

## FROM THE CEO



The most conspicuous feature of the HSRC's transformation over the last four years has been our soaring research earnings. These have increased *seventeen-fold* over the four financial years ending March 2004, from R6 million to R103 million. They now exceed our Parliamentary grant, which increased from R64 million to R70 million over the period. (The trends are illustrated in Figure 1 on page 96, in the Council's Report.)

This increase in research earnings has both internal and external significance for the HSRC as a public-interest social-research organisation within the national system of innovation.

Internally, the earnings growth has enabled us to take on new researchers, and thus expand our services to our users, much faster than our Parliamentary grant would have allowed. In our recruitment we have emphasised researchers who are both senior, to conduct our distinctive kind of projects, and black, to undo the legacy of an historically white apartheid institution. Externally, the earnings growth attests that our users, predominantly in the public sector, find our research outputs increasingly useful for tackling the development challenges of our nation and our continent. This was confirmed in a recent user survey which also indicated that the research results often had a pleasingly direct impact.

The earnings are derived from competitive tenders, direct

commissions and grants from development agencies and foundations. These occur in roughly equal shares, as seen in Figure 2 on page 99. Our grants are evenly divided between local and international sources, as shown in Figure 3 on page 100.

We report annually on our progress regarding these and other aspects of our transformation to the Minister and his Department of Science and Technology (DST), using an extensive suite of quantitative indicators (Table 6 on page 114) and some qualitative ones. But each year, in this Message, I present a subset of six key indicators, set out in Table A on page 5.

The indicators are arranged under the headings of our COUPE transformation strategy: contracts and earnings, outreach to collaborators, user-orientation, performance in researcher race-equity and administrative efficiency, and excellence in scientific publications. The targets are reviewed and revised each year.

Four years on, we have met or exceeded five of our six targets, and are close on the sixth. In some instances it makes sense not to continue raising the bar, such as the proportion of tenders won; in others continuing progress is demanded, such as the share of black researchers.

These indicators show *that* we have decisively transformed in respect of the main shortcomings identified by the 1997 Institutional Review. This found the HSRC of the time to be inward looking, unrepresentative in its staff, bureaucratically bloated and producing outputs of dubious quality or relevance to users. But the improved indicators do not tell *how* our transformation has come about: the processes underlying the numbers. In particular, for several years before 2000, earnings did not exceed R15 million. Given an annual real decline in Parliamentary grant, the organisation undertook successive downsizings. Just how did we reverse this downward spiral?

Reflecting on the last four, heady years, one may identify several key ingredients – provided variously by design, effort or good luck. They can usefully be arranged under the headings of the famous McKinsey's "seven-S" model.

Our **strategy** has been to focus relentlessly on the COUPE commitments: Contracts and grants, Outreach to collaborators, User-orientation, Performance regarding efficiency and equity, and scientific Excellence. COUPE not only embodies key performance indicators for the organisation, it provides the framework in which every member of staff formulates objectives and is assessed. Within COUPE the leading commitment has been our user-orientation, which pulls all the others into line. Thus, research for users is funded primarily through contracts and grants, which are won by excellent research, built on qualified



staff and imaginative collaborations; representative staffing, to demonstrate an adequate understanding of our country's challenges; and a lean and effective administration.

We have not found that our user-orientation traps us in superficial and short-term contracts. Rather, South Africa's development challenges pose profound social-scientific research issues, evidenced in the scale and duration of many of our projects. At the same time as producing project reports, we have tripled our *per capita* output of refereed publications in scientific journals over the past four years.

Demand for our services was greatly increased by our introducing a novel **structure**, of radically inter-disciplinary "new priority areas", as the ten research programmes were initially called. For example, Integrated Rural and Regional Development includes researchers from economics, political science, demography and sociology. This structure enables us flexibility to constitute research teams within – and often across

– the programmes, to tackle the astonishing variety of research problems posed by our users.

In the last financial year we undertook some 250 projects in South Africa and 30 other African countries. The majority were implemented in collaboration with fellow science councils, universities and civil-society research agencies. Research Highlights are mentioned on pages 12 to 16. Large-scale, multi-year, multi-country studies have become our particular forte. Our fourteen largest projects, listed on page 101, account for 60% of research earnings. At the other extreme, a user may also have us research an economic development plan for a single rural municipality.

Our **staff** have comprised a further success factor. We demand a daunting mix of attributes of our researchers, and especially the Executive Directors (EDs) of the research programmes. They have to shape the vision of their programmes, win grants, present and publish, interact with users and funders,

	2000/01 baseline	2001/02 achievement	2002/03 achievement	2003/04 target	2003/04 achievement
<b>Contracts:</b>					
External research earnings as percentage of total research income	21	31	50	59	62 ✓
<b>Outreach:</b>					
Percentage of projects with external participation	22	62	51	55	62 ✓ ✓
<b>Users:</b>					
Percentage of successful competitive tenders	24	32	33	34	40 ✓ ✓
<b>Performance – Equity:</b>					
Percentage of black researchers	40	45	48	50	*51 ✓
<b>Performance – Efficiency:</b>					
Percentage of researchers in total staff	30	52	56	60	58 ✗
<b>Excellence:</b>					
Refereed journal articles, per researcher	0,23	0,23	0,55	0,60	+ 0,67 ✓ ✓

Table A: COUPE strategy and sentinel indicators

✗ = target not achieved

✓ = achieved target

✓ ✓ = appreciably exceeded target

\* = 60% including research interns

† = 2,32 articles per researcher including non-refereed journals and chapters in books

manage their programmes' finances and human resources, mentor younger researchers, and also participate in building the wider organisation.

This mix reflects the determinedly hybrid nature of the HSRC, which is similar in some respects to universities, professional consultancies, non-governmental organisations and government departments, and differs in other respects from all of these. Our expectations of our support staff have been equally arduous, for continuous innovation to cope with our expansion and increasingly sophisticated needs, while supporting the organisation's expansion into five centres.

High levels of **skills** are demanded in a knowledge-intensive organisation. We have improved the proportion of Masters and Doctoral graduates among our permanent researchers from 64% to 91% over the four years. And rather than compete with tertiary institutions in the present situation of under-supply, we have developed a large research internship programme. We have some 30 research interns at any time, overwhelmingly black, who complete their Masters or Doctoral degrees at university using aspects of our projects for their thesis topics. All staff have access to a bursary scheme and extensive study leave, and researchers have additional time earmarked for professional development.

The leadership has thrived because of our **style**, which is both organisationally devolved and geographically dispersed. The EDs shape their research work-programmes with their staff; own and regulate their finances; and hire and (when necessary, occasionally) dismiss their staff, within the parameters and policies of the organisation, which themselves have been dramatically pruned. Extensive delegations given by the Council, through the CEO to EDs and their section heads, maximise the autonomy of research activity.

From the start of the restructuring, we presumed that "geography is dead", as an American business guru has put it. Half the EDs are not based in the Pretoria office. Any research programme may be spread across several of the HSRC's five centres, and its staff often meet using our videoconference facility. This has allowed us to attract talent wherever it is located. The principle has recently been extended to support services, and our finance function is now headed from Cape Town.

The least celebrated, and perhaps most difficult, aspect of transformation is the construction of enabling **systems**. Our most pervasive system is our annual strategic cycle. Following planning sessions in each programme, a large November conference identifies external priorities (such as were described in the Government's Ten Year Review) and fosters collaborations. A follow-up in January helps the CEO determine earnings

targets, staff expansion and representivity quotas, and shares of the Parliamentary grant. The Council reviews the overall programme, and takes it for approval to the Minister. Large projects are subjected to external scholarly review, and all proposals are scrutinised by the HSRC's internationally accredited ethics committee.

Each ED subsequently monitors implementation, aided by an online "dashboard" of financial and human-resources information. In fortnightly sessions information is shared and tender opportunities considered. The CEO and Council have a quarterly overview, which they send to DST. After the audit of the previous financial year is completed, key performance indicators are compiled for the Minister, his department, and the respective Parliamentary portfolio committee. Soon it is time to submit high-level funding proposals for the next Parliamentary grant, using the Government's Medium Term Expenditure Framework. And then the planning sessions in each programme begin again.

The actual research is supported by other new systems: a "virtual" library, a rich intranet that provides online access to all the organisation's information resources, and a digitally-based publications function. The administrative and technical staff that have developed all these new systems have been limited to approximately 40% of the total complement.

The last ingredient refers to **shared values**. These are expressed in COUPE, and communicated in our slogan of "social science that makes a difference". It captures our statutory mandate to undertake policy-relevant research of benefit to all South Africans.

These seven "S" factors have combined with powerful effect in driving and sustaining our transformation. Based on such considerations, the 2003 Institutional Review (summarised on page 90) concluded that the HSRC is now a "different and much better organisation in important respects than the HSRC of 1997". The Review proposed a number of further improvements, notably more extensive and institutionalised networking with other institutions in the research arena, enhanced management systems, and an updated statute reflecting the public purposes of the organisation on page 90. Task teams and an action plan have been defined to address these, guided by the incoming Council. Some of the appreciable increase in the Parliamentary grant has been assigned to the process. The organisation is now powerfully equipped to rise to the new challenges, while sustaining its hugely expanded services to its users.

**Dr Mark Orkin**, President and CEO