 2018, using the already allocated budget with no extra funds. This resulted in serious financial constraints (African News Agency, 2018). The SANDF requires a broad deployable military health protection ability for deployed forces through continuous and layered military health support to prolonged operations over long distances, including both force health protection and force health sustainment (Defence Review, 2015: viii).

Kumar and Bano (2017:1) suggest that healthcare systems include the participation of the personnel, institutions, interventions, and resources that are required to provide services to meet the health needs of the individual, public, and population. The researchers agree that the success of healthcare systems depends upon human resources, medical supplies, finance, and accessibility of resources. Parand, Dopson, Renz, and Vincent (2014:1) acknowledge that managers have a legal and moral obligation to ensure a high quality of healthcare and to strive to improve services in healthcare organisations. The scholars explain that healthcare organisations' managers are in a key position to command policy, structures, procedures, and organisational goals. Parand *et al.* posit that it is evident that healthcare managers play an important and clear role in the quality of care and patient safety and it is one of their key responsibilities. Failure to perform those expected duties will result in challenges in the healthcare organisations that may have managers opting to outsource some of their healthcare services.

4.8 THE RESOURCE MANAGEMENT CHALLENGES THAT PROMPTED THE SAMHS TO OUTSOURCE HEALTHCARE SERVICES

The management skills of the budget allocated to the SANDF and SAMHS have been questioned due to irregular expenditure tendencies with regards to personnel, outsourcing of services, and lack of required capabilities in some instances (Defence Review, 2015:9-2). The Defence Review 2015 reported the increasing expense of healthcare in South Africa as reflected in the SAMHS, which includes the increased price of medication, hospital equipment, and contractual accountabilities that place tremendous pressure on the organisation's budget. These are worsened by an increase in human resource shortage and the outsourcing of healthcare services.

This resulted in the Minister of Defence and Military Veterans appointing a Ministerial Task Team to investigate aspects of the management of the military health system in SAMHS in 2014 to identify gaps and develop strategies to resolve them (defenceWeb, 2014). Portela and Thomas (2013:1) acknowledge that healthcare systems cannot produce health outcomes for the population they are expected to serve without financial resources. These researchers state that financial resources may be scarce due to the economic crisis, but they agree that service delivery depends on its availability. While the SAMHS is mandated to provide healthcare services to its clientele, *The Star* newspaper reported that doctors and nurses were resigning and leaving 1 Military Hospital (Molosankwe,15 September 2014). According to *The Star* newspaper, the cause of the personnel turnover was the low salaries the healthcare professionals were paid as compared to their counterparts working at state hospitals. The lack of equipment and incompetent human resources department triggered fears that their departure would bring 1 Military Hospital to the brink of collapse (Molosankwe, 15 September 2014). The situation remains the same even five years later at the hospital.

Poor healthcare services are caused by the lack of qualified and skilled healthcare professionals (SAHRC, 2009:8). The SAHRC report indicated that healthcare organisations are inadequately staffed resulting from staff turnover and brain drain by the

private sector and migration to other countries. The situation at the SAMHS Tertiary hospitals is reported to be serious and has prompted the organisation to resort to outsourcing some of its capabilities to other hospitals due to the unavailability of critical resources such as the human resources with specialist skills, facilities, and critical equipment for patient care.

The ever-changing environment of healthcare systems poses challenges that need adaptation to the circumstances to achieve the set goals (International Labour Organisation Report, 2017:4). The report further explained that demographic changes and epidemiological developments, knowledge gains in medical, pharmaceutical, health sciences, and new technologies require continuous modifications in the delivery of health services with outcomes. The continuous modifications include performance plans on how work is carried out and, hence, the demands made on healthcare professionals. The SAMHS has failed to adhere to the National Health Act on Norms and Standards Regulations applicable to different categories of health establishments and clinical leadership and clinical risk. This act's emphasis is Chapter 7 where it prescribes that all health establishments must manage their healthcare personnel in a manner that ensures that they deliver safe and effective care.

According to the WHO (2008:264), good management is evidenced by the provision of services to the community in suitably, efficiently, equitably, and feasibly. The WHO states that the appropriate provision of healthcare services can be achieved if key resources are made available. These resources include human resources, finances, and medical equipment, and require that process issues of care delivery be distributed equally and in a carefully coordinated method at the point of service delivery. The following table indicates the budget allocation to the SANDF and how the funds are distributed to all the other arms of services including the SAMHS.

Table 4.2: Budget allocation to the SANDF and the distribution to the service corps within the last five financial years:

	DATES											
Money in R-Bn	**FY2014**		**FY 2015**		**FY 2016**		**FY 2017**		**FY 2018**		**FY 2019**	
Programme	Vote	Paid	Vote	Paid	Vote	Paid	Vote	Paid	Vote	Paid	Vote	Paid
Defence Admin	42 831 234 000	41 972 724 875	44 579 390 000	43 778 205 713	47 169 745 000	47 171 178 996	48 618 790 000	47 422 278 145	47 949 743 000	48 474 453 007	50 512 992 000	50 510 000 000
Landward Defence	3 854 866 000	14 521 793 376	14 805 303 000	14 567 478 876	15 651 438 000	16 530 779 681	16 550 196 000	15 188 691 354	16 234 277 000	15 961 458 846	16 464 299 000	
Air Defence	7 166 896 000	6 236 687 191	7 049 155 000	7 320 788 174	6 883 527 000	6 833 765 945	6 628 007 000	6 551 728 438	6 415 901 000	6 561 224 923	6 977 747 000	
Maritime Defence	3 678 505 000	3 377 942 210	3 717 249 000	4 237 842 497	4 416 816 000	4 448 857 832	4 586 699 000	4 841 893 447	4 714 062 000	5 090 620 705	5 375 266 000	
SAMHS:	3 849 063 000	4 040 954 906	3 932 914 000	4 237 842 497	4 416 816 000	4 448 857 832	4 586 699 000	4 841 893 447	4 714 062 000	5 090 620 705	5 375 266 000	

Source: Department of Defence Annual Report FY 2014-FY 2019

The table above indicates the budget allocated to the SANDF for the past five financial years (FY2014/15 to FY2018/19). The SANDF then distributed the finances to all the Service Corps including the SAMHS. The table illustrates that the budget voted for by the SANDF kept decreasing; hence it influenced the budget allocation to the different service corps where less was allocated than what was voted for. This resulted in a lack of capabilities and poor service delivery, especially by the SAMHS. There are instances where SAMHS' budget allocation was more than what was voted for, in FY2014/15 to FY 2017/18. This was due to over-expenditure on outsourcing of healthcare services, which in turn affected the budget allocation of other service corps such as the landward defence's budget allocation during the mentioned financial years.

The SAMHS funds were increased due to over-expenditure on budget allocated before the end of the financial year, resulting from the acquisition of pharmaceuticals and other unique health products (Announcements, Tablings and Committee Reports, 2018:76). The following table illustrates the budget allocation by the SAMHS to one of its units, 1 Military Hospital, and the amount spent by this unit. This tertiary hospital consumes most of the SAMHS budget due to the outsourcing of healthcare services resulting from inadequate infrastructure and shortage of critical resources required for the provision of healthcare services.

Table 4.3: Budget allocated to 1 Military Hospital from the SAMHS

BUDGET in R-Bn & Rm	**FY 2014/15**	**FY 2015/16**	**FY 2016/17**	**FY 2017/18**	**FY 2018/19**
SAMHS	**4 040 954 906**	**4 237 842 497**	**4 448 857 832**	**4 915 236 476**	**5 090 620 705**
1MIL HOSP					
ALLOC ATED	67 429 207	67 850 140	68 713 358	101 430 042	101 096 664
SPENT	75 907 791	88 189 800	124 413 764	159 003 886	122 290 788
DIFFERENCE	+8 478 584	+20 339 660	+55 700 406	+57 573 844	+ 21 194 124

Source: 1 Military Hospital Budget Manager FY 2014-FY 2019

The budget allocated to 1 Military Hospital by the SAMHS was never sufficient. This is illustrated by the differences in the budget allocated and the money spent by 1 Military Hospital. The difference between the planned budget allocation and what was eventually paid indicates that outsourcing of healthcare services by 1 Military Hospital consumes more funds. For example, for FY 2014/15, the SAMHS allocated Rm 67 429 207 to 1 Military Hospital but the hospital had an over-expenditure that amounted to Rm 8 478 584. In the FY 2017/18, the SAMHS allocated an amount of Rm 101 430 042 to 1 Military Hospital which had an over-expenditure of Rm 57 573 844. All these financial years are dominated by the over-expenditure by 1 Military Hospital due to outsourcing (mostly of healthcare services) which are expensive and consume the bulk of the SANDF's budget. The SAMHS' situation needs to be attended to with possible solutions that will assist in alleviating the challenges experienced.

As the budget allocation to the SANDF is continuously reduced, the SAMHS must plan strategies that will afford the healthcare services with the money made available for its functions. The SAMHS need to consider outsourcing some of its capabilities to save costs and proper planning is critical. The Surgeon General's Instruction Number 01/2018 on measures to reduce expenditure on patient outsourcing and medicine buy-out dated 5 January 2018 indicated the urgent need for the establishment of strategies to control and curb outsourcing of healthcare services. The SAMHS does not use outsourcing of healthcare services as a strategy to save costs like the other organisations. Outsourcing of healthcare services is done because the required resources are not available. This may imply that the SANDF members and their dependents' benefits may be restricted, changing the scope of services provided. This instruction indicates financial management challenges are one of the factors that caused the SAMHS to outsource healthcare services.

According to the Defence Review (2015: viii), the SAMHS is mandated to deploy a comprehensive deployable military health protection capability for deployed forces through sustained, layered military health support to extended operations over long distances. This includes both force health protection and force health sustainment. It needs to be fully equipped with resources, but due to its failure to manage the financial resources properly, it may not be able to comply with this policy. The SAMHS has not complied with the National Core Standards for health establishments in South Africa (National Department of Health). In terms of Section 78 (a) of the National Health Act, the entities of the Office of Health Standards Compliance are to monitor that senior management deliver strategic direction through pre-emptive leadership, planning and risk management supported by the relevant supervisory support structures which has not happened with the management of the SAMHS.

According to Moschuris and Kondylis (2008:1), outsourcing has become a popular strategy that healthcare organisations use to control the rising costs of providing services. The researchers further note that with outsourcing, managers of the organisations focus on other critical issues while an external contractor undertakes responsibility for

managing one or more of a healthcare organisation's business, clinical, or hospitality services. This is not the case with the SAMHS. Rather, proper resource allocation to the Area Military Health Units where primary healthcare is provided in managing patient care in all the nine provinces may help alleviate patient overload to the tertiary hospitals, enabling management of critical patient needs as an alternative option. Resource management challenges in the SAMHS are shown by the negative impact on human resources with special skills, equipment, financial resources, and healthcare facilities. The compliance of the SAMHS to the applicable legal framework (or lack thereof) is analysed with reference to the stipulated international and national healthcare controlling bodies in providing healthcare services.

4.8.1 Human Resources with Special Skills

The demand for operational emergency care practitioners outweighs the current capability resulting from high personnel turnover coupled with inadequate facilities and unserviceable outdated equipment. The SAMHS cannot rely on recalling the scarce-skilled personnel who are in the reserve force component as they are in high demand in public and private sectors; therefore they are always not available (defenceWeb, 2014). The SAMHS has failed to increase the capacity of the required personnel by training more healthcare professionals for the specialised skills needed for healthcare provision to prevent outsourcing of patients to the private sector. Paragraph 63 (4) of the Defence Act states that training members is an essential part of force including tertiary education for scarce skills, which SAMHS may have failed to comply with due to the shortage of personnel with specialised skills.

The SAMHS did not adhere to the Skills Development Act which prescribes that personnel must be given opportunities to develop and function effectively in their work environment. According to this act, the workplace must be used as an active learning environment and to provide employees with the opportunities to acquire new skills, the lack of infrastructure deprive the employees with the opportunity. The report of the Portfolio Committee on Defence and Military Veterans (23 March 2017) oversight visit to 2 Military Hospital stated

that, even though the ICU of 2 Military Hospital is one of the best and private hospitals use it as a benchmark, the challenges of personnel with specialised skills still exist. The ICU is one of the biggest challenges for the management of the hospital. Although fully equipped, it is not operative because there are personnel shortages. The ICU has been managed by community service doctors very effectively but because those doctors could not be employed due to the bureaucratic system, they eventually lost interest and pursued better opportunities with other hospitals, especially the private sector.

The report of the Portfolio Committee on Defence and Military Veterans further reported that the community service doctors were instrumental in ensuring that most services were rendered in-house rather than being outsourced, in the process saving the hospital a large amount of money. It was also stated that at some stage, R1 million was paid for an outsourced patient who stayed in the private hospital only for a short period. The Committee report also suggested that the challenge must be attended to with immediate effect as such a facility could not be left to idle and become a white elephant when so much money is unnecessarily spent.

The SAMHS has failed to comply with the PFMA as it sets out the procedures for efficient and effective management of all revenue, expenditure, assets and liabilities. It also establishes the duties and responsibilities of all government officials in charge of finances. Healthcare services can differ between producers, customers, places, and daily activities. These variances can occur because different professionals (for example doctors, nurses) provide the service to patients with unpredictable needs.

Quality standards are more difficult to establish in service operations. Healthcare professionals provide services differently because factors vary, such as experience, individual abilities, and personalities (Mosadeghrad, 2014:78). It is therefore important that these resources are maintained for the efficient and quality healthcare services provision.

4.8.2 Equipment

The SAHMS has experienced challenges with the management of its resources. This is evidenced by the report published by a newspaper article detailing how one of the military ambulances broke down en route to a private hospital with a South African icon inside (*The Guardian* newspaper, 22 June 2013:1). The SAMHS even affirmed the reports about transport problems when the former president, Nelson Mandela, was taken to the hospital for what officials have said is a medical condition. The lack of equipment spark fears that the healthcare professionals will leave 1 Military Hospital which is on the brink of collapse (Molosankwe, 2014:1). The lack of equipment and specialty-skilled personnel has been reported as one of the indicators that has a negative impact on the quality of healthcare delivery (Manyisa & Van Aswegen, 2017:36). Six years later, the situation has not improved.

According to de Oliveira, Guimaraes and Jeunon (2017: 236), hospital equipment is necessary for the management of patients where it is utilised for the diagnosis, treatment, and monitoring of critically ill patients. The researchers further explain that these assets play an important role in performing procedures on patients for their recovery. The lack of medical equipment at the SAMHS exposes the SANDF members and their dependents including the authorised clientele to health risks, hence the outsourcing of healthcare services became an option. Though SAMHS is outsourcing healthcare services, it has failed to comply with the Defence Review (2015:10-16) that recommended it to provide and deploy military health capabilities to support the landward and maritime defence strategies, inclusive of the air defence and special force components. The long procurement processes have contributed to the SAMHS' failure to equip its facilities.

4.8.3 Finance

The increasing cost of healthcare services has caused the growing need to outsource healthcare services by the hospital managers to reduce expenditure on their budget but still improving patient services, restored employee retention rates and ensuring quality

healthcare delivery (Roberts *et al.,* 2013:6). However, the outsourcing of healthcare services by the SAMHS is not about the intention to save costs, but because of the unavailability of resources. The enormous amount of money spent by the SAMHS on outsourcing of healthcare services was also reported by the defenceWeb (2014) where it confirmed the scarcity of resources required to render these healthcare services as the reasons for outsourcing. This outsourcing, the defenceWeb warns, may increase with time due to continuous budget cuts to the SANDF from the National Treasury. However, the Defence Review (2015: 9-2) notes that outsourcing of healthcare services by the SAMHS is due to the misalignment between the patient footprint and the accessibility of military healthcare facilities.

Military communities, which include military veterans and their dependents, often do not have easy access to tertiary hospitals and usually consult in Area Military Health Units, although they also face the same challenge of outsourcing of healthcare services due to lack of capabilities. The budget used by one of the tertiary hospitals of the SAMHS in four years, (FY 14/15 to FY 17/18), on outsourcing of healthcare services amounted to R435,573,749.00. This amount of money could have easily built a world-class healthcare service capability with state-of-the-art equipment and have all the required specialists-skilled personnel to render the services. The cost of providing such a healthcare service is the liability of the state. On review of the budget for the Medium-Term Strategic Framework of 2014 to 2019, the SAMHS was found to have used almost the third of the funds allocated for the FY 2018/19. More funds had to be allocated for the services to be provided; therefore, the Military Health Support Programme received a nominal increase of R127.4 million for 2018/19. The additional budget increase of 41.58% in real terms for 2018/19 was meant to boost the SAMHS to acquire pharmaceuticals and other unique health products.

In terms of economic classifications, the increase for Military Health Product Support is reflected in the increase for medical supplies that rises from R155.1 million in 2017/18 to R194.5 million in 2018/19 (Announcements, Tablings and Committee Reports, 2018:76). The non-compliance of the SAMHS with the PFMA is evident where irregular expenditure

of the funds was also observed and reported by Standing Committee on Public Accounts (SCOPA) and Committee on Defence. The SAMHS failed to effectively manage the finances allocated to them.

4.8.4 Healthcare Facilities

The facilities of the SAMHS are reported to be in a terrible state, especially the SAMHS flagship tertiary institution, 1 Military Hospital in Thaba Tshwane, which took long to be refurbished and completed, resulting in the closure of critical departments (defenceWeb, 2018). The closure of these units, such as the critical care unit, the radiography unit for doing the CT-scans, and the operating theatres resulted in the SAMHS approving outsourcing of healthcare services. The SAMHS could not renovate the facilities on its own as it depended on the Department of Public Works to do the job. This has not yet occurred the challenges continue to inhibit and impede the rendering of services. In this regard, the unavailability of resources such as scarce-skilled human resources, serviceable equipment, the budget constraint, and the infrastructure challenges resulted in the SAMHS not having the capacity to provide or render healthcare services to its clientele. Therefore, it resorted to outsourcing f such services.

This has resulted in the SAMHS being allocated extra funds for the maintenance of facilities (Announcements, Tablings and Committee Reports, 2018:76). The PCODMV recommended that the second budget increase of 38.51% in real terms for 2018/19, be allocated for the Military Health Maintenance sub-programme. This programme relates to general base support for military health facilities. The infrastructure challenges have been experienced nationally as well as reported by SAHRC (2000:6-13). The report confirms that the health facilities of the NDoH hospitals were old and dilapidated with falling ceilings and holes in the walls. Furthermore, some hospitals in rural areas were said to be without basic requirements such as electricity and water. All these were highlighted as a grave source of concern. Models by the NDoH also suggested that there was gross deterioration of healthcare equipment and that there was an urgent need for extensive ongoing maintenance or replacement of such equipment (Manyisa & Aswegen, 2017:35).

4.9 OUTSOURCING OF HEALTHCARE SERVICES BY THE SAMHS

Zhiarfar *et al.* (2014:145) describe the outsourcing of healthcare services as an effective strategy for enhancing hospital performance and improving quality of services. This also depends on whether the outsourcing of healthcare services is done in accordance with the policies as prescribed. On the contrary, the defenceWeb (2014) report indicates that the SAMHS outsources due to scarcity of resources required to render these healthcare services. This outsourcing, the defenceWeb warns, may increase with time due to continuous budget cuts from the National Treasury. However, Defence Review (2015: 9-2) indicated that outsourcing of healthcare services by the SAMHS is due to the misalignment between the patient footprint and the accessibility of military healthcare facilities. Therefore, the compliance of the SAMHS to the applicable legal framework (or lack thereof) is analysed with reference to the stipulated international and national healthcare controlling bodies in providing healthcare services. These deliberations are intended to identify the causes of outsourcing of healthcare services to establish strategies for the monitoring and control thereof. The outsourcing of healthcare services by the SAMHS has negatively impacted the quality of healthcare service, healthcare delivery, and patient satisfaction.

4.9.1 Quality of Healthcare Services

The National Health Act on the National Health Insurance Policy describes the quality of care as the safe, effective client-centred, timely, efficient, and reasonable provision of healthcare services to achieve anticipated health outcomes. The Act emphasises that quality care considers patient safety, prevention of harm to patients, and employs clinical authority processes to guarantee quality. Quality of healthcare service is the most important factor in the success and sustainability of health organisations (Alijanzadeh *et al.,* 2016:2936). The authors indicate that quality healthcare service increases customer satisfaction and trust in a provider organisation. In the case of the SAMHS, this cannot be confirmed due to a lack of resources that may have a negative impact on healthcare service delivery and quality of healthcare provided to the clientele. Chan (in Roberts *et*

al., 2013:6) indicates that there is evidence that a rising and persistent global recession has a direct fiscal relationship with the quality of healthcare delivery. Mosadeghrad (2014:77) highlights that quality services have become an important issue; hence the patient's cooperation and involvement in ensuring that quality healthcare is delivered cannot be over-emphasised. The researcher further highlights that it has resulted in organisations striving in improving structures and processes to increase productivity and performance (Mosadeghrad, 2014:80).

The SAMHS, as one of the chosen medical capability contributors for the Peacekeeping Mission Operation, has failed to comply with the United Nations Medical Support Policy (1999:18-28). This policy prescribes that the highest standards of medical care must be provided to peacekeepers. One of the SAMHS' tertiary hospitals has been chosen to be a Level Four medical facility and is expected to provide definitive medical care and specialist medical treatment which includes specialist surgical and medical procedures, reconstruction and rehabilitation, and convalescence. Such treatment is highly specialised and costly and may be required for a long duration. At present, the SAMHS cannot meet this capability. Reblando (2018:306) stresses the importance of the national framework for professional healthcare management in the provision of quality healthcare services. The academic also suggests that the availability of the standards measuring tools in all the organisations is crucial for continuous monitoring if the healthcare professionals adhere to. As part of quality assurance, the National Health Amendment Act developed the National Core Standards against which service delivery by health establishments can be assessed to ensure quality services are delivered. Although the SAMHS knows about the National Core Standards for the provision of quality healthcare services, it has not complied because its facilities do not comply with the requirements of rendering effective healthcare.

4.9.2 Healthcare Delivery

The defenceWeb (2018:1) reported that the SAMHS' facilities will continue to deteriorate with obsolete equipment and lack of specialty-skilled healthcare professionals due to

deficit budget allocations from the SANDF. The report further indicated that the SANDF's medical service may soon find itself facing a situation where it cannot staff healthcare professionals and will have to deal with inadequate structures, which will negatively impact the healthcare delivery. These resource management challenges have resulted in the SAMHS outsourcing some of its healthcare services. The report of the Portfolio Committee on Defence and Military Veterans (23 March 2017) on its oversight visit to 2 Military Hospital indicated that lack of resources in terms of healthcare professionals with specialised skills has rendered the ICU ineffective and has affected the healthcare delivery resulting to the outsourcing of healthcare services.

Maphumulo and Bhengu (2016:8) affirm that there is overwhelming evidence that the quality of healthcare in South Africa has been compromised by numerous challenges (the shortage of equipment and specialty-skilled personnel in hospitals that leads to fatal delays) which hinders quality healthcare delivery. The researchers indicate that poor service delivery is also aggravated by lenience of misconduct and lack of performance management and monitoring strategies. According to Maphumulo and Bhengu, healthcare personnel ignore the law after being found to have been negligent during healthcare delivery. Compliance with the legal framework that prescribes the importance of education, training, and equipping healthcare employees with skills required and critical in service delivery is lacking from the SAMHS (World Health Organisation and National Development Plan 2030; Skills Development Act No 97 of 1998; DODI TRG/00004/2001 Department of Defence Instruction on overarching policy for Education, Training and Development in the Department of Defence).

The SAMHS has also failed to adhere to the Defence Review (2015:10-16) that prescribes the conduct and sustainment of a layered military health support to expanded operations over long distances. Such layered health services must ensure both force health protection and force health sustainment. The shortage of resources and training of efficient SAMHS capability has harmed healthcare delivery. This non-compliance has resulted in the lack of capacity to deliver healthcare services due to a shortage of resources and prompted the SAMHS to increase the outsourcing of healthcare services.

4.9.3 Patient Satisfaction

According to Raza, Rahman, Rizvi, and Afzal (2008:69), patient satisfaction is an important result of healthcare. These researchers agree that client satisfaction is essential to be utilised as a measure of the quality of healthcare. Raza *et al.* believe that satisfied patients are more likely to search for medical advice and comply with treatment recommendations. Wanjau and Muiruri (2012:118) attest that communication plays an important role in the service delivery between the patients and healthcare providers and enhances patient satisfaction. The scholars posit that the hospital personnel that display patience when attending to patients and take time to answer questions of concern to patients alleviate many feelings of uncertainty.

According to Ichoho (2013:19), the quality of a service is important and planned action for client satisfaction is enhanced by outsourcing of services. The researcher asserts that outsourcing must meet the criteria of the set standards between the client and the service provider. Roberts *et al*. (2013:7) agree that the outsourcing of healthcare services may result in patient satisfaction based on the quality of services rendered; the importance of situational analysis by the managers before outsourcing is of paramount importance to confirm quality assurance. These authors suggest that the executive management of the hospital or healthcare organisation has to consider reasons why outsourcing is necessary for the organisations. These will include the challenges that the organisation might face in the course of outsourcing, best practices of outsourcing, and the implications for the hospital's management before embarking on outsourcing taking the patient's needs at the centre.

The SAMHS outsources healthcare services to the private sector without the proper processes being followed as evidenced by the Surgeon General's Instruction Number 01/2018 dated 5 January 2018, indicating the urgent need for the establishment of strategies to control and curb outsourcing of healthcare services due to over-expenditure. It is also not clear how the SAMHS monitors whether their clients are satisfied with the healthcare services outsourced without measures of evaluation. The SAMHS has failed

to comply with the patients' Bill of Rights, Chapter 2 of the Constitution and the NDP (2030:337) to provide and promote quality by measuring, benchmarking, and accrediting actual performance against standards for quality. These include that the patient's rights that must be respected and upheld, including access to needed care in an acceptable and hygienic environment.

4.10 SUMMARY

In this chapter, the analysis of resource management challenges that resulted in the outsourcing of healthcare services was discussed in detail, involving the NDoH, SANDF, and SAMHS. Clearly, a lack of resources renders an organisation ineffective and results in service delivery challenges. Although the NDoH's budget allocation is not affected when compared to that of the SANDF, the lack of management and governance has resulted in a lack of service delivery and mismanagement of the finance intended for the capacity required to provide services to the public. The NDoH has established a referral system that, if properly implemented, can prevent outsourcing of services while citizens still receive the expected quality healthcare services. The NDoH has failed to comply with the legal framework that prescribes, regulates, and controls the healthcare delivery activities, procurement of medical supplies, equipment, recruitment of personnel, and their training and development. The SANDF's management of resources was discussed and challenges were identified

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The budget cuts from the government have been reported as the cause. While that may be true, the lack of management skills for resources, especially fiscal resources, was observed from the documents analysed. Although the SANDF does not receive sufficient funding, some of the money allocated to it is not utilised and taken back to the National Treasury due to maladministration. This creates serious problems as insufficient funds results in the SANDF not being able to procure the required equipment and train and develop personnel to acquire the specialised skills needed for the organisation to perform all its duties.

The SANDF cannot function properly without the funds as all capabilities needed for its optimal performance depend on the finances. Compliance with the legal framework is challenging, where procurement procedures (where not correctly followed) lead to irregular expenditures. The Human Resource Department of Defence instructions with regards to recruitment, training, and development of personnel were not adhered to. The SANDF's debilitating infrastructure also contributes to the outsourcing of services due to the unavailability of the capacity required to provide services. The SAMHS has been found to exhaust most of the budget allocated to it through outsourcing healthcare services. The mismanagement of resources, such as specialty-skilled personnel, lack of equipment and medical supplies, debilitating infrastructure, and irregular expenditure has increased the outsourcing of healthcare due to the deficiency of the required capacity to provide services.

The SAMHS has failed to comply with the policies, legal framework, and regulations that prescribe and regulate the healthcare service delivery, as well as the PFMA. Evidence of resource management challenges have been observed through the lack of governance and managerial skills, which are found to be predominant in the NDoH, SANDF, and the SAMHS. In all the three organisations analysed, the most poorly-managed resource is finance. A lack of funds in any organisation contributes to a lack of service delivery because all the other resources depend on the budget availability.

The outsourcing of healthcare services has been recommended by other organisations as a strategy to save costs, enhance a hospital's performance, and improve the quality of services, however, but that is not the case with the SAMHS (Zhiarfar *et al.,* 2014:145*)*. The following chapter concludes the study and consolidates the recommendations based on answers provided for the research questions. The limitations encountered by the researcher are outlined as suggestions for future research that may produce desired results.

CHAPTER 5: CONCLUSION, LIMITATIONS, AND RECOMMENDATIONS

5.1 INTRODUCTION

The previous chapter discussed in detail how the NDoH, SANDF, and the SAMHS manage the resources allocated to them for service delivery. The NDoH uses a referral system to manage healthcare delivery to the public instead of outsourcing to the private sector for quality services. The outsourcing of healthcare services by the SAMHS, as a response to resource management challenges and the budget deficit from the SANDF, was analysed and reported. The deliberation on compliance with the legal framework that prescribes, regulates, and controls how services should be delivered to the public and clients was discussed in detail. This chapter concludes the study and consolidates the recommendations based on answers provided for the research questions. The limitations encountered by the researcher are outlined for suggestions of future research.

5.2 SUMMARY OF THE PRECEDING CHAPTERS

Chapter one oriented and introduced the issues relating to the management challenges in the SANDF, with a specific focus on the outsourcing of healthcare services by the SAMHS. The rationale for undertaking the study was described, followed by a discussion of the problem statement, research questions and research objectives, research methodology and research design, limitations of the study, ethical considerations, and trustworthiness of the study.

Chapter two explored both the theoretical and empirical literature review related to resource management challenges. The chapter also discussed an international perspective on why militaries often resort to outsourcing. It was established that other health organisations, including the US military and Iranian military organisations, outsource services to save costs and ensure quality care is provided to their members while focusing on critical issues of their environments.

Chapter three focused on the document analysis of the relevant policies and the legislative framework of how resources must be managed for an effective organisation on quality healthcare services. The chapter described how this legislative framework should be applied in the SAMHS environment. Organisations that seek to manage their resources effectively and provide quality healthcare services to their patients need to adhere to this legal framework.

Chapter four provided contextual information on how the NDoH, the SANDF, and the SAMHS managed their organisations with regards to the resources required to provide services. In this chapter, resource management challenges experienced by these organisations were deliberated on and an indication of the measures taken by these organisations that prompted them to outsource some of the services to ensure quality services was provided. The compliance or non-compliance with the policies and legislative framework was indicated from all the organisations.

Chapter five concludes the study and consolidates the recommendations based on answers to the research questions from the document analysis and the literature reviewed. The limitations encountered by the researcher are indicated for suggestions of future research and the theoretical contributions to this study are discussed.

5.3 CONCLUDING REMARKS

This study has revealed that the management of resources, such as finance, personnel, equipment, and facilities is critical if the organisation is expected to function effectively in delivering services. Failure to manage resources properly results in poor quality service delivery and increases client dissatisfaction. The proper management of resources has the potential to prevent the outsourcing of healthcare services to the private sector as it depletes already deficient finances due to continuous budget cuts of the SANDF that impacts negatively on the SAMHS.

The following research questions were answered by the literature reviewed and are revisited as a summary of this study.

5.3.1 What were the resource management challenges that prompted the SAMHS to outsource healthcare services?

The resource management challenges that prompted the SAMHS to outsource healthcare services are the budget allocation deficits from the SANDF. The lack of funds affected other SAMHS capabilities required to provide healthcare services. The mismanagement of the budget evidenced by irregular expenditure that was reported by the Portfolio Committee on Defence and Military Veterans showed that a deficit of managerial skills and governance in the organisation. Although the SAMHS had a deficit in budget allocation, it was also delegated the responsibility to manage the Department of Health hospitals in the North West during a period of public unrest, using the same resources meant for the SANDF members and their dependents. The shortage of skilled personnel, the lack of the required equipment, and infrastructure that is not conducive to provide healthcare services caused the SAMHS to outsource healthcare services to the private sector which consumes most of its budget.

5.3.2 Why was the SAMHS outsourcing healthcare services?

The SAMHS outsourced healthcare services due to lack of the required resources to provide quality services to the defence force members and their dependents. Quality patient care must continue to be rendered but due to unfit healthcare facilities and the absence of capabilities, outsourcing became the best option for the SAMHS. Healthcare professionals with specialised skills had resigned from the tertiary hospital in Gauteng because the facilities were insufficient, while the tertiary hospital in the Western Cape had a favourable environment to provide healthcare services but did not have the required healthcare professionals. Healthcare delivery depended on outsourcing to the private sectors.

5.3.3 What effects did the outsourcing of healthcare services by the SAMHS have on the SANDF and the clientele?

The over-expenditure by the SAMHS in outsourcing healthcare services led to an increased budget allocation from the SANDF, but the funds were still consumed unjustifiably. Other capabilities were sacrificed as more funds were directed to pay external stakeholders who provide services to the organisation. The unending refurbishment taking place in some of the SAMHS healthcare units has been found to affect the clientele of the SANDF as some have to travel long distances to get help due to lack of services in their locations. The personnel turnover has affected the quality of healthcare services, resulting in dissatisfaction.

5.4 CONTRIBUTIONS TO AND IMPLICATIONS FOR THEORIES

5.4.1 Administrative management theory

As predicted by the administrative theory, the optimal management of an organisation requires a manager who can plan, organise, command, coordinate, and control all the activities. The failure to apply these mentioned skills, tools, and management functions by managers or leaders of the organisations will result in the management challenges faced by most of the organisations including the NDoH, SANDF, and SAMHS.

5.4.2 Resource dependency theory

Resource dependency theory demonstrates the interdependency between resources and the organisation, the organisation manager, and the service provider. The organisation will function effectively when the required resources are available, including professional relationships between service providers and organisation managers. The SAMHS did not have strategies in place for control measures when outsourcing healthcare services which might have been the cause of irregularities identified in budget expenditure.

This theory also emphasises the importance of the authority or the power of the organisation's manager in managing the resources to provide quality services cost-effectively.

5.5 LIMITATIONS OF THE STUDY

The study only relied on the available literature, policy documents, newspapers, official documents and could not access some classified material. However, the researcher ensured that only credible substantive and quality documents were analysed. Publicly available information proved to be worthwhile and sufficient to answer the research questions and offer great insight into the reasons why the SAMHS decided to outsource its functions. The researcher proposes that future studies be conducted using primary data by interviewing relevant subjects to gather more information on the outsourcing of healthcare services as a method of dealing with resource management challenges.

5.6 RECOMMENDATIONS

The following recommendations are articulated to enhance and improve the management of resources and prevention of outsourcing of services by the SAMHS.

5.6.1 Management qualifications and skills requirement

It is recommended that all managers placed in managerial positions at all levels in the SANDF and SAMHS organisations possess a management qualification, skills knowledge, and experience. This will ensure that managers understand what is expected of them in managing and leading the organisation. The management of all resources will be implemented cost-effectively as required ensuring that healthcare service delivery does not suffer. Finance management and budget planning is critical for the organisation managers to provide service delivery effectively and efficiently. The budget allocation from the SANDF will never increase as the total budget from the government is expected

to continuously decrease every financial year, therefore, the SAMHS must strategise how to perform its responsibilities within limited funds.

This necessitates managers planning and prioritising the requirements for effective healthcare service delivery. The resource management challenges are attributed to a lack of managerial functions with regards to the organisation leadership and governance. That can be addressed by developing and empowering these managers with the necessary skills. Lack of management and leadership skills result in challenges with allocation and distribution of resources to the healthcare personnel affecting their performance when rendering healthcare services to their clientele. Contrary to this perception, some managers of healthcare services use outsourcing of healthcare services to save costs while ensuring quality care to their clients. These managers have proper measures in controlling what needs to be outsourced to the private sector versus what could be delivered by the organisation to save costs.

5.6.2 Completion of the refurbishment of infrastructure

The refurbishment of the facilities should be completed so that the outsourcing of services could be minimised. Healthcare service delivery can be provided within the SAMHS units, with the available equipment and skilled personnel. Funds have been allocated for the infrastructure to be maintained but irregular expenditure of the budget allocate makes it impossible. Irregular expenditure can be avoided by prioritising the needs of the organisation and budget accordingly. The managers of the organisations must utilise the funds for their intended purpose and adherence to the Public Finance Management Act and its regulations is paramount for proper finance management.

5.6.3 Procurement of equipment and medical supplies

The SANDF and SAMHS should adhere to the procurement processes when purchasing equipment and medical supplies to avoid irregular expenditure. Priority should be placed

on the procurement of equipment required by the SAMHS units to avoid outsourcing of healthcare services that is not cost-effective.

One of the reasons that led to the specialist doctors resigning from the SAMHS hospitals was the unavailability of the equipment for them to perform their duties and the low salaries as compared to their counterparts in the public sector.

5.6.4 Training and development of personnel for speciality skills and personnel retention

It is recommended that the SAMHS use the funds budgeted for personnel development for acquiring speciality skills effectively. Dependence on SASSETA is not recommended and not sustainable as only a few healthcare professionals can be developed as opposed to the required capacity for efficiency. The facilities should be improved to be conducive to patient care and specialists should be retained by ensuring that medical supplies and the required equipment are procured for them to practice and continue to mentor their subordinates. This will also enable the professional healthcare workers to practice their skills under the supervision of qualified mentors and render quality care to their clients.

5.6.5 Outsourcing of some of the core functions

The SANDF and SAMHS should develop and implement strategies, for example, the outsourcing strategy or concept that the researcher will create to be used as a guideline for outsourcing of healthcare services. Standard Working Procedures (SWP) on the outsourcing of healthcare services must then be formulated from the strategy to control and manage outsourced services properly. The SWP will assist managers in decision-making on the outsourcing of healthcare services to prevent haphazard actions and save costs. Outsourcing of healthcare services has been proven to be cost-effective by other organisations. These organisations have measures in place for managing the contracts with the service providers to ensure that all processes are adhered to. The SAMHS can

also save costs by outsourcing some of its non-core functions, which will allow the managers to focus on the important issues of the organisations.

The outsourcing of procedures that require expensive technology updated equipment continuously can save costs for SAMHS as there will be no need to procure and maintain the equipment but the organisation can outsource for that procedure and only pay for the services provided.

5.6.6 The proposed strategy for outsourcing by the SAMHS

Kavosi *et al.* (2018:1) believe that the outsourcing of healthcare services is utilised by the organisations' managers as a tool for development and promotion of productivity. The academics further suggest that managers adopt the strategy of outsourcing of healthcare service due to the complexity of the health sectors, the competitive economy of healthcare services, and the intention to provide quality services to their clients. However, there are many reasons for outsourcing services, which include reducing costs, increasing efficiency, focusing on core activities, improving skills, reducing service delivery time, and increasing competitive advantage.

According to Kavosi *et al*. (2018:2), there is a need for the establishment of criteria that will assist and enable the managers of the healthcare sectors in decision-making to identify the services to be outsourced. This will also make it easy to develop a strategy of outsourcing of healthcare service. The author has formulated a proposed outsourcing concept or model that can be used by the SAMHS in outsourcing of healthcare services as a contribution to mitigating the challenges experienced.

This strategy is based on criteria to be established based on the factors that were identified as the cause of the outsourcing of healthcare services by the SAMHS. These factors will be divided into factors and sub-factors to develop criteria for decision-making for the outsourcing of healthcare services by the SAMHS.

Figure 5.1: Proposed strategy for decision-making on outsourcing healthcare services

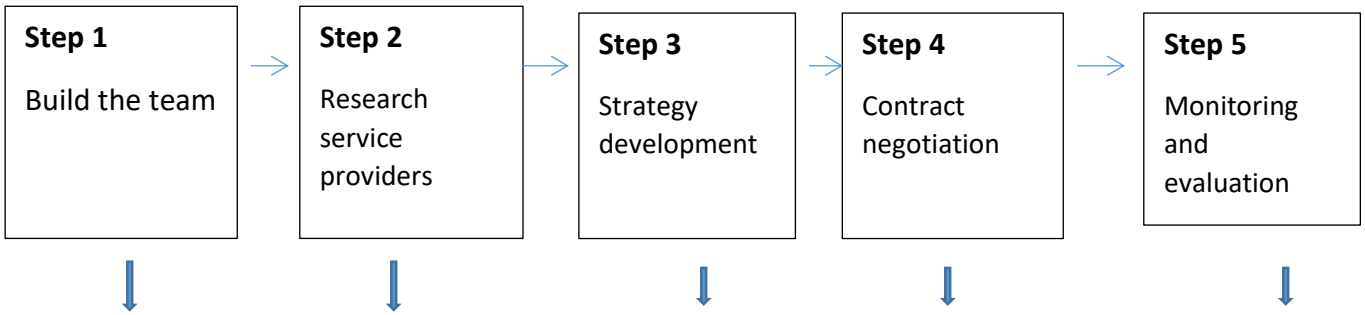
Ser.No.	FACTORS	SUB-FACTORS
1	Management	• Focus on core functions. • Availing resources for core activities. • Mitigate risks. • Regulations on governing healthcare organisations. • Increase accountability. • Increase capacity required to provide healthcare- services by training more healthcare professionals. • Recruit and retain specialty-skilled healthcare professionals.
2	Quality	• Improve quality of healthcare services. • Procure higher reliability and competency.
3	Equipment and technology	• Achieve flexibility with changing technology. • Achieve innovative ideas. • Acquire new skills or technical knowledge. • Save costs on maintenance and repairs of equipment. • Procure equipment for the services that will be rendered within the organisation.
4	Economic	• Save the overall cost of patient care delivery. • Reduce labour and operating costs. • Turn fixed costs into variable costs. • Manage the infrastructure and facilities. • Reduce resources costs. • Increase economic efficiency.

Source: Author's compilation of information and proposed criteria for decision-making in the outsourcing of healthcare services.

Figure 5.1 indicates the criteria that will assist SAMHS managers in determining the capabilities that need to be outsourced while maintaining the day-to-day functions of the organisation. Therefore, before deciding to outsource services, it is necessary to

investigate effective criteria for decision-making to outsource cost-effectively. Effective criteria for outsourcing decision-making evaluate the organisation's performance and help it to select either outsourcing or non-outsourcing. When the criteria for outsourcing has been established, managers must develop a strategy to be used to manage the outsourcing of healthcare services cost-effectively without incurring losses. The following is the proposed concept or model that can be used by the SAMHS to outsource healthcare services.

Figure 5.2: Proposed strategy for the outsourcing of healthcare services



Goal: Develop a statement of work and plan.	**Goal**: Understand the supply market.	**Goal:** Classify suppliers and define sourcing approach.	**Goal:** Negotiate a cost-effective contract for a win-win situation.	**Goal:** Continuously improve performance.
Inputs and Tools: To the project leader by the team members.	**Inputs and Tools:** Interviews; online research; conferences/ meetings.	**Inputs and Tools:** Market research; portfolio matrix.	**Inputs and Tools:** Negotiate plan; supplier evaluation plan.	**Inputs and Tools:** Contract; supplier scorecard.
Outputs: Baseline data; project charter; work plan.	**Outputs:** Report on supply trends; changes; pricing; capacity.	**Outputs:** Supplier evaluation tool with desired relationship.	**Outputs:** Signed contract.	Outputs: Supplier development plan; communication.

Source: Author's compilation of information and proposed strategy for the outsourcing of healthcare services

Figure 5.2 indicates and deliberates on the proposed model or strategy for the outsourcing of healthcare services by the SAMHS. The proposed strategy has five (5) steps to be followed for effective management of outsourced services.

Step 1: The managers of the organisations must identify and select a team that will be responsible for the outsourcing of healthcare services. The team must have a leader and team members (in other organisations these members include Clinical Case Managers). The goal of step 1 is to develop a mission statement and the work plan that will be adopted for the outsourcing strategy. All the team members will meet and give inputs and establish ways and methods that will be used. This will be done through mind-mapping to bring ideas on board. The outcome of this step will be that the team will have the baseline data, and the project charter and work plan would have been developed.

Step 2: The team will research on all the potential service providers' available on market; the goal will be to understand the supply market. This will help the team to look for relevant, qualified, and experienced service providers. The team will conduct interviews, hold meetings with potential suppliers, and even do online research to check the profiles of the potential service providers. This will assist in eliminating those service providers that do not meet their criteria. The outcome of this step will be a report on supply trends, changes, pricing, and capacity of the potential service providers so that the right supplier will be contracted to provide the quality services.

Step 3: The team must develop the Outsourcing of Healthcare Service Strategy. The goal of this step is to identify the suppliers, classify them with regards to the services they provide ensuring that they meet the criteria of the organisation and lastly, the outsourcing approach to be adopted is identified. The team will conduct market research to ensure getting the correct quotation for the services that will be provided; other service providers tend to inflate their prices which are not cost-effective to outsource services. A portfolio matrix will be established, which also contains the estimated expenditure. The outcome of this step is to have a supplier evaluation tool developed with the desired service provider and the insourcing organisation relationship.

Step 4: The contract negotiations with the potential service providers where a better price is discussed take place during this step. The team would have developed a strategy that will favour the organisation but ensure that quality services are not compromised. During the negotiations, the team would have developed a tool that will be used to assess whether service providers meet their requirements as per the criteria and whether their prices are competitive. The outcome of this step is to sign a contract with a service provider that qualifies and is worthwhile.

Step 5: The team responsible for outsourcing must have developed a monitoring and evaluation tool to continuously evaluate the quality of services provided to the organisation. Monthly meetings of the organisation and service providers must be held to discuss challenges and emphasise contract obligations. The contract signed with the service provider must have a clause stipulating that if the service provider does not meet the criteria agreed upon, the organisation has the right to cancel the contract and the relationship will be discontinued.

5.6.7 Primary healthcare services

The SAMHS has primary healthcare units in all the nine provinces of South Africa. Therefore, it should prioritise the distribution of resources equally for effective service delivery. Primary health care facilities should be refurbished and allocated resources to deliver healthcare to the clients. This will enable the SAMHS to address the challenges of patient-overload to the tertiary hospitals and save patients from travelling long distances for services.

The contributions to the medical services of the members of the SANDF and their dependents could be increased to supplement the high costs of the services that they receive.

5.6.8 Adherence to the legal framework

The SAMHS must adhere to all the legal frameworks that specify how patient care should be managed and provided to the patients, and the responsibilities of healthcare service providers, including the managers of healthcare organisations. The feedback provided by the Inspector General of the SAMHS annually should be taken seriously by the managers to do rectifications as advised.

The Quality Assurance Department should be used effectively in evaluating and monitoring the implementation of the national core standards by personnel when providing services to the clients. This will enable the SAMHS to adhere to the legislation as required and improve service delivery. Patient care surveys on quality care should be encouraged within the SAMHS units to identify the gaps and establish rectification plans timeously to promote quality healthcare services and patient satisfaction.

5.7 FURTHER RESEARCH RECOMMENDATIONS

This topic can be explored using mixed methods, that is qualitative and quantitative research methods. This will enable the researcher to gather more information on the root causes of resource management challenges that resulted in the SAMHS outsourcing healthcare services. This could be done by interviewing relevant managers and administering questionnaires to the clients. No studies have been conducted on the outsourcing of healthcare services by the SAMHS previously, hence most of the data utilised was from the reports by the defenceWeb, speeches from the MDMV, newspapers, reports from the Portfolio Committee on Defence, and the Defence Annual Reports.

It is recommended that further research on this topic be conducted to help in establishing and developing strategies that can be used by the SAMHS to outsource cost-effectively. The timeframe allocated to conduct this research study was not enough to explore all data that might have been available. The study used secondary data that was retrieved from the libraries, internet, and the SANDF intranet; there were no interviews conducted.

This study could have produced more favourable results if it included primary data from interviews.

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APPENDIX A:

Letter of Authority to Conduct Research in the Department of Defence (DOD) from Defence Intelligence

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defence intelligence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

DI/DDS/R/202/3/7

Telephone: 012 315 0216
Fax: 012 326 3246
Enquiries: Brig Gen T.G. Baloyi

Defence Intelligence
Private Bag X367
Pretoria
0001
01 May 2019

AUTHORISATION TO CONDUCT RESEARCH IN THE DEPARTMENT OF DEFENCE (DOD): COL M. BHEMBE

1. Receipt of a request letter SANDC/R/103/1/61(SDSP05)/19) DD 30 April with a request proposal attached as per requirement is acknowledged.

2. Col M. Bhembe – who is enrolled in the Security and Defence Studies Programme (SDSP) 05/2019 at the South African National Defence College (SANDC) for 2019, is hereby granted permission from a security perspective to conduct research in the DOD on the topic entitled "Exploring resource management challenges that promoted South African Military Health Services to outsource healthcare services."

3. Access to DOD information is however granted on condition that there is adherence to inter alia Section 104 of the Defence Act (Act 42 of 2002) pertaining to the protection of DOD Classified Information and the consequences of noncompliance.

4. For your attention.

(G.S. SIZANI)
CHIEF DIRECTOR COUNTER INTELLIGENCE: MAJ GEN

DISTR

For Action

Commandant South African National Defence College (Attention: Col M. Bhembe)

Internal

File: DI/DDS/R/202/3/7

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