
MUGOVE CHABUDA
R0019404
ABSTRACT

The purpose of this research is to assess the impact of restructuring on organizational performance in Harare City Council, mainly focusing on the Harare Water Department. The objectives of the research are: to investigate the effectiveness of restructuring carried out in HCC, to contrast service delivery before and after restructuring, to assess the impact of restructuring on employee performance, work culture and revenue collection efficiency, to assess the extent to which stakeholders are satisfied with HCC service delivery since the restructuring and finally to identify factors that are inhibiting successful restructuring in HCC.

The research was carried out in Harare City Council's Water Department. A positivist philosophy to the research was used. The methodology adopted was both quantitative and qualitative approach. Both the case study and survey strategies were used in the research so as to obtain meaningful data. The target population was 192 000 and this includes employees of HCC, Senior Managers, Middle Managers, rate payers and councilors. Stratified random sampling was used and the sample size was 200. A self-administered questionnaire was used to collect primary data. The self-administered questionnaire was made up of five likert’s scale questions and one open ended question.

The findings of the research were that restructuring in HCC has not managed to improve the performance of COH municipality’s Water Department. It must be noted
that restructuring is not carried out in a vacuum such that other factors can water down restructuring efforts especially in quasi-government organizations. These factors include political, public concerns, inadequate funding, lack of proper managerial skills and lack of ownership.

Harare City Council continues to fail to achieve its intended goals and objectives even though an autonomous department was created to improve on efficiency and effectiveness in the provision of water and waste water services. Proper water governance mechanisms should be put in place by policy makers so as to improve water supply in the city.

CHAPTER ONE: INTRODUCTION

1.0 Introduction

Water is the heart of any city. For any place to be habitable, it should have adequate potable water. The Harare Water Department was detached from the Department of Works and made an autonomous body in City of Harare Municipality so that it could focus only on the provision of potable water to Harare residents and its satellite towns. To ensure that this department achieves its mandate it should come up with innovative solutions so that it can sustain itself operationally and financially.

This study seeks to assess the impact of restructuring on organizational performance in City of Harare municipality, mainly focusing on the Harare Water Department. City of Harare municipality has experienced serious water shortages and the inadequate water that is being supplied is perceived to be of poor quality. Harare Water Department has also experienced cash flow problems for the more five years and also the water and sewer infrastructure is aged. Non-revenue water (NRW) has increased and this has been caused by illegal water connections and plenty of water bursts in the distribution pipe work. A restructuring exercise was undertaken such that an autonomous Harare Water department was created with the following functional units: Production, Distribution and Customer Services, Quality Assurance, Finance, Waste Water Management, Installation and Maintenance. The creation of an autonomous department was meant to improve efficiency and effectiveness in the Harare Water supply value
chain. Some of the restructuring strategies implemented in the council were: downsizing, de-layering and down scoping. This has prompted a study to be conducted to assess the impact of the restructuring on organizational performance (that is provision of adequate potable water to Harare residents).

The chapter provides the background, the macro environment in Zimbabwe, City of Harare municipality SWOT analysis, restructuring done in City of Harare municipality and the meaning of organizational effectiveness and performance . It will further give the purpose of the study, the objectives of the research, research questions, rationale of the study, hypothesis, justification of the study, scope of research, ethical considerations and finally the dissertation outline.

1.1 Background of the study

The study seeks to assess the impact of restructuring carried out in City of Harare municipality-specifically focusing on the Harare Water Department. The restructuring of HCC was partly to increase its efficiency and effectiveness and also to encourage private sector participation in the water sector. Harare City Council, as part of its municipal mandate and in terms of the Urban Council’s Act Chapter 29:15(183) has the responsibility to harness, treat ,pump and distribute potable water to residents and rate payers of Harare and those of the satellite towns which encompasses Chitungwiza Municipality , Norton Town Council, Ruwa and Epworth Local board. The satellite towns have been dependent on Harare City Council because they lack the capacity in terms of human, technical, infrastructural and financial resources to undertake the same responsibility.

Over the years, Harare has experienced rapid population growth . This rapid growth is responsible for straining the city’s infrastructure and service delivery capacity because the demand for services such as water, sewer and refuse collection have increased (City of Harare Strategic Plan document, 2004). The high demand for the services has outstripped supply. The high demand is due to overpopulation. Urban planners have also highlighted that most cities (Harare included) are failing to cope with rural to urban migration. Some of the City fathers claimed to be acutely aware of the problems but the
action taken has been slow. Water supply disruption which could last up to two weeks were being experienced in 2005, municipal water taps were dry most of the times. In May 2006, the Financial Gazette described the city in an editorial as a “Sunshine city-turned-sewage farm”.

The water quality problems were also a thorn in flesh. The Harare residents were shunning municipal water which they perceived to be of poor quality and resorted to borehole, well and bottled waters. Some of the residents alleged that the city was pumping semi-processed water to residents and this led to increase in diarrhea diseases such as cholera and typhoid (Herald/25/09/2006 p.2). Mrs. Mataruka of Mufakose said her family was being forced to walk for more than five kilometers to get to the nearest borehole despite paying monthly water bills. “There is no substitute for health and life”, she said “I live with a family of nine and we use more than 30 liters of drinking and cooking daily. My priority is the safety of my family and I have to endure the distance and the heat to get clean water” (ibid). Such comments meant that council had to do something so as to restore confidence of rate payer on its product. Harare water was then restructured such that the Quality Assurance section was then created and given same status as other section like the Production, Finance and Human resources sections. The Quality Assurance section is there to enforce water quality standards on the production and distribution of water to Harare residents.

Improper dumping of waste in water sources also necessitated a restructuring in City of Harare municipality. During the period 2004 to 2005, when the country experienced stiff economic hardships, the quality of service deteriorated. The Zimbabwe National Water Authority (ZINWA) together with the Environmental Management Agency (EMA) complained about the discharge of raw sewage into Harare water bodies like Lake Chivero, Lake Manyame, Marimba River and Mukuvisi River by City of Harare.

It is this discrepancy between stakeholder demands and City of Harare's deficient to satisfy them that necessitated a restructuring in council to produce an organization that is viable and service driven. A number of reforms and adjustments have been done in
City of Harare Municipality in order to improve service delivery. Some of the reforms and adjustments were in leadership, policy and regulatory.

1.1.1 Historical Development of Harare City Council’s Water Department
The arrival of the Pioneer column in the early 1890s led to the creations of fort Salisbury. This led to people setting up a settlement in the area and certain services were required to make the colony habitable. As a result, departments were established to cater for these various needs. These departments were:

- Town Clerk’s Department
  This was the head of all departments that were established and over saw the running of all the departments (Urban Council’s Act, 29:15).

- Treasury Department
  Had the responsibility of controlling and allocating financial resources of the city’s various departments.

- City Health Department
  This had the responsibility of ensuring the health well being of the city residents through various clinics.

- Housing and Community Services
  The department is responsible for providing houses and stands as well as coming up with housing plans in the city.

- Electrical Department
  The department was responsible for the production and distribution of electricity. Now days it is better known as standalone parastatals called Zimbabwe Electricity Supply Authority Holdings (ZESA).

- Department of Works
  The main responsibility of this department was maintaining of roads network, provision of water and sewerage services and other related technical aspects. The Harare Water Department came from the department of works. Harare water is now a strategic business unit of the City of Harare Municipality. Its main purpose is to provide water and waste water services to the Harare residents.
1.1.2 Core business of Harare City Council

- Provision of infrastructure like roads, water and sewerage
- Estates development
- Provision of Heath care
- Environmental management
- Provision of community and social services

1.1.3 Origin of the Harare City Council’s Water Department

The City of Harare Municipality, which is a local authority, falls under Ministry of Local Government, Public works and urban development. Institutionally it is governed by the Urban Council’s Act and democratically elected councilors are supposed to run the city’s activities. The city meets its mandate through various departments that fall under the supervision of the Minister and the Permanent Secretary to support the implementation of policies. In 2004, the Council board was replaced by government appointed commission for alleged inefficiency (www.wikipedia/04/10/12). This led to the water and sewerage service being taken over by ZINWA on 9 May 2005. Operations under ZINWA did not last for long as it failed to solve of the problems of potable water shortage and discharged of substandard effluent into water sources coupled with unrest from workers through strikes and also outbreak of water borne disease like typhoid and cholera. In 2008, the cholera outbreak killed at least 4000 people and affected 100 000 people according to aid agencies that moved to contain the situation (Daily News, 23/09/2012.p.4). Harare water was then detached from ZINWA on 31 January 2009 and was put under Harare City Council as an autonomous department.

The responsibility of Harare Water is to supply potable water and sewerage services to Harare residents. Unlike its predecessors (Department of Works and ZINWA), Harare Water Department can now only focus on its core function of supplying potable water and waste water services to Greater Harare residents. Other activities like road maintenance, water resources planning, urban planning and solid waste management have been pruned from the department so as to reduce the scope of work of Harare
Water Department. There has been no study carried out to assess the effectiveness of the restructuring done. It is therefore necessary for a research to be carried out to ascertain whether service delivery has improved since 2006 when the restructuring started.

1.1.4 Harare City Council operations and structure before restructuring
City of Harare municipality was made up of the following departments before restructuring: Department of works, City Health, City Treasurer, and the Department of Housing and Community Services. Each of the departments was headed by a director who reports to the Town Clerk.

Below is the old City of Harare structure:

![Organogram](source)

**Figure 1.1 Harare Council Organogram before restructuring in 2007**
(Source-COH Human Resources Department).

Below is the summary of the responsibilities of the functions in City of Harare old structure:

- **Department of Works**
  The Department of Works’ main responsibilities was maintaining of roads network, provision of water and sewerage services and other related technical aspects.
- **Treasury Department**
  Had the responsibility of controlling and allocating financial resources of the city various departments.
• City Health Department
This has the responsibility of ensuring the health well being of the city residents through various clinics.

• Housing and Community Services
The department is responsible for providing houses and stands as well as coming up with housing plans in the city.

Restructuring was done on the Department of works when it was split into four departments and each department has a director who reports to the Town Clerk. The departments that were borne out of the Department of works were: Department of Urban Planning Services (DUPS), Department of Engineering Services, Department of Waste Management and Harare Water (though Harare Water had already been handed over to ZINWA in 2006 by directive from parliament).

1.1.5 Restructuring carried out
City of Harare Municipality carried out restructuring in human resources, finance and its strategy. The City of Harare administration was also radically overhauled to produce a much tighter and more focused and specialized headquarters core in line with developed cities worldwide. The Department of Works was split in 2007 into the following departments and these were: Department of Urban Planning Services (DUPS), Department of Engineering Services, Department of Waste Management and Harare Water (though water supply function had already been handed over to ZINWA in 2006 by directive from parliament). Each department is headed by a director who reports to the City Manager (Town Clerk) on five-year performance based contracts.
Below is the new Harare City Council Structure:

**Figure 1.2 New Harare Council Organ gram**
(Source- COH Human Resources Department)

Since the restructuring was done to improve service delivery, therefore a study is going to be carried out assess if the restructuring has yielded positive results. The study is
going to concentrate on the effectiveness of the restructuring in Harare Water and the results are going to be extrapolated to the other departments in City of Harare.

**Human Resources**

In 2010, the government gave a directive that require local authorities to allocate a maximum of 30% of their revenue to salaries and employee benefits and the remainder to be ploughed back for service delivery (wordpress.com.4/4/2010). The council also laid-off employees so as to reduce the wage bill. The council also adopted result based management form of performance measurement.

**Finance**

City of Harare municipality also undertook debt restructuring. Debt restructuring is a process that allows private or public companies facing cash flow problems and financial distress to reduce and renegotiate its delinquent debts in order to restore or improve liquidity. Debt restructuring involve reduction of debt and extension of payments terms.

**Strategy**

The council also undertook smart-sizing and de-layering. Smart-sizing is the process of reducing the size of a company by laying off employees on the basis of incompetence and inefficiency. De-layering is the removal of layers of senior and middle management and this makes the organization structure flat. Harare water turned from being a production oriented to a market oriented department (Harare Water, 2009 Strategic plan document).
Structure
The Harare Water functions were reorganized as below:
Therefore, this study seeks to investigate the impact of restructuring which started in 2005 in Harare City Council’s Water Department. The study is going to focus on the Harare water Department. Due to time constraints, a study is going to be done on these Harare Water departments and results are going to be extrapolated to the whole council to ascertain whether service delivery has improved or things have actually worsened due the restructuring that was carried out.

### 1.1.6 Core Business of Harare City Council’s Water Department

Provision of potable water and sewerage services to Greater Harare residents.
The water distribution network is now aged resulting high rate of leakages. Many valves and pressure reducing valves are no longer working. Further to this, approximately 90% of the water meters in the network are no longer working as they have outlived their economic life. The non revenue water is currently at 57% of treated water produced.

Figure 1.5: Wastewater Infrastructure

Source: Harare Water Management report, November 2011

1.1.6.1 Vision and Mission Statements of Harare Water Department
Vision
To be a world class provider of sustainable potable water and wastewater services by the year 2020.

Mission
To provide all customers with affordable quality water and wastewater services all the time.

Values
To achieve the Vision and Mission the Department of Harare Water has the following values:

- Integrity
- Innovation
- Commitment
- Teamwork
- Honesty
- Customer satisfaction

(Harare Water Strategic Plan, 2010)

1.1.7 Organizational Performance and Effectiveness
Richard et al (2009) defines organizational performance as the actual output or results of an organization measured against its intended goals and objectives. Organizational effectiveness is the extent to which an organization achieves its goals and objectives (Richard et al, 2009). Directly measuring organizational effectiveness is very difficult but an organization can select proxy measures to represent effectiveness. Proxy measures may include parameters such as number of people served, number of people satisfied or dissatisfied with the product of service, types of population segments served and financial ratios. In the case of the Harare Water department the effectiveness of
Restructuring is going to be assessed based on the following: number of residents who have running municipal water from their taps, improved water quality, non-revenue water (NRW) reduction, compliance to the 30/70 rule of remuneration, water pollution reduction, administration Services, water provision, revenue generation capacity, fire hose sealing, de-bulking of water supply to flats, revenue collection and arrears reduction, illegal water connection, leakages and bursts reduction.

The water supply service levels in the Harare City Council stand as follows:

- Only 40% of Harare residents have access to safe drinking water every day.
- 30% have access to safe water for between three and five days per week.
- 20% have access to potable water for between one and two days per week.
- 10% rely on boreholes and unprotected wells.
- 40% of the population lacks adequate sanitation.

![HCC Water supply level](image)

Figure 1.6: HCC Water supply level
Figure 1.7: HCC Sanitation level

Source: HCC Management report, November 2012

The table below indicates the Harare Water level of performance from the 2008 up to 2012: The other data for performance is not available from the company’s management reports.

Table 1.0: Harare Water’s 2008-2012 Performance

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Production Capacity per day (megalitres)</td>
<td>704</td>
<td>704</td>
<td>704</td>
<td>704</td>
<td>704</td>
</tr>
<tr>
<td>Actual Production per day (megalitres)</td>
<td>400</td>
<td>500</td>
<td>614</td>
<td>620</td>
<td>620</td>
</tr>
<tr>
<td>Water Demand in City of Harare per day (megalitres)</td>
<td>1000</td>
<td>1100</td>
<td>1200</td>
<td>1200</td>
<td>1200</td>
</tr>
<tr>
<td>Residents illegally</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70 000</td>
</tr>
<tr>
<td>connected to water supply system</td>
<td>65</td>
<td>65</td>
<td>63</td>
<td>58</td>
<td>57</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>%Non-revenue water</td>
<td>270568.68 trillion ZIM$</td>
<td>73 million</td>
<td>101 million</td>
<td>102 million</td>
<td>108 million</td>
</tr>
<tr>
<td>Expected revenue (US$)</td>
<td>370568.68 trillion ZIM$</td>
<td>42 million</td>
<td>54 million</td>
<td>57 million</td>
<td>65 million</td>
</tr>
<tr>
<td>Actual revenue collected (US$)</td>
<td>45%</td>
<td>50%</td>
<td>55%</td>
<td>59%</td>
<td>60%</td>
</tr>
<tr>
<td>Revenue collection efficiency</td>
<td>6.4 million</td>
<td>6.5 million</td>
<td>7.9 million</td>
<td>8.5 million</td>
<td></td>
</tr>
<tr>
<td>Average water sales per month (US$)</td>
<td>-</td>
<td>100826</td>
<td>117635</td>
<td>189 061</td>
<td>191071</td>
</tr>
<tr>
<td>Residents connected to water system</td>
<td>6 800</td>
<td>7200</td>
<td>8 520</td>
<td>8 715</td>
<td>8 800</td>
</tr>
<tr>
<td>Number of Commercial and Industrial customers</td>
<td>3800</td>
<td>3400</td>
<td>-</td>
<td>2400</td>
<td>2 250</td>
</tr>
</tbody>
</table>


1.2 Environmental Analysis

1.2.1 External Environmental – PESTLE-Analysis
The macro environment (PESTLE) consists of the rather broader set of forces that have a bearing upon the company. Ehler and Lazenby (2007) notes that PESTLE is an acronym to describe a framework for the analysis of macro environmental factors. These include economic, demographic, technological, political, legal, social and cultural factors. Together, these elements of marketing, which in many ways act as a series of constraints on the parameters within which the marketing planner is required to operate (Wilson & Gilligan, 2007:129).

Below is the macro-environmental analysis of City of Harare Municipality:

**Political/legal**

From the year 2000, the political climate in Zimbabwe has been perceived as uncertain and unstable (UNDP, 2008). This political perception has affected all Zimbabwean companies including City of Harare. Capital projects financiers (World Bank, African Development Bank and European Development Bank) stopped funding Council thereby inhibiting efforts aimed at refurbishment and expansion of infrastructure. The local authority governance falls under the auspices of the Ministry of Local government, Public Works. Harare City as the capital city of Zimbabwe is under higher political scrutiny than any other city in Zimbabwe. This means that any development whether positive or negative in the city is likely to create political tension and polarization. It therefore means that any change has to be managed carefully since this has a potential to frustrate and derail service delivery.

**Economic factors**

Harare ‘s infrastructure in the face of rapid growth and expansion after independence remained largely stagnant, giving rise in the 1990s to problems of frequent water cuts, water pipe bursts, sewerage pipe leaks and a deteriorating road network. In recent years inflation, escalating costs and rising levels of unemployment resulted in revenue from rates and levies not matching the rising costs of service delivery. Due to adverse macroeconomic factors the capital projects financiers (World Bank, African Development Bank and European Development Bank) stopped funding Council thereby inhibiting efforts aimed at refurbishment and expansion of infrastructure.
Lately, Zimbabwe has experienced one of the worst economic crisis in its history, a tale of foreign currency shortages, 70% unemployment caused by disinvestment from Zimbabwe, skills flight, 400% inflation, over 90% interest rates (as at September 2003) and crippling fuel and energy shortages. In 2008, the economic crisis brought the economy almost to a standstill. The population growth rate for Harare is 5.8% compared to that of National growth rate of 3%. All the above impact negatively on Council’s revenue base.

**Social factors**
Brain drain and HIV/AIDS seriously affected the business environment in Zimbabwe. City of Harare Municipality, like any other organization was not spare from the skills flight that hit Zimbabwe for more than fifteen years. Most of the experienced engineers, technicians, doctors, nurses and scientist left the country due to the economic doldrums that hit the country since the year 2000. This seriously affected the city’s quality of services since it had to compromise the recruitment policy so that it would keep all those critical posts manned. On the other hand, the HIV/AIDS pandemic worsened the skills crisis because some of the workforce was affected by this pandemic and became too ill to work and most of them died because they could not afford the standard of living demanded by their immuno-compromised condition. The population growth rate for Harare is 5.8% compared to that of National growth rate of 3% which causing a burden on the city’s infrastructure.

**Technological factors**
Technology is a critical element for companies to compete, prosper and deliver their mandates. Generally, Zimbabwe has a low rate of technological advancement. Zimbabwe’s technological readiness is ranked at number 135 out of 139 countries that participated in the Global Competitive Survey (Global Competitive Report, 2010). This means that Zimbabwe is slow at embracing new technology in order to improve operational efficiency in its companies and City of Harare Municipality is not spared.

**1.2.2 SWOT ANALYSIS**
In designing a restructuring strategy, a company has to identify the causes of distress. This is done using the SWOT analysis. SWOT analysis is one tool that is used for planning which guides organizations in a very competitive market (Bearden, Ingram, LaForge, 1998:72). The strengths, weaknesses, opportunities and threats presented by the operating environment need to be thoroughly assessed and used for strategy formulation.

Below is the SWOT analysis of City of Harare Municipality:

**Strength**

Monopoly-The City council is the sole and official water supplier of potable water and waste water services to Harare residents. It means that to Harare Water, there is no competition in the water treatment business hence it can exploit the existing customers and this provide a strong revenue base.

Strong revenue base- this comes from residential, commercial and industrial development.

Human Resources-There is low staff turnover in council hence it remains with experienced and qualified personnel. This means that the department has got a strong skills base of competent and skilled personnel such as Engineers, technicians and scientists.

Available water and sewerage infrastructure- the City Council has got an existing infrastructure. More so, the council is the custodian of by- laws, therefore it can use them to generate revenue for the city. The council also is the custodian of the land on which to implement projects that bring in revenue.

Strong links with other cities like Munich in Germany and donors such as UNICEF and Red Cross (ICRC).Since the council is a quasi-government, it can enter into international agreements with government support. It is also the first of call for donors.
Weaknesses

Too much stakeholder interference especially the political stakeholder. Political interference is a big issue in council operations because by its nature council is political. There is always a tag of war between councilors and the top management. This often arises from different political orientations of the councilors who sometimes blame top management who may be or alleged to be loyal to certain political parties in the country. Councilors may also make decisions with political inclinations and these decisions may be contrary or hinder the objectives of the organization.

Technology - the council is lagging behind in terms of technology. Other water treatment authorities like the Umngeni Waters in South Africa have advanced themselves such that they are using the pre-paid metering system. Harare water also managed to have a website in 2010 which actually is a pure indication that council is lagging behind in terms of modern technology. There is also prevalence of old technology in the system like type writers.

Cash flow problems - This has affected projects and programmes of the department. The department has failed to upgrade its water and sewerage infrastructure such that it depends on the donors such as UNICEF and RedCross (ICRC).

Work Culture - A laissez-fare approach to work is prevalent characterized by lack of commitment, application and purpose. The budget is rarely observed.

Lack of political will/lobbing - there is lack of political commitment to uphold and enforce by-laws and regulations.

Interface with stakeholders - the council has largely remained a closed inward looking bureaucracy which has not sought harness the resources and energies of stakeholders.

Role conflict - The Urban Council’s Act (Chapter 29:15) introduced the position of the Executive Mayor and restructured the position of the Town Clerk. There is need to streamline communication and organizational space to avoid regressive developments.
No Research and Development Unit- The city delayed completion of its turnaround programme which started in 2003 and no research and investigation has been done to assess the impact of the turnaround efforts. It has become clear that the city’s management has no clear strategic direction.

**Opportunities**

Expansion of the city which increase the market for the water and sewerage services-
The Department of Housing in its 2009 Annual Report pointed out that the department allocated 28 554 stands in that year. The Department of Harare Water also highlighted it recorded 18 333 new meter connection in its 2010 Annual Report. Furthermore, the Harare population in 1980 stood at approximately one million but now it’s approximately at four million (ZIMDAT, 2009). It therefore means that Harare Water can take advantage of the increase in population to increase its revenue flows.

Commercialization- In line with the government policy, Council has to examine those activities be they direct services or business activities which can be better carried out through the medium of private sector organization either as standalone entities or in the form of Private-Public Partnerships (PPP).

Technological Considerations- Harare water can take advantage of the technological advancement in other advanced nations so as to improve its water production processes. It therefore means that it does not need to reinvent the will but has to take advantage of technology transfer arrangements.

**Threats**

Proliferation of illegal water connection, leakages, bursts which has increased non-revenue water reduction (NRW). This leads to about 57% of treated water.

Pollution- As the city expands, the question of pollution becomes a real threat. The sewage treatment works are overloaded such that the treatment of sewage is failing to comply with the regulatory standards of the Environmental Management Agency (EMA)
discharge standards. Harare Water is losing money by paying heavy fines to EMA because it’s polluting water bodies in Harare. On the other hand, the pollution of water bodies has increased water treatment costs. In the early 1990s, the council used three water treatment chemicals these would cost approximately US$500 000-00 per month but due to increase in pollution the council now use seven water treatment chemicals and the dosages required during the treatment have double so as to produce potable water and the cost of treatment chemicals now stands at US$3 000 000 -00 per month (Harare Water Department Management Report, 2011).

Resistance to pay water and sewer bills-Rate payers has generally shown a tendency to resist or ignore the payment of bills. At the present moment Harare Water has no effective debt collection system and this poses a threat of cash flow problems.

HIV/AIDS-The Harare Water Skills base is being affected by the HIV/AIDS pandemic. Most of the technocrats are succumbing to HIV/AIDS and other related diseases.

Government Intervention-Local Authorities are quasi-government and therefore the government has an interest in the operations of City of Harare Municipality and this means that adverse government policies can be introduced causing impediment on the implementation of certain strategies by the City’s management. The minister of Local Government approves the undertaking and implementation of projects in council in terms of the Urban Council’s Act(Chapter 29:15) and at times the Minister of Finance is also consulted, leaving the council prone to multi-dimensional interpretation of decisions and possible politicization of issues and projects. This is a threat compounded by possibility of populist ideologies on policy decisions by councilors who might act partisan to their political backgrounds with an ambition to impress their electorate at the expense of HCC goals and objectives.

1.3 Statement of the Problem
The overall research problem to be addresses in this study is that despite the restructuring carried out in the Harare City Council, the water supply problems seem to
have remained. In 2008, the cholera outbreak killed at least 4000 people and affected 100,000 people according to humanitarian aid agencies that moved to contain the situation (Daily News, 23/09/2012 p.4). The issues of water quality and the availability of potable water have not been resolved, yet the restructuring was done to improve water supply to Greater Harare residents. International stakeholders like UNICEF, Red Cross (ICRC), WHO and African Development Bank (ADB) have come in to give assistance in the form of loans and free will donations but water production has remained low and quality of water has remained inferior. The low level of water supply has affected sanitation, industry and commerce negatively and has made investment in Harare unattractive. Nevertheless, the impact of water supply on the economy and the society has hardly been analyzed. If the issue of water supply is not treated with the seriousness it deserves efforts to resuscitate sanitation, industry and commerce in Harare will become foreclosed. This will in the long run make it difficult for Zimbabwe to resuscitate the water sanitation, industry and commerce since Harare is the economic hub of the country.

1.4 Research Objectives
The objectives of the research are:-

- To investigate the impact of restructuring water production, water quality, non-revenue water, water availability and revenue collection.

- To contrast service delivery levels of Harare City Council’s Water Department before and after restructuring.

- To assess the effect of restructuring on employee performance, work culture and revenue collection efficiency.

- To assess the extent to which stakeholders are satisfied with Harare municipality service delivery since the restructuring process.

- To identify factors that inhibit the successful restructuring conducted at the COH municipality.

1.5 Research Questions
What is the impact of restructuring on water production, water quality, non-revenue water, water availability and revenue collection Harare City Council’s Water Department?

Are there any changes in the key dimensions of service delivery before and after the restructuring process?

What is the effect of restructuring on employee performance, work culture, revenue collection efficiency?

Are the stakeholders satisfied with the Harare Water Department’s service delivery level?

What factors inhibit successful restructuring in COH municipality?

1.6 Research Proposition
The researcher makes the proposition that the effective implementation of the restructuring strategies adopted by HCC management has resulted in improved service delivery to Harare residents.

1.7 Justification of the Research
The department of Harare Water is the official supplier of potable water to Greater Harare residents and failure to fulfill its mandate adversely affects the stakeholders ranging from domestic water consumers to industrialists. It is therefore compelling to carry out a study on the impact of restructuring strategies because the status of quality of service of City of Harare Municipality has an influence on the performance of industries and the health of the residents in the city. Furthermore, the research helps to build a new body of knowledge that enlighten COH management on the most effective restructuring strategies that can bring in improved performance at the municipality of Harare’s Water department.
The cholera outbreak and the persistent supply of water of inferior quality means that the city fathers have to take immediate action to foresee the impending disaster that is likely to result from the supply of poor water quality to Harare residents. Beside academic requirement, there is the career value where the researcher has to improve intrusive knowledge of the challenges affecting COH municipality and this would improve performance and growth in the researcher’s career prospects.

It should also be noted that since the restructuring of Harare City Council’s Water Department, no proper research has been done to ascertain service delivery levels hence the need to carry out the research. It is therefore necessary that a study has to be done so as to assess on the effectiveness of restructuring or else the restructuring is a wild goose chase.

### 1.8 Scope of Research

The study will be confined to Harare City Council’s Water department although conclusion and recommendations can still be applied to other Harare City Council departments. The research is going to assess the performance of COH municipality in water supply from 2006 to 2012. The research is going to be done in six months. In the study, service delivery will be confined to the following services which are key to Stakeholder: Administration Services, water provision, water quality, water production revenue generation capacity, de-bulking of water supply to flats, revenue collection and arrears reduction, illegal water connection, leakages, bursts and non-revenue water reduction (NRW).

### 1.9 Limitations of the Research

Limitations were experienced during the research due to work commitments. The time constraint cannot go unmentioned. The resources are limited especially access to money and information (from library, journals). Some of the respondents like councilors
were skeptical in completion of questionnaires because of political affiliations and they believe that strategists only want to get money from the organization and nothing else.

1.10 Structure of the Study

Chapter One: Introduction
Chapter 1 will cover an introduction to the research comprising the background to the study, problem statement, objectives of the study, justification of the study, assumptions of the study and the dissertation outline.

Chapter Two: Literature review
Chapter 2 will comprise of literature review. Relevant literature will focus on restructuring strategies implemented in local authorities in developing countries in Latin America, Asia and Africa. Strategies being implemented in local authorities in developed countries will be studied also to draw important lessons on why their service delivery is far better in terms of quality as compared to their colleagues in third world nations.

Chapter Three: Research Methodology
The chapter covers the methodology of the study. It gives an overview of data collection methods and the justification of the methods used, data processing and how the data will be analyzed and presented.

Chapter Four: Research Findings and Analysis
In this chapter research findings will be presented and research results will be discussed. It also forms the basis of the conclusions and recommendations.

Chapter Five: Conclusion and Recommendations
The chapter will present the conclusions, recommendations and areas of further study.

Chapter Six: Research References

1.11 Chapter Summary
This chapter is the introduction of the research and it starts by looking at the background of the Harare City Council’s Water Department. The City of Harare was born in 1980 after independence, inheriting its name from City of Salisbury. The City of Harare consists of ten departments, each headed by a director who reports to the Town Clerk. The study is going to concentrate on the department of Harare Water whose main purpose is the provision of potable water and waste water services to Greater Harare residents. The Harare Water Department evolved from the Department of Works. Prior to the formation of Harare Water Department, the water and sewerage function was headed by a Chief Engineer who reported to the Director of Works. The Harare Water Department employs approximately 2250 people and it is responsible for provision of potable water and waste water services to approximately four million people. The councilors who are the policy makers are elected through the ballot. The councilors are the once who are responsible for running the affairs of the city.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter critically reviews literature which has been carefully selected in order to assist the researcher with a deeper understanding of the problem elements highlighted in chapter one with an intention to finding solutions. According to Haywood and Wragg (1982), the aim of literature review is to show that the writer has critically studied existing work in the research area. The review of literature is a vital assessment of the existing research in relation to the study being carried out. The review is developed in order to appreciate the works of other authors who contributed to the field of research topic in question and to lay groundwork for the study being carried out (Saunders, Lewis, Thornhill, 2000). The Chapter commences with a general overview of restructuring which seeks to define concepts in this topic and proceeds to deal with local authorities approach to urban water supply, symptoms that an organization requires restructuring, restructuring strategies, challenges faced by local authorities in potable
water provision and the link between restructuring and organizational performance and effectiveness. The chapter ends with a summary and conclusion.

According to Cooper (1998), review of literature is a body of text that aims to review critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Hart argues that the review of literature is a survey and discussion of the literature in a given area of study. It is a concise overview of what has been studied, argued and established about a topic. A review of literature is also written to highlight specific arguments and ideas in a field of study. In reviewing literature, emphasis is placed on the theories, models and concepts as they apply to the subject of study.

2.1 Definition of Terms

**Council**: A group of people mandated to run the affairs of the municipal by the people who live in that municipal who vote them into office (UCA 1985).

**Councillor**: An elected representative of the residents, elected according to UCA.

**Top Management**: Executive Mayor, Town Clerk, Directors, Deputy Directors and Senior managers.

**Executive Mayor**: A political figurehead, elected and mandated to oversee and direct through the Town Clerk the work of council through the UCA.

**Town Clerk**: The Head of the Metropolitan area appointed according to the UCA.

**Director**: Head of Department.

**Employers**: Councilors and central government.

**Service Delivery**: Essential, primary, key services for example water provision.

**Non-Revenue Water**: is the difference of the amount of water put into the distribution system and the amount of water billed to customers.

**Urban Councils Act**: The substantive law (Act of Parliament) that governs operations of local authorities.

**Annual Report**: Departmental Reports outlining the operations of each department, its achievements, challenges and plans for the following year.
2.2 What is restructuring?

Restructuring is a fundamental strategy that is adopted in order for a firm to withstand Porter’s five competitive forces. It is a strategy that is implemented so that a business stays on track. According to Crum and Goldberg (1998) restructuring of a company involves steps and actions that are taken in order to increase the performance of an organization. Gibbs (2007) notes that restructuring encompasses changes in the operational, investment, financing and governance structures of an organization in order to improve an organization’s value. Sterman (2002) concurs when he points out that restructuring involves activities such as divestiture of under-performing business, spin-offs, acquisitions, stock repurchases and debt swaps. Furthermore, restructuring involves structural changes introduced in day-to-day management of the business. It is perceived that restructuring is concerned with changing structures in pursuit of short and long term gains. Hitt, Ireland and Hoskisson (2001) concur by defining restructuring as a strategy through which a firm changes its set of business or financial structure. The authors’ further highlight that firms can adopt three types of restructuring strategies and these are: downsizing, downscoping and leveraged buyouts. Lumpkin (2003) points out that restructuring is a means by which the corporate office can add substantial value to a business. The author noted that the parent intervenes either by selling off parts of the business, changing the management, reducing the payroll and unnecessary sources of expenses, changing strategies, and infusing the company with new technologies, processes, and reward systems. Dess and Lumpkin (2003) highlights that, “when the restructuring is complete, the firm can either “sell high” and capture the added value or keep the business in the corporate family and enjoy the financial and competitive benefits of the enhanced performance” p.203.

According to Di Primio (1999), restructuring is the corporate management term for the act of reorganizing the legal, ownership, operational or other structures of a company for the purpose of making it more profitable or better organized to meet its present needs. Restructuring happens when the reporting hierarchy of the company changes. After restructuring certain groups will report to different departments, and new departments may be created or disappear altogether (www.jrosspub.com/14/11/12). If
the organizational chart has changed shape then restructuring has occurred. There is need for people to be hired or fired for a restructuring to happen, though organization restructuring is often a result of a large scale lay-off. (www.jrosspub.com/14/11/12) also highlights that if a business organization makes changes in personnel and departments and how workers and departments report to one another to meet market conditions then restructuring has occurred.

O’Connor (2002b) notes that restructuring refers to changes in “soft” management systems, or to the organizational and institutional dimensions of management systems. Restructuring results in changes in who does what in an organization. The author further acknowledges that restructuring usually involves changes in both the organizational and operational aspects of utilities, including:

- ownership
- organizational structure for example integration or separation of Water and wastewater services
- operational management procedures
- scale of operation for example decentralization or regionalization/Consolidation
- allocation of decision-making responsibility
- involvement of stakeholders for example community involvement in decision making
- regulation
- accountability and oversight mechanisms

The restructuring options that can be adopted in municipal water systems are in Table 2.1 below:

**Table 2.1: Restructuring options for municipal water supply systems.**

<table>
<thead>
<tr>
<th>Type of operating agency</th>
<th>Restructuring options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal operating agency</td>
<td>• Municipal department</td>
</tr>
<tr>
<td></td>
<td>• Public utilities commission</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Regional water provider | • Regional governments  
                         | • Intermunicipal agreements                                    |
| External operating agency | • Another municipal government  
                          | • External operating agency(public or private)                  |

Source: O’Connor (2002b)

It must be appreciated that business cannot continue to function in the same way forever (Anonymous, 1999). With changing times and changing business conditions, restructuring is one of the options for a business to stay on track. Restructuring involves making changes to the organizational setup. These changes have an impact on the flow of authority, responsibility and information across the organization. The reasons for restructuring vary from diversification and growth to minimizing losses and cutting down costs. Restructuring may be done because of external factors like merging up with some other company, or because of internal factors such as high employee costs.

Restructuring is also a form of turnaround management. Di Primio (1988) defines turnaround management as a process that involves establishing accountability, conducting diagnostic analysis, setting up information system, preparing action plans, taking action, and evaluating results. According to Heany (1985) the need for turnarounds is, in part attributable to factors such as increased competition, overinvestment in technology, more knowledgeable shareholders, and a willingness to gamble on the part of managers. Turnaround strategies tackle those areas which need to be improved if recovery is to be sustained.

Turnaround strategies are about making the company’s marketing effort more effective and improving the company’s position in its competitive arena. Turnaround strategy is a business process re-engineering that focuses on people, process and technology. Hammer and Champy (1994) define business process re-engineering as “The
fundamental rethinking and radical redesign of business processes p. 3. It is imperative that the change is well managed and gives rise to the best way forward to stabilizing and growing the business. According to Singh (2004) turnaround strategies can be adopted when a business that is worth saving is in crisis. Bibeault (1982) suggests that a turnaround strategy is a collection of management interventions designed to take an ailing company, or underperforming or distressed company and turn its fortunes around or to return to normal in terms of acceptable level of profitability, solvency, liquidity and cash flow.

2.2.1 Causes of Corporate distress
There failure of many corporate is attributable to a combination of many factors. Contrary to conventional wisdom, a majority of businesses have failed because of internal factors emanate from managerial action and discipline. In fact, literature indicates that few business failures can be attributed to competition and other outside(external) forces(such as national, regional, industrial or economic downturn). Corporate distress can also emanate from failure to focus on core business and poor day-to- day financial control of large projects such as acquisitions and capital investments and this means that resources are wasted. Working together, Turning the tide in Local Government (November 2009, p.17) points out that the root cause of municipal failure has been due to:

a) "Inappropriate national and provincial government policies, practices and onerous requirements,
b) Socio-economic conditions prevailing in many municipalities that are not being adequately addressed through macro, micro-economic and industrial policies and plans of the state,
c) Political parties that are undermining the integrity and functioning of municipal councils through intra and inter-party conflicts and inappropriate interferences in councils and administration,
d) A breakdown of values at a societal level that is breeding unethical behavior, corruption, culture of non-payment and lack of accountability
e) Communities that is engaging in destructive forms of protest including withholding of payment for local taxes and services,

f) Those municipalities that are not geared for delivering basic services and are not responsive and accountable enough to residents, including to failure to involve communities in their own development.

g) Absence of communication resources (people, technology, equipment processes) and no accountability for how and when municipalities communicate to communities”.

2.2.2 What are the benefits of restructuring?

Public sector benefits differ from private sector organizations in that their main objective is not the creation of shareholder value, but rather the delivery of outcomes to stakeholders. Public sector benefits are built largely on intangibles. These include the skills, competencies, procedures and information systems controlled by the entity. These generate intangibles of a collective nature such as public welfare, quality of life, protection of the environment and reputation of a territory. Moore (1995) concurs by highlighting that the goals of public sector organizations differ from those in private sector because the former are driven by the goal of creating public value while the latter should aim at creating private value. Moore (1995) defines public value as the equivalent of shareholder value, or private value in public management.

Municipalities have different reasons for restructuring, but three main goals for implementing this strategy are: improving performance; sourcing finance and meeting new legislative requirements.

a. Restructuring to improve performance

Bakker (2003) points out that many municipal governments have reached the conclusion that significant changes to utility governance and structure are necessary to ensure the quality of service desired by users. Changes in incentive structures, management norms, and the relationship between the utility and the government are thought to be required. Accordingly, reforms in governance structures have been undertaken, usually in conjunction with a more wide-ranging restructuring of water and wastewater services. Good governance is important for the effective performance of
organizations, underpinning important functions such as: enforcing rules and adapting rules as required; mediating conflict, building trust and legitimacy; and ensuring accountability. This, in turn, reduces risk. Improving governance can lead to more efficient and cost-effective service provision, service levels more attuned to users’ preferences, and increased responsiveness to changing conditions and public needs. When restructuring, particularly when creating standalone agencies and involving private companies, municipal governments must balance different aspects of good governance. For example, increasing managerial autonomy raises the question of how to maintain high levels of accountability and transparency?

b. Restructuring to source financing

O’Brien et al (2002) acknowledges that water and sewerage systems are capital-intensive. In some cases, systems have a significant need for maintenance and upgrading following years of deferred investment. Investment may also be required for major water resource developments or water treatment facilities. In cases where governments are unwilling or unable to borrow to meet investment needs, restructuring may provide a way to source financing (Joe, O’Brien et al, 2002). Often, when finance is the key restructuring goal, private finance is a possible option, and municipal governments consider creating stand-alone utility or delegating water supply to an independent operator who provides project financing. From the perspective of governments, this strategy sometimes has the advantage of reducing apparent pressures on government budgets. In the review of water supply governance in Ontario for the Walkerton Inquiry it was found that “in general, the financial capability of a municipal government and its ability to incur debt at favorable rates means that the cost of capital often tips in favor of public-sector-based financing for water and sewerage projects” (Joe, O’Brien et al, 2002). The best option for any municipality will vary from one case to the next, and factors such as the cost of capital, impact on customers’ bills, efficiency and cost-effectiveness need to be carefully evaluated.

c. Restructuring to meet new legislative requirements

New legislative requirements may enable or even require restructuring of utility services. In many instances, legislation creates new options for restructuring; in some cases,
Restructuring is required by legislation. In many jurisdictions, legislation has been introduced recently that imposes new operational management requirements. This has been the case in some Canadian provinces, and also internationally, over the past decade. In Ontario, for example, the new Sustainable Water and Sewerage Systems Act (2002) will require water supply operators to assess the full cost of providing services, and to implement full cost recovery plans. Internationally, the European Union's Water Framework Directive (European Commission 2000), requires member states to implement a wide-ranging set of reforms to achieve sustainable water management, including the creation of watershed management plans and full-cost pricing. In some instances, other restructuring processes (such as municipal amalgamation) may impose new legislative frameworks that drive utility restructuring.

Restructuring is often looked as a necessary evil (Bloomberg.com.14/08/12) which helps an organization to remain relevant in the business world. It is a great way for a company to refocus efforts on its original mission or make the necessary changes in the corporate ideals (ibid). Economic recessions are times where restructuring often take place, mostly for financial reasons. If companies take the time to look holistically at their business efforts and debts, they can use restructuring process to turn their business around. Minister of State Enterprises and Parastatals, Gorden Moyo has also emphasized the importance of restructuring in parastatals and state owned enterprises. He highlighted that restructuring helps to attract new investment, particularly foreign investment, new technology and management skills that can help transform the fortunes of many state owned enterprises. (Zimbabwean Independent, 2012).

However, Cooper, Dunkelberg & Woo (1999) point out that the failure rate of restructuring efforts in many companies is very high, although the exact rate is not known. Some researchers suggest that 67 percent of new businesses fail within four years.

According to Benouhi and Satouri (2011), the best approach to water supply in urban and rural areas is through utilities. Utilities can be either companies operating under
commercial principles, subject to the Local Public Enterprise Law, or departments of local government subject to the government accounting system. In Japan most water utilities are commercially operated companies (ibid). The supply of water through utilities have proven to be more efficient.

**2.2.2.1 Organizational Performance and effectiveness**

Richard et al (2009) defines organizational performance as the actual output or results of an organization measured against the intended goals and objectives. Organizational performance consists of three specific areas of firm outcomes and these are: financial performance (profits, return on investments), product market performance (market share, sales) and shareholder return (economic value added).

According to Etzioni and Amitia (1964) organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Instead of measuring organizational effectiveness directly, the organization selects proxy measures to represent effectiveness. Proxy measures may include such things as number of people served, types of population segments served, and the demand within those segments for the services the organization supplies (Richard, et al, 2009).

Richard et al (2009) acknowledges that the idea of organizational effectiveness is important for organizations, private organization and public entities like municipalities. In not-for-profit organizations, most people who donate money to not-for-profit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals. In the private sector, the stakeholder are interested to know whether the organization is increasing shareholder value or not while in the public sector the stakeholder is much concerned about the public value.

Herman, Robert, & Renz, David (2008) points out those scholars of not-for-profit organizational effectiveness acknowledge that the concept has multiple dimensions and multiple definitions. For example, while most not-for-profit leaders define organizational effectiveness as 'outcome accountability,' or the extent to which an organization
achieves specified levels of progress toward its own goals, a minority of not-for-profit leaders define effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs( Mitchell and George , 2012).

According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

An organization's effectiveness is also dependent on its communicative, competence and ethics. The relationship between these three is simultaneous. Ethics is a foundation found within organizational effectiveness. An organization must exemplify respect, honesty, integrity and equity to allow communicative competence with the participating members.

However, some not-for-profit watchdog agencies regard overhead spending not as indirect program spending but as an indication of organizational ineffectiveness or inefficiency since funds are not being spent directly on programs. Cost ratios such as overhead are much simpler to measure than actual programmatic results and can be easily calculated from publicly available information disclosed on not-for-profit organizations' IRS Forms 990. Several not-for-profit watchdog agencies provide ratings of not-for-profit organizations using these data. Mark (2004) acknowledges that not-for-profit with low overhead may have ineffective programs that have no impact, while a not-for-profit with relatively higher overhead may be significantly more effective in terms of achieving meaningful results. Mitchell, George (2012) highlights that some studies suggest that low overhead may actually reduce organizational effectiveness. Wing, Kennard, & Hager, Mark (2004) also noted that an organization with higher overhead is more efficient than one with lower overhead if the organization with higher overhead achieves the same results at a lower total cost.
Jones et al (2000:320) states that “top managers are most concerned with overall organizational performance and use various financial measures to evaluate performance. The three main mechanisms that are used to assess performance are financial measures, organizational goals and operating budgets.

Table 2.2 Three organizational control systems

<table>
<thead>
<tr>
<th>Type of Control</th>
<th>Measures of Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Financial Measures of performance</td>
</tr>
<tr>
<td></td>
<td>Organizational goals</td>
</tr>
<tr>
<td></td>
<td>Operating budgets</td>
</tr>
<tr>
<td>Behavior</td>
<td>Direct supervision, management by objectives, rules and procedures</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>Values, norms</td>
</tr>
</tbody>
</table>

Source: Jones et al (2000)

The most common financial measures are profit ratios, liquid ratios, leverage ratios and activity ratios”. The objectivity of financial measures of performance is to assess the efficiency and effectiveness of the organization. When an organization fails to meet the performance standard such as ROI, revenue then know that they need to take corrective action. Financial results however provide managers about the results of decisions they already made.

Profit ratios—these measure how efficiently management is using the organization’s resources to make profits. The most commonly used financial measurement is: Return on Investment (ROI) which is an organization’s net income before taxation divided by total assets. This allows managers to compare performance with that of other firms and to assess its competitive advantage.

Gross Profit Margin measures the difference between the amount of revenue generated by the product and the resources used to produce the product. This enables managers to assess how efficiently the organization is utilizing its resources and how attractive customers find this product.

Liquidity ratios—theses measure how well managers have utilized organizational resources to enable them to meet short term obligations.
Current ratio (current assets divided by current liabilities) tells management if they have resources to meet their short term obligations.

Quick ratio (Current assets minus the inventory divided by current liabilities) tells management if they can meet their obligations without selling inventory.

Leverage ratios—these measure the degree to which managers use debt or equity to finance ongoing operations. An organization is said to be more leveraged when it uses more debt than equity. Debt can be risky when profits fall and fail to cover the interest of the debt.

Debt to Asset ratio (total debt divided by total assets) tells management to what extend managers used borrowed funds to cover finance investments.

Times covered ratio (profit before interest and tax divided by total interest charges) this measures how far profits can decline before managers cannot meet interest charges. If ratios decline to less than 1 then the organization is technically insolvent.

Activity ratios—these measures how well management is creating value from an organization’s assets.

Inventory turnover measures how efficient managers are turning inventory over so that excess stock is not carried. Day sales outstanding measures how efficiently managers are collecting revenues from customers to pay expenses.

The Balance Score Card

The Balance Score Card (BSC) is tool that is used by profit, not-for-profit and public sector organization to assess the performance of those organizations (Kaplan and Norton, 1996). Kaplan and Norton highlight that the Balance Score Card augments the traditional financial measures by assessing an organization from three more perspectives and these are: internal business processes, customer perspective and finally the learning and growth perspective.
The financial perspective is mainly concerned about the way an organization is viewed by its stakeholders while the customer perspective is mainly kin to know how the organization is perceived by its customers. The learning and growth perspective is mainly concerned with improvements in the organization that will help it fulfill its goals and vision while the internal processes focus on the processes and activities in the company that enhance customer and shareholder satisfaction (ibid).

2.3 Effectiveness of restructuring strategies

2.3.1 Restructuring strategies

Hitt, Ireland and Hoskisson (2001) highlights that firms can adopt three types of restructuring strategies and these are: downsizing, downscoping and leveraged buyouts. However, there are other restructuring strategies that any organization, whether charitable, private or public can adopt and these include business process re-
engineering, outsourcing, change in ownership, involvement of stakeholders (especially in decision making), regulation and increase in accountability or oversight mechanisms (O’Connor, 2002b).

2.3.1.1 Downsizing

Fisher and White (1995) define downsizing as a reduction in the number of firm’s employees and sometimes in the number of operating units, but it may or may not change the composition of businesses in the company’s portfolio. Thus downsizing is an intentional proactive management strategy, whereas “decline is an environmental or organizational phenomenon that occurs involuntarily and results in erosion of an organization’s resource base” (McKinley, Sanchez & Schick, 1995:300). This restructuring strategy is about reducing the manpower to keep employee costs under control. Take the case of auto-giant General Motors, which in 1991 decided to shut down 21 plants and lay off 74,000 employees to counter its losses (Hitt, Ireland and Hoskisson, 2001).

Another example is that of IBM, which had never laid off staff ever since its incorporation, but had to lay off 85,000 employees to stay in business. This type of restructuring is tough to manage and is mostly adopted to overcome adverse situations. Downsizing is not always a result of business losses; it may be needed even in cases of takeovers, acquisitions and mergers, where duplicity of the staff propels this form of organizational restructuring. Whether you are acquiring a business or some other business is acquiring your business, restructuring will be needed post acquisition. The business being acquired undergoes major restructuring to get in-line with the organizational setup of the acquiring business (ibid).

2.3.1.2 Downscoping

Hitt and Hoskisson (2003) define downscoping as a divestiture, spinoff, or some other means of eliminating businesses that are unrelated to a firm’s core business. The author further expounds downscoping as a set of actions that causes a firm to strategically refocus on its core businesses. The author further acknowledges that when
a firm down scopes, it automatically downsizes. However, it does not eliminate key employees from its primary purposes, because such action could lead to loss of one or more core competencies. Instead, a firm that is simultaneously down scoping and downsizing becomes smaller by reducing the diversity of its business in its portfolio. Following restructuring through down scoping, a firm can be managed more effectively by its top management team. Managerial effectiveness increases because the firm has become less diversified, allowing the top management to better understand and manage the remaining businesses, primarily the core and other related businesses (Atkins, 1999).

2.3.1.3 Leverage Buyouts (LBOs)

Leverage buyout (LBO) is a restructuring strategy whereby a party buys all of a firm’s assets in order to take the firm private (Markides and Singh, 1997).

2.3.1.4 Business Process Reengineering

Restructuring is a business process re-engineering that focuses on people, process and technology (www.bain.com/publication/article/14/08/12). Hammer and Champy (1994) define business process re-engineering as “The fundamental rethinking and radical redesign of business to processes bring about dramatic improvements in performance.” (p. 3). It is imperative that the change is well managed and gives rise to the best way forward to stabilizing and growing the business. It is done to turnaround the fortunes of the company this type of restructuring is carried out for making operational improvements. It begins with identifying how things are being done currently and then it moves on to re-engineering the tasks to improve productivity. Business process re-engineering usually results in changing roles. While at times BPR may lead to layoffs, it can also create new employment opportunities. When Ford Motor was trying to reduce its cost, it found that the process at its accounts payable department needed to be re-engineered. The reengineering helped in simplifying the controls and maintaining the financial information more accurately, that too after laying off 75 percent of the staff from the accounts payable department.
2.3.1.5 Outsourcing

Outsourcing occurs where organizations decide to buy services or products that were previously produced in house for example payroll, laboratory services, plant and equipment servicing (Johnson, Scholes and Whittington, 2005). There are two ways outsourcing benefits a business; first, it helps in reducing costs and second, it allows the business to concentrate on its core business and leave the remaining tasks to outsourcing firms. Whenever a business plans to outsource one of its processes, it will cause some major restructuring and reshuffling within the company. Downsizing is common when a business outsources its processes. Asian Development Bank Report of 2009 highlights that outsourcing of Non-Revenue Water reduction activities has proved to work in industrialized and developing nations. Outsourcing of these activities is done under performance based arrangements. The outsourcing of Non-Revenue Water reduction activities were done in Sao Paulo (Brazil), Kuala Lumpur (Malaysia), Bangkok (Thailand) and Ho Chi Minh City (Vietnam). The Asian Development Bank (2009) further acknowledges that the use of private sector is a worthwhile option to substantially reduce non-revenue water in a short time and putting in place all systems that are needed to maintain a low level of non-revenue water.

2.3.2 Impact of restructuring on organizational performance

Literature points out that restructuring have got a strong effect on organizational performance and effectiveness. Mishra and Spreitzer (1998) have indicated that survivors of downsizing differ in that the responses may either be positive, neutral or negative and are dependent on how survivors believe the organizational change will affect them. If the survivor responses to organizational change differ, then it is possible that the effects of organizational change on intra-organizational trust will also differ. Mishra and Spreitzer (1998) argue that some survivors seem to regard such change as an opportunity for growth while others may be quite neutral towards the restructuring,
depending on how they believe that the organizational changes will affect them. In another vein, this research also seems to indicate that knowledge gathered by the trusting party, on the focus of trust, is indeed an influential factor in the formation of trust based relationships as has been suggested by Lewicki and Bunker (1996). It also seems that trust on an individual level, and trust at a more generalized level, operates independently. In a study carried out to assess the impact of restructuring at the University of Minnesota, the results revealed that the firm gained in work performance and staff satisfaction. Furthermore, the structural changes undertaken at the university were perceived to have brought in positive effects at the campus.

In a study by Benouhi and Satouri (2011) on Japan urban water supply, there is a remarkable improvement of performance in terms of service delivery after restructuring especially in the following areas: Non-revenue water, labor productivity, performance benchmarking, cost recovery, tariffs affordability, financing and payment for ecosystems. Average non-revenue water was 7.3% in 2007, varying from less than 5% up to 15%. The low level of water leakage, down from 18% in 1978, has been achieved through speedy repairs that are typically undertaken the same day that a connection is reported, and through the use of high-quality pipe materials. The government’s target is to reduce losses to 2% for large utilities and 5% for small utilities (Ministry of Health & Labor). Japan is perhaps the only country in the world that also collects nationwide data on unaccounted for sewage, that is the amount of water that erroneously enters the sanitary sewer system for example through connections from storm water sewers or groundwater leakage. The average unaccounted for sewerage is 12%, varying from 6% in Shiga to 30% in Sapporo (ibid).

The number of employees per 1,000 connections is low in international comparison: It is 1.19 for water utilities and 0.62 for sewer utilities, totaling 1.81. It varies between 1.1 in Fukuoka to 2.5 in Kyoto. This is an indicator of high labor productivity. One reason why the figure is low is that activities such as routine operation and maintenance as well as metering and billing are often outsourced. The level of the indicator would be higher and labor productivity would be lower if outsourced employees had been included in the above figures.
Japan has a national performance benchmarking system for water supply and sanitation utilities that operate under the Local Public Enterprise Law. The system is administered by the Ministry of Internal Affairs and Communication. The database, which includes more than 100 performance indicators, is updated annually and published on the Ministry's website (ibid). The system builds on Japan's strong tradition of accountability and transparent information sharing.

Japan has a policy of full cost recovery for drinking water and sanitary sewers through tariffs. Storm water management is considered a public good and is thus financed through general tax revenue and not through water and sewer tariffs. The accounting systems in place clearly distinguish between the two types of expenses, even in systems with combined sewers. The working ratio (share of operating costs in total revenues) averages 49% for water utilities and 67% for sewer utilities, indicating a healthy surplus available for depreciation of assets, debt service and self-financed investments. The cost recovery ratio is 97% for drinking water and 53% for sewerage.

The average water tariff was equivalent to US$1.33/m3 for water and US$1.13/m3 for sewerage in 2006. Because of Japan's negative inflation rate during some years (e.g. between 2003 and 2006) real tariffs increase even if nominal tariffs remain unchanged. Utilities cannot raise tariffs themselves, but have to receive approval for tariff increases from municipal councils. The combined water and sewerage bill amounts to about 1% of household income and is thus considered affordable.

Gehager (2009) notes that urban water supply in Yemen significantly improved after the water service provision responsibility was handed over to utilities. The utilities substantially increased tariffs despite the political sensitivity of the topic in the country. Despite the increases in water tariffs, the water remains affordable such that the average share of the total monthly household expenditure on water and sewerage is about 1.1% of the total expenditure. The urban water provision in Yemen significantly improved after the restructuring, such that between 1995 and 2008, 2.8 million people in Yemen gained access to an improved water source and 7.5 million people gained access to improved sanitation. According to a survey carried out in 2008 in 7 towns 89%
of the customers of water utilities said they were satisfied with the service level of their water utility, and only 9% were dissatisfied (German Technical Co-operation Report, 2007). Non-revenue water in urban utilities decreased from about 50% in 1999 to an estimated 28% in 2007. In Sana’a, the collection efficiency of water and sewer bills increased from 60% to 97% during the same period (Gehager, 2009).

In 2001 urban water systems non-revenue water was estimated to be around 50 percent and the number of staff per 1,000 connections was typically over 10 (World Bank Urban Water Supply and Sanitation Project, 2002). All utilities suffer from overstaffing, but continue to recruit staff. In 2007, the number of staff per 1,000 connections still varied between 5 and 20, while a level of less than five is considered as typical for an efficient utility (Ministry of Environment report, 2009). These figures for non-revenue water seem to have improved, however, over subsequent years. In 2007 reported figures for non-revenue water varied between 10% and 55%. According to the joint annual review of the water and sanitation sector for 2007, average non-revenue water was down to 28% and collection efficiency has risen to 92%. In Sana’a non-revenue water declined from about 50% in 1999 to an estimated 38% in 2007. Collection efficiency increased from 60% to 97% (Gehager, 2009).

Gerhager (2009) points out that a few utilities have been able to achieve full cost recovery. One example is the small town Bait al Faqih which has a new system and low losses, indicating a functional and efficient network, and no inherited staff and thus no overstaffing.

Municipal water tariffs in Yemen are differentiated based on three customer categories: domestic users pay the least, while commercial users as well as government entities pay more. All utilities use increasing-block tariffs, with the lowest block covering consumption between 5 and 10 cubic meters per month and connection (Gehager, 2009). The government has shown a willingness to raise tariffs, having done so in 1995, 1998, 1999 and 2001. Further increases have been undertaken subsequently by local corporations. From 1995-2001 the monthly bill increased over 350% for a domestic
customer consuming 15 m³/month, and the industrial tariff increased over 150 percent per m³ (World Bank Urban Water Supply and Sanitation Project, 2002).

The share of the water bill for 5 cubic meters per month and household was between 0.5% and 1.1% of income of poor households for the 11 largest utilities in 2007. The share of the sewer bill was between zero and 0.7%. Water and sewer bills were thus highly affordable. The highest combined share of water and sewer bill was found in Sana’a with 1.6% (Ministry of Environment report, 2009).

Although the restructuring of the Ghana Water Company Limited was meant to improve its performance in terms of service delivery, the financial position of the company has remained notoriously weak and its survival is hinged on government subsidies (GWCL, 2004c). The demand of potable water is twice that of the supply. The non-revenue water is still high (at 50%) and the billing system is almost moribund.

In 1998, the Mozambique government contracted out to full private sector the management of water supply services in five major cities which include Maputo, Beira, Quelimane, Nampula and Pemba. Prior to restructuring, the supply of water in Maputo was being done by “Aqua de Maputo”, a publicly owned and managed company (Landau, 1998). The company failed to supply adequate water services in Maputo as indicated by the World Bank report:

"Only 32 % of Mozambicans in a population of 16.9 million inhabitants have access to safe water. Access to water is limited to a few hours per day. In addition, many receive irregular, low-pressure water supply that is of poor microbiological quality" (WB, 1999 (a), p.1). In addition to this situation “only 13 percent have piped or well water at home" IMF(1999, p.9). This situation has justified strong arguments for changing the role of the government in water supply. These arguments are well synthesised by the following "the use of the private sector will be an essential tool in enabling the government to improve and expand urban services in an accelerated and efficient manner” (WB, 1999 (b), p.1).

The public-private partnership was adopted by the internal authorities because it was thought to be the best way to deal with water supply in the country.
However, the water supply situation in Mocambique deteriorated after the restructuring. The results showed great dissatisfaction on the public about negative levels of water services they were experiencing. One of the consumers interviewed stated:

“I do not understand what is going on. What we are seeing is a huge increase of tariff charge since the private company took over while the services are not improving. Sometimes we feel that the level of service were better before. Sometimes we are failing to pay our bills because they do not correspond to our complaints and when we go to the company to present ours claims the answer we got is ‘if the invoice (bill) is like that it comes from your consumption and there is no way unless to pay your bill’. The above picture reinforces what the National Water Policy (DNA, 1995) had already acknowledged, and that continues to be a challenge up to now: “the majority of the population still does not have access to regular supply of safe drinking water. The urban population with access to piped water suffers an irregular and poor quality services” (DNA, 1995 p.1).

The local newspaper in Mozambique also presented the following quotation about water supply:

“In Maputo, where the situation seems to be more extreme, the problem of lack of safe drinking water it is particularly observed in Chamanculo, Mavalane, Maxaquene, Costa do Sol, Pescadores, Polana-Canico among others areas where the population are obliged to look for alternatives sources to obtain water. Ferreira, Director of Health in Maputo City said that after a relative decrease of level of number of cases that were registered until the last week in some hospitals, the situation turn to be worst as a result of rains that occurred and because of lack of safe drink water. She indicated that if the problem of water supply is not solved it will be likely to registered more cases of cholera and more deaths. … she also indicated that in the past week it was registered 26 death from 1246 cases of diseases that different hospital have countered (Noticias, 2000, p.20)”.

However, the management of the private company argue that the intended results of water supply in Maputo are not yet visible because the new company is in the early
stage of its activities and it is concentrating efforts on institutional capacity building as a consequence the results cannot be immediately seen.

Hitt, Ireland and Hoskisson (2001:303) acknowledge that there are short and long-term outcomes resulting from restructuring strategies. These outcomes are shown on the Figure 2.2 below:

<table>
<thead>
<tr>
<th>Alternative Strategy</th>
<th>Short-term outcomes</th>
<th>Long-term outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downsizing</td>
<td>Reduced Labor Costs</td>
<td>Loss of human capital</td>
</tr>
<tr>
<td>Downscoping</td>
<td>Reduced debt Costs</td>
<td>Lower performance</td>
</tr>
<tr>
<td>Leverage buyout</td>
<td>Emphasis on Strategic Controls</td>
<td>Higher performance</td>
</tr>
</tbody>
</table>
Although downsizing was once viewed as an indicator of organizational decline, it has now shed that stigma and gained strategic legitimacy as a reorganization strategy (McKinley, Sanchez and Schick, 1995). Despite evidence showing that many downsized companies have failed to achieve their intended goals, downsizing continues to be used, even in the best economic conditions. Annual surveys conducted by the American Management Association show that only 41 percent of downsizing companies have reported productivity increases and 37 percent have realized long term gains in shareholder value (Koretz, 1998). Clearly, downsizing is a tactic that is popular and enduring but not always productive or valuable (Fisher and White, 2000).

2.4 Assessment of Quality of service in Urban Water Supply

Hayes and Matte (1989) point out that urban water supply service quality has many dimensions and these include: continuity; water quality; pressure; and the degree of responsiveness of service providers to customer complaints.

2.4.1 Continuity of supply

Continuity of water supply is taken for granted in most developed countries, but is a severe problem in many developing countries, where sometimes water is only provided for a few hours every day or a few days a week. It is estimated that about half of the urban population of developing countries receives water on an intermittent basis. In Yemen the continuity of supply, is generally low, and customer satisfaction, is surprisingly high. For example, in Taiz, the frequency of the public piped water delivery is only once about every 40 days.
2.4.2 Water quality

Drinking water quality has a micro-biological and a physico-chemical dimension. There are thousands of parameters of water quality. In public water supply systems water should, at a minimum, be disinfected—most commonly through the use of chlorination or the use of ultra violet light. One indicator for the service quality of sanitation is the effectiveness of wastewater treatment plants at removing pollutants, which is often low in Yemen.

In Maputo the water quality deteriorated after handing over the supply of water to a private company. The table below shows the number of treated water samples per year and the percentage of improper samples.

Table 2.2: Maputo treated water samples and the percentage of improper samples.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of samples examined on treated water</th>
<th>% of improper samples on treated water</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>146</td>
<td>14</td>
</tr>
<tr>
<td>1983</td>
<td>409</td>
<td>16</td>
</tr>
<tr>
<td>1984</td>
<td>319</td>
<td>30</td>
</tr>
<tr>
<td>1985</td>
<td>489</td>
<td>15</td>
</tr>
<tr>
<td>1986</td>
<td>389</td>
<td>7</td>
</tr>
<tr>
<td>1987</td>
<td>428</td>
<td>30</td>
</tr>
<tr>
<td>1988</td>
<td>488</td>
<td>22</td>
</tr>
<tr>
<td>1989</td>
<td>584</td>
<td>24</td>
</tr>
<tr>
<td>1990</td>
<td>516</td>
<td>28</td>
</tr>
<tr>
<td>Year</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>1991</td>
<td>1643</td>
<td>16</td>
</tr>
<tr>
<td>1992</td>
<td>1185</td>
<td>21</td>
</tr>
<tr>
<td>1993</td>
<td>916</td>
<td>29.6</td>
</tr>
<tr>
<td>1994</td>
<td>699</td>
<td>33.9</td>
</tr>
<tr>
<td>1995</td>
<td>1613</td>
<td>22.3</td>
</tr>
<tr>
<td>1996</td>
<td>1287</td>
<td>10.4</td>
</tr>
<tr>
<td>1997</td>
<td>888</td>
<td>10.6</td>
</tr>
<tr>
<td>1998</td>
<td>1629</td>
<td>33.4</td>
</tr>
<tr>
<td>1999</td>
<td>1360</td>
<td>38.1</td>
</tr>
<tr>
<td>2000</td>
<td>1086</td>
<td>28.5</td>
</tr>
</tbody>
</table>

Source: Maputo Provincial Laboratory for Water (2000)

Hauengue’s research points out that 92.5% of water samples are not fit for human consumption following international patterns of quality (OMS, 1986, in Hauengue 1992). This research in Hulene settlement, one of the biggest in the Maputo area, revealed the existence of faecal pollution in a proportion of 17% of samples with Salmonella and 29.2% of samples with E.Coli enteropatogenica. For Hauengue, this should be the reason that water consumption constitutes one of the causes of diarrhoea for the population of Hulene (Hauengue, 1992, p.34).

2.4.3 Water pressure

Water pressures vary in different locations of a distribution system. Water mains below the street may operate at higher pressures, with a pressure reducer located at each point where the water enters a building or a house. In poorly managed systems, water pressure can be so low as to result only in a trickle of water or so high that it leads to damage to plumbing fixtures and waste of water.

2.5 Impact of Restructuring on performance and culture

2.5.1 Performance
Jin, Dehuan, and Zhigang (2004) analyzed the impact restructuring on the operational aspects of the publicly traded firms in China. The performance indicators in the study were changes in revenue flows, return on assets, the assets turnover ratio and the profit margin before and after the restructuring process. The study revealed that there were great positive changes in the performance of the companies after the restructuring process. Ismail et al. (2010) carried out a study in order to assess the impact of mergers and acquisitions in Egyptian companies. The study revealed that Egyptian companies in the construction industry improved their performance after undergoing mergers and acquisitions for the period 1996 to 2005. However, the Egyptian companies in the technology industry registered no improvements for the period 1996 to 2005 after undergoing mergers and acquisitions.

2.5.2 Organizational culture
There are many definitions of organizational culture. Schein (1988) defines organizational culture as the deeper level of basic assumptions and beliefs that are: learned responses to the group’s problems of survival in its external environment and its internal integration, shared by members of an organization that operate unconsciously, and define in a basic “taken-for-granted” fashion in an organization’s view of itself and its environment. Dr S. Ruturi in his MBA Handouts notes on Management of Change and Complexity (2009) defines company culture as the personality of a company and defines what a company, from an employee perspective, is like to work for. Company culture includes the company mission, values, ethics, expectations, goals, and work environment. Some companies have a team-based culture with employee participation on all levels, while other have a more traditional and formal management style.

According to Schein (1992), organizational success is determined by organizational culture and strategy. The organizational culture and strategy must take into account the following aspects: the organization must be proactive and not just reactive, it must influence and manage the environment, not just adapt, it must be pragmatic, not idealistic, must be future oriented, not predominantly present/past oriented, the organization must embrace diversity, not uniformity, it must be relation-oriented, not just
task oriented and last but not least, the organization must embrace connectivity, as well as promote internal integration.

The fundamental assumptions are key at eliminating obstacles that will inhibit the internal and external organizational adaptations necessary for future success. However these assumptions are not sufficient. They must be reinforced by values, behavioral norms and patterns, artifacts and symbols, as well as accompanied by a particular mission, set of goals and strategies. Sherriton and Stern (1997) emphasize more specific cultural mandates, in order to change and implement a company strategy such as that the modern organization must be team-oriented, knowledge and learning oriented, alliance and partnership oriented.

2.6 Customer satisfaction and loyalty
2.6.1 Customer satisfaction
Oliver (1997) defines customer satisfaction as the customer’s fulfillment response to a consumption experience, or some part of it. Buttle, (2004) concurs by defining customer satisfaction as a pleasurable fulfillment response while dissatisfaction is an unpleasurable one. Satisfaction and dissatisfaction are two ends of a continuum, where the location is defined by a comparison between expectations and outcome. Customers would be satisfied if the outcome of the service meets expectations. When the service quality exceeds the expectations, the service provider has won a delighted customer. Dissatisfaction will occur when the perceived overall service quality does not meet expectations (Looy, Gemmel & Dierdonck, 2003). In Yemen water supply utilities, 74% of the customers were satisfied with the water quality in terms of clarity and 26% were dissatisfied. In Ibb and Abyan in Yemen, the main reasons for dissatisfaction were due to inaccurate meter reading, lack of information on water utility service level, unavailability of water at all and ill-treatment of customers (German Technical Cooperation Report, 2009). In terms of satisfaction with the service level of the water utility, 89% of the customers of the water utilities said they were satisfied and only 9% were dissatisfied (www.tc-watyem.org.accessed 15/02/2013).
Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm. The obvious need for satisfying the firm’s customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Barsky, 1992). Studies conducted by Cronin and Taylor (1992) in service sectors such as: banking, pest control, dry cleaning, and fast food; found that customer satisfaction has a significant effect on purchase intentions in all four sectors. Similarly, in the health-care sector, McAlexander et al. (1994) found that patient satisfaction and service quality have a significant effect on future purchase intentions.

2.6.2 Customer Loyalty

Looy, Gemmel & Dierdonck, (2003) customer loyalty define as “customer behavior characterized by a positive buying pattern during an extended period (measured by means of repeat purchase, frequency of purchase, wallet share or other indicators) and driven by a positive attitude towards the company and its products or services”.

Practitioners and researchers have not clearly identified a theoretical framework, identifying factors that could lead to the development of customer loyalty (Gremler and Brown, 1997). However, there is a consensus amongst practitioners and academics that customer satisfaction and service quality are prerequisites of loyalty (Gremler and Brown, 1997; Cronin and Taylor, 1992). Those technical, economical and psychological factors that influence customers to switch suppliers are considered to be additional prerequisites of loyalty (Selnes, 1993; Gremler and Brown, 1997). Recent studies also indicate that the firm’s image may influence customer enthusiasm: value, delight, and loyalty (Bhote, 1996).

Customer Loyalty emanates from the belief by the customer that the quantity and quality of value from one supplier is better than that from other suppliers. Yi’s (1990) critical review of customer loyalty highlights that customer satisfaction is one of the pillars that influences customer loyalty. Jacoby and Kyner (1973) view loyalty in two distinct ways and these are: loyalty as an attitude and loyalty as a behavior. Fornier (1994) notes that loyalty as an attitude encompasses feelings that cause a customer to get attached to a
certain type of service or an organization. However, Yi (1990) opines that loyalty as a behavior includes repurchase of services from same supplier. The behavioral view of loyalty is similar to loyalty as defined in the service management literature. In brief, there are two dimensions to customer loyalty: behavioral and attitudinal (Julander et al., 1997). The behavior dimension refers to a customer’s behavior on repeat purchases, indicating a preference for a brand or a service over time (Bowen and Shoemaker, 1998). Attitudinal dimensions, on the other hand, refer to a customer’s intention to repurchase and recommend, which are good indicators of a loyal customer (Getty and Thompson, 1994). Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the company (Kandampully & Suhartanto, 2000 and Hallowell, 1996).

Customer attitude being difficult to measure, for financial and practical purposes, customer retention is widely used as an indicator of customer loyalty. Researchers have combined both views into comprehensive models of customer loyalty. Dick and Basu (1994) came up with a two-dimensional model of customer loyalty identifying four forms of loyalty according to relative attitudinal strength and repeat purchase behavior. The true loyal are those who have high levels of repeat purchase behavior and a strong relative attitude. Spuriously loyal customers tend to be more motivated by impulse, convenience and habit i.e. if the conditions are right. Latent loyalty applies to those customers who are loyal simply because they have no other choice. Lastly, there will always be some customers who shall not be loyal to any particular brand.

2.6.3 Customer complaints management

Buttle (2005) argues that customers complain under one or both of the conditions: their expectations being underperformed to a degree that falls outside their zone of tolerance or unfair treatment. Complaints management process should be developed to take a positive view of customer complaints. Customers who complain provide an opportunity for the service firm to identify root causes of problems as well as win back unhappy or dissatisfied customers to retain their future value (Buttle, 2005). A complaints management process should allow company to capture complaints before customers
spread a negative word-of-mouth or take their business elsewhere (Buttle, 1998). Up to two-thirds of customers who are dissatisfied do not complain to the organization (Richins, 1983). However, they may complain to their social networks. Dissatisfied customers are likely to inform twice as many people about their experience than customers with a positive experience (TARP, 1995 in Buttle, 2005). According to Wilson (1991), only 4 percent of the dissatisfied customers actually complain, providing valuable feedback to the company. The remaining 96 percent choose to simply leave the business and go elsewhere. Companies choose to deal with complaints efficiently to bring about customer retention, continuous improvement in service quality and build a customer-focused organization (Looy, Gemmel & Dierdonck, 2003).

The customers choose not to complain for some reasons listed in table 2.3 below.

**Table 2.3: Why customers chose not to complain?**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>They do not know how to register a complaint</td>
<td>They believe complaining will be useless because the company don’t care about them or their complaints</td>
</tr>
<tr>
<td>They believe it is not worth the time or trouble</td>
<td>They fear retribution. For example, many people are reluctant to complain about the police.</td>
</tr>
</tbody>
</table>

*Source: Buttle, 2005*
2.7 Factors that inhibit successful restructuring

2.7.1 Resistance to change

Scott (2003) suggests that organizations that function within a closed system tend to develop bureaucracies that ensure rationality, functionality, and conformity and suppress innovation. Gersick (1991) contends, however, that large, well-established organizations, like municipalities tend to resist dramatic change due to the inertial form in the entity. There are two constraints that hinder change and these are: internal and external.

2.7.1.1 Internal constraints

Hannan and Freeman (1977) identified four forms of internal inertia to change that help to explain the resistance to change in utilities. The first is due to the fact that the organization’s investment in plant equipment and specialized personnel can be difficult to transfer to other tasks or functions. In pursuit of economies of scale and as a result of the natural monopoly view of the industry, organizations within it invested a great deal in infrastructure and facilities (Hyman, 1988; Navarro, 1985; Phillipson & Willis, 1999). Chandler (1962) and Cappelli (1992) have observed, the tendency for mature organizations to become more specialized and focused on their particular product or service were very evident in organizations within the water and waste water organizations such as municipalities and utilities. When opportunities outside the traditionally regulated avail themselves, these investments in people, equipment and processes can act as an internal barrier to making this kind of radical change.

The second barrier to organizational change identified by Hannan and Freeman (1977) is that decision makers can face internal constraints on the information they receive, which may constrain them from making significant change. Both Van de Ven and Poole (1995) and Scott (2003) cite the importance of evaluating and modifying goals based on feedback. However, Goleman, Boyatzis and McKee (2004) posit that leaders do not always obtain full information on activities in their organizations and the environmental constraints faced by subunits in the organization. Referred to as “CEO disease”, they
describe it as a phenomenon in which there is an information vacuum around a leader as a result of their subordinates withholding critical and often unpleasant information (p. 93). Leavitt (2004) suggests that hierarchies in an organization can limit communication. Given this level of structure, communication barriers may have provided a significant inertial resistance to change as posited by Hannan and Freeman (1977).

A third internal constraint has to do with the organization’s political structure. Hannan and Freeman (1977) note that radical change can disrupt the political equilibrium in an organization. Change resulting in a redistribution of resources across subunits can meet resistance, particularly if the need for change is not equally supported. Also, often the benefits of restructuring are designed to benefit the organization as a whole and may be undertaken for long-term interests that may not be evident to subunits. Van de Ven and Poole (1995) state that teleological theory posits an end state for an entity. During directed change efforts, it may be difficult for subunits in the organization to relate to this end state and successful change may involve short term pain for long term gain. If this pain is localized and not spread equally among subunits it can create inertial resistance to change. Furthermore, when change efforts are not self-evident to all organizational members, they many not share in the urgency for change. Haveman et al. (2001) suggest that successful organizational leaders have to weather this resistance in order to institute radical change. If other areas in the organization do not share the urgency nor see the need, change efforts may meet resistance.

The last internal resistance identified by Hannan and Freeman (1977) is the organization’s own history. In their view that organizations enact their own environments, Pfeffer and Salancik (1978) posit that planned organizational change is retrospective and organizational failure can result from them being trapped by the organization’s own success. Many of the respondents describe the company in very positive terms and believed it was very successful prior to reorganization. A rational view of organizational behavior is that they develop formalized structures to identify roles and govern behavior. In this formalized structure, rigid rules and processes are intended to provide conformity and suppress innovation (Scott, 2003). Rational organizations, and the electric utility industry certainly exemplified these, develop
processes and rules to conform to the most efficient way to perform and implement a task (ibid)). This rational perspective was very much in evidence municipalities. The physical work, such as maintaining water production plants and equipment, reading meters, designing projects, as well as administrative work, such as accounting practices, customer service, and regulatory reporting, all lent themselves to the development of uniformity and a rigid structure.

2.7.1.2 External Constraints
Sastry (1997) found that organizations whose strategic orientation was congruent with their environments had a high inertial resistance to change, and the more highly developed they are, the greater time it can take to adapt to fluctuations in their environments. The reputation and external legitimacy a municipality develops among all of the stakeholders in the organization, including its customers, suppliers, regulators, investors, and particularly its employees, provided a significant inertial pressure to change.

2.7.2 Challenges being faced in urban water supply
The supply of water and waste water services in urban areas is a capital intensive business. This is because the infrastructural requirements such as treatment plants, reservoirs, distribution pipework, and pump stations require huge investments. Furthermore, the potable water and waste water treatment is largely dependent on imported technologies in third world nations. It must also be noted that potable water supply challenges differ from nation to nation. The challenges of developed nations differ from those of first world nations. In Japan, the main challenges in potable water supply are: a decreasing population, declining investment, ageing facilities, ageing workforce, natural disasters like earthquakes and drought and water leakages (Waterworks Vision Summary, 2004). The general challenges that are faced by third world nations are: in adequate funding, political interference, lack of ownership, pollution, public concerns.

2.7.2.1 Political interference
Jones (2001) points out that political interference is mostly pronounced in economically and socially countries. The author further argues that politicians would realize their goals and objectives through manipulation of local authority administration. It therefore means that the policy makers are forced to craft resolutions that score party politics rather than improvement in service delivery. There is also lack of political support to enhance the provision of water by encouraging politicians to be exemplary in the payment of water bills.

2.7.2.2 Lack of ownership
The key services such as water treatment, sewerage treatment and safe refuse disposal, refuse collection and disposal, and drainage systems have not been sufficiently attended to by the majority of the local authorities. Chikuruwo (2006) cites that there is negligence by local authorities and other stakeholders to take ownership of these key services. The author attributes this negligence to the “void expectation that somebody would take over the capital development and institutional transformation responsibilities and continue from where the erstwhile external agencies left off”.

2.7.2.3 Inadequate funding
Local authorities are faced with shrinking financial resources needed for expansion and rehabilitation of their infrastructure (Lund, 1997). Batly (2004) concurs to that by highlighting that funding is the major challenge being faced by local authorities who are trying by all means to supply potable water to residents. The local authorities also have poor credit worthiness. Furthermore, the central governments sometimes give inadequate financial support to the local authorities. In addition to that, the level of expenditure of most local authorities is too high and in most cases it is difficult to account for. Local authorities also face challenges of inadequate resources to carry out any planned projects.

In other parts of the world rapid urbanization, a limited income base and inadequate management capacity at the municipal level have overloaded the abilities of cities to
provide potable water services and this has resulted in social ills that require policy correctives (Doan, 1995).

2.7.2.4 Operational inefficiency
Fuest and Haffner (2007) noted that the supply of potable water and waste water services by public bodies is highly inefficient. More so, the public bodies are not capacitated to promptly respond to rapid urbanization. There is general inefficiency in the public bodies and this has resulted in high non-revenue water, poor billing system, weak cost recovery and low productivity. The author further highlighted that the estimated demand for potable water in Ghana is 1,023,000m3/day whereas the current production comprised approximately 593,000m3/day. Unaccounted-for water continued to remain high at around 50%, which resulted from leakages of old and badly installed, namely maintained pipe networks, illegal connections (water theft), understatement of consumption, low metering ratio, tampering with meters, wrong categorization of customers (commercial consumers billed as domestic consumers (GWCL, 2004c)

2.7.2.5 Public concerns
Jones (2001) notes that public concerns pose chronic challenges to local authorities because sometimes public demands are bottomless. These public concerns sometimes give room to politicians so that the politicians will try to satisfy them to get a vote but at the same time compromising service delivery. Akande (2002) also highlighted that commercialization of water supply in African countries is difficult because of differing opinions between the investors and the politicians. The investors argue that it brings efficiency while the politicians opine it hurts the poor.

2.7.2.6 Water Pollution
As any city expands, the question of pollution becomes imminent. The sewage treatment works are overloaded such that the treatment of sewage is failing to comply with the regulatory standards of the Environmental Management Agency (EMA) discharge standards. Harare Water is losing money by paying heavy fines to EMA because its polluting water bodies in Harare. In his Annual Departmental Report (2011),
the Director of Harare Water Points out that the pollution of water bodies (Marimba River, Lake Chivero, Lake Manyame and Seke Dam) have increased water treatment costs. In the early 1990s, the council used three water treatment chemicals these would cost approximately US$500 000-00 but due to increase in pollution the council now use seven water treatment chemicals and the dosages required during the treatment have doubled so as to produce potable water and the cost of treatment chemicals now stands at US$3 000 000 -00.

2.8 Chapter Summary
This chapter reviewed literature on restructuring, the symptoms that attract restructuring, the challenges that are faced by local authorities in urban water supply, benefits of restructuring and organizational effectiveness. The next chapter presents and discusses the research methodology of this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter looks at the research design, the research philosophy and the data collection techniques used in this research. The chapter also provides an outline of the target population, the sampling procedures and the research instrument used. A detailed discussion regarding the data collection methods adopted and reasons for rejecting other alternatives are provided. The chapter concludes by data analysis procedures and the software used and its strengths and weaknesses.
3.2 Research Design
A research design is an action plan that is used by the researcher to move from one position to the next, through following logical steps to answer the research questions (Luck and Rubin, 1987). Bellenger and Greenberg (1978) define a research plan as a blueprint or framework guiding data collection, processing, analysis as well as transmission. De Wet (1997) highlights that a research design is actually a road map of what the researcher has to do during the research. Therefore, a research design is critical in this study because it provides a road map through which the research objectives are achieved. Therefore, a research design encompasses: research philosophies, research approaches, research strategies (methods), research types and time horizons. The use of appropriate methods and techniques in research designing is very critical in order for research questions to be answered. The research design employed for the current study is the exploratory survey design.

3.3 Research Philosophy
Selecting an overall research philosophy was be made between two alternatives that is between a positivist and a phenomenological philosophy. In this research, the positivist approach was employed.

Research philosophy alternatives

<table>
<thead>
<tr>
<th>Research Philosophy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
There are many reasons why understanding of philosophical issues is important. It helps in three ways (Easterby-Smith et al. (1997)) as quoted by Crossan (2005):

1) It can help the researcher to refine and specify the methods to be used in a study that is to clarify the overall research strategy to be used. This would include the type of evidence gathered and its origin, the way such evidence is interpreted, and how it helps to answer the research questions posed.

2) Knowledge of research philosophy will enable and assist the researcher to evaluate different methodologies and avoid inappropriate use and unnecessary work by identifying the limitations of particular approaches at any stage.

3) It helps the researcher to be creative and innovative in their selection and adaptation of methods that were previously outside his experience.

Easterby-Smith et al. (1991) as quoted by Tobin (2006) highlighted key features of the two philosophy paradigm alternatives:

### 3.3.1 Research paradigms

**Table 3.2: Research paradigms**

<table>
<thead>
<tr>
<th>Basic belief</th>
<th>Positivist Paradigm</th>
<th>Phenomenological paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic belief</td>
<td>The world is external and objective</td>
<td>The world is socially constructed and subjective</td>
</tr>
<tr>
<td>Observer is independent</td>
<td>Observer is part of what is</td>
<td>Observer is part of what is</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Science is value free</th>
<th>Science is driven by human interests</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reseacher should</strong></td>
<td><strong>Focus on facts</strong></td>
</tr>
<tr>
<td>Focus on meaning</td>
<td></td>
</tr>
<tr>
<td>Look for causality and fundamental laws</td>
<td>Try to understand what is happening</td>
</tr>
<tr>
<td>Formulate hypothesis and then test them</td>
<td>Develop ideas through induction from data</td>
</tr>
<tr>
<td>Reduce phenomenon to simplest elements</td>
<td>Look at the totality of each situation</td>
</tr>
<tr>
<td><strong>Preferred methods include</strong></td>
<td><strong>Operationalizing concepts so that they can be measured</strong></td>
</tr>
<tr>
<td>Operationalizing concepts so that they can be measured</td>
<td>Using multiple methods to establish different views of phenomena</td>
</tr>
<tr>
<td>Taking large sample</td>
<td>Small samples investigated in depth or overtime</td>
</tr>
</tbody>
</table>


Given the research problems outlined in chapter one, the researcher used the positivist paradigm which assumes things can be studied as hard facts and the relationship between these facts can be established as scientific laws. The positivist paradigm was also utilized by the researcher in Chapter Four. In Chapter One this paradigm was used in Table 1.0 to illustrate Harare Water Department Performance from 2008 -2012 and Figure 1.6 and Figure 1.7 to illustrate HCC Water Supply Levels and HCC Sanitation Level respectively.

### 3.4 Research Approaches

A research can have elements based on empirical or non empirical approaches or it can be constituted of the two (Robson, 2002). The empirical approach is based on either, Deductive and Inductive, Subjective and Objective or Applied and Basic elements.

#### 3.4.1 Deductive and Inductive Approach
An inductive approach to research involves the development of theory as a result of observation of empirical data, while the deductive approach involves the testing of a theoretical proposition by the use of a research strategy specifically designed for the purpose of testing it (Saunders et al., 2006). The comparison of the deductive and inductive approaches to research are shown below:

**Table 3.2: Comparison of Deductive and Inductive Research Approaches**

<table>
<thead>
<tr>
<th>Deductive</th>
<th>Inductive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General ideas</strong></td>
<td><strong>Particular situation</strong></td>
</tr>
<tr>
<td>Deductive research moves from general ideas/theories to specific situations, the particular situation is from the general i.e. broad theories.</td>
<td>Inductive research moves from particular situations to make or infer broad general ideas/theories.</td>
</tr>
</tbody>
</table>

Source: Hussey and Hussey (1997:13)

According to Creswell (1994) a deductive approach to research is more applicable where there is vast literature from which a theoretical framework and hypothesis can be defined while the inductive approach is more appropriate when the topic is new, stirring much debate and there is little existing literature.

In this study, the deductive approach to research was used to assess the impact of restructuring on organizational performance.

### 3.4.2 Subjective and Objective Approach
Subjectivity relates to the involvement in or having influence on the research outcome, whereas Objectivity points to being independent in the execution of field work (Hussey and Hussey, 1997). The phenomenological philosophy is basically subjective, while the positivist philosophy is objective. In this research, the researcher applied the objective approach in order to obtain valid results.

3.4.3 Basic and Applied Research Approaches
Collis and Hussey (2003) advise that Basic Research focuses on the development, examination, verification and refinement of research methods, procedures, techniques and tools that form the body of research methodology while Tuckmann (1994) highlights that applied research is used to test or try out a product using systematic evaluations. In this study the basic research was applied when restructuring strategies were crafted but on the assessment of the impact of the restructuring on organizational performance, the applied research approach was used.

3.5 Research Strategies/Methods
The research design section is where one names and discusses the overall approach that will be used to test the thesis statement (Hofstee, 2006). According to Robson (2002), research strategies are concerned with the methodology used to carry out the study. Kaseke (2009) defines a research strategy as the overall approach to the research process while Saunders et al. (2003) concurs by outlining that a research strategy is a general plan of how the researcher will go about answering research questions. There are various research strategies/alternatives and these can be classified according to the two broad research paradigms namely: positivism and phenomenological philosophies.

The classification is shown in table 3.3 below:

Table 3.3 Classification of Research Strategies/alternatives:

<table>
<thead>
<tr>
<th>POSITIVISM</th>
<th>PHENOMENOLOGICAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Surveys</td>
<td>• Case studies</td>
</tr>
<tr>
<td>• Experimental studies</td>
<td>• Action research</td>
</tr>
<tr>
<td>• Cross-sectional studies</td>
<td>• Participant</td>
</tr>
</tbody>
</table>
There are various research strategies that provide acceptable answers to the research problem and these include (Tobin, 2006): experiment, modeling, survey, ethnography, case study, operational and grounded theory.

From the nature of the problem outlined in chapter one, a case study and survey strategies were selected as the most appropriate for this research study. The main objective of the study is to assess the effectiveness of restructuring done in City of Harare municipality’s Water Department. The study also seeks to assess the benefits that are earned by the organization and stakeholders as a result of implementation of those restructuring strategies. Through use of sampling methods, the survey study is a practical and objective way of collecting attitudes and opinions from various stakeholders.

3.5.1 Case Study

It is often used to seek to understand social phenomena within a particular setting. Johnson (1994) defines a case study as an enquiry which uses multiple sources of evidence to investigate a contemporary phenomenon within its real life context when the boundaries between phenomenon and context are not clearly evident. This view is supported by Kumar (2005) who defines the case study as an approach to studying a social phenomenon through a thorough analysis of an individual case which can be a company, person or a community. The case study enquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points and as one result relies on multiple sources of evidence with data needing to converge in a triangulation manner and as another result benefits from prior development of theoretical propositions to guide data collection and analysis. It is a
comprehensive strategy that encompasses logic of design, data collection techniques and specific approaches to data analysis.

Voss, Tsikritis and Frohliich (2002) argue that case research is a powerful research method, particularly for the development of new theory. Vossi et al (2002) posit that “it is important that case research is conducted and published because it is not only good at investigating how and why questions, but also suitable for developing new theory and ideas for testing and refinement” (p.196).

Voss et al(2002) however, identify challenges of conducting case research, which include time consuming, the need for skilled interviewers, and also that care is needed in drawing generalizable conclusions from a limited set of cases and in ensuring rigorous research.

In this research, the advantage to the researcher was accessibility to data and information, since the researcher is employed in the City of Harare municipality’s Water Department. Harness (2009), further notes some of the weaknesses of qualitative case study approaches. Subjectivity is inherent within qualitative research design. Furthermore, this type of research ignores factors such as industry or organizational size which may have a substantial impact on the results, limiting their ability to be representative within different organizational settings.

3.5.2 Survey Method
The survey is a non-experimental, descriptive research method. Surveys are useful when collecting data on phenomena that cannot be directly observed. Surveys are used extensively to assess attitudes and characteristics of a wide range of subjects. In a survey, researchers collect a sample from a population (Trochim, 2006). Data is usually collected through the use of questionnaires, sometimes researchers directly interview subjects.
Martin and Guerin (2006) argue that the survey method is useful to determine attitudes, opinions, needs, and preferences. Forza (2002), citing from Rossi et al. (1983) argues that “a survey involves the collection of information from individuals (through mailed questionnaires, telephone calls, personal interviews) about themselves or about the social units to which they belong” (p. 155).

There are two basic types of surveys: cross-sectional surveys and longitudinal surveys (Babbie, 1973). Cross-sectional surveys are used to gather information on a population at a single point in time. Longitudinal surveys gather data over a period of time. The researcher may then analyze changes in the population and attempt to describe and/or explain them (Babbie, 1973). In this study, a cross-sectional survey method was used to collect the data using a questionnaire as the survey instrument. The cross-sectional survey was selected upon taking cognizance of its weaknesses and riding on its strengths.

3.5.2.1 Strength of the Survey method

Martin and Guerin (2006) argue that the survey method is less time consuming than the observation, although it can be costly in terms of paper, postage, and time to develop the right questions. The survey process determines information about large populations with known level of accuracy (Forza 2002; cited in Rea and Parker, 1992). Survey method enables very large sample sizes and this makes results statistically significant even when analyzing multiple variables. The survey method also invokes standardization and this increases precision. Standardization ensures that similar data can be collected from groups then interpreted comparatively (between-group studies). High reliability is easy to obtain by presenting all subjects with a standardized stimulus, observer subjectivity is greatly eliminated (www.ischool.utexas.edu, 08/10/2012).

3.5.2.2 Weaknesses of the Survey method
The major weakness of the survey method is standardization such that the researcher can miss some of the qualitative information from the respondents. Surveys are also inflexible because they require that the research instrument remains unchanged throughout the data collection process. More so, surveys rarely deal with context (www.ischool.utexas.edu,08/10/2012).

3.6 Population and Sampling Techniques
This section defines the method that was used to determine the population in terms of who are the subjects of the study, sampling technique, the method of data collection, method of data analysis, and the presentation of the analysis.

3.6.1 Population
A population is any set of persons or objects that possesses at least one common characteristic (Basha and Harter,1980). It is a universal group of individuals that have one or more characteristics in common that are of interest to the researcher(Boyd, Larreche and Walker,2004). It is a set of all members about which a study intends to make inferences(Bellenger and Greenberg,1978). Definition of target population is critical since it specifies the parameters of the study to ensure that elements studied are explicitly identified(Francis,2004). The target population is 2 250 Harare Water employees, 60 councilors and 192 000 residents who are connected to the Harare Water municipal water supply network. The research adopted a quantitative approach and a representation target sample of 200 respondents comprising of 50 Harare water line managers, 42 middle managers, 8 directors and 100 Harare residents. The target population for this research is in the table below:

Table 3.4: Target population and sample

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Population size</th>
<th>Sample category</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>2 250</td>
<td>general employees</td>
<td>45</td>
</tr>
</tbody>
</table>
### Middle managers
- Senior managers

<table>
<thead>
<tr>
<th></th>
<th>Middle managers</th>
<th>Senior managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate payers/residents</td>
<td>192 000</td>
<td>130</td>
</tr>
<tr>
<td>Councilors</td>
<td>60</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: City of Harare Manpower Audit Report, 2010

In this study, the researcher applied the stratified sampling technique to determine the total population as shown above. This involved dividing the population into a number of groups (strata) where members of a group shared a particular characteristic(s) and then randomly selected elements are collected. The actual respondents at the organization were picked by applying a judgmental sampling technique, which has been identified by Gillham (2000) as the use of judgment to select the best sampling units to include in the sample. The researcher used his discretion before administering the questionnaires.

### 3.6.2 Sampling

Martin and Guerin (2006) highlights that sample selection involves determining which subjects to include in the sample. They argue that it can affect the outcome of the study. According to Forza (2002) sampling helps the researcher to overcome the difficulties of collecting data from the entire population resulting in savings in terms of time, money and other human resources requirements. He further argues that poor sampling design affects the application of appropriate statistical techniques and subsequently the generalizability of the results.

There are various sampling methods available and these include (Francis, 2004):

- **Random sampling** – ensures that each and every member of the population under consideration has an equal chance of being selected as part of the sample. There are two types of random sampling:
  - **Simple random sampling** – ensures that each and every member has an equal chance of being selected.
• Stratified (random) sampling – ensures that strata are defined in a heterogeneous population.

b) Quasi – random sampling – this method is used when random sampling is regarded as expensive or not possible to consider. There are two types that are commonly used:

• Systematic sampling – a method that is used where the population is listed or some of it is physically evident. The system chooses a random starting point the systematically samples every $k^{th}$ item. It is useful for a population that is homogeneous.

• Multi-stage sampling – is applied where the population is spread over a wide geographical area and costs will be prohibitive to travel to these areas. It involves splitting the area into a number of regions, randomly select a small number of regions, and then sub-sample to these regions alone.

c) Non-random sampling-applicable where random and quasi-random sampling methods are not possible. Two well used types are:

• Cluster sampling – a non sampling technique that can be used where no sampling frame exists, and often, for population which is spread over some geographical area. The technique involves selecting one or more geographical area and samples all elements of that target population that can be identified.

• Quota sampling – useful for market research where each interviewer has a set number (quota) of subjects to interview. Normally the population is stratified in some way and a quota will reflect this.

In this research, stratified random sampling was used since the method ensures that the sample itself (as well as the method of selection) is free from bias since it takes into account significant strata levels (attributes) of the population.

3.7 Data Sources
According to Oyemoni (2002) and Robson (2002), there are two types of data sources and these are: primary data and secondary data. Saunders et al (2006:607) assert that data collection methods may vary depending on the managerial style and culture of the organization.

3.7.1 Primary data Sources
Primary data is data originated by the researcher for the specific purpose of addressing the problem at hand (Malhotra, Hall, Shaw and Oppenheim, 2002). Although primary data is expensive to collect, it was used in this study because of the use of descriptive survey design which requires collection of raw data to determine the research findings and formulate conclusions and recommendations. The survey instrument used in this research is a self-administered questionnaire.

3.7.2 Secondary data Sources
Secondary data is previously collected for other purposes but can be applied to the current study. This kind data has the advantage of saving time and reducing data gathering cost. The disadvantage of this data is that its accuracy may be difficult to verify and data may not fit the problem (Malhotra et al, 2002). In this study, secondary data was obtained from Harare Water monthly and annual reports, cash flow statements and the internet.

3.7.3 Triangulation
Triangulation was used in this study. Gall, Borg and Gall (1986) define triangulation as a process of using multiple data collection methods, data sources, analysts or theories to check the validity of the case study findings. The use of two or more independent sources of data or data collection methods within one study helps to eliminate bias that might occur from relying exclusively on one data collection method, source, analyst or theory (Saunders et al, 2006). In this study, the researcher collected primary data by means of a self-administered questionnaire as the survey instrument and isolated
interviews on key people in Harare City Council’s Water Department. This was augmented by secondary data, obtained from City of Harare-Harare Water annual reports, cash flow statements and other records so as to draw valid and reliable conclusions.

3.8 Research Instruments
The use of multiple techniques such as questionnaire, interview and observation in a research strengthen the findings, validity, reliability and the possibility of generalization (Bryman, 1989). Validity is the ability of the instrument to measure what is supposed to be measured (Labovitz and Hagedorn, 1996) while a reliable instrument is the one that gives consistent results (Greenberg, 1978). Each instrument used has its unique strengths and weaknesses, it is therefore important to use different methods to cancel out the weaknesses effect (Bryman, 1989). The research instrument to be used for this research is a self administered questionnaire. Peterson (1992) defines a questionnaire as a list of questions that are carefully formulated constructed and sequenced so as to obtain the most useful data in the most cost effective manner. Questionnaires can be distributed by hand, mail, or e-mail. The variations of these methods impact on the costs, accessibility of respondents and time (Francis, 2006). The researcher used hand delivery since all respondents are in Harare where the researcher is based. In order to increase the response rate, the researcher left some questionnaires with bank tellers at Harare City Council’s banking halls which they issued for completion when they came to pay for their water and sewer bills.

3.8.1 Self-administered questionnaire.
The self administered questionnaire was used because of it relatively ease of administration. It allows the respondent to answer the questions in their spare time, even after working hours. In this research the questionnaires for the customers were given to the bank tellers at Harare Water banking halls where the residents pay for their bills. This increased the response rate since the bank tellers were acting as research assistants to the researcher. For the employees and councilors, the researcher went physically to each respondent and distributed the questionnaires.
3.8.2 Face – to face - interviews
Interviews were conducted with key people in HCC’s Water Department and answers on a structured questionnaire. This approach was adopted for the research mainly because of its ability to enable the interviewer to verify facts including body language on the spot and it is easier for respondent to clarify unclear issues. This technique has the disadvantage of being time consuming.

3.8.3 Observation
Saunders et al (2006:282) defines observation as a systematic way by which the recording, description, analysis and interpretation of people’s behavior is made. There are two types of observation and these are: participant observation and structured observation. The former is qualitative and derives from the work of social anthropology while the latter is quantitative and is more concerned with the frequency of those actions. In most enquiries the behavior and actions of people is very critical.

“The advantage of observation is that it is practical, as it enables researchers to share their experiences by not merely observing what is happening but also feeling it”(Gill and Johnson,2002:144). In this study, the researcher employed participant observation to deduce the quality of service being offered by City of Harare – Harare Water. He took advantage of the fact the he has been employed in HCC’s Water department for more than ten years. Furthermore, the researcher has been involved in strategy planning and implementation sessions in HCC and has gone through the transition period of the formation of Harare Water department.

3.9 Validity and Reliability
3.9.1 Validity
Saunders etal (2006:614) posits that validity, “Is the extend to which data collection methods accurately measure what they were intended to measure”. Labovitz and Hagebon (1976) and Bellenger and Greenberg (1976) describes validity as the ability of an instrument to measure what it is supposed to measure. Fraekel and Wallen (1996)
also highlights that validity revolves around the defensibility of interferences researchers make from the data collected through the use of an instrument. They argue that when choosing questionnaires there is need to select instruments that allow the researcher to draw valid conclusions about perceptions, knowledge, beliefs, attitudes and experiences of organizations that have undergone restructuring.

3.9.2 Reliability
Saunders et al (2006) define reliability as the extent to which data collection techniques yield consistent findings and similar observations that lead to the drawing of similar conclusions when used by different researchers. Fraenkel and Wallen (1996) also stipulates that a reliable instrument is one that gives consistent results when administered on different respondents, hence reliable instruments always obtain similar responses. Reliability of the questionnaire which has been used in this study offers consistent results, which research experts always call for.

3.10 Research Limitations
The research methodology selected had the following limitations:

- The sample size had to be limited from choosing the entire population due to time and cost limitations

- Local authorities are very strict on confidentiality and therefore certain information was deemed sensitive for public disclosure.

3.11 Data Analysis
Data analysis is an integral part of any research process such that without appropriate analytical procedure, it is impossible to up with meaningful findings. One purpose of statistical analysis as stated by Oyemoni (2002) is to reduce a mass of data into more compact form that shows general trends and relationships between variables. He emphasized that the objective of statistical analysis is to provide a quantitative way of distilling the essential features from the data. Naslund (2002) however highlights a problem with surveys of understanding and interpreting questionnaires. He argues that if statistical analysis is performed on data which one does not fully understand, or data
which one does not know how to interpret, then the question arises as to how useful the results from the analysis are? He goes further to say questions may also be misinterpreted by respondents, thus the analysis could even lead to incomplete results.

Another problem of survey research is that it is almost always past oriented (Naslund, 2002). The survey method provides a snapshot of the current condition (ibid). The snapshot approach of surveys suits well in the principle of reductionism that is the pursuit of simple answers to complex problems.

The questionnaires for this study were assigned codes and the researcher made sure that every questionnaire was entered for analysis. The coding of data assists the researcher to reduce high volume responses to few categories containing the critical information needed for analysis (Cooper and Schindler, 2000). A database was set up in Microsoft Excel 2007 and the data was analyzed using the Excel package.

The major measures used in the study are means and percentages. The data was presented using pie-charts, tables and graphs to give a pictorial view of the facts at hand. In order to provide more clarity, the data was explained in narrative terms to expand on the tables, graphs and figures highlighted in research for further evidence.

3.12 Chapter Summary
The chapter discussed the various methods and instruments used in research studies. It justified the use of positivist philosophy and the survey method as the most appropriate in carrying out the study. The chapter also highlighted the significance of the stratified random, simple random and non-probability sampling techniques and at the same time justifying the use of stratified random sampling in this research. A self-administered and interviewer-administered questionnaires were identified as the most appropriate instruments for collecting primary data. The target population and the strata
CHAPTER FOUR: RESULTS & DISCUSSION

4.0 Introduction
This chapter presents the research findings and discusses them by drawing parallels to the literature review of Chapter Two. The chapter gives a detailed analysis of both the qualitative and quantitative responses. Saunders et al (2003) states that the chapter gives the researcher an opportunity to present the facts that the researcher has found. In this chapter research findings will be presented and research results will be discussed. Effectiveness of restructuring strategies will be reflected by improved
performance after restructuring and delighted stakeholders. It also forms the basis of the conclusions and recommendations.

The study categorically analyzed data from two groups of respondents: Greater Harare residents and Harare Water employees and councilors. The analysis engaged descriptive statistics with the use of tables, pie charts and bar charts, to illustrate relations and trends. Section 4.2 below illustrates the analyzed and interpreted data obtained from Harare Water employees, ratepayers and councilors through questionnaires. Section 4.3 will test the research proposition and 4.4 is the chapter summary.

4.1 Response rate

Table 4.1: Harare Water Employee Response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample Distributed</th>
<th>Returned Questionnaires</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>45</td>
<td>31</td>
<td>69%</td>
</tr>
<tr>
<td>Middle Managers</td>
<td>10</td>
<td>8</td>
<td>80%</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>5</td>
<td>4</td>
<td>80%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>43</td>
<td>72%</td>
</tr>
</tbody>
</table>

A total of sixty questionnaires (60) were distributed to the sample selected from the Harare Water Department and forty-three (43) were successfully completed and returned to the researcher for analysis. A response rate of 72% and a non response rate of 28% were obtained from the questionnaires and this is highly acceptable. Nachmias and Nachmias(1996) stipulate that the response rate of self administered questionnaires lies between 20% and 40% and for this research ,the benchmark was exceeded by a margin because the researcher made tireless follow ups of the
responses either by e-mail, telephone or directly. Furthermore, the researcher explained the objectives of the research to the respondents upon delivering them.

Table 4.2 Ratepayers and Councilors Response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample Distributed</th>
<th>Returned Questionnaires</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Councilors</td>
<td>10</td>
<td>7</td>
<td>70%</td>
</tr>
<tr>
<td>Ratepayers</td>
<td>130</td>
<td>78</td>
<td>60%</td>
</tr>
<tr>
<td>Total</td>
<td>140</td>
<td>85</td>
<td>61%</td>
</tr>
</tbody>
</table>

A total of two hundred questionnaires (140) were also distributed to the ratepayers and councilors of Harare, and 85 questionnaires were completed successfully and returned for analysis. This gave a response rate of 61% as illustrated in the table above. These response rates are considered valid according to a claim by Young et al (2010) that in a social science research, response rates of between 25% and 30% are extremely common and are generally regarded as satisfactory.

4.1.1 Sample Characteristics

Table 4.3 Sample Characteristics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age(N=200)</td>
<td></td>
</tr>
<tr>
<td>Under 30 years</td>
<td>5</td>
</tr>
<tr>
<td>30- 39 years</td>
<td>30</td>
</tr>
<tr>
<td>40- 49 years</td>
<td>40</td>
</tr>
<tr>
<td>Age Category</td>
<td>Count</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>50- 59 years</td>
<td>20</td>
</tr>
<tr>
<td>60 and above years</td>
<td>Nil</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period of Stay in Harare(N=200)</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 2 years</td>
<td>Nil</td>
</tr>
<tr>
<td>2- 5 years</td>
<td>10</td>
</tr>
<tr>
<td>6- 9 years</td>
<td>19</td>
</tr>
<tr>
<td>10- 19 years</td>
<td>35</td>
</tr>
<tr>
<td>20 years and above</td>
<td>36</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Level(N=200)</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>17</td>
</tr>
<tr>
<td>Diploma</td>
<td>16</td>
</tr>
<tr>
<td>Degree</td>
<td>57</td>
</tr>
<tr>
<td>Masters</td>
<td>8</td>
</tr>
<tr>
<td>PhD</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area of Residents/location(N=200)</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Density</td>
<td>65</td>
</tr>
<tr>
<td>Medium Density</td>
<td>20</td>
</tr>
<tr>
<td>Low Density</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category(N=200)</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Councilor</td>
<td>6</td>
</tr>
<tr>
<td>Senior Management</td>
<td>9</td>
</tr>
<tr>
<td>Middle Management</td>
<td>63</td>
</tr>
<tr>
<td>Rate payer</td>
<td>22</td>
</tr>
</tbody>
</table>

The Table 4.3 above shows the results of the sample characteristics. Below is the pictorial presentation of the sample characteristics.
Figure 4.1: Age of Respondents
The age groups of the respondents are distributed as follows, under 30 years (5 percent), 30 – 39 years (30 percent), 40 – 49 years (49 percent), 50 – 59 years (16 percent) and 60 years and above (none).

Figure 4.2: Residential area of respondents.
The area of residence or location of stay of the respondents was considered an important factor because the researcher is of the opinion that appreciation of the service delivery levels of the Harare Water Department has a bearing on the location of the respondent that is high, low and medium. Furthermore, the researcher is of the opinion that appreciation by the rate payers to honor their bills depends on the location. The period of stay in Harare of the respondents was distributed as follows, under 2 years (none), 2-5 years (10 percent), 6-9 years (19 percent), 10-19 years (35 percent), and 20 years and above (36 percent). The aspect of period of stay in Harare is an important variable since it gives us an indication of how the respondents fare with the water supply situation in Harare.

**Figure 4.3: Respondents’ period of stay in Harare**

Respondents were asked to the number of years they have stayed in Harare and the results showed that the respondents who stayed less than 2 years in Harare constituted 1%, 2-5 years (10%), 6-9 years (18%), 10-19 years (18%) and finally for 20 years and above had a percentage of 36%. It is of the researcher’s view that the respondents had a better account of Harare since they had been in the City for quite a significant period. They have witnessed the good and the bad years of Harare municipality as far as water supply is concerned.
supply is concerned and how it has operated over the years. The researcher believes that the respondents are in a position to spell out the times the municipality started to deteriorate and the possible solutions to the water supply problems Harare Water Department is facing. The pictorial view is shown in figure 4.3 above.

![LEVEL OF EDUCATION](image)

Figure 4.4: Respondents’ level of education

Of the total respondents, 17 percent have high school qualifications, 16 percent have Diplomas, 57 percent have Degrees, 8 percent have Masters Degrees and only 2 percent have PhD. The researcher considered the level of education in an endeavor to appreciate the respondents’ intellectual capacities with regards to their appreciation of the concepts that underpin this research. The spread of the qualifications among the respondents shows that every respondent at least understood and appreciated the subject under research and the could make meaningful contribution towards the research.
Figure 4.5: Stakeholder composition

Finally, the categories of respondents are 7 percent councilors, 15 percent senior managers, 46 percent Middle Managers and 32 percent rate payers. The data shows that all the key respondents whose opinions are needed to evaluate the impact of restructuring on organizational performance are represented. The researcher is of the opinion that the results are a true representation of what is actually on the ground because all key stakeholders in the HCC are represented.
4.2 ANALYSIS, RESULTS AND DISCUSSION

4.2.1 Impact of restructuring on organizational performance in HCC-Harare Water

4.2.1.1 Analysis and Results

Figure 4.6: Impact of restructuring on revenue collection

![Revenue Collection Chart]

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Positive</td>
<td>33%</td>
</tr>
<tr>
<td>Positive</td>
<td>41%</td>
</tr>
<tr>
<td>Neutral</td>
<td>17%</td>
</tr>
<tr>
<td>Negative</td>
<td>6%</td>
</tr>
<tr>
<td>Not sure</td>
<td>3%</td>
</tr>
</tbody>
</table>

Figure 4.6 show that 74% (33% very positive and 41% positive) of the respondents agree that restructuring had a positive impact on the water revenue collection. About 6% spelled out that restructuring had a negative impact on revenue collection whilst 17% are neutral and 3% are not sure. This means that City of Harare management has improved its revenue collection efficiency.

The researcher is of the view that revenue collection improved because the scope of work of HCC’s Water Department had been reduced hence the management of the department more effective. This concurs by Atkins (1999) who argues that restructuring increases managerial effectiveness because the firm has become less diversified, allowing the top management to better understand and manage the remaining businesses, primarily the core and other related businesses. The advent of dollarization has also made it more easier because there are more resources to implement revenue collection strategies.
On the parameter of quantity of water produced at the HCC’s water treatment works, 8% of the respondents (3% very positive and 5% positive) are of the opinion that restructuring has improved water production at the city’s water treatment works, while 60% were neutral, 20% pointed out that restructuring had negative results on water production and the remaining 3% were not sure. The high percentage (60%) of respondents whose opinion is neutral show that most of the respondents were not aware of the restructuring that took place in the HCC.
Figure 4.8: Impact of restructuring on Water Quality-HCC Employees

Figure 4.8 show that 50% of the respondents are of the opinion that restructuring had negative impact on the water quality from the production plants and the distribution network while 27% of the respondents were not sure, 10% of the respondents were neutral while 18% (8% positive and 5% very positive) are of the opinion that restructuring had positive impact on the quality of water from the production plants and distribution network. It therefore means that restructuring did not improve the water quality from the production plants and the distribution network.
Figure 4.9: Impact of restructuring on Water Quality - Rate payers

From the rate payer’s category 85% respondents are thus sharing the same perception with HCC employees that the water is of poor quality hence restructuring has no managed to improve the city’s quality of water. Only 5% of the respondents are of the opinion that the water is of good quality (3% Good and 2% Very Good) while 5% of the respondents say that its quality is satisfactory.

Figure 4.10: Impact of restructuring on Water Availability - Rate payers

From the rate payer’s category 85% respondents are thus sharing the same perception with HCC employees that the water is of poor quality hence restructuring has no managed to improve the city’s quality of water. Only 5% of the respondents are of the opinion that the water is of good quality (3% Good and 2% Very Good) while 5% of the respondents say that its quality is satisfactory.
From the rate payer’s category 30% (20% very positive and 10% positive) of the respondents highlighted that the restructuring has improved the water supply situation, 20% of the respondents were neutral and 40% of the respondents highlighted that restructuring adversely affected water supply, and 15% of the respondents are not sure. These results concur with the results obtained for the production of water which show that production has not changed since the restructuring of HCC.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not sure</td>
<td>15%</td>
</tr>
<tr>
<td>Negative</td>
<td>30%</td>
</tr>
<tr>
<td>Neutral</td>
<td>40%</td>
</tr>
<tr>
<td>Positive</td>
<td>10%</td>
</tr>
<tr>
<td>Very Positive</td>
<td>5%</td>
</tr>
</tbody>
</table>

Figure 4.11: Impact of restructuring on Non-Revenue Water reduction

Figure 4.11 shows that only 15% (5% very positive and 10% positive) are of the opinion that restructuring had a positive impact on non-revenue water reduction while 40% are neutral and 30% think that restructuring had negative impact on performance of the department in terms of NRW reduction. 15% is not sure of the impact of restructuring.
From the rate payers category, 70% (48% very positive and 22% positive) are of the opinion that restructuring has positively affected the cost of the water such that water is the cheapest on the ratepayers monthly expenditure. In an interview with one of the ratepayers, she highlighted that water bill consumes about 2% of her monthly income. According to Gehager (2009) the average water cost of HCC water is about $0.28 per m$^3$ while the average water tariff for Japanese utilities is equivalent to US$1.33/m$^3$ for water. It therefore means that the opinion of rate payers is valid. Therefore restructuring positively affected the cost of water in HCC’s Water Department.

**4.2.1.2 Discussion**

The researcher is of the view that revenue collection efficiency improved after the restructuring because the management of HCC’s Water department had narrowed their scope of work so that they could concentrate on water supply services unlike their predecessor which had to carry out other activities like road maintenance. Atkins (1999) argues that restructuring increases managerial effectiveness because the firm has become less diversified, allowing the top management to better understand and manage the remaining businesses, primarily the core and other related businesses. In Sana’a, the collection efficiency of water and sewer bills increased from 60% to 97%.
from 1999 to 2007 after narrowing down of their scope to the supply of water and sewerage services (Gehager, 2009).

Water production remained constant before and after the restructuring because no new water production plants have been constructed after the restructuring process. More, the production is still low due to the aged water treatment infrastructure. Batley (2004) argues that several local authorities depend mostly on ancient and obsolete infrastructure and when the such infrastructure needs repairs and overhaul, there would not be adequate funding of the projects.

The water quality deteriorated after the restructuring process because of exogenous shocks like the hyper-inflationary environment that hit the country in 2007-2008 which made it difficulty to get foreign currency to purchase water treatment chemicals and plant equipment spares. Moreso, Chemplex Marketing, the local sole supplier of water treatment chemicals had also been grounded due to lack of foreign currency to purchase raw materials and plant equipment spares. It meant that the Water Department had to rely on importation of water treatment of chemicals and spares of which that was not sustainable. The HCC as a whole was hit by massive brain drain such that experienced scientist, engineers and technician who had the requisite skills to work in the department were no longer available hence deterioration in water quality.

At present the NRW is about 57% of the treated water from the production plants and reduction is insignificant due to proliferation of illegal water connections, leakages in the distribution network. In Japan, non-revenue water in urban utilities decreased from about 50% in 1999 to an estimated 28% in 2007 (Gehager, 2009) but in Harare municipality the change is insignificant. The researcher is of the view that NRW has not change after restructuring because it too early to get noticeable results on this parameter. He also of the opinion that the draw backs which were experienced during the hyper-inflationary era in 2007 to 2008 which hindered progress such that the positive results of the restructuring process are still latent.
4.2.2 Contrasting HCC service delivery (water supply) levels before and after restructuring.

4.2.2.1 Analysis and Results

![RELIABILITY](chart.png)

**Figure 4.13 HCC service reliability**

From Figure 4.13, 60% of the Harare Water employees are of the opinion that the service reliability was good (40% Very Good and 20% Good) before the restructuring process, 5% are not sure, 20% average and 15% are of the opinion that the service delivery was poor before the restructuring process.

After the restructuring process, 40% (20% Very Good and 20% Good) are of the opinion that service reliability is good, 10% are of the opinion that reliability is average, 53% say the reliability is poor and 7% is not sure.

It must be noted that restructuring does not guarantee improved organizational performance. Restructuring process may also negatively affect the performance of an organization such that some respondents wish that it was better if the reorganization was not carried out.
Figure 4.14: HCC Responsiveness to customer complaints

On responsiveness to customer complaints, 75% (45% Very Good and 30% Good) are of the opinion that responsiveness to customer complaints was good before the restructuring process, 10% say the responsiveness was average and 5% are of the opinion that it was poor and 10% are not sure. After the restructuring process, 20% (15% Very Good and 5% Good) are of the opinion that responsiveness is good, 10% say its average, 60% are of the opinion that its poor and 10% is not sure.

Figure 4.15: HCC Empathy
From the Figure 15, 53% (28% Very Good and 25% Good) of the respondents are of the opinion that Harare Water organizational empathy was good before restructuring, 17% say the empathy was average, 15% say it is poor and 25% are not sure. After the restructuring process, 40% (25% Very Good and 15% Good) are of the opinion that the organizational empathy is good, 15% say its average and 40% say its poor and 5% are not sure.

![FRIENDLINESS](image)

**Figure 4.16: HCC friendliness**

On friendliness, 50% (20% Very Good and 30% Good) are of the opinion that organizational friendliness was good before the restructuring process, 20% say the friendliness was average and 20% are of the opinion that it was poor and 10% are not sure. After the restructuring process, 15% (5% Very Good and 10% Good) are of the opinion that friendliness is good, 10% say its average, 60% are of the opinion that its poor and 5% is not sure.
Figure 4.17: HCC promptness

From the Figure 17, 80% (50% Very Good and 30% Good) are of the opinion that Harare water organizational promptness was good before restructuring, 10% say the promptness was average, 5% say it is poor and 5% are not sure. After the restructuring process, 25% (10% Very Good and 15% Good) are of the opinion that the organizational promptness is good, 20% say its average and 50% say its poor and 5% are not sure.

4.2.2.2 Discussion

The research results reveal that the reliability of the water supply in Harare has deteriorated after the restructuring. The researcher is of the opinion that the reliability has gone far below when the water function was still under the Department of Works because of resistance to change by both the management and employees. The morale of the employee has gone low and some employees wish if the restructuring has not taken place. Furthermore, the residents who are just caught in the web of changes wish that if these changes had not been undertaken.

The results generally show that responsiveness to customer complaints has gone worse after the restructuring exercise. The researcher agrees that responsiveness to customer complaints surely has gone down but this is not a deliberate move because attending to
water quality complaints and water bursts require resources like vehicles, tools and sampling kits of which these are inadequate in the department. It therefore means that inadequate funding is hindering the efficiency with which council workers execute their duties.

Generally, the customer facing employees in council are rough. This culture of being unfriendly and rough to customers was sowed in the hyper-inflationary era of 2007-2008 such that customer care courses needed to be done by council employees so as to improve their contact with customers. Normally, it is expected that customers should launch a complain when unfairly treated or if their expectations are underperformed (Buttle, 2005) but this not the case with Harare City residents. The rate payers believe that complaining is useless because the council does not care about those complaints hence they chose not to complain even if the service they receive has deteriorated far below they used to get before the restructuring process.

4.2.3 Impact of restructuring on employee performance, Work culture and revenue collection

4.2.3.1 Analysis and Results

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Positive</td>
<td>20%</td>
</tr>
<tr>
<td>Positive</td>
<td>10%</td>
</tr>
<tr>
<td>Neutral</td>
<td>60%</td>
</tr>
<tr>
<td>Negative</td>
<td>5%</td>
</tr>
<tr>
<td>Not sure</td>
<td>5%</td>
</tr>
</tbody>
</table>

Figure 4.18: Impact of restructuring on employee performance
In Figure 4.18, 30%(20% very positive and 10% positive) of the respondents highlighted that the restructuring has improved employee performance, 60% were neutral and 5% highlighted that restructuring adversely employee performance, and 5% are not sure.

The researcher is of the opinion that the employee performance has became lower than that before restructuring because of the high expectation which the employees had on the restructuring. Surprisingly to the employees, the same corrupt, beaureacritic management which they had before the restructuring is the same management they are having after the restructuring which means that only the name tag has been chaned to Harare Water but the composition of the department has not changed. It therefore means that the old culture has remained in the organization and given autonomy to further their personal interests of self enrichment.

Figure 4.19: Impact of restructuring on work culture

From Figure 4.19 above, 10%(5% very positive and 5% positive) of the respondents highlighted that the restructuring has improved Harare Water work culture, 80% were neutral and 5% highlighted that restructuring adversely affected work culture, and 5% are not sure. This concurs with the results obtained by Landau(1999) when investigating the effectiveness of water supply privatization in Maputo. The author notes that the
privatization adversely affected service delivery because the employees were not willing to communicate with the ratepayers and some of the employees spoke roughly to the ratepayers when they try to launch complaints in terms of water quality and water bills such that ratepayer wished if the reorganization had not taken place.

Figure 4.20: Impact of restructuring on revenue collection efficiency
Figure 4.20 shows that 50%(30% very positive and 20% positive) of the respondents highlighted that the restructuring has improved revenue collection efficiency, 40% were neutral and 3% highlighted that restructuring adversely revenue collection, and 7% are not sure. These responses concur with the responses obtained in Sana’a where the revenue collection efficiency of water and sewer bills increased from 60% to 97% during the period 1999 to 2007 (Gehager, 2009).

4.2.3.2 Discussion
The results reveal that restructuring did not improve the employee work performance. The researcher is of the opinion that the negative attitude of employees towards work is because the strategic purpose of the change was not clear. Autonomy at lower level employees in the organization especially at the production plants has not been granted
such that decision making process is too long. This is demotivated the employees and those who expected much due to the change process have witnessed the same bosses who ruled them before the restructuring process are the same who are ruling the after the process.

The results from Figure 4.19 means that the laissez-faire type of work culture has filtered through into the Harare Water Department. The restructuring has only changed the name tag to an autonomous department called Harare Water but the approach to work, lack of commitment as always associated with municipality workers has remained in the Harare Water Department. The loopholes that the restructuring was meant to close have remained. This phenomenon is concurs with Scott (2003), who suggests that organizations that function as closed systems tend to develop bureaucracies that ensure rationality, functionality, conformity and suppress innovation. Gersick (1991) also agrees to this motion when he points out that large, well established organizations like municipalities tend to resist dramatic change due to the inertial form in the entity. The researcher agrees with the authors because public sector organization are bureaucratic and they do not quickly embrace change like private sector organization.
4.2.4 Evaluation of the extent to which stakeholders are satisfied with Harare City Council’s Water Department Service delivery since the restructuring process.

4.2.4.1 Analysis and Results

**Stakeholder satisfaction**

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>5%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>10%</td>
</tr>
<tr>
<td>Neutral</td>
<td>20%</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>25% (15% Very satisfied and 10% satisfied)</td>
</tr>
<tr>
<td>Not sure</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Figure 4.21: Stakeholder satisfaction-Harare Water employees**

From Figure 4.7, 50% of the Harare Water employees are not satisfied with the service delivery since the restructuring process, 5% are not sure, 20% are neutral and 25% (15% Very satisfied and 10% satisfied) are satisfied.

**Stakeholder satisfaction**

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>2%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>5%</td>
</tr>
<tr>
<td>Neutral</td>
<td>8%</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>5%</td>
</tr>
<tr>
<td>Not sure</td>
<td>80%</td>
</tr>
</tbody>
</table>

**Figure 4.22: Stakeholder satisfaction-ratepayers (Harare water consumers)**
From Figure 4.7, 80% of the Harare Water consumers are not satisfied with the service delivery since the restructuring process, 2% are not sure, 8% are neutral and 10% (5% Very satisfied and 5% satisfied) are satisfied.

The results concur with Landau (1998) where the stakeholder satisfaction after the privatization of Maputo caused deterioration in service delivery. The author opines that the company failed dismally to supply adequate potable water and the little that is supplied is of poor microbiological quality. Furthermore, access to water is limited only to a few hours a day (three hours per day) and many residents complained that they receive irregular low pressure water supply. This has caused high levels of dissatisfaction in the stakeholders of the company both internal and external. The internal stakeholders of the company are complaining about inadequate resources, poor and erratic remuneration, adverse political interference and no staff development programs in the company.

4.2.4.2 Discussion
Stakeholders of the HCC’s Water Department were not satisfied with the service level of the department. The main reasons for dissatisfaction are poor water quality, inaccurate meter reading, unavailability of water and ill-treatment of customers. This is opposite to the results that were obtained in Yemen where 89% of consumers were satisfied, 11% dissatisfied with water supply after formation of utilities (German Technical Co-operation Report, 2007). This anomaly is due to the fact that restructuring of the HCC’s Water Department has resulted in the deterioration of service delivery even though the quality of service in HCC is far better than that of the Republic of Yemen. Naturally, if someone has experienced high standards of living any change that compromise those standards brings in much dissatisfaction. It therefore means that the HCC should tighten it belts in terms of policy formulation and implementation for that it exceed customer satisfaction in terms of water and waste water supply services. Since a department has been created that focuses only on water and waste water services supply, the HCC must make sure that the performance of the department should be far better that its
predecessors (Department of Works and ZINWA) which had a much wider scope of work.

4.2.5 Factors that inhibit successful restructuring in HCC.

4.2.5.1 Analysis

![Figure 4.23: Effect of political interference-Employees of Harare water Department](image1)

85%
4%
3%
3%
5%

Very Strongly
Strongly
Neutral
Disagree
Not sure

Figure 4.23: Effect of political interference-Employees of Harare water Department

![Figure 4.24: Effect of political interference-Harare water consumers.](image2)

80%
15%
2%
2%
1%

Very Strongly
Strongly
Neutral
Disagree
Not sure

Figure 4.24: Effect of political interference-Harare water consumers.
Figure 4.23 above show that 90% of the respondents agree (85% strongly agree and 20% agree) that political interference is going to inhibit proper restructuring of the department. 3% disagree, 4% are neutral and 3% are not sure.

The respondents in the category indicate that 95% agree (80% Very Strongly and 15% strongly) that political interference interferes with restructuring in City of Harare municipality. 2% are neutral, 2% disagree and 1% is not sure. These findings concur with the findings from the HCC employees indicated in the research.

Figure 4.25: Effect of public concerns

About 90% (70% Very Strongly and 20% strongly) of the respondents believe that public concerns hinder proper restructuring.
Figure 4.26: Effect of Organizational culture-HCC employees

About 85% (65% Very Strongly and 20% strongly) of the respondents believe that organizational culture hinder proper restructuring. 5% of the respondents are neutral, 8% say the organizational culture’s effect on restructuring is not strong and 2% are not sure.

Figure 4.27: Effect of Employee resistance-HCC employees

Figure 4.27 above show that 80% of the respondents agree (60% strongly agree and 20% agree) that employee resistance is going to inhibit proper restructuring of the department. 8% disagree, 10% are neutral and 2% are not sure.
Figure 4.28 above show that 60% (40% Very Strong and 20% Strong) of the respondents are of the opinion the inadequate funding is going to water down the restructuring efforts of the department, 10% are neutral and 2% are not sure and 20% think that inadequate funding has no effect.

Figure 4.28: Effect of inadequate funding

Figure 4.29: Effect of Lack of ownership
About 45% (25% Very Strongly and 20% strongly) of the respondents believe that lack of ownership hinder proper restructuring. 15% of the respondents are neutral, 30% say the lack of ownership’s effect on restructuring is not strong and 25% are not sure.

4.2.5.2 Discussion
One of the senior managers highlighted to the researcher during an interview that sometimes they are forced by the councilors or the Minister of Local government to craft resolutions meant to satisfy political heavy weights. This will therefore mean that political heavyweights would realize their goals and objectives through local authority administration (Jones, 2001). Working together, Turning the tide in Local Government (November 2009, p.17) also points out that the root cause of municipal failure has been due to: “Political parties that are undermining the integrity and functioning of municipal councils through intra and inter-party conflicts and inappropriate interferences in councils and administration”. It therefore means that any changes that are going to be done in HCC are going to be interpreted along political lines thus political interference becomes a big stumbling block in the restructuring of the municipality.

The respondents indicated that they air their public concerns through councilors who represent them at council level and these respondents are the ones who vote the councilors into office. The councilors are partisan and it is through these councilors that the residents (consumers) lobby their concerns. The demands of the ratepayers are sometimes bottomless (Jones, 2001).

The researcher is of the opinion that inadequate funding had strong negative impact on the restructuring process because after all the planning everything is going to be converted into dollars and cents. It therefore means that inadequate funding has affected the restructuring because the intended outcome of supplying adequate potable water to Greater Harare residents has not been achieved. In an interview with one of the senior managers in the department, he highlighted that inadequate funding is hindering progress when they try to replace the water and waste water treatment and distribution infrastructure. He further pointed out that even in trying to embrace modern
technology in order to improve billing system, revenue collection (introduction of prepaid metering system and GIS) and automation there are no funds available for that.

4.3 TESTING OF THE RESEARCH PROPOSITION
This section seeks to test the research proposition against the research findings as follows:

4.3.1 To investigate the impact of restructuring on water production, water quality, revenue collection, water availability.
The results from the primary investigative analysis outlined in this chapter show that 80% of the respondents agree that water production at the water treatment works did not improve after the restructuring, therefore restructuring did not improve the water production indicating that the restructuring exercise was not successfully undertaken.

The results from the primary investigative analysis outlined in this chapter show that 85% of the respondents from the rate payers section and 50% from the employee responses agree water quality deteriorated after the restructuring therefore the restructuring did not improve water quality.

The results from the primary investigative analysis presented in this chapter show that 74% of the respondents agree that the revenue collection improved after the restructuring therefore the research proposition is true that effective implementation of restructuring improve performance especially on the revenue collection.

The results from the primary investigative analysis presented in this chapter show that 40% of the respondents agree that the water availability deteriorated after restructuring and 20% improved after the restructuring therefore the research proposition is true that effective implementation of restructuring improve performance especially on the revenue collection.
4.3.2 To contrast service delivery levels of HCC’s Water Department before and after restructuring.

The results from the primary investigative analysis outlined in this chapter show that 53% of the respondents from the rate payers section are of the opinion that the reliability of supply of water and waste water services is poorer after restructuring as compared to the reliability before restructuring. From the analysis results 60% the respondents believe that the reliability of supply of potable water and waste water services was good before the restructuring and 20% say it was average hence the results on reliability oppose the research proposition.

Responsiveness to customer complaints was good before the restructuring as shown by a high percentage (75%) of respondents whose opinion show that it was good, while 10% say the responsiveness to customer complaints was just average. The results from the primary investigative analysis presented in this chapter show that the percentage respondents who are of the opinion that responsiveness was good before restructuring is higher than those that say it is good after restructuring. The responses that say it was good before restructuring is 75% while the responses that say it is good after restructuring is 20%. This high margin of difference (55%) means that responsiveness after restructuring deteriorated and this opposes the research proposition.

The results on empathy show that the organizational empathy was far better than after restructuring. The results from the primary investigative analysis presented in this chapter show that 53% of the respondents agree that the organizational empathy was good before restructuring while 30% of the respondents say it is good after restructuring, therefore the research proposition is negated.

The results from the primary investigative analysis presented in this chapter show that 50% of the respondents agree that the organizational friendliness was good before restructuring while 25% say it is good after restructuring therefore the results oppose
the research proposition that the effective implementation of restructuring strategies by COH management has resulted in improved service delivery.

The results from the primary investigative analysis presented in this chapter show that 80% of the respondents agree that the organizational promptness was good before restructuring while 25% say it is good after restructuring therefore the results oppose the research proposition that the effective implementation of restructuring strategies by COH management has resulted in improved service delivery.

4.3.3 To assess the effect of restructuring on employee performance, work culture and revenue collection.

The results from the primary investigative analysis presented in this chapter show that 60% of the respondents agree that work performance by the HCC’s Water Department employees did not change after the restructuring. It therefore means that restructuring has not managed to change the attitude of Harare Water employees towards work there the research proposition is rejected.

The results from the primary investigative analysis presented in this chapter show that 80% of the respondents agree the laissez-fare type of work culture which characterizes the whole of HCC is also prevalent in the Water department. It therefore means that the restructuring process had no effect on work culture; therefore the research proposition is negated.

The results from the primary investigative analysis presented in this chapter show that 50% of the respondents agree the revenue collection efficiency improved after restructuring therefore the restructuring had a positive impact on revenue collection therefore the research proposition which states that the effective implementation of restructuring strategies by COH management has resulted in improved service delivery is accepted.
4.3.4 To assess the extent to which stakeholders are satisfied with HCC’s Water Department service delivery since the restructuring process.
The percentage of the respondents of rate payers who were dissatisfied with HCC’s Water Department was 80% and this too high a figure as compared to the 15% who say they are satisfied. This concurs with the results from Harare Water employees and councilors where 70% of the respondents are not satisfied with the department’s service delivery and only 15% are satisfied. These results are contrary to the results that were obtained in a customer satisfaction survey in the Republic of Yemen in which there satisfaction level is at 89% (German Technical Co-operation Report, 2007). It therefore means that the research proposition is negated.

4.3.5 To identify the factors that inhibit successful restructuring in HCC.
The results from the primary investigative analysis presented in this chapter show that 90% of the respondents from the employee category agree that political interference is slowing down successful restructuring in HCC. From the rate payer’s category, 95% of the respondents agree that political interference is hindering successful restructuring in HCC. Even though this objective is not directly linked to the research proposition, the researcher is of the opinion that the failure of restructuring is attributable to political factors hence implementation of restructuring has not led to improved service delivery.

The results from the primary investigative analysis presented in this chapter show that 90% of the respondents from the employee category agree that public concerns are greatly contributing to the failure of restructuring in the HCC. Even though this objective is not directly linked to the research proposition, the researcher is of the opinion that the failure of restructuring is attributable to public concerns hence implementation of restructuring has not led to improved service delivery.

The results from the primary investigative analysis presented in this chapter show that 75% of the respondents from the employee category agree that organization culture is also to a large extend contributing to the failure of restructuring in the HCC. Even though this objective is not directly linked to the research proposition, the researcher is
of the opinion that the failure of restructuring is attributable to organizational culture hence implementation of restructuring has not led to improved service delivery.

The researcher is of the opinion that successful restructuring in HCC’s Water Department is being slowed down by the following factors: political, public concerns, organizational culture, employee resistance, inadequate funding and lack of ownership. Although these factors are not directly linked to the research proposition, the researcher is of the opinion that the failure of restructuring is attributable to them hence implementation of restructuring has not led to improved service delivery. Furthermore, since HCC is a public organization any move towards changes in the organization is subject to public scrutiny which may sometimes advocate for changes which are detrimental to service delivery.

4.4 CHAPTER SUMMARY AND CONCLUSION
From the results above, the establishment of Harare Water as an autonomous department in order to improve service delivery has earned little success. The financial position of the department has remained notoriously weak or even worse than when the water and sewerage function was under the Department of Works. The Harare Water department is still surviving by considerable government subsidies and donor funds. The estimated customer strength stands at 192,000 and the estimated water demand is at 1200 megalitres per day while the current water production stands at 620 megalitres per day which is half the demand. Non-revenue water (NRW) is approximately 57% which is too high and the disconnection of water supplies to defaulters is irregularly applied such that some defaulters cannot be disconnected due to political allegiance. The restructuring has virtually failed to achieve the intended outcomes due to factors such as political, public concerns, poor governance systems, lack of ownership, and inadequate funding. The next chapter presents the conclusions and recommendations on how to ensure that the noble idea of restructuring yield positive results.
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION
This is the final chapter of the dissertation. The chapter presents the conclusions based on the research findings obtained and discussed in Chapter Four. The chapter also proves or disapproves the research proposition and makes recommendations based on the findings. It also addresses the research problem and that is broad in perspective. Areas of further study are also highlighted.

5.1 CONCLUSIONS
In view of the research findings, the following conclusions are drawn:

5.1.1 What is the impact of restructuring on water production, water quality, non-revenue water, water availability and revenue collection?

The researcher is of the opinion that Harare City Council's Water Department is currently failing to achieve its intended outcomes of supplying adequate potable water to Greater Harare residents. The restructuring had a negative impact on the water quality as revealed by the results in Chapter Four.

The researcher opines that the restructuring process did not improve the water production at the city’s water treatment works. It therefore means that may be the restructuring is still in its infants so as to obtain noticeable changes in this parameter. It must also be taken in cognizance that construction and commissioning of water supply infrastructure requires huge capital outlays and also takes long periods of time like ten years for construction and commissioning hence no changes are noticeable on the production parameter.

The researcher is of the opinion that non-revenue water has increased since the restructuring process. Non-revenue water is the difference between water produced at the production plants and the one that is actually billed. The Non-revenue water is caused by water losses due to pipe bursts at the production plants and the distribution network, water theft, meter tempering and improper classification of consumers (for example commercial customers being billed as domestic). The non-revenue water is
more than half of the water produced at the water production plants. At present it stands at 57%.

Due to the high non-revenue water (57%), the water availability is also adversely affected such that the percentage of consumers who are accessing potable municipal water is decreasing annually.

The researcher is of the opinion that revenue collection has improved since the restructuring process such that the collection efficiency stand at around 70%. It therefore means that restructuring has improved the collection of revenue from water and sewerage services.

5.1.2 Are there any changes in the key dimensions of service delivery before and after the restructuring process?

The research has shown that the water and waste water services have not improved after the restructuring. The department has not managed to increase the supply of potable water to residents because of the NRW which has remained high (57%).

From the research, the residents still perceive the water to be of inferior quality than before the restructuring process. Lack of innovation, lack of development, failure to pay employees on time has shown that the restructuring has not achieved the intended results. The department has also not managed to take advantage of the advantage of technological advancement in the world such that its production and distribution plants are being manually operated whilst those of its sister cities like eThekwini have automated.

The pressure of the water from the taps has been negatively affected by the restructuring process. Efforts to improve this dimension of service are rare done. The water pressure generally is decreasing due to high demand of water which has outstripped supply but the department has no managed to fully implement the water demand management strategy which makes sure that water gets to each particular location with the right pressure.
5.1.3 What is the impact of restructuring on employee performance, work culture, revenue collection efficiency?

The laissez-fare approach to work has largely remained prevalent characterized by lack of purpose, commitment, application, innovation. The issue of budgets have actually remained on paper but they are rarely observed. The Result Based Management (RBM) has not been put in place to enhance employee performance.

The work culture of HCC’s Water Department is the same as that of the HCC as a whole therefore the research is of the opinion that restructuring has not managed to address the council approach to business. Furthermore, the Harare Water Department has largely remained inward focused which contrary to what other municipalities like eThekwini are doing. HCC has failed to embrace full stakeholder participation as anticipated by the restructuring process.

The researcher is of the opinion that restructuring process has managed to improve revenue collection efficiency in HCC’s Water Department. This is the only parameter the department has noticed positive changes since the restructuring process.

The HCC management and staff must ensure that they embrace all stakeholder participation so that they can make optimal decisions in executing their duties. Furthermore, improved consultation and decision making will be achieved if community organizations are allowed to play their roles effectively with the assistance of government and business community. They should be trained the crafting and implementation of strategies.

5.1.4 Are the stakeholders satisfied with the HCC’s Water Department service delivery level?

The main purpose of restructuring is to improve organizational performance and this translates into stakeholder satisfaction. At present, the urban water supply stakeholders
are not satisfied by the outcome of the restructuring. So what went wrong with such a noble idea of creating an autonomous department that is meant to supply water and waste water services to Greater Harare residents? The answer lies in corporate governance of urban water supply in City of Harare. The policy makers must ensure that good corporate governance mechanisms have been put in place in order to create an enabling environment that promotes accountability, responsiveness and technological progress.

5.1.5 What factors inhibit successful restructuring in HCC?
Political interference has been spelt out as the major factor hindering the restructuring process. Public concerns have also girded the political factors in acting as obstacles to the intended outcomes of restructuring. Council by its nature is political so any moves and changes that are carried out in the HCC are likely to be interpreted along political lines.

Employee resistance and the organizational culture of HCC are also slowing down the restructuring process. There is complacency among senior managers and middle managers resulting in poor supply of water and waste water services to Harare residents. More so, council has not been able to maintain its standards financially and operationally in the past years and this has filtered through the post restructuring era.

Inadequate funding is also hindering the restructuring outcomes. It must be taken into cognizance that potable water and waste water supply business require infrastructure and that infrastructure requires huge capital outlays which are not easily accessible from the international community and donors given the political and ideological orientation in the country.
5.2 VALIDATION OF RESEARCH PROPOSITION
The researcher tested the research proposition against the results from the research findings in Chapter Four. The testing of the research proposition proved that out of the fifteen performance indicators in the research objectives only one parameter showed an improvement after the restructuring process. It therefore means that fourteen out of fifteen performance indicators negated the research proposition which states that the effective implementation of restructuring strategies by HCC management has resulted in improved service delivery to Harare residents.

5.3 RECOMMENDATIONS
5.3.1 Proper Urban Water Supply Governance
The researcher recommends proper water governance in HCC because it is mainly poor water governance that contributes to water supply problems. The governance model should clearly describe the structures, functions and practices that define who does what and how they do it. It should clearly specify the distribution of decision making authority between the community and operational managers on matters such as procurement and supply of plant equipment, water treatment chemicals and pegging of water rates. Public concerns that are baseless should not override strategic management. The populist approach, though popular with residents in the short-term are detrimental in the long-term. The strategies of local authorities should dovetail into those of central government so that there is clear harmony between central government and the authorities in their operations

5.3.2 Strategic Management
Training of personnel and senior managers on the issues of strategic management. All managers should be sent for workshops to give them exposure on issues pertaining to water supply management. The researcher also established that most of the senior managers lack skills and techniques in implementing strategic management concepts. The management should be trained in areas of prioritization of funds in situations where there is inadequate funding. The main purpose for the formation of Harare Water Department was to improve supply of potable water to Harare residents; there more
funds should be allocated to rehabilitation of the production plants and the distribution network which is marred with water bursts.

5.3.3 Adopt the Build-Operate-Transfer (BOT) tender concept
The City of Harare Municipality and the government should engage the private sector in the BOT tender concept. The BOT schemes are generally used as a method of financing the construction of urgently needed infrastructure. BOT-type tenders for immediate water supply interventions are particularly beneficial in that the training, skill transfer and development aspects are addressed during the operational phase, providing skilled and able personnel when transfer takes place. The aforementioned concept has been recommended and proved to yield positive outcomes by numerous consulting firms, where the private sector can offer government immediate solutions to any failing infrastructure and address immediate water needs in selective key areas at a fraction of the cost compared to the long-term planned interventions.

5.3.4 Situational Analysis
In the HCC, the operations of the council department should be studied and industry analysis using PESTLE, SWOT, Ansoff Matrix and Porter's Five Forces Model in order to improve corporate value.

5.3.5 Stakeholder Participation
When coming to the issue of water policy, the researcher recommends that all stakeholders: ratepayers, employees included should be consulted. Employee buy in should be solicited by drafted proper council policies. Political support should always be sought since water by nature is political. Local government should open up the process of decision-making so as to include participation of stakeholders.

5.3.6 Revenue collection
Harare Water should improve its revenue collection efficiency by stepping up its revenue collection strategies. It should take advantage of modern technology to improve its billing system, increase points of payment of water and sewer bills.
5.3.7 Approach to urban water supply
There should be a separation of council business from political issues. Management should take a professional approach when conducting council business. The research established that there is too much conflict of interest that is stifling efficient and effective supply of water and waste water services to Greater Harare residents.

5.4 AREA OF FURTHER STUDY
A study to analyze the possibility of privatization and Public-Private Participation (PPPs) of urban water supply in Greater Harare.
REFERENCES


16. COH Human Resources Department, 2010


22. Crossan, F., (dun), Research Philosophy: Towards an understanding, *Nurse Researcher*, Volume 11 No 1, also available on [http://www.slis.indiana.edu/faculty](http://www.slis.indiana.edu/faculty)


24. Deputy Director’s Water presentation, January 2012


28. DNA (1999) “Gestão Delegada de Abastecimento de Agua nas cidades de Maputo, Beira, Quelimane, Nampula e Pemba”.


44. Gremler, D.D, Brown, S.W (1997), Service loyalty: its nature, importance, and implications. Advancing service quality: a global perspective, in Edvardsson (Eds), Quiz 5 Conference Processing, University of Karlstad, Sweden, pp.171-81


60. Jacoby, J., & Kyner, D.B. (1973), Brand loyalty versus repeat purchase behavior, Journal of Marketing Research, 10(1), 1-9


90. Noticias (2000, Mar. 31) *Maputo e Matola Sem Agua por Falta de Produtos Químicos*.


113. Urban Council’s Act, Chapter 29:15(183)


115. Waterworks Vision Summary, 2004


118. Working together, Turning the tide in Local Government, November 2009


www.ischool.utexas.edu,08/08/2012
Bloomberg.com.14/08/12
www.bain.com/publication/article/14/08/12
www.wikipedia.04/10/12
Wordpress.com.4/11/12
APPENDICES:

Appendix 1: Concept summary of Research Design
Appendix 2: Conceptual framework of the study
Appendix 3: Sample of Introductory Letter
Appendix 4: Questionnaire: HCC employees and councilors
Appendix 5: Questionnaire: Harare residents
Appendices 6: Analysis of responses from HCC Employees, Councilors & Rate payers