



HUMAN SCIENCES  
RESEARCH COUNCIL  
*2000/01*  
ANNUAL REPORT

*Social science that makes a difference*

HSRC



## ***Vision***

The HSRC seeks to transform its existing disciplinary strengths into a more relevant, modern and comprehensive service function:

- From social databases to social-scientific knowledge management
- From social research to national socio-economic research programmes
- From educational assessment to policy impact evaluation

## ***Strategy***

The HSRC implements a five-part strategy to complement its vision:

- Increasing contract research earnings in line with annual targets
- Undertaking assertive outreach to tertiary institutions and research NGOs
- Focusing its research programmes on the needs of users
- Enhancing performance in line with annual targets
- Achieving excellence in research through scholarship, debate and professional engagement

*Social science that makes a difference*

HSRC

*Annual Financial*

# *Statements* 31 March 2001

*The HSRC Council is of the opinion that the HSRC is financially sound and operates as a going concern.*

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## *Annual Financial*

# *Statements* 31 March 2001

*Introduction*

*Approval and post-balance sheet events*

### **Introduction**

The maintaining of accounting and other records as well as an effective system of internal control are the responsibility of the Council's President and CEO. In the opinion of the Council of the HSRC this requirement has been complied with.

The preparing of financial statements that fairly present the state of affairs of the HSRC as at year-end and the operating results for the year is the responsibility of the Council of the HSRC. Auditors are expected to report on the Annual Financial Statements. The HSRC's Annual Financial Statements are prepared on the basis and accounting policies set out therein. These policies have been complied with on a continuous basis.

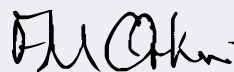
### **Approval and post-balance sheet events**

The Annual Financial Statements set out on pages 56 to 89 were approved by the Council of the HSRC on 24 May 2001. In the Council's opinion the Annual Financial Statements fairly reflect the financial position of the HSRC at 31 March 2001 and the results of its operations for the period then ended. No material facts or circumstances have arisen between the date of the balance sheet and the date of approval, which affect the financial position of the HSRC as reflected in these financial statements.

The Council is of the opinion that the HSRC is financially sound and operates as a going concern.



G.J. GERWEL  
Chair: HSRC Council



F.M. ORKIN  
HSRC President and CEO

Pretoria, 24 May 2001



# *Auditor-General*

*on the Financial Statements of the HSRC  
for the year ended 31 March 2001*

## **1. Audit assignment**

The financial statements as set out on pages 56 to 89 for the year ended 31 March 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995), and section 13(3) of the Human Sciences Research Act, 1968 (Act No. 23 of 1968).

These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Council of the Human Sciences Research Council (HSRC). My responsibility is to express an opinion on these financial statements and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

## **2. Regularity audit**

### **2.1 Nature and scope**

#### **2.1.1 Financial audit**

The audit was conducted in accordance with generally accepted government auditing standards, which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

#### **2.1.2 Compliance audit**

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters. I believe that the audit provides a reasonable basis for my opinion.

### **2.2 Audit opinion**

#### **2.2.1 Financial audit**

In my opinion, the financial statements fairly present, in all material respects, the financial position of the HSRC at 31 March 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

*Report of the*

# ***Auditor-General***

*on the Financial Statements of the HSRC  
for the year ended 31 March 2001*

In my opinion, the performance information furnished in terms of section 55(2)(a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) fairly presents, in all material respects, the performance of the HSRC for the year ended 31 March 2001 against predetermined objectives.

2.2.2 Compliance audit

Based on the audit work performed, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

**3. Appreciation**

The assistance rendered by the staff of the HSRC during the audit is sincerely appreciated.



H. VAN ZYL  
For Auditor-General

Pretoria, 29 June 2001

# *Directors' Report* 2000 / 2001

Annual Financial Statements 31 March 2001

## 1. Mandate and objectives

The mandate of the Human Sciences Research Council (HSRC) is derived from the Human Sciences Research Act (No. 23 of 1968) as amended.

The main objectives of the HSRC according to the act are to

- promote, support and co-ordinate research;
- advise the minister on research priorities;
- disseminate research findings;
- facilitate and evaluate the implementation of research findings;
- promote the training of research person power;
- place the full spectrum of disciplines in the human sciences at the disposal of all the inhabitants of the Republic.

The act also mandates the HSRC to undertake contract research on any subject in the field of the human sciences and to charge fees for research conducted or services rendered.

It is planned to revise the Human Sciences Research Act over the next three years to bring it into line with the *White Paper on Science and Technology* and other research-related policies, as well as with the recent strategic realignment of the HSRC.

## 2. Corporate governance

Strictly speaking, "the HSRC" or "Council" refers to the group of up to ten people (including a chairperson, and appointed for a period of four years by the Minister of Arts, Culture, Science and Technology) who have distinguished themselves in the field of the human sciences or who possess special qualifications in relation to some aspect of the functions of the Council. A new Council took office with effect from 1 November 1999. The Council appoints a further member (the President and CEO of the HSRC) on a five-year contract.

More colloquially, and in this report, "the HSRC" is taken to refer to the wider organisation including its employees, and "the Council of the HSRC" to its governing body as approved by the Minister of Arts, Culture, Science and Technology.

# Directors' Report 2000 / 2001

Annual Financial Statements 31 March 2001

## 2.1 HSRC Council

### 2.1.1 Members of the HSRC Council

Prof. G.J. Gerwel (Chair)

Prof. C.J. Bundy

Ms N.N. Gwagwa

Mrs N. Jordan

Dr V.T. Maphai

Mr E. Motala

Mrs P.N. Ntombela-Nzimande

Mr M.V. Sisulu

Dr F.M. Orkin (President and CEO of the HSRC from 1 August 2000)

Dr M. Nkomo (President and CEO of the HSRC to 31 July 2000)

### 2.1.2 Responsibilities

The HSRC Council is inter alia responsible for preparing financial statements that accurately reflect the HSRC's financial position at the end of a financial year. In terms of the Public Finance Management Act, the HSRC Council is from 1 April 2000 the accounting authority for the HSRC. The act sets out the fiduciary duties as well as a range of the general responsibilities of the accounting authority. The Auditor-General is responsible for reporting on the financial statements of the organisation.

In the year under review applicable accounting standards were adhered to and adequate accounting records and an effective system of internal control maintained in the organisation. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, were applied on a consistent basis.

The HSRC Council has no reason to believe that the HSRC will not be a going concern in the year ahead.

The HSRC Council met on 25 May 2000, 21 September 2000, 16 November 2000 and 22 February 2001.

### 2.1.3 Subcommittees

The Council has four subcommittees: an Executive Committee (Exco), a Human Resources Committee, a Remuneration Committee and a Research Committee.



# Directors' Report 2000/2001

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## 2.1.3.1 Executive Committee

On 31 March 2001 the Executive Committee comprised the following members:

Prof. G.J. Gerwel (Chair)

Dr V.T. Maphai

Mr E. Motala

Dr F.M. Orkin (President and CEO of the HSRC from 1 August 2000)

Dr M. Nkomo (President and CEO of the HSRC to 31 July 2000)

The Exco did not meet during the year under review.

## 2.1.3.2 Human Resources Committee

On 31 March 2001 the Human Resources Committee comprised the following members:

Dr V.T. Maphai (Chair)

Ms N. Jordan (HSRC Council member)

Dr F.M. Orkin (President and CEO of the HSRC from 1 August 2000)

Dr M. Nkomo (President and CEO of the HSRC to 31 July 2000)

The Human Resources Committee met on 20 April 2000.

## 2.1.3.3 Remuneration Committee

On 31 March 2001 the Remuneration Committee comprised the following members:

Prof. G.J. Gerwel (Chair)

Dr V.T. Maphai

Mr E. Motala

Dr F.M. Orkin (President and CEO of the HSRC from 1 August 2000)

Dr M. Nkomo (President and CEO of the HSRC to 31 July 2000)

The Remuneration Committee met on 25 May 2000.

## 2.1.3.4 Research Committee

On 31 March 2001 the Research Committee comprised the following members:

Prof. G.J. Gerwel

Dr V.T. Maphai

Mr E. Motala

Dr F.M. Orkin (President and CEO of the HSRC from 1 August 2000)

Dr M. Nkomo (President and CEO of the HSRC to 31 July 2000)

The Research Committee met on 25 January 2001.

# Directors' Report 2000 / 2001

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## 2.2 Audit Committee

The members of the HSRC Audit Committee are appointed for a calendar year. On 31 March 2001 the Audit Committee comprised the following members:  
Mr S.A.H. Kajee, BCompt (Hons) CIA AGA(SA) MBA (Chairperson from February 2001)  
Dr F.M. Orkin, BSc (Hons) MA PhD (Chair to 31 July 2000)  
Ms N.N. Gwagwa, BA MA MSc  
Mr R.J. Page-Shipp, MSc

During the year under review the Audit Committee functioned under the Public Finance Management Act. The Committee reviews internal and external audit reports as well as the budget and financial statements of the HSRC. It submits a summary of its activities to the HSRC Council on an annual basis. It met on 11 May 2000, 9 November 2000 and 13 February 2001. A special Audit Committee meeting was held on 10 April 2000.

## 3. Review of business activities

### 3.1 Research

The HSRC's vision – doing social research that makes a difference – guides the organisation's researchers in their daily work. While this vision will remain constant in the years ahead, the continually changing environment has demanded a radical realignment and redirection of the organisation's research thrust. This refocusing acknowledges that global challenges also influence the HSRC's relationships with its partners, clients and stakeholders, who are all integral to its future success. The HSRC's research endeavours should accordingly always be sensitive to user needs, particularly those within the context of national priorities.

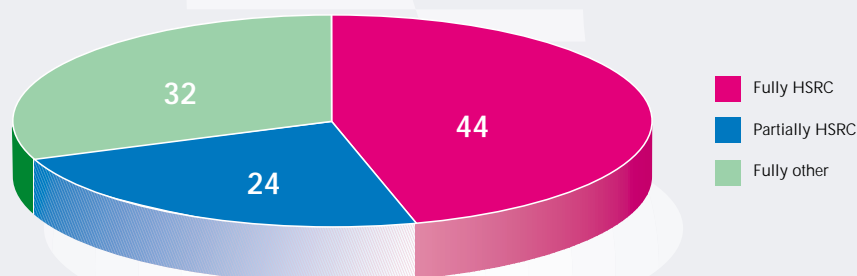
In addressing these needs, 117 research projects (137 in 1999/00) were running during 2000/01. (Where appropriate, comparable figures for the 1999/00 financial year are shown in parentheses.) Of these, 73 (71) had been launched during the previous financial year and were continued in 2000/01. Fifty-eight projects were completed (57) and 44 (66) new projects registered during the year under review.

In the 2000/01 financial year 51 projects (65) were fully funded and 28 (27) partially funded from the HSRC's parliamentary grant, while 38 projects (45) were fully funded from sources other than the HSRC's parliamentary grant. The corresponding percentages are shown in the figure below.

# Directors' Report 2000/2001

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Figure 1: Funding of HSRC projects during 2000/01 (percent)



### 3.2 Research projects supported by the HSRC's parliamentary grant

The HSRC's spending priorities are based on user needs as well as the ability of the organisation to effectively deploy its resources to deliver appropriate products and services. During the review year and before the organisational transformation reported below took place, the research activities supported by the HSRC's parliamentary grant were planned in terms of the following 11 research programmes:

- Labour Market Analysis
- Sustainable Livelihoods and the Ecosystem
- Globalisation and South African Transformation
- Education and Training Information Systems
- Assessment in the Education and Training System
- Psychological Assessment Instrument Development
- Policy and Policy Implementation in Education and Training
- Public Policy Analysis
- Studies in Population and Development
- Studies in Democratic Change
- Public Opinion Analysis

These programmes were aimed at investigating issues of national concern and at linking up with the domains of the National System of Innovation. The HSRC's funding support for these projects was based on the government's Medium Term Expenditure Framework. Fifty-six percent of the parliamentary grant was eventually utilised by projects supporting these programmes during the 2000/01 financial year.

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There are various reasons for the underutilisation of the parliamentary grant by the 11 programmes. Firstly, a significant proportion of researcher time was spent instead on research contracts won during the year. This volume of work was equivalent to a further 36% of the parliamentary grant, but was paid for by the contractors.

Secondly, the overall research capacity of the organisation was reduced following the retrenchments at the end of the previous financial year. (See Paragraph 6.)

Thirdly, as discussed below, halfway through the reporting year interdisciplinary New Priority Areas (NPAs) were introduced (see Paragraph 4) to encourage more user-driven and problem-oriented research, and eventually to replace the above programme structure. The NPAs helped to more than double the level of income from contract research (see Paragraph 3.3), but because of the reduced research capacity in the short term due to the retrenchments, the underutilisation of the parliamentary grant ensued. The savings will be applied in the 2001/02 financial year to recruit research leaders and senior researchers for the NPAs.

The NPAs – introduced immediately after the assumption of office of the new President and CEO – were identified on the basis of strategic workshops with HSRC researchers as part of the new vision and strategy, instead of waiting for the protracted annual planning cycle to come to an end. Some HSRC resources were made available for the quick uptake of work in the NPAs as researchers volunteered for the cross-functional task teams.

The new flexible approach has already enabled the HSRC to do co-ordinated interdisciplinary research for large public sector users, and also to participate more actively and frequently in tenders, usually with external partners.

### 3.3 Research projects supported by other sources of income

Although the NPA approach will secure further contract and tender funding, especially once the NPA leaders and senior researchers have been recruited, parliamentary funding will continue to account for the major share of research expenditure. The HSRC will initially continue using its own resources to drive the NPAs (some of which will be led from new offices in other metropolitan centres), create infrastructure, build external networks and internal capacity, and update skills and technology.

The 1996 *White Paper on Science and Technology* indicated a policy shift in government funding of science, engineering and technology institutions from direct budgetary support to contract and grant support. The HSRC responded to the White Paper by setting specific funding targets for various sources of funding for its business activities. The organisation's performance in terms of the set targets for the year under review is reflected in Table 1.

# Directors' Report 2000/2001

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**Table 1: Business funding 2000/01**

Funding source	2000/01			1999/00	Variance
	Budget	Actual	Variance Actual vs budget	Actual	Actual 1999/00 vs Actual 2000/01
	R'000	R'000	%	R'000	%
Parliamentary grant	61 198	61 921	1	65 650	(6)
Utilised for research, corporate programmes		34 489		37 788	
Utilised for institutional costs		26 963		26 631	
Adjustment for deferred income		469		1 231	
Innovation Fund	1 909	–	(100)	–	
International funding agencies	1 346	769	(43)	700	9
National funding agencies	955	–	(100)	112	
Government, private sector contracts	10 267	15 684	53	5 164	204
Product sales & professional services	3 951	5 328	35	5 448	(2)
Other income	971	590	(39)	2 580	(77)
<b>SUBTOTAL – REVENUE</b>	<b>80 597</b>	<b>84 292</b>	<b>5</b>	<b>79 654</b>	<b>6</b>
Other non-research related income	6 449	5 521	(14)	7 336	(25)
<b>TOTAL – INCOME</b>	<b>87 046</b>	<b>89 813</b>	<b>103%</b>	<b>86 990</b>	<b>3</b>

The major feature of the table is that the R15,684 million figure for government and private sector contracts (most often with the latter paying for work done for the former) exceeded the target for the first time in several years. Moreover, this figure was two-and-a-half times more than the corresponding figure (R5,164 million) for 1999/00. The improvement is attributable partly to increased volumes of tenders, and partly to a number of large commissions.

When the HSRC's overall performance in 2000/01 is considered, it will be seen that the organisation achieved 26,5% (17,6%) of its total revenue from extra-parliamentary sources of funding.

### 3.4 Outreach to collaborators and stakeholders

A recommendation in the 1997 review of the HSRC by the Department of Arts, Culture, Science and Technology (DACST), was that the organisation should reach out vigorously to the research community at universities and technikons, and to parastatals, NGOs and the private sector, locally and abroad.

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This goal is being realised as the HSRC systematically pursues appropriate tenders, recruiting academics, consultants and colleagues from other science councils for most bids. International networks are also being established. These relationships broaden the HSRC's pool of expertise and provide capacity building for mid-level colleagues. The aim is to have an active network of co-workers that is twice the number of the HSRC's own research staff complement.

During the year under review collaboration with external partners took different forms:

- HSRC-controlled projects including external partners
- partnered applications for DACST lead projects
- joint ventures/consortia
- outsourcing
- secondment

Of the projects executed during the 2000/01 financial year, 22% (20%) involved individuals from other institutions in project teams, while many other external persons served on project steering committees and advisory bodies.

### **Other highlights**

- Seven of the 33 proposals submitted for funding to government departments were led by outside partners.
- Twenty of the remaining 26 proposals were led by the HSRC and carried out in partnerships with external parties such as universities and NGOs.

## **3.5 Publications**

The bulk of the HSRC's outputs are currently still in published format. In 2000/01 the HSRC Bookshop sold books to the value of R0,55 million (R0,78 million).

The electronic media monitoring service that monitors and evaluates media, radio and television coverage, reported that the HSRC received free coverage to the value of R6,9 million (R7,9 million) during the report period. The HSRC also maintains a website that allows the broader public access to the organisation's activities, products and services.

Three (four) editions of the HSRC's concise research bulletin, *Impact*, were published and at least 3 000 copies per issue distributed to all levels of government, the media, tertiary institutions, foundations and libraries worldwide. *Impact* is currently available only in electronic format on the HSRC website.

To meet the need for in-depth articles based on HSRC research, an internet-based electronic magazine – *Focus On* – was established. Hard copies are published on an ad hoc basis, while the magazine can be viewed at [http://www.hsrc.ac.za./corporate/Focus On](http://www.hsrc.ac.za./corporate/Focus%20On).



# Directors' Report 2000/2001

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## 3.6 New strategic direction and organisational transformation

With the appointment of a new HSRC Council in 1999 and a new President and CEO in 2000, the HSRC has accelerated its transformation in response to the changing needs of major government users for policy-relevant social research, and in response to changes in the National Science and Technology Framework.

The HSRC CEO outlined the proposed new focus when he submitted the HSRC's Medium Term Expenditure Framework budget to DACST and Minister Ben Ngubane in July 2000, and in his inaugural speech to HSRC staff in August. He coined the slogan "Social science that makes a difference" and expounded a three-part vision to transform existing HSRC disciplinary strengths into more relevant, modern and comprehensive functions:

- From social databases to social-scientific knowledge management.
- From social research to national socio-economic research programmes.
- From educational assessment to policy impact evaluation.

Following consultations in the ensuing months with HSRC research and support divisions as well as stakeholders represented by the HSRC Council, the HSRC's new five-part "COUPE" strategy was clarified to complement the vision:

- Increasing **contract** research earnings in line with annual targets, especially through large-scale research programmes to ensure the HSRC's financial sustainability.
- Undertaking assertive **outreach** to universities and NGOs, locally and internationally, to extend their involvement in these large-scale research programmes.
- Focusing the programmes on the needs of **users**, especially of government "clusters" for policy-relevant research and implementation monitoring.
- Enhancing **performance** in line with annual targets, through capacity building, appointing more senior and representative staff, and modernising support functions.
- Achieving **excellence** in research through scholarship, debate and professional engagement.

## 4. Operational structure

As mentioned earlier, during the period under review the HSRC systematically reorganised its research activities and started regrouping projects into more flexible, user-driven, responsive New Priority Areas (NPAs), guided by the government's development priorities, the National System of Innovation, and the Committee of Heads of Research and Technology's Presidential Imperative Programmes.

# Directors' Report 2000 / 2001

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There are currently eight NPAs:

- Assessment Research and Technology
- Child, Youth and Family Development
- Democracy and Governance
- Human Resources Development
- Integrated Development
- Labour Market and Job Creation
- Social Aspects of HIV/AIDS and Health
- Surveys, Analyses and Mapping

The following important cross-cutting themes occur in each NPA:

- Indigenous Knowledge Systems
- Gender issues

Weekly research business meetings and management information meetings are held to facilitate the communication of useful information across the different NPAs, especially regarding outside meetings, contracts and interdepartmental issues. These meetings also improve the HSRC's ability to make fast, flexible, integrated responses to external opportunities and internal problems.

## 5. Financial results and sustainability

The HSRC's turnover for the 2000/01 financial year was R84,292 million (R79,654 million). The increase was attributable mainly to the substantial growth in contract earnings as shown in Table 1.

The HSRC had an accumulated surplus of R15,268 million at 31 March 2001, after offsetting the accumulated deficit at the beginning of the financial year of R5,613 million. This accumulated surplus includes an amount of R0,400 million in an own risk insurance fund. The surplus reflects the gains from the previous round of retrenchments and from the earnings increase from the current realignment strategy.

In anticipation of the acceptance by the HSRC Council of a new structure and reduced staff complement for core administration and research support, a provisional severance package provision of approximately R5,5 million has been made in the 2000/01 financial statements. (See Paragraph 8.)

The HSRC Council accepted the Audit Committee recommendation that the HSRC Building should be valued at R35 million on the basis of a current valuation. An amount of R29,356 million was written off against capital funds in this regard in the 2000/01 financial year.

# Directors' Report 2000/2001

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The HSRC, at 31 March 2001, had total assets of R73,736 million (R81,908 million). It continues to receive state funding – R65,492 million for 2001/02 – and should accordingly remain a going concern.

The new CEO has set a number of targets for the HSRC's new strategy. The major target is to increase earnings from contract research. The income target is conceived in terms of a "4-40" goal: by the end of 2004, annual contract earnings must be R40 million. This "stretch goal" is nearly three times the R14 million budgeted for the 2000/01 financial year, and should amount to approximately 33% of total turnover.

State funds for the 2000/01 financial year are broken down as shown in Table 2.

**Table 2: Parliamentary allocation**

	2001 R'000	2000 R'000
Parliamentary grant as per income statement	61 921	65 650
(Less): Net adjustment in respect of deferred income	(469)	(1 231)
<b>Total</b>	<b>61 452</b>	<b>64 419</b>

## 6. Human resources

The HSRC's staff complement at the end of the 2000/01 financial year was 197, which is 93 down on the previous year (290). This can be ascribed largely to the retrenchments in March/April 2000, together with the slowing down of new recruitments in the light of the intended realignment of administrative and support staff. The aim is to create capacity to appoint more senior researchers, particularly on specialist and senior management levels. The total staff turnover was 41,9%, which included retrenchments, retirements, the completion of assignments by temporary employees and the conclusion of contracts.

Within the context of realignment, a special attempt was made to recruit senior research leaders and specialists for deployment in the New Priority Areas (NPAs). A composite advertisement placed in December 2000 and again in January 2001 inviting top-level academics and research specialists to apply for a range of senior research leadership positions in the NPAs attracted encouraging responses.

Progress continued to be made with demographic transformation, with shifts in the racial and gender representivity of the organisation. Of the total staff complement, 59,3% was female (roughly the same since 1996) and 46,2% (42,4%) by year end was black against a target of 50%.

The only new senior appointment made in the period under review was that of Dr F.M. Orkin as CEO and President of the HSRC, effective from 1 August 2000.

# Directors' Report 2000/2001

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Figure 2: Representivity by race and job grade, March 2001



Figure 3: Representivity by gender and job grade, March 2001

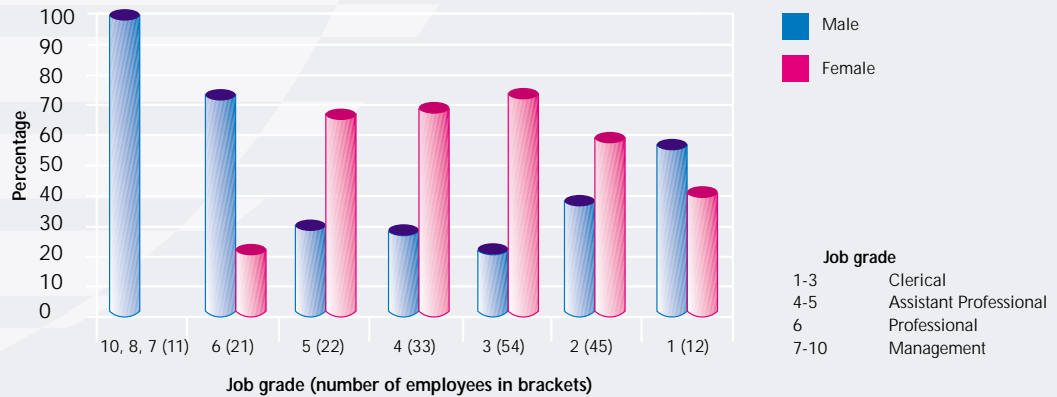
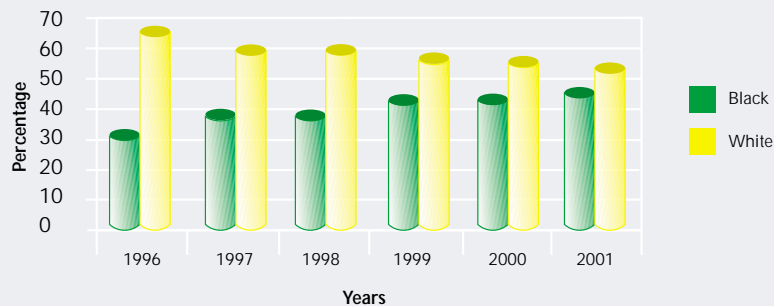


Figure 4: Representivity by race, 1996-2001



# Directors' Report 2000/2001

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One of the targets in the HSRC's new strategy is an increase in the complement of researchers, from the current 60 to 140 within the next four years, to achieve critical mass in key domains. To recruit and retain research leaders – especially senior black professionals – against competition, the HSRC has improved the remuneration of its staff beginning with new employees. Another target is to increase the proportion of black researchers from the current approximately 40% to 60%.

At the level of NPA leaders and directors, the remuneration improvement will occur mainly through performance bonuses, which will probably be determined partly by the research earnings of the HSRC, partly by the person's contribution to collaboration and capacity building, and partly by publications.

In implementing the new strategy, the following additional human resources initiatives have been or will be introduced:

- Professional development through courses and partnerships with local and foreign universities.
- Re-introduction of the bursary scheme.
- Development of a more rigorous mentoring system.
- An explicit skills development programme with formal assessment and associated performance awards spanning professional, managerial and technical fields.

### ***Other proposed HRD innovations***

- New broad-band salary scales and simplified designations.
- Sensible conditions of service, conducive to a modern and competitive organisation.
- Key performance areas (KPAs) associated with each post category in tandem with revised and simplified performance management procedures.

## **7. Achievement of performance targets**

During a year in which the HSRC had to regroup after substantial retrenchments the previous year, and the introduction of a new research and business strategy by the newly appointed CEO, the organisation exceeded its budgeted external operating income by 15%.

Twenty-six comma five percent (17,6%) of the HSRC's total income was derived from non-parliamentary grant sources. These achievements are discussed in more detail in other sections of this report.

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The increased external earnings were due mainly to good growth in successful tenders for contract research for the government sector, government commissions, and increased sales of research products and services. A co-ordinated tendering process was followed to increase the organisation's competitiveness in accessing external sources of funding. The process makes provision for weekly research business meetings, a review of advertisements and tendering approaches, the assignment of teams and partners to lead/co-lead proposals, the preparation and submission of tenders, and the close monitoring of progress.

The HSRC's actual performance as measured against its business goals is summarised in Table 3.

**Table 3: Performance targets**

Goals	Key performance indicator	Target	Achievements
Increasing earnings	<ul style="list-style-type: none"> <li>• Increase total income</li> <li>• Increase external income through contract research</li> <li>• Increase income through commercial services, product income</li> </ul>	<ul style="list-style-type: none"> <li>• R87,0 million (budget)</li> <li>• R14,5 million (budget)</li> <li>• R4,9 million (budget)</li> </ul>	<ul style="list-style-type: none"> <li>• R89,8 million (3,2% increase over budget)</li> <li>• R16,5 million (14% increase over budget) (improvement of 175% compared to the 1999/00 actuals)</li> <li>• R5,9 million (20,4% increase over budget) (decrease of 26,5% compared to the 1999/00 actuals)</li> </ul>
External research earnings as a percentage of total revenue		<ul style="list-style-type: none"> <li>• 24,5% (budget)</li> </ul>	<ul style="list-style-type: none"> <li>• 26,5% (actual)</li> </ul>
Assertive outreach to universities and NGOs, locally and internationally	<ul style="list-style-type: none"> <li>• Involvement of external researchers in projects</li> </ul>	<ul style="list-style-type: none"> <li>• 20% of projects in 1999/00 involved external researchers</li> </ul>	<ul style="list-style-type: none"> <li>• 22,2% of projects involved external researchers</li> <li>• 80% of funding proposals to government departments involved external partners</li> </ul>
Focusing the research on user needs, especially of government "clusters" for policy relevant research	<ul style="list-style-type: none"> <li>• Successful tenders for government</li> </ul>	<ul style="list-style-type: none"> <li>• No targets set</li> </ul>	<ul style="list-style-type: none"> <li>• 33 funding proposals to government departments from August 2000 to April 2001: ten successful; 12 awaiting; 11 unsuccessful</li> </ul>



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Goals	Key performance indicator	Target	Achievements
Focusing the research on user needs, especially of government "clusters" for policy relevant research ( <i>continued</i> )	<ul style="list-style-type: none"> <li>• Redirect resources towards New Priority Areas (NPAs) and Presidential Imperative Programmes (PIPs)</li> <li>• Free media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Restructuring 15 existing programmes into more flexible and user-focused NPAs</li> <li>• R7,9 million in 1999/00</li> </ul>	<ul style="list-style-type: none"> <li>• Eight NPAs defined plus two with cross-cutting objectives</li> <li>• R6,9 million (13% less than 1999/00 actuals)</li> </ul>
Achieving excellence in research	<ul style="list-style-type: none"> <li>• Total value of publications sold</li> <li>• Published outputs</li> <li>• Setting performance targets for research leadership</li> </ul>	<ul style="list-style-type: none"> <li>• R0,78 million in 1999/00</li> <li>• 182/154 researcher years in 1999/00</li> <li>• New performance appraisal system to be developed</li> </ul>	<ul style="list-style-type: none"> <li>• R0,55 million (30% less, due to new sales and information dissemination by means of web distribution for increased impact)</li> <li>• 122/115 researcher years in 2000/01</li> <li>• Performance-linked remuneration structure for new senior appointments implemented</li> </ul>
Organisational transformation	<ul style="list-style-type: none"> <li>• Strategy and goal setting</li> </ul>	<ul style="list-style-type: none"> <li>• Organisational transformation plan approved by HSRC Council to be implemented in 2001/02</li> </ul>	<ul style="list-style-type: none"> <li>• New structure for research component approved by HSRC Council</li> <li>• Consultation with staff representatives regarding rightsizing and regrouping of administrative services started</li> </ul>

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## 8. Major events between the year end and the date of this report

The HSRC embarked on an organisational transformation exercise driven by the new CEO. An organisational transformation document was presented to the HSRC Council on 22 February 2001 in which the CEO sought approval for the realigned research areas suggested by researchers. He also explained the need for extensive changes to the administrative structure and for a possibly reduced staff complement to ensure the optimal positioning of the HSRC to achieve its new strategic goals.

The CEO informed the staff about the process to be followed in this regard on 23 February 2001. Detailed consultations with staff union and non-staff union representatives were held, including the preparation of several supplementary transformation documents and the announcement of procedural arrangements.

At the HSRC Council meeting on 24 May 2001 the CEO submitted the proposal on the restructuring of the organisation for consideration and approval. The implementation of the proposal took place during June and July. (See Paragraph 5.) The first six leaders of the eight NPAs were appointed between May and July, followed by the recruitment or internal promotion of the next "layer" of research management – the two to four directors or chief research specialists to lead the units or sections within each NPA. This process has greatly augmented senior research capacity, with a likely positive effect on future earnings.