

**Core Competency Analysis of a
Professional World Class Procurement Practitioner,
With specific reference to the Eskom Generation Division.**

by

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In partial fulfillment of the requirements for the degree of

MASTER OF COMMERCE

in

Supply Chain Management

at

The University of KwaZulu-Natal

December, 2005

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Gauteng, South Africa

ABSTRACT

Purchasing and supply education and training are vital to the success of Eskom and most importantly to the survival and growth of the profession. In the last decade, the field of procurement has been faced with many changes which have had dramatic impacts on the field of purchasing and supply chain and which ultimately have influenced education and training needs.

Eskom is currently facing a number of key challenges to meet current increasing demand fuelled by economic growth and to manage a build program of some R84 billion over the next five years to meet future load demand. These challenges have to be met in the face of Chinese and Indian consumption of raw materials which is affecting their availability to Eskom suppliers. This is putting further strain on the procurement practitioners within the Generation Division who are required to be both highly skilled and knowledgeable in order to meet the challenges in this dynamic and competitive profession.

However, continual poor audit results achieved by the majority of the Power Stations in addition to the inclusion of Procurement and competencies and skills development on the Big Five List of high risk areas, have been a clear signal that there is a major problem in the Procurement field, not only across the Generation Division, but Eskom wide and possibly country wide as well. Although the focus of this dissertation will be on the Generation Division, it is envisaged that the recommendations made will be able to be utilized Eskom wide and possibly even in other organizations external to Eskom.

A three pronged approach was utilized when conducting the research. This approach consisted of an extensive literature review of the existing body of knowledge available, this was used in conjunction with surveys and interviews conducted. The results obtained from a sample of 89 procurement practitioners, managers and training practitioners were used to reach findings and to make conclusions. It is important to note that there is a dire lack of local information concerning

the subject, overseas journals and books were thus used as a reference source a majority of the time.

Although there is currently a Procurement Curriculum which Procurement Practitioners are required to complete, it was found that the curriculum did not meet the requirements of the practitioners and did not adequately provide them with the necessary competencies required of them to perform their tasks effectively. There is thus a dire need for this curriculum to be reviewed and to take into consideration the competencies required to assist the Procurement Practitioner to become world class and to elevate the status of the organization to that of a world-class organization which possesses the competitive advantage.

The abovementioned issue was however not seen to be the major issue. Other possibly more important issues were deemed to have also contributed to the poor audit results and subsequent poor image of Procurement. The major issue, the author believes is due to the fact that there is *no professional body* recognized by Eskom. This has contributed to a host of problems for example, lower graded jobs, discrepancies in grades between divisions, no standardized entry level criteria to name but a few issues. This has resulted in the Theory of Self Sealing Behavior taking place in the form of a de-motivated body of employees which in turn has contributed to the poor image procurement possesses in the organization. It is believed that if a new nationally recognized and credible professional body is created, a multitude of problems will be minimized. This body will however be required to provide guidance and a professional status which is so desperately required in the procurement field. It is furthermore believed that this will positively change the perception that management currently possesses of Procurement.

Other important recommendations made include:

- Generation Commercial Training to be re-linked to the Corporate Supply Chain Management Office which will enable the Department to provide guidance and World Class Procurement and Supply Chain Management Training Eskom wide.

- Standardized entry level criteria. This should preferably be a Degree in Supply Chain Management. Further studies must be encouraged as it is envisaged that in the next decade a Masters Degree will be seen as the minimum requirement.
- Retention and succession plan policies must be encouraged to ensure that employees are retained and that a transfer of skills occurs. The survey conducted indicates that a majority of the people are over the age of 50.
- The entire manner in which Commercial Training is currently training practitioners must be reviewed. For example, alternate training interventions must be introduced for example the internationally recognized International World Trade Centre Supply Chain Program. Alternate forms of training should be introduced for example, the reading of journals, updating of skills by looking at a video etc. The introduction of *adult principles of learning* into training interventions is of vital importance to ensure maximum transfer of learning.

Senge (1990: 64) states that “*Tackling a difficult problem is often a matter of seeing where the high leverage lies, a change which with minimum of effort – would lead to lasting, significant improvement.*” With this in mind it is suggested that the change which would have the highest leverage would be the introduction of a *formalized coaching and mentoring system* in Eskom. By utilizing the competencies and past experiences of the older people, coupled with the correct world class skills will ensure the success of this discipline. Without this sharing of knowledge, the required professional status will never be obtained.

In conclusion it is believed that the current skills issues which are currently being experienced by Eskom are not unique to Eskom, there is currently a skills shortage country wide. However, because Eskom is such an significant and visible organization in South Africa it is imperative for the future economic growth of South Africa that there is a culture change in Eskom towards Procurement with the career development of purchasing and supply change management professionals being viewed as a top priority.

ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to the following people for their support, guidance and encouragement given throughout these two years:

Mike Poulter – my supervisor

Richard McCurrach – my husband

Ashleigh McCurrach – my daughter

The Supply Chain Management Group:

Denis Hegarty

Thembisilo Khomo

Henk Langenhoven

Sashnee Mungroo

PRACTITIONER RESEARCH PERSPECTIVE

I am currently responsible for Procurement Training at Eskom. Many practitioners and managers within the Supply Chain environment within Eskom have stated that one of the most important drivers for success in deploying supply chain initiatives is people. The comment often made is that "I need to understand what the key skills are for people we recruit, for training our existing people, and for developing career path requirements for the future."

This study is a result of years of experience working in the Commercial Training Department, responsible for Procurement Training and noticing that Purchasing Practitioners have over the years, increasingly appeared unfavorably in the spotlight as a result of negative audit ratings, a lack of meaningful roles and accountability, a lack of belief that Procurement is a Profession adding value to the bottom line of the organization and the statement continuously being made that there is a skills shortage within this environment.

I believe that if the Procurement Departments within Eskom are assisted and given guidance on how to become a professional discipline, and where standard core competencies, job descriptions, and recruitment criteria are developed, and furthermore, where jobs are graded at a professional level, this will result in the correct people being placed in these positions, which, I believe will result in many of the problems currently being experienced being eradicated.

DECLARATION

I hereby declare that this dissertation is my own work and that all sources I have used or quoted have been indicated and acknowledged by means of complete referencing. This research is original and has never been presented for any post graduate qualification to any other educational institution.


Melody McCurach

Date: 23 March 2006

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GLOSSARY OF TERMS AND DEFINITIONS

HRD	Human Resource Development
PI	Programmed Instruction
SDA	Skills Development Act
SAQA	South African Qualifications Authority
NQF	National Qualifications Framework
SETA	Sector Educational and Training Authorities
SAQA	South African National Qualifications Framework (NQF)
IBQ	International Best Quartile
GEXCO	Generation Executive Committee
CED	Capital Expansion Department
GL	General Ledger
HR	Human Resources
BU	Business Unit
IPSA	Institute of Purchasing South Africa
HOB	Head of Buying same as a Procurement Manager
RBM	Revised Business Model
IPSA	Institute of Purchasing South Africa
CPP	Certified Purchasing Practitioner
CPM	Certified Purchasing Manager
MD	Managing Director
OD	Organizational Development
ROI	Return on Investment

DEFINITION OF TERMS

Big Five	Identified high risk areas to Eskom and includes procurement processes, competencies and skill development, clear roles and accountabilities and outage management.
MRO	Maintenance, repair and operating inventory. A term used to describe inventory used to maintain equipment as well as miscellaneous supplies such as office and cleaning supplies.
Collaboration	Orientation toward common goal setting and working together between individuals in a specific department and other departments
Commodity Team	Teams with a full product orientation, including attention to engineering, design, materials, manufacturing, costing, distribution and marketing a particular product, allowing an integrated view of engineering, design, production, procurement, materials and logistics management, management, manufacturing, costing and marketing.
Competitive advantage	Occurs when a firm implements a value-creating strategy in which other firms are unable to duplicate the benefits or finds it too costly to imitate.
Cross functional teams	A management team consisting of personnel from different functions, a possibly even supply partners to achieve specific results.
Supply Chain Management (SCM)	The implementation of a supply chain orientation across suppliers and customers; the co-ordination of the business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long term performance of the individual companies and the supply chain as a whole.

HOB	This term to depict a Head of Buying or Procurement Manager is a Generation specific job title given to the manager of the Procurement Department. Within the Transmission and Distribution Divisions the job title is standard as a Procurement Manager.
CPP	The Certified Purchasing Practitioner is a certification for the purchasing and supply profession in South Africa. In awarding this certification the Institute of Purchasing South Africa is stating that the Certified Purchasing Practitioner has attained a basic level of competence within the purchasing and supply profession.
CPM	The Certified Purchasing Manager is an advanced certification for the purchasing and supply profession in South Africa. In awarding this certification, the Institute of Purchasing South Africa is stating that the Certified Purchasing Manager has attained the highest level of competence within the purchasing and supply profession in South Africa.
GEXCO	The Generation Executive Committee is one of the Committees responsible for the day-to-day running of the business.
Organizational Development	Organizational development encompasses a diversity of concepts and methods for changing organizations. It is a system-wide process of applying behavioral-science knowledge to the planned change and development of the strategies, design components, and processes that enable organizations to be effective.

CHAPTER 1 - INTRODUCTION

Giunipero and Handfield (2004: 10) state that “Purchasing/supply chain management education and training are vital to the success of the organization and to the survival and growth of the profession. In the last decade, there have been dramatic impacts upon and changes within the field of purchasing and supply management, all of which have ultimately influenced education and training needs. As the Procurement Practitioners job has evolved, so have the competencies required to handle both day-to-day and strategic tasks.”

Some of the major changes that have influenced the supply chain management arena during the last decade include the following:

- A change to more strategic supplier relationships and alliances, as firms look to optimize expertise and resources through the supply chain.
- The growth and expanded use of the Internet to facilitate business activities for example, e-sourcing, e-tendering and e-procurement.
- Reduction in the number of qualified procurement practitioners.
- A focus on strategic goals related to cost and value.
- The evolution of supply chain management as an integrated competitive business strategy, and the increased contribution of purchasing to this strategy.
- A shift from basic, tactical and operational purchasing towards more strategic supply management.

All these conditions listed above, as well as Eskom specific issues explained later, combine to create the environment in which purchasing and supply professionals are operating in today. In order to meet the challenges and expectations required by this fast moving environment, it is important that the core competencies required of a professional procurement practitioner are determined to enable Eskom employees to create action plans to achieve education and training goals that will foster success.

Eskom, the South African government's electricity utility, is a vertically integrated operation that generates, transmits and distributes electricity. Eskom generates 95% of the electricity used in South Africa which enables the organization to be among the top seven utilities in the world in terms of generation capacity, and among the top nine in terms of sales. It comprises 24 Power Stations, a transmission grid of 27 026 kilometers of transmission line, 3,1 million customers and 32 000 employees. The Generation Division alone employs approximately 10 500 people at its Power Stations and at the Eskom Head Office, Megawatt Park in Johannesburg, and has an installed capacity of 40 585 MW. The 24 Power Stations previously mentioned include coal, hydro, pumped storage and gas turbine facilities. The majority of sales are in South Africa with only a small percentage of sales being in the Southern African Region.

As this dissertation will focus on the Generation Division it is important that the guidelines that govern Generations Business be briefly explained.

1.1 The Generation Business

The **Generation Strategic Intent** is to become the preferred energy and related services supplier in chosen markets. The **Generation Mission** is to satisfy customer's energy needs in order to promote shareholder's value. **The goals and objectives:**

- Expand Generation's interests internationally.
- Expand other energy and related services.
- Be the preferred energy supplier.
- Maintain technical performance in the International Best Quartile (IBQ).
- Continuously reduce costs.
- Maximize stakeholder value in the long run.

Generation Business Priorities:

- Plant health and performance
- People health, performance and equity
- Financial health and performance
- Risk Management

- Business Transformation
- Strategic Positioning.

High level Governance is ensured by a Divisional Board of Directors, chaired by a Managing Director (MD) whose responsibility it is to strategically manage the Generation Division , whilst the day-to-day running of the business is managed through a number of executive committees for example Generation Executive Committee (GEXCO), Generation Operations Committee, Business and Risk, Generation Transformation Committee and various Procurement Tender Committees established according to various values. Generation's Power Stations compete (trade and bid) against each other in groups, or clusters. As of January 2003 the clusters are permanent and Generation Business and the General Managers have been appointed to manage them.

Generation has shown excellent performance during the last couple of years, a few of the accolades which can be mentioned include:

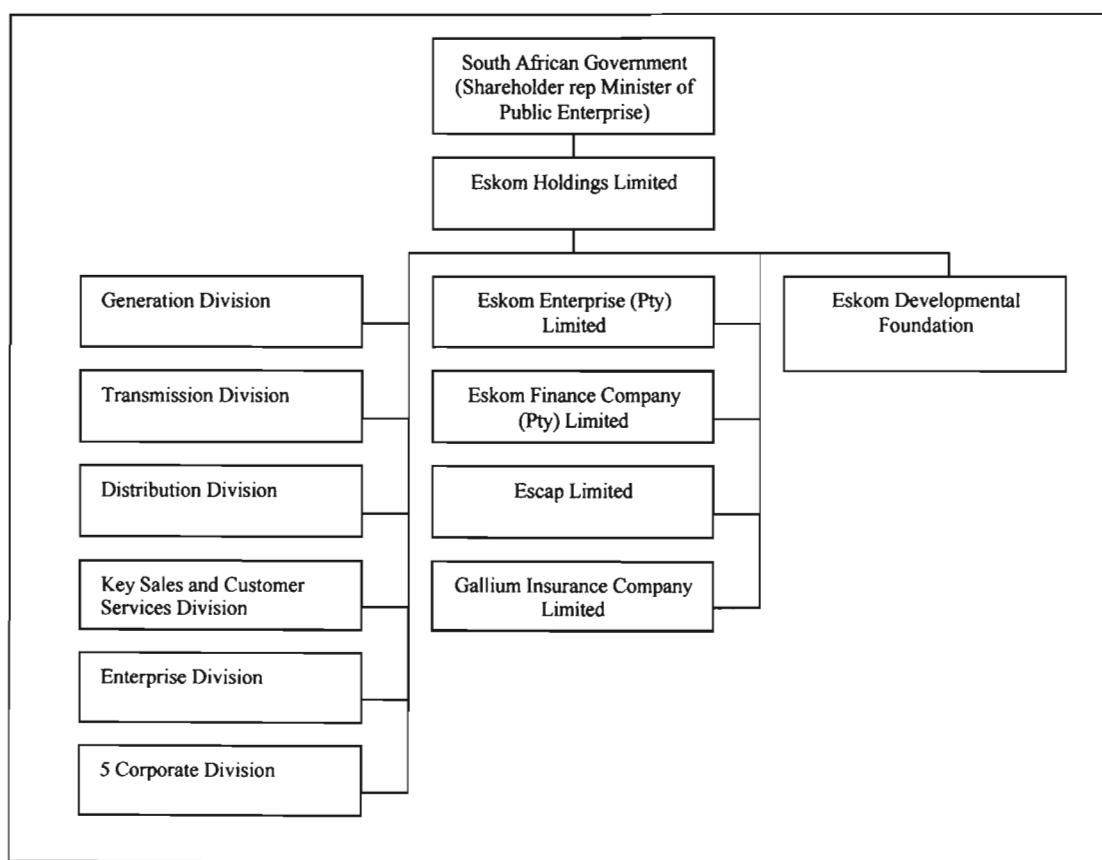
- 2002 saw Generation producing 197 737 GWh of power at an availability of 91.7% against a target of 90%.
- The Power Stations consumed 251 611 MI of water, amounting to 1.27 l/kWh sent out.
- 2002 saw Generation meeting a new evening peak record of 31 621 MW (during winter).
- Generation's technical performance has stayed in the top quartile in the world for the past five years.
- Generation's environmental performance compares favorably with other international utilities.
- Generation remains one of the lowest cost electricity producers in the world.

However, in spite of all of the facts mentioned above, Eskom, the major supplier of electricity within South Africa is faced with economic issues regarding supply and demand. The demand for electricity is increasing whilst the supply has not increased sufficiently to keep up with this demand. During the early nineties, Eskom made a business decision to "mothball" older Power Stations as it was becoming increasingly costly to run them and to keep running them did not make economic sense. As the demand has increased for more electricity, Eskom decided to re-commission these mothballed stations resulting in a huge "Return to Service" drive. This is one

reason that major pressures have been placed on the Procurement Practitioners within the Generation Division but there are other more serious issues that have placed this Function in an unfavorable light. These issues will be explained in detail during chapter 3.

It must be noted that this dissertation will focus on the problems as encountered within the Generation Division. The problems being experienced however are Eskom wide, but the author has decided to narrow the scope to focus on this Division as it is where the author is currently employed. However, it is envisaged that the solutions and recommendations made at the conclusion of this dissertation will be utilized throughout Eskom.

Figure 1
Overview of the Eskom Holdings Structure



Source: Eskom Annual Report 2005

1.2 History of the Problem

Hugo, Badenhorst-Weiss and van Rooyen (2002: 4) have stated that "The Purchasing Function deals broadly with those activities that have to be performed to ensure that good suppliers provide the firm with the right requirements in the right quantities at the right time and place and at the best possible price." However, the performances of the Plants (Power Stations) have started deteriorating as a result of strategic equipment not being ordered timeously, and correctly according to specification or following the correct Procurement Procedure. This has led to end users overlooking the Procurement Process and placing orders and contracts outside of the procurement process and by passing the systems in place.

All of the issues as outlined above have resulted in Procurement being placed on the "Big Five" within Generation. The "Big Five" have been identified as "high risk" areas to the Generation Business where immediate attention is seen to be necessary. The Big Five was introduced during the last few months of 2003. The idea was that the five issues that appeared on the Big Five list would be sorted out during 2004 thus removing the perceived risk from Eskom and all of the issues would be removed from the list. The Big Five list of high risk areas include:

- competencies and skills development
- the procurement process
- plant reliability
- outage management
- clear roles and accountabilities.

These five high risk areas are subjected to close scrutiny with continuous monitoring in the form of audits as well as monthly feedback on progress to Top Management, at the various high level forums and meetings. However, both procurement, and competencies and skills which appeared on the Big Five list have not shown major improvements after random audits were conducted at various Power Stations. The fact that these two issues have not been removed from the list indicates that the programs put into place have not solved the problem or the root causes to the problem have not been identified and resolved.

The results of the audit have clearly indicated that there are major problems within Eskom Procurement all of which are as a result of a lack of:

- clear-cut guidelines on what the knowledge and skills of a Professional Procurement Practitioner are;
- a Professional Body recognized by Eskom - resulting in low Job Grades. Eskom uses the Patterson Grading Method which has been specifically adapted to meet Eskom's requirements. It is a ten tier grading system, each band consisting of two tiers, starting from a B Band employee whose job is characterized by no authority and very menial activities which need to be completed whilst the highest F band are where the Top Management within the organization are placed. Between B and F bands are the C band, M/P/S and E bands of employees. The C Bands are where the Eskom Buyers are generally graded, this is basically your workers, employees who do the work with low levels of authority, the next band consists of your middle management, professional bands and specialists. As the names clearly explain, this is the level where professionals are placed for example your engineers and accountants. There is currently in the Generation Procurement environment only one P Band Procurement Professional residing at Megawatt Park, the majority of the Procurement Practitioners have only been classified as C Bands. It is imperative to point out that there is a huge discrepancy in status as well as monetary benefits between C and P Band employees.
- standardized job grades;
- anomalies between the job grades of individuals doing the same job;
- unrealistic and non standardized recruitment requirements regarding minimum qualifications and experience,
- no succession planning criteria or plans in place;
- no formal coaching or mentoring process in place;
- mismatch of skills from what is required in the organization to what is currently available both internal and external to Eskom i.e. there is a shortage of qualified and competent Procurement Practitioners available to be recruited,
- poaching of competent Purchasing Practitioners by both the public and private sector as well as other Eskom Divisions, especially the new CED division.

The following has occurred as a result of the abovementioned problems:

- inability to attract and retain the correct caliber of people;
- Procurement has become a dumping ground for unsuitable people;
- high turnover rate with continuous training of Procurement Practitioners occurring;
- demotivated staff;
- current training offered to Purchasing Practitioners does not cater for a World Class Supply Chain Organization;
- Procurement staff in lower graded jobs having to train "newer" employees in higher graded jobs doing the same work;
- with Eskom venturing into expansion projects, and "de-mothballing" of old stations, Procurement Practitioners are required who possess technical skills. This poses a problem, as due to job grades, engineers are able to work in less stressful conditions at higher grades.

Currently there is Commercial Practitioner Development section residing under Generation Commercial Head Office at Megawatt Park. This section, consisting of seven people, is responsible for all aspects of commercial training for all the Divisions, which includes procurement, warehousing and inventory management. The Procurement Practitioners within Eskom do follow a Procurement Curriculum; however, this curriculum was developed a number of years ago. Since then the Procurement Field has changed considerably with issues like World Class Supply Chain Management, e-commerce and on a national level, unit standards currently being developed for the Procurement Practitioner as well as the introduction of NQF levels. Unarguably Supply Chain Management is the fastest developing and changing management function and supply is the key to an effective supply chain. All of these issues obviously means that the current curriculum needs to be updated and a new competency menu created which will enable the Eskom Procurement Practitioner to be seen as a Professional World Class Practitioner.

1.3 Problem Statement

The purpose of this study is to determine the Core Competencies required of a Professional Procurement Practitioner within the Generation Division at Eskom. This study will also seek explanation as to “why such a high staff turnover rate persists” within this field. The qualitative method using historical reviews and the case study design method will be used which will result in a comprehensive menu of core competencies required for a Professional Procurement Practitioner. At this stage in the research a *core competency* will be defined as the *“the strategic business capabilities that provide a company with a marketplace advantage. Core competencies are the skills, abilities, knowledge, and characteristics that help distinguish superior performance and are the root essentials of a company's or an individual's expertise.”* Rees and Porter (2001: 248). They are thus the critical employee skills, knowledge and capabilities that organizations deem central to its success through adding value for the ultimate customer.

Burt, Dobler and Starling (2003: 7) states that “The World Class Supply Management philosophy reflects those actions and values responsible for continuous improvement of the design, development, and management processes of an organization’s supply system with the objective of improving its profitability and ensuring its survival, as well as the profitability and survival of its customers and suppliers.” The term *world class* recognizes that companies compete in an existing or impending global environment.” World Class Supply Management involves procurement, but is from a far more strategic approach. Burt, Dobler and Starling (2003: 7) goes further to state that “A world-class supply manager is not departmentally or internally focused, but concentrates on proactively improving processes with the long term goal of upgrading the competitive capability of the firm and the firm’s supply chain.” This profound statement is extremely important as the focus of this dissertation will be to establish a core competency menu for a professional procurement practitioner with specific reference to the Eskom Generation Group.

Systems thinking will be referred to during this dissertation to assist in solving the challenge described above. Flood and Jackson (1991: 33) states that “..it has been found useful to Division problem contexts according to two dimensions:

- systems

- participants

The “systems” dimension refers to the perceived relative complexity in terms of the “system” or “systems” that make up the problem situation, and within which other difficult pluralistic or coercive issues of concern may be located, whilst, the “participants” dimension refers to the relationship (of agreement or disagreement) between the stakeholders who stand to gain or lose from a systems intervention. Flood and Jackson (1991: 33) states that “It thus allows us to build pluralistic and coercive appreciation of problem situations into an understanding of complexity that is promoted through the systems dimension.”

As there are people involved in an organization environment, I believe that this is a *complex pluralistic* system involved in this mess as outlined above. According to Flood and Jackson (1991: 39) the “soft systems methodology” will be used to solve this problem. An important metaphor underpinning this soft systems approach is that of the organization as a “culture.”

CHAPTER 2 - LITERATURE REVIEW

"If you want one year of prosperity – grow grain.

If you want ten years of prosperity – grow trees.

If you want one hundred years of prosperity – grow people.

Chinese Proverb

2.1 Introduction

This chapter covers the literature review of the existing available body of knowledge. The main focus of this chapter is to:

- discover what the most recent and authoritative theories are about the subject;
- determine what the most widely accepted empirical findings in the field of study are;
- ascertain what the most widely accepted definitions of key concepts in the field are.

This literature review is based on the following hypothesis:

- The culture of the organization plays a vital role in the manner in which managers and end-users view the procurement practitioners. The diverse cultures of the people within the Generation Group should also be taken into cognizance.
- Organizational Development may be a means of improving the Procurement environment.
- Procurement is not viewed in a professional light.
- Current existing training provided is not sufficient to assist procurement practitioners today to perform their jobs effectively, due to changes like world class supply chain management, e-commerce, strategic sourcing etc.
- Learners have different styles of learning, training interventions provided should be adapted to cater for these various styles of learning.
- Change Management can be a tool of assisting the process.
- By determining a core competency menu for the purchasing practitioner, will be a first step in resolving a majority of the problems currently being experienced.
- Legislative issues need to be taken into consideration.

It must be noted that these assumptions are my current assumptions made at this point of the dissertation. Furthermore these assumptions may change as the author journeys through this dissertation.

2.1.1 Overall Literature Review Findings

Purchasing literature published during the past 25 years was reviewed for this study. Overall findings indicated the following:

- There is not an explicit definition as to what a “world class purchaser” is or does. The only exception being the definition provided by Giunipero (2004: 5).
- There is a general lack of articles that deal with skills required for purchasing/supply chain management professionals.
- Most articles focus on general skills required.
- Local South African information was found to be non existent.
- A common theme in the reviewed skills literature concerns the movement of purchasing away from tactical to strategic and transactional mode to a relational environment.
- This movement from a tactical to a strategic operating mode requires a different skill set for purchasers.
- As the purchasing/supply management function embrace supply chain management, a system-wide perspective becomes necessary.
- Literature that discusses what higher level purchasing managers or executives need is limited. It appears that good management skills apply across functions.
- There is a lack of literature that deals with effective skills sets required of executive-level purchasers.

Behind every world class supply chain is a world-class workforce. Organizations with well-trained knowledgeable employees operate more efficiently, seize market opportunities more readily, and weather economic downturns more efficiently. However, the same innovative factors that define world-class supply chain management-rapid development and integration of new operating models; collaborative use of new technologies; dynamic, technology-supported business processes; and an obsessive focus on customers-also put huge demands on the supply chain workforce. As a result, the full understanding of the interrelationships among functions

(e.g. finance and procurement) has become as important as the mastery of increasingly specialized functional knowledge. Moreover, human-level interrelationships occur with greater frequency across geographically disbursed companies, i.e. the various players in the supply chain must not only understand each other's business issues but also each other's expertise. This is especially prevalent in the Eskom Supply Chain of today, where the organization is looking towards countries like China and India as potential sources of supply.

Fortunately (or unfortunately), all that collaboration as mentioned previously, means unprecedented quantities of information. To leverage advanced collaborative technologies or supply chain-event management applications, employees must be able to analyze, assess and respond to the data they receive. Organizations whose workforces have the right skills, knowledge and experience are still required to deal with turnover: from scheduled career rotations and normal attrition, to cycles of layoffs and rehiring. All business must thus ensure that:

1. Their most valuable operational knowledge does not leave when employees leave the organization.
2. They are able to bring new employees up to speed quickly.
3. Training and education are delivered consistently, no matter where employees are located geographically.
4. In addition to employee turnover, there is also information turnover. In the business climate of today, knowledge becomes obsolete rapidly, organizations are thus under continuous pressure to refresh their employees' skills and training.

2.2 Procurement Trends for the Future

Supply Chain Management education and training is vital to the success of the organization and to the survival and growth of the profession. During the last ten years there have been dramatic impacts on and changes within the field of supply chain management, all of which have ultimately influenced education and training trends.

Some of the changes that have shaped the supply chain management field during the last decade include:

- A change to more strategic supplier relationships and alliances as firms look to optimize expertise and resources through the chain.
- The growth and expanded use of the Internet to facilitate e-procurement and e-tendering.
- High turnover of supply chain management practitioners especially procurement staff particularly within the Generation Division at Eskom.
- The current focus on strategic goals related to cost and value.
- The evolution of supply chain management as an integrated competitive business strategy, and the increased contribution of procurement to this strategy.
- The shift from basic, operational, tactical purchasing to more strategic supply chain management.

All of these issues as listed above have a direct influence on the skills which practitioners will require in order to ensure that Eskom becomes a world class supply chain.

Recent research conducted by CAPS has indicated that one of the most important drivers for success in deploying Supply Chain Initiatives is the people who form part of the supply chain. There is a need to understand what the key skills required are for supply chain practitioners when recruiting, to ensure that the correct caliber of individuals are employed, for training of existing people and for developing career path requirements for the future.

Purchasing professionals of the past concentrated on processing transactions: after paperwork was sent and checked over, purchasers had little time left for strategic decision making. Today's purchasing professionals act less like traditional "buyers" and more like project managers for materials procurement. This transformation according to Price Water House Coopers, Global Best Practices (downloaded 18 June 2005), has come about for several reasons:

- E-commerce has automated many of the functions that formerly occupied so much of the purchaser's time in the past. This allows the purchaser more free time to follow more

strategic activities such as working on product design, materials sourcing, and negotiations.

- The cycle of product innovation has shortened as customers demand more individualized products at lower prices. This change thus forces the purchasing professional to work with designers, sales and marketing, and suppliers to find ways to differentiate the company's products, reduce time to market, and drive down costs.
- There is a further trend for companies such as automakers, who buy complete assemblies from their suppliers, and electronic companies, who outsource product manufacturing to contract equipment manufacturers, to shift purchasing of raw materials and other resources to outsourced manufacturers. The responsibility for the transaction thus falls on the contract equipment manufacturers, and the purchaser for the original manufacturer becomes the supply chain manager. These purchasers also need the analytical skills to evaluate these contract equipment manufacturers' strengths and weaknesses in order to make the best choice of manufacturer.
- The trend as mentioned previously towards outsourcing everything from human resources to manufacturing costs, assets, and capabilities upstream into the supply chain. By purchasing these assets and capabilities, the company raises its cost structure. In some organizations, it is said that purchasing costs add up to 80 percent of revenue. Finding ways to lower costs and increase profitability becomes an important part of the purchaser's function.

The purchasing professional of today must be able to see the big picture – the strategy of the company and its position within its industry. They must be able to focus not only on costs but must be able to broaden their view to include risk management, market forces, and properties of materials. In order to do this, the purchasing professional requires a wider set of skills, including interpersonal and negotiation skills, customer focus, understanding of business conditions, and analytical abilities.

2.2.1 Developing Purchasing Professionals' Analytical Abilities and Tacit Knowledge as a Competitive Advantage

Price Water House Coopers, Global Best Practices (downloaded 18 June 2005) explains that there is a need to develop a purchasing professionals' analytical abilities and the ability to exploit tacit knowledge as a competitive advantage. Because purchasers have become less transactional, they are free to pursue more strategic activities, and because of accelerating market conditions and increasing cost pressures, companies will require their purchasing staff to make informed business decisions. Purchasing professionals increasingly deal less with product specifications and prices and more with solving business problems. As a result, they require new skills and knowledge that include the following:

- An understanding of activity based costing in order to evaluate supplier's price structures and understand the total life-style costs of materials.
- Continuing information about the company, its industry, and its global suppliers.
- The ability to analyze vast volumes of purchasing data that comes in from electronic commerce, to determine the mix of products and services that meet their internal customer's needs.

These are seen to be complex skills which smart companies are training their purchasing personnel to meet the challenges of a changed purchasing environment.

With reference to the development of tacit knowledge, in many industries, competition is increasingly based, not on the products of a single organization, but on the effectiveness of the total supply chain. This leads to companies working with their suppliers to fuel innovation and drive out costs producing superior products that solve customer needs as a result. By applying their knowledge of materials, sources, product features, and customers, purchasing professionals at these companies create an effective supply chain that contributes to the company's overall strength.

Both Giunipero and Price Water House Coopers, Global Best Practices (downloaded 18 June 2005) agree that education requirements for a career in purchasing are increasing. In the past, a high school diploma was seen as sufficient for new hires into purchasing. Today, the normal

requirement for an entry level position is at least a bachelor's degree, often in engineering but sometimes in business. Increasingly – particularly at electronic manufacturers – companies look for purchasing practitioners with combine a technical undergraduate degree with an MBA.

2.2.2 How is Procurement Strategically Important to an Organization?

Michael Leeders (as cited in Newman, 2005: 10) acknowledges that the strategic contribution of supply has a longer-term, broader perspective focused on organizational goals and strategic strategies as well as the external customer's satisfaction. Because of the fact that the supply function is simultaneously exposed to the needs of the organization on one hand and the market on the other, it is in a unique position to identify and exploit opportunities not apparent to others in the organization. The strategic perspective on supply furthermore is seen to go beyond operational needs into risk management, technology, competitive intelligence and continuous improvement. It requires that top management be significantly involved in the creation and execution of supply strategies and also be in direct contact with the top management of key suppliers.

Lynda Allair (as cited in Newman, 2005: 10) explains that procurement is the common point of contact for departments in an organization, a central repository for corporate knowledge of the acquisition of goods and services. Effective procurement departments operate on a corporate oversight perspective i.e. they evaluate the total cost of ownership of products, providing durable products while minimizing operational support costs. They provide assistance in determining alternative acquisition and payment methods. Procurement functions compile and analyze historical data to identify opportunities for cost avoidance, standardization of goods and services and the implementation of pricing agreements for goods and services based on volume or criticality and corporate wide services contracts. They also, furthermore, consider, issues such as longevity of items and future redeployment of assets, and bring consistency to due diligence aspects and legal compliance for procurement and reporting requirements.

2.3 Core Competency Analysis

Wisner, Keong Leong, and Choon Tan (2005: 103) explain that the skill set requirements of purchasing professionals have been changing as purchasing has evolved from the tactical, clerical function it was about thirty years ago to the highly demanding strategic function it is today. To achieve the type of world-class performance required of procurement practitioners today, purchasing personnel must today exhibit world class skills. The following ten skills identified by 136 experienced purchasing professionals are:

- interpersonal communications
- ability to make decisions
- ability to work in teams
- analytical skills
- negotiation skills
- ability to manage change
- customer focused
- influencing and persuasion skills
- strategic skills
- understanding business conditions

It is clearly to be seen that the procurement practitioner of today is required to develop an impressive set of skills to achieve the type of influence within the organization that leads to long-term success for the department, the organization and its supply chain.

Mizel (2005) explains that the skills of the world class purchaser include the following:

- **Interpersonal communication skills.**

Supply Management professionals must communicate well both internally and externally. There are many variables to interpersonal communication such as interacting with people, having respect for the opinion of others, and presentation skill.

- **Team and facilitation skills.**

Cross functional teams are now the common denominator in businesses across the board, and decisions are no longer unilateral. Teaming skills build on many of the interpersonal skill requirements, and effective professionals must learn to play different roles on different teams.

- **Analytical and problem-solving skills.**

With the business of supply management becoming more complex and demanding, supplier selection must be precise. Supply management professionals need to know their supplier's industries, and have the ability to translate and integrate that knowledge.

- **Negotiation skills.**

Supply management and negotiation go hand-in-hand. Many organizations are trying to get their employees to develop negotiation strategies that satisfy both parties and produce lasting agreements.

- **Technical knowledge and computer literacy.**

Supply management professionals need to have the technical background to understand processes and scheduling systems in order to make improvements. Capturing data is where the computer comes in, but allowing employees to organize and analyze data, e-mail, the internet and electronic commerce are but a few of the applications.

2.3.1 Continual Learning, Education and Professionalism.

According to a study done by CAPS learning is a lifelong process, which never stops. Although it is more of a skill builder than a skill itself, it belongs in the world-class supply management professional's tool kit.

2.3.2 Necessary Generic Skills required to be a World Class Supply Chain Practitioner

A world class supply chain practitioner is seen as being an "individual who visualizes and approaches his/her job from a strategic perspective in dealing with the supplier firm-purchaser customer linkage. This individual continually embraces and leverages his or her skills and knowledge of critical supply chain activities to provide value in meeting organizational and customer objectives." Giunipero et al (2004: 19).

According to Burt et al (2003: 661) organizations must "train and upgrade all staff so that they bring value to all processes." The following have been identified, as skills required for the future:

- Team Building: leadership, decision-making, influencing and compromising
- Strategic Planning Skills: project scoping, goal-setting and execution
- Interpersonal Communication Skills: presentation, public speaking, listening and writing
- Technical Skills: web-based research and sourcing analysis
- Broader Financial Skills: cost accounting
- Relationship Management Skills: ethics, facilitation, conflict resolution, and creative problem solving
- Legal issues, Contract Writing and Risk Mitigation in a Global Environment

2.3.2.1 Skills Required of Purchasers

CAPS research conducted by Giunipero (2004: 60) states that skills are defined by Webster as “understanding judgment, the ability to use one’s knowledge effectively, and a developed or acquired ability.” It is believed that by identifying the appropriate skills required to perform the purchasing function are necessary for the evaluation of training and education needs. In the study conducted by Giunipero, respondents were asked to evaluate 51 skills that they required of their purchasing people on a scale of “1” not important to “5,” most important. Table 1 shows rankings in both current and future periods in descending order.

Table 1
Summary of 2004 CAPS Study of Skills Required of Purchasing Practitioner

Current Skills Required	Future Skills Required
Ethics	Ethics
Negotiation Skills	Interpersonal communication
Ability to make decisions	Negotiation skills
Interpersonal communication	Strategic thinking
Common sense	Ability to make decisions
Assessing ethical situations	Influencing and persuasion
Influencing and persuasion	Cross-functional teams
Decision making and problem solving	Decision making and problem solving
Conflict resolution	Leadership
Problem solving	Ability to work in teams

Source: Giunipero (2004: 73)

Table 2 indicates the common skill set identified by Giunipero (2004: 73). What becomes clear from this analysis is that there is a set of underlying skills that make a good purchaser irrespective of present and future trends in purchasing. The top ten skills as listed in the table reflect the desire for a purchaser who can communicate and make decisions and manage their internal and external customers.

Table 2
Common Skill Set in Order of Importance

A	B
1. Interpersonal communication	2. Managing internal relations
3. Ability to make decisions	4. Tactfulness in dealing with others
5. Negotiation	6. Being organized/time management
7. Influencing and persuasion	8. Creativity
9. Conflict resolution	10. Written communication
11. Analytical	12. Planning
13. Problem solving	14. Risk taking
15. Managing change	16. Inquisitive nature
17. Customer focused	18. Salesmanship
19. Leadership	20. Computational
21. Understanding general business	22. Technical
23. Computer literacy	24. Blueprint reading and specification development

Source: Giunipero (2004: 73)

2.3.2.2 Knowledge Required of Purchasing Practitioners

A central issue in all organizations, including procurement is the need for continuous change in reaction to changes in the external environments. Changes such as increased competition, global competitors, for example Eskom is competing currently for low cost transformers from China and India, shortened product life cycles, and e-business initiatives, require purchasers to acquire new knowledge.

Table 3, summarizes the current and future knowledge deemed necessary for procurement practitioners to possess. Supply managers today want their purchasers to be able to analyze suppliers, to be able to perform this function requires knowledge of the competitive market, as well as knowing the commodity, product or service they are purchasing. With this in place, various pricing and costing techniques can be used to achieve the lowest total cost, this requires purchasing strategies. Lastly suppliers can expect to be evaluated.

Table 3
Current and Future Knowledge Requirements for Purchasers

Current Knowledge Required	Future Knowledge Required
Analysis of suppliers	Supplier relationship management
Total cost analysis	Total cost analysis
Pricing techniques (e.g. bidding)	Purchasing strategies and plans
Purchasing strategies and plans	Analysis of suppliers
Competitive market analysis	Competitive market analysis
Commodity expertise	Supply chain management
Supplier relationship management	Supplier evaluation
Supplier evaluation	Price/cost analysis
Supply chain management	Supplier development
Price/cost analysis	Business process improvement
Understanding market and industries	Pricing techniques

Giunipero (2004: 74)

Top knowledge areas for purchasers to be trained in:

- Analysis of suppliers
- Supplier relationship management
- Total cost analysis
- Price/cost analysis
- Supplier development

The knowledge areas listed above are the areas identified that can form the basis for training purchasers.

2.3.3 Definitions

2.3.3.1 World Class

According to Giunipero (2004: 15) world class is a term that is used frequently, but it is not well defined. Burt, Dobler and Starling (2003: 6) explains that “The World Class Supply philosophy reflects those actions and values responsible for continuous improvement of the design, development, and management processes of an organization’s supply system, with the objective of improving its profitability and ensuring its survival, as well as the profitability and survival of its customers and suppliers.

The term ‘world class’ recognizes that companies compete in an existing or impending global environment.” As a philosophy, World Class Supply Management spans functional boundaries and company borders. The philosophy of World Class Supply Management requires change driven by upper management in order to shift decision-making processes from an internal departmental or single organization focus towards full optimization of the supply chain. Dobler et al (2003: 8) further states that “Through continuous improvement, World Class Supply Management is an ever moving target that focuses on supply chain management process improvement. World Class Supply Management requires the development and management of institutional trust. World Class Supply Management involves purchasing, but is far more strategic. A world class supply manager is not departmentally or internally focused, but concentrates on proactively improving processes with the long-term goal of upgrading the competitive capability of the firm and the firm’s supply chain.”

2.3.3.2 World Class Purchasing Individual

In earlier research conducted by Giunipero, it is clearly stated that “There is not one clear definition of what the term *world class purchaser* means.” Ultimately, the success of the purchaser in any organization is related to the organization’s success regardless of the definition or view of world class. Giunipero however does go further and attempts to define the world class purchaser as “an individual who visualizes and approaches his or her job from a strategic perspective in dealing with the supplier firm-purchaser firm-customer linkage. This individual

continually embraces and leverages his or her skills and knowledge of critical supply chain activities to provide value in meeting corporate and customer objectives.”

In the literature review conducted by Giunipero in 2000, no definitions of world class purchasing were found. Schonberger's (as cited in Giunipero, 2000: 15) 1986 text *World Class Manufacturing* may have popularized the term world class. Schonberger defines world class manufacturing as analogous to the Olympic Games motto, *citus, altius, fortius*, which translates to faster, higher, stronger. The world class manufacturing equivalent is continual and rapid improvement. In a 1996 manuscript, Schonberger lists 16 customer-focused principles. These include teaming with customers and continually striving to improve all the critical demands that keep customers happy.

Hayens (as cited in Giunipero, 2000: 15) suggests that world class manufacturing means being better than almost every other company in your industry in at least one important aspect of manufacturing. They explain that long-term success is not the same as simple survival. To be successful, an organization must build and continually review its competitiveness in all functions, that is, creating and sustaining learning.

Giunipero (2000: 15) further states a 1998 *Industry Week* article states that world class manufacturers have certified quality processes, high inventory turnover, and consistent improvements in productivity. According to Giunipero (2000: 15) there is not one clear definition of what the term *world class purchaser* means. Ultimately, the success of the purchaser in any organization is related to the success of the organization, regardless of the definition or view of world class. However, Giunipero, (2000: 8) has attempted to define the world class purchaser as follows: “*The world class purchaser is an individual who visualizes and approaches his or her job from a strategic perspective in dealing with the supplier firm-purchaser firm-customer linkage. This individual continually embraces and leverages his or her skills and knowledge of critical supply chain activities to provide value in meeting corporate and customer objectives.*”

Table 4
Characteristics of a World Class Purchasing Practitioner

Characteristics of a World Class Purchasing Practitioner	
✓ continuously improves their skills	✓ is a problem solver seeking the best solution
✓ is viewed as an important profit contributor to the organization	✓ is flexible
✓ is a viable candidate for cross-functional promotions	✓ is knowledgeable about the final customer
✓ delivers value	✓ uses company goals and metrics to drive performance
✓ earns a very competitive salary	✓ is ethical
✓ focuses on professional development and education	✓ sets measurable “stretch” goals that support the organization’s mission
✓ works well in teams and in groups	✓ adapts well to change
✓ is willing to change and adapt	✓ is knowledgeable about the final customer

2.3.4 Organization Characteristics assisting the World Class Purchaser

Giunipero (2000: 8) states that as with any process, there are a range of approaches which can be taken to achieve world class status. A broad range of practices relating to skills and abilities were observed and resulted in the following conclusions. Firms that appear to be the leaders in trying to develop the world class purchaser, have the following practices in place.

Table 5
Practices at Organizations Encouraging World Class Purchasing Practitioners

Practices at Organizations Encouraging World Class Purchasing Practitioners	
✓ continually monitor the trends in their supply environments and within their firms	✓ continually assesses the skill levels that currently exist and compares these skill levels to the ideal
✓ provides for growth in position levels for individuals who seek to follow a non managerial career path	✓ makes training convenient and readily available to their employees
✓ co-ordinate training and skill development on an enterprise-wide basis and recognize the similarities and differences at strategic business units	✓ understand the need to involve suppliers in their training efforts
✓ uses competency tools for the position or job title to track the progress and achievement levels of individuals	✓ establishes quantifiable metrics that can be converted into measurable training goals.

2.3.4.1 Purchasing: A Profession in Transition

Procurement practitioners and specialists frequently complain that despite the benefits that their professional skills provide to their respective organizations, their profession lacks recognition. Callender & Matthews (2004: 1) state that “Rather than rejoicing in the profession’s rate of progress and development, procurement practitioners often engage in ‘recognize us, world!’ behavior.”

2.3.4.2 What is a Profession?

According to Websters’s Third International a profession is seen to be:

“A calling requiring specialized knowledge and often long and intensive preparation including instruction in skills and methods as well as in the scientific, historical, or scholarly principles underlying such skills and methods, maintaining by force of organization or concerted opinion high standards of achievement and conduct and committing its members to continued study and to a kind of work which has for its prime purpose the rendering of a public service.”

Abbott’s (1998: 8) definition of a profession suggests that they are “exclusively occupational groups applying somewhat abstract knowledge to particular cases,” whilst www.answers.com/professions [downloaded 8 October 2005] defines a profession as “often referring specifically to fields that require extensive study and mastery of specialized knowledge such as law, medicine, the military, nursing, the clergy or engineering.”

The following question is often asked: “Is purchasing a profession?” The answer the author believes is, *emphatically yes!* Professional purchasing/procurement/supply management contribute at least as much to the success of their organizations as other professionals in areas such as marketing, finance and accounting, engineering and operations. *Specialized knowledge in scientific principles* of commercial, technical, and relationship management is essential. It is the author’s belief that in no other profession are the opportunities to contribute greater. *Intensive preparation* – both in the classroom and through on-the-job experience- is required. Furthermore the *skills and methods* required combine scientific principles with the art of developing and maintaining relationships.

Callender and Matthews (2004: 3) state the “The functional definitions of a profession suggest that procurement practitioners may claim the status of a profession.” The functional model of a profession may not be ideal, but lends itself to assisting a function such as procurement to aggregate a knowledge base in an effort to attain professional standing and status. Callender and Matthews (2004: 3) goes further to state that “The importance of this standing is reflected in the power and status that accrues to members of recognized professions. The existence of professional rules, ethics, a sense of community development, a corporate body to enforce

professional rules and an emerging definition of the body of knowledge support such a claim for professional standing.”

Dobler and Burt (1996: 4) explains that “As is true of all modern business functions, many of the academic principles on which purchasing and supply chain management are built are taken from economics. Just as supply/demand and marginal analysis form the backbone of economics, the optimal source, establishing a fair and reasonable price, and desirable supplier provide for the conceptual backbone of the purchasing and supply function. Numerous textbooks and articles in professional publications provide an increasing flow of scholarly information on the supply profession.” They go further to state that the evolutionary nature of management in this field is such that *continued study* and self improvement is necessary. Furthermore, the author has noted whilst conducting this literature review, that a number of professional organizations are in fact dedicated to the continuing training and upgrading of their members.

Does the purchasing profession render a *public service*? *Undeniably, it does.* The impact of procurement professionals on the quality, cost and productivity of their organizations is one of the keys to America’s competitiveness and is furthermore, the basis of value-adding employment.

Is the profession undergoing changes? According to Dobler and Burt (1996: 5) yes – and at an exponential rate. They continue to say that continuous improvement is the word of the day. Purchasing and supply management is becoming recognized as a function coequal in corporate importance with design, conversion, marketing and finance. Compensation of procurement professionals is on par with other professionals in leading-edge organizations. Purchasing and supply management is becoming (or has become) a critical participant in the organization’s strategic planning function.

Wallace (2004: 5) explains that “Purchasing, materials management and logistics work is hard to relate to statistical occupational categories possibly because there are so many levels of participation in the field. It would seem that, depending on the employee’s status within an organization, the work could fall within any of the following three Ministry of Manpower’s (2000) categories of: ‘manager/administrators’ ‘professional’ or ‘technical/associate

professional'." The term 'professional' is furthermore used to describe delegates who are graduated from or are currently studying for the professionally orientated business degree and they have admission to a professional institute.

2.3.4.3 Responsibilities to the Profession

According to Burt et al (2003: 545) advises the purchaser to "Enhance the proficiency and stature of the supply management profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behavior." Supply management professionals have an obligation to master the basic skills of the profession, as well as to keep abreast of current developments in the field. It is seen to be equally important that supply management professionals reflect those same standards through their combined actions in professional groups or associations. Since the activities of groups are highly visible, attention needs to centre on actions taken as a group. Each member of a group should consider it an obligation to support only those activities that uphold the high ethical standards of the profession.

2.3.4.4 Value Adding Benefits

Dobler and Burt (1996: 10) state that historically, the performance of many purchasing managers and their organizations was measured and evaluated on changes in the purchase price of materials and their ability to keep the production line running, and the cost of their department's operation. Today, many world-class organizations expect their purchasing and supply management function to focus on the following five value-adding outputs of proactive purchasing and supply management:

- *Quality.* The quality of purchased materials and services should be virtually defect free. At many organizations, over 50 percent of all quality defects can be traced back to purchased materials.
- *Cost.* The purchasing and supply management function must focus on strategic cost management: the process of reducing the *total* cost of acquiring, moving, holding, converting, and supporting products containing purchased materials and services throughout the supply chain.

- *Time.* The purchasing and supply management function and its outside supplier must play active roles in reducing the time required to bring new products to the market. Dobler and Burt (1996: 10) states that “While it is difficult to provide supporting data, most professionals in supply, design, and manufacturing estimate that the time required to bring a new product to market can be reduced by 20 to 40 percent through the establishment and implementation of a world class strategic supply management system.
- *Technology.* The purchasing and supply management function has two key responsibilities in the area of technology: firstly, it must ensure that the firm’s supply base provides appropriate technology in a timely manner. Secondly, it must ensure that technology which affects the firm’s core competencies (the “thing” that gives the firm its unique reason for being) is carefully controlled when dealing with outside suppliers.
- *Continuity of supply.* The purchasing and supply management function must monitor supply trends, develop appropriate supplier alliances, and take such other action as are required to reduce the risk of supply disruptions.

2.3.4.5 Strategic Focus

As previously pointed out, purchasing’s historical focus has been on purchase price and continuity of supply. Supply management adds the following strategic activities:

- *Integration.* The firm’s supply strategy must be integrated with the organization’s marketing, conversion, and finance strategies and that of the corporation or strategic business unit.
- *Business environment.* Supply management must address the identification of threats and opportunities in the firm’s supply environment.
- *Technology.* Supply management must ensure that they address issues of technology access and control. The firm wants to gain access to technology in its supply base while being careful not to create competitors through outsourcing activities.
- *Component and commodity strategies.* Supply management must develop formalized market-driven supply plans for critical purchased materials and services.
- *Management Information System.* Supply management must ensure that a timely, cost-effective, and comprehensive information system is in place to provide data required to make optimal supply decisions.

- *Supply base strategy.* Suppliers and the resulting supply base must be carefully developed and managed to ensure that the value chain to which the firm belongs is successful in an increasingly competitive marketplace.
- *Reporting responsibilities.* The vice president of purchasing and supply management reports (or will report) to the chief of the strategic business unit, and in some cases to the CEO.
- *Centralization of development and management.* The development and management of the organization's supply strategy will be centralized, while low value-adding supply activities will be decentralized.
- *Use of senior procurement professionals.* The typical manufacturer will assign senior procurement professionals the responsibility of managing five to ten key supply relationships or alliances.
- *Use of professional personnel.* There will be fewer, but far more *professional* personnel assigned to purchase/procurement/supply management.

2.3.4.6 Professionalism in Purchasing

Certainly the changes that have occurred over the past several decades have caused top management, in general, to recognize the importance of effective and efficient performance of the purchasing/supply management function. How has this changed the people who perform the purchasing function? How have they grown? While it is not possible to provide any single number of measures of this change, according to Leenders, Fearon, Flynn and Johnson (2002: 24), six of the indicators are:

- **New Assignments**

In many organizations, the profession and those persons performing the activity have taken on several new responsibilities. Some of these activities are personnel travel, traffic-transportation, and counter trade-offset planning/execution. Procurement has therefore assumed an increased role of responsibility in strategic planning, providing economic forecasts/indicators, capital equipment buys, product development, new product evaluation, and cash flow planning to name but a few examples.

- **Education**

Leenders et al (2005: 24) states that “Although there are no universal educational requirements for entry level jobs, most large organizations require a college degree in business administration or management.” Leenders goes further to explain that a 2000 survey by *Purchasing* found that 68 percent of respondents had a college degree, and those with a degree “fill the highest-ranking purchasing positions, have the greatest purchasing responsibilities, work for the largest organizations and generally earn the highest average annual salaries. In the 1995 study by the Centre of Advanced Purchasing Studies, 96% of the chief purchasing officers in the 305 large organizations that supplied data were college graduates. Forty percent held an advanced degree in addition to a bachelor’s degree, with 82 percent of these being either an MBA or a management degree. Fifty-eight percent of the bachelor’s degree holders majored in business and 19% in engineering. As might be anticipated, more of the chief purchasing officers in the manufacturing sector possessed engineering degrees (22%) than in the service sector (11%).

- **College Recruitment**

Many of the major companies are now looking to universities for their input of entry level-personnel in the procurement/supply chain management department. This is evidently based on the belief that if persons recruited today will be expected to move into purchasing management responsibilities for example five years from now, it is essential to start out with the best possible personnel material. Their experience has been that this source of entry-level personnel has the highest probability of providing well-rounded, aggressive, successful new hires. Many organizations also seem to be searching for more experienced people with master’s degrees specializing in supply chain management combined with an undergraduate degree in a different field.

- **Training Programs**

According to Leenders et al (2005: 25) the better-managed organizations now provide continuing education/training for their purchasing professionals. This training is organized on a formal, in-house seminar basis in which a given individual may participate in a full-week training session over several years, or the organization may use a planned

combination of seminars/courses offered by universities, associations, or private training organizations. This purchasing training then is supplemented by various general management courses and seminars.

At Eskom there is currently a Procurement Curriculum which procurement practitioners are advised to follow. This curriculum was however developed a number of years ago and does not cater for world class supply management issues (see attached Appendix G). Another problem is that because the curriculum is not mandatory, many procurement managers do not send their people onto these courses, many of them using the excuse that “there is no money in the budget.”

2.3.4.7 Key Trends, Skills and Knowledge required for the Supply Chain Manager of the Future

Based on the results of a series of roundtables and surveys from a recent research project sponsored by the Centre of Advanced Purchasing Studies, and conducted by Robert B. Handfield, there appears to be several major themes from the research that provide some clear messages for supply chain management education and training requirements. The report was furthermore based on the general premise that as the supply chain management environment is changing, there is a changing skill set required for success. Some of the primary elements identified with respect to the new set of requirements for supply management include:

- Great pressure for cost reduction due to globalization.
- A greater demand for performance from internal customers.
- A greater need to integrate and exploit supply base technologies and capabilities.
- An increased focus on outsourcing and strategic value-added relationships.
- Increasing focus on the supply chain.
- Increasing need to capture total cost and establish the business case.
- Increasing need for technology integration and e-procurement deployment.

2.3.4.8 Formal Education and Certification

Giunipero (2004: 91) states that entry level purchasing and supply management positions require the candidate to possess a certain level of formal education as indicated in the attached table below.

Table 6
Minimum Formal Education Levels

Qualification	Current	Future 2010
Bachelors Degree	81%	79%
High School Education	13%	4%
Associate's two-year degree	4%	2%
Master's Degree	2%	15%

Since the procurement and supply management function has been reported to be strategic and important to the organization, CAPS Research decided that it was desirable to determine what the requirements would be for a position in the field. Respondents in the research were required to indicate what the minimum level of formal education would be required to be hired into their procurement departments. Table 6 shows that more than 80 percent of the respondents require a minimum of a bachelor's degree. The table indicates that this percentage figure will drop slightly into the future as the requirement for a master's degree grows in importance. A high school matriculation qualification as a maximum was currently indicated as the minimum desired qualification for 13 percent of the sample, but will decline in the future as will the associate's two year degree. Since a bachelor's (and in future a master's) degree will become more important, respondents were asked to indicate the desirability of the various degrees.

Table 7
Desirability of Various Degrees

	2003	2010	1993	2000
	Average	Mode	Average	Mode
Bachelor's Purchasing/Supply Chain Management	4.09	5	4.17	4.33
M.B.A. (Masters in Business)	4.06	5	3.75	4.06
Technical Undergraduate and M.B.A.	3.92	5	4.11	4.3

	2003	2010	1993	2000
Bachelor's Business	3.64	3	3.51	3.54
Bachelor' Technical (Engineering, Sciences etc)	3.42	3	3.76	3.92
Master of Science (Technical Field) e.g. computer science	3.11	2	3.32	3.58
Law	2.66	3	2.34	2.56
Bachelor Art	2.30	2	2.3	2.3

Scale: "1" = least desirable; "3" = desirable; "5" = most desirable

As shown in Table 7, the most desirable degree in the CAPS study both now and in the future was a bachelor's degree in purchasing/supply chain management, this furthermore agrees with a similar study conducted a decade ago. Although a decade ago, the term "supply chain management" was just coming into the purchaser's vocabulary, and degrees were in purchasing/materials management. The increasing desirability of an advanced degree is shown by the high level of attractiveness of master's-level degrees. The increasing desirability of an advanced degree is shown by the high level of attractiveness of master's level degrees. The combination of a technical undergraduate combined with an M.B.A. is also seen to be attractive and had a rating of "5" which is most desirable.

2.4 Humanistic Perspectives into Organizational Dynamics

2.4.1 The Concept of Competence

It was Prahalad and Hamel (1990) who popularized the concept of competence. Prahalad and Hamel argue that one of the most powerful sources of competitive advantage is core competence. They defined core competencies as "the collective learning in an organization, especially how to coordinate diverse production skills and integrate multiple streams and technologies." (Prahalad and Hamel (1990: 64). To confer competitive advantage resources must be seen to be rare/scarce, difficult or impossible to imitate, non-substitutional and appropriable by the organization.

2.4.2 Types of Core Competencies

There are probably hundreds of different ways to categorize core competencies. Hamel & Heene (1997: 16) explains that they have found it useful to distinguish among three broad types of competencies namely:

- *Market access competencies* – this is seen as the management of brand development, sales and marketing, distribution and logistics, technical support, etc. – all those skills which help to put an organization in close proximity to its customers.
- *Integrated-related competencies*- these are seen to be competencies like quality, cycle time management, just-in-time inventory management to name a few examples. These allow a company to pursue activities more quickly , flexibly or with a higher degree of reliability than competitors.
- *Functional-related competencies* – these are skills which enable the organization to invest its services or products with unique functionality, which invest the product with distinctive customer benefits, rather than merely making it incrementally better.

Hamel (1997: 16) goes further to state that “It is our contention that functionality-related competencies are becoming more important as a source of competitive differentiation, relative to the other two competence types. This is seen to be happening because companies are converging around universally high standards (world class) for product and service integrity, and are moving through alliances, acquisitions and industry consolidation to build broadly matching global brand and distribution capabilities. Interestingly, the Japanese concept of quality has shifted from an idea centered on integrity ('zero defects') to one focused on functionality ('quality that surprises in that the product yields a unique functionality benefit to the customer').”

2.4.3 Definition of Core Competencies

Hamel and Heene (1997: 11) clarify that the word ‘core competence’ has several elements:

- Firstly a competence is a bundle of constituent skills and technologies rather than a single, discrete skill or technology. A core competence represents the integration of a variety of individual skills. It is this integration of skills that is the distinguishing hallmark of a core

competence. Therefore, a core competence is very unlikely to reside in its entirety, in a single individual or small team.

- Secondly, a core competence is an “asset” in the accounting sense of the word. A core competence is not an inanimate thing, it is an activity, an accumulation of learning. A core competence will undoubtedly comprise both tacit and explicit knowledge.
- A core competence must make a disproportionate contribution to customer-perceived value. Core competencies are the skills which enable an organization to deliver a fundamental customer benefit. Examples, include, reliability, user friendly, image recording etc. The distinction between core and non-core competencies thus rests, in part, on a distinction between core and non-core customer benefits. What is deemed to be visible to customers is the benefit, not the technical nuances of the competence that underlies that benefit.
- To qualify as a ‘core’ competency a capability must also be competitively unique. This does not mean that to qualify as ‘core’ a competence must be uniquely held by a single organization, but rather that any capability that is ever-present across the industry should not be defined as ‘core’ unless the organization’s level of competence is substantially superior to all others.
- To be considered ‘core’ at least from the corporate as opposed to the business unit perspective, a core competence should provide an entrée into new markets. Therefore, while a particular competence may be deemed to be ‘core’ in the eyes of a particular business, in that it meets the tests of customer value and competitive differentiation, it may not be a core competence from the point of view of the organization if there is no way of imagining a number of new product markets arising from the competence.

2.4.4 Managing Core Competencies

There are four key tasks in the management of core competencies namely:

- selecting core competencies
- building core competencies
- deploying core competencies
- protecting core competencies

2.4.4.1 Selecting Core Competencies

If the strength of a company's core competencies determines to a large extent the competitiveness of its current products or services, and its capacity to generate future new business opportunities, then the identity and health of those competencies should be of concern to senior management. An organization cannot actively 'manage' core competencies if managers do not share a view of what those core competencies actually are. Thus the clarity of an organization's definition of its core competencies, and the degree of consensus that it attaches to that definition, is the most rudimentary test of an organization's capacity to manage its core competencies. While most managers will have some sense of 'what we do well around here', they may be quite unable to draw any kind of specific link between particular skill sets and the competitiveness of end products. Thus, the first task in managing core competencies is to produce an 'inventory' of core competencies. Core competencies which should be built for the future should also be identified. Given that it may take five, ten or more years to build world leadership in a core competence area, consistency of effort is the key.

2.4.4.2 Building Core Competence

Building core competencies requires the accumulation and integration of knowledge, residing both within the organization and external to the organization. In building a core competence, the capacity to integrate may be just as important as a capacity to invent. In building core competencies, a capacity to integrate may be just as important as a capacity to invent.

The goal, should be however, not only to build core competencies, but to build them more economically and more quickly than competitors. Hamel and Heene (1997: 28) state that one way of reducing the costs of competence building is to borrow skills and technologies from other companies. This can be achieved through small targeted acquisitions, licensing agreements, joint ventures, alliances or competitive hiring. In all cases the goal is to 'borrow' as many of the constituent skills and technologies from competitors as possible, as cheaply as possible.

2.4.4.3 Deploying Core Competencies

To leverage a core competence across multiple businesses, and into new markets, it is often necessary to redeploy that competence internally – from one division or Business Unit (BU) or

Power Station to another. Some companies are better at this redeployment than others, and hence get greater effective use of their competencies than others. Hamel and Heene (1997: 30) explain that we can define the quantity of a company's core competencies in the same terms as a country's money supply: stock (the number of rands printed, or the number of people who 'carry' a particular skill) multiplied by velocity (how fast those rands change hands, or those competence carriers are capable of being redeployed into new opportunity areas). Many organizations, Eskom included, have a sizeable stock of core competencies – many people with truly world class skills – but almost zero competence velocity – it is difficult if not impossible, to redeploy those individuals into new markets. This is very clear to be seen at Eskom in the technical environment, there are excellent engineers and other highly technical skilled individuals who cannot for example be moved into the procurement environment.

When a competence becomes imprisoned within a single business the organization suffers in two ways. First, because potential opportunities to exploit the competence in new market arenas go unexploited, growth is slower than it might otherwise be. Secondly, because the people that compromise the core competence are not as stretched nor as fully utilized as they might be, their skill and hence the core competence erodes. Any manager at Eskom is fully aware of what happens should they go to another division and request to 'borrow' that division's top ten or twenty technical employees for a few months. The answer is often negative as managers are reluctant to share core competence resources. It is a perplexing fact that while most human resource executives will proudly proclaim that 'people are our most important asset', there is seldom any mechanism for allocating human capital that approaches, in its sophistication and thoroughness, the procedures and processes for the allocation of capital.

2.4.4.4 Protecting Core Competencies

Hamel and Heene (1997: 32) state that the protection of core competencies from erosion takes continued vigilance on the part of top management. While most senior managers are easily able to determine competitive measures of sales performance, market share and profitability, few are able to offer a quick and convincing judgment on whether or not their organization is staying ahead of competitors in core competence development. There is no way to protect an

organization's core competencies from erosion if the health of those competencies is not visible to top management.

Core competence leadership may be lost in many ways for example, competence may wither through lack of funding; competencies may become fragmented through divisionalization, particularly where there are no managers who take accountability for competence development and retention.

Competencies describe the behaviors that typify excellent performance in a job. Over the last ten years, research has shown that by understanding and implementing competencies provides significant help with key problems such as:

- Communicating the company mission;
- Defining excellence;
- Recruiting and selecting appropriately;
- Structuring performance appraisals;
- Giving feedback to staff;
- Setting standards for promotion;
- Planning succession;
- Managing compensation.

Competencies are constructed by examining the knowledge, skills, self concepts, traits, and motives that are possessed by people who typify success in the target job. As with an iceberg some aspects of the competency are clearly visible to all. Unfortunately, as most organizations know, merely having skill and knowledge does not guarantee success. It is the deeper and less visible – below the surface – competencies that are critical to success.

The Sunday Times (2005) states “In applying a rigorous, scientific methodology to understand organizational and job-specific competencies, competency based methodology enables companies to put in place a proactive strategy to mine below the surface or organizational and individual competence, and thus optimize the value that their employees represent to the company as a process over time.

2.4.4.5 Methodology

The three-dimensional competency model describes competency as a function of level of cognitive ability supported by the required behavior, skill and knowledge and expressed within a given motivational framework. In other words, in order to be described as competent in a job, individuals must be able to:

- Solve problems and make decisions at the required level;
- Show a natural disposition to appropriate styles of behavior and interaction;
- Demonstrate learned knowledge and/or skill supported by experience;
- Successfully align personal values and motivation with those required of the position.

The competency methodology is based on the assumption that all work can be described in terms of:

Data – the identification and processing of information.

People – the interaction with people both internal to the workplace (e.g. end users, and colleagues) and external to it (e.g. customers).

Things – the use of technology (defined in broadest terms – whether it be the ability to use a pocket calculator to perform basic arithmetical functions or the computer to type out tender and evaluation reports) and the practical application of acquired knowledge and/or skill.

The ability to perform any work at the required level of performance is thus seen as a function of:

Intellect – relating to data.

Personality – relating to people, but also including fundamental aspects of personality (e.g. drive, personal resilience).

Content related capacity to perform tasks – areas of competency resulting from education, training and experience, and which may or not involve things.

2.5 Models of Learning

2.5.1 The Experiential Model of Learning

The main advocate of this approach to learning, David Kolb, put forward a theory which he intended to be sufficiently general to account for all forms of learning. Kolb argued that there are four distinctive kinds of knowledge and that each is associated with a distinctive kind of learning.

The four kinds of learning are:

- concrete experience
- reflective observation
- abstract analysis
- active experimentation

Kolb believed that the ideal form of learning was one that integrated all four of these, integration being achieved by a cyclical progression through them in the way shown in Figure 2. David Kolb (as cited by Lane, 2000) states that “The result of the journey round the cycle is the transformation of experience into knowledge, and this forms the basis of Kolb’s definitions of learning: the production of knowledge through the transformation of experience.”

Kolb therefore views learning as a *process* – one through which any experience (including the experience of being taught) is transformed. Kolb believes for example that if information is reproduced by the learner in exactly the same manner that it was taught, learning would not have occurred as, according to his view, because nothing would have been changed or transformed. Memorization may have occurred, but not learning, which has a kind of ‘value-added’ quality in this model because it generates something more than or different from the original stimulus.

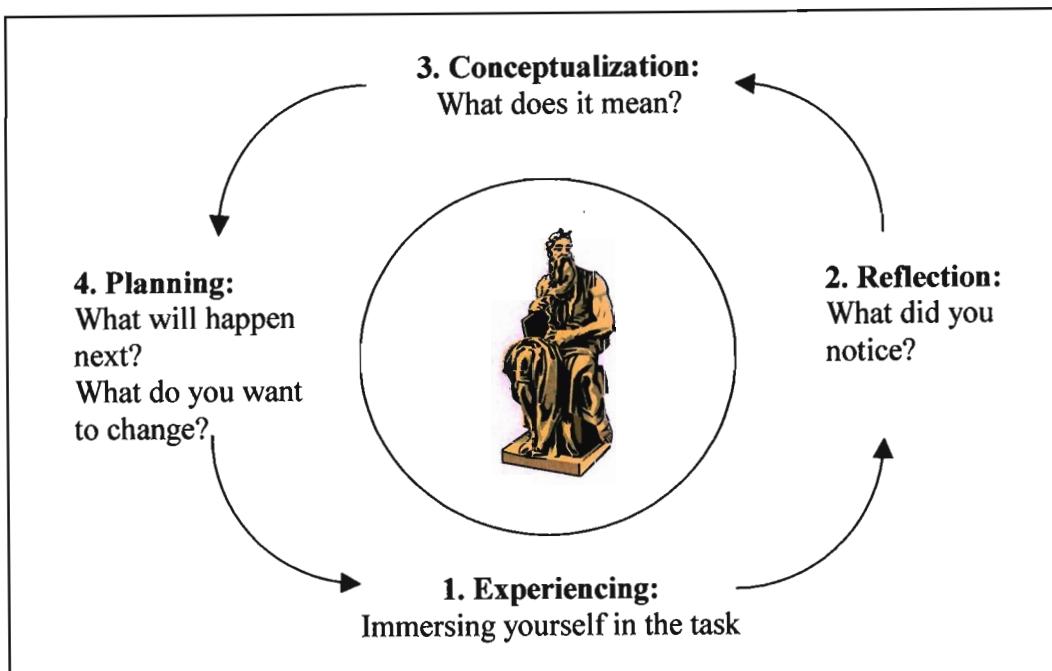
The cyclical process shown in Figure 2 can commence anywhere. Starting at the ‘top’ we have *concrete experience*, on which the learner can reflect and draw out observations. These in turn provide the raw material for the *abstract analysis* and *conceptualization stage*, out of which the learner can derive new ideas or theories which can be used in the work place. Active experimentation therefore combines the fruits of both concrete experience and abstract analysis, and when the leaner puts their own experimental ideas into practice, another episode for concrete experiencing is generated so that the cycle can begin over again.

Kolb (as cited by Lane, 2000) argues that all four stages in the experiential learning cycle are essential for the full integration of direct, concrete experience and action with knowledge and theories *about* the world. This integration, as mentioned earlier, comes from working through each of the four stages identified in the model as each of the four stages has a distinctive activity and function which is essential for the achievement of learning. Kolb's theory requires that each stage be given its full value by the learner with outcomes that feed forward into the next stage of the model – wherever the learner begins on the cycle.

Kolb believes that in the education and training environment, mainly the *abstract/conceptualization analysis stage* is covered which leaves the learning process incomplete, with knowledge that has not been reflected on and digested, nor used in action and integrated into the person's way of seeing the world and accounting its effects. What should happen is that we test our grasp of new knowledge by using it in some purposeful and planned way (thus achieving the next stage *active experimentation*) and this *active experimentation* will generate opportunities for direct *concrete experiencing*. This experience provides the substance for the next stage of the cycle *reflective observation* – where we can reflect by comparing our understanding of the abstract concepts with experience of how they worked out in practice at the concrete experience stage.

If we then adjust our understanding by a second stage of abstract analysis, we re-start the cycle and re-visit each stage. But for the second tour of the cycle, the content of each stage will be different.

Figure 2
The Kolb Model of Learning



(Source: Lane: 2000: 35)

2.5.2 Experiential Learning: learning by doing

To achieve deep learning we need to practice new behaviors and skills, receive feedback, see the consequences of the new ways of behaving and in this way integrate new skills into our way of thinking and behaving.

Gibbs, G. (1987) clearly states what experiential learning is, and what it is not:

- Experience is used to test out ideas and assumptions rather than to passively obtain practice. It is active exploration.
- Experiential learning is not the same as discovery learning. Activities must be carefully designed by teachers, and learners must reflect on their experience in a critical way.

According to Lane (2000: 35) Kolb's four-stage model has been used as the basis for a typology of learning styles as seen in Figure 2. Each of the four styles has been identified with a particular

type of learner behavior that is characteristic of that approach to learning. Each of the learning styles has both positive and negative aspects and not one style can be deemed to be better than the other.

Senge (1990: 23) explains that the most powerful learning comes from direct experience, after all babies learn eating, crawling, walking, and communicating through direct trial and error – through taking action and seeing the consequences of that action, then respond by taking a new and different action.

2.5.3 Adult Principles of Learning

Understanding adult learning principles is the key to developing successful training interventions that engage participants and facilitate learning. Training should not be seen to be a matter of presenting new information to a passive, receptive audience, adult learners bring experiences, perspectives and insights that will enrich the training experience.

Malcolm Knowles considered the father of adult learning theory, used the word *andragogy* to describe the study of adult learning which he distinguished from *pedagogy* which is the study of how children learn. Initially it was thought that pedagogy and andragogy were two distinct processes, but current theory views the two processes on a continuum with pedagogy on one end and andragogy on the other. Research done on these two fields explain that what separates these two processes on the continuum is the amount of experiences the learners have when they enter the learning experience and the amount of control that the learners have when they enter the learning process and the environment.

Arnold (as cited in <http://ztt.confex.com/ztt/Princlearn.htm>) state that people retain:

- 20 percent of what they *hear*
- 30 percent of what they *see*
- 50 percent of what they *see and hear*
- 90 percent of what they *see, hear, say and do*.

Adults typically bring a life-time of background experiences and prior learning to any new learning process. Acknowledging adults' understanding and experiences validates them as competent and capable learners. Obviously, not all the experiences that adults bring into the learning environment do relate directly to the topic they are learning, it is the responsibility of the facilitator to assist the adult learner to see the connections between early learning experiences and the new information. The guidance of adults to use what they already know to understand new concepts is critical. Trainers of adults should begin training sessions by finding out what the adults already know about the subject and whether the information they possess is accurate or not.

As stated by Lieb, S. (2005). *Principles of Adult Learning*. <http://www.honolulu.hawaii.edu/intranet/committee.FacDev/com/guidebk/teachtip/adults> (downloaded 20 October 2005), the field of adult learning was pioneered by Malcolm Knowles who identified the following characteristics of adult learners:

- Adults are seen to be *autonomous* or *self directed*.
- Adults have accumulated a foundation of *life experiences* and *knowledge*.
- Adults are *goal orientated*.
- Adults are *relevancy orientated*.
- Adults are *practical*.
- As do all learners, adults need to be shown *respect*.

Butler, J. (2005) summarized these principles and suggest how these principles should be transferred in learning:

- Adults learn throughout their lives. Age is not seen as reducing a person's ability to learn but may reduce the speed of which learning takes place. In addition, because of time lapsed since earlier learning experiences, adults may underestimate their own abilities to learn and/or may need additional time to adjust to new learning conditions.
- Adults exhibit a variety of learning styles and there is no one "right" way of learning.

- The adult learner is a person with a sense of self, bringing all life experiences, both personal and professional, to the learning arena. Past experience affects what the learner learns and forms the foundation for current learning. Research has found that adults learn best when new learnings are demonstrably tried to or built upon past experience.
- Adult learners' stages of development, whether personal, chronological or professional profoundly affect their learning.
- Adult learners exist in situations separate from the learning context. Adults are motivated to learn by changes in their situations and learn best when new learnings apply in practical ways and /or are relevant to the changes in their situations.
- The adult learner controls what is learned, selecting new information and/or deciding how to use it, and this takes place at both the conscious and unconscious levels.
- Adults tend to be problem centered rather than subject-centered learners and learn best through practical applications of what they have learned.
- Adult learners must be treated as adults and respected as self-directed persons. They learn best in non-threatening environments of trust and mutual respect.
- The optimum role of the adult learner in the learning situation is that of a self-directed, self motivated manager of personal learning who collaborates as an active participant in the learning process and takes responsibility for learning.
- New learning is followed by a period of reflection to facilitate integration and application of new knowledge and skills.
- Continued learning depends on achieving satisfaction, especially in the sense of making progress toward learning goals that reflect the learner's own goals.

The second list of adult principles are based on those of Malcolm Knowles but seem to be more conclusive. In summary andragogy means that when adults are being taught, there needs to be more focus on the process and less on the content of what is being taught. Strategies such as case studies, role plays, simulations and self evaluations are to be used to reinforce learning and trainers are to adapt the role of a facilitator in learning.

Participatory training is seen as the hallmark of adult learning as it is seen to move the adult learner through the four phases of the Kolb Model of Learning as indicated in Figure 2.

2.5.4 Theory of Self Sealing Behavior

Paradigms

According to Lane (2000: 69) “One of the key features of a paradigm is that it defines a certain way of looking at the world. The paradigm tells the practitioner what type of explanation to expect regarding events. It also determines what is and is not accepted as evidence of this domain. The paradigm itself is defined by a like minded community of scientists all of whom work within the paradigm and are conducting experiments to demonstrate or extend its validity or domain of application.” Therefore, our theories and assumptions (our paradigms) about the world around us condition the way that we perceive the world. What is more, the way that perception is influenced is in a way that will reinforce the theories and assumptions on which that perception is based and will tend to negate or make visible any contrary evidence. In this sense all theories about the world are *self sealing*, they are not open to being challenged by evidence.

Another interesting paradigm is the *self fulfilling paradigm* which according to Lane (2002: 72) explains “a particular theory about the other person is going to establish precisely the interpersonal dynamic described in the theory.”

2.5.5 Learning Organization

Braham (1995: 9) explains that “A learning organization is an organization that prioritizes learning.” Learning is seen to be simultaneously both a process and a value. Ideally every individual in the company, regardless of position, length of service, age or gender is committed to being better tomorrow than they are today – through learning. The organization on the other hand is also deemed to be committed to continual improvement of every facet of itself, its products and its services – by learning about learning. As both parties, the individual and the organization develop, employees will feel a renewed connection to their work, end users will feel better served and the organization will create a future for itself.

Nancy Dixon and Peter Senge (as cited in David Skyrme) in his article titled *The Learning Organization* defines the learning organization as “The essence of organizational learning is the organization’s ability to use the amazing mental capacity of all its members to create the kind of

processes that will improve it own,” and “Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together.” Skyrme goes further to state that “Learning organizations are those that have in place systems, mechanism and processes, that are used to continually enhance their capabilities and those who work with it or for it, to achieve sustainable objectives – for themselves and the communities in which they participate.”

The learning organization is characterized and set apart from other organizations in the following ways:

- Learning is integrated into everything people do, learning is seen as a regular part of the job.
- Learning is a process and not an event.
- Cooperation is the foundation of all relationships.
- Individuals themselves evolve and grow, and in the process, transform the organization.
- Learning organizations are viewed as being creative.
- The organization learns from itself; employees teach the organization about efficiency, quality improvement and innovation.
- Employees and employers view it as being exciting and enjoyable to be part of a learning organization.

Braham (1995: 9) explains that “In the learning organization, motivation is recognized as being inherent in each person. With a shared vision and commitment to that vision, people will motivate themselves to learn.” Rather than being threatened to learn, it is assumed that individuals and teams will proactively set their own learning agendas.

Two major differences exist between learning inside a learning organization and in other organizations:

1. Employees in a learning organization learn about the business side of their organization. They have access to information on financial plans, sales targets etc. It is essentially seen as a transparent organization where information is readily shared with employees. The

belief is that with employees empowered to make more decisions, they need to understand those decisions in the overall context of the business.

2. Individuals learn how to use themselves as tools. “Soft skills” for example, interpersonal skills, creativity, responsiveness to change and learning how to learn are the skills that serve a person and therefore the organization in the global market of today. The learning organization requires individuals who are capable of managing themselves; people who understand that the skill with which they manage themselves will determine how others respond to them, technical skills alone are not seen to guarantee success.

The learning organization is seen to learn by any of the following means:

- Work products
- Work processes
- Team work
- Customers
- Systems thinking
- Mental models

2.5.6 Organizational Culture

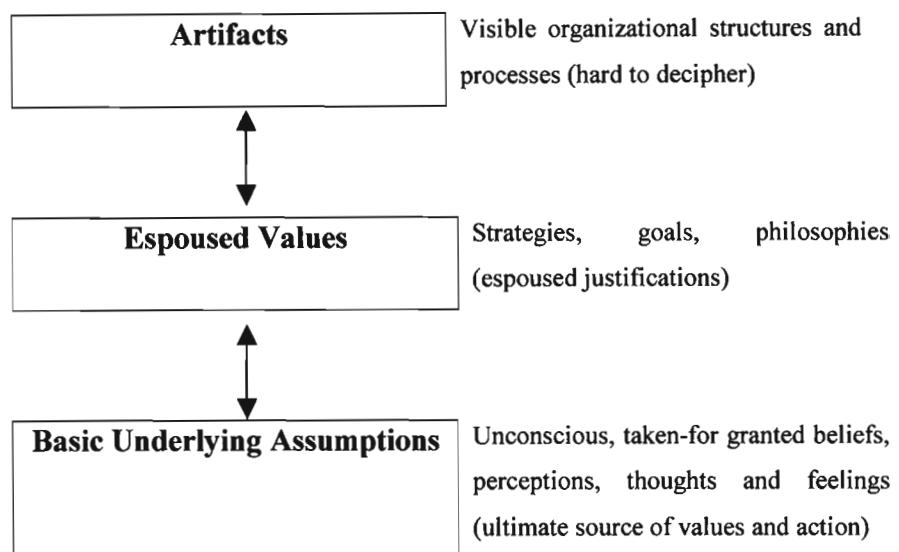
Over the past number of years, the concept of organizational culture has gained wide acceptance as a way to understand human systems. From an “open systems” perspective, each aspect of organizational culture can be seen as an important environmental condition affecting the system and its subsystems. Furthermore, the examination of organizational culture can be seen in itself as a valuable analytical tool to understand the manner in which the people employed within the organization behave. This approach of understanding the behavior of organizations is similar to the ways of anthropology and sociology and uses many of the same terms used to define the building blocks of organizational culture. Edgar Schein (1992: 12) one of the most prominent theorists of organizational culture, defined the concept of organizational culture very generally as:

“A pattern of shared basic assumptions, that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid

and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.”

In other words, as groups evolve over time, they face two basic challenges: integrating individuals into an effective whole, and adapting effectively to the external environment in order to survive. As groups of people find solution to these problems over time, they engage in a kind of collective learning that creates the set of shared assumptions and believes that is commonly termed “culture” today.

Figure 3
Levels of Culture



Source: Schein (1992: 17)

2.5.6.1 Culture of Eskom

As the main objective of Eskom is to provide electricity, it is obviously a highly technical environment where engineers are seen to be of strategic importance to the organization and who obtain the higher job grades and monetary benefits when compared to Purchasing Practitioners. In comparison Procurement Practitioners are not seen to be of strategic importance, although during the last few months due to the Big Five findings, procurement has become a core skill

which needs to be retained and focus has once again been placed on this section of the organization.

The Commercial Department which consists of all of the Supply Chain Functions has always been seen as the “dumping ground” where employees who are seen as “surplus” are placed. During the last number of years Generation Division made a decision to outsource all non-core activities for example, horticulture, catering and security. This resulted in a number of excess employees who were either too young to offer early retirement packages to or who did not wish to leave the organization. Top Management decided that the Procurement Function would have to reskill these employees and employ them. This resulted in a number of employees entering Procurement who were not literate and some who could not even speak English properly as it was not their first language, and who were completely unsuitable for the job. This trend has continued as very recently Arnot Power Station Procurement Department were forced to absorb an artisan who, due to ill health was no longer able to work on the Plant.

A large number of secretaries and administrative staff also view Procurement as a viable career, this has clearly been shown by the administrative assistant working in the training department who was not able to cope with her current position, applying for a position as a Procurement Practitioner at Matimba Power Station, which is one of the far off, unattractive stations, she subsequently was given the position with no relevant qualifications or passion for procurement, her only wish was to obtain a promotion.

In summary the culture in Eskom can be viewed as an extremely technical culture based on the core business but when it comes to HR issues, it tends to be a consensus driven culture, procurement on the other hand is a very bureaucratic environment, ruled by close to 30 policies and procedures, coupled with continuous audits and assessments. There is thus very little room for maneuvering, both implying a slow culture of decision making.

Lane (2000: 106) states that “Culture is implicit in people’s minds, rather than being something they can observe ‘out there’. It is a collection of socially produced definitions of people’s situations that tend to become part of their definition of themselves. It forms the basis of the

‘common-sense’ view of the organizational world; to someone deeply embedded in a culture, it appears to be just ‘the way things are.’” People usually find it difficult to describe the culture they are part of, partly because it is always difficult to describe something they are deeply embedded in, and partly because it is largely unconscious and not something they tend to reflect on. But they also tend to be reluctant to question it because of its importance in giving a relatively self-contained rationale for people’s social-contained rationale for people’s social and organizational lives; it provides a way of functioning within the work place. Questioning this tends to be uncomfortable, so people tend to protect it. Culture is by definition shared, organizational culture is ‘handed on’ to newcomers by a process of *socialization*.

Handy (as cited by Lane 2000: 109) distinguishes what he calls ‘role cultures’, ‘power cultures’, ‘task cultures’ and ‘person-centered cultures’ and suggests that these are often associated with different organizational structures.

- **Role Cultures** are often found in *bureaucracies*, and are dominated by a concern for correct role behavior, conformity to rules, and respect for *The System*. Relationships are professional and unemotional, and security and stability are valued.
- **Power Cultures** are often found in organizations dominated by a *powerful central individual or group*. This is common in family firms or small businesses, or in organizations that are growing very rapidly, where a central team decide and everyone else is expected to follow. If this goes well, it leads to an efficient and relatively rule-free mode of working in which the central team is valued and respected. However, if things go wrong, people rapidly become disillusioned. Since there are a few formal rules for employees to follow, a lot depends on how well they can anticipate what the power holders will ask for. Relationships in this type of culture can have a distinctly competitive edge, tempered by the need to form alliances.
- **Task-centered cultures** often appear in *small organizations* or those that have successfully adopted *project* or *matrix structures*. Expertise, adaptability and teamwork are the basis for respect. Such organizations offer many challenges and since their

members enjoy considerable autonomy they usually share a commitment to the objectives of the organization. But at its worst this culture leads to a neglect of routine matters-members enjoy the stimulation of crises, emergency meetings, interruptions and bustle so much that mundane matters are overlooked. It is difficult to achieve economies of scale or great depth of specialist expertise in this culture, and it can be hard to control.

- **Person-centered cultures** are usual in traditional profit making organizations, but they are increasingly important as organizations have to look at new ways of operating. Person cultures exist only for the people within them, rather than for any super-ordinate objective. The organization becomes the means by which people meet these objectives. Such cultures attract members who are usually very committed and have a strong desire to take part in determining what is done and how it is done. They tend to be more democratic than other cultures and often take more time to make decisions. This type of culture may well be associated with a changing environment, but it cannot operate comfortably when the group becomes too large as there is no hierarchy to exercise a speedy control function. However, because the goals come from within, the individuals' commitment and levels of input can be very high.

2.6 Definition of Organizational Development

Cummings (2004: 26) states that “Organizational development applies behavioral-science knowledge and practices to help organizations change to achieve greater effectiveness. It seeks to improve how organizations relate to their external environments and function internally to attain high performance and quality of work life. OD emphasizes change in organizations that is planned and implemented deliberately.” Argyis (as cited in Cummings, 2004: 25) explains that OD is seen to be “action science” where knowledge is developed in the context of applying and learning from the consequence.

OD encompasses a diversity of concepts and methods for changing organizations. There are numerous definitions of OD available but I have decided to quote the following two definitions as they seem to clarify for me emerging aspects of OD while drawing on previous definitions of the field, Cummings (2004: 26) states that “*organizational development is a system-wide process of*

applying behavioral-science knowledge to the planned change and development of the strategies, design components, and processes that enable organizations to be effective." OD addresses an entire system, such as a team, department, or total organization. It also deals with relationships between a system and its environment as well as among the different features that comprise a system's design. Cummings (2004: 26) explains that this system-wide application follows from an open systems approach to organizations. Organizations are viewed as open systems with multiple levels and interrelated parts that exist in the context of a larger environment. Therefore, change at one level of the organization – individual member, work team, or total organization – can affect other levels. Change therefore, in one part or design feature of the organization, such as a reward system, organization structure or training initiative, can require supporting changes in other parts. Change in the organization's environment can necessitate change within the organization etc.

OD treats change as a process, and not a discrete event or end state. Organization change involves an ongoing series of diagnostic, action planning, implementation, and evaluation actions. These activities overlap and feedback on each other, so that initial diagnosis informs action planning and implementation while evaluation guides subsequent diagnosis and modification of the changes. Consequently, this process is highly adaptive and changes as new information is encountered and new events are experienced.

At the micro level, because organizations are complex social systems, OD relies on knowledge about individuals and their relationships within organizations. This includes concepts having to do with motivation, communication, conflict, group dynamics and work design. At the macro-level, OD applies to knowledge of how organizations develop strategies; divide and co-ordinate labor and relate to external forces. OD therefore applies this broad knowledge base to diagnose how organizations function and to develop interventions for improving them. These applications, in turn, can result in new knowledge about processes of organization change and effects of particular interventions.

According to Cummings (2004: 26) OD focuses on changing and improving three key aspects of organizations:

- Strategies – this has to do with how organizations use their resources to gain competitive advantage.
- Design components – this includes decisions about organization structure, work design, measurement systems and human resource practices.
- Process – this has to do with how organizations go about doing things and includes how members relate to each other and their tasks and how different functions, such as communication and decision-making are performed.

OD seeks to bring congruence or fit among strategies, design components, and processes so that they mutually guide and reinforce organizational behavior in a strategic direction.

Finally, OD focuses on improving organizational effectiveness. This includes helping organizations achieve high performance, good quality of work life, and capacity for continued problem solving and improvement.

Beckard (as cited in Rouda & Mitchell, 1995: 1) defines OD as “an effort, planned, organization-wide, and managed from the top, to increase organization effectiveness and health through planned interventions in the organization’s processes, using behavioral-science knowledge.” Fundamentally, OD is a planned system of change.

- *Planned.* OD takes a long-range approach to improving organizational performance and efficiency. It avoids the normal “quick fix.”
- *Organization-wide.* OD focus on the total system.
- *Managed from the top.* To be effective, OD must have the support of top management. They have to model it, not just espouse it. The OD process also needs the buy-in and ownership of workers throughout the organization.
- *Increase organization effectiveness and health.* OD is tied to the bottom-line. Its goal is to improve the organization, to make it more efficient and more competitive by aligning the organization’s systems with its people.
- *Planned interventions.* After proper preparation, OD uses activities called interventions to make system wide, permanent changes in the organization.
- *Using behavioral-science knowledge.* OD is a discipline that combines research and experience to understanding people, business systems, and their interactions.

2.6.1 Why is Organizational Development Important?

Profitability, productivity, morale and quality of work life are of concern to most organizations because they impact improvement of organizational goals. There is furthermore, an increased trend to maximize an organization's investment in its employees. Jobs that previously required physical dexterity now require more mental effort. Organizations need to "work smarter" and apply creative ideas.

The work force has also changed. Employees expect more from a day's work more than simply a day's pay. They want challenge, recognition, and a sense of accomplishment, worthwhile tasks and meaningful relationships with their managers and co-workers. When these needs are not met, performance declines.

Today's customers demand continually improving quality, rapid product or service delivery; fast turn-around time on changes, competitive pricing and other features that are best achieved in complex environments by innovative organizational practices.

The effective organization must be able to meet today's challenges, adaptability and responsiveness is essential to survive and thrive.

2.6.2 Why Mentor?

Harrison, R. (2003: 257) explains that "Mentoring is often used during induction period. It is a process in which one-person acts as counselor and friend to another, usually to support them as they enter an organization and have to familiarize themselves with its culture and processes, or as they take on new responsibilities in an unfamiliar part or level of an organization." Mentors can facilitate not only dialogic and self-reflective but also instrumental learning, because, in the atmosphere of trust that effective mentoring creates, the new recruit feels able to admit openly to any performance problems, to reflect on and learn from them, and steadily improve. To avoid conflict of interests and authority, mentoring should not be carried out by the mentees manager.

According to Lindenberg & Stoltz-Loike [on line] we mentor because mentoring is seen as a strategic business imperative. They go further to explain that "we need to recognize that there are

people in every organization – whether they're men or women, minorities, or people who grew up without any business role-models in their lives - it's our responsibility to teach them. Organizations are only as successful as the men and women who make them work. So, if we care about our organizations and our people, we have to share our knowledge of the organizational culture, we have to share our wisdom: we have to mentor." It was furthermore suggested that people be developed to their fullest potential. In order to develop people within organizations, it was suggested that training opportunities be provided, challenging projects and assignments, feedback, coaching and mentoring. In one study with people who had experienced real mentors, half of them said the mentoring experience "changed my life" those are extremely powerful words.

Mentoring is therefore seen to be necessary to buffer younger employees against frustrations, focus on their career paths, and to transfer the skills based knowledge necessary to succeed. To be effective, mentoring needs to be done strategically and creatively and most importantly top management must ensure that they provide visible commitment.

Mentoring in Organizations [On Line] explains that "Mentoring has been identified as an effective means of leadership support." Mentoring is a form of social support in which individuals with more advanced experience and knowledge (mentors) are matched with lesser-experienced and knowledgeable individual (protégé) for the purpose of advancing the protégé's development and career. Mentors therefore provide two broad functions to protégés over the phases of mentoring relationships: career development and psychological support. Career development functions include sponsorship, exposure and visibility, coaching, protection, and providing challenging assignments. Psychosocial support functions on the other hand, include counseling, friendship, acceptance and conformation and role modeling.

The article on Mentoring and Professional Learning explains that mentoring is a way for new employees to learn about organizational culture, to facilitate personal and career growth and development and to expand opportunities for those traditionally hampered by organizational barriers.

2.6.3 Mentoring and Adult Learning

Mentoring and Professional Learning describes that mentoring supports much of what is currently known about how individuals learning, including the socially constructed nature of learning and the importance of experiential, situated learning experiences. The article goes on further to state that “According to Constructivist Theory, learning is most effective when situated in a context in which new knowledge and skills will be used and individuals construct meaning for themselves but within the context of interaction with others.” Experts are seen to facilitate learning by modeling problem-solving strategies, guiding learners in approximating the strategies while learners articulate their thought processes. Experts coach learners gradually decreasing their assistance as learners internalize the process and construct their own knowledge and understanding. These processes are reflected in the mentor’s roles of guide, adviser, coach, motivator, facilitator and role model within a contextual setting. Functioning as experts, mentors provide authentic, experiential learning opportunities as well as an intense interpersonal relationship through which adult learning takes place.

2.6.4 Mentoring and Experiential Learning

Bell (as cited in Mentoring and Professional Learning) likens the mentor’s role in experiential learning to that of birds guiding their young in leaving the nest; they support without rescuing, provide scaffolding (e.g. in a problem situation, asking “what do you think you should do next?”) and have the courage to let the learners fall. Bell goes further to state that “Learning from experience, “mentees speed past learning basic routines and get on to the job...they enjoy a fast linkup between what was learned in the classroom and what is needed in the workplace.” Three types of learning have been identified, namely, trial and error, “sitting by Nellie” (observing and experienced person) and guided learning. This last method is deemed to be characteristic of the most effective mentoring. With trust as the foundation of the relationship, mentors give protégés a safe environment to try out ideas, skills and roles with minimal risk. Such experiments are more authentic when linked with real-world activities such as temporary work assignments or short projects, the knowledge acquired is thus constantly reinterpreted and developed through practice.

2.6.5 Mentoring and Relational Learning

Although learning is a matter of individual interpretation of experiences, it takes place within the social context, the interpersonal relationship between mentor and mentee is therefore recognized as being essential. Galbreath and Cohen (as cited in Mentoring and Professional Learning) explains that “The idea of learning as a transaction-and-interactive evolving process between mentors and their adult learners-is considered a fundamental component of the adult mentoring relationship.” Mentoring provides two primary functions: career instrumental and psychosocial.

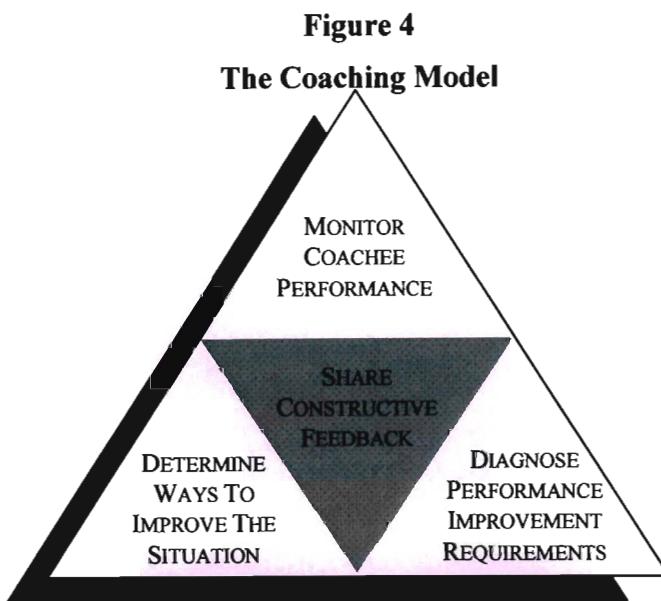
The instrumental function is the external value of the psychosocial function, is the internal value of the ongoing interpersonal dialogue, collaborative critical thinking, planning reflection, and feedback. The psychosocial function of mentoring is a form of relational learning, the value of which is increasingly being recognized in a less hierarchical, team environment. The article on Mentoring and Professional Relationships goes on further to state that “women especially have found to favor relational learning.”

2.6.6 Coaching

According to The Portfolio Consulting Group “Coaching is a one-on-one interaction between a coach and another person; the coach creates in the other individual an awareness of the possibility of change, explores with him or her various change alternatives, assists in selecting a key area for attention, and helps create action plans to accomplish the desired changes.” Joyce and Showers, Mello, Smith and Acheson (as cited in Gallacher, 201), explains that coaching provides professionals with the following opportunities:

- To fine tune skills or strategies through technical feedback and technical assistance from a coaching partner.
- To receive support and encouragement through the opportunity to review experiences, discuss feelings, describe frustrations, and check perceptions with a partner.
- To analyze practices and decision making at a conscious level.
- To reflect on what they perceive or how they make decisions, which helps improve their knowledge and understanding of professional policies and practices.

The Coaching Model as indicated in Figure 4 is a means of improving coachee performance. Each part of the model is central to the task of people management. These parts are not seen as linear steps but each part is dependent upon the development needs of the coachee. Constructive feedback is seen to be key to the entire process.



Source: The Portfolio Consulting Group (2005: 16)

2.7 Meeting Human Resource Requirements and Developing Effectiveness in HR

Badenhorst, Cant, Cronje, du Toit, Erasmus, Grobler, Kruger, Machado, Marais, Marx and Strydom (2004: 192) suggest that “Successful human resource management is the key to the prevention and solution of many of the problems currently facing South African business organizations and government institutions.” Badenhorst et al (2004: 102) state that the internationally renowned HR consultant Jeffrey Pfeffer contends in *Competitive Advantage through people* that what separates top performing companies from their competitors is the way they treat their workforces. He goes on to argue that companies that invest in their employees create long-lasting competitive advantages that are difficult for other companies to duplicate. However, the process of finding, developing and keeping the right people to form a qualified workforce remains one of the most difficult and important of all management tasks.

This section begins by determining how human resource planning determines human resources' needs, such as the kind and number of employees an organization requires to meet its strategic plans and objectives. Next the issues of how companies use recruiting and selection techniques to find and hire qualified employees to fulfill those needs. The following sections review how training and performance appraisal can develop the knowledge, skills and abilities of the workforce, while the last part of this section concludes with a review of compensation, and how organizations can keep their best workers through effective compensation practices.

2.7.1 Developing Qualified Workers

2.7.1.1 Human Resource Development

Badenhorst et al (2004: 207) states that "It is the task of the human resource manager not only to ensure that the company employs sufficient staff but also to create **opportunities** for the employees to make themselves more valuable to the company. This activity can be subdivided in several ways, but a good method is to distinguish firstly between **training** and **development** and secondly between **technical** and **management** training.

According to Badenhorst et al (2004: 207) training typically involves providing employees with the knowledge and skills needed to do a particular task or job, although attitude change may also be attempted. Developmental activities, in contrast, have a longer-term focus on preparing for future work responsibilities, while at the same time increasing the capacities of employees to perform their current jobs. While the methods used for training and development are basically the same, the **purpose** differs. Thus one person may attend for example a procurement course because he or she currently fills a procurement post, whereas another person may be sent to the same course because management wants him or her to fill a procurement post at some future point. Similarly, a manager may spend time teaching a subordinate how to do his or her work correctly, but may also spend time teaching the subordinate to do the manager's work with a view to future promotion.

For the purpose of this dissertation, the word **development** will be used as the overall concept, with the understanding that it includes both training and development in the narrower sense of the word. Badenhorst et al (2004: 207) defines **human resource development** as a set of planned

and systematic activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands. Consequently, learning is the core of all human resource activities.

Badenhorst et al (2004: 208) explains that the word **technical** means not so much tasks performed in a workshop, but any task that has to be performed physically. Accordingly, the keeping of journals is just as technical as the repair of a machine. By **management** tasks like planning, organizing, controlling and especially managing people are envisaged.

HRD activities should begin when an employee joins an organization, and should continue throughout his or her career, regardless of whether that employee is an executive or a worker in an assembly line. In theory, HRD programs must respond to job changes and integrate the long-term plans and strategies of the organization to ensure the efficient and effective use of resources. HR and Procurement must ensure that the employees are given the opportunity for training and development and that they are encouraged to develop to the higher levels of competence.

2.7.1.2 Developmental Methods

Badenhorst et al (2004: 208) suggest that the development activities can be executed in four ways, namely:

- Informally within the work situation
- Formally within the work situation
- Informally outside the work situation
- Formally outside the work situation
- Informally within the work situation

In this type of situation, the employee does not follow an official training program, rather the employee is put to work immediately and expected to learn in due course. It might also happen that the new employee works with an experienced employee for a while to give them time to “find his feet”.

Informal development within the work situation may also occur through **coaching** by the employee's immediate superior. The latter, for example, may give his or her subordinate certain responsibilities and show the employee how to perform certain tasks.

Another form of informal internal development is **job rotation**. This process entails that a purchasing practitioner would for example, move to a new job as soon as they know the current job well. The rotation could be short-term for example, two weeks in every job, or longer-term, for example, one year in every job. The latter usually applies to more senior management jobs and is often preparation for a general management position. What is important to note is that the development should not be allowed to take place at random. There should preferably be a record, in writing of each employee's developmental progress and employees should be kept informed of the career path planned for them in the organization.

- **Formally within the work situation.**

By formal development is meant a process in which the employee receives a formal qualification. The most common form of this type of development is a learnership. The employee is for example, allocated to a qualified artisan, and so provided with the necessary practical training. From time-to-time, the subordinate must attend a few block courses, usually at a technical institution. After a certain period (the time varies according to the nature of training) the employee receives a certificate if they have passed the compulsory examination.

- **Informally outside the work situation.**

In this type of training, an employee does not receive a qualification as such, although a certificate is sometimes issued to indicate that he or she has attended a particular training program. Probably the most common form of this type of development is a training course that is offered outside the company. Many larger organizations have training centers, where employees receive training in a variety of subjects, for example, in Generation currently, there is a currently a Procurement Training Curriculum which Purchasing Practitioners within the Division are encouraged to follow the curriculum and attend the courses as scheduled on the curriculum.

Courses included in this curriculum include Introduction to Purchasing, Microsoft Training, Enquiries, The evaluation and adjudication of tenders etc. Please refer to Appendix G for an example of the curriculum.

The advantage of courses presented within a company is that the training material is aimed specifically at the circumstances and operations of that particular organization. This type of course is not only meant for workers at the lowest level of the organization, but also for managers.

Another form of informal development outside the work situation is the public seminar presented by an outside institution (for example, a consultant or professional institution). Such seminars are normally attended by a variety of employees from a number of companies. This type of training intervention is valuable especially to smaller companies that want to expose only a few employees to this type of training and can therefore not present the intervention within the organization. The disadvantage here, however, is that the training material becomes generalized because it must apply to a number of widely divergent companies. This type of training intervention normally lasts for a few days or weeks on a full time basis. However, employees might also attend a training session for example one morning a week, and such programs can last for a number of months.

According to Badenhorst et al (2004: 210) some companies use programmed instruction (PI) as a training method. Here the instruction material is broken down into frames and programmed for the computer. Each frame represents a small component of the entire subject to be learned, and each frame must be successfully completed before the next one can be tackled. An advantage of PI is that large numbers of employees can be trained simultaneously, with each learner free to explore the material at their own pace. In addition, PI includes immediate and individual feedback. A disadvantage is that developmental costs are high, especially for computerized PI.

Another form of informal development is a **fixed reading program**. For example, an employee may undertake to study certain books before a certain date, or to become a regular subscriber to a

professional journal. If such a program is agreed on, the direct manager must follow up regularly, otherwise it is like to peter out in the course of time.

- **Formally outside the work situation.**

This type of training intervention encompasses formal study programs presented by educational institutions for example, universities, technikons and colleges. What mainly contributes to the employee's general development is extensive and general training, rather than equipping the person for the specific job currently being done. Many organizations encourage their employees to attempt this type of development, and as is the case in Eskom, they even offer to pay the fees if the employee successfully completes their studies.

2.7.1.3 The Danger of the “Shotgun” Approach to Development

As it is clear from above, there are many development possibilities that can be used. However, the problem is that many managers are of the opinion that “any training is valuable”. They therefore encourage employees to attempt extramural studies, and arrange for a certain number of employees to attend some training programs every year. They aim, according to Badenhorst et al (2004: 210) “as if with a shotgun, in a general direction, and hope to hit something”. The successful Procurement Manager, however, attempts to obtain as much value as possible from development programs. A thorough analysis firstly, therefore, needs to be a thorough analysis of the development needs that exist within the company, and then choose training programs on the basis of how specific programs comply with these needs. Secondly, it must be ensured that training money is only spent on employees who show potential for further development. The direct manager of the employee must ensure that the employee concerned who has had the opportunity to study further, utilizes the new skills or insights that have been obtained. Most importantly, follow-up studies must be undertaken to determine whether the training programs have had the desired results.

The question is often asked on “why do companies spend so much time and money on developing their employees?” According to the American Society for Training and Development,

an investment in training increases productivity by an average of 17%, reduces employee turnover, and makes companies more profitable.

The focus so far has been on the most effective methods available to Procurement Managers for developing top-notch employees. However, having talented employees is not seen as being sufficient, successful organizations are particularly skilled at engaging their workforce to achieve goals that benefit the organization as well as the individual. One of the most helpful tools an organization can use to maintain and enhance productivity and facilitate progress towards strategic goals, is performance appraisal programs.

2.7.1.4 Performance Appraisal

The purpose of the performance appraisal is to determine in which aspects the employee:

- Performed exceptionally well (that is, exceeded the requirements for the job)
- Complied with the requirements for the job
- Did not comply with the requirements for the job.

Badenhorst et al (2004: 211) explains that such appraisal has also been called employee rating, employee evaluation, performance review, performance evaluation and results appraisal. Performance appraisals can be done by anyone who is familiar with the performance of individual employees, including supervisors who rate their employees, employees who rate their supervisors, team members who rate each other, employee self-appraisal, or outside sources.

Obviously, the more objective this appraisal, the more successful it is likely to be, and it is therefore important for the Procurement Manager to ensure that there are objective criteria against which the performance of the individual or team can be measured. An ideal performance appraisal therefore involves the comparison of work results with quantitative objectives. For example a Procurement Practitioner's performance can be measured by the number of times contracts are allowed to expire before renewal.

Some performance appraisal methods also provide for the assessment of an employee's characteristics, such as attitude, enthusiasm, initiative and neatness. However, this type of assessment is much more subjective than the comparison of results with objectives because it depends mainly on the opinion of the immediate manager.

The least effective form of performance appraisal is where employees are compared with each other in general. In this approach the employee is assessed mainly on the basis of the impression the superior has of the employee – and the risk of prejudice (positive or negative) is much greater.

As a result of the numerous problems that arise as a result of the traditional performance appraisal methods, a new approach, namely the 360° system, was developed a few years ago. This multi-source rating system recognizes that the manager is no longer the sole source of performance appraisal information, instead feedback from various colleagues and customers, is obtained and given to the manager, who then interprets the feedback from the various sources.

In practice for a number of reasons, formal performance appraisal programs sometimes yield disappointing results. Major causes include a lack of top-management information and support, unclear performance standards, rater bias, too many forms to complete, and the use of the programs for conflicting purposes. The results of the performance appraisal can be used for three basic purposes namely:

- To provide a basis for financial rewards.
- To determine whether the employee should be promoted to a higher level of work.
- To provide an employee with feedback on how they are performing.

A critical aspect in performance appraisal is feedback to the individual or team concerned. In order to be effective, feedback should possess characteristics other than timelines for example, it must be concise (not too lengthy), specific (examples must be provided), relevant (it must be job related) and supportive (suggestions must be offered for positive change).

Should performance appraisal in an organization be seen merely as a once-off activity? According to Badenhorst et al (2004: 212), “No, the best performance appraisal systems are those in which the supervisor or manager makes an ongoing effort to coach and monitor the employees, instead of leaving evaluation to the last minute”.

Rewarding those employees whose performance appraisals are excellent is important and necessary. However, organizations also use compensation to attract the quality and quantity of employees needed, retain those employees and motivate them towards achieving the goals of the organization. The next section covers the important role played by compensation within an organization.

2.8 Retaining of Qualified Employees

2.8.1 Compensation of Employees

Badenhorst et al (2004: 212) explains that “Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship. It is one of the most important factors that motivates an individual to seek employment with a specific company. The other is the nature of work.” It has been noted that if an employee is dissatisfied with the compensation obtained, there is a good chance that the employee will not remain with the organization for long. It is the responsibility of the Human Resources Department to ensure that the Compensation Policy does not lead to a high staff turnover. Regarding this policy, it must be decided firstly how the organization’s compensation in general should compare with that of the labor market. Secondly, a policy must be determined on a cost of living adjustment, and thirdly the compensation policy must determine what form rewards will take. Most companies reward by means of salary increases, other companies however, only give salary increases in accordance with the rise in the cost of living, and then give cash bonuses to reward good work performance.

2.8.2 Motivating and Managing Human Resources

In today's society philosophies such as "people make up a business," "people are an organization's greatest assets," "managing human resources is fundamental to organizational success", and "motivated employees make a difference" are in general use and are fundamental to organizational success. There has therefore been a paradigm shift from endeavoring to solve people-related problems in organizations in an ad hoc fashion, to a more professional approach where the overall organizational philosophy, culture and tone reflect this principle. As the author believes that employee motivation is crucial to organization success this will be discussed in some detail.

2.8.3 The Role of the Human Resource Function

Today human resource management strategies should be integrated with organizational plans and be in line with the broad organizational strategy. The human resource function is concerned with much more than filing, routing administration actions, and record keeping activities. Its main role should be that of strategic partner, and human resource strategies should clearly demonstrate the organizational strategy regarding people, profit and overall effectiveness. According to class reference material received titled *motivating and managing human resources* states that "In the South African context, a crucial role of the HR manager is to improve the skills base of employees and to contribute to the profitability of the organization." Every manager should furthermore realise the importance of recruitment, selection, training and developing, rewarding, assisting and motivating employees, though to achieve success both locally and internationally, the focus should be on integration and teamwork among employees.

According to a report South African organizations provide an average of five days training per employee per year, compared with the global average of three days training – further evidence, perhaps of the positive impact of skills development legislation. In the South African services sector this average was even higher – with seven days training per employee per year.

Research done has also indicated that South Africa employs more females than most countries, pointing to the likelihood that legislation has made a difference to gender diversity. Whereas

compliance does not feature in the top five business issues globally, South African participants believe that it is as important as leadership development.

2.8.4 Employee Motivation

People are complex beings, and are motivated by different kinds of needs. Certain needs are basic which need to be satisfied for example the need for food, clothing, shelter and security, but there are other needs that have to be satisfied such as the need to be accepted, and the needs for recognition and self-esteem. People are also motivated by different needs at different times of their lives, for example, employees entering the job market at the beginning of their careers when they are in their early twenties, have different needs to those employees in their forties.

In the workplace, motivation is what makes people want to work. Motivation may broadly be defined as the reason people want to work. It is the internal drive that encourages people to achieve a particular goal. To be successful in any organization, employees and managers should understand what causes different motivational levels, because the achievement of both personal and organizational goals is important. Motivation in a work setting may be driven not only by internal rewards but also by external factors. Motivation is therefore two-dimensional, with both internal and external dimensions.

Internal motivation – this motivation originates from the satisfaction that occurs when a task is executed or a duty is performed. The intrinsic rewards of the job motivates some people more than external influences such as money and trophies do. Herzberg's theory on motivation emphasises that jobs should be enriched to provide opportunities for growth and responsibility.

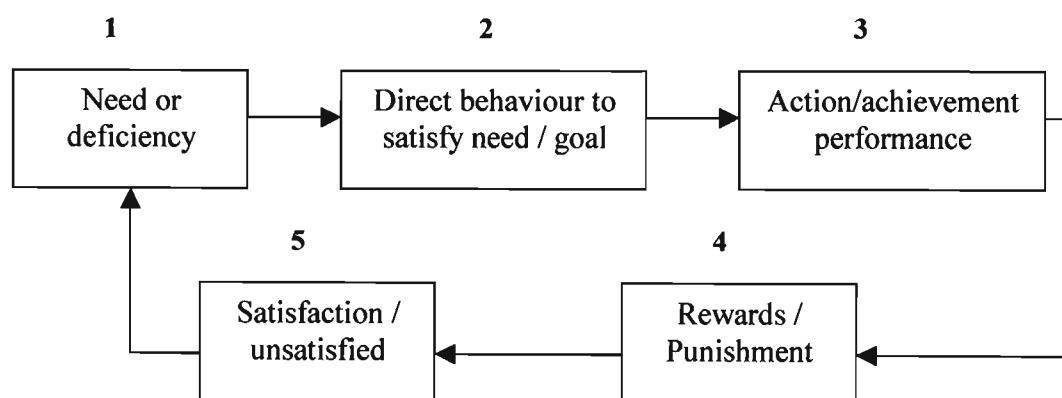
External motivation – in contrast to internal motivation, external motivation usually involves action taken by a third party for example, here a person is motivated because it is anticipated that a reward of some kind for example, money, awards or feedback regarding performance will be given. Incentives such as profit sharing, bonuses and awards are used by organizations to instil certain work habits that are beneficial both for the organization and the individual. Unfortunately external rewards are not sufficient to motivate people in the long term. Organizations should

therefore focus on a combination of both internal and external rewards allowing job satisfaction by means of challenging jobs and an appropriate number of external awards.

2.8.5 Motivation in the Workplace: a Basic Understanding

Managers are required to motivate a diverse and complex group of people in organizations. Employee performance in organizations is mainly determined by three things, namely a desire to do the job (motivation), the capability to do the job (ability) and the resources to do the job (work environment). If an employee cannot do the job, he or she can be trained or replaced, and if more resources are required, the manager can rectify the problem. The problem however becomes more challenging if the employee is not motivated to do the job. Because of the complex nature of human beings, managers may not fully understand the problems experienced by employees and their effect on individual performance. The level of motivation is thus a direct influence on performance, and it is important to understand how motivation takes place.

Figure 5
Basic Motivational Model



In terms of the Basic Motivational Model Figure 5, it is clear to be seen that the motivation process begins when people experience a need or deficiency for example, a need for food or the need for recognition or for more pay. The employee will, in response, direct his or her behaviour in a direction or **set goals to satisfy the need**, for example to work harder to impress the boss. This is followed by taking **action** and doing what is planned for example, working harder. Once the action has been taken by the employee, he or she then **evaluates the behaviour**, the result of

which will be some type of **reward or punishment**. If the employee is successful and, for example obtains recognition, he or she will feel good and be **satisfied** and keep working hard. If the result is negative, however, the person will be **unsatisfied** and choose another course of action. The cycle may then be repeated again as explained above.

2.8.6 Characteristics of Motives

Motivators or motives prompt people to act in a certain way. According to Badenhorst et al (2004: 224) an understanding of the following characteristics of motives may help a manager to understand employee motivation.

- **Motives are individualistic.**

Each individual is unique and has different needs. What may satisfy one person may not satisfy another, for example, one person may be highly motivated to win a sales contest while another person may want to work in a team. It is extremely important therefore that colleagues understand each others' motives, because, if they fail to, this could lead to counter-productive actions and a loss of productivity.

- **Motives change.**

Motives change constantly, and what motivates one early in one's career may not necessarily motivate later in life. For example, a job with a high salary without security might motivate a young person but be unacceptable to someone in his forties where job security is more important. Similarly, more vacation time may be desired near retirement age than earlier in life.

- **Motives may be unconscious.**

Most people are not fully conscious of the inner needs and drives that influence their behaviour. The desire of an employee for example to win the "employee of the month" trophy may be due to an unconscious feeling of inadequacy, and that this would be a way of proving himself/herself.

- **Motives are often inferred.**

However closely one may observe the behaviour of a colleague, it is only possible to draw conclusions as to what motives actually caused the behaviour. It is sometimes very difficult to understand the real motives underlying certain behaviour. For this reason it is important that managers discuss with employees the things that motivate them so that suggestions can be made in order to meet the needs of employees more adequately.

- **Motives are hierarchical.**

The motives that employees display in their behaviour vary according to their levels of importance. The most important and possibly strongest motive usually guides behaviour, for example, a person might leave a secure job for more employment with higher pay.

There are two basic approaches to motivational theories, namely a content approach and a process approach. The content theories of motivation emphasise the factors within individuals that guide behaviour.

2.9 Value Added

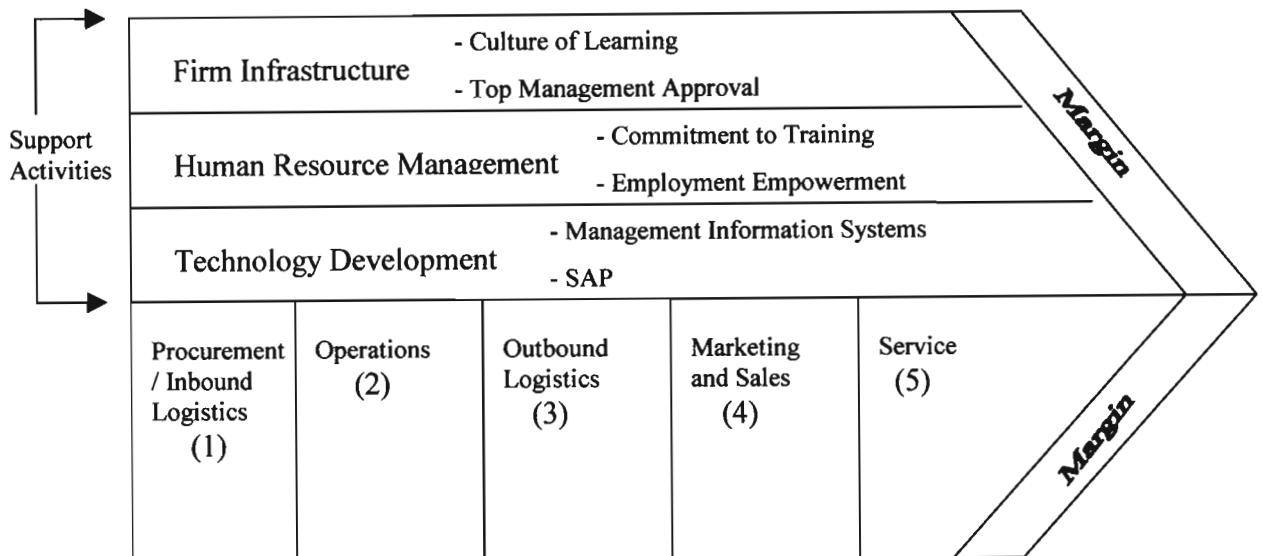
Chase, Jacobs and Acquilan (2003: 161) states that:

“Another way to consider the customer in designing products is by analyzing the “value” they see in the end product. The purpose of value analysis is to simplify products and processes. The objective is to achieve equivalent or better performance at a lower cost while maintaining all functional requirements defined by the customer. Value analysis does this by identifying and eliminating unnecessary cost.”

As this is a product that needs high acceptance by the customers it is important that Buyers attend and benefit from the training course, it is important that a high level Value Analysis be conducted.

Figure 6

Value Analysis for the Development of the Eskom World Class Procurement Curriculum



Adapted from M.E. Porter. *Competitive Advantage*. (1982).

1. Procurement/Inbound Logistics

- Improvement of the Company's' Image with External Suppliers and Internal Customers.
- Procurement Practitioners will be able to perform their jobs more efficiently.
- Tender Committees will approve Tender Reports quicker, thus shortening the lead times, resulting in suppliers getting their orders and contracts quicker.

2. Operations:

- Shorter Lead Times.
- Efficient utilization of the workforce.
- The Plant will not stand as in terms of the 90:70:3 target, the plant (Power Station) has to be available to supply power at 90 percent of the capacity. The 7 percent represent planned plant shutdowns to do important maintenance, ensuring long-term plant health. The last value indicates unplanned energy losses due to plant breakdown and other unforeseen outages, which should not exceed 3 percent. As a target, 90:70:3 has never been attained in the world before and a lot of skeptics believed that Generation would also fail. However,

after just three years, Eskom's Power Stations turned in world class figures of 91.7 percent availability, 5.3 percent planned unavailability and 3 percent planned unavailability.

In short this achievement meant a saving of approximately R14, 4 billion, which translates to the cost of building a new power station. This dramatically improved performance of the plant has deferred the need to build another power station. The 90:70:3 drive resulted in a more than 10% improvement in availability which in business terms means that Generation has also improved its utilization by more than 10 years.

- Furthermore, in 1995, Eskom entered into a contract with its customers to reduce the real price of electricity with 15 percent by the year 2000. If the Generation Division had not become a more efficient business by improving its technical performance while driving costs down, Eskom would not be able to reduce the real price of electricity.

Professional evaluation of reports will also serve to decrease prices and directly influence the price of electricity paid by individuals.

Therefore, the development of the training module will ensure that the plant will not have to “stand” whilst the Buyers are sending out enquiry documents or are having their reports rejected due to poor skills. All of these activities lead to longer lead times.

3. Outbound Logistics

- The project will satisfy the needs of the stakeholders and their political aspirations.

4. Marketing and Sales

- The project will open new markets for the organization.

5. Service

- Providing of a Training Module that has been customized to the organization’s requirements as determined by audit reports and risk to Eskom. Customer service will improve the image of the organization.

Table 8
Buyer Profiles and their Most Important Responsibilities and Skills

Function	Responsibilities	Skills Required
Corporate Buyer	Strategic Commodities	Specialist commercial skills Long-term planning horizon Communication skills Broad business orientation
Purchasing Engineer	New materials and components New Suppliers	All round technical background Medium-term planning horizon Commercial skills Communication skills
Project Buyer	Equipment and Services	Specialist project management skills 'Team player'
MRO Buyer	MRO Suppliers – maintenance, repair and operating inventory. Term used to describe inventory as well as miscellaneous supplies such as office and cleaning supplies.	Generalist Efficient order handling Assortment manager Service orientated Commercial skills
Materials Planner	Materials and order planning Order handling Vendor rating	All round 'common sense' Stress resistant Service orientated Problem solving skills

Source: Van Wile: (2002: 251)

According to Van Wile (2002: 250) in most large companies the following positions can be found:

Corporate Buyers – These are generally focused on very specialized tasks. It is their job to negotiate for large volumes (in the case of raw materials) or large investment projects. Their counterparts are often account managers, who are highly educated and experienced. For this reason, corporate buyers should preferably have a similar educational background, often a university degree.

Purchasing Engineers – these buyers, often working at a decentralized level, normally have a shorter planning horizon and a more operational task. As they are required to meet the needs of the customers and converse frequently with engineers and other technical specialists, they require sufficient technical background, combined with commercial skills. These aptitudes relate to the most important tasks and activities of the purchasing engineer, most of whose time is spent on supply market research, selection of suppliers, and preparing and conducting contract negotiations with suppliers.

Project Buyers – the tasks of the project buyers are somewhat similar to those of the purchasing engineer. However, the purchasing engineer deals with production materials, whereas the project purchaser deals primarily with investment goods. For this position, a technical background of university level is required. Since these decisions always require a team approach, project buyers should preferably possess effective communication and presentation skills.

Materials Planners – materials planners are responsible for materials planning and ordering. In organizations with a high degree of computerization within the materials area, both tasks are often combined in one function. Here, the materials planner focuses on calling off the materials required against contracts. Furthermore, they are required to monitor and control suppliers on their quality and delivery performance. For this job, Van Weele (2002: 250) has suggested that “for this job a secondary educational level will be sufficient.” (in the South African context, a matric pass will suffice). Most important here are personal abilities, for example, stress-resistance, service orientation and the ability to organize the work effectively. Apart from this, the job provides a good opportunity for future procurement practitioners to become acquainted with the job.

MRO Buyers – Van Weele (2002: 250) states that “For an MRO buyer, a general polytechnic education will suffice.” In the South African context, this would refer to a Purchasing Diploma or similar qualification. With regards to the purchasing of spare parts, the delivery of these items in general will be covered in the original contract for the investment of the good. The MRO assortment is generally very large and it is the task of the MRO buyer to manage these assortments effectively, rather than striving to optimize the price performance of each individual item. Therefore, a good understanding of logistics management and techniques (of inventory management and order management specifically) would be basic to this type of purchaser.

2.10 Building the Right Supply Chain Performance Skills

What hasn't changed?

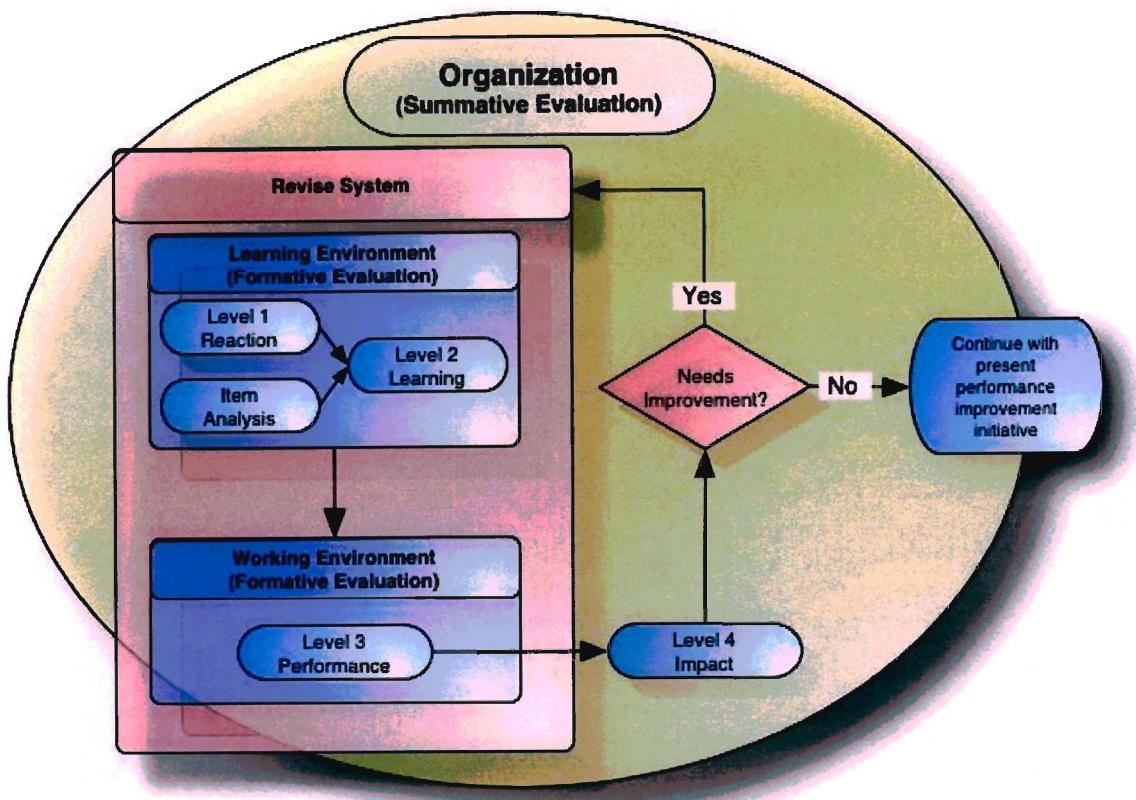
According to Dowdell (2004:1) "Perhaps the only thing that has barely changed is how companies and individuals become proficient in supply chain execution and optimization: how they learn. In this area, academic approaches still prevail - approaches rooted in the teaching of concepts, but tied only loosely to the generation of real improvements in supply chain performance. Even e-learning - an important step in the right direction doesn't fully address supply chain management's acute need for better ways to help people perform."

2.10.1 The Four Levels of Training Evaluation

Perhaps the best known training methodology is *Kirkpatrick's Four Level Evaluation Model* (1994). According to this model, evaluation should always begin with level one, and then, as time and budget allows, should move sequentially through levels two, three, and four. Information from each prior level serves as a base for the next level's evaluation. Thus, each successive level represents a more precise measure of the effectiveness of the training program, but at the same time requires a more rigorous and time-consuming analysis.

Figure 7 illustrates how the evaluation process fits together:

Figure 7
Kirkpatrick's Four Level Evaluation Model



Source: <http://www.nwlink.com/~donclark/hrd/sat6.html> (downloaded 20 October 2005)

Level One – Reaction

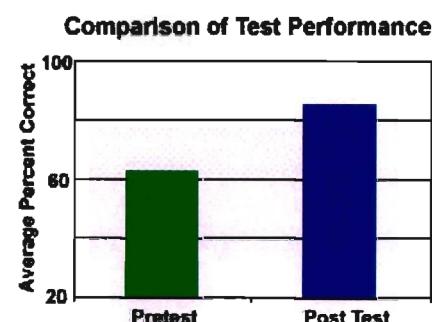
As the word implies, evaluation at this level measures how the learners attending a training program react to the training. This level is often measured with feedback questionnaires that are passed out after most training classes, often referred to as a “smilesheet.” This level measures one thing: the learner's perception (reaction) to the course.

According to Kirkpatrick, every training intervention should at least be evaluated at this level to provide for the improvement of a training program. Learners are keenly aware of what they need to know to accomplish a task. If the training program fails to satisfy their needs, a determination should be made as to whether it's the fault of program design or program delivery.

This level is however, not indicative of the training's performance potential as it does not measure what new skills the learners have acquired or what they have learned that will transfer back to the working environment. This has caused some evaluators to down play its value. However, the interest, attention and motivation of the participants are critical to the success of any training program. People learn better when they react positively to the learning environment.

This is the only means of evaluation which Eskom is currently utilizing and really all this type of questionnaire measures is "*how well the trainees liked a particular training program*" and "*how relevant will this course be to my daily work.*" The less relevance the learning package is to a learner, then the more effort that has to be put into the design and presentation of the learning package. That is, if it is not relevant to the learner, then the learning package has to attract the learner through slick design, humour, games, etc. This is not to say that design, humour, or games are not important. However, their use in a learning package should be to promote the "learning process," not to promote the "learning package" itself. And if a learning package is built of sound design, then it should help the learners to fix a performance gap.

Level Two – Learning



To assess the amount of learning that has occurred due to a training program, level two evaluations often use tests conducted before training (pretest) and after training (post test).

Assessing at this level moves the evaluation beyond learner satisfaction and attempts to assess the extent students have advanced in skills, knowledge, or attitude. According to Instructional System Development - Evaluation Phase Chapter VI, <http://www.nwlink.com/~donclark/hrd/sat6.html>, this phase measures the extent to which participants change attitudes, improve knowledge, and increase skill as a result of attending the program. Measurement at this level is more difficult and laborious than level one. Methods range from formal to informal

testing to team assessment and self-assessment. If possible, participants take the test or assessment before the training (pretest) and after training (post test) to determine the amount of learning that has occurred.

Measuring the learning that takes place in a training program is important in order to validate the learning objectives. Evaluating the learning that has taken place typically focuses on such questions as:

- What knowledge was acquired?
- What skills were developed or enhanced?
- What attitudes were changed?

Level Three - Performance (behavior)

This level measures the transfer that has occurred in learners' behavior due to the training program. Evaluating at this level attempts to answer the question - Are the newly acquired skills, knowledge, or attitude being used in the everyday environment of the learner? For many trainers this level represents the truest assessment of a program's effectiveness. However, measuring at this level is difficult as it is often impossible to predict when the change in behavior will occur, and thus requires important decisions in terms of when to evaluate, how often to evaluate, and how to evaluate.

It is important to measure performance because the primary purpose of training is to improve results by having the students learn new skills and knowledge and then actually applying them to the job. Learning new skills and knowledge is no good to an organization unless the participants actually use them in their work activities. Since level three measurements must take place after the learners have returned to their jobs, the actual Level three measurements will typically involve someone closely involved with the learner, such as a supervisor and will possibly include observation on the job.

Although it takes a greater effort to collect this data than it does to collect data during training, its value is important to the training department and organization as the data provides insight into the transfer of learning from the classroom to the work environment and the barriers encountered when attempting to implement the new techniques learned in the program.

Level Four - Results

According to Instructional System Development - Evaluation Phase Chapter VI, <http://www.nwlink.com/~donclark/hrd/sat6.html>, frequently thought of as the bottom line, this level measures the success of the program in terms that managers and executives can understand - increased production, improved quality, decreased costs, reduced frequency of accidents, increased sales, and even higher profits or return on investment. From a business and organizational perspective, this is the overall reason for a training program, yet level four results are not typically addressed. Determining results in financial terms is difficult to measure, and is hard to link directly with training.

Methods for Long-Term Evaluation

- Send post-training surveys
- Offer ongoing, sequenced training and coaching over a period of time
- Conduct follow-up needs assessment
- Check metrics (e.g. savings achieved on contracts or orders placed) to measure if participants achieved training objectives
- Interview trainees and their managers, or their customer groups (e.g., end users other departmental staff)

While it is often difficult to isolate the results of a training program, it is usually possible to link training contributions to organizational improvements. Collecting, organizing and analyzing level four information can be difficult, time-consuming and more costly than the other three levels, but the results are often quite worthwhile when viewed in the full context of its value to the organization.

As we move from level one to level four, the evaluation process becomes more difficult and time-consuming, however, it provides information that is of increasingly significant value. Perhaps the most frequently type of measurement is Level one because it is the easiest to measure. However, it provides the least valuable data. Measuring results that affect the organization is considerably more difficult, thus it is conducted less frequently, yet it yields the most valuable information.

Each evaluation level should be used to provide a cross set of data for measuring training program.

The first three-levels of Kirkpatrick's evaluation - Reaction, Learning, and Performance are largely "soft" measurements, however decision-makers who approve such training programs, prefer results (returns or impacts). That does not mean the first three are useless, indeed, their use is in tracking problems within the learning package:

- Reaction informs you how relevant the training is to the work the learners perform (it measures how well the training requirement analysis processes worked).
- Learning informs you to the degree of relevance that the training package worked to transfer key success areas from the training material to the learners (it measures how well the design and development processes worked).
- The performance level informs you of the degree that the learning can actually be applied to the learner's job (it measures how well the performance analysis process worked).
- Impact informs you of the "return" the organization receives from the training. Decision-makers prefer this harder "result," although not necessarily in dollars and cents. For example, a recent study of financial and information technology executives found that they consider both hard and soft "returns" when it comes to customer-centric technologies, but give more weight to non-financial metrics (soft), such as customer satisfaction and loyalty.

Note the difference in "information" and "returns." That is, the first three-levels give you "information" for improving the learning package while the fourth-level gives you "impacts." A hard result is generally given in dollars and cents, while soft results are more informational in nature, but instead of evaluating how well the training worked, it evaluates the impact that training has upon the organization. There are exceptions. For example, if the organizational vision is to provide learning opportunities (perhaps to increase retention), then a level-two or level-three evaluation could be used to provide a soft return.

This final measurement of the training program might be met with a more "balanced" approach or a "balanced scorecard" (Kaplan & Norton, 2001), which looks at the impact or return from four perspectives:

- Financial: A measurement, such as a Return on Investment (ROI), that shows a monetary return, or the impact itself, such as how the output is affected. Financial can be either soft or hard results.
- Customer: Improving an area in which the organization differentiates itself from competitors to attract, retain, and deepen relationships with its targeted customers.
- Internal: Achieve excellence by improving such processes as supply-chain management, production process, or support process.
- Innovation and Learning: Ensuring the learning package supports a climate for organizational change, innovation, and the growth of individuals.

2.11 Conclusion

This concludes the literature review of purchasing literature published during the last 25 years. Although mentioned earlier in this chapter, the author feels that it is important to reiterate that there is a lack of South African information covering the topic. For this reason mainly literature from the United States was used as a source of reference.

CHAPTER 3 - RESEARCH METHODOLOGY

3.1 Introduction

Both qualitative and quantitative approaches were applied in this research. It was felt that in order to obtain as clear a picture as possible of the existing and future competencies of the Purchasing Practitioners within the Generation Division, it was necessary to utilize a three pronged approach consisting of an extensive literature review of the existing body of knowledge; this was used in conjunction with surveys and interviews. These methodologies were utilized in order to validate the information obtained.

3.2 Research Design

3.2.1 Phase 1

An in-depth **Literature Study** was performed in order to obtain information from the existing body of knowledge available to further examine work in business research, purchasing, training requirements for professional procurement managers and also the reasons behind why despite currently spending millions of rands on training, the training being offered does not cater for the needs of the purchasing practitioners. Audit reports still indicate negative results and the procurement environment does not seem to be able to remove itself from the list of Big Five high risk areas as previously mentioned in Chapter 1.

3.2.2 Phase 2

- Three separate Survey Questionnaires were developed covering significant procurement training related issues. The questionnaires were adapted from Burt, Dobler and Starling's Four - Stage Model of World Class Supply Chain Management, Burt et al (2003: 650) and from the CAPS Study on Purchasing and Education II by Giunipero (2004: 113). These various questionnaires were issued to a total of 89 supply chain practitioners, supply chain managers throughout Eskom as well as two delegates from the Generation Commercial Training Department. A further two interviews were conducted with Procurement

Practitioners from the Head Office Procurement Department. The two interviewees selected were not part of the e-mailed survey group. Follow up interviews were also conducted where clarification was required on any of the survey questionnaires.

- As the Purchasing Practitioners within the Generation Division are spread over such a vast area it was decided to e-mail Surveys to the sample of 70 randomly selected purchasing practitioners and 15 Procurement Managers. It was important that every Power Station be represented when randomly selecting the sample, other than that specific criteria, the surveys were distributed to purchasing practitioners across all job grading levels irrespective if they were male or female or the number of years of experience.
 - In order to obtain the worldviews of the Heads of Buying or Procurement Managers within Generation, a separate survey was created and distributed to these managers. The former survey was finalized as a five page instrument with 19 questions subdivided into various sub-questions, the latter instrument, and a three page questionnaire consisting of 18 questions.
 - The e-mail method was used to distribute the surveys as it proved to be the most cost effective and quickest means to reach a vast majority of people. The survey method furthermore provides an opportunity to obtain broad based generalizable findings. Additionally it was predicated that if the response was poor the first time the surveys were distributed, an e-mail could be the quickest method to distribute reminders. As predicated earlier, the survey had to be reissued, however the second time the survey was issued, a due date was attached for the completion of the surveys which resulted in a better response.
 - The third survey was created especially for the Generation Procurement Training Manager as the information that was required was seen to be different from that of the Procurement Managers and the Procurement Practitioners. This was a three page, 17 question instrument.

- The Senior Practitioner Development Adviser responsible for Procurement Training was also requested to complete the questionnaire. This was done firstly to validate the information of the Training Manager and also because of her direct involvement in procurement training, in-depth knowledge of procurement training issues could be obtained. The same questionnaire used for the Training Manager was used in this instance.
- Prior to the distribution of the surveys, the tools were reviewed by an academic and three purchasing practitioners. Feedback received was used to modify the survey instrument to make it more user friendly whilst improving its ability to capture relevant information.
- Interviews were conducted with the Training Manager and a sample of two purchasers. These purchasers were selected on the basis of the years they had had been in the procurement environment at Eskom. They have only been in Procurement Department on average for four years, it was felt that they had not been long enough at Eskom to be negative but would give an honest opinion when interviewed. Questions posed to them concerned issues of Eskom's Further Study Schemes and why there was such a high-turnover rate in the field. The questions were not added to the survey and the anonymous interview method was purposefully chosen as these were sensitive issues and it was felt that the respondents would not be as honest and open if they were required to answer the questions on the survey.
- Past surveys were referred to if applicable for information on the ages of the purchasers who had answered the survey and to determine how far they had progressed with the existing internal procurement curriculum.
- SAP was utilized in order to determine the total expenditure spent on training from the period December 2003 – December 2004.

- All participants were promised confidentiality and assured that they would not be identified. Participants were given the option to return their surveys by fax or if they were situated locally at Megawatt Park, they were welcome to anonymously return the surveys by internal mail.

3.2.3 Phase 3

- The information received was then analyzed, examined and interpreted in order to determine:
 - the present competencies of the procurement practitioners;
 - whether Eskom's current training was deemed to be world class;
 - years of experience (this was to highlight the problems the Generation Division would be having as the experienced purchasers were getting older and there were no formal succession plan in place for knowledge transfer);
 - whether Eskom's Further Study Schemes were utilized (this was to determine whether there is actually a culture of Learning in the Organization);
 - the number of purchasing practitioners belonging to professional bodies;
 - the level of job grades versus qualifications;
 - formal education and certification;
 - perceived status of procurement within the Generation Division;
 - the reasons why procurement practitioners are leaving the profession.
- In order to validate the information received, the Generation HR department were requested to validate a sample of the surveys returned.
- Data was analyzed using the Microsoft Excel package.

3.3 Conclusion

This chapter discussed the research methodology used to generate the data for the analysis. It was decided to use the triangulation approach of literature review, surveys and interviews in order to validate the information received from the various parties as well as to explore the various points of view. Furthermore it was felt that not one standard survey would be sufficient to obtain these various points of view, three different surveys were thus developed and distributed to the various stakeholders.

The only stumbling block experienced was that out of a sample of 89 people, only 25 surveys were returned. A reminder e-mail was sent out later, which assisted in obtaining a few more returned surveys. This calculates to a 28% response. Apart from this stumbling block, no other issues were experienced when conducting the research.

The next chapter analysis and interprets the discussed data, including data obtained from the surveys, interviews conducted, past internal Eskom research done and information obtained from the SAP System.

CHAPTER 4 - FINDINGS

4.1 Introduction

Modern research has indicated that organizations are social systems, and as in the case of Eskom, there are thousands of individuals working towards a common purpose, i.e. the production of low cost electricity. One of the important departments in this production chain is the Procurement Department. This Department is characterized by a *mechanistic structure, or closed system environment* as the department is spending billions of rands, (Generations spend alone totals R5,2 billion, this amount furthermore excludes primary fuel, which is coal and water, the amounts to approximately R8,3 billion).

It is obviously a formal and complex environment, very heavily policies and procedures driven where very low flexibility is allowed and limited empowerment is given to the Procurement Practitioner. Prior signed approval in the form of detailed reports taken to various levels of committees is always required before any order or contract is placed. It is therefore a highly bureaucratic environment, as previously mentioned, driven heavily by 28 Procurement related policies and procedures.

The results of the survey are reported as follows; firstly a stakeholder analysis was conducted in order to determine what the needs and expectations are per stakeholder group, secondly the data received from the procurement practitioners and procurement managers is discussed and lastly, the results on organizing for training and career development is discussed.

4.2 Stakeholder Analysis

According to Burke (2003: 44) Project Stakeholders are people and organizations (both internal and external) that are either actively involved in the project, or whose interests may be affected by the project being implemented. It is of utmost important that these individuals are identified, as the needs and expectations of these people should as Burke (2003: 44) explains “Should be managed, influenced and balanced, to ensure project success. The project manager should create

an environment where the stakeholders are encouraged to contribute their skills and knowledge as this may influence the success of the project.” The stakeholder analysis conducted below lists the primary and secondary stakeholders who will be actively involved and who may benefit from the project.

Table 9
Stakeholder Analysis

Stakeholder	Needs and Expectations	Potential Project Impact	Priority
Primary Stakeholders			
Originator (Generation Executive Committee (GEXCO))	All 119 Purchasing Practitioners within the Generation Division to be trained in World Class Supply Chain Initiatives and assessed.	+	Yes
Owner (Generation Commercial Training Department)	Successful training interventions that will address the competency shortages and ensure that all Procurement Practitioners are trained according to world class practices, thus enabling Procurement to be seen as a core competence.	+	Yes
Sponsor (Generation Commercial Training Manager)	<ul style="list-style-type: none"> • The end product is marketable and can be utilized in the other Divisions within Eskom. • The end product is profitable. 	+ +	Yes Profit is not seen to be of importance initially.
Project Champion	The Champion would like to see that	+	Yes

Stakeholder	Needs and Expectations	Potential Project Impact	Priority
	the project run smoothly, there is no scope creep, that it is completed and that the core competency curriculum can be used by the other Divisions within Eskom.		
End users	End users, the customer of the Procurement Practitioner will want the Purchasing Practitioners effectively trained so that they will be able to obtain the required goods and services on time, at the correct price and quality.	+	Yes
Procurement Practitioners	<ul style="list-style-type: none"> • The Procurement Practitioners will want that the training intervention and procurement curriculum must provide them with the skills to do their jobs effectively and to be able to satisfy their customers. • Training interventions attended must be internationally recognized and ensure portability. • Minimum time is spent out of the office but the training must be very effective. 	+ + +	Yes Yes Yes

Secondary Stakeholders	Needs and Expectations	Potential Project Impact	Priority
Transmission and Distribution Commercial Divisions	If this initiative is successful in the Generation Group it will be rolled out to the other Eskom divisions which will result in a world class supply chain Eskom wide.	+	Yes
External Stakeholders			
Present and future training intervention service providers	<ul style="list-style-type: none"> • The possibility that present orders and contracts will cease as the training provided is not seen as world class. • The possibility of future orders or contracts if training is considered to be world class. 	None None	No

Burke (2003: 46) suggests that “Some stakeholders will support the project, whilst other will oppose the project. It is important to address those who oppose the project and discuss their fears, because it is these stakeholders who could derail your project particularly if they have power.

Recommendation

Currently stakeholder analysis is conducted on an infrequent basis. It is suggested that a stakeholder analysis be conducted for every project that is started. The principles of project management should also be followed, especially when it comes to dead-lines. Eskom is renowned for not adhering to deadline dates, which results in a loss of credibility in many projects.

4.3 Summary of Results From the Surveys Conducted

As previously mentioned, 3 separate surveys were developed in an attempt to cover all the relevant information which was required, details of responses are listed as follows:

Table 10
Summary of Responses from Survey Conducted

Target Group	Number Distributed	Number Returned	Summary in Percentage
Procurement Practitioners	70	15	21%
Procurement Managers/Heads of Buying	15	06	40%
Generation Training Manager	01	01	100%
Generation Senior Practitioner	01	01	100%
Development Adviser (Procurement Training)			
Interviews Conducted	02	02	100%
Total	89	25	28%

Three questionnaires were developed covering pertinent procurement training related issues. The questionnaires were adapted from Burt, Dobler and Starling's Four - Stage Model of World Class Supply Chain Management, Burt et al (2003: 650) and from the CAPS Study on Purchasing and Education II by Giunipero (2004: 113). These various questionnaires were issued to a total of 89 supply chain practitioners throughout Eskom. Included in this number were a further two interviews conducted with Procurement Practitioners from the Head Office Procurement Department. The two interviewees selected were not part of the e-mailed survey group. Follow up interviews were also conducted where clarification was required on any of the survey questionnaires.

Please refer to Table 10 for a further breakdown. The purpose of the questionnaire was to determine, from within the organization, Eskom's status on the continuum to world class procurement skills and the status of procurement within the Generation Division. The opinions of the respondents are detailed below.

4.3.1 Standard Job Descriptions and Standardized Job Grades

Question: Procurement Managers and Procurement Practitioners were requested to state their Job Title and Job Grade.

Eskom utilizes an “Eskomized” version of the Patterson Grading summarized as per Table 11.

Table 11
Eskom Job Grading System

STRATEGY FORMULATION AND IMPLEMENTATION	E BAND				EXECUTIVE MANAGEMENT
INTERPRETIVE DECISION-MAKING	M & P	M UPPER M BAND	P UPPER P BAND	P GENERAL	MANAGEMENT AND SENIOR MANAGEMENT
PROCESS DECISION-MAKING	C BAND	C UPPER C LOWER			PROFESSIONAL/ SEMIPROFESSIONAL/ SUPERVISORY
OPERATION DECISION-MAKING	B BAND	B UPPER B LOWER			SKILLED / SEMISKILLED
ELEMENTARY DECISION-MAKING	A BAND				UNSKILLED

Source: Eskom Directive ESKADAAA 5 – Corporate Job Evaluation

Findings:

- It is important at this stage to point out that Eskom procurement is mainly decentralized with only the high value contracts being centrally negotiated and concluded. However, once the contract is in place, the managing of the contract is transferred to the Power Stations.

Every Power Station has a Procurement Manager or Head of Procurement managing the Function. It was found however that there are discrepancies between the various Stations when it came to the Grading of these positions. Out of the six Procurement Managers who responded, three were found to be at MMM (management) band level. The majority were ranked at a CCU level, while there are only two PPG (*professional general*) positions. This poses many problems; firstly, there is a huge discrepancy between the salary and fringe benefits between the two positions, the issue of salary being a very strong external motivator. The other important issue which is possibly more important for Eskom is the

fact that literature has repeatedly shown that procurement should preferably be involved in the whole procurement process right from the planning stage. Procurement Managers are currently not invited to the strategic meetings on site for example, planning for outages. This is when the procurement managers should be involved right from the beginning of the process so that they can plan for major capital purchases, taking into account lead times etc. All the parties would then be able to plan effectively.

The culture within Generation is however a extremely status conscious culture. The Maintenance Manager is the person on-site who is generally involved with engineers for the major outages where huge amounts of money is spent. The importance of this position is demonstrated in its MMU grading. Because the Procurement Manager on site is only a CCU, it is not perceived to be the correct protocol for that individual to be involved in the initial planning sessions which means that the procurement department then only becomes involved in tactical purchasing.

- Procurement jobs at different Divisions, even different Power Stations, within Eskom are graded differently even though people may be doing the same jobs. This has resulted in considerable job hopping and poaching of purchasing practitioners between the various Divisions and even Power Stations. The remote Power Stations for example Arnot in Mpumalanga and Matimba in the North West Province are struggling to retain their purchasing practitioners. The norm is for new employees to accept jobs at these sites, receive their training here then leave for positions at other sites which are normally higher graded or for positions at Transmission and Distribution where the jobs are better graded and the offices are generally in the bigger cities.
- The other major challenge facing procurement managers at the remote power stations is the fact that to attract procurement practitioners to accept positions at these sites, incompetent people are given higher positions, they are not able to do the jobs firstly, and secondly, a lot of coaching and training is required. The people already employed do not have the time and the feeling which is currently being voiced is “why should I train a C Upper who cannot do the job, while I am only a C Lower.” This was voiced to the author

during March 2004 when she was summoned to attend a meeting to discuss this specific issue at Hendrina Power Station, which is located about 300 kilometers from Johannesburg.

- Once procurement practitioners have obtained the basic procurement skills, they leave the organization or obtain transfers to other departments, or power stations who are able to provide them with the benefits they require.
- Eskom recently decided to take all the jobs within the organization to the various Grading Committees to be re-graded from a Patterson Grading System to a TASK Grading System. The Patterson grading system placed jobs in levels of A, B, C (lower level employee) and MPS Bands (middle management) whereas the TASK Grading System is meant to grade the jobs into numbers from 1-25 depending on complexity, decision making and skills required. The results however have not been made public but after the author had discussions with the relevant people involved in the TASK process, it was mentioned that the outcome was not positive as the Generation Division Procurement Jobs were once again graded lower than the other Divisions. However, Eskom has a culture where Divisions work in complete isolation and in silos.

The ideal would have been if all the various Divisions worked on standardized job descriptions across Divisions, however, as usual each Division decided to go independently, with the result that Generations procurement jobs were once again graded the lowest. It is strongly felt that all the procurement jobs should be re-graded and a proper project plan must be worked out involving all the relevant stakeholders. Standard job outputs must be developed, pitched at the right level and indicating the correct complexity and decision making involved. It is important to stress that this should not be a hurried job, but a proper project plan must be worked out with deadline dates, action plans and responsible people from each Division working together to achieve the required success.

- At various forums and meetings attended, the statement is often made that “more technical people” are required in the procurement environment, especially at the moment due to the various old mothballed power stations being returned to service. The issue of procurement jobs being graded mainly at a CUU level poses a major problem as in Eskom the technical positions for example, engineers are graded at a much higher level, i.e. at a PPU level. Currently within Generation there are only two PPG procurement graded positions, both possess the title of Senior Adviser Procurement. This is a further discrepancy within the system as one holder of the position performs a procurement function whilst the other provides an advisory service to procurement, no day to day procurement for the Power Station takes place.

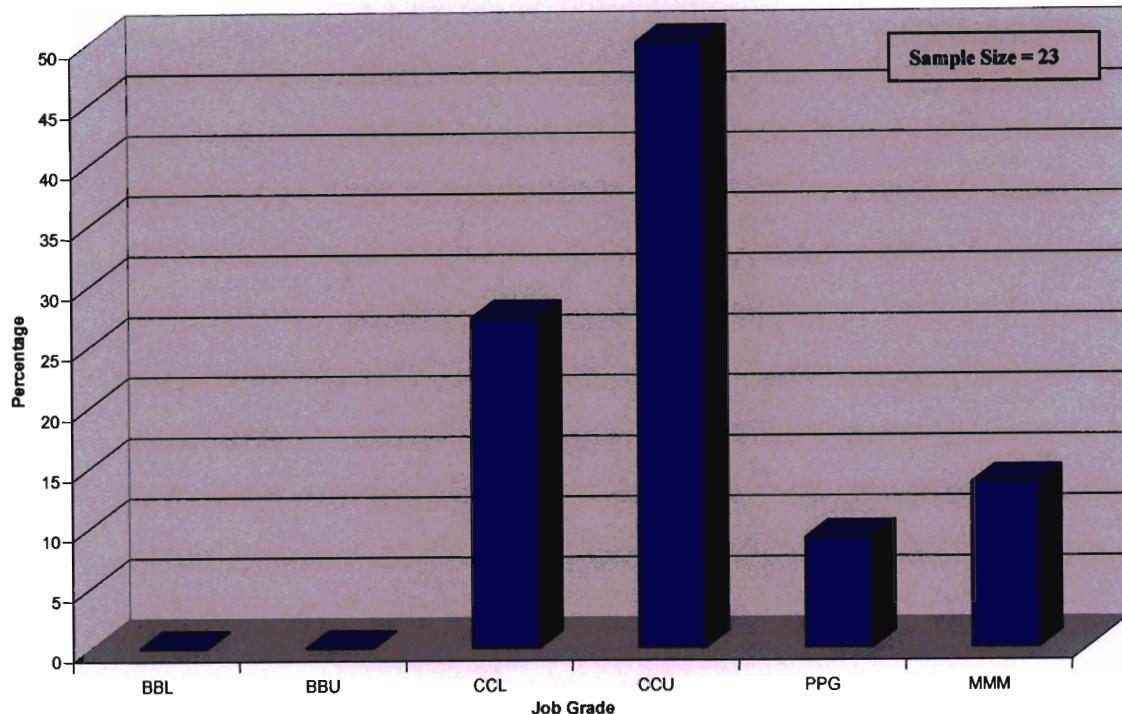
- With this background in mind, it is clear why the procurement function is unsuccessful in attracting technical background individuals to this career as they are able to obtain higher graded positions, with less stress, if they remain in their technical fields.

- Job Titles seem to be quite standard across all Power Stations and in line with the titles as indicated in Table 11 above.

- Lower level buyers (CCU) are entering into negotiations with major suppliers who are sending their Managing Directors and Sales Directors to negotiate with Eskom, but the lower level buyers do not possess the necessary competence and experience to successfully conduct these negotiations where Eskom will benefit or at least where a “win-win situation” will occur. At times it is found that these inexperienced buyers are even concluding negotiations which is above their delegated authority.

- There is no direct link between qualifications and job grades. There are currently practitioners with degrees who are currently at a CCU level, whilst the one delegate who is at a PPG level also possesses the same qualification.

Graph 1
Spread of Procurement Job Grades



4.3.2 Years of Experience

Ages of the Purchasing Practitioners

Question: Procurement Managers and Procurement Practitioners were requested to state the number of years business experience and the number of years purchasing experience they have.

The issue of knowledge management and the ageing of the workforce is another area of concern of Management within the Generation Division. When conducting the surveys however, the question was not directly posed to the purchasing practitioners as there is sensitivity surrounding age, especially with the older people. Recently negative perceptions surrounding questions around age have arisen, as people at Eskom feel that their jobs may be at stake should people request their age.

During the last few years Eskom firstly was heavily involved firstly in the Affirmative Action drive, the drive has now moved on to fill positions with previously disadvantaged Black Women and more recently with disabled persons. Obviously, there had to be positions available to fill with these categories of previously disadvantaged people. To obtain vacant positions, HR was requested to determine the age of the people in the workforce. Anyone over the age of 50 were deemed to be ready for early retirement and offered attractive packages, hence the sensitivity surrounding age as it was feared that at anytime employees would be offered packages.

Findings:

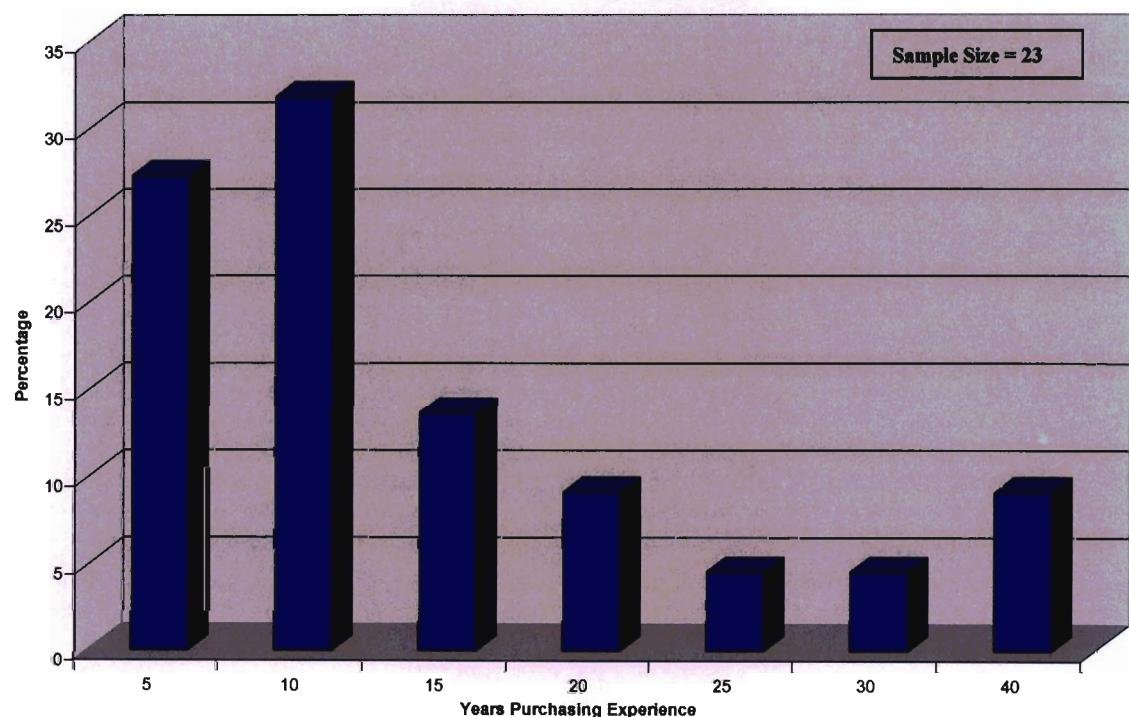
To alleviate the problem as mentioned above, two questions were asked on the questionnaires:

1. The number of years of business experience
 2. The number of years of procurement experience
- When analyzing the ages of those who answered the survey it is clear to be seen that the majority of the people belong to the older age bracket, i.e. older than 50 years. There are currently however no formal succession plans in place which means that all the practical knowledge which these individuals possess could be lost.
- There is furthermore no formalized mentoring or coaching programs in place. The following question was posed to the two delegates who were interviewed:
- Do you have a coach or mentor?
 - If “no” what are your reasons for not having a coach or mentor?

Both interviewees indicated that they did not possess a formal coach or mentor. When questioned further in an attempt to determine the reasons for this negative answer, both delegates were not able to give valid reasons for the absence. Eskom, especially the Generation Division does not possess a culture of mentoring or coaching. Mentoring is found within the organization, especially among the women, it is however not a formalized process, but a mentor will be chosen who is normally at a higher level for

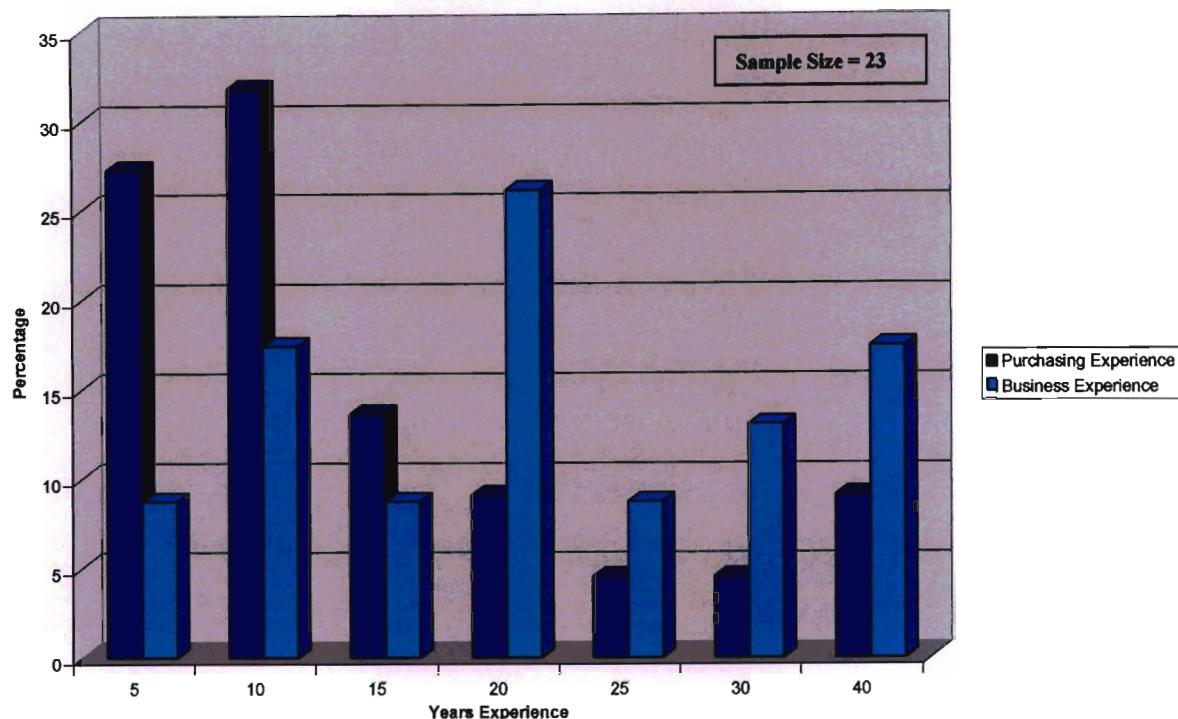
guidance. Coaching takes place informally, for example what occurs in the procurement department at Head Office, if there is a problem which needs to be sorted out and the purchaser involved does not have the necessary skills and knowledge, the normal procedure followed is one where co-workers are asked for advice. This however is not always good practice, as often it is a process of "the blind leading the blind".

Graph 2
Number of Years Procurement Experience



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Graph 3
Combined Business and Procurement Experience



4.3.3 Formal Education

Question: Procurement Managers and Procurement Practitioners were requested to state their highest level of qualifications attained..

In the CAPS Study conducted by Giunipero (2004: 91) it was stated that “more than 80 percent of the respondents required a minimum of a bachelor’s degree”. The study goes on further that a Bachelor Degree in Purchasing/Supply Chain is deemed to be the most desirable qualification. It is predicted that the most desirable qualification for the future is a Master’s Degree.

Findings:

- From the survey conducted five of the 22 purchasers possessed a B Com Degree, with none having a Masters Degree which is seen as a requirement for the future. Five possessed a Diploma in Purchasing Management and one had a B Com Honors Degree. The survey showed that there were a majority of National Purchasing Diplomas (three

years) and “other” qualifications not falling into the three diploma section or the degree for example; UNISA Certificate in Logistics and the UNISA Fundamental Management Diploma.

- Furthermore there is currently no standardized entry level criteria for people wishing to become purchasing professionals. This is assisting the current perception that Procurement is the “dumping ground”. During the last few years Eskom has embarked on a project to close down and outsource all non-core businesses. This has obviously resulted in a number of surplus staff who did not wish to take Eskom’s offers of separation or early retirement packages.
- As Eskom does not have a retrenchment policy if the aforementioned offers are not wanted, Eskom is required to place the surplus people into jobs and to provide the necessary training. The procurement departments throughout Generation have during the past few years been forced to employ catering and horticulture staff on a BBU or higher level, but who were functioning previously on a BBL level. At times these employees were not able to speak English or were barely literate. This did not provide a positive image of procurement as these employees were dealing with external suppliers to obtain prices but were not able to speak the required language of business.
- Because of the new expansion projects, Generation Division has recently recruited 16 graduates with mainly B Com Finance Degrees and Diplomas and the newly developed CED has recruited a further ten with similar backgrounds. It was found that these new recruits had no supply chain or procurement background.

The Generation Commercial Training Department were requested to develop a “quick fix” interim training program which would give these recruits the necessary knowledge on supply chain and Eskom procurement processes and procedures. The training program consisted of both a knowledge and a practical component (recruits spent time at the Power Stations working in the procurement departments). The cost of the training program is estimated at around R2 million. This cost could have been much smaller had the correct

people been recruited with the suggested Degree in Supply Chain Management or Procurement as they would have had the basic theoretical knowledge. It would have taken the minimum of time to train the delegates in the Eskom Policies and Procedures and the required systems knowledge.

It is important to note furthermore that once these 16 recruits have been stationed at the various Power Stations, it is not guaranteed that they will be able to start producing high level outputs immediately. The author still believes that there is a vast amount of on job training which needs to occur before they will be able to perform to the required standard. Thus both time and money would have been saved had the correct people been recruited.

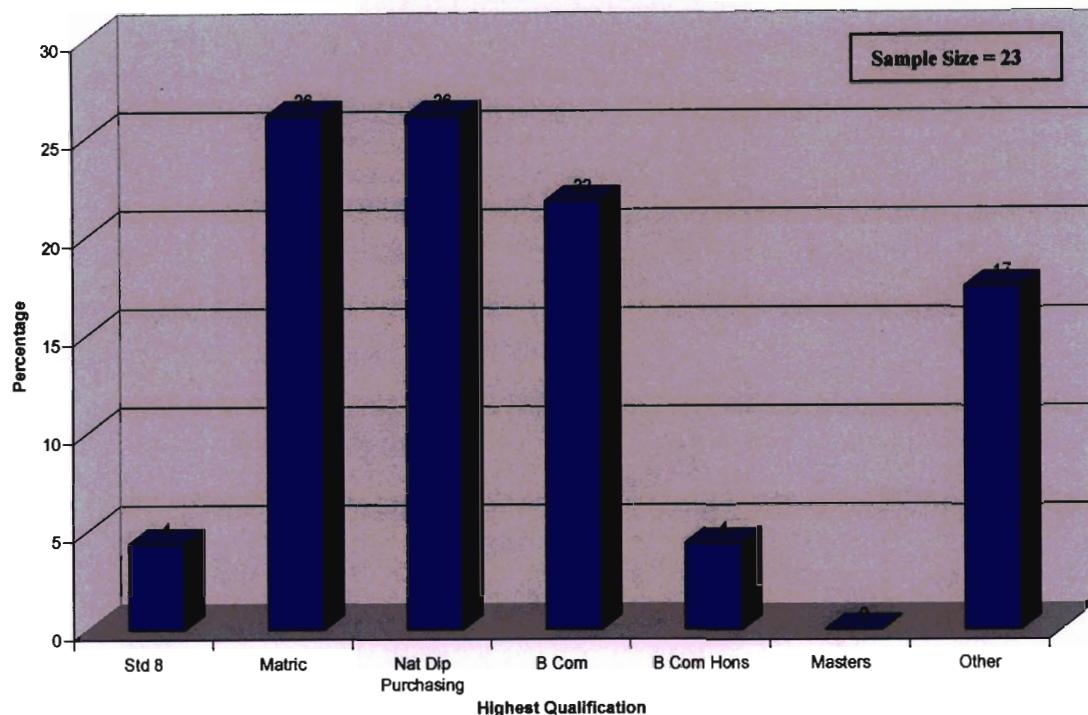
- Linked to the issue of formal education is the subject of further studies and the continual updating of skills. As part of Eskom's Revised Business Model (RBM), according to Letlape (2004: 9), the RBM has significant implications for training and development, the two most important are:
 - the need for Eskom to attract, develop and retain people with the skills necessary to implement the challenges of major design and build projects without depleting operational capacity;
 - the need to provide skills for involvement in projects outside of South Africa.

Eskom offers financial assistance to pay for any extra studies which are successfully completed. Only if one does not pass, is the individual required to pay for the re-registration of the failed subject. There are currently only 23 percent from the survey who are studying further. When queried on the reasons for not studying further, the general feeling was that "it was not going to get me anywhere" and "I don't have the time."

Table 12
Number of Delegates Studying Further

Question	Yes	No in survey	Percentage
Are you currently studying further ?	5	22	23%

Graph 4
Highest Qualification Level



4.3.4 Professional Body Registration and Certification

Question: Do you belong to a professional body for example IPSA or SAPICS?

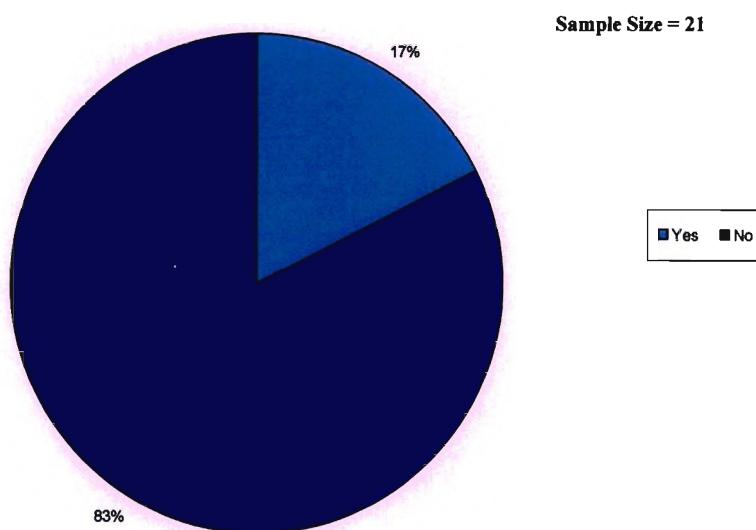
IPSA is currently seen to be the professional body for all purchasing practitioners to enlist as a member. However, the institute is currently not recognized by Eskom as a professional body. This non-recognition is currently affecting the job gradings of the procurement environment.

Findings:

- Only 17 percent of those purchasing practitioners who returned their surveys or who were interviewed belong to the Institute of Purchasing South Africa (IPSA). The two general perceptions on why individuals did not join the Institute were :
 - “IPSA is not accepted by Eskom as a Professional Body.”
 - “I don’t receive any benefits from joining IPSA.”
 - “There is no value added service currently being provided.”

- Purchasing Managers and Procurement Practitioners have a need for guidance and an assurance function in the form of benchmarks etc. As a training department there is a need to assist in what are world class training practices and the institutes who can be approached to provide this type of training. This is not currently available from IPSA.
- IPSA have confirmed statistics that there are currently no certified purchasing practitioners or certified purchasing managers.

Graph 5
Professional Body Registration



4.3.5 Perceived Status of Procurement within Generation

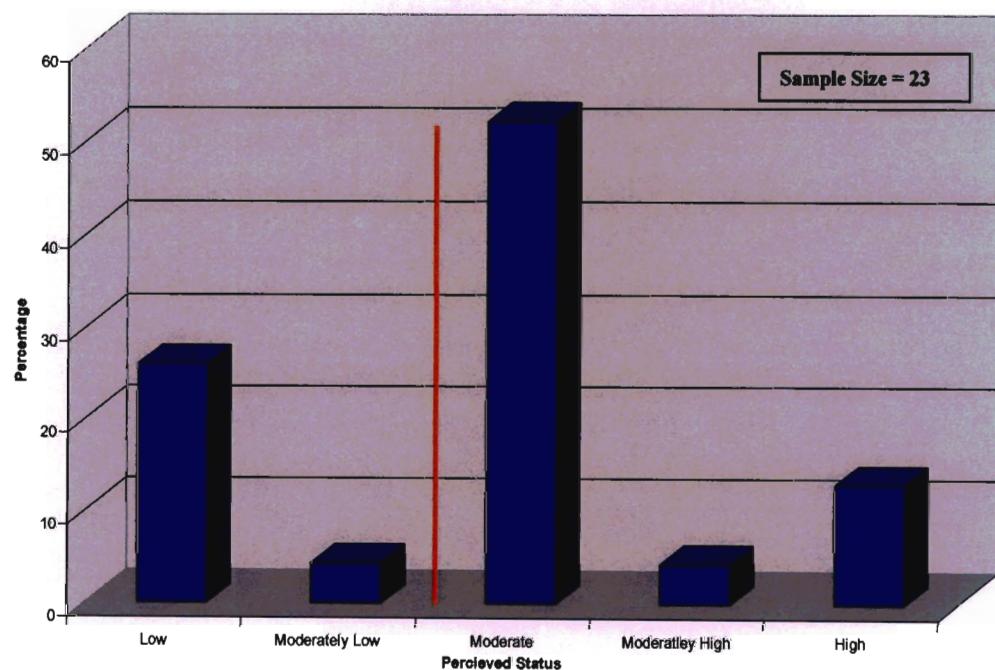
Question: What is the perceived status of the Procurement Function at your BU. Scale: "1" = Low Status, "3" = Moderate Status: "5" = High Status

The objective of this exercise was to determine what the perceived status of Procurement was at every power station which will possibly determine whether there is a perception that procurement is adding value.

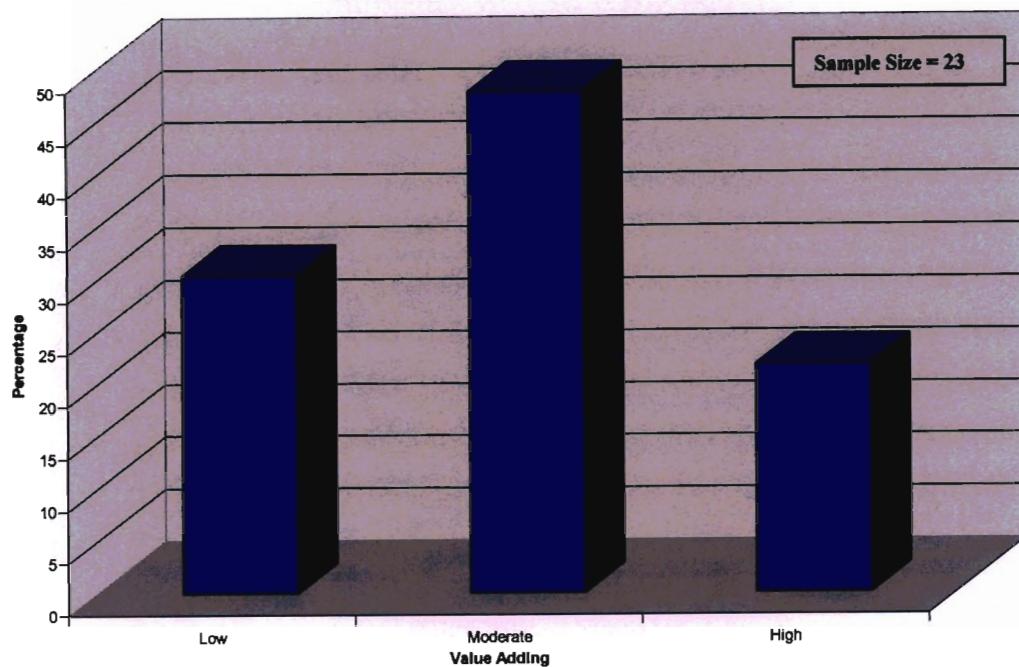
Findings:

- On a scale of one to five, both Purchasing Practitioners and Procurement Managers were requested to plot how they were perceived at their Power Stations. In order to determine whether procurement practitioners and procurement managers perceived their status as different on site, it was decided to plot the reactions on two graphs. It was concluded that 50% of both managers and practitioners perceived that they were perceived "moderately" (a three rating). This rating basically concludes that procurement is not seen as a value-adding department involved in strategic issues but mainly involved in operational day to day issues of running the plant.
- Procurement's status has not been given high priority in the past. It is believed that this will however change, as a new Chief Procurement Officer, who will report directly to the Corporate Finance Director has been appointed as from the 1 October 2005. This is a newly created position which has been created and which is seen to be a positive move towards upgrading the status of procurement in the organization.

Graph 6
Perceived Status of Procurement within the Generation Division



Graph 7
Managements View on Procurement Training



4.3.6 Applicability of the Current Procurement Curriculum

The current procurement curriculum (see attached Appendix G) was developed around eight years ago. A job profiling exercise took place prior to the development of the curriculum where a procurement profile listing outputs, quality criteria and competencies were listed. From this list of competencies the curriculum was produced.

There is a Generation Procurement Training Steering Committee which meets on an ad hoc basis, only if there is a need. This Steering Committee consists of all the Generation Procurement Managers. Their main role is to provide guidance and to approve the content of the training interventions on the curriculum. However, it is important to note that there is generally only 50 percent representation at these meetings. The Senior Practitioner Development Advisor Procurement, who is the chairman of the committee thus ensures that extensive minutes are taken at every meeting which are then circulated to all members. Another problem is that the Procurement Managers send alternate members of their staff to attend the meetings at times. This proves to be disruptive as there is no continuity in the membership. The chairman then has to recap the objective of the meeting and the background of the committee at every meeting, thus

wasting the time of all the other regular attendees. More importantly is the fact that these delegates have no authority to make any decisions regarding training, which further holds up any decisions or approvals which may need to be made.

The following question was only posed to the Procurement Practitioners:

Question: Do you feel that the current procurement curriculum provides you with the competencies required to perform your daily duties?

Finding:

Table 13
Applicability of the Current Procurement Curriculum

Question	Yes	No in survey	Percentage of Total
Do you feel that the current procurement curriculum provides you with the competencies required to perform your daily activities?	11		69%
		5	31%

- 69 percent agreed that the current curriculum provides the necessary competencies enabling them to perform their duties.

4.3.7 World Class Skills

This question was adapted from Burt, Dobler and Starling's Four - Stage Model of World Class Supply Chain Management, Burt et al (2003: 650). According to the reading, the skills as listed are seen to be world class and which should be trained to all procurement practitioners.

Question: Please (✓) which of the following skills are currently being trained to purchasing practitioners.

Finding:

- Very little of the required world class skills and knowledge as indicated in Figure 8 is currently being trained to the procurement practitioners. Figure 8 and graph 8 indicate the skills and knowledge which is deemed necessary for procurement practitioners to possess which will assist the organization to become world class.

Graph 8
World Class Skills Comparison

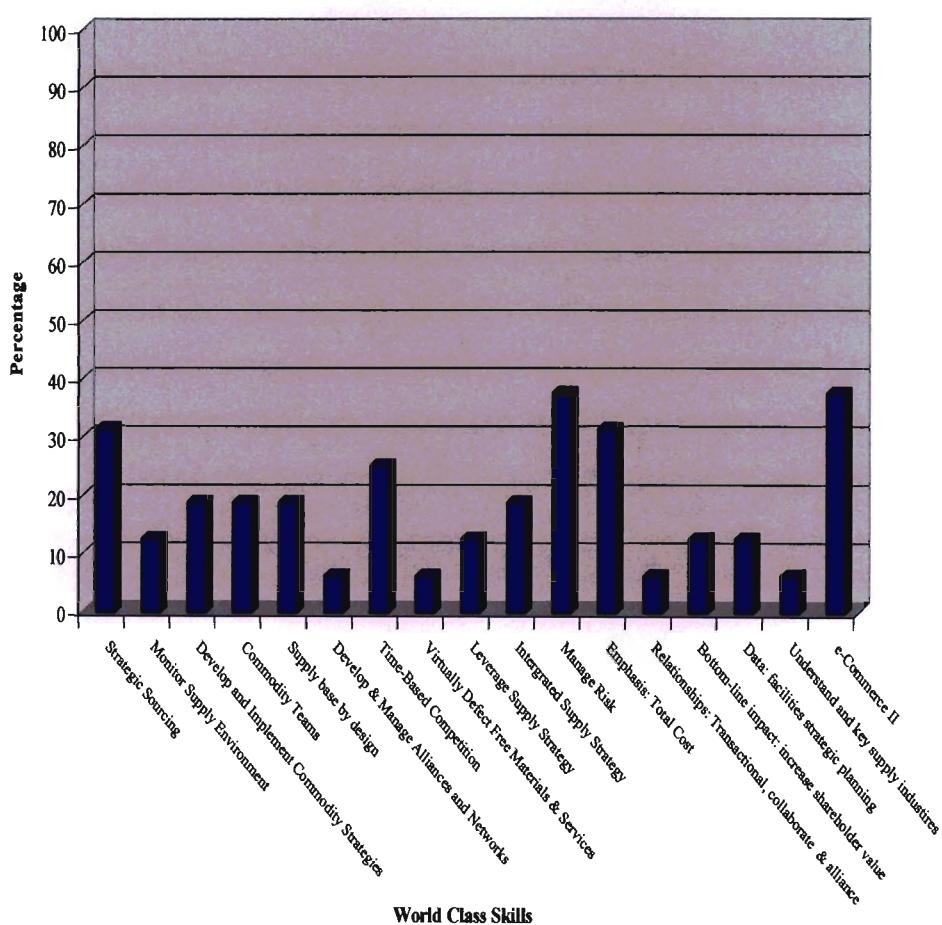
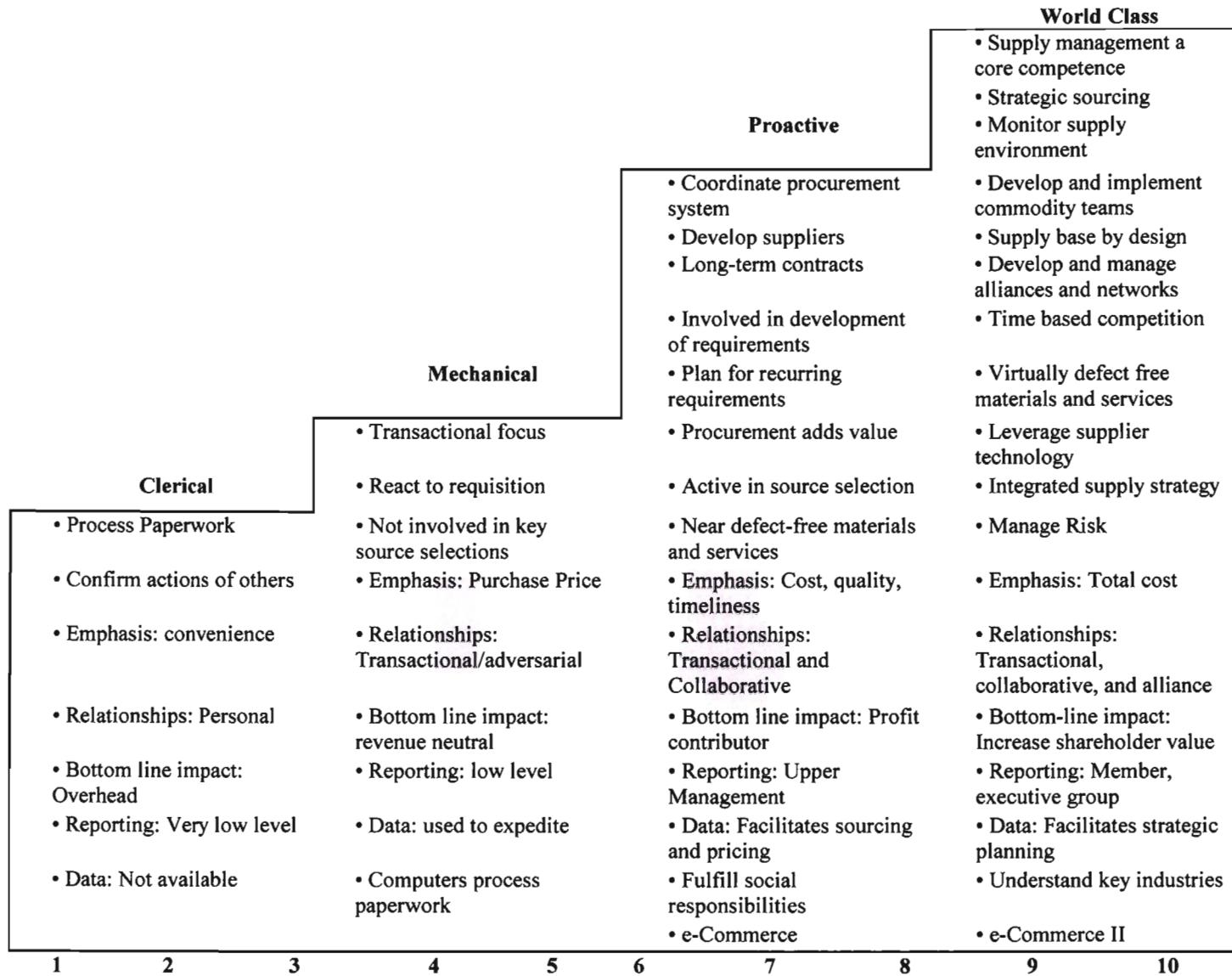


Figure 8 - The Progression to World Class Supply Management



Source: Burt et al (2003: 650).

- It is interesting to note that the previous table states that 69% of the people stated that the current procurement curriculum enables to do their jobs effectively, yet, this table shows a completely different story. *The current procurement curriculum does not provide for world class skills transfer.*

A further question was added requesting the procurement practitioners:

Question: What specific skills do you feel are necessary for buyers to possess?

Table 14
Suggested Skills and Knowledge Compared to current Procurement Curriculum

Suggested Skills	Currently in the Procurement Curriculum?		Suggested Skills	Currently in the Procurement Curriculum?	
	Yes (✓)	No (✗)		Yes (✓)	No (✗)
Supply Chain Management	✓		Networking		✗
Presentation skills	✓		Customer Service skills	✓	
Report writing skills	✓		Strategic Sourcing	✓	
Communication Skills (verbal)		✗	Legislation assurance risks relating to buying		✗
Evaluation Report Writing	✓		Contractual Risk	✓	
Ability to handle frustrations		✗	Basic knowledge of accounting	✓	
Ability to handle paperwork		✗	Insurance	✓	
Have a good understanding of the technical requirements/terminology of technical drawings		✗	Basic knowledge of administration – how an office should be run – filing systems etc.	✓	
Be proficient in mathematics and understanding of financial principles		✗	Procurement policies and procedures	✓	
Behavioral skills/business etiquette		✗	Ability to analyze requests (analytical skills)		✗
E commerce		✗	FOREX	✓	
Be responsible, accountable and available at all times		✗	Computer literacy – SAP and Microsoft knowledge	✓	

Suggested Skills	Currently in the Procurement Curriculum?		Suggested Skills	Currently in the Procurement Curriculum?	
	Yes (✓)	No (✗)		Yes (✓)	No (✗)
Project Management skills	✓	✗	On job training		✗
Business Principles		✗	Marketing skills		✗
New Engineering Contracts	✓	✗	Decision making skills		✗
Relationships with suppliers and end users		✗	Drivers license		✗
Technical skills		✗	Financial Management skills	✓	
Interactive skills		✗			
Conflict and diversity management		✗	Negotiation skills (both basic and advanced)	✓	
Commercial legal knowledge	✓	✗	Planning and organizing		✗
Research and analytical skills		✗	CPA	✓	
Supplier Sourcing	✓	✗	Product knowledge	✓	
Risk assessment		✗			

Note:

- A comparison was made on whether the suggested skills are covered in the current curriculum.
- Suggested skills were only noted once.
- Suggested skills were noted as answered on the questionnaire.
- Only skills were requested, knowledge was also added to the table.

Finding:

- The current curriculum does not adequately cover the suggested skills and knowledge that procurement practitioners have suggested need to be taught. Only 48 percent of the suggested skills are currently in the purchasing curriculum, there is thus a 52 percent deficiency.
- Current training is outdated and does not take into account world class procurement issues.

4.3.8 Reasons why Procurement Practitioners are Leaving

There is currently a concern amongst the Top Management at Generation that procurement employees are currently leaving Generation, consequently procurement has been labeled a *core critical skill*. Exit interviews are conducted by Generation HR in order to determine the reasons why the individual is leaving. Graph 9 depicts the results from June 2004 – May 2005. It must be noted that *transfer out* also includes procurement practitioners leaving the Generation Division and joining another Division, it does not necessarily indicate that employees are leaving the organization.

Graph 9
Categories of Core Critical Skills within Eskom Generation Division

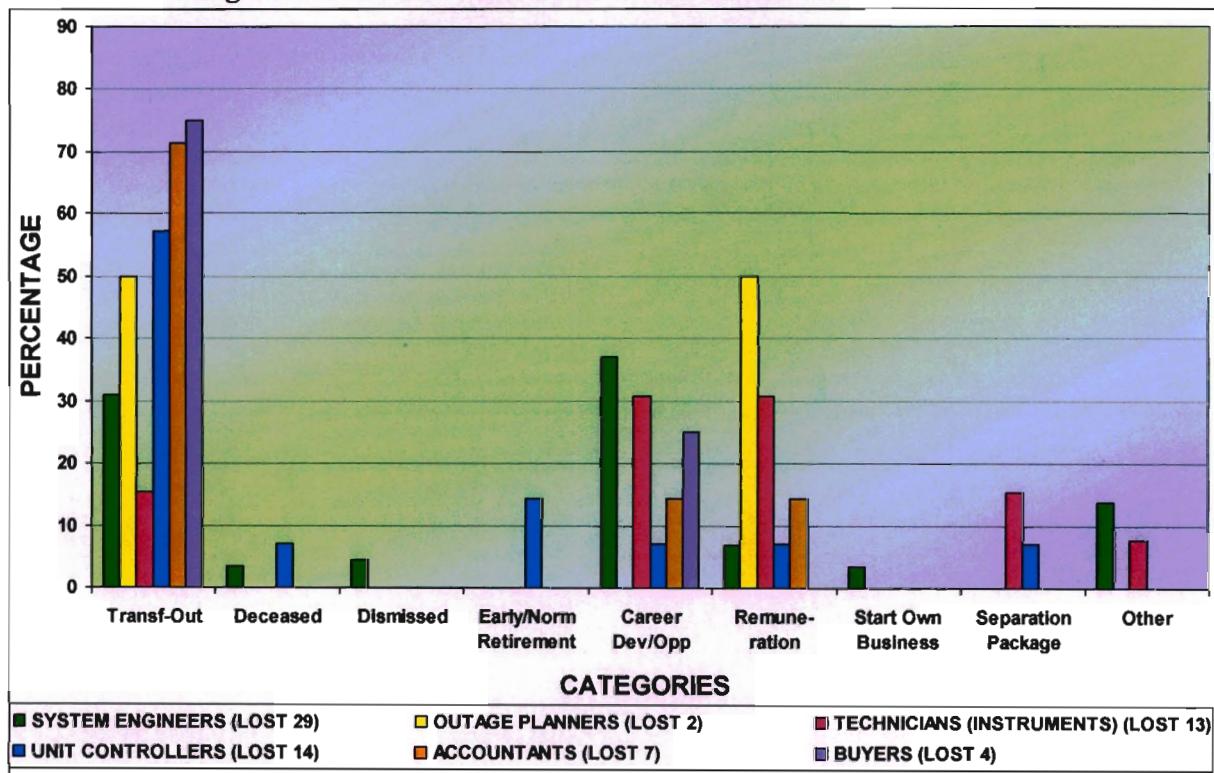


Table 15
Reasons for the Loss as per Exit Interviews

CATEGORY	SYSTEM ENGINEERS (LOST 29)	OUTAGE PLANNERS (LOST 2)	TECHNICIANS (INSTRUMENTS) (LOST 13)	UNIT CONTROLLERS (LOST 14)	ACCOUNTANTS (LOST 7)	BUYERS (LOST 4)
Transf-Out	31.03	50	15.38	57.16	71.42	75
Deceased	3.45			7.14		
Dismissed	4.45					
Early/Norm Retirement				14.29		
Career Dev/Opp	36.93		30.77	7.14	14.29	25
Remuneration	6.89	50	30.77	7.14	14.29	
Start Own Business	3.45					
Separation Package			15.38	7.14		
Other	13.8		7.7			
TOTAL	100	100	100	100	100	100

The procurement managers were asked the following two questions:

1. *What is the approximate annual percentage of employee turnover at your BU? (e.g. if you employ 100 procurement practitioners and ten leave in a year, the turnover is ten percent.)*

2. *What are the reasons in your opinion for purchasing practitioners leaving or obtaining transfers to other Departments.*

Results are tabled below:

4.3.9 Annual Percentage of Employee Turnover

Table 16
Summary of Percentage of Employee Turnover

Power Station	Estimated Annual Turnover
Matla Power Station	Exceeding 15%
Arnot Power Station	10%
Tutuka Power Station	30%
Peaking Power Station	0%
Lethabo Power Station	2%

Reasons for the Employee Turnover Rate:

- Higher salary packages elsewhere.
- Better job satisfaction and a better work environment.
- No recognition currently within the Generation Procurement Environment.
- Due to the “over stocked” market. It is the first priority to find employment, once employed, the individual is always on the look-out for better opportunities.
- Benefits e.g. car scheme and salaries.
- Work pressure – currently not sufficient procurement practitioners required to do the job.
- Rigid processes, policies and procedures. There are currently 28 procurement policies and procedures which procurement practitioners are required to strictly adhere to.
- The other concern that was raised by those interviewed is that they are “audited to death”. The following audits are conducted on procurement annually and at times even bi-annually: Principles for Managing Contracts in SAP (bi-annually), FOREX (bi-annually), PAYEE (annually), Procurement (annually), Big Five Audits (annually). These are merely a summary of the internal audits conducted; there are also external auditors from Price Waterhouse Coopers who are contracted to audit the function annually. The negative part of these audits is the threats that annual bonuses will be withdrawn if audit ratings are poor.

- The procurement practitioners also feel that they are currently being “assessed to death”. Procurement practitioners are currently required to undergo FOREX and sole adjudication assessments every two years. The sole adjudication assessment determines the value of orders or contracts which buyers are allowed to approve. Currently the maximum level is R175 000. The assessment takes two forms, firstly, there is a mini-audit of three order or contract files and secondly, there is a computer based assessment covering the 28 procurement related polices and procedures. At some stations the rating received from these assessments is even captured in their performance contracts and may have a negative effect on their annual bonus.
- End users are always complaining.
- CCL lower procurement practitioners are required to train CCU Buyers who obtained higher positions, but they have no procurement experience.

Findings:

- The main reasons why procurement staff are currently leaving are due to transfers to other divisions and for career development opportunities. The newly formed CED have advertised approximately twenty procurement positions at a higher level than similar positions within the Generation Division. Although there is a gentleman’s agreement between CED and Generation that no poaching of staff will occur, inevitably the decision is up to the individual whether they will be taking up the position at CED. External motivators are still deemed to be strong motivators.
- 25 Percent of employees have left due to career development opportunities.
- The figures received from the survey seem to be higher than those depicted in the exit interviews of Generation HR. The reason for this is that exit interviews are not conducted for transfers within the Generation Division, procurement practitioners could therefore be leaving for other procurement positions within Generation.
- Peaking Power Station at Bellville in Cape Town and Koeberg Power Station also in the Cape Town area historically have had 0 percent turnover rates. The employees seem to be quite content with their work environment and generally do not move.

4.3.10 Status of Procurement Training

As stated previously, both the Generation Training Manager and the Senior Procurement Development Advisor for Procurement were requested to complete a questionnaire. Refer to Appendix C for the details of the questionnaire.

Findings:

- Generally the Generation Training Manager and the Senior Practitioner Development advisor agree on most of the issues on the questionnaire. The main difference is the perception on the amount of on-job training that is currently being offered. There is on job training which is happening, but it is not formalized which could pose a problem later. Secondly, another issue which has been mentioned a few times in various forums and meetings is the issue of **HOB's not perceived to be competent**. There is the concern of the “blind leading the blind”.
- There is currently a career path which procurement practitioners are able to follow, however, it is mainly in the possession of the Generation Training Manager and is not made known to the public.
- The qualifications as stated in the career path do not take into consideration world class benchmarks, the lower level positions still only require a matric for example. This does not assist when wanting to professionalize the career.
- There is currently no system in place to determine whether training interventions have been successful and whether skills have been imparted.
- The main training method and tool currently used is formal class room training with minimum formalized-on-job training.
- There is currently no formal coaching or mentoring taking place.
- There is no job rotation or multi-skilling taking place.
- There is currently a Procurement Curriculum which purchasing practitioners are required to follow, but from what has been discussed earlier, the curriculum needs to be substantially updated.
- There is no clarity in the Training Department on what the minimum number of training days allowed per employee.

- Currently only 30 percent of purchasing practitioners attend the scheduled training sessions. This is possibly a contributing factor towards procurement being placed on the Big Five list of high risk areas and why the procurement audit results continue to remain poor.

4.3.11 Total Spent on Training

According to a SAP Report extracted from the SAP System on the 15 September 2005 using the General Ledger (GL) account number which is theoretically to be used exclusively for recording monies spent on Training and Seminars, the total expenditure for the year December 2003 to December 2004 totaled R 33 million. It is important to note that this expenditure on training and seminars is for the Generation Division only. There are however problems with the SAP System as sometimes it happens that the budget figure approved by management for training and seminars does not show a true reflection of money spent on training and development, the SAP system allows cost centre owners to debit other expenses to this account. The figure could therefore be lower but the author does believe that the figures could be that much lower as most cost centre owners are aware of the GL number for training and seminars, it is usually in extraordinary situations for example when flowers need to be sent to a sick colleague, and where there is not a dedicated GL account number that the problem arises. Generation Head Office department alone used R 8, 9 million.

Despite the millions of rands currently spent on training initiatives, the training does not seem to be effective as indicated by the poor audit ratings.

4.3.12 Self Sealing Behavior

One of the themes that recurs in Systems Thinking is the need to be open to new ways of thinking. The core idea of a mental trap is that it is a closed way of thinking that prevents the person involved from seeing a solution that is ‘obvious’ once a different way of thinking is adopted. System thinking therefore requires the adoption of multiple perspectives whereas normally we are content to make use of a single perspective, ‘our point of view.’

It is generally much easier to identify traps and a lack of openness in other people's thinking than in one's own thinking. This means that an important key to success in systems can be to develop the ability to recognize the traps and ways of being closed in your own thinking. According to Lane (2000: 69) "One of the key features of a paradigm is that it defines a certain way of looking at the world. The paradigm tells the practitioner what type of explanation to expect or accept regarding events." Therefore the theory of the world determines what is perceived, our theories and assumptions about the world outside us condition the way that we perceive that world.

Self sealing behavior basically means that people will believe and act in a certain manner which is expected of them. Purchasing practitioners for example are confronted on a daily basis with perceptions that they are not customer focused, useless and do not add value to the bottom line of the organization. Because of these perceptions and the attitudes of end user towards those employed in the procurement department, they react by mirroring the behavior expected of them. This has been the general feeling not only within the Generation Group but Eskom wide.

With regards to the issue of training Giunipero (2004:30) states that "It is not a matter of policy or procedure. It's a matter of investing in the future: to be well equipped, and achieve world-class status, both organisations and individuals are taking an aggressive role in training and building skill levels. If you are not making improvements you are falling behind. You have to keep up with the changing times."

4.3.13 Culture of the Organization

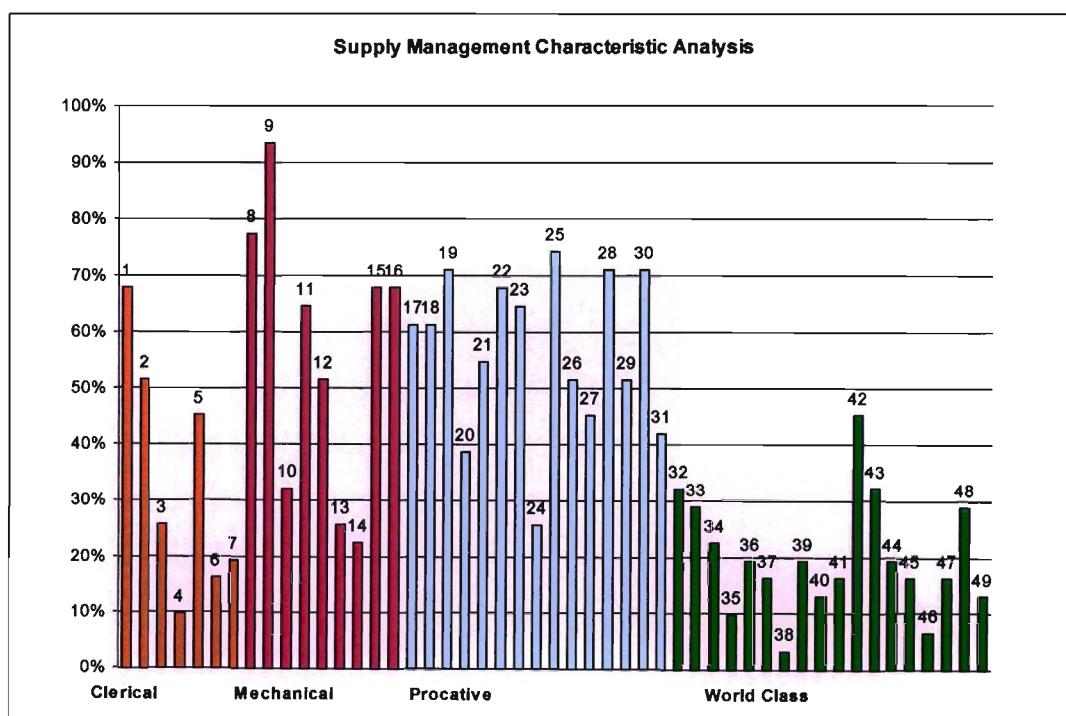
Under current circumstances Eskom's procurement staff operate in a mechanistic or closed system environment characterized by numerous policies, procedures and standards, outputs are predictable and measurable and decision making is long and arduous. There is little room for innovation as policies and procedures are well documented and work practices well established. Given the overall environment, a public utility procuring billions of Rand worth of plant, goods and services, this is understandable. It may even be desirable in a stable, repetitive environment but is limited in the current complex situation of increasing capital expansion requiring more and more strategic and less transactional procurement.

Eskom is furthermore a highly technical organization run by engineers and to a lesser extent finance people, who do not fully understand the complexity of the procurement environment and who believe that the procurement department is staffed with “pencil pushers”. This belief has been justified in the report titled “*A comparative study of Eskom’s Supply Chain Management Status.*” completed by the Masters Group of Supply Chain Management Graduates. A summary of the results is tabled below:

Findings:

- 31 responses were received as detailed on the graph below
- The majority of respondents view the supply chain as having a Mechanical / Proactive focus

Graph 10
Supply Management Characteristic Analysis



- Many practitioners felt that the organization was transactional focused (8 on Graph) and that the organization reacted to requisitions (9 on Graph 10).

- An important issue which is currently negatively influencing the procurement department is the issue of procurement being viewed as the “dumping ground” for unwanted and surplus employees. This is a field which is attempting to professionalize itself, by placing surplus employees in this dynamic environment is not only ruining the image of the profession, but is negatively influencing the morale of these people as well. These individuals are not able to cope with the pressures and often succumb to nervous breakdowns or other stress related diseases.

4.4 Conclusion

This chapter concludes the findings of the survey and the interviews conducted. Current procurement training does not cater for the competencies required of a world class procurement practitioner. There are furthermore no clear minimum entry level criteria for people entering a career in procurement. The fact that very few procurement practitioners within the Generation Division belong to the Institute of Purchasing South Africa (IPSA) as well as from the comments received in the surveys and most importantly the fact that Eskom does not recognize IPSA as a professional body, it is clear that there is a need for a professionally recognized body to be established. This body will be required to provide guidance and to set the standard for procurement and supply chain management. This should furthermore assist in the upliftment of the procurement fraternity.

CHAPTER 5 - CONCLUSION AND RECOMMENDATIONS

“Small, well-focused actions can sometimes produce significant, enduring improvements, if they’re in the right place. Systems thinkers refer to this principle as “leverage.” Tackling a difficult problem is often a matter of seeing where the high leverage lies, a change which – with minimum of effort – would lead to lasting, significant improvement.”

Senge (1990: 64)

Procurement is more than the traditional approach of the past where all the Purchasing Practitioner was involved in was procuring goods at the best price, the function is now seen to be a fundamental part of the overall government plan. Procurement is inextricably tied to the strategic objectives of the organization and procurement should have representation on management boards.

Procurement personnel are knowledgeable in a wide variety of issues and are able to engage a network of colleagues and other resources in order to provide information and advice. Unfortunately, procurement skills are under-utilized and procurement practitioners are to a large extent seen as transactional and operational only. Employers are therefore not benefiting from the skills available. An example of this can be seen when articles in the national papers point out that purchasing processes are breaking down in this country, and the reputation of all purchasing is tarnished as a result. If the case is investigated further, it will be seen that the procurement processes did not actually break down but rather that end-users did in actual fact not follow the required procurement processes. Procurement staff are not able to utilize the current skills that they possess if they are not involved in the work, although they are quite frequently required to assist when things go wrong. As employers recognize and appreciate the competencies of procurement professionals, their ability to “operationalize” the organization’s mission and vision, to drive added value into the resulting goods and services and the impact on delivery quality goods and services can only be enhanced.

5.1 Change Management

Often large amounts of money are spent on retrenchment counseling and job creation for those who leave the organization while the needs of the surviving employees are overlooked. Besides having to deal with the changes in the company and new ways of doing things, many also find themselves in new or other positions as a result of redeployment in the company and may be in desperate need of career transition support.

An article obtained from www.iol.co.za (15 September 2005) titled *Change Management for the Stayers* states that the support program for stayers should focus on the following issues:

- The effects of change on the organization.
- Reactions to change on both an individual and group level.
- Recognizing the symptoms of “survival sickness”.
- Identifying sources of stress and stress avoidance and management.
- Developing personal and group visions and missions.
- Goal setting and action plans.
- Developing support structures and resources.
- Reskilling and retraining of individuals.
- Assistance with career transition of individuals.

Burt, Dobler and Starling (2003: 7) clearly explains that “As a philosophy, World Class Supply Management spans functional boundaries and company borders. The philosophy of World Class Supply Management requires change driven by upper management to shift decision making processes from an internal department or single company focus toward optimization of the supply chain.” Through continuous enhancement and improvement, World Class Management is an ever-moving target that focuses on supply chain process improvement. One important aspect that needs to change within Eskom and which Burt, Dobler and Starling (2003: 6) clearly explains is that “World Class Supply Management requires the development and management of institutional trust.”

5.2 Skills Required

In the CAPS research conducted by Giunipero, it was evident that ethics featured as high on their list of both current and future skills. Surprisingly, this was not mentioned once in any of the survey results received. Following the ethics issues, there were similarities as per the traditional purchasing and supply management skills for example, negotiation skills, conflict resolution and communication skills. It is evident that currently there is a strong emphasis on being able to communicate well, solve problems and to make decisions. Eskom purchasing practitioners seem to have a completely different skills set requirement when compared to that of the CAPS Study. The skills seemed to be more job focused, which could be an indication that Eskom employees are still in the tactical mode of working.

5.3 Professionalize the Supply Chain Management Discipline

To ensure that Eskom is to succeed in building a World Class Supply Chain, it is imperative that the correct people are recruited with the correct qualifications. Within Eskom there are currently very few people with appropriate degrees or diplomas. As there is currently a shortage of procurement practitioners to fill vacant positions within Generation and the newly formed CED, Generation firstly recruited 16 mainly unemployed females with Finance Degrees or Diplomas, whilst CED recruited 10. These new employees are generally inexperienced people with the financial knowledge, but lacking in procurement or supply chain management knowledge. This has resulted in Generation spending over R2 million on a four month intensive training initiative, however, after this four month period these employees will still need in depth on-the-job training and coaching.

This situation should be rectified where standard job descriptions across the various Divisions are developed requesting relevant degrees with Supply Chain Management subjects. The job descriptions should also be graded at the appropriate levels in order to attract and retain the correct calibre of persons who will add value to the organization. It is important to note that when developing the job descriptions it is important to focus on the skills that will be required in the future to uplift the profession, and not to focus on those currently in the positions who may not necessarily be the correct people. Criteria for promotions must be clearly spelt out with a clear indication that supply chain practitioners must belong to relevant external bodies like IPSA,

SAPICS, or International Organizations and must also be required to write their required assessments to obtain CPM or equivalent status for example. This will all lead to the professionalization of the supply chain profession.

Furthermore, it is suggested that only supply chain professionals possessing the correct qualifications and skills be allowed to manage high value contracts as there is a perception that suppliers do not take Eskom Procurement seriously as we have for example C-Upper Buyers negotiating multimillion Rand contracts on behalf of Eskom. These buyers do not necessarily have the required knowledge, skills and “polish” to deal with these professional suppliers wanting to do business with Eskom.

Continuous Updating of Existing Training and Curricula

The existing Supply, Demand and Logistics curricula in Eskom were developed over five years ago. Because of the changes as outlined earlier it is important that the custodians of these curricula ensure that both the curricula and training material is continuously updated to bring them in line with World Class Supply Chain Initiatives. Every curriculum should include a course on Supply Chain Management to ensure that the practitioners understand the philosophy.

5.4 Establishing the Training Environment For Purchasing And Supply Management

5.4.1 Generation Commercial Training Department

There is currently one Generation Commercial Training Department managing the training requirements for the whole of Eskom. This department consists of a Generation Commercial Training Manager and five individuals responsible for Procurement, Warehousing and Logistics Training.

The issue of the training department residing under Generation Division is viewed as a problem as the needs of Distribution and Transmission are currently not being met. As Generation Division is paying the salaries of these individuals their allegiance lies with this Division, with the needs and requirements of this Division being catered for first. This is clearly seen in cases where internal courses are being run, they are advertised and filled firstly with Generation

delegates, and only if there are empty seats are the rest of the Divisions invited to attend. Furthermore, the majority of the training takes place in Witbank as this is where most of the power stations are situated, or alternatively, training is provided on site if the demand warrants this. Witbank is however not a convenient training venue for Distribution and Transmission employees who are mainly situated in the cities. It would be more cost effective for these groups if the training were provided at the Eskom College in Midrand.

This Division also has a rule that all training interventions developed or purchased be approved by the Training Steering Committee, this is once again a Generation Committee, therefore if this committee approves the course, it has to be accepted by the rest of the Divisions.

When the author initially joined the section in 1993, this training department reported to the Corporate Commercial Manager. There was a major restructuring exercise after this where all departments wanted to down size; this section was then placed in Corporate Human Resources (HR) Department. This department remained here for about five years. However, during this five year period commercial training was given a low priority as the managers did not understand the importance of this type of training as the revenue being earned by this section of training was small. There was more money being earned from soft skills training like HIV, supervisory training, management therefore believed that the emphasis should therefore be placed in those types of knowledge transfer. After a period of five years Top Management noticed that problems were surfacing within the commercial environment, especially, procurement issues. The solution at the time was to move the Commercial Training Department out of the HR Division, but into the Generation Division, as it was perceived at the time that Generation were the main customers of this Training Department.

This inclusion of Commercial Training in the Generation Structure has however not proved to be the correct decision for all the reasons as mentioned previously. It is felt that Commercial Training should be a corporate function residing under Corporate Commercial.

Recommendation

- Generation Corporate Training should ideally be situated in the Corporate Supply Chain Management Office where it will be seen to be a central corporate function available to service the needs of all the Eskom Divisions.
- Courses should be offered at the Eskom College in Midrand and on site if there are sufficient people at a Power Station who require the training. Witbank should not be used as a point where the majority of procurement courses take place.
- The current Generation Procurement Training Steering Committee should include representatives from all the other Divisions, thus ensuring that the training needs of the other functions are also being met.

5.4.2 Training Days per Employee

Table 17 indicates the current number of training days per employee at Eskom currently, what is predicated for the future and what the CAPS study predicts will occur in the future. Eskom is expecting a decrease whilst CAPS is suggesting that an increase will occur. Linked to this table, is the survey result that only *30 percent* of procurement practitioners within the Generation Division are currently attending procurement courses.

Table 17
Current and Future Training Days at Eskom Versus CAPS Study

	Eskom Currently	Eskom in the Future	CAPS Study 2003	CAPS 2010
Training days per employee	9	6	8	10

Recommendation:

- Eskom should relook at the decision to decrease the number of training dates from nine to six days. Currently at nine days per employee, procurement remains on the Big Five List of High Risk areas and audit ratings are not of an acceptable standard. It is obvious that with a decrease in training days, procurement performance will not improve.

- Should Eskom be determined to decrease the number of training days, management should determine which areas are performing well and could afford the decrease in training days, however, those areas within the organization which are seen as critical core skill areas and where there are high turnover rates, a conscious decision should be made to keep the training days at nine or even to increase the days.
- Another compromise would be for those individuals who require “refresher courses” only to attend the decreased number of days, but for new employees who require intensive training should be allowed more days of training to ensure competence.
- Training should be made mandatory. All procurement practitioners should be obliged to attend nine days procurement related training per annum.
- Management should have training attendance as part of their performance contracts.

5.4.3 Training Methods

Purchasing literature describes various approaches to purchasing training, which includes on-the-job training and functional rotation. During the process of functional rotation, individuals spend time in various areas of the supply chain. Formal classroom training is the most structured approach to training and stresses both theory and actual practice.

There are more ways to provide training to employees today than there were a decade ago – particularly with the Internet-based training models that have been developed in the past five years. Thus, while classroom training is still seen to be important, there are other viable alternatives that organizations can make use of to train their employees. Coaching is a popular technique that managers find useful as coaching is characterized by one-on-one training and private instruction. It is also characterized by shorter reinforcement cycles i.e. behaviour is observed during job activity and the employee is instructed immediately about improvement techniques for subsequent activities. Coaching is seen to be similar to teaching – it is characterized by listening, suggesting, and mentoring to help the employee to become self sufficient and to build confidence.

There are two new training techniques which were not prominent a decade ago. These are using the internet to perform training and coaching. These two techniques are said to increase in the

future. According to Giunipero (2004: 85), "Internet training showed the largest projected gain to 76 percent, and coaching was forecasted to become the most popular training method (78 percent).

Table 18
Methods used in Training Procurement Practitioners (CAPS Study)

Description	2000	2003	2010	Eskom	
				2005	2010
Informal/ "on-the-job"	79%	78%	69%	✓	✓
Formal Classroom	85%	67%	76%	✓	✓
Coaching	N.R. *	67%	78%		✓
Internet	N.R.	54%	76%		✓
Functional Rotation	63%	35%	61%		✓

* N.R. = Not Rated

Percentages were not requested when requesting the Generation Training Manager and the Senior Practitioner Development Advisor to complete the survey. Currently, only the formal classroom and "on the job/informal" training is used. However as mentioned previously, with the latter method there is some concern with incompetent people teaching the procurement practitioners on the job, the classic "blind leading the blind." It is envisaged that all the methods as listed in table will be used in future at Eskom to ensure that all the purchasing practitioners are trained.

Recommendations:

- Eskom should utilize a combined training approach for example sending employees on formal training interventions but have a formalized on job training program in place.
- Experiential learning must be encouraged.
- Introduce a formal coaching system.
- Formalize the current "on job training" which is happening. Currently procurement managers and peers are used for "on job training." Criteria must be set up depicting who may be allowed to provide this "on job training". An example of criteria used include for example, number of years experience, current sole adjudication value, type of purchasing currently being done etc.

- Although *rotational training* is not seen to be popular in the States, at Eskom it would be an excellent tool for procurement practitioners to learn the entire supply chain process. The individuals should preferably be required to spend time at the power stations as this is where the most beneficial experience can be obtained. Once again it is imperative that the whole rotational training process be formalized and in writing, and the rotational program should preferably cover all the steps in the supply chain.
- *Workshops and seminars* should also be viewed as a training intervention, especially for the more experienced procurement practitioners and managers as these workshops present cutting-edge experience and give the managers an opportunity to benchmark their company's practices with those of other managers in attendance.
- *Knowledge sharing* – getting people to share what they know best can help instill a quest for learning throughout the organization. A simple example would be for Generation Procurement departments to set up a generic procurement training manual on the intranet targeted at end users. Leading organizations make it a part of each person's job to act as a consultant to other areas of the firm when the need arises. This consulting role helps people to get to know each one another and assists in networking.

5.4.4 Methods Used to Facilitate Training

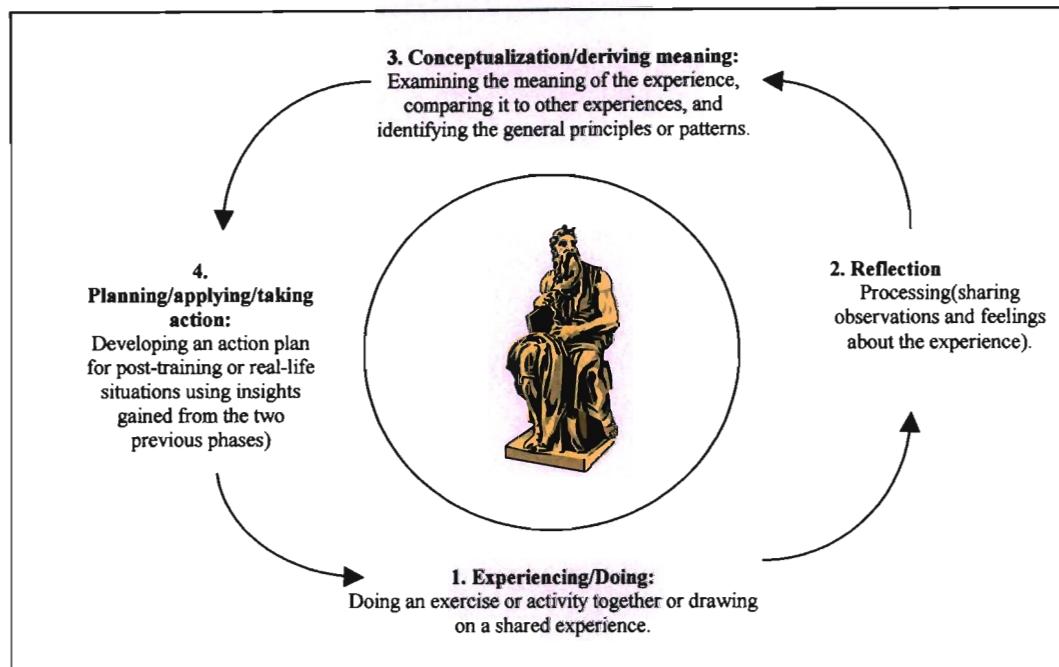
This outlines the various methods available for the transfer of training. It is still envisaged that the classroom will be used as the basis for formal training, especially in the procurement environment at Eskom. Computer based training has been attempted in the past, with little success as purchasing practitioners do not have the time during their working day to work through training modules on their computers. The nature of their jobs do not allow for this as the telephone is constantly ringing with queries from suppliers and end users. Teleconferencing and satellite/broadcast television would be a very good option, as it would enable a number of delegates to be trained over a vast geographical area, which will assist in the training of far-off sites, however, it is costly and Eskom does not currently have the necessary infrastructure in place.

Recommendation:

- Formal training methods should not be the only means of training delivery. After conducting needs analysis, it may be found that some purchasing practitioners only require a refresher in a specific subject. This could be catered for in the curriculum.
- The training department should look at alternate means of training for example reading journal articles, white papers, news articles, watching a video on a specific topic, attending forums or conferences with top notch guest speakers, to name but a few examples.
- Although class-room based training will remain possibly the main way of training delivery, currently the Adult Learning Principles are not being used as a guideline. Although the advisors in the Training Department are aware of these principles, they are not even taken into cognizance when developing training material or when conducting training sessions. It is suggested that all facilitators currently involved in Generation Training attend a refresher course on the Adult Learning Principles. Appendix F can be used as a guideline to ensure that the principles are being adhered to and to serve as a reminder.
- The use of a *Learning Contract* is another recommendation which every adult learner attending a course is required to complete. Refer to Appendix E for an example of a Learning Contract. The reason why it is suggested that a learning contract be completed is due to the fact that one of the most significant findings from research on adult learning is that when adults go about learning something naturally (as contrasted with being taught something), they are highly self-directing. Evidence has also shown that whatever adults learn on their own, they learn more deeply and permanently than what they learnt by being taught. Learning that is engaged in for purely personal development can be carried out completely by an individual on personal terms and with only a loose structure. However, those kinds of learning that have as their main purpose improving one's competence to perform on a job or in a profession such as procurement, must take into account the needs and expectations of organizations and the profession. Learning contracts provide a means for negotiating reconciliation between these external needs and expectations and the learner's needs and interests and as a means of making the learning objectives clear and explicit for both the adult learner and the facilitator.

- Currently the Adult Principles of Learning are currently not being implemented. The advisors and trainers from the Generation Commercial Department have undergone a training session covering these principles, this however took place over ten years ago. It is suggested that firstly a refresher course be attended secondly every training intervention be subjected to these principles, Appendix F can be used as a checklist by the facilitators to ensure that the principles are put into practice.
- Earlier in the literature review it was mentioned that adult learners will retain 90 percent of what they **see, hear, say and do**. Therefore for participants to retain what they learn when attending training interventions, they need a chance not only to hear a lecture or a discussion, see a demonstration or visual aids, and discuss the material, but they must also have the opportunity to do something with the new information and skills. This can take the form of applying their new insights to a case study or role plays, or it can take the form of developing an action plan for ways to use their training insights in real life.
- Knowledge of the Principles for Adult Learning means that the following concepts must be considered as well when developing training interventions:
 - *Dialogue* – essentially between the learners and the instructors.
 - *Supportive atmosphere* – a comfortable environment facilitates learning along with a caring facilitator as well as support outside of the learning environment for example, management support, ensures further success.
 - *Encouragement of cooperative communication* – clear opportunities for discussion between learners and facilitators and learners amongst each other.
- Figure 9 depicting the combined Kolbe Learning Style and Adult Learning Cycle must be worked through by both learners and facilitators at least once per training session.
- Reflection is extremely important and it is advised that learners keep a learning journal where they are able to capture key learning points and how they can be utilized in the work situation.

Figure 9
Combined Kolb and Adult Learning Cycle



Source: Adapted from Lane (2000: 35)

- It is recommended further that the training addresses the important fact that people learn in different ways. Since it is unlikely that the facilitators will know the individual learning styles of the participants in their audience, it is best to assume that there are people with all the learning styles in every training session and to design a variety of strategies to meet the learning needs of all participants. It is furthermore important to consider the learning strategies to meet the different audiences are accustomed for example some adult learners are used to learning from demonstrations and case studies and will feel uncomfortable in the situation where they have to learn via simulation. The following table can be used as a guideline:

Table 19
Training Styles Guide

For participants who learn best	Use
➤ with abstract concepts and lectures	➤ case studies and discussions about theories and research
➤ while observing others	➤ demonstrations and videos
➤ from exercises	➤ role playing, simulations and other experiential activities
➤ through visual means	➤ videos, Power Point presentations

- Adults typically have different *motivations* for learning, these should be determined upfront to ensure that the training takes these motivators into consideration.
- Experiential learning to be implemented by allowing delegates on courses to practice what has been learnt. A practical assessment should be implemented to assess whether practical learning has taken place.
- **Impact of Technology on Training**

Supply Chain Practitioners are familiar with the changes the Internet is having on how business is being conducted electronically with suppliers. The same can be said about training. Eskom should look at using the internet as a training tool to allow training of all people even those at remote sites. Self - paced learning in other forms such as CD-ROM and DVD formats are also seen as popular alternatives to web-based training. Whilst the traditional classroom training is still the most popular format at Eskom, it is extremely difficult for individuals to leave their sites for days on end. At Eskom, the policy stipulates that employees should attend at least 9 days of training per annum which is difficult for a few individuals to do. Alternative methods of training should be looked at to ensure flexibility and also to drive down the costs of training.

5.4.5 Sources Used to Deliver Purchasing and Supply Management Training

Respondents were asked to indicate whether training was delivered by internal company personnel or external services providers, such as consultants, external training providers and the percentage of each group. Internally training could be performed by personnel specializing in training such as the Generation Training Department or the HR Function or by those having functional expertise in purchasing and supply management.

When compared to the CAPS study that was conducted, the data shows that there is a preference to using internal expertise as opposed to going out and hiring a trainer or an outside organization to perform the training. In Eskom the preference is towards entering into contracts or placing of orders on external service providers. Currently 50 percent of the purchasing curriculum has been outsourced to external providers, the majority is currently being trained by procurement experts from the Corporate Supply Chain Management Office. This is currently posing to be a problem for the following reasons:

- Age of the subject matter experts – the majority of the subject matter experts currently providing training are in their sixties, and very close to retirement age. Repeated attempts have been made to obtain back-up trainers with the necessary practical experience. This will prove a problem in the future when these individuals are forced to retire as there are specific subjects which are very Eskom specific for example, procurement policies and procedures, the evaluation and adjudication of tenders and FOREX which cannot be outsourced.
- Because the subject matter experts are not employed by the Generation Group, but form part of the Corporate Supply Chain Management Office, it is extremely difficult for Generation to plan the training when the need arises. The training department has to plan months in advance to ensure availability of the trainers.

By outsourcing the softer skills type of training for example negotiation skills, enables the training department to be less dependent on people from within the organization.

Table 20
Sources Delivering Purchasing Training Courses

What sources deliver purchasing training courses in your organization?	CAPS	CAPS	Eskom	
	Research 2003	Research 2010	2005	2010
Internal company personnel specializing in training (e.g. HR)	22%	24%	10%	0%
Internal company functional/divisional experts (e.g. purchasing)	44%	41%	40%	40%
Outside resources (e.g. consultants)	34%	35%	50%	60%

Recommendation:

- Top Management should intervene to obtain the necessary people from within the business who will be able to train the Eskom specific issues. At least ten delegates are to be identified who will attend the training courses they will be training in future to obtain the necessary skills and knowledge. All identified trainers are to attend a presentation skills course if this has not been successfully completed in the past. A dry run, attended by the experienced trainers is to be conducted when they feel they are ready to train. Here constructive feedback must be given, so that shortcomings can be identified and worked on. By having back up trainers from within the Generation Division will assist in alleviating the problem of availability of trainers from outside the Division.
- Other alternate service providers should be encouraged especially programs like the Purchasing Qualification provided by the International Trade Centre. This international qualification will ensure portability and recognition by all countries abroad. This will be extremely beneficial especially as Eskom has acknowledged the fact that they are going globally to source commodities. A program of this nature will ensure understanding of global cultures and ways of doing business.

5.4.6 Career Development of Purchasing and Supply Management Professionals Needs More Emphasis

Giunipero et al (2004: 11) state that "Career development programs are characterized by a holistic approach that attempts to guide, track and monitor the career path of supply chain management employees." Career development is seen to be broader than training as it addresses career goals and objectives for individuals in the function. Career development is therefore seen as being critical to ensure succession planning occurs within the organization. However for this to occur, there must be clear career paths which are currently lacking within Eskom, more work needs to take place here. It is suggested that for every high level buyer who has the experience, they should "mentor" a junior buyer for succession planning and as a "back-up."

5.4.7 Eskom as a Learning Organization

Although Eskom has often claimed in the past to be a Learning Organization, many changes have happened since the early years, for example:

- the demographics of the organization has changed,
- legislation has affected the way Eskom functions as a business for example, Eskom now has to pay tax.

Eskom is no longer viewed as a learning organization this can be seen in the results of the survey where only 23 percent of the purchasing practitioners are currently furthering their studies, another statistics is that only 35 percent are attending the internal courses.

Recommendation:

- It is envisaged that once the procurement training curriculum has been updated and that management give procurement the recognition the discipline requires, there will be a slow change back to the procurement division showing characteristics of a learning organization.
- If the above does not occur it recommended that the initiative start at the top with management support to drive the project.

5.4.8 Organizational Culture and Structure

Every organization that has existed for any length of time has developed an organizational structure with an accompanying culture. This embedded culture and structure becomes either an asset or a liability when a substantive change management initiative is attempted. A couple of broad issues become apparent: most organizations create distance between decision maker who need to work together to make procurement work and they create a silo mentality that prevents a holistic vision of the organization, a classic example, is top managements use of procurement as a dumping ground. Managers have also highlighted several specific organizational challenges.

- First, many companies have long histories of operating independently and have yet to recognize their dependence on procurement and other supply chain members. This culture of independence makes procurement and supply chain management appear not only as foreign but also menacing.
- Second, as in the case of Eskom where the Power Stations have been divided into clusters, many organizations operate on a decentralized basis with each division acting independently. Bringing the individual units together for form for example cross functional teams is a monumental task.
- Finally as in the case of Eskom, some organizations have developed very strong cultures or functional mindsets, such as organizations may be known as a marketing or in the case of Eskom, as an engineering organization. All key decisions are therefore made from that singular reference point. Once again, the collaborative thinking of supply chain management and procurement as a value-adding discipline, threatens the traditional power of the dominant function. Changing mindsets in this type of organization requires patience and persistence

Most organizational structures are firmly entrenched via policy as well as tradition, change therefore occurs very slowly when and if it does occur.

Recommendations

- Procurement no longer is seen to be the dumping ground for surplus employees.

- A culture of trust, openness and transparency between end users and procurement is strived for.
- Communication is the key word.
- A culture of learning is encouraged.

5.5 Procurement Related Issues

5.5.1 Formal Education Level in Purchasing and Supply Management

To ensure that Eskom is to succeed in building a World Class Supply Chain, it is imperative that the correct people are recruited with the correct qualifications. Within Eskom there are currently very few people with appropriate degrees or diplomas. As there is currently a shortage of procurement practitioners to fill vacant positions within Generation and the newly formed CED, Generation firstly recruited 16 mainly unemployed females with Finance Degrees or Diplomas, whilst CED recruited 10. These new employees are generally inexperienced people with the financial knowledge, but lacking in procurement or supply chain management knowledge. This has resulted in Generation spending over R2 million on a four month intensive training initiative, however, after this four month period these employees will still need in depth “on-the-job training” and coaching.

Current developments in the study of entry level formal education requirements state that a Bachelor Degree in Purchasing/Supply Chain is deemed to be the most desirable qualification whilst it is predicted that the most desirable qualification for the future will be a Master’s Degree.

- Currently in Eskom there are no standardized criteria for entry level into the procurement environment. This is posing a major problem as currently procurement is either viewed as a dumping ground for surplus staff or graduates are recruited who do not have the necessary qualifications for example finance degrees. These graduates are then taken through lengthy and expensive training programs to enable them produce the necessary outputs for which they were employed for. After this process, many of the delegates will still require extensive on job training and coaching.

- Currently only 23 percent of the surveys returned indicated that they were studying further. This is a poor reflection on an organization that prides itself on being a learning organization. Eskom currently pays for all further studies as long as the individual passes every year. Apart from payment there is no further remuneration or recognition.
- The abovementioned statistic could be directly linked to the adult principle stating that *adults learn throughout their lives*. The principle explains that age does not necessarily reduce a person's ability to learn but may reduce the speed at which learning takes place. Because of this and the time lapse since earlier learning took place, adult learners are not as confident any longer and may need additional time and encouragement to enter into and adjust to new learning conditions.

Recommendations:

- A Directive must be created by the Corporate Supply Chain Management Office outlining minimum criteria for entry into the Procurement and Supply Chain Management fields in Eskom. The minimum criteria must be clear stating that a Bachelor Commerce in Supply Chain Management is required. One year purchasing certificates and diplomas will not be acceptable.
- Eskom are to only employ graduates with Degrees in Purchasing/Supply Chain or equivalent.
- Future further study applications are only to be approved if the applicants wish to pursue a degree, masters degree in purchasing/supply chain management or other post graduate qualification.
- Once an individual obtains their degree, management should recognize such an achievement by means of an increase in remuneration for example. Many people feel that there is no recognition and it gets them nowhere if they study further. This does not benefit Eskom as they are currently sitting with employees who are not up to date with the latest developments in procurement and supply chain.
- As a means of further remuneration, allow procurement staff to visit overseas utilities, to enable them to learn possible best practices and alternate new methods of procuring.

- The view that procurement is a core critical skills indicates that there is a shortage in procurement and supply chain management skills. It is imperative that HR or the Senior Practitioner Development Advisor responsible for procurement training conducts road shows to high schools to advertise this shortage in skills thus encouraging matriculants to enter this discipline of study.
- Bursaries should be awarded to individuals to enter this field of study and who will be required to work at Eskom once they have completed their studies. This will furthermore ensure succession planning and most importantly, these individuals will have the theoretical knowledge required and only the Eskom specific issues will need to be trained thus assisting with saving a few of the costs associated with training in terms of time and money.
- Those individuals who have been employed in the Procurement Department for a number of years and who have no formal qualifications, should be allowed to follow a process of . This process is not yet in place, but Generation Training has to view this issue as another high priority area. It is suggested that a pilot program be implemented with a few procurement practitioners only to determine the viability and possibly learn from the project before implementing fully into the organization.

5.5.2 Professional Body Registration and Certification

Eskom currently does not recognize IPSA as a professional body. This is in my opinion one of the main reasons why the procurement jobs are graded so low within Eskom. For jobs to be graded on a professional level which would mean higher salaries and benefits for employees, the jobs have to be accepted as being of a professional nature, the jobs classified in this section generally belong to engineers, quantity surveyors, librarians, accountants, cost accountants who all have professional bodies accepted by Eskom.

As previously mentioned, IPSA is not accepted by Eskom as a professional body, therefore procurement jobs are not graded higher than a PPG which is generally classified as a *professional general*. As previously mentioned, there are only two known PPG positions within the Generation Division.

Recommendation

There is currently a project which has recently started looking into the viability of Eskom starting a Supply Chain Professional Body. This is in my opinion a project which should be given top management support as a matter of urgency. This project has only recently begun, the project leader is the Generation Commercial Training Manager who has been given this project as one of her many other projects and which is currently not seen to be a priority.

- The project should preferably be given to a high level manager with credibility from the Corporate Supply Chain Management Office to drive. This should be a main output in his performance contract to ensure success. This project is currently not seen to be moving fast enough, it is feared that this worthwhile project will be seen as “just another Eskom initiative which will reap no benefits.” It is not believed that the organization actually understands the importance of such an initiative.
- There must be backing for this project from the Executive Management Level to ensure success and to obtain the necessary financial and management backing.
- A stakeholder analysis should be conducted to determine who the stakeholders are and to determine most importantly what their needs and expectations are. Members from other parastatals and organizations should be invited to participate in meetings to find a solution to the problem of the professional status of the purchaser.
- With Eskom’s reluctance in the past to recognize IPSA as a professional institute, it is believed that a brand new national Supply Chain Body should be created in South Africa to enable the profession to start a fresh. With a new professional body a new image will be portrayed which will benefit the image of a new world class purchasing professional.
- The body has to ensure that there are professional certifications in place which are of a high standard to ensure credibility.
- The body furthermore has to have strict membership criteria and most importantly provide a guidance and assurance role which is currently not seen to be happening.

5.5.3 Professional Certification

IPSA currently provides two types of certification namely;

- *Certified Purchasing Practitioner (CPP Certification)*. The CPP is a certification for the purchasing and supply profession in South Africa. In awarding this certification the Institute is stating that the Certified Purchasing Practitioner has attained a basic level of competence within the purchasing and supply profession.
- *Certified Purchasing Manager (CPM Certification)*. The CPM is an advanced certification for the purchasing and supply profession in South Africa. In awarding this certification, the Institute is stating that the Certified Purchasing Manager has attained the highest level of competence within the purchasing and supply profession in South Africa.

Currently there are no Eskom Certified Purchasing Practitioners or Certified Purchasing Managers with Eskom. The reason for this absence is possibly due to the fact that Eskom does not recognize IPSA as a professional body, there will therefore be no recognition for the procurement practitioner or manager should this certification be obtained.

Recommendation

It should be a standard criteria for all purchasing practitioners and managers to be certified as either a certified purchasing practitioner or a certified purchasing manager or any other professional certification which may arise due to the forming of a new Supply Chain Management Body or any other internationally recognized qualification.

5.5.4 Standardized Job Description and Job Grades

The results of the survey indicates that there is discrepancy between job grades at various power stations and divisions. Purchasing practitioners are doing the same job but at different grades. At times, due to legislative requirements which Eskom is required to follow for example, the Employment Equity drive, results in Eskom offering higher positions to future employees who may not have the necessary entry level criteria or skills. This is causing dissatisfaction between all employees as this discrepancy is affecting their incomes.

Recommendations

- A project team should be established with representation from all Divisions and Power Stations within Eskom. The objective of this project team will be to conduct a work study to determine the number of purchasers required per site. Once this information is obtained, all the job descriptions of both the procurement practitioners and managers should be redone ensuring standardization across all divisions and power stations.
- Standardized job grades are to be strictly adhered to. For example, if a job at a specific level requires a CCL purchaser, the manager should not be allowed to hire a CCU purchaser who performs at a CCL standard.
- Procurement professionals are constantly being referred to as “buyers”. There should be a shift towards procurement professionals, practitioners, purchasers or even officers, which gives a more professional tenor to the discipline.

5.5.5 Years of Business and Procurement Experience

The survey has indicated that there are many practitioners who have many years of experience in both procurement and business. This is furthermore an indicator that those individuals with 40 years experience are close to retirement age. Eskom currently does not have any formalized succession plan in place to ensure that the knowledge is retained within Eskom.

- Formulate succession plans.
- Implement a mentoring system where the more experienced employees will be responsible to mentor the more junior staff.
- There is currently a negative connotation linked to mentoring as the older employees feel that the younger employees are going to result in their loss of employment. It is the responsibility of management to assure them that this is not the case, as many of this target group do not have more than five years to go before retirement, management are to ensure that their jobs are safe. This will furthermore ensure that these individuals transfer all their knowledge to the younger employee.
- A culture of learning is to be implemented at Eskom.

- Learnerships to be introduced into the procurement discipline.
- Use experienced consultants after retirement.

5.5.6 Perceived Status of Procurement

Currently the perceived status is moderate within Generation. Procurement are currently seen to be merely “putting out fires” which reflects the tactical side of their jobs, it is imperative that the discipline is seen to be more strategic in their daily outputs and adding value to the bottom line of the organization.

Recommendations

- Conduct a work study to determine the correct number of procurement professionals required per site.
- Conduct continuous end user training. Here the procurement processes, policies and procedures must be covered in details so that end users are able to appreciate the reasons for long lead times. It is imperative at this stage that end users fully understand the bureaucratic nature of procurement.
- Attend the relevant purchasing training which will cover issues of strategic purchasing which assist the procurement practitioners to move towards that mode of performing.
- It is furthermore suggested that “problem” end users be given the opportunity to work in the procurement department for a day so that they will be able to fully understand the procurement process and bureaucracy involved.
- Procurement Practitioners are to become more proactive and have continuous meetings with end-users to sort out problems before they occur. Continuous feedback must be given to end users at all times to ensure that they are kept up to date with what is happening.
- The recently appointed Chief Procurement Officer should be tasked to elevate the status of Procurement/Supply Chain in the organization by highlighting the value adding opportunities of procurement and supply chain management. Regular presentations should be made at top level meetings as an example. It is believed that if there is a change in how management views procurement, the positive perception will filter down to the rest of the organization.

5.5.7 Applicability of the Current Procurement Curriculum and World Class Procurement Competencies

From the survey it can be concluded that the current procurement curriculum does not sufficiently cover the necessary skills and knowledge required of a world class purchasing practitioner as a very small percentage of world class procurement competencies are currently in the training program. There is thus a need for the current procurement curriculum to be updated to cater for more applicable skills.

Giunipero conducted extensive research on the required knowledge and skills required of a purchaser. This survey was however conducted in the United States of America, where the culture and people are completely different to South Africa. From his list of core skills and knowledge required and taking into consideration the survey results in response to what current employees state are necessary for purchasing, the author has created a list of top 20 skills and knowledge which it believed every purchaser within the Eskom of today requires to perform their job effectively.

Table 21
Core Skills Required of a Purchasing Practitioner within the Generation Division

Ability to make decisions	Evaluation and report writing skills
Analytical	Interpersonal communication which includes verbal and written
Assertive and confidence skills	Managing change
Basic technical knowledge	Managing the supply base
Being organized/management	Negotiation
Computer literacy in using all popular application software packages	Networking
Conflict resolution	Personal learning/self development
Contract management	Presentation skills
Cross functional teams	Problem solving
Customer focused including managing internal relations	Project Management

Table 22**Core Knowledge Required of a Purchasing Practitioner within the Generation Division**

Commodity expertise	Price/cost analysis
Competitive market analysis	Project Management
Cost accounting	Purchasing Strategies and plans
Demand chain management	Risk
Eskom specific Policies and Procedures	Safety issues especially with contractors
Financial Management and accounting Principles	Strategic sourcing
FOREX	Supplier relationship management
Insurance	Total cost of ownership knowledge
International sourcing	Understanding markets and industries
New Engineering Contracts	Value analysis

Table 23**Core Attributes Required of a Purchaser within the Generation Function**

Analytically minded	Logical
Approachable	Proactive
Assertive	Professional
Big picture thinker	Safety conscious
Customer minded	Self motivated
Detail orientated	Structured
Ethical	Technically orientated

Recommendations

- It is recommended that the model as outlined below be followed to implement a new procurement curriculum based on world class core skills, knowledge and attitudes required of a procurement practitioner.
- Supply chain management is not currently seen as a core competence. Top Management should be responsible to enhance the importance of this profession. It is hoped that with

the appointment of the Chief Procurement Officer, procurement and supply chain will be viewed as a core competence.

- The current Procurement Curriculum does not cater for the required knowledge and skills to make a world class procurement practitioner.
- What is ‘core’ changes over time, and top management must ensure that it is working today to build the competencies that will be ‘core’ in the future. What is core and non core may also differ between firms competing in the same industry.

5.6 A Model for Improving Skills and Knowledge

The procurement trends as identified earlier in this dissertation and other contributing issues for example the Procurement on the Big Five list of high risk areas, the poor audit results, procurement listed as a core critical skill are forcing management to review the current skill sets that exist in procurement and to re-evaluate the need for additional training and development of key personnel.

Management is increasingly realizing that the systems in place today are not going to succeed without considerable change. At the same time, organizations like Eskom are increasingly coming to the realization that the skills of their purchasing functions are becoming a prized commodity and a core competency that merit additional investment to develop and improve people as well as establish career path requirements that will ensure that these skilled individuals are retained within the organization for the future. Giunipero (2004: 94) explains that “Executives realize that internal training functions may not have the ability to develop these requirements, and they are considering outsourcing of training and personnel development to organizations that can execute the training at a lower cost and more efficiently.”

The Six Step Career Development and Needs Assessment Process

Step 1 – Assess Current and Future Environmental Requirements

Before the training department establishes the key requirements for developing a training program, the training department, in conjunction with management, need to link this effort to the current and future business requirements, as well as the environmental changes that the

organization is likely to face in the next decade, for example, the various return to service projects, the increase in demand for electricity, the possible development of alternate sources of power etc. The unrelenting focus on cost reduction, furthermore, is unlikely to subside in the next decade, and key skills and knowledge areas like strategic sourcing, relationship management needs to support these initiatives.

In addition, there is a trend towards the increasing responsibility of purchasing to be a strategic value-added function. Purchasing is required to provide a value-added service and yet still balance the unrelenting pressure to reduce total costs. The key question emerging is that purchasing needs to understand the appropriate form of relationship required, an adversarial versus a collaborative partnership, for example whether it is arm's length and guarded by a contract or more relational, i.e. built on trust and codependence.

A question which management and the training department must ask themselves is: "Is our current workforce in supply management prepared and trained to deal with present and future challenges facing the discipline?" Unless an organization has established a training curriculum that has emphasized these elements, and which covers all the aspects required of a world class practitioner, the answer in most cases will be "no".

According to Giunipero (2004: 95) the Hoshin Plan is one tool that can assist organizations in establishing a framework to analyze current and future challenges, and the need for training requirements. This planning technique provides a framework to identify key supply chain management frameworks for the future. Refer to Table 24 for an example of a supply chain management Hoshin Plan. Each goal is matched with a key performance indicator (KPI) to establish performance objectives in terms of the customer, internal associates and shareholder value.

Table 24
Example of a Generic Hoshin Plan

Supply Chain Management Vision		To be recognized as World Class for Supply Chain Management throughout the Industry.
Supply Chain Management Mission		Create a sustainable competitive advantage by implementing innovative supply chain processes, working as a team, and improving business processes.
GOALS		
CUSTOMER	→ 1.1	Drive suppliers to world-class performance in cost, quality, and technology in support of world-class customer satisfaction.
Provider of Choice	1.2	Support the corporate commitment to our multi-cultural and global customers.
X % customer/business partner satisfaction	1.3	
ASSOCIATE	→ 2.1	Create a performance driven culture, which attracts, retains, and rewards associates to drive growth.
Employer of Choice	2.2	Provide the support and tools that associates need to excel.
90% Associate Satisfaction	2.3	Enable associates to achieve professional growth balanced with personal goals.
	2.4	Reflect the diversity of the communities and customers we serve in our workforce.
SHAREHOLDER	→ 3.1	Focus SCM expertise and business acumen to create value for shareholders through increased profitability and shareholder return.
Investment of Choice	3.2	Leveraging Six Sigma methodologies, reduce cost of goods sold, improve quality levels, and achieve annual productivity improvements to grow market share.
Double digit year-over-year productivity	3.3	Reduce risk of supply shortages, satisfying regulatory requirements, and minimize exposure to legal risks.
	3.4	Integrate business unit functions and leverage opportunities to grow market share.

Source: Giunipero (2004: 95)

Step 2 – Identify Skills Required

Once key purchasing environmental elements have been identified and goals established through a Hoshin Plan or a similar strategic planning tool, senior management should work with a high level representing all the stakeholders for example HR, the strategy department, Generation Training Department, end users, the Training Steering Committee, to identify key skills that they perceive as being critical to effective supply management. Input from all the stakeholders is seen to be critical as the direction of the training must be aligned to the future needs and impacts identified as strategic for the future. The final output of this meeting is to obtain a procurement curriculum.

Research has indicated that the *key skills of team building, effective communication and relationship management are critical for success in managing all future trends*. Future trends have identified the demise of the traditional “buyer” who was tasked to managing purchase orders. With the increasing application of e-procurement to these tactical elements, purchasing will be called on to deliver greater value in terms of market intelligence, cost management, creative problem solving and management of internal and external customer requirements.

Step 3 – Identify Gaps and Goals

A gap analysis of current skill set versus an “ideal profile” of purchasing practitioners and managers is the next step in the process. This will require conducting an audit of current skills across power stations. The objective in this exercise is to determine the level of education and knowledge that exists across the purchasing function and to assess areas of opportunity. The next step should be the identification of the “ideal organizational structure, given the future requirements, and assess this against current skill sets across the internal purchasing population.

Step 4 – Identify Key Knowledge Areas the Will Improve Job Competencies

Once the gap analysis has identified the necessary competencies that are required to advance in a particular position, it is necessary to establish the specific knowledge areas that will provide a basis to gain these competencies. One of the important requirements of successful training programs is that the skills gaps be closed providing the employee with the appropriate knowledge.

Recent research and the survey results have indicated that top five overall knowledge areas include:

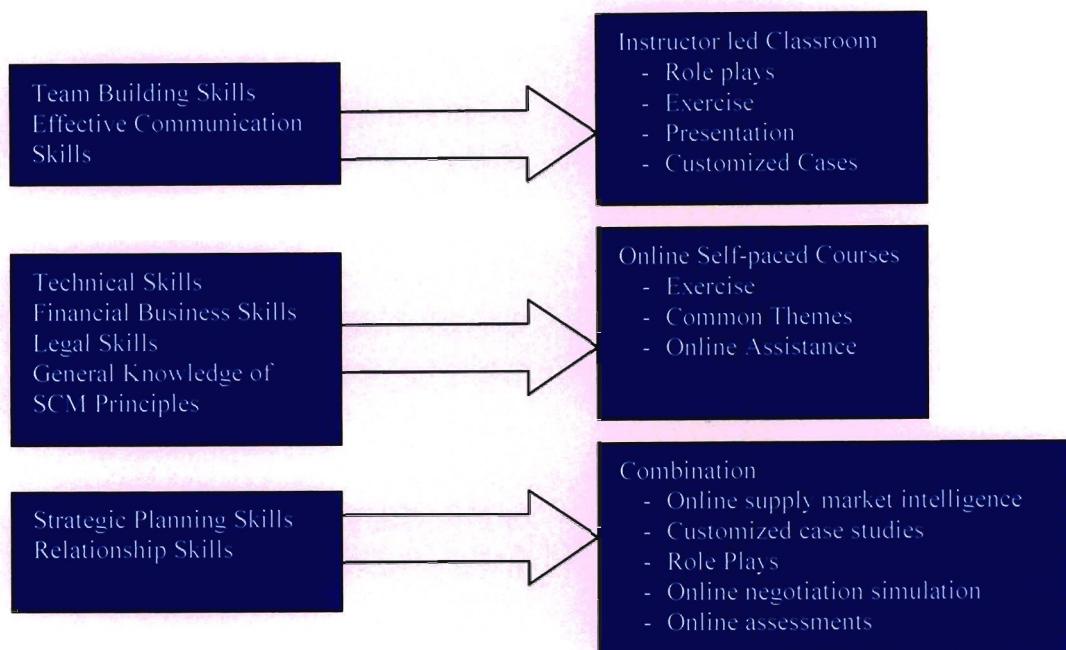
- analysis of suppliers
- supplier relationship management
- total cost analysis
- price/cost analysis
- supplier development.

Step 5 – Assess Training Mediums

This stage encompasses the assessment of the medium training to ensure that it matches with the knowledge or skills which needs to be trained. As shown in Figure 10, the nature of the training medium may vary based on the nature of skills being developed. Instructor-led courses are increasingly being developed by training service providers with customized course content, case studies and required in-class exercises. This is seen to be particularly beneficial for team building skills, communication skills, strategic management skills and relationship management skills. The facilitation by an instructor ensures that as much knowledge as possible is communicated, not only by the instructor to the class, but also that the knowledge present in the classroom is shared among the learners in the classroom.

Once the requirements for training have been established, potential service providers need to be assessed and evaluated.

Figure 10
Example of Assessing Training Mediums



Source: Giunipero (2004:102)

Step 6 – Evaluate Outsource Providers and Negotiate Contracts

During this stage it must be determined who will conduct the training interventions for example will it be an internal subject matter expert or will the training be outsourced. For all Eskom specific training it is preferred if an internal to Eskom subject matter expert provide the training. Where the training required is not Eskom specific, it is preferred that the service providers be contracted for a two year period. This enables the training department to call on these service providers whenever it is required. Recently there has been a growing trend for large organizations electing to outsource a large majority of the required training as they are realizing that internal training groups are often not considered on the leading edge of procurement and supply chain knowledge.

A checklist should be drawn up listing the criteria to be considered when considering different providers, thus ensuring evidence of standard practice. Some of the criteria could include:

- experience in the topic of training to be provided
- prior customer references
- actual business experience in purchasing and supply chain management of instructors
- graduate level of instructors
- ability to deliver customized course content and cases versus just “off the shelf” products
- ability to provide various methods of delivery
- cost per instructor hour
- prior instructional material, assessments etc.
- development and delivery costs
- ability to develop assessments for every training intervention, which is a requirement by Eskom

The external service providers are to be accredited through the relevant SETA's this will enable Eskom to claim skills levies and furthermore will enable the procurement practitioner or manager to obtain a qualification which is portable. It is necessary at this stage to ensure that as many potential service providers are identified and assessed to ensure that the best and most competent service provider is chosen. The service providers chosen must be able to offer best practices and leading-edge knowledge with the ability to be flexible. Another important issue is that the service should be able to advise on the best method of delivery for example, whether class room or computer based training is best for the topic which needs to be trained.

Generally once a provider is selected, a pilot program will be run prior to commitment to a full contract. The pilot usually takes place with a selected team of subject matter experts who are aware of what the buyers need to be trained on. Changes or suggestions based on comments from the pilot group can be used to alter or modify the training as required.

Ongoing: Evaluate Training Performance and Results

Whilst in the maintenance stage, training programs must preferably be evaluated via a combination of different tiered structures as previously identified by the Kirkpatrick model of training evaluation:

- **Level 1 – Reaction**

This is the most common form of feedback which is completed once the course has been completed. Current practice at the Generation Commercial is that statistics are kept on all internal and external trainers, if the rating drops to 85%, the training manager determines the causes and suggests remedies for improvement to the individual trainer.

- **Level 2 – Learning**

This measures if training caused an increase in knowledge and skill – i.e. whether employees learnt a new skill that they did not possess prior to attending the training.

- **Level 3 – Behavior**

This assesses if the trainee's on-the-job skills or behavior have changed as a result of what was learnt during training.

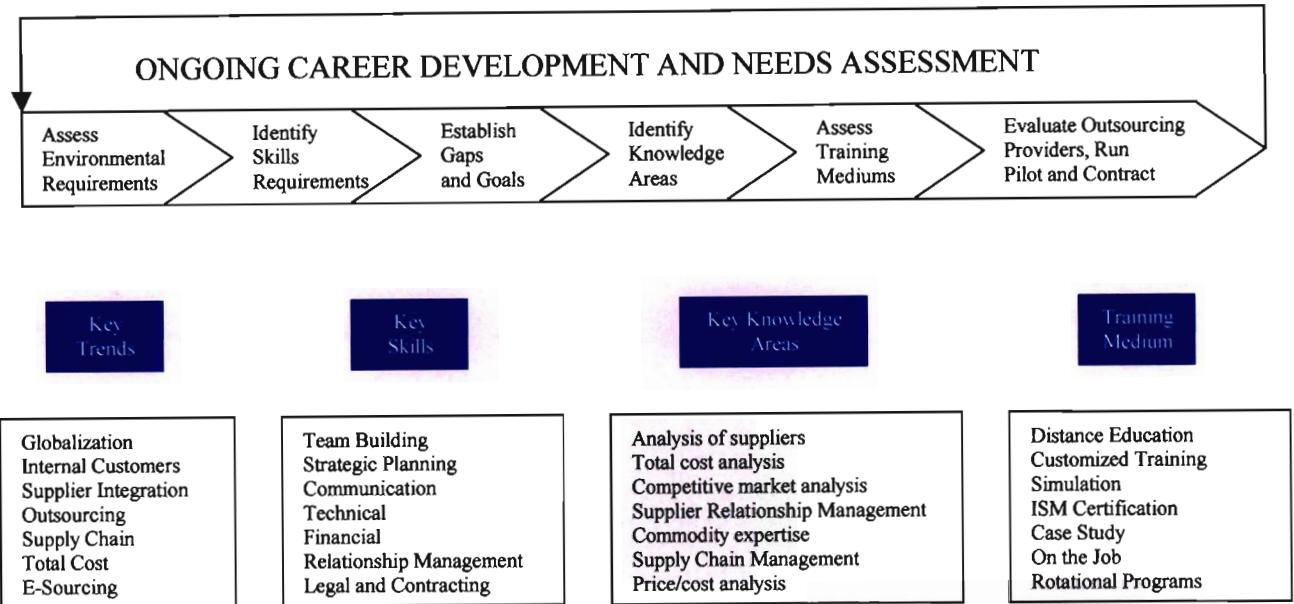
- **Level 4 – Results**

This quantifies exactly how much training and development efforts affect bottom-line measures.

Recommendation

Generation Commercial Training currently only measures level one, levels 2-3 are not currently being measured. It is suggested that the Generation Commercial Training Department go on a training course to obtain the necessary skills on how to utilize levels two to four and to implement these levels.

Figure 11
The Career Development and Needs Assessment Process
Supply Management Training and Education



Source: Giunipero (2004: 94)

5.7 Retention of Staff

From the survey conducted and exit interview results obtained, procurement has been declared a scarce critical skill.

Recommendations

- Determine what motivates people.
- Put succession plans in place.
- Put career plans in place so that procurement practitioners know where they are going.
- From the list outlining the reasons why purchasing practitioners are leaving, management are to work on strategies to ensure that people stay.
- It is believed however that if the issue on professionalizing the profession and by obtaining higher job grades, the issue of people leaving for other higher graded jobs will decrease.

- As explained earlier in the literature review, *compensation* and the *nature of the work* are two of the main reasons why people leave their jobs. Both of these issues have been noted in the survey as reasons why the staff turnover is so high in the procurement environment. HR should ensure that regular research is conducted into the market to ensure that Eskom's salaries are compatible with that of the labour market. This information must then be communicated to the relevant management and if there are short-falls, a cost of living adjustment must be allowed. This is currently supposed to be done at Eskom but cost of living adjustments are not currently being offered on a regular basis. Incentive schemes apart from the regular 13th cheque and performance bonuses should be awarded to employees who add value to the procurement environment.

5.8 Critical Success Factors

- **Managerial Support**

Burt, Dobler and Starling (2003: 7) suggests that "In order to bring their supply management systems to world-class status, senior management must recognize supply management's critical ways of demonstrating its support of this transformation." One of the suggested and possibly most visible ways of demonstrating its support of this transformation process is the appointment of a Chief Supply Officer at an organizational level equal to that of marketing, engineering and operations. The transformation must be carefully planned and executed. Getting top management's commitment and everyone's involvement are seen to be the keys to success.

Eskom seems to have heeded this advice as a few months ago the organization recruited a Chief Procurement Officer who would report directly to the Executive Director Finance. This is seen by all in the Commercial field as a step in the right direction in elevating the position and importance of all the Procurement fraternity. However, it is important that middle management support the Chief Procurement Officer as without the necessary support he will not be able to ensure the success of and integrate the supply chain management philosophy into the rest of Eskom.

- **Processes, Policies and Procedures** – Non-transparent processes, inconsistent policies and rigid procedures hinder the procurement practitioner to perform their jobs effectively.

The Corporate Supply Chain Management Office are to ensure that the current procurement policies and directives are to decrease from 28 to a more manageable number which is void of ambiguities.

- **Culture Change** – a culture of *trust, openness* and *transparency* must be entrenched. Fawcett and Magnan (2001: 87) state that “changing culture is the key to leveraging people.” Inculcating the “right” culture and designing a conducive organizational structure are the responsibility of senior management.

5.9 Way Forward/Future Research

It is suggested that the following action plan be adopted:

- Commercial Training currently residing in the Generation Division is to be incorporated into the Head Office Supply Chain Management Structure.
- The Training Department structure and roles and responsibilities should be seriously looked at. It is suggested that all training currently being offered be stopped until the Six Step Career Development and Needs Assessment as discussed earlier is conducted.
- A project team is to be formed with the newly appointed Chief Procurement Officer as the project leader. This is to obtain credibility and visibility to the project. The project team should preferably consist of middle management and top management representation from all the divisions. It is imperative that the representatives are of a high decision making level.
- At the initial meeting, it is suggested that a high level presentation be made on the background and important findings of the surveys conducted. It is possibly preferable that the recommendations suggested in this dissertation not be discussed at this stage. This is to encourage creativity and to ensure that the project team is not influenced by the recommendations that have already been suggested by the author.
- It is imperative that a project plan is devised by the project team with responsible people linked to specific outputs with dead-line dates. It is suggested furthermore that these outputs should preferably be included in the performance contracts of the responsible people as it is the authors’ belief that “what gets measured gets done”.
- The following issues which require urgent attention must form part of the project plan:

- A Professional Body which is adding value to all Procurement and Supply Chain Practitioners and which is accepted by Eskom and the rest of the Industry must be established.
- A new Procurement Curriculum should preferably be created with specific emphasis on the core competencies required of a world class supply chain management practitioner.
- The methods currently used to conduct training should be reviewed. Alternate methods which assist the learner to obtain maximum benefit should be introduced.
- Other alternate sources of training should be looked for example the International Trade Centre Procurement Qualification. This is an international qualification which will ensure procurement practitioners portability in overseas countries.
- Adult learning principles and the Kolbe Learning Cycle (refer to Figure 9) should be looked at as alternate ways of improving learning.
- Mentoring and coaching must be implemented as soon as possible to ensure skills transfer and to ensure that new practitioners are able to perform to an acceptable standard as soon as possible.
- Succession plans are to be implemented once again to ensure that skills transfer takes place prior to the older more experienced people leave the organization.
- Standard entry level criteria must be established.
- Standardized job descriptions across all Divisions must be implemented to ensure consistency and to prevent the poaching of procurement practitioners across divisions.
- It is envisaged that a change management initiative will be required to prepare the organization for this change and most importantly to prepare those currently in the procurement function.

It is suggested that for future research Eskom should conduct a study on how to change Eskom back to a Organization of Learning.

5.10 Conclusion

Procurement is the key strategic element to measure supplier performance and to manage the organization's supplier relationships, employs best practices and monitor key market trends; and to research and keep abreast of emerging technologies. Organizations are beginning to recognize the value-added benefits that trained personnel can bring to their organization, just like any other profession they employ.

The words that Senge wrote in *The Fifth Discipline* (as cited in Braham (1995: 13) must be remembered:

“ Real learning gets to the heart of what it means to be human. Through learning we re-create ourselves. Through learning we become able to do something we never were able to do. Through learning we reperceive the world and our relationship to it. Through learning we extend our capacity to create, to be part of the generative process of life. There is within each of us a deep hunger for this type of learning.”

It is important for organizations to realize that by investing in skills development of their employees will ultimately benefit the country in the form of economic growth.

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APPENDIX A

CORE COMPETENCY ANALYSIS OF A PROFESSIONAL WORLD CLASS PROCUREMENT PRACTITIONER WITH REFERENCE TO GENERATION GROUP OF ESKOM

Procurement Practitioner

PERSONAL DATA

1. First Name : _____
2. Surname : _____
3. BU : _____
4. Job Title : _____
5. Job Grade : _____
6. Gender : Female: _____ Male: _____
7. Highest Level of Education :
Please give details for example

8. Years of Business Experience : _____
9. Years of Purchasing Experience : _____
10. Do you belong to a professional body for example IPSA, SAPICS?:

11. What is the minimum formal education level required when hiring Procurement Practitioners at your BU? : _____

Qualification	Current (2005)	Future (2010)
Matric		
Certificate		
Diploma		
Bachelor's Degree		
Master's Degree		
Other		

Please give more details on "other" acceptable qualifications if you have ticked above.

13. What is the approximate annual percentage of employee turnover at your BU? (e.g. if you employ 10 procurement practitioners and 10 leave in one year, the turnover is 10%).

14. What is the perceived status of the Procurement Function at your BU? Scale: "1" = Low Status; "3" = Moderate Status; "5" = High Status.

Current (2005)	Future (2010)

15. How does Management at BU view Procurement Training? Scale: "1" = Low Priority; "3" = Moderate Priority; "5" = High Priority.

Current (2005)	Future (2010)

16. Do you feel that the current procurement curriculum provides you with the competencies required to perform your daily activities?

Yes	No

17. Please tick (✓) which of the following skills are currently being trained to purchasing practitioners.

a)	Strategic Sourcing	
b)	Monitor supply environment	
c)	Develop and implement commodity commodity strategies	
d)	Commodity teams	
e)	Supply base by design	
f)	Develop and manage alliances and networks	
g)	Time-based competition	
h)	Virtually defect free materials and services	
i)	Leverage supplier technology	
j)	Integrated supply strategy	
k)	Manage risk	
l)	Emphasis: Total cost	
m)	Relationships: Transactional, collaborative, and alliance	
n)	Bottom-line impact: increase shareholder value	
o)	Reporting: member executive, group	
p)	Data: facilitates strategic planning	
q)	Understand and key supply industries	
r)	e-Commerce II	

18. What specific skills do you feel is necessary for buyers to possess?

Source: Adapted from: Giunipero & Handfield (2004: 117).

APPENDIX B

CORE COMPETENCY ANALYSIS OF A PROFESSIONAL WORLD CLASS PROCUREMENT PRACTITIONER WITH REFERENCE TO GENERATION GROUP OF ESKOM

Heads of Buying/Procurement Manager

PERSONAL DATA

12. First Name : _____

13. Surname : _____

14. BU : _____

15. Job Title : _____

16. Job Grade : _____

17. Gender : Female: _____ Male: _____

18. Highest Level of Education : _____

19. Please give details for example
B Tech in Procurement etc. :

20. Are you currently studying further: Yes: _____ No: _____

21. If your answer is "yes" to question number 9, please give details on what you are studying.

22. Years of Business Experience : _____

23. Years of Purchasing Experience : _____

24. Do you belong to a professional body for example IPSA, SAPICS?:

25. What is the minimum formal education level required when hiring Procurement Practitioners at your
BU? : _____

	Qualification	Current (2005)	Future (2010)
Matric			
Certificate			
Diploma			
Bachelor's Degree			

Master's Degree		
Other		

Please give more details on "other" acceptable qualifications if you have ticked above.

15. What is the approximate annual percentage of employee turnover at your BU? (e.g. if you employ 100 procurement practitioners and 10 leave in one year, the turnover is 10%).
-

16. What are the reasons in your opinion for Purchasing Practitioners leaving or obtaining transfers to other departments?
-
-
-
-

17. What is the perceived status of the Procurement Function at your BU? Scale: "1" = Low Status; "3" = Moderate Status; "5" = High Status.

Current (2005)	Future (2010)

18. How does Management at your BU view Procurement Training? Scale: "1" = Low Priority; "3" = Moderate Priority; "5" = High Priority.

Current (2005)	Future (2010)

19. SKILLS AND KNOWLEDGE

Rate the importance of the SKILLS you require of your purchasing personnel. Scale: "1" = not important; "3" = important; "5" = very important.

No.	Description	Current (2005)	Future (2010)
1.	Analytical	1 2 3 4 5	1 2 3 4 5
2.	Computational	1 2 3 4 5	1 2 3 4 5
3.	Computer literacy using popular application software packages.	1 2 3 4 5	1 2 3 4 5
4.	Technical	1 2 3 4 5	1 2 3 4 5
5.	Blueprint reading	1 2 3 4 5	1 2 3 4 5
6.	Specification Development	1 2 3 4 5	1 2 3 4 5
7.	Ability to make decisions	1 2 3 4 5	1 2 3 4 5
8.	Interpersonal communication	1 2 3 4 5	1 2 3 4 5
9.	Conflict resolution	1 2 3 4 5	1 2 3 4 5
10.	Influencing and persuasion	1 2 3 4 5	1 2 3 4 5
11.	Understanding general business conditions	1 2 3 4 5	1 2 3 4 5
12.	Negotiation Skills	1 2 3 4 5	1 2 3 4 5

No.	Description	Current (2005)					Future (2010)				
13.	Managing internal customers	1	2	3	4	5	1	2	3	4	5
14.	Being organized/time management	1	2	3	4	5	1	2	3	4	5
15.	Leadership	1	2	3	4	5	1	2	3	4	5
16.	Inquisitive Nature	1	2	3	4	5	1	2	3	4	5
17.	Salesmanship	1	2	3	4	5	1	2	3	4	5
18.	Managing Risk	1	2	3	4	5	1	2	3	4	5
19.	Entrepreneurial Behavior	1	2	3	4	5	1	2	3	4	5
20.	Customer focus (on the final customer)	1	2	3	4	5	1	2	3	4	5
21.	Managing Change	1	2	3	4	5	1	2	3	4	5
22.	Creativity	1	2	3	4	5	1	2	3	4	5
23.	Planning	1	2	3	4	5	1	2	3	4	5
24.	Tactfulness in dealing with others	1	2	3	4	5	1	2	3	4	5
25.	Problem solving	1	2	3	4	5	1	2	3	4	5
26.	Written communication	1	2	3	4	5	1	2	3	4	5
27.	Process mapping	1	2	3	4	5	1	2	3	4	5
28.	Assessing ethical situations	1	2	3	4	5	1	2	3	4	5
29.	Financial Management	1	2	3	4	5	1	2	3	4	5
30.	Accounting skills	1	2	3	4	5	1	2	3	4	5
31.	Presentation skills	1	2	3	4	5	1	2	3	4	5
32.	Ability to work in teams	1	2	3	4	5	1	2	3	4	5
33.	Strategic Thinking	1	2	3	4	5	1	2	3	4	5
34.	Listening	1	2	3	4	5	1	2	3	4	5
35.	Broad based business skills	1	2	3	4	5	1	2	3	4	5
36.	Common sense	1	2	3	4	5	1	2	3	4	5
37.	Structuring supplier relationships	1	2	3	4	5	1	2	3	4	5
38.	Managing the supply base	1	2	3	4	5	1	2	3	4	5
39.	Using the internet	1	2	3	4	5	1	2	3	4	5
40.	Project management	1	2	3	4	5	1	2	3	4	5
41.	Economic literacy	1	2	3	4	5	1	2	3	4	5
42.	Motivating others	1	2	3	4	5	1	2	3	4	5
43.	Managing others	1	2	3	4	5	1	2	3	4	5
44.	Innovation management	1	2	3	4	5	1	2	3	4	5
45.	Contract writing	1	2	3	4	5	1	2	3	4	5
46.	Personal learning/self development	1	2	3	4	5	1	2	3	4	5
47.	Contract management	1	2	3	4	5	1	2	3	4	5
48.	Inter-personal communications	1	2	3	4	5	1	2	3	4	5
49.	Motivational principles	1	2	3	4	5	1	2	3	4	5
50.	Decision making and problem solving	1	2	3	4	5	1	2	3	4	5
51.	Ethics	1	2	3	4	5	1	2	3	4	5
52.	Cross functional teams	1	2	3	4	5	1	2	3	4	5

List any other skills you would like Purchasing Practitioners within Generation to possess.

Rate the importance of the **KNOWLEDGE** you require of your purchasing personnel. Scale: "1" = not important; "3" = important; "5" = very important.

No.	Description	Current (2005)					Future (2010)				
1.	Production planning	1	2	3	4	5	1	2	3	4	5
2.	Operations Management Issues	1	2	3	4	5	1	2	3	4	5
3.	Material Requirements Planning (MRP)	1	2	3	4	5	1	2	3	4	5
4.	Enterprise Resource Planning (ERP)	1	2	3	4	5	1	2	3	4	5
5.	Just-In-Time (JIT)	1	2	3	4	5	1	2	3	4	5
6.	Logistics/distribution strategy	1	2	3	4	5	1	2	3	4	5
7.	Warehouse Management	1	2	3	4	5	1	2	3	4	5
8.	Inbound transportation	1	2	3	4	5	1	2	3	4	5
9.	Packaging	1	2	3	4	5	1	2	3	4	5
10.	Simulation analysis	1	2	3	4	5	1	2	3	4	5
11.	Value Chain analysis	1	2	3	4	5	1	2	3	4	5
12.	Managing and analyzing inventory	1	2	3	4	5	1	2	3	4	5
13.	Manufacturing process	1	2	3	4	5	1	2	3	4	5
14.	Cycle time management	1	2	3	4	5	1	2	3	4	5
15.	Cost of poor quality	1	2	3	4	5	1	2	3	4	5
16.	Quality assurance practices	1	2	3	4	5	1	2	3	4	5
17.	Total quality management/six sigma	1	2	3	4	5	1	2	3	4	5
18.	Fundamental statistics	1	2	3	4	5	1	2	3	4	5
19.	Concurrent engineering concepts	1	2	3	4	5	1	2	3	4	5
20.	Analysis of suppliers.	1	2	3	4	5	1	2	3	4	5
21.	Understanding technical terms	1	2	3	4	5	1	2	3	4	5
22.	Commodity expertise	1	2	3	4	5	1	2	3	4	5
23.	Supply chain management	1	2	3	4	5	1	2	3	4	5
24.	Supplier relationships management	1	2	3	4	5	1	2	3	4	5
25.	Competitive market analysis	1	2	3	4	5	1	2	3	4	5
26.	Supplier development	1	2	3	4	5	1	2	3	4	5
27.	International sourcing	1	2	3	4	5	1	2	3	4	5
28.	Cultural awareness	1	2	3	4	5	1	2	3	4	5
29.	Managing currency fluctuations	1	2	3	4	5	1	2	3	4	5
30.	Financial evaluation of suppliers	1	2	3	4	5	1	2	3	4	5
31.	Price/cost analysis	1	2	3	4	5	1	2	3	4	5
32.	Economic and market principles	1	2	3	4	5	1	2	3	4	5
33.	Understanding markets/industries	1	2	3	4	5	1	2	3	4	5
34.	Cost accounting principles	1	2	3	4	5	1	2	3	4	5
35.	Activity based costing	1	2	3	4	5	1	2	3	4	5
36.	Learning curve or experience curve	1	2	3	4	5	1	2	3	4	5
37.	Total cost analysis	1	2	3	4	5	1	2	3	4	5
38.	Database management	1	2	3	4	5	1	2	3	4	5
39.	Data warehouse management	1	2	3	4	5	1	2	3	4	5
40.	Business process improvement	1	2	3	4	5	1	2	3	4	5
41.	e-commerce/e-purchasing systems	1	2	3	4	5	1	2	3	4	5

No.	Description	Current (2005)					Future (2010)				
42.	Project management	1	2	3	4	5	1	2	3	4	5
43.	Electronic Data Interchange (EDI)	1	2	3	4	5	1	2	3	4	5
44.	Value analysis	1	2	3	4	5	1	2	3	4	5
45.	Safety issues	1	2	3	4	5	1	2	3	4	5
46.	Legal issues	1	2	3	4	5	1	2	3	4	5
47.	Demand chain management	1	2	3	4	5	1	2	3	4	5
48.	Government regulations	1	2	3	4	5	1	2	3	4	5
49.	Environmental regulations	1	2	3	4	5	1	2	3	4	5
50.	Reengineering principles	1	2	3	4	5	1	2	3	4	5
51.	Lean manufacturing techniques	1	2	3	4	5	1	2	3	4	5
52.	Decision support software	1	2	3	4	5	1	2	3	4	5
53.	Make vs. buy	1	2	3	4	5	1	2	3	4	5
54.	Outsourcing	1	2	3	4	5	1	2	3	4	5
55.	Service buy analysis	1	2	3	4	5	1	2	3	4	5
56.	Group dynamics	1	2	3	4	5	1	2	3	4	5
57.	ISO 9000 - 2000 regulations	1	2	3	4	5	1	2	3	4	5
58.	Supplier evaluation	1	2	3	4	5	1	2	3	4	5
59.	Early supplier involvement	1	2	3	4	5	1	2	3	4	5
60.	Pricing techniques	1	2	3	4	5	1	2	3	4	5
61.	Financial and accounting basics	1	2	3	4	5	1	2	3	4	5
62.	Capital equipment purchases	1	2	3	4	5	1	2	3	4	5
63.	Purchasing strategies and plans	1	2	3	4	5	1	2	3	4	5
64.	Standardization programs	1	2	3	4	5	1	2	3	4	5

List any other areas of knowledge you would like Purchasing Practitioners within Generation to possess.

Thank you for your time.

Source: Adapted from: Giunipero & Handfield (2004: 117).

APPENDIX C

CORE COMPETENCY ANALYSIS OF A PROFESSIONAL WORLD CLASS PROCUREMENT PRACTITIONER WITH REFERENCE TO GENERATION GROUP OF ESKOM

Generation Training Manager

PERSONAL DATA

26. First Name : _____

27. Surname : _____

28. BU : _____

29. Job Title : _____

30. Job Grade : _____

31. Is there a *formal career development program* for Procurement Professionals within the Generation Group?

Current (2005)	Future (2010)

32. Does Eskom have a formal *training program* for Procurement Professionals within the Generation Group?

Current (2005)	Future (2010)

33. Does Eskom conduct *needs analysis* of the Procurement Professionals within the Generation Group?

Current (2005)	Future (2010)

34. If the answer is “yes” to the abovementioned question, how often is this needs analysis conducted? (please tick in the appropriate box).

Description	Current (2005)	Future (2010)
Bi-annually		
Annually		
Every two years		
Every five years		
On an as and when required basis		

35. In the needs analysis of each Purchasing Practitioner, the job requirements are compared to: (please tick all that apply).

Description	Current (2005)	Future (2010)
Job Description		

Required skills		
An ideal skill set for the position		
Actual skill level attained		
A perceived gap in employee skills		
A skill development model		
The annual performance contract		

36. What *methods* are utilized for training your purchasing employees? (please tick all that apply).

Description	Current (2005)	Future (2010)
Informal (on job training)		
Coaching		
Mentoring		
Functional Rotation Training		
Formal Class Room Training		
Electronic or Internet Based Training		

37. What *tools* are used to support training? (please tick all that apply).

Description	Current (2005)	Future (2010)
Formal classroom/instructor led training		
Virtual classroom(facilitation via video conferencing)		
Teleconferencing (facilitation via teleconferencing)		
Self paced e-learning courses offered via Intranet/internet		
Videotapes – self paced		
Workbooks and manuals self paced		
CD-ROM/DVD self paced		
Satellite/broadcast TV		
On the job/informal		

38. How often are the following training methods used? ("1"= never, "3" sometimes, "5" always)

Description	Current (2005)	Future (2010)
Formal classroom/instructor led training	1 2 3 4 5	1 2 3 4 5
Virtual classroom(facilitation via video conferencing)	1 2 3 4 5	1 2 3 4 5
Teleconferencing (facilitation via teleconferencing)	1 2 3 4 5	1 2 3 4 5
Self paced e-learning courses offered via Intranet/internet	1 2 3 4 5	1 2 3 4 5
Videotapes – self paced	1 2 3 4 5	1 2 3 4 5
Workbooks and manuals self paced	1 2 3 4 5	1 2 3 4 5
CD-ROM/DVD self paced	1 2 3 4 5	1 2 3 4 5
Satellite/broadcast TV	1 2 3 4 5	1 2 3 4 5
On the job/informal	1 2 3 4 5	1 2 3 4 5

39. What sources deliver the training interventions as stipulated in the Procurement Curriculum?

a) Internal company personnel specializing in training (0 – 100%)

Current (2005)	Future (2010)

- b) Internal company functional/divisional experts (0 – 100%)

Current (2005)	Future (2010)

- c) External Service Providers (0-100%)

Current (2005)	Future (2010)

40. What measures does Generation use to evaluate training effectiveness? (tick all that apply).

- a) Course evaluations with the course, prior to assessment

Current (2005)	Future (2010)

- b) Course evaluations after the assessment

Current (2005)	Future (2010)

- c) Course evaluations after a time period (e.g. 3/6 months)

Current (2005)	Future (2010)

- d) Needs assessment (Pretest and post test) of knowledge

Current (2005)	Future (2010)

- e) Performance evaluation (before and after training)

Current (2005)	Future (2010)

- f) Other (please specify)

41. Approximately what percentage of Procurement Personnel attends purchasing courses annually?

Current (2005)	Future (2010)

42. Does Legislation stipulate the amount of time Employees should spend in training annually? If "yes" please state the percentage/days.

Thank you for your time.

APPENDIX D

Legend:

Agreement between the Generation Training Manager and the Senior Procurement Development Advisor – Procurement	✓
Training Manager	✓
Senior Practitioner Development Advisor	✓

43. Is there a *formal career development program* for Procurement Professionals within the Generation Group?

Current (2005)	Future (2010)
✓	✓

44. Does Eskom have a formal *training program* for Procurement Professionals within the Generation Group?

Current (2005)	Future (2010)
✓	✓

45. Does Eskom conduct *needs analysis* of the Procurement Professionals within the Generation Group?

Current (2005)	Future (2010)
✓	✓

46. If the answer is “yes” to the abovementioned question, how often is this needs analysis conducted? (please tick in the appropriate box).

Description	Current (2005)	Future (2010)
Bi-annually		
Annually	✓	✓
Every two years		
Every five years		
On an as and when required basis		

47. In the needs analysis of each Purchasing Practitioner, are the jobs requirements are compared to skills required. (Please tick all that applies).

Description	Current (2005)	Future (2010)
Job Description	✓	✓
Required skills	✓	
An ideal skill set for the position		✓

Actual skill level attained		
A perceived gap in employee skills		
A skill development model		
The annual performance contract		

48. What *methods* are utilized for training your purchasing employees? (Please tick all that applies).

Description	Current (2005)	Future (2010)
Informal (on job training)	✓	
Coaching		✓
Mentoring		✓
Functional Rotation Training		✓
Formal Class Room Training	✓	✓
Electronic or Internet Based Training		✓

49. What *tools* are used to support training? (Please tick all that applies).

Description	Current (2005)	Future (2010)
Formal classroom/instructor led training	✓	✓
Virtual classroom(facilitation via video conferencing)		
Teleconferencing (facilitation via teleconferencing)		
Self paced e-learning courses offered via Intranet/internet		✓
Videotapes – self paced		
Workbooks and manuals self paced		✓
CD-ROM/DVD self paced		
Satellite/broadcast TV		
On the job/informal		✓

50. How often are the following training methods used? ("1"= never, "3" sometimes, "5" always)

Description	Current (2005)	Future (2010)
Formal classroom/instructor led training	1 2 3 4 5	1 2 3 4 5
Virtual classroom(facilitation via video conferencing)	1 2 3 4 5	1 2 3 4 5
Teleconferencing (facilitation via teleconferencing)	1 2 3 4 5	1 2 3 4 5
Self paced e-learning courses offered via Intranet/internet	1 2 3 4 5	1 2 3 4 5
Videotapes – self paced	1 2 3 4 5	1 2 3 4 5
Workbooks and manuals self paced	1 2 3 4 5	1 2 3 4 5
CD-ROM/DVD self paced	1 2 3 4 5	1 2 3 4 5
Satellite/broadcast TV	1 2 3 4 5	1 2 3 4 5
On the job/informal	1 2 3 4 5	1 2 3 4 5

51. What sources deliver the training interventions as stipulated in the Procurement Curriculum?

a) Internal company personnel specializing in training (0 – 100%)

Current (2005)	Future (2010)
10%	0%

b) Internal company functional/divisional experts (0 – 100%)

Current (2005)	Future (2010)
40%	40%

c) External Service Providers (0-100%)

Current (2005)	Future (2010)
50%	60%

52. What measures does Generation use to evaluate training effectiveness? (tick all that apply).

a) Course evaluations with the course, prior to assessment

Current (2005)	Future (2010)
✓	

b) Course evaluations after the assessment

Current (2005)	Future (2010)
	✓

c) Course evaluations after a time period (e.g. 3/6 months)

Current (2005)	Future (2010)
	✓

d) Needs assessment (Pretest and post test) of knowledge

Current (2005)	Future (2010)
	✓

e) Performance evaluation (before and after training)

Current (2005)	Future (2010)
	✓

f) Other (please specify)

Another measurement would be to identify areas that are affecting the business, and to measure their effect on the business. Training would then be conducted to fix these problem areas and measure performance improvement after the training.

53. Approximately what percentage of Procurement Personnel attends purchasing courses annually?

Current (2005)	Future (2010)
30%	60%

54. Does Legislation stipulate the amount of time Employees should spend in training annually? If “yes” please state the percentage/days.

- 9 days and decreasing to 6 in the future(according to the Purchasing Training Advisor)
- 10 – 12 according to the Generation Training Advisor

APPENDIX E

Example of an Adult Learning Contract

Learning Objectives	Learning Resources	Completion Date	Learning Outcomes	On-going Reflection
What do you want to learn?	What resources will you use to help you learn? For example, will you use resource people, teacher resources, research?	What is your target date for completion?	How are you going to know that you learnt what you wanted to learn? For example, will it be based on self evaluation, peer evaluation, etc?	How do you expect your behavior, way of working or thinking will change as a result of your new knowledge or understanding?

Source: <http://www.papathways.org/PDFs/StepbyStep3pdf>

APPENDIX F

Adult Basic Principles

Facilitators will be more successful if they understand the basic principles of Adult Learning.

This guide reviews some of the basic principles and asks some questions to guide facilitators to put the principles into practice.

Principle	Putting it to Practice
1. Learning is enhanced when it is immediately applicable to real life contexts.	What are some of the ways you can make training applicable for participants?
2. Learning is enhanced when adults have control or influence over the educational experiences.	What are some of the ways you can give participants control over their learning?
3. Learning depends upon past and current experience.	What are some of the ways you can use learner's experiences as a resource for learning?
4. Learning depends upon active involvement of the learner.	What are some of the ways you can keep learners stimulated and involved?

Principle	Putting it to Practice
5. Learning depends upon a climate of request and comfort.	What are some of the ways you can create a safe, respectful, comfortable learning atmosphere?
6. Learning is enhanced when learners achieve self direction.	What are some of the ways you can encourage learners to be more self-directed and to continue learning on the job?
7. Adult learning is enhanced when connections are created.	How can you create connections among participants and to the workplace?
8. Adult learning is enhanced when learners are successful.	What are some of the ways you can help ensure that learners are successful?

APPENDIX G



Current Procurement Curriculum

Business Event No.	Module Name	Number of Days	Service Provider/s
	On Job Training	ongoing	To Be Advised
48001009	Introduction to Purchasing	3	Commercial Training
48001436	General Health and Safety Training (GHSTC) (NOSA)	1	HASLAC Tel: (011) 312-0828/9
49055819	Microsoft Training	5	VB & Associates Telephone: (011) 651-6779
49055915	Low Value Purchasing	2	Commercial Training
48001621	SAP Training – PR 1 – Buyer and Manager Training	3	Business Applications Solution Centre (BASC) Vanessa Mouton (011) 651-2049
	NEC Supply Contract	1	Head Office Supply Chain Management Office
48002530	VAT Training	1	Corporate Finance
48001052	Labour Taxation Course	½ day	Corporate Finance
	Purchasing Calculations	3	Commercial Training
48002320	Office Management/Time Management	1	Secreteq Telephone: (011) 662-1628
49076980	Customer Interface Training	2	Nyathela Consulting 2 CC Tel: (011) 318-1985 Cell: 082 418 8946 (Contract with Commercial Training)

PROCUREMENT LEVEL 1

	On Job Training	Ongoing	To Be Advised
49082409	Negotiation Skills	2	Contraq Solutions Telephone: (011) 465 9436 (Contract with Commercial Training)
49153061	Principles of Inventory Management	5	Generation Commercial
	Know your Product	To be Advised	To be Advised
49057103	Practical Business Law	2	CBM Training Tel: (011) 450-3960
49056282	Anyone of the following NEC courses: ▪ NEC - Engineering & Construction Contract (ECC) or	3	Keverne Botes Tel: (011) 803-1758 Cell: 083 783 1758 (Contract with Commercial Training)
49056288	▪ NEC – Engineering & Construction Short Contract (ECSC) or		
49082138	▪ Professional Services (PSC) or		
49166085	▪ General Services Contract (GSC)		
48001622	SAP Training – PR2 – Contract Buyers	3	Business Applications Solution Centre (BASC) Vanessa Mouton (011) 651-2049
48001027	SAP Training- IV7 – Consignment Stock	2	Business Applications Solution Centre (BASC) Vanessa Mouton (011) 651-2049
48001623	SAP Training – PR4 – Vendor Master	2	Business Applications Solution Centre (BASC) Vanessa Mouton (011) 651-2049
48000315	Basic Report Writing	2	Mandate Training Telephone: (011) 728-5849
48000729	Finance for Non-Financial Managers	2	BL2000cc (012) 658-5156
49084964	FOREX	2	Corporate Finance
49086971	CPA	1	SEIFSA Telephone: 833-6033 (Contract with Commercial Training)
49087585	Insurance	1/2 day	Corporate Finance
	Strategic Sourcing & Supplier Management	To be advised	To be Advised
49171985	Enquiries	3	Commercial Training

Business Event No.	Module Name	Number of Days	Service Provider/s
	Evaluation and Adjudication of Tenders	2	Commercial Training
	Deconstructing Price & Price Analysis	2	ADR Telephone: (011) 44774450
48000313	Presentation Skills	2	Business Presentation Skills Pty Ltd. (011) 444-3680
	Scrap Disposal	To be advised	To be Advised
PROCUREMENT LEVEL 2			
	On Job Training	Ongoing	To Be Advised
48001729	Project Management	3	GSDP Program Coert Kruger Telephone: (013) 693-2264
48002237	Supply Chain Management	4	Commercial Training
	International Purchasing (Import and Export)	5	To be advised
48001624	SAP Training – PR 5 – Procurement Reporting Course	3	Business Applications Solution Centre (BASC) Vanessa Mouton (011) 651-2049
	Purchasing Management	To be advised	To be Advised
PROCUREMENT LEVEL 3			