



**ANALYSIS OF THE IMPACT OF SUPPLY CHAIN MANAGEMENT CHALLENGES
ON SUPPLY CHAIN MANAGEMENT PERFORMANCE AT THE DEPARTMENT OF
SOCIAL DEVELOPMENT IN GAUTENG PROVINCE**

By

SIHLE MNDAWENI

217033001

A dissertation submitted in partial fulfilment of the requirements for the degree of

MASTER OF COMMERCE LEADERSHIP STUDIES

Graduate School of Business & Leadership

College of Law and Management Studies

University of KwaZulu-Natal

Supervisor: Prof Theuns Pelsler

2018

DECLARATION

I Sihle Mndaweni declare that

- i) The research reported in this dissertation/thesis, except where otherwise indicated, and is my original research.
- (ii) This dissertation has not been submitted for any degree or examination at any other university.
- (iii) This dissertation/thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- (iv) This dissertation/thesis does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
 - a) their words have been re-written but the general information attributed to them has been referenced;
 - b) where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- (v) This dissertation/thesis does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source being detailed in the dissertation/thesis and in the References sections.

Signed:

ACKNOWLEDGEMENTS

I wish to thank:

- My heavenly Father, for his grace, support and provision that allowed me to complete this work. May all the glory and honour be given unto him.
- My wife, Mrs Thulisile Carol Mndaweni and my kids for an encouragement, love, understanding, support and prayers.

ABSTRACT

It is imperative that the entire public sector, including the Department of Social Development (DSD), implements a sustainable Supply Chain Management system (SCM) that benefits the current population and future generations. However, both the literature and practical experience show that the public sector supply chain in South Africa is not as effective as it should be. The public sector of South Africa is facing serious challenges in terms of their SCM and the DSD is no exception. This is a serious issue in this Department because it leads to failure in the provisioning of social services, social security, grants and other benefits provided to the needy.

The aim of the study is to analyse the impact of SCM challenges on the performance of the public sector from the perspectives of employees in the DSD in Gauteng Province, South Africa.

A survey questionnaire was used to collect data from seventy (70) employees of the DSD Procurement Department ranging from senior management staff to the floor workers in the Department. Exploratory design was used for the study which provided the researcher with an opportunity to collect data from the respondents. The study employed a quantitative research technique to allow for and good representation of the large number of respondents involved in the study and for the researcher to establish a causal connection between the variables. A questionnaire was administered to the seventy staff members of the Department based on probability sampling and fifty (50) questionnaire were returned for analysis, and the resulting data were analysed using descriptive statistics, and the modal/majority scores facilitated the findings of the study.

It was found that the major challenges impacting on the Department's performance include: non-compliance with the policies and regulations; corruption; fraud; lack of accountability; and lack of measures for monitoring and evaluation. The study recommends: training and development to understand SCM dynamism; zero tolerance with regard to corruption; decentralisation of the SCM system; improvement of key performance indicators; and strict compliance to the rules and policies of SCM procurement in the organisation.

TABLE OF CONTENT

DECLARATION	i
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF FIGURES.....	vii
LIST OF TABLES	viii
CHAPTER 1: INTRODUCTION	1
1.1 Introduction to the Study.....	1
1.2 Background to the Problem	2
1.3 Statement of the Problem.....	4
1.4 Aim and objectives of the Study	5
1.4.1 Objectives of the Study.....	5
1.4.2 Research Questions	5
1.5 Significance of the Study	5
1.6 Research Methodology	6
1.6.1 Research Method	6
1.6.2 Research Design	6
1.6.3 Population and Sampling	7
1.6.4 Research Instrument.....	7
1.6.5 Pilot Study	8
1.6.6 Data Analysis	8
1.7 Envisaged Ethical Considerations	8
1.8 Limitations of the study	9
1.9 Proposed Structure of the dissertation	9
CHAPTER 2: LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Definition of Key terms.....	11
2.3 Trends in SCM in South Africa	12
2.4 Public Procurement	13
2.4.1 Current state of public procurement	14
2.5 Public procurement practices in South Africa	15
2.5.1 An Overview.....	15
2.5.2 Supply Chain Management as a Procurement and Socio-Economic Tool	16
2.6 Regulatory Framework governing Supply Chain Management.....	20

2.6.1	<i>Constitution of the Republic of South Africa 108 of 1996 (Section 217)</i>	20
2.6.2	Public Finance Management Act 29 of 1999 (PFMA)	21
2.6.3	<i>The Municipal Finance Management Act 56 of 2003 (MFMA)</i>	21
2.6.4	<i>Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)</i>	21
2.6.5	<i>Black Broad-Based Empowerment Act 53 of 2003 (BBBEEA)</i>	22
2.6.6	Treasury Regulations.....	22
2.7	Roles of SCM in the Public Sector.....	22
2.8	SCM Challenges in the Public Sector	25
2.8.1	Lack of Proper Knowledge, Skills and Capacity.....	25
2.8.2	Non-Compliance with Policies and Regulation.....	26
2.8.3	Inadequate Planning and Management.....	26
2.8.4	Fraud and Corruption.....	27
2.8.5	The Broad-based Black Economic Empowerment (BBBEE) and its Lack of Potency	27
2.9	Impact of Service Delivery by service providers on Supply Chain Management.	28
2.10	Summary.....	29
Chapter 3: Research Methodology.....		30
3.1	Introduction	30
3.2	Research Design	30
3.3	Research method	31
3.3.1	Target Population	31
3.3.2	Sampling.....	32
3.3.3	Research Instruments.....	32
3.3.4	Pilot Study	34
3.3.5	Data Analysis and interpretation	34
3.3.6	Reliability and validity	35
3.4	Research limitation	35
3.5	Elimination of Bias	36
3.6	Ethical considerations	36
3.7	Summary.....	37
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS		38
4.1	Introduction	38
4.2	Analysis of the Demographic Details.....	38
4.2.1	Analysis of the Respondents' Gender.....	38

4.2.2	Analysis of the Respondents' Age Groups.....	39
4.2.3	Analysis of the Respondents' Operational Unit	40
4.2.4	Analysis of the Respondents' Years of Experience	41
4.3	Findings Pertaining to Research Objective One: SCM challenges faced by the <i>Department of Social Development</i> in Gauteng Province	42
4.3.1	Insufficient knowledge among the Employees.....	43
4.3.2	Challenges pertaining to Non-compliance with Policies and Regulations.....	44
4.3.3	Challenges pertaining to Inadequate Planning and Linking Demand to the Budgets.....	46
4.3.4	Challenges pertaining to High levels of Fraud, Corruption and lack of Accountability	47
4.3.5	Challenges pertaining to Inadequate Measures for Monitoring and Evaluation of SCM.....	49
4.3.6	Challenges pertaining to Unethical Behaviour and Unethical Business Practices	50
4.3.7	Challenges pertaining to Decentralisation of SCM and the Procurement System	52
4.4	Findings Pertaining to Research Objective Two: The Impact of the SCM challenges faced by the <i>Department of Social Development</i> in Gauteng Province.....	53
4.4.1	Low Levels of Clients' Satisfaction in the Social Goods and Services	54
4.4.2	Difficulties in Meeting Short- and Long-term Objectives	55
4.4.3	Short-lived Relationships between the Department and its Partners.....	57
4.4.4	Increased Costs of Procurement	58
4.4.5	Failure to meet important deadlines in SCM Processes	60
4.4.6	Decreasing Ratings of the Department.....	61
4.5	Summary	63
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS.....		64
5.1	Introduction.....	64
5.2	Findings Pertaining to Research Objective One	64
5.3	Findings Pertaining to Research Objective Two	65
5.4	Recommendations.....	65
5.5	Recommendations for Further Studies	67
5.6	Limitation	67
5.7	Conclusion.....	67
APPENDIX I: SURVEY QUESTIONNAIRE		73
APPENDIX II: ETHICAL CLEARANCE CERTIFICATE		75

LIST OF FIGURES

Figure 2.1: Public Procurement Governing Framework in South Africa: SCM process.	16
Figure 4.1: Analysis of the Respondents' Gender	38
Figure 4.2: Analysis of the Respondents' Age Groups	39
Figure 4.3: Analysis of the Respondents' Operational Unit.....	40
Figure 4.4: Analysis of the Respondents' Years of Experience	41
Figure 4.5: Insufficient knowledge among the Employees	43
Figure 4.6: Challenges pertaining to Non-compliance with Policies and Regulations	44
Figure 4.7: Challenges pertaining to Inadequate Planning and Linking Demand to the Budgets.....	46
Figure 4.8: Challenges pertaining to High levels of Fraud, Corruption and lack of Accountability.....	47
Figure 4.9: Challenges pertaining to Inadequate Measures for Monitoring and Evaluation of SCM.....	49
Figure 4.10: Challenges pertaining to Unethical Behaviour and Unethical Business Practices	50
Figure 4.11: Challenges pertaining to Decentralisation of SCM and the Procurement System	52
Figure 4.12: Low Levels of Clients' Satisfaction in the Social Goods and Services	54
Figure 13: Difficulties in Meeting Short- and Long-term Objectives	55
Figure 4.14: Short-lived Relationships between the Department and its Partners	57
Figure 4.15: Increased Costs of Procurement	58
Figure 4.16: Failure to meet important deadlines in SCM Processes	60
Figure 4.17: Decreasing Ratings of the Department.....	61

LIST OF TABLES

Table 2.1: Key terms.....	11
Table 4.1: Gender of the Respondents	39
Table 4.2: Age group of Respondents.....	40
Table 4.3: Respondents' Operational Unit.....	41
Table 4.4: Respondents' Years of Experience.....	42
Table 4.5: The Department has a significant number of employees with insufficient knowledge in the SCM	43
Table 4.6: The Department faces SCM challenges due to non-compliance with policies and regulations	44
Table 4.7: SCM in the department has challenges relating to inadequate planning and linking demand to the budgets	46
Table 4.8: There are high levels of fraud, corruption and lack of accountability throughout SCM in the Department.....	48
Table 4.9: The Department has challenges relating to inadequate measures for monitoring and evaluation of SCM.....	49
Table 4.10: Employees under SCM have a tendency of behaving unethically or of pursuing unethical business practices	51
Table 4.11: The Department has too much decentralisation of the SCM and the procurement system	52
Table 4.12: There are low levels of clients' satisfaction in as far as the social goods and services are concerned.....	54
Table 4.13: The Department finds it difficult to meet its short-term and long-term objectives mandated to it by the government.....	56
Table 4.14: The relationships between the Department and the external parties such as private businesses and suppliers do not last	57
Table 4.15: The Department experiences increasing costs in the process of procuring goods and services from the suppliers to the beneficiaries	59
Table 4.16: The Department fails to meet its deadlines regarding time management, distribution of the right goods and services in the right quantity at the right time	60
Table 4.17: The department' ratings are decreasing	62

CHAPTER 1: INTRODUCTION

1.1 Introduction to the Study

Effective Supply Chain Management (SCM) is considered to be essential for the successful running of organisations (Handfield, Monczka, Giunipero & Patterson, 2009). In terms of public sector management, SCM is acknowledged for its role in distributing resources from one point to another (Bac & Erkan, 2011). The South African Government has also been benefiting from the services of SCM since its inception in 2003 (Ambe, 2009).

According to Ambe & Badenhorst-Weiss (2011b) the use of SCM in the South African public services tends to move from a rule-based procurement system to an integrated SCM system so as to improve the management of public finances and to provide value-added public goods and services. Contemporary SCM in public services, implemented initially at the stage when acquisition takes place, adds value to all the logistics throughout the process until the goods and services are delivered and, finally, after use, in their disposal (Van Gruenen & Van Niekert, 2010).

Scholars such as Migiro & Ambe (2008) note that SCM in the public services in South Africa is essential in the sense that it addresses all the potential challenges relating to procurement, deficiencies in contracts, poor planning as well as stock control and this leads to the promotion of standardised practices. Some scholars speak of the heavy spending of the South African government on training and development of SCM personnel in a bid to improve the entire performance of the public sector (Van Gruenen & Van Niekert, 2010). Important trainings and workshops necessary for providing guidelines for the effective implementation of SCM and to improve service delivery have been instituted.

However, the review of literature reveals that there are still significant challenges to be faced in SCM despite the government's efforts (Ambe, 2009). Regardless of the skills acquisition, training and development of SCM practitioners, Ambe & Badenhorst-Weiss (2011a) note that the majority of the government Departments are still far from satisfactory in their SCM performance. The Department of Social Development in Gauteng Province is not an exception since it faces several SCM challenges that affect its performance. Based on this background, this study was conducted to ascertain how

SCM challenges affect the public sector's performance using the Department of Social Development (DSD) in Gauteng Province, South Africa as a case study.

This introductory chapter provides the background information that subsequently leads to the problem statement. It also gives an overview of the study in terms of the aim, research questions, objectives as well as the need for the study. Literature on SCM regarding its importance, challenges and implications in the public sector is reviewed. The chapter also provides a discussion on the methodology implemented to collect and analyse data as well as the ethical considerations observed throughout the entire project.

1.2 Background to the Problem

The process of SCM involves a combination of practices and processes used by individuals and organisations to manage and to coordinate the supply of goods and services. (Miao, Xi & Yu, 2010). SCM has also been described as “the systems approach to managing the entire flow of information, materials and services from the raw materials suppliers through factories and warehouses to the end customer” (Leenders & Fearon, 2004: 10). Christopher (2005) maintain that SCM refers to the existing relationships between the suppliers and customers regarding the acquisition, distribution and delivery of added-value goods and services at a reduced cost. In other scholarly articles, Gansler et al., (2004) expressed the view that SCM involves the implementation of management and control measures on all the supplies such as funds, materials and information while acquiring raw materials, converting them and delivering final products or semi-finished ones. Considering these definitions, studies by Ghaderi, Darestani, Leman & Ismail (2010) to improve the performance of supply chain concluded that SCM is three-facetted – it incorporates a management philosophy, the implementation of a management philosophy and constitutes a set of management processes. All these categories are important in order to create profitable and sustainable relationships between all the parties involved in the distribution. These partners in an enterprise collectively aim at increasing customer value.

Bearing in mind that the public sector is the primary source of the production and provision of public, community and collective goods and services, the issue of SCM should be treated as a matter of serious concern. The introductory section revealed that SCM is important in contemporary business practices and should be placed at the

focal point in public sector provisioning because it forms the foundations on which the supply of public goods and services is based (Bac & Erkan, 2011). Ambe & Badenhorst-Weiss (2011a; 2011b) state that SCM in public services management focuses on the coordination of key stakeholders responsible for the delivering of the inputs, outputs or outcomes that meet the specifications or requirements of specific public sectors. In terms of the Department of Social Development (DSD), SCM focuses on streamlining the chain through which social services such as social security, grants, social protection and the provision of social goods and services to the needy are delivered from the suppliers to the final consumers. The stakeholders involved in this supply chain process include the private organisations that are procured by the Department, the accounting officers as well as the office workers who collectively decide how the social services are delivered (Bac & Erkan, 2011).

It is imperative that the entire public sector including the DSD implements a sustainable SCM system that benefits current people and future generations (Migiro & Ambe, 2008). Van Gruenen & Van Niekert (2010) indicated that the government of South Africa invests a lot of money to enhance skills in the field of SCM so as to ensure that there is consistency, economic development and good governance. However, the *Public Sector Commission of South Africa* has reported major shortcomings which include challenges in SCM, inefficient and ineffective procurement processes as well as deficiencies in the proper implementation of strategic and sustainable policies (Hanuman, 2013). Research in public sector management has shown that the government is struggling to maintain a balance in the provision of quality goods and services, delivery time, price and it faces other procurement issues (Dube, 2012). In addition, Mhlongo (2014) also notes that there are challenges relating to non-compliance to policies, poor implementation of strategic sourcing, lack of skilled personnel, the use of manual transactions, increased staff turnover and other overhead costs. Ambe & Badenhorst-Weiss (2011a) point out that the majority of the public sector organisations and Municipalities fail to achieve their objectives and public expectations regarding the provision of community goods and services. Further, the *Business Day Report* (20 October 2011) also reported that the issue of challenges revolving around SCM in the public sector have gained wide coverage as a result of the increasingly poor performance of the majority of the government Departments. In light of these irregularities, it is crucial to investigate the associated challenges faced

by public sector with regard to SCM. How do the challenges in SCM impact on the performance of the public sector? What frameworks can be used to enhance SCM implementation for the benefit of the public sector? These questions form the core of this study.

1.3 Statement of the Problem

The review of the theoretical findings has shown that SCM is an important element not only in the creation of value for the customers, but also in establishing long-lasting and beneficial networks among business organisations. SCM in the public sector is also acknowledged for its role in ensuring a smooth process and linkage between different industrial sectors: primary, secondary and tertiary. Considering the roles of SCM, the DSD in South Africa is expected to benefit through sustainable and satisfying services that give suitable consideration to ethical issues and to the provision of fair deals, accountability as well as equality (Van Gruenen & Van Niekert, 2010).

The preceding discussions has also shown that the government, through several available initiatives, embarks on training and development of the employees in SCM in order to enhance their skills. This has important implications in the sense that it increases customer value, improves the social standing of the needy and also establishes a beneficent relationship between supply and distribution of raw products and finished goods to the end-users. However, while SCM is acknowledged by the public sector for its role in promoting and maintaining equity, sustainability and efficiency, Dube (2012) and Hanuman (2013) note that the majority of Departments in the government of South Africa are far from reaching their expectations in terms of supply chain efficiency. Mhlongo (2014) notes that supply chain challenges which include non-compliance with policies, poor implementation of strategic sourcing, lack of skilled personnel, the use of manual transactions, increased staff turnover and increasing overhead costs have negatively affected the operations and performance of public institutions.

The DSD – which undoubtedly is an important institution in South Africa – also faces irregularities in terms of its SCM. This Department, like any other failing sector, has reportedly faced continuous challenges in SCM since 2003 when SCM was introduced (Ambe & Badenhorst-Weiss, 2011a; 2011b). Considering this background information,

this study will be carried out to analyse the impact of SCM on public sector's performance with the main focus on the DSD in Gauteng Province, South Africa.

1.4 Aim and objectives of the Study

This study aims to analyse the impact of SCM challenges on the performance of the public sector from the perspectives of employees in the DSD in Gauteng Province, South Africa.

1.4.1 Objectives of the Study

The research objectives of this study are as follows:

- To investigate the SCM challenges faced by the DSD in Gauteng Province, South Africa;
- To ascertain the impact of the SCM challenges faced by the Department in its performance; and
- To provide recommendations on possible frameworks that can be implemented to enhance SCM and to improve the performance of the Department.

1.4.2 Research Questions

The study is conducted to find answers to the following research questions:

- What are the SCM challenges faced by the DSD in Gauteng Province, South Africa?
- What is the impact of the SCM challenges faced by the Department in its performance?
- What recommendations or frameworks can be proposed to enhance SCM and to improve the performance of the Department?

1.5 Significance of the Study

The public sector of South Africa is facing serious challenges in terms of their SCM and the DSD is not an exception to these challenges. This is a serious issue in this Department because it leads to failure in the provisioning of social services, social security, grants and other benefits provided to the needy. The situation further worsens because this Department mostly caters for the vulnerable groups in the community

such as the elderly, disabled, orphans and the unemployed through the social grants system. This research is significant in the sense that it attempts to provide recommendations on several initiatives that can be employed to ensure an improvement in SCM and in the overall performance of the Department in question. This will be done through the determination of the challenges faced in the SCM and how these impact on the Departmental performance. Consequently, this research will be used by various stakeholders and policy makers as a recommendation for the improvement of public sector provisioning through SCM. This study is also important for the existing scholarship on SCM in public management and will therefore add to the existing empirical and theoretical findings related to the study at hand.

1.6 Research Methodology

This section highlights the methodological approach that was used in this study to answer the research questions. The section discusses the research method that will be used, the research design, population of the study, sampling methods, the research instruments, data collection and analysis.

1.6.1 Research Method

There are three research methods that can be used in a study namely: quantitative, qualitative and mixed-methods. The Quantitative method makes use of numerical data whilst the qualitative method involves non-numerical data. Mixed-method is a combination of these two methods. This study will make use of quantitative research methodology. According to Cant, Gerber-Nel, Nel & Kotze (2011) quantitative research methodology involves the investigation of phenomena by testing a theory that can be measured numerically and analysed statistically. The research will use this research method in order to ensure that quantitative figures are generated and also to ensure that the results are expressed statistically. This method will also be used because it allows the testing of causality between two or more variables determined in the study. Further, the results obtained will be generalizable.

1.6.2 Research Design

According to Bryman & Bell (2010), research design provides a framework for the collection and analysis of data. On the other hand, Cooper & Schindler (2006) state that research design is a blueprint or plan of action that provides guidelines used to

answer the research questions. There are different approaches to research designs namely; exploratory research design, explanation research design, causality research design which are all important in the collection of data. However, all of these are normally used in a qualitative study meaning that this study will adopt one that is applicable to a quantitative study. As a result, descriptive research design will be used in this study. Descriptive research methodology is a scientific method which involves observing and describing the behaviour of a subject under study without influencing it in any way (Clarke, 2005). This method of design will be used in this research because it provides for the use of a survey which gives the researcher a chance to use different instruments to collect data from the respondents.

1.6.3 Population and Sampling

According to Neil (2007), population of the study refers to the total number of units that have [he researcher's desired characteristics". The research population consists of all the employees in the SCM Department who range from the senior managers to the floor workers in the Department of Social Development in Gauteng Province and they all add up to 70 employees. All the workers in this Department will be chosen as they will help to shed light on the challenges they face within their departments as well as to know how these affect performances.

Following population identification, the researcher will also consider a manageable sample that is representative. There are two approaches to sampling; probability sampling and non-probability sampling. Creswell (2009) states that in "non-probability sampling method there is no probability for any element of the population to be included in the study". On the other hand, probability sampling methods give each member of the population an equal chance to participate in a study, hence it is believed that there will be less bias and relatively high reliability (Creswell, 2009). This method will be used to select 50 respondents from the total population which will be considered the sample size.

1.6.4 Research Instrument

The study employed the use of a structured closed-ended questionnaire to collect primary data. According to Cant et al., (2011) a questionnaire refers to a set of pre-formulated questions to which respondents record their answers, usually within closely

defined alternatives. The choice of questionnaire was *in tandem* with the quantitative nature of the study.

1.6.5 Pilot Study

Before the collection of primary data, the questionnaire will be tested to determine whether or not it captures all the important information required to answer the research questions. This will be done through a pilot study on 10 employees from the population who will not form part of the final sample. Churchill, Suter & Brown., (2010), maintain that a pilot study, also referred to as a pre-test, involves “testing of the questionnaire on a small sample of respondents so as to make corrective action to any potential problems it might have”. This will help the researcher to have an understanding of whether or not the respondents understand the questions and it also makes provision for the correction of any irregularities, or mistakes found in the instrument.

1.6.6 Data Analysis

Upon completion of the primary data collection, the questionnaires are prepared for data analysis. According to Cant et al., (2011), data analysis refers to the practice in which raw data is regimented and organised so that useful information can be extracted from it. The primary data collected will be categorised into different parts after editing, coding and the conducting of validity and reliability testing. This will be done to make sure that the categories of data involved will be managed easily and analysed using different statistical tools. Descriptive statistics will be used as the main analysis method. According to Cooper & Schindler (2006), descriptive statistics is a method of data analysis that uses description of the distribution of scores.

1.7 Envisaged Ethical Considerations

The researcher made formal application to the *Research and Ethics Committee* of the University of KwaZulu Natal to obtain an *Ethics Clearance Certificate* and this was granted to conduct this study. Thus, the study will be carried out in full compliance with the *University’s Research Ethics Policy and Guidelines*. Voluntary participation will be strictly adhered to and the respondents will be notified that, should they participate in this study they will do so at their own free will and they have the right to stop participating at any time. The research information used in this study will be used solely for academic purposes and high levels of privacy and confidentiality will be maintained.

1.8 Limitations of the study

The scope of the study is limited to the supply chain management challenges on performance at the department of social development in Gauteng province South Africa. As such, the explanation offered in this research are limited to the impact of supply chain management challenges and performance management. The population of this study was limited to the department of social development in Gauteng, another province from the researcher's university in South Africa. Therefore, the empirical outcome of the study was limited to the department of social development and corporate anonymity and confidentiality was respected.

1.9 Proposed Structure of the dissertation

This dissertation is structured as outlined below:

Chapter One: Introduction

This is the introductory chapter where the background information and motivation for carrying out the research is provided. The chapter also gives the aim of the study, followed by the research objectives. This subsequently leads to the research questions and then the significance is also ascertained.

Chapter Two: Literature Review

This is a literature review chapter which provides a discussion of the theoretical and empirical discourses on the variables under study. This chapter outlines the available literature and then finds gaps that exist in the available literature. The chapter also explains the key terms under SCM, the challenges faced, the impact of the challenges, as well as possible solutions.

Chapter Three: Research Methodology

This chapter defines the methodology applied to the entire study and defines the research methods, the research design, the target population, the sampling methods and the sampling techniques, research instrument, questionnaire construction, pilot study, data collection and analysis as well as ethical issues.

Chapter Four: Data Analysis, Presentation and Discussion of Findings

This chapter presents the data analysis and presents findings in the form of graphs for easy interpretation. The chapter also discusses the findings, conceptualises the relationships that exist and reveals the literature gaps.

Chapter Five: Conclusions and Recommendations

This is the concluding chapter of this research. It provides answers to the research questions listed in the first chapter and provides a summary of the entire study. Recommendations to the *Department of Social Development* will be provided in this chapter as well as recommendations for further studies.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Since 2004 SCM has risen to a position of prominence in the ongoing transformation of financial management processes in the South African public sector (Mkhize, 2004; *National Treasury*, 2005a; Ambe &Badenhorst-Weiss, 2011b). SCM complements the National financial management reforms that started in the mid-nineties with the aim of improving the procurement system within the public sector and to improve service delivery. According to Ismay (2008), the aim was to move from the existing procurement system, which is driven by various rules, to an integrated SCM system.

This section provides a literature review for this study. The section provides definitions of key terms used in this study and provides a discussion of the latest trends in Supply Chain Management (SCM) in South Africa. Further, the section stresses the importance of proper SCM in the public sector as well as the challenges faced in achieving this.

2.2 Definition of Key terms

In this study, the key terms used are SCM, public sector as well as performance. The definitions of these terms are tabulated below.

Table 2.1: Key terms

Supply Chain Management (SCM)	The integration of key business processes among a network of interdependent suppliers, manufacturers, distribution centers, and retailers in order to improve the flows of goods, services, and information from original suppliers to final customers, with the objectives of reducing system-wide cost, while maintaining required service levels (Simchi-Levi & Kaminsky, 2000)
	SCM encompasses the planning and management of all activities involved in-sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers” (<i>Council of Supply Chain Management Professionals</i> , 2004)

	The management and integration of the entire set of business processes that provides products, services and information that add value for customers (Cooper, Lambert, & Pagh, 1997)
Public Sector	The public sector is that section of the economy that is under the direct control of the government. It is otherwise known as the government or state sector. The sector exists to provide public goods and operates on a non-profit making basis (Ferreira, 2007)
Performance	Performance consists of financial and non-financial indicators which determine and provide details pertaining to the degree of achievement of objectives and results (Lebans & Euskara, 2006)

2.3 Trends in SCM in South Africa

The concept of SCM was introduced in the public sector of South Africa by the government in 2003 (*National Treasury, 2005b*). This concept builds on the initial financial management practices that were implemented after the dawn of democracy of South Africa in the mid-1990s. The financial management practices in question include the *Medium-Term Expenditure Framework (MTEF)*, the *Public Finance Management Act (PFMA)* and the *Performance Based Budgeting (PBB)* among others (Ismay, 2008, *National Treasury, 2005b*). The essence of resulting SCM policy framework was the promotion of the new public management model through improved financial management and provision of value-added goods and services to the public who are the ultimate government customers (*RSA National Treasury, 2005a*). The SCM policy framework was also introduced to ensure that there is consistent application of the supply chain processes within all government entities, to ensure that the legislation on preferential procurement is standardised across the board and “to complete the cycle of financial management reforms introduced by the PFMA. In doing so, the public sector of South Africa aims to achieve the goals of good governance, provide services that represent value for money, conduct ethical business practices, achieve economic growth and ensure the existence of open and effective competition among suppliers. The immediate stakeholders who make use of this framework are the accounting officers, policy makers and other authorities and their responsibility is

to ensure that SCM processes are administered based on the requirements of public finance systems (Ambe, 2009).

It is worth mentioning that despite the reforms in public procurement and ensuing adoption of SCM as a strategic tool, South African public sector procurement is still being confronted with a myriad of challenges.

The SCM Review (2015) noted that the public expenditure is still very high in spite of the mounting concerns about rot in the current procurement practices. The popular view is that the problem stems from corruption, and inefficiencies in the implementation of the procurement processes. The degeneration in public procurement is not unconnected to the rising number of service delivery protests in the country, which signals the prevailing dissatisfaction with basic services. There is a pervasive perception that the SCM policy framework remains a lifeless document that enjoys little or no compliance whatsoever. Similar sentiments hold sway about tender irregularities in most government institutions (*Business Day*, 2011). According to the *Business Day report* (October 20, 2011: Front Page) the government incurred about R26.4 billion worth of irregular expenses in 2010 in breach of the SCM laws and regulations. *The business Day (2011)* also reported that the volume of irregular expenses incurred by the various tiers of government in the country between 2010 and 2011 increased by 62% (about a R13 billion increase) (*Business Day*, 2011). Munzhedzi (2016) also pointed out that two major banes of the South African public sector are irregular procurement practices and corruption. It is imperative to note that SCM practices have a bearing on public sector performance and service delivery within the public sector. *The National Treasury* has been in the forefront of attempts to improve the public sector procurement practices with a view to ameliorating the socio-economic issues within the country.

2.4 Public Procurement

In the South African context, procurement serves as both a strategic tool and an enabling mechanism for socio-economic development and transformation policies implementation (Turley and Perera, 2014). Therefore, public procurement operates in an environment of increasingly intense scrutiny and accelerated changes that are anchored in technology deployment, programme reviews, and political expectations (Bolton, 2006; Eyaa & Oluka, 2011). Procurement is a business process with an

underlying political undertone and significance (Wittig, 2007:2; Watermayer, 2011:8). In South Africa procurement is of particular significance in the public sector as it is being used as one of the policy tools for correcting the discriminatory and unfair practices of the past (Bolton, 2006:193).

2.4.1 Current state of public procurement

Proper procurement has the propensity to improve public sector productivity through economies of scale and savings (Gurria, 2016:3). Kashap (2004:133) describes procurement “as an indispensable economic activity for good governance”. Perhaps this stems from the fact that both independent nations’ donor agencies, funding institutions, and international aid organizations implement their developmental programmes and assistance aimed at fighting diseases, poverty reduction or any other economic and social development intervention, through the recipient national procurement processes.

The phrase ‘Public Procurement’ refers to the acquisition of goods, services and works by government entities and state-owned enterprises. The public procurement process describes the sequence of activities, which starts with a need assessment, and ultimately ends with payment. In between these two extremes are other process like request for proposals, contracts, awarding contracts and management processes (OECD, 2015). Reliable procurement practices will ensure that funds are used for items that are intended to benefit the public. The goods and services so procured more often than not are provided by private enterprise. The government, the general public and private suppliers thus all have a direct interest in public procurement. Public procurement consumes a substantial portion of tax revenue this constitute approximately 12% of GDP and 29% of government expenditure in OECD member countries (OECD, 2015)

Given the large portion of public resources that goes into procurement, it is important that the procurement process should always be executed in a manner that will ensure high quality service delivery and safeguard the public interest. All these can only happen if the processes involved are executed in an accountable, transparent and well-managed manner (Heggstad, et al, 2010:3; OECD, 2015). Therefore, public procurement remains the most vulnerable conduit for waste, fraud and corruption among all government activities. This is partly because of the magnitude of the

financial flows involved. Public procurement is usually used as a major vehicle to achieve social policy objectives like creation of jobs, protecting the interest of minority groups, fair labour practices promotion such as patronage and utilisation of physically challenged citizens (Uyarra and Flanagan, 2009:2)

2.5 Public procurement practices in South Africa

2.5.1 An Overview

Government procurement in South Africa has evolved to become an explicit tool for pursuing socio-economic objectives (Turley and Perera, 2014). Procurement practices in the South African public sector are being used to achieve both industrial, social and environmental goals of the various governments. They are also being used to promote social, industrial or environmental aims, which are, arguably, secondary to its primary aim, which is the acquisition of goods and services (Bolton, 2009:10). These secondary goals become important given the discriminatory and unfair practices of the past.

Post 1995, the South African government instituted a number of procurement practices which were premised primarily two principles; the principle of good governance and that of social fairness. The social fairness principle reflects in the form of a structured preferential system meant to achieve socio-economic objectives. The section 112 of the *Municipal Financial Management Act 56 of 2003 (MFMA)*, section 76(4) (C) of the *Public Finance Management Act (PFMA)*, and the *Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)* jointly provide the overarching foundation for the South African procurement system. In a quest to ensure that the procurement system is effective and efficient as envisaged, the SCM unit at *National Treasury* undertook a *Country Procurement Assessment Review (CPAR)* in collaboration with the *World Bank* in 2001. The purpose was to critically assess procurement practices throughout the public sector. The CPAR identified certain deficits in procurement practices that were cause for concern. These were in the aspects of governance, and the interpretation and implementation of PPPFA and its associated regulations.

In order to address the above-mentioned deficiencies and irregularities, the *National Treasury* organised a number of SCM workshops and trainings across various spheres

of government in 2004. The aim of these workshops and trainings was to provide guidelines for proper implementation of SCM in order to ensure uniformity of practices across the public sector (NT, 2005b).

2.5.2 Supply Chain Management as a Procurement and Socio-Economic Tool

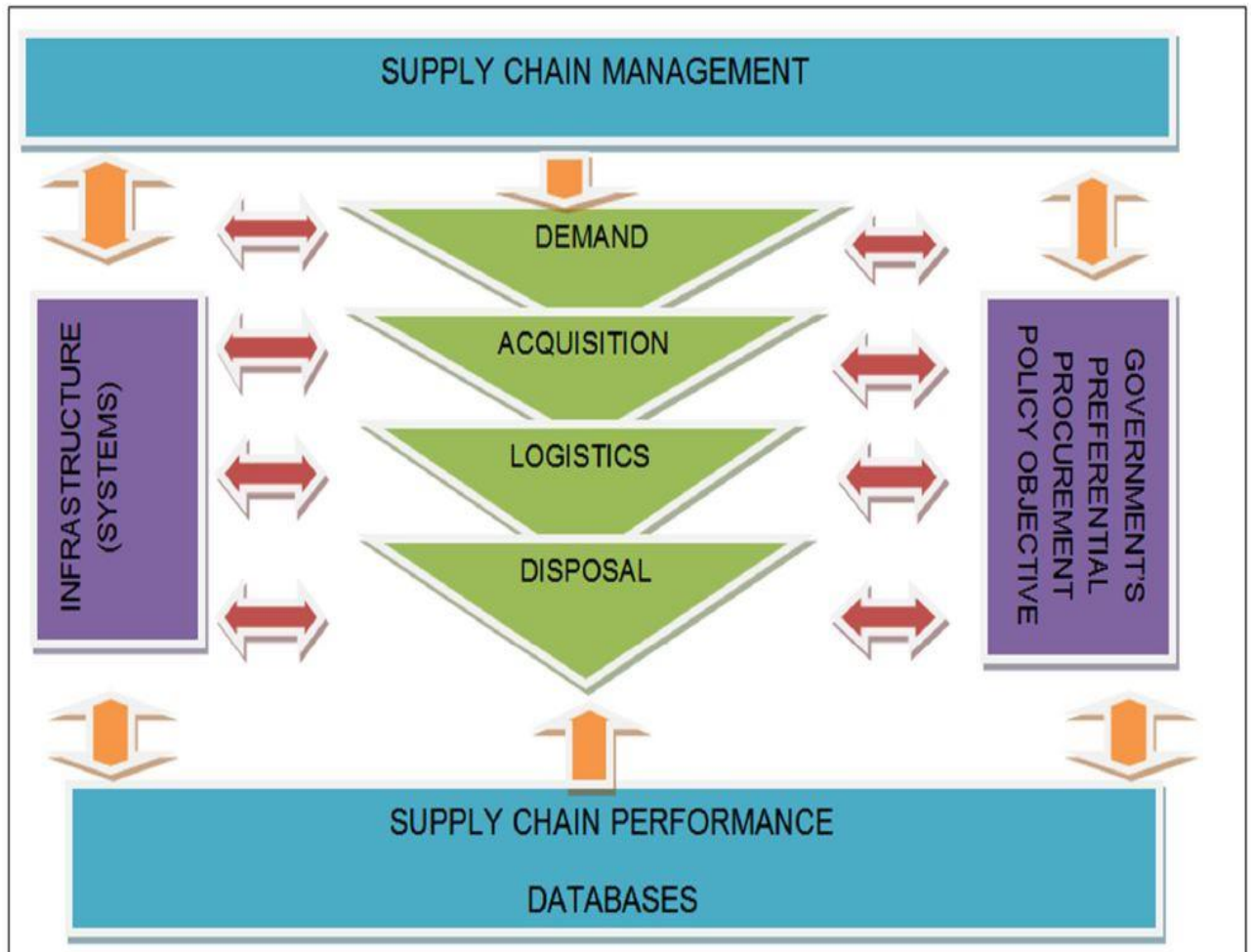
The national and provincial governments in South Africa adopted a SCM policy to guide uniformity in procurement reform processes in government to replace the outdated procurement and provisional practices in 2003. The document known as *Supply chain management: a guide for accounting officers (for national departments, municipalities and entities)*, was developed to herald the adoption of the integrated SMC function and its related managerial responsibilities. It spelt out the duties of accounting officers in terms of *section 62 and 95 of the MFMA, and section 76 (4) of the PFMA*. The guide provided a clear explanation of the policies and regulations for each step of the SCM cycle, just as it provided the detailed operating processes for accounting officers. The underlying principle of the guide was that managers should be allowed the flexibility to manage within a framework that meets the requirements of the *Constitution* in terms of transparency and accountability.

Prior to the introduction of the SCM policy, what operated were asset management functions where the procurement process was focused on meeting the requirements of the Tender Board. In as much the SCM bears a major resemblance to the asset management system, it also comprised additional aspects that should ensure effective and efficient functioning of the system. This, if properly implemented, could provide a competitive edge and contribute to improve overall performance, promote service delivery and the ability to service the needs of the community in the case of municipalities.

The Figure 2.1 shows the SCM process within the framework of the South African government. This indicates the procedures for the management of the supply chain in any organisation, following this and adherence to the regulations guiding principle will inform good SCM of every department. It shows the stages from demanding objects, commodities or materials through requisition notes or form to the acquisition department where the back-up note will be verified and entered into database for record purpose and accountability of the supply, logistics; that is supplying process

and delivery to the appropriate department with delivery note. This shows the master plan for supply chain to be effective as shown in the Figure 2.1

Figure 2.1: Public Procurement Governing Framework in South Africa: SCM process.



Source: National Treasury (2005).

In an attempt to achieve the predetermined goals, the SCM policy framework consists of six aspects, namely; acquisition management, demand management, logistics management, disposal management, risk management as well as supply chain performance (Ambe, 2009; Migiro & Ambe, 2008). These aspects are conceptualised in the following section.

2.5.2.1 Demand Management

Demand management is the first or the commencement phase in the SCM process. Firstly, a need that needs to be fulfilled arises which implies that there will be demand for such a product or an increase in the demand when the need in question was already there (Ambe, 2009). This requires the relevant stakeholders to carry out a needs assessment on what to produce, who to produce and for whom so as to make sure that the goods and services have to be provided based on the requirements and satisfactions necessary to fulfil the needs in place. The provision of these needs is then linked to the available budget of the industry in question so as to ensure that there are enough funds to provide the right product at the correct time, price and place and in enough quantities to satisfy all the market (Migiro & Ambe, 2008). Conceptualising this aspect in this study, demand for social goods and services is registered with the *Department of Social Development*. The Department then carries out research in order to provide all the supplies from the first stages to the final stages when they are delivered to the final consumers. This step is important in SCM because it triggers production.

2.5.2.2 Acquisition Management

This aspect explains the acquisition of necessary resources in order to satisfy the existing demand. This management aspect is responsible for procurement of goods and services. It is responsible for devising ways to utilise the existing market effectively, to determine all the direct and indirect costs of acquiring a particular asset, and to ensure proper documentation, including evaluation criteria. This process also entails thorough evaluation of bids in accordance with published criteria, and the signing of necessary contract documents (Ambe, 2009). In terms of this study, this stage is focused on the invitation and selection of suppliers of the social goods and services required by the communities. The suppliers with adequate and required capacity are selected which leads to another essential management function in SCM – logistics management.

2.5.2.3 Logistics Management

The logistics management aspect involves the management of acquisitions in terms of the stock levels, their movement, the modes of transport used, intermediaries required (if any), and efficient storage of goods and services that maximises profits.

This management phase is responsible for the implementation, controlling and ensuring that there is an effective flow of products required to satisfy the needs and wants of the people (Migiro & Ambe, 2009). With regard to this study, the logistics management aspect is related to the movement of the social products and services from their source to destinations where they are consumed by the beneficiaries of the social services.

2.5.2.4 Disposal Management

Here, consideration is given to how to plan disposal of assets, how to maintain unused material, the use and re-use of any potential material, determining the right disposal strategy and how the physical processes are executed. Proper storage of stock for future use and periodic inspection and record keeping by designated personnel are an essential part of this process (Ambe, 2009).

2.5.2.5 Risk Management

There are always risks associated with and inherent in the conduct of any business. This term 'risk' in this context refers to uncertain (and usually unintended) outcomes of a decision, activity or action. Risk management is the establishment of a proactive system for identifying, assessment and planning mitigation for potential risks. It also entails allocation of certain risks to a risk owner based on the assessment results. A risk owner refers to the person or entity that is best suited to manage that particular risk. Managing risk often has cost implications or even entails going into contractual relationships depending on the nature and the perceived impact of the risk if it should occur (SAMDI, 2005). With regard to the study at hand, the DSD has to consider all the risks involved in the process before making the final decision on the selection of business partners, what to produce, who to produce it for as well as the modes of transport used, etc.

2.5.2.6 Supply Chain Performance

Supply chain performance is a monitoring and evaluation process. It is usually undertaken to analyse whether or not there is proper adherence to laid-down processes and to determine the extent of achievement of the desired objectives. The *National Treasury* has developed and provided all government departments with a

reporting template to monitor SCM at the appropriate implementation levels. The essence of this reporting template is to ensure continuous improvement in the supply chain performance within the public sector (Van Zyl, 2006).

2.6 Regulatory Framework governing Supply Chain Management

Procurement in South Africa is governed by a combination of various legislative frameworks. These include *Section 217 of the Constitution of the Republic of South Africa*, the *Public Finance Management Act (PFMA)* which regulates financial administration in the three tiers of government, the *Preferential Procurement Policy Framework Act (PPPFA)* which is essentially as an implementation framework for the other policies, the *Municipal Finance Management Act (MFMA)* which focuses on regulating the financial affairs of municipalities and other entities at that level of governance, the *Black Broad Based Empowerment Act* and the *Treasury Regulations*. (Bolton, 2008)

These legislations were put in place primarily to ensure efficiency in government procurement. However, in addition to helping to create public good through a process that is fair to all involved especially the suppliers, they are equally meant to drive a procurement procedure that will generate maximum competition.

2.6.1 Constitution of the Republic of South Africa 108 of 1996 (Section 217)

Relevant section of the *Constitution of the Republic of South Africa* lays out the national principles of procurement, which are fairness, equitability, competitiveness, transparency, and cost effectiveness. In essence, any organ of the government be it national, provincial or local must abide by these principles when procuring goods and services (Bolton, 2006).

According to Bolton (2006) competitiveness implies that government organs must always select suppliers for goods and services through a competitive process. Bidding must always be opened to the maximum number of contractors for a competitive bidding process. To ensure genuine competition, contractors must be made to compete on an equal footing by ensuring that they all have access to the same information. The purpose of such a competitive process is to achieve effective and efficient use of government resources by striving to obtain the maximum possible obtainable value for (taxpayers') money (Bolton, 2006).

2.6.2 Public Finance Management Act 29 of 1999 (PFMA)

The Public Finance Management Act (Act 1 of 1999) as amended by *Act 29 of 1999* is one of the legislations that are designed to achieve good financial management in the national and provincial government. The PFMA was meant to modernize the system of financial management in the public sector to ensure accountability, proper and quality record keeping and retrieval, as well as the elimination of waste and corruption in the use of public assets.

The PFMA does not make specific provision for tenders; rather, it is a generic document promoting effectiveness, efficient, economic and appropriate use of public funds. The PFMA implores procurement personnel to always manage tenders in such a way that public money is spent for the public good and that doing otherwise for any reason will amount to misconduct.

2.6.3 The Municipal Finance Management Act 56 of 2003 (MFMA)

The MFMA is the extension of the PFMA. It focuses on maximising the Municipalities' capacity to deliver services. It spells out measures for combating fraud, corruption, nepotism and other unfair or regular practices. It also emphasises the promotion of ethical behaviour among all stakeholders involved in supply chain management.

The provisions of the *Act* mandates all the 283 Municipalities in South Africa to implement a supply chain management policy as outlined in the *Act*. Such a policy must be in conformity with clause 217 in the *Constitution*, which stipulates that the SCM policy must be fair, equitable, transparent, cost effective and competitive and it must comply with the prescribed regulation of the municipal SCM. The *Act* stressed that the bedrock of a good SCM policy/system is efficient expenditure, and a strong code of conduct for Municipal officials in order to combat corruption.

2.6.4 Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)

Passed in February 2000 and effective on the 10 August 2001, the PPPFA seeks to establish norms and standards for the application of the framework provided for in the relevant Acts.

The PPPFA specifies formulae to be applied in different procurement scenarios. For example, the 80/20 preference point system formula must be used to calculate the

points for price in respect of tenders/procurement with a rand value within the range R30 000 to R500 000. The formula may also be applied for procurement with a value less than R30 000. A maximum of 20 points may be awarded to a tenderer for being an historical disadvantaged individual (HDI) (Preferential Procurement Regulation, 2001). Final tender selection must go to the tenderer that scores the highest number of points.

2.6.5 Black Broad-Based Empowerment Act 53 of 2003 (BBBEEA)

BBBEEA (Act 53 of 2003) is a corrective legislation designed for the promotion of black economic empowerment. It means the economic empowerment of black people of all genders and climes. This include women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies. It provides that the Minister of Trade and Industry is mandated to develop a broad-based charter to promote Black Economic Empowerment and other economic activities (BBBEE Act, 2003).

2.6.6 Treasury Regulations

The *Treasury Regulations* derive from the mandate of the *National Treasury* to establish a framework for appropriate procurement and provisioning. This is the purpose of the SCM that was developed by the treasury. It addresses issues such as the roles of accounting officers/authority of institutions in the development and implementation of a virile SCM system in such institution, establishment of SCM units, the training of SCM personnel, disposal of assets, and it addresses ethical issues and standards.

2.7 Roles of SCM in the Public Sector

SCM is expected to play several roles in both the public and private sectors. The contemporary organisations are faced with several dynamics that challenge them to optimise their performance so as to meet the clients' demands through efficient use of the resources available while increasing the value for money (Chopra & Meindl, 2007). In light of this foundation, SCM guides organisations to deliver commodities to customers at the same time achieving their target profit margins, flexibility, efficiency and competitiveness to their best levels.

In essence, SCM's roles are mainly founded within the SCM policy framework. According to the *South Africa Supply Chain Management Guide to Accounting Officers/Authorities (2004)*, the main objectives of SCM include implementing the provisions of PFMA and MFMA and the *Constitution of the Republic of South Africa*. The framework also states that SCM is expected to promote constituency in respect of supply chain policy and other related policy initiatives in government, and to create a common understanding and interpretation of government's *Preferential Procurement Policy* objectives. It is also meant to reconfigure the government's provisioning and procurement functions in government into an integrated SCM function (*Supply Chain Management Guide to Accounting Officers/Authorities, 2004*).

Considering the guidelines provided to the accounting officers and other responsible authorities in relation to SCM logistics presented in the preceding discussion, it is clear that SCM is a management theory that has essential implications for the performance of the organisations and – in the case of this study – the public sector under the Department of Social Security. In light of operational procedures expected by the respective parties in the SCM processes, there is the creation of competitive advantages in the context of increasing supply and demand of goods and services such as social products. This is because the public sector adopts the same principles that are listed in the *Comprehensive Guide to SCM for Accounting Officers and other relevant parties*. As a result, the public sector institutions such as the DSD end up adopting the same principles of value for money and act as a solution to delivering equitable distribution of social goods and services to the needy and therefore form an essential part in the management of public finances (Ambe & Badenhorst-Weiss, 2011).

In addition to the roles of SCM discussed thus far with regard to public services in particular as determined above, the guidelines of SCM provided to the financial management officers and other responsible authorities enable the government to identify, prioritise, plan and coordinate its activities in order to create value for their clients – the public (Pauw, Woods, van der Linge, Fourie & Visser, 2009). In doing so, the public sector integrates its activities with other parties internally or externally in order to render services that are required by the customers and at the same time fulfilling the government's implementation plans (Ambe & Badenhorst-Weiss, 2011). The external suppliers who participate in SCM are responsible for the purchasing of

goods and services that fit the requirements of the government sector in question (Pauw et al., 2009). Therefore, in the process of providing social goods and services to the beneficiaries, SCM allows the DSD to plan its entire procurement process, purchase the required supplies (or assign external parties to play this role if they do not have the capacity), stock required products and distribute them to the beneficiaries, thereby concluding the Department's role of the provision of social security. Likewise, the SCM processes followed by any government department must be coordinated with the guidelines of SCM such that supply chain is streamlined according to the government's delivery needs (Ambe & Badenhorst-Weiss, 2011).

These framings imply that in order to create customer value and effectiveness, organisations have to adopt specific methodologies that lead to continuous improvement (Bowersox, Closs & Cooper, 2007). This is important in the sense that there are high levels of sustainability in the supply chain process and also there is the need to ensure a consistent pool of suppliers who understand customers. Literature also points out that the success of the public sector's SCM lies in the responsibilities of their suppliers to supply goods and services which constitute value for money and that they provide these within the bounding limits of their contractual obligations (Ambe & Badenhorst-Weiss, 2011; Pauw et al., 2009). In relation to the government of South Africa's supply chain, the success of the SCM is determined by the cooperation of the stakeholders involved in the procurement process according to the requirement of the *South African National Treasury Regulations*. Those regulations lay the foundations for the implementation of important policies on SCM applicable throughout all the sections in the public sector (Ambe & Badenhorst-Weiss, 2011). The same scenario applies to the procurement in the private sector where the initial stage of the process is the raising of the demand for particular services and then the processes involved in the supply are systematically and comprehensively linked to the requirements of the SCM policy framework (Pauw et al., 2009). These processes are linked to the requirements discussed in the preceding literature section (8.2.1-8.2.6) (Migiro & Ambe, 2009).

In a nutshell, SCM is important in the management of public services in the sense that it identifies the customers' needs – customers in this case include private individuals, the public, civil society, and the private and public sector. Given the requirements of the SCM policy framework, this must be done openly, fairly and ethically. In doing so,

SCM achieves high levels of good governance and increases their propensity to supply high quality products and services with money value, and which increases the utility of the clients, equitability and sustainability (Ambe & Badenhorst-Weiss, 2011; Pauw et al., 2009).

2.8 SCM Challenges in the Public Sector

The preceding section has shown that SCM is an essential element in improving the value of controlled procurement through the supply chain in the public sector. It improves customer value, maintains profitable and sustainable relationships between business partners and forms the basis of ethical business practices. However, literature reveals that there are still several short-comings in the SCM system despite the acknowledge roles it plays in public sector provisioning. Some of the challenges identified include individual lack of skills, knowledge and capacity, non-compliance with the relevant policies, poor planning, fraud, unethical business practices, ineffectiveness of the *Black Economic Empowerment (BEE)* policy as well as decentralisation (McCarthy, 2006; Sheoraj, 2007; Mathee, 2006). These challenges are explained below.

2.8.1 Lack of Proper Knowledge, Skills and Capacity

In order to have an effective, profitable and efficient SCM, the function must be driven by knowledgeable personnel with proper knowledge of procurement and related expertise (McCarthy, 2006). Consequently, the South African government allocates significant resources to ensure the spread of necessary and adequate technical skills among the public sector SCM and procurement professionals at all levels (*National Treasury*, 2005). Scholars such as Migiro and Ambe (2008) note that adequate capacity in the form of appropriate structures with fully skilled and professional SCM personnel is a key success factor for proper SCM implementation. Though South African public sector supply chain personnel have been exposed to a number of skill development programmes, there is still increasing SCM failure leading to the failure of the procurement system in the government (Migiro and Ambe 2008; Sheoraj, 2007; Ambe & Badenhorst-Weiss, 2011a; 2011b). This contributes in its own way to the perceived bad governance of the country.

2.8.2 Non-Compliance with Policies and Regulation

In addition to the challenge identified above, Mathee (2006) is of the view that for SCM in the public sector to be successful, it should be administered by a number of policies and regulations. These determine the actions to be taken in any given situation including ways to prevent failure or bad governance. However, the review of the literature has revealed that compliance with the legislative requirements is a problem in SCM in the public sector (Mathee, 2006). Scholars such as Van Zyl (2006) also note that due to non-compliance with policies and legislation, some organisations fail to utilise the established competitive processes for requesting bids and quotations, and/or incorrectly apply the preferential points system. Still, other scholars, for instance, Ambe and Badenhorst-Weiss (2011b) speak of the implications of insufficient control systems and inadequate procedures in the public procurement processes as one of the challenges faced throughout the SCM process. As a result, SCM will continue to face challenges if there are no effective interventions to solve the irregularities observed.

2.8.3 Inadequate Planning and Management

A well-managed SCM system is considered to be one of the competitive advantages of the public sector during procurement (Luyt, 2008). Proper management of the supply chain process implies that the entire process involved in the acquisition and delivery of materials as well as their disposal is efficient and done at the right place, the right time, with the appropriate quality, in the correct quantity and at the correct estimated cost. However, Ambe and Badenhorst-Weiss (2011a) in their studies found that the majority of Departments and Municipalities in the government of South Africa are still facing challenges regarding planning and management of SCM. The issue of poor management and inadequate planning can be linked to the issue of lack of special skills in the administration of the procurement systems as identified above. This has severe implications in the sense that there will be increasing failure due to such challenges and other unforeseen implications. It is important that SCM practitioners employ adequate planning and management initiatives so as to provide customers with value for money.

2.8.4 Fraud and Corruption

Fraud and corruption have been said to be two of the challenges militating against the public sector performance in South Africa (De Lange, 2011). It manifests itself in different forms, which include various forms of unethical practices like mismanagement of funds, to criminal acts like money laundering and bribery. The Public sector SCM just like its other functions is not immune from these acts. Despite the rigorous system of accountability in place to forestall mismanagement of funds and outright corruption, the previously mentioned malpractices are still endemic within government procurement function (Soudry 2007). It seems that all the policies in place as well as the efforts put by institutional stakeholders to curb all forms of white-collar crimes has limited impact.

In 2011 alone, the Public Service Commission Committee (2011) reported more than 7700 cases of corruption and more than one billion rands (R1billion) lost. In 2011 alone, the Public Service Commission Committee (2011) reported more than 7700 cases of corruption and more than one billion rands (R1billion) lost. In light of this, prominent cases reported included that of Tshwane Metro where 65 municipal officials were investigated for striking business deals to the tune of about R185 million within the municipal council where they work (Pauw, 2011). All these cases reflect the failure of SCM which implies that there is an urgent need to rethink strategies so as to reduce these issues of white-collar crimes within the South African public sector.

2.8.5 The Broad-based Black Economic Empowerment (BBBEE) and its Lack of Potency

One of the legislations put in place by the South African government in order to redress imbalances of the past characterised by apartheid is BBBEE through the Broad-based Black Economic Empowerment Act (BBBEEA 2003). The act was put in place in order to empower previously disadvantaged population groups such as the blacks, Indians and coloured community through increased representation, ownership and management of the economy of South Africa.

However, despite the availability of legislation which favours the designated groups, studies by Zuma (2009) came to the conclusion that the majority of the intended beneficiaries have not been assisted due to the failure of the BEE provisions to ensure a broad-based approach and increasing costs. Zuma (2009) also noted that failure of BBBEE also affects SCM in the sense that the relationship between different parties in the procurement processes is distorted. As a result, there is increasing failure such that the government of South Africa is expected to address these challenges in order to benefit from the entire SCM system.

2.9 Impact of Service Delivery by service providers on Supply Chain Management.

It has been noted that service delivery forms the core and essence of all government's activities. This is partly because the citizens of the country depend on the government for the provision of many essential services although they have to pay for the provision of such services (SAMD 2003). Such services are either supplied directly by the government through appropriate agencies or state-owned entities or a supplier working under the auspices of the government. Essential services are seldom subjected to the onslaught of the free market.

The *White Paper on the Transforming of Public Service Delivery in South Africa (1997)* unequivocally states that public services improvement is a veritable tool for redressing the imbalances of the past. The document placed special emphasis on the steady provision of services for 40% of South Africans who are living below the poverty line, as well as the disabled and black women living in rural areas where service delivery has not been extended in the past. For service delivery to be significantly increased, there is need for a total shift away from the existing non-people centred, bureaucratic systems, processes and attitudes. This calls for a search for new ways of working which is more people-centred, more flexible, faster and more responsive to the needs of citizen. This connotes a total change in the way services are delivered. Service delivery must always be designed and implemented with a focus on its primary objectives, which include welfare, equity and efficiency (RSA, 1997).

For various reasons, which include economies of scale and experience, the public service usually tends to have developed special expertise and skills that enables them

to deliver their services effectively and more economically compared to other actors in the supply chain of such a service like private producers, retailers, or consumers etc. (Hugo, 2006). The term 'service provider' encompasses a wide variety of business entities across different sectors like providers of transportation services and warehousing services, logistics providers, financial services providers etc.

Hugo (2006) stated that some service providers deliver market research and advertising, while others provide product design, engineering services, legal services and management advice. The other service providers give information technology and data collection services. All these service providers are integrated to a greater or lesser degree into the ongoing operations of the producers, distributors, retailers and consumers in the supply chain. In some Departments, few service providers are hired in order to allow their employees to play an active role in the provision of the services rendered by the Department. Whereas, others make use of the service of efficient providers of specialized services with proven records of accomplishment and integrity. The choice of approach usually boils down to the nature and requirements of the services involved in each instance (Hugo, 2006).

Hugo et al. (2002), noted that constant and firm control over the service level is crucial for effective service delivery and it must be given serious consideration when taking services-related procurement decisions. Important elements to consider when choosing a service provider include availability, reliability and speed of services to user departments. Services in material management demand the highest measure of coordination in the supply chain and, therefore of the individual objectives of each of the activities (Hugo et al., 2002).

2.10 Summary

This chapter critically reviewed literature around the nature and purpose of SCM and procurement then linked them with service delivery, which is taken as a proxy for public sector performance. It equally reviewed relevant policy in other countries to provide a conceptual basis for SCM and procurement in the South African public sector context. It equally explored the relevant legislative Acts and evaluated their effectiveness in light of the existing supply change challenges in the country.

Chapter 3: Research Methodology

3.1 Introduction

The aim of this study is to analyse the impact of SCM challenges on the performance of the public sector from the perspectives of employees in the Department of Social Development (DSD) in Gauteng Province, South Africa. This chapter documents the detailed methodological approach used in conducting the study. It explains the chosen methodological elements like the choice of the research design and research strategies, the sampling procedures, research instrument development, the data analysis procedure, validity, reliability, and ethical considerations.

3.2 Research Design

According to Bryman & Bell (2010), research design can be likened to a roadmap for conducting a research, especially for data collection and analysis. It can also be described as a blueprint of the steps and procedures that will be used to answer the research questions (Cooper & Schindler, 2006). There are several research designs namely; exploratory research design, explanatory research design, and causality research design which are all important in the collection of data. However, all these are normally used in a qualitative study meaning that this study will adopt one that is applicable to a quantitative study. As a result, a descriptive research design was used for this study. This is an empirical inquiry approach, which involves observing and describing phenomenon under study without influencing or attempt to do so in any way (Clarke, 2005).

An explanatory research design was used for this research because it gives the researcher the opportunity to conduct a survey, which, in turn gives the researcher a chance to use different instruments to collect data from the respondents. The key informants identified from the Department of Social Development, Gauteng were allowed to fill in the questionnaires without any form of influence from the researcher. In principle, their responses were guided by individual opinions and experiences. Key informants to the study were the employees of the Social Development Department from top management staff and from the lower level staff. The informant respondents were identified as those who have the in-depth knowledge of the subject matter of the study and who have the relevant years of service and cognate experience.

3.3 Research method

There are three research methods used in a study namely: quantitative, qualitative and mixed-methods. The quantitative method makes use of numerical data while the qualitative method makes less use of numbers. Mixed-method is a combination of these two methods. This study will make use of quantitative research methodology. Quantitative research is an approach to scientific inquiry that thrives on numerical measurement of relevant variables and subsequent statistical analysis (Cant, Gerber-Nel, Nel & Kotze, 2011). It is widely believed that quantitative research provides measurement that is objective, its results are statistically valid and it allows for the involvement of a large number of respondents (Anderson, 2006:1). In quantitative inquiries the process is usually deductive and directed by the conceptual framework. The choice of process is usually dictated or influenced by the conceptual framework (Poggenpoel, Myburgh & Van Der Linde, 2006:412). Quantitative studies allow for easy replication. They place great emphasis on objectivity and reliability of findings. Different/multiple researchers exploring the same factual problem can generate a similar result by using the same statistical tests and applying a similar research process (Wahyuni, 2012:71).

Lastly, quantitative research methodology makes it easier to establish causal connections between variables while generalising the findings to a larger group of individuals than those actually forming part of the investigation. Drawing on all the aforementioned strengths of quantitative methodology and by using such an approach the results of the study could easily be quantified and presented in the form of easy-to-grasp tables and charts.

3.3.1 Target Population

The population of the study refers to the total number of entities (which could be individuals or institutions) that are relevant to the phenomenon being studied or who possess certain characteristics that are desired by the researcher (Neil, 2007). The population of this study consisted of all the employees in the SCM Department who ranged from the senior managers to the floor workers in the *Department of Social Development* in Gauteng Province and they all add up to 70 employees. All the workers in this Department were identified purposefully as the respondent population that have adequate knowledge of the subject matter of the study to shed light on the

challenges they face within their divisions as well as to know how this affects their performance.

3.3.2 Sampling

Following population identification, the survey respondents were chosen. These were seventy staff members of the *Department of Social Development*, Gauteng province and a total of 50 questionnaires were returned from the seventy-questionnaires administered to the study population in the Department based on their in-depth knowledge, experience and years of service in the identified Department. Sampling approaches could broadly be categorised into two namely, probability and non-probability sampling (Creswell, 2009). Both approaches have distinct statistical and practical significance and implications. In the non-probability method, every member of the population does not have an equal chance of being selected and thus of being included in the study. This method is adjusted to the needs of the research questions involved. Probability sampling, on the other hand, affords each member of the population an equal opportunity to be included in the study. This greatly reduces if not totally eliminates bias and tends to be more reliable (Creswell, 2009). Thus, the total population of seventy (70) members of staff of the Department were considered which makes it a hundred per cent representative of the population as a sample size.

3.3.3 Research Instruments

Drawing on the literature reviewed earlier in the study, a self-administered questionnaire was developed and used as a research instrument to generate primary data for the study.

A questionnaire is described as a set of pre-formulated and structured questions to which respondents give their responses, usually from a given set of alternatives (Cant et al., 2011). The use of a questionnaire was informed by the adopted quantitative approach for the study; and secondarily because of its ease of administration and the relatively less time it takes for a respondent to provide the needed information. The questionnaire was administered to the DSD in the month of May 2018, after the gatekeepers had been approved by the Department. The questionnaire was

distributed over a couple of weeks because of the staff's busy schedule. Later it was collated and returned in the month of July 2018.

The questionnaire for the study was structured into three sections which are: demographic information, challenges faced by the DSD, and the impact of the challenges on the performance of the Department in question. The questionnaire developed with strong consideration to the existing national supply chain frameworks and guidelines. Likert scale questions will be used so as to make it easier for the respondents to complete in order to provide primary data. In addition, the use of a questionnaire is cost effective, it saves time and it allows the researcher to quantify the responses easily through analysis of mathematical computation.

3.3.3.1 The advantages and disadvantages of questionnaires

Generally, a questionnaire, as a research instrument, possesses some distinct features and advantages. These according to Jones, Murphy, Edwards and James (2008:16) include the following

- Relatively lower cost of administration and processing of the collected data;
- Minimal training is needed for administration of the instruments;
- The propensity to reach a much larger audience within the target population; and
- Flexibility of delivery/administration since these can be delivered physically or electronically.

However, it also has its disadvantages as noted by Jones et al., (2008:7) and these include:

- Propensity for low response rates;
- Occurrence of an associated bias, because those who respond may not be qualitative representative of the target group even though they may be statistically; and
- Little or absolutely no contact between the participants. and the researcher.

3.3.3.2 Questionnaire Development

The questionnaire includes closed-ended questions, it employed a 5-point Likert scale as well as few open-ended questions. Closed-ended questions are easy to answer and this saves time for both the participants and the researcher. They are simple questions that require participants to answer by indicating their degree of agreement or disagreement within certain propositions. The Likert scale is a very popular scaling technique, which comes in handy when one is trying to determine the opinion or attitude of the study participants or when the questions comprise declarative statements with the number scaled helping to express the degree of agreement or disagreement (Burns and Grove, 2009:410). The advantageous side of the Likert Scales is that they are a universal method for survey collection therefore and are easily understood. The disadvantage of using the Likert Scale is that it only gives five to seven options of choice without necessarily measuring the true attitudes of respondents.

3.3.4 Pilot Study

Before the collection of primary data, the questionnaire was tested to ascertain whether or not it captures the required data expected by the researcher and also to check how easy it will be for the respondents to handle. This was done through a pilot study on 10 employees from the population who did not form part of the final sample. Pilot testing serves as a troubleshooting and quality assurance mechanism for a research instrument. It usually involves testing of the questionnaire on a small sample of respondents so as to identify the need for and to make corrective action to solve any potential problems it might reveal. It helped to test whether, or not the respondents understood the questions or interpreted them correctly. It also allows room for the correction of any irregularities, mistakes and errors found on the instrument.

3.3.5 Data Analysis and interpretation

Upon completion of primary data collection, collected data was analysed using Statistical Package for the Social Science (SPSS) V23. Data analysis refers to the practice in which raw data is organised in order to make sense of it and to extract useful information from the raw data (Cant et al., 2011).

The purpose of analysing the data from this study is to answer the research questions and objectives. The collected data went through various steps like completion check, and coding before loading for the actual analysis. The preparation steps were done by capturing the raw data onto an excel spreadsheet for cleaning. The analysis started with validity and reliability tests. Then the actual analysis, which consisted of a series of descriptive statistics tests followed. The option of descriptive statistics was informed by the nature of the research questions. Descriptive statistics is a method of data analysis that uses description of the distribution of scores (Cooper & Schindler, 2006). The focus of the analysis was using frequency distributions and similar tools to investigate the relationship between SCM challenges and performance.

3.3.6 Reliability and validity

As part of the efforts to ensure the rigour of the study, reliability of the questionnaire was tested before other data analysis procedures by calculation of the Cronbach Alpha test, which is usually used to test the reliability of quantitative questionnaires. The Cronbach Alpha was chosen because unlike other tests it is not sensitive to normality, therefore it works well whether there is normal distribution or not.

The Cronbach Alpha result indicated that participants showed a consistent pattern during the course of the study and thus if the study were to be repeated several times a similar pattern would be shown. In essence, the Alpha (α) value indicates the extent of the correlation between the questionnaire items (Gorrell, Ford, Madden, Holdridge and Eaglestone, 2011:509). The Cronbach Alpha value obtained from the study was 0.7, which showed that the research instrument was reliable.

3.4 Research limitation

It is hoped that the research results from this study will make a contribution towards determining the impact of SCM challenges on the performance of the public sector from the perspectives of employees in the *Department of Social Development* in Gauteng Province, South Africa. However, studying only this Department may attract some positive criticism. Similar studies may be conducted in other provinces so as to determine the impact of SCM challenges on the performance of the public sector from the perspectives of employees from those Departments in different provinces. The use

of the *Department of Social Development* in Gauteng Province as a case study is another aspect that may be criticized because of the different levels of development in the various provinces in South Africa. Comparable research should be done in other South African provinces and clusters, because results from this study cannot be generalised to other provinces.

3.5 Elimination of Bias

To eliminate bias, the researcher adopted the research philosophy, the research strategy, sampling technique, relative sample size and the data analysis techniques which are considered relevant to the research problem at hand. The data collection processes are executed in a manner that accounts for the research questions as well as research objectives.

3.6 Ethical considerations

In conducting this research, the highest ethical standards were observed. As mentioned earlier, application for ethical approval was made to the University of KwaZulu-Natal Research Ethics committee and the research only commenced after full approval was granted. The role of ethics in a research is primarily to protect all the parties involved in a research including the researcher, the research participants and the end users of the research outcomes. In summary the ethical steps taken in a research project are meant to ensure the following:

- **the Participants Should be comfortable**

Research studies should be carried out in a way that guarantees that the participants are fully comfortable to be part of the study. This entails refraining from asking embarrassing and overly inquisitive questions.

It is usually recommended that participants must be reminded at the onset of their participation that they have the right to refrain from answering any question they find uncomfortable. Universities often insist that this be stated in a cover note to the participants.

- **Abstinence from Deception**

Participants must be fully and clearly informed of the nature and purpose of the study they are being requested to participate in. It is recommended that researchers inform and make sure the participants understand the aims and objectives of the study in advance. In addition, the research must not veer off these aims and objectives while interacting with the participants.

- **Participation Must be Voluntary**

Participants must be made to understand clearly that they are under no obligation to participate in the study and that their participation is 100 percent voluntary. Thus, they have the right to choose not to participate or decide to withdraw at any point during the study.

- **Confidentiality**

Confidentiality of participants or other participating entities must be maintained both in the storage and dissemination of the data. For this study anonymity of participants was fully maintained in this report and the raw data will be handed over to the University for safe keeping in accordance with the University policy. No third parties access whatsoever will be granted to the data.

3.7 Summary

This chapter discussed in detail the methodological approach employed for the study. It explained the choice of decisions taken at every step in the study, justification for such choices and sometimes why alternative courses of action were not taken where such existed. Issues covered include the research design, the study population and sampling approach, the data collection approach and the way the data was handled and analysed. The next chapter will present the findings and their interpretation.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

The previous chapter presented the methodology applied in this study to collect data from the respondents. This chapter provides a critical analysis of the results that were gathered using a survey of fifty (50) employees in the *Department of Social Development* in Gauteng Province. Analysis of the findings is done mainly using descriptive statistics particularly with regard to modal or majority scores. The findings are presented in different sections – demographics, challenges in SCM and their implications – as presented in the following sections.

4.2 Analysis of the Demographic Details

Presented below are the findings obtained on the demographic details of the participants of this research.

4.2.1 Analysis of the Respondents' Gender

Figure 4.2: Analysis of the Respondents' Gender

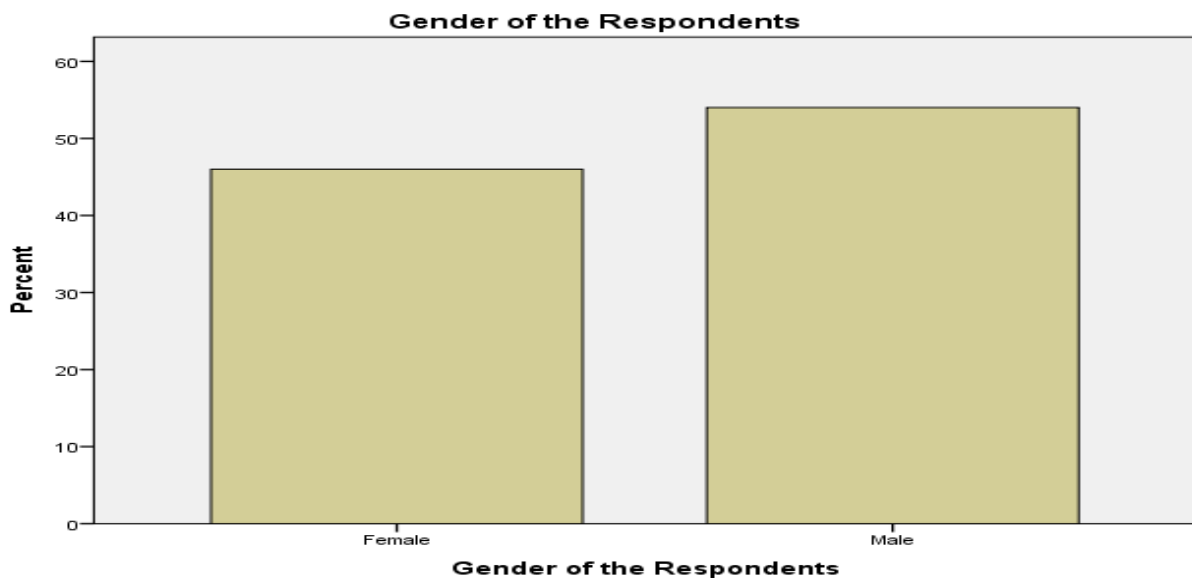


Table 4.2: Gender of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	23	46.0	46.0	46.0
	Male	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

The table above shows that 54% of the total participants were male and the remaining 46% were female (same information is graphically shown using Bar charts above- Figure 4.1). Although these findings show that there were more male respondents than female, there is, in fact, a fair distribution of these two groups of respondents. These findings, however, imply that the opinions or overall findings of this study are may possibly be very slightly skewed or biased towards male respondents.

4.2.2 Analysis of the Respondents' Age Groups

Figure 4.3: Analysis of the Respondents' Age Groups

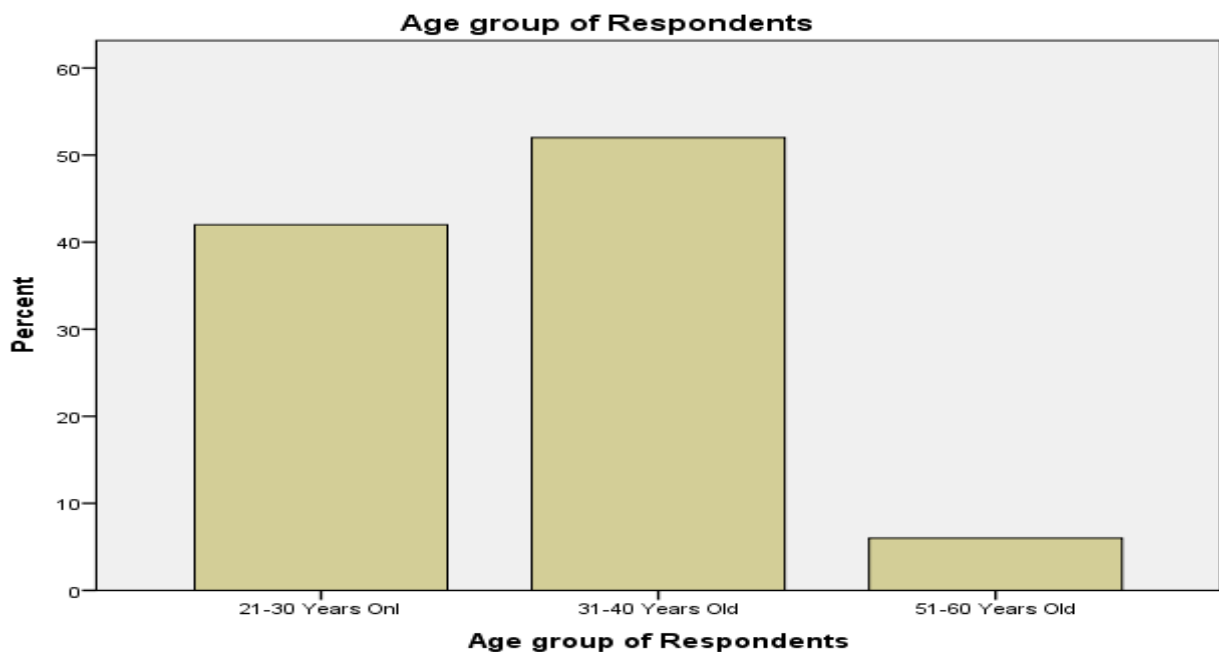


Table 4.3: Age group of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30 Years Old	21	42.0	42.0	42.0
	31-40 Years Old	26	52.0	52.0	94.0
	51-60 Years Old	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

The findings obtained from primary research shows that the majority of the participants were middle-aged. As the figure above shows, 52% of the participants were aged between 31-40 years followed by 42% who were aged 21-30 years old. The remaining 12% of the participants were aged 51-60 years. These findings, interestingly, reveal that there were no employees in the age group 41-50 years old when the study was conducted. Overall, these findings show that all the participants of this study were above the age limit required to participate in a study. Further, given that age plays an essential role in the responses provided, the findings obtained are highly likely to be valid and reliable.

4.2.3 Analysis of the Respondents' Operational Unit

Figure 4.4: Analysis of the Respondents' Operational Unit

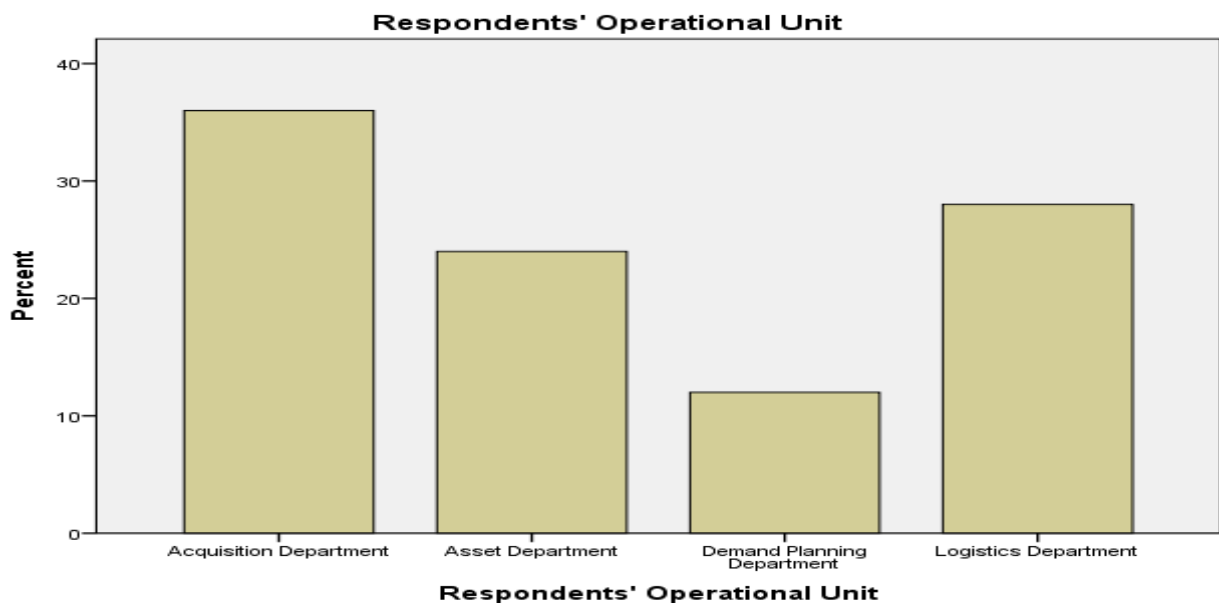


Table 4.4: Respondents' Operational Unit

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Acquisition Department	18	36.0	36.0	36.0
	Asset Department	12	24.0	24.0	60.0
	Demand Planning Department	6	12.0	12.0	72.0
	Logistics Department	14	28.0	28.0	100.0
	Total	50	100.0	100.0	

The fifty (50) participants who responded in the primary research were drawn from four (4) operational units in the *Department of Social Development*, Gauteng Province. These were Acquisition Department, Asset Department, Demand Planning Department and Logistics Department. Primary research revealed that the majority of the participants, 36%, were stationed in the Acquisition Department followed by 28% who were in the Logistics Department. 24% of the respondents were in the Asset Department while the least of them at 12% were stationed in the Demand Planning Department. Using proportional Departmental representation, the findings obtained imply that the majority of the responses were provided by the employees drawn from the Acquisition Department while the least number of responses were from the members of staff attached to the Demand Planning Department.

4.2.4 Analysis of the Respondents' Years of Experience

Figure 4.5: Analysis of the Respondents' Years of Experience

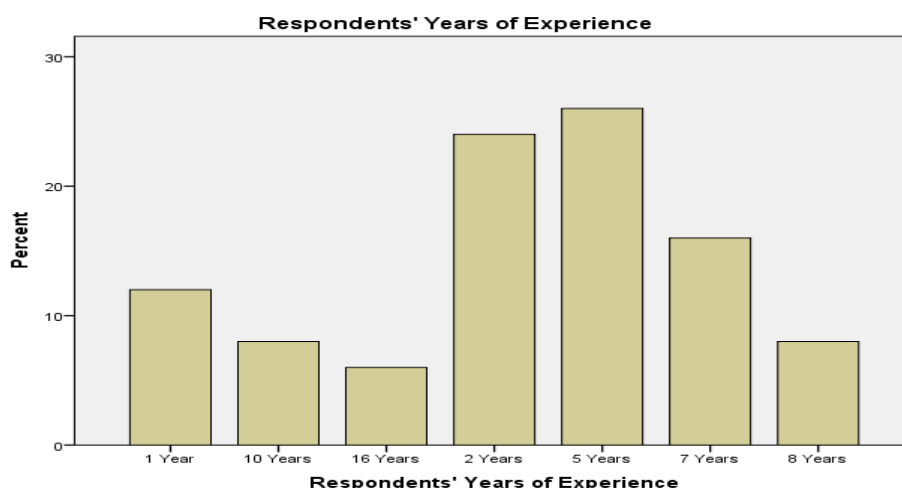


Table 4.5: Respondents' Years of Experience

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Year	6	12.0	12.0	12.0
	10 Years	4	8.0	8.0	20.0
	16 Years	3	6.0	6.0	26.0
	2 Years	12	24.0	24.0	50.0
	5 Years	13	26.0	26.0	76.0
	7 Years	8	16.0	16.0	92.0
	8 Years	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

In order to obtain information on the experience of the members of the *Department of Social Development, Gauteng Province* who participated in this study, an open-ended question was posed in the survey. The respondents were asked to provide their experience level. The findings obtained were then classified into different years as presented in the figure above. The study found that the majority of the participants who were 26% of the respondents had five (5) years of experience followed by 24% who served in the Department for two (2) years. An additional 16% worked in this Department for seven (7) years while a significant 12% served for six (6) years. Overall, the participants indicated that they had worked in the Department for periods ranging from a year to sixteen (16) years, the majority serving between a year to seven (7) years. These findings had a positive impact on the validity and reliability of the entire findings because they represent respondents' knowledge of the dynamics of SCM and the implications of the present study thereof.

4.3 Findings Pertaining to Research Objective One: SCM challenges faced by the *Department of Social Development* in Gauteng Province

Following the determination of the respondents' demographic profiles, primary research investigated the challenges faced by the *Department of Social Development* in Gauteng. In the survey use was made up of a five-point Likert scale responses that included the following choices for response: strongly agree, agree, uncertain, disagree and strongly disagree. . The final results were based on the modal/majority scores from the respondents while taking into consideration other responses and their

implications. The findings obtained pertaining to the challenges faced in the Department as presented in the following section.

4.3.1 Insufficient knowledge among the Employees

Figure 4.6: Insufficient knowledge among the Employees



Table 4.6: The Department has a significant number of employees with insufficient knowledge in the SCM

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	10	20.0	20.0	20.0
	Disagree	12	24.0	24.0	44.0
	Strongly Agree	4	8.0	8.0	52.0
	Strongly Disagree	14	28.0	28.0	80.0
	Uncertain	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

This study investigated whether or not a lack of knowledge of SCM among employees in the *Department of Social Development* in Gauteng Province was one of the challenges faced. Primary research revealed that 28% of the respondents strongly disagreed and 24% disagreed that there is lack of sufficient knowledge on SCM among the employees. On the other hand, 20% of the participants agreed and an additional 8% strongly agreed that there is indeed lack of sufficient knowledge on SCM. A significant 20% of the participants were uncertain.

Considering the modal scores obtained it can be concluded that lack of knowledge is only a challenge in this Department to a lesser extent since the majority of the participants are knowledgeable in the estimation of the participants. These findings support research conducted by Ambe & Badenhorst-Weiss (2011a) which acknowledge the role of knowledge in SCM for the benefit of an organisation. Ambe & Badenhorst-Weiss (2011a) state that an organisation that invests heavily in human capital gives an organisation power through its workers, hence; reaps the benefits seen in high productivity, low costs and efficiency.

4.3.2 Challenges pertaining to Non-compliance with Policies and Regulations

Figure 4.7: Challenges pertaining to Non-compliance with Policies and Regulations

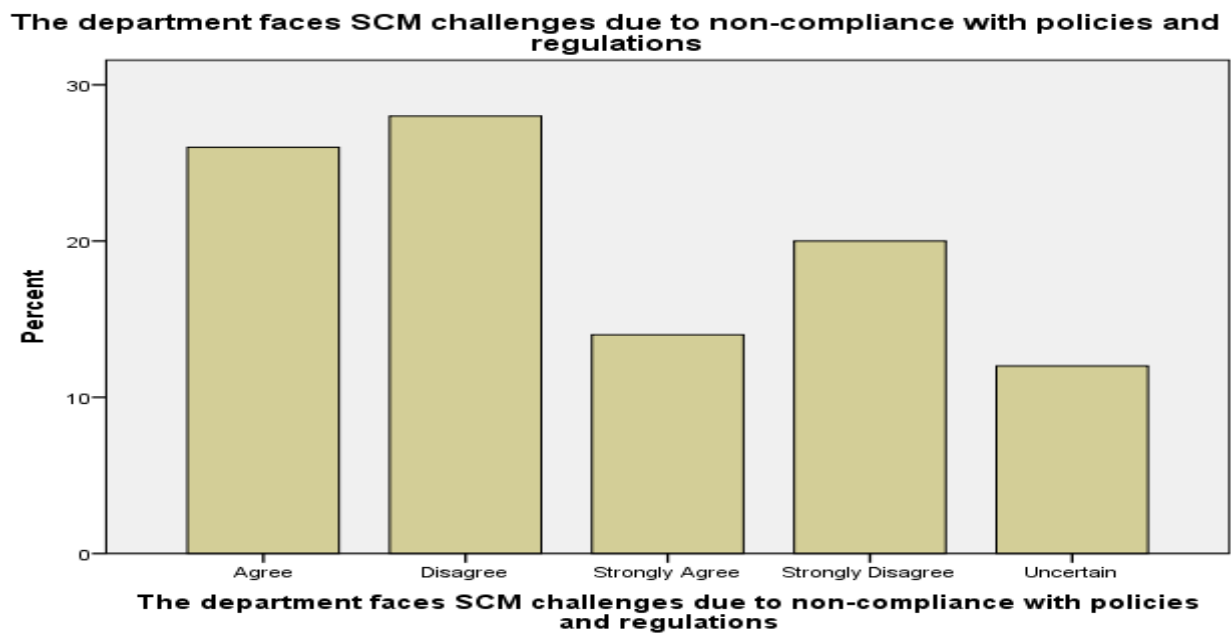


Table 4.7: The Department faces SCM challenges due to non-compliance with policies and regulations

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	13	26.0	26.0	26.0
	Disagree	14	28.0	28.0	54.0
	Strongly Agree	7	14.0	14.0	68.0
	Strongly Disagree	10	20.0	20.0	88.0
	Uncertain	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

The study further investigated whether or not the organisation has challenges relating to non-compliance with policies and regulation in dealing with SCM issues. The table above shows that 26% of the respondents agreed and an additional 14% strongly agreed. On the other hand, 28% disagreed that the Department faces challenges pertaining to non-compliance with policies and regulations and an additional 20% strongly disagreed. The remaining 12% were uncertain with regard to non-compliance challenges and other implications thereof. Overall, the findings also show that non-compliance with policies and regulations is, somehow, a challenge that affects the Department to a certain extent, although the majority of the respondents were in disagreement.

As a result, while one can conclude that non-compliance is not a significant challenge faced by the Department, the fact that a cumulative 40% of the participants were in agreement implies that this issue has to be addressed. Literature by Ambe & Badenhorst-Weiss (2011b) also note that it is important to follow all the rules and regulations with regard to SCM-related issues because it determines the outcomes of the entire project. In addition, Ambe & Badenhorst-Weiss (2011b) also note that compliance with the rules and regulations as well as other policies has a positive implication in the sense that it avoids delays in the processes and enhances the benchmarks upon which evaluation of the projects are based.

4.3.3 Challenges pertaining to Inadequate Planning and Linking Demand to the Budgets.

Figure 4.8: Challenges pertaining to Inadequate Planning and Linking Demand to the Budgets

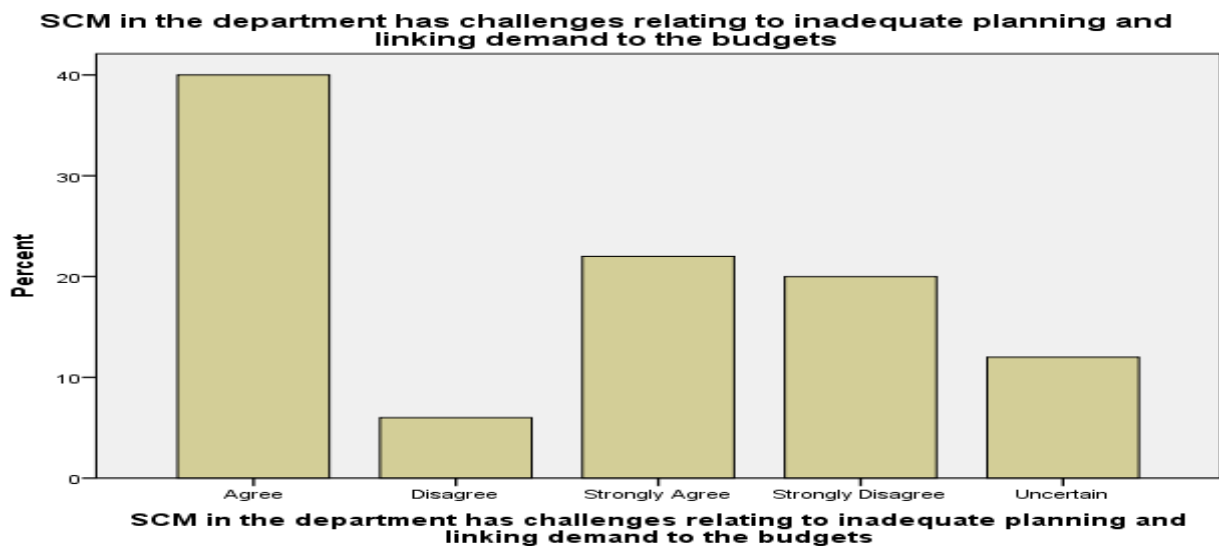


Table 4.8: SCM in the department has challenges relating to inadequate planning and linking demand to the budgets

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	20	40.0	40.0	40.0
	Disagree	3	6.0	6.0	46.0
	Strongly Agree	11	22.0	22.0	68.0
	Strongly Disagree	10	20.0	20.0	88.0
	Uncertain	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

The research further investigated whether or not the Department has challenges pertaining to inadequate planning and linking demand to the budgets. As presented in the table above, the majority of the respondents, 40%, agreed while 22% of their counterparts strongly agreed. Contrary to these participants, 6% disagreed and a significant 20% strongly disagreed. The remaining 12% were uncertain. These findings clearly show that to a great extent the organisation has challenges in terms of its

planning processes and linking demand to the budgets since the majority of the participants were in agreement.

These findings lead to the conclusion that there are logistical and administration challenges as indicated in the figure above. Reports on procurement (*Business Day*, 20 October, 2011: cover page) show that planning and budgeting have a significant impact on the outcome of a project. In light of this, Ganseler et al., (2004) maintain that organisations should ensure that they have adequate planning, demand schedules and budgeting so that they improve the outcomes of SCM.

4.3.4 Challenges pertaining to High levels of Fraud, Corruption and lack of Accountability

Figure 4.9: Challenges pertaining to High levels of Fraud, Corruption and lack of Accountability

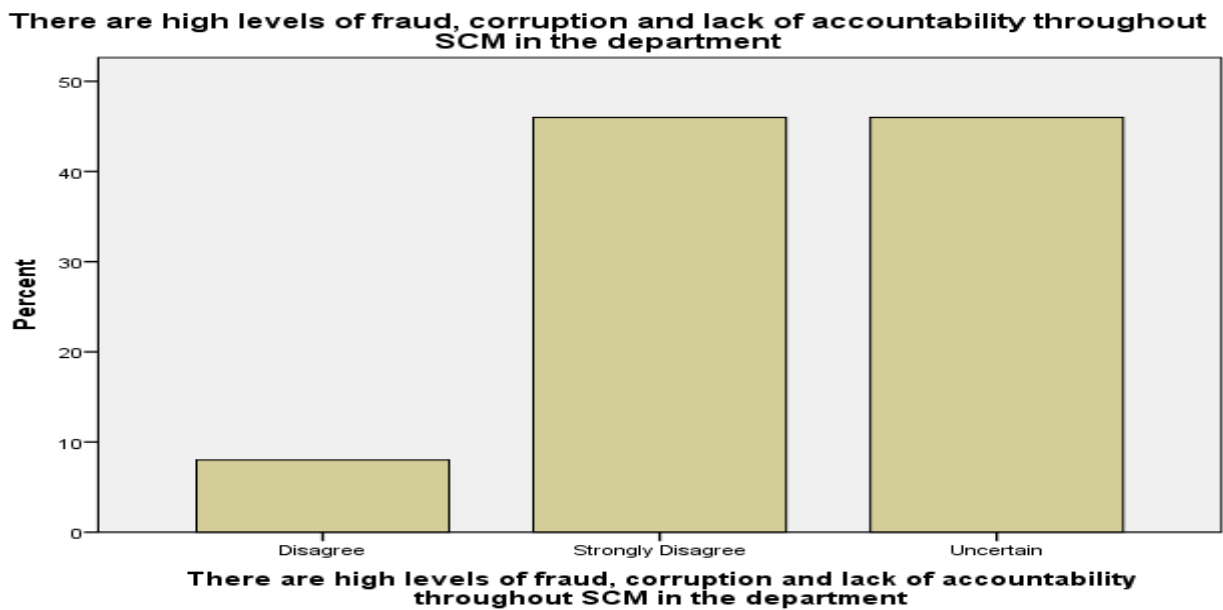


Table 4.9: There are high levels of fraud, corruption and lack of accountability throughout SCM in the Department

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Disagree	4	8.0	8.0	8.0
	Strongly Disagree	23	46.0	46.0	54.0
	Uncertain	23	46.0	46.0	100.0
	Total	50	100.0	100.0	

In addition to the challenges presented above, this study investigated whether or not fraud, corruption and lack of accountability is a challenge that affects the operations of the entire SCM in the *Department of Social Development*. The findings obtained reveal an interesting distribution in the sense that the 46% of the respondents strongly disagreed while the same number of respondents were uncertain. The remaining 8% disagreed which leaves two forms of argument. The first argument is that it makes it clear that corruption, fraud and lack of accountability are not challenges in this Department as shown by the number of disagreements. On the other hand, it could be that there is corruption, lack of accountability and fraud in this Department and the respondents chose to be neutral (uncertain) for their job security reasons.

Overall, a conclusion from the findings presented above based on the majority of the respondents is that corruption, fraud and lack of accountability are not major challenges facing the Department. A study conducted by Dube (2012) indicates that corruption and fraud are the main issues that affect the success of many SCM projects with funds being channelled to functions other than those that were stipulated. Dube (2012) also noted that the accountability of the people involved in managing the supply chain of organisations is important because it reduces wastage and fraud in many ways. Nonetheless, with the state capture issue in South Africa as of 2018, it is difficult to operate under corruption and fraud-free conditions unless there is an economic turnaround.

4.3.5 Challenges pertaining to Inadequate Measures for Monitoring and Evaluation of SCM.

Figure 4.10: Challenges pertaining to Inadequate Measures for Monitoring and Evaluation of SCM

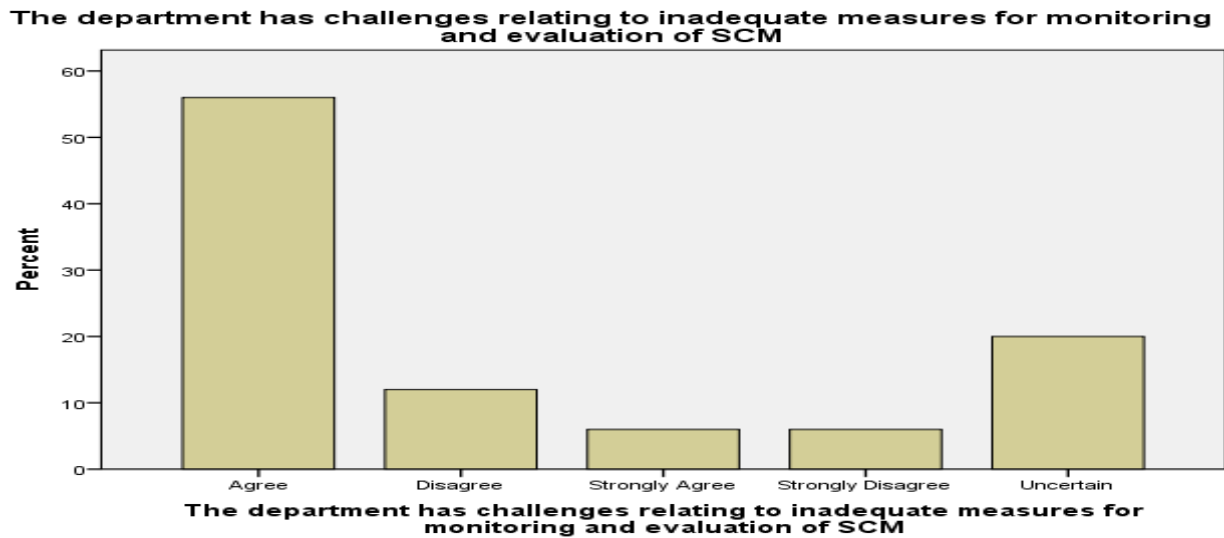


Table 4.10: The Department has challenges relating to inadequate measures for monitoring and evaluation of SCM.

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	28	56.0	56.0	56.0
	Disagree	6	12.0	12.0	68.0
	Strongly Agree	3	6.0	6.0	74.0
	Strongly Disagree	3	6.0	6.0	80.0
	Uncertain	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

Among the challenges investigated were whether or not the Department of Social Development has inadequate measures for monitoring and evaluation of SCM. The findings obtained, as presented in the table above, show that a significant 56% were in agreement and an additional 6% of their counterparts strongly agreed. On the contrary, 12% disagreed and an additional 6% strongly disagreed. The remaining 20% of the participants were uncertain with regard to the existence of challenges pertaining to inadequate measures for monitoring and evaluation of SCM in the department. Overall, the majority of the respondents were in disagreement.

As a result, it can be concluded that inadequate measures for monitoring and evaluation of SCM is a serious challenge in the *Department of Social Development*. Literature also shows that there exist many challenges regarding the extent to which performance is measured and evaluated even though there exist a key performance indicator in the organisation (Browsersox et al., 2007). This could be due to lack of organisational capacity or issues surrounding lack of responsibility and accountability of the members of staff especially in the government departments. Consequently, Browsersox et al., (2007) are of the view that efforts have to be put in place to ensure that there are benchmarks used for the evaluation and monitoring of SCM activities.

4.3.6 Challenges pertaining to Unethical Behaviour and Unethical Business Practices

Figure 4.11: Challenges pertaining to Unethical Behaviour and Unethical Business Practices

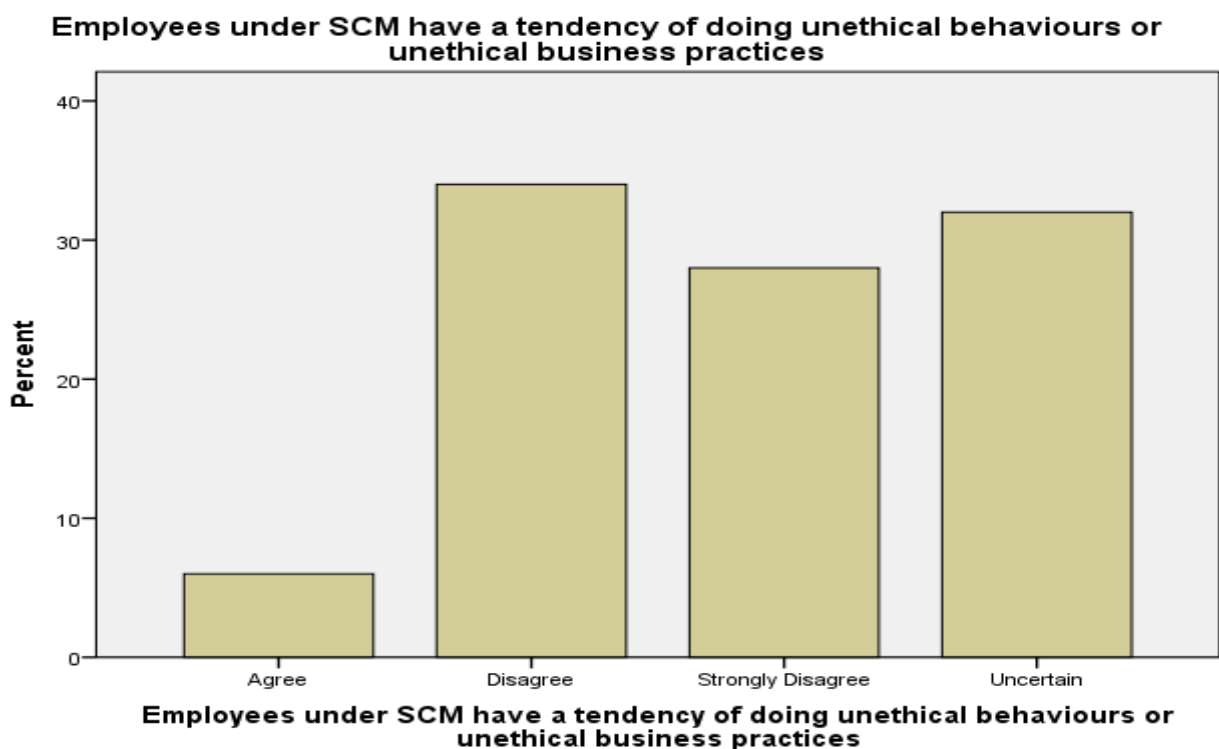


Table 4.11: Employees under SCM have a tendency of behaving unethically or of pursuing unethical business practices

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	3	6.0	6.0	6.0
	Disagree	17	34.0	34.0	40.0
	Strongly Disagree	14	28.0	28.0	68.0
	Uncertain	16	32.0	32.0	100.0
	Total	50	100.0	100.0	

The findings presented in the table above were obtained from primary research to evaluate whether or not there is unethical behaviour in business practices in the *Department of Social Development, Gauteng Province*. As presented in the table above, the majority of the respondents, 34%, disagreed and an additional 28% strongly disagreed. On the other hand, an insignificant portion of the respondents, 6%, were in agreement while the remaining 32% were uncertain. Considering the number of the respondents who were in disagreement, it is clear that unethical business and unethical business practices are not considered to be a major challenge to be faced by this Department.

The King IV Report on corporate governance clearly shows that ethical business practices are considered to be important for the fair running of organisations. Sheoaj (2007) also notes that organisations that operate under unethical business practices obtain their profits fraudulently – a view seen as fraud or stealing clients' money through unfair business practices.

4.3.7 Challenges pertaining to Decentralisation of SCM and the Procurement System

Figure 4.12: Challenges pertaining to Decentralisation of SCM and the Procurement System

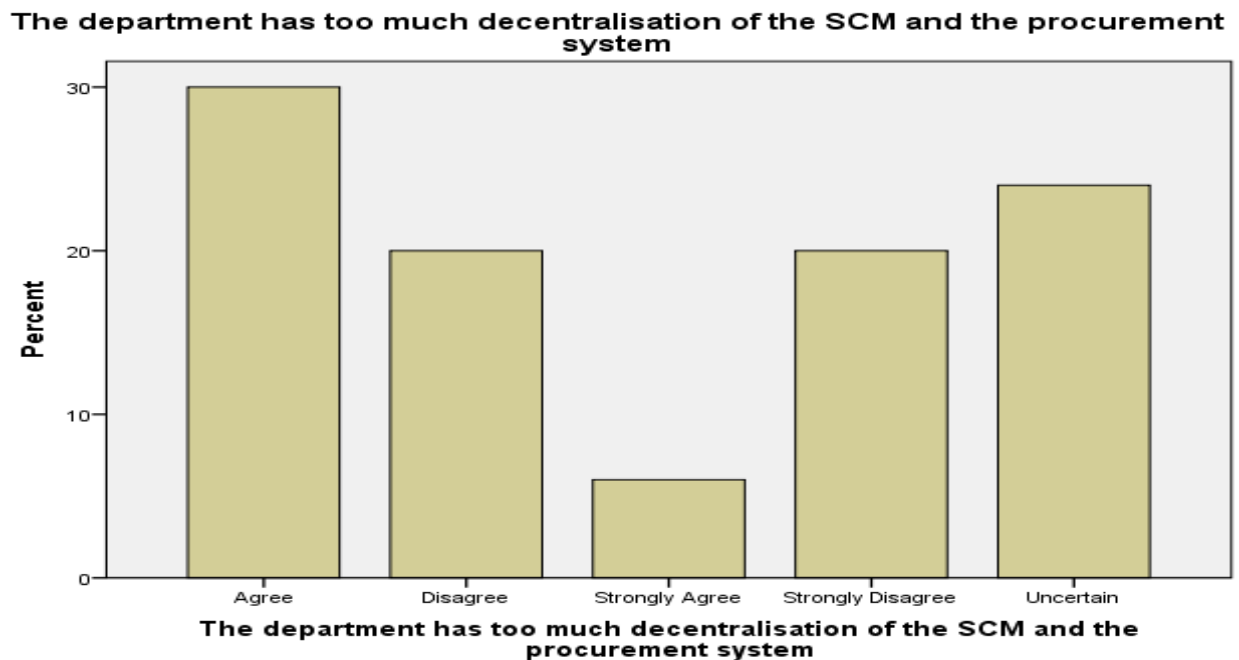


Table 4.12: The Department has too much decentralisation of the SCM and the procurement system

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	15	30.0	30.0	30.0
	Disagree	10	20.0	20.0	50.0
	Strongly Agree	3	6.0	6.0	56.0
	Strongly Disagree	10	20.0	20.0	76.0
	Uncertain	12	24.0	24.0	100.0
	Total	50	100.0	100.0	

The research furthermore investigated whether or not decentralisation of the SCM and the procurement system is a challenge in the *Department of Social Development, Gauteng Province*. The table above shows that 30% of the participants agreed and 6% strongly agreed. On the other side of the scale, 20% disagreed and a significant

20% strongly disagreed while 24% were uncertain. These findings clearly show that the majority of the participants were skewed towards the disagreement side.

As a result, these findings lead to the conclusion that decentralisation of SCM and the procurement system in the *Department of Social Development*, Gauteng Province is an issue only to a limited extent since the majority of the participants were in disagreement. It is equally important to note that the number of the respondents who were in agreement (a cumulative 36%) is significant and action has to be taken in the Department to ensure that people are on the same page when they work together. Literature on SCM (Soundry, 2007) notes that effective management is important to manage different kinds of authority be it in a centralised or decentralised environment. Effective management will determine the success of any SCM and procurement systems for any project (Soundry, 2007).

4.4 Findings Pertaining to Research Objective Two: The Impact of the SCM challenges faced by the *Department of Social Development* in Gauteng Province

The preceding sections ascertained the challenges faced by the *Department of Social Development* in Gauteng Province. The following section presents information on the impact of the challenges identified above on the performance of the Department. The section also analyses data collected using a five-point Likert scale survey questionnaire which ranges from strongly disagree to strongly agree. Similarly, modal/majority scores are used in the section to come to conclusions although attention will be paid to all the responses on both ends of the scale.

4.4.1 Low Levels of Clients' Satisfaction in the Social Goods and Services

Figure 4.13: Low Levels of Clients' Satisfaction in the Social Goods and Services

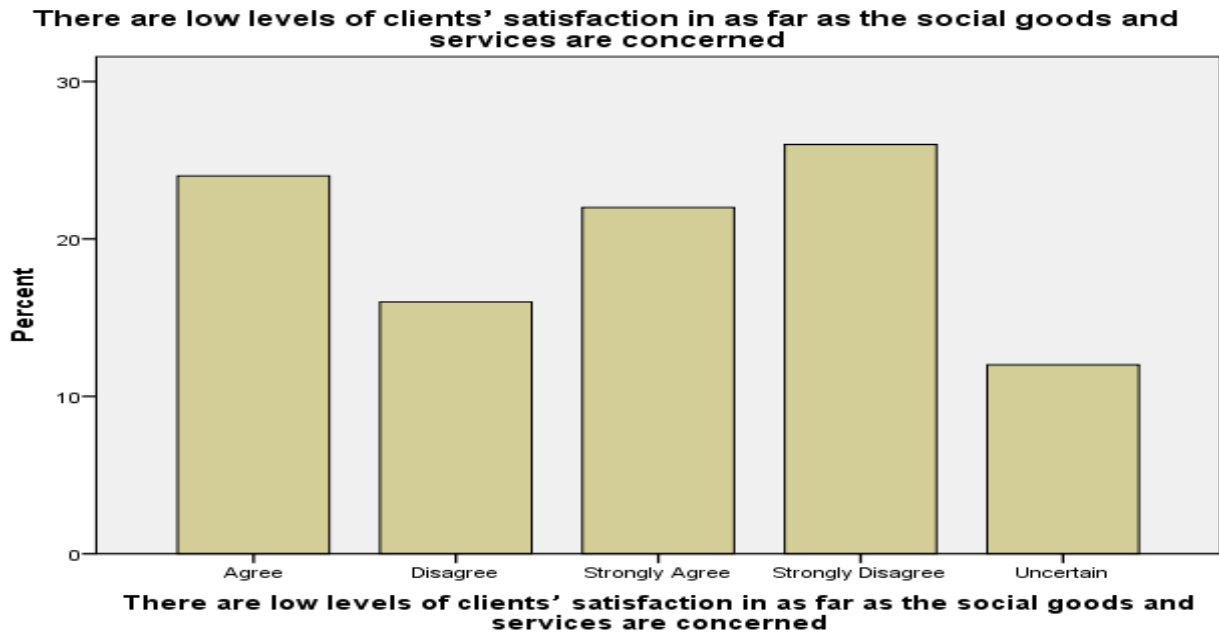


Table 4.13: There are low levels of clients' satisfaction in as far as the social goods and services are concerned

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	12	24.0	24.0	24.0
	Disagree	8	16.0	16.0	40.0
	Strongly Agree	11	22.0	22.0	62.0
	Strongly Disagree	13	26.0	26.0	88.0
	Uncertain	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

One of the impacts of the challenges faced in SCM in the *Department of Social Development* is that of customer satisfaction. The study investigated whether or not customer satisfaction is affected in any way. As shown in the Table above, 24% agreed and 22% strongly agreed that there are low levels of clients' satisfaction in as far as the social goods and services are concerned. On the other side, 16% disagreed and

26% strongly disagreed with this assertion. The remaining 12% of the respondents chose to be neutral (uncertain). These findings are mixed findings since there is almost an equal distribution of positive (agreement) and negative (disagreement) responses.

As a result, a close analysis of these findings shows that although the Department is able to satisfy its clients, the challenges identified make it difficult to achieve full benefits of customer satisfaction. Thus, the Department has to address the various challenges it faces so as to ensure that all the clients are satisfied. Review of literature shows that various challenges faced by organisations have negative implications on customer satisfaction to the extent that they choose to do business with the next available service provider (Ismay, 2008). Consequently, Ismay (2008) is of the view that businesses that do not value their customers do not realise full profits from their turnover because they tend to spend more on trying to convince clients to continue business with them.

4.4.2 Difficulties in Meeting Short- and Long-term Objectives

Figure 14: Difficulties in Meeting Short- and Long-term Objectives

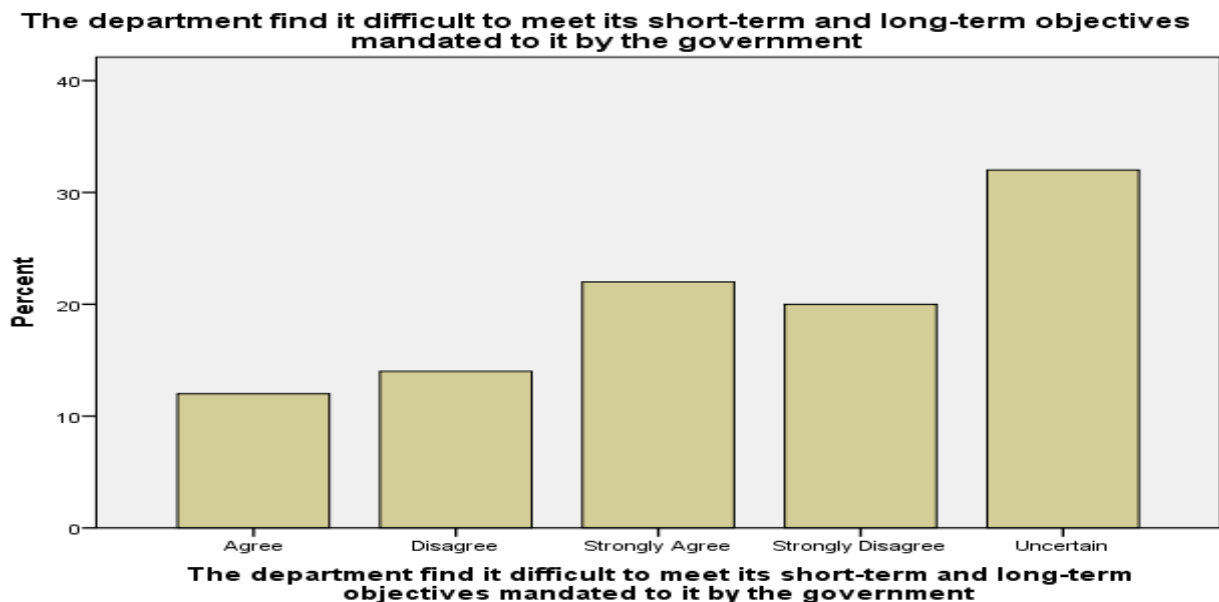


Table 4.14: The Department finds it difficult to meet its short-term and long-term objectives mandated to it by the government

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	6	12.0	12.0	12.0
	Disagree	7	14.0	14.0	26.0
	Strongly Agree	11	22.0	22.0	48.0
	Strongly Disagree	10	20.0	20.0	68.0
	Uncertain	16	32.0	32.0	100.0
	Total	50	100.0	100.0	

The study investigated whether or not the challenges faced by the *Department of Social Development* in Gauteng Province make it difficult for the organisation to meet its short- and long-term objectives mandated to it by the government. The findings obtained from the study show that 12% agreed and 22% strongly agreed that meeting targets becomes harder due to several operational challenges. Contrary to these findings, 14% disagreed and an additional 20% strongly disagreed while a significant 32% were uncertain. These findings present mixed responses from the respondents where an even number of respondents were in agreement and in disagreement.

As a result, this study concludes that the challenges pertaining to SCM in the *Department of Social Development* have an impact on its mandate to meet the short- and long-term objectives for the benefit of the people. On the other hand, it can also be concluded that there might be other factors which are leading to positive responses because, still, an equal number of respondents indicated that they still achieve their goals regardless of the prevailing challenges. Studies conducted by Luyt (2008) maintain that for an organisation to be able to meet its predetermined objectives it has to get rid of all the operational challenges. The Department in question has to have a plan of action in operation so that it deals with all the existing challenges and prevents potential ones from arising.

4.4.3 Short-lived Relationships between the Department and its Partners

Figure 4.15: Short-lived Relationships between the Department and its Partners

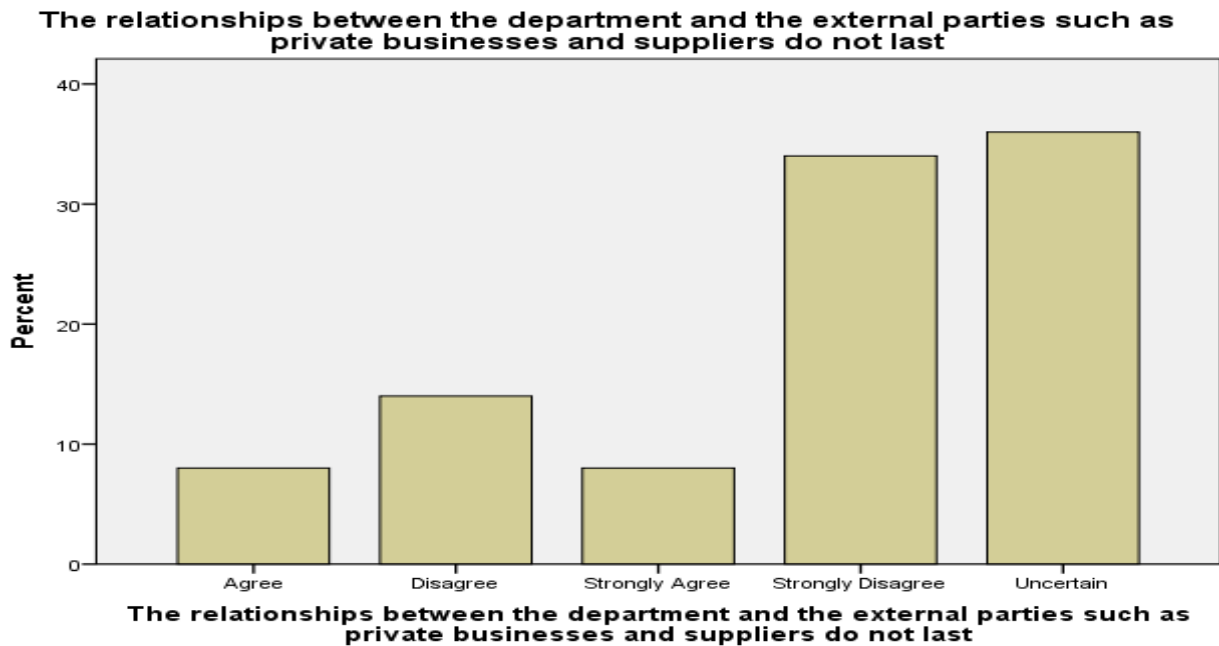


Table 4.15: The relationships between the Department and the external parties such as private businesses and suppliers do not last

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	4	8.0	8.0	8.0
	Disagree	7	14.0	14.0	22.0
	Strongly Agree	4	8.0	8.0	30.0
	Strongly Disagree	17	34.0	34.0	64.0
	Uncertain	18	36.0	36.0	100.0
	Total	50	100.0	100.0	

The table above shows the impact of the challenges faced by the *Department of Social Development* in Gauteng Province on the longevity of the relationship with its partners. The table reveals that primary data led to the conclusion that the relationship between the Department and the external parties such as private businesses and suppliers is affected to a minor extent. This is shown by only few respondents being in agreement; 8% who agreed and an equally number who strongly agreed. On the other hand, the

majority of the study participants, 34% strongly disagreed while 14% of their counterparts disagreed. While 36% of the respondents chose to be neutral (uncertain), a cumulative number of the respondents who were in disagreement led to the conclusion that the challenges identified in the preceding sections do not affect (negatively) the department's relationship with its external partners.

There are several reasons why external partners want to do business with the government. As the literature notes (Migiro & Ambe, 2008), doing business with the government guarantees that payments will be made in most cases. The contemporary businesses are operating in conditions of instability due to the global financial crisis that has been in existence since 2008 (Migiro & Ambe, 2008). Hence, the government keeps on maintaining its long-lasting relationships with partners regardless of the challenges it faces in operation.

4.4.4 Increased Costs of Procurement

Figure 4.16: Increased Costs of Procurement

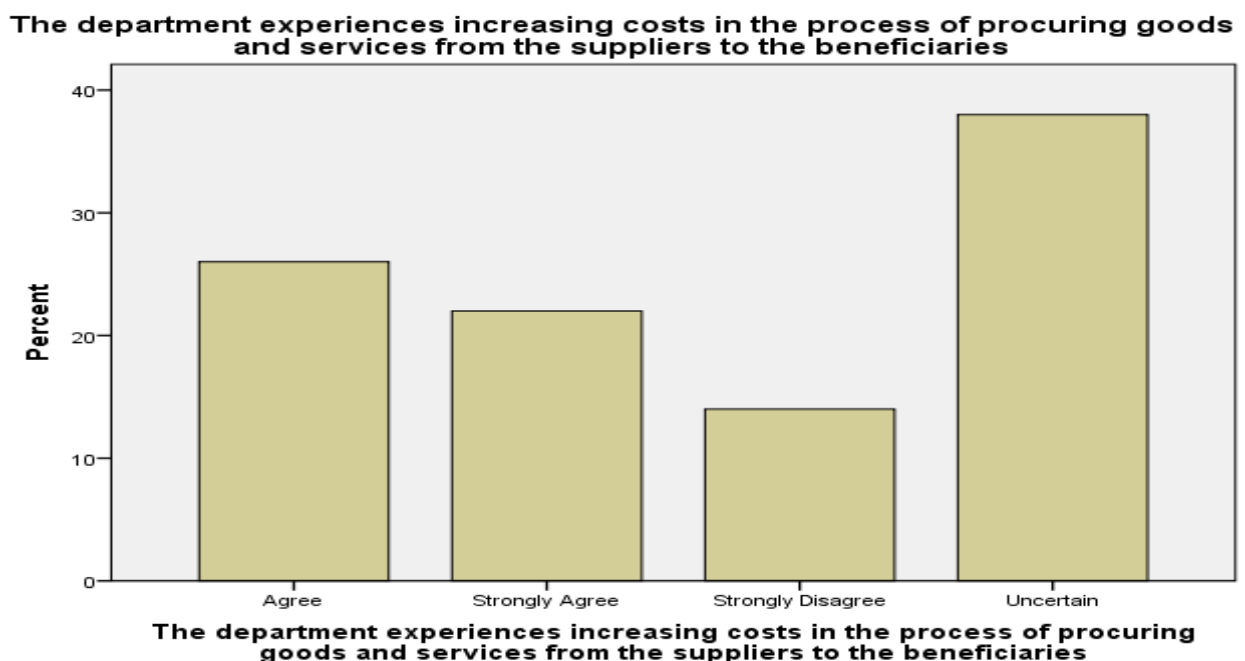


Table 4.16: The Department experiences increasing costs in the process of procuring goods and services from the suppliers to the beneficiaries

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	13	26.0	26.0	26.0
	Strongly Agree	11	22.0	22.0	48.0
	Strongly Disagree	7	14.0	14.0	62.0
	Uncertain	19	38.0	38.0	100.0
	Total	50	100.0	100.0	

An investigation was conducted to determine whether or not the challenges identified lead to increased costs in the *Department of Social Development*. The table presented above, as obtained from primary data collection, show that 26% of the participants agreed and an additional 22% strongly agreed that the Department experiences increasing costs in the process of procuring goods and services from the suppliers to the beneficiaries. On the other side of the scale, 38% of the respondents were uncertain and the remaining 14% strongly disagreed. Although an insignificant number of the respondents were in disagreement, it is important to understand the dynamics behind the 38% who were uncertain. A further analysis of the responses shows that it could be that these respondents are not directly attached to the logistics divisions, which manage the procurement processes in their departments, or they do not have information on the cost structure of the tendering processes. An analysis of the existing literature shows that the procurement process can be costly if it is not well managed (Zuma, 2009). Therefore, the onus is on management to ensure that they have cost structures and budgets, which are flexible enough to allow the organisations/departments to be sustainable in their operations.

4.4.5 Failure to meet important deadlines in SCM Processes

Figure 4.17: Failure to meet important deadlines in SCM Processes

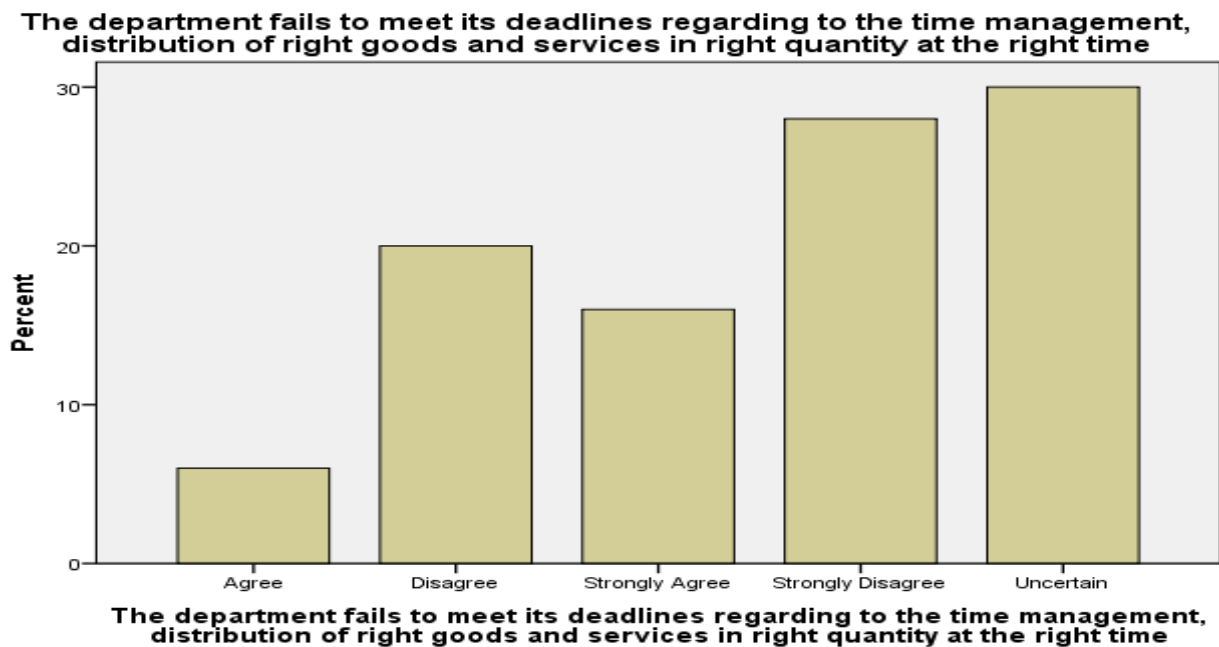


Table 4.17: The Department fails to meet its deadlines regarding time management, distribution of the right goods and services in the right quantity at the right time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	3	6.0	6.0	6.0
	Disagree	10	20.0	20.0	26.0
	Strongly Agree	8	16.0	16.0	42.0
	Strongly Disagree	14	28.0	28.0	70.0
	Uncertain	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

The study also investigated whether or not the challenges identified have a negative impact on the *Department of Social Development* in Gauteng Province in terms of meeting its deadlines on time management and distribution of the right goods and services at the right time. The table above shows that 6% of the respondents were in agreement while 16% strongly agreed. On the other hand, there were other

respondents who were in disagreement, for instance; 20% who disagreed and 28% who strongly disagreed that the Department fails to meet its deadlines regarding time management, distribution of rights goods and services in the right quantity at the right time. The remaining 30% were not certain.

One could conclude that the challenges identified in this research, affect the Department to a limited extent such that at times it fails to meet its important deadlines. Nevertheless, the results clearly indicate that, in most cases, the Department provides its goods and services in the right quantity at the right time. The respondents who were uncertain could be due to the fact that they do not have information on the schedules of the provision of goods and services. Studies conducted by Chopra & Meindl (2010) note the importance of providing goods and services at the right time and in the right quantities. However, another study (Bac & Erkan, 2011) found that with several challenges, it becomes difficult to undertake the provision of goods and services when they are needed. This could be the case with the Department of Social Development in Gauteng Province at times when it fails to meet its deadlines regarding time management and distribution of goods and services.

4.4.6 Decreasing Ratings of the Department

Figure 4.18: Decreasing Ratings of the Department

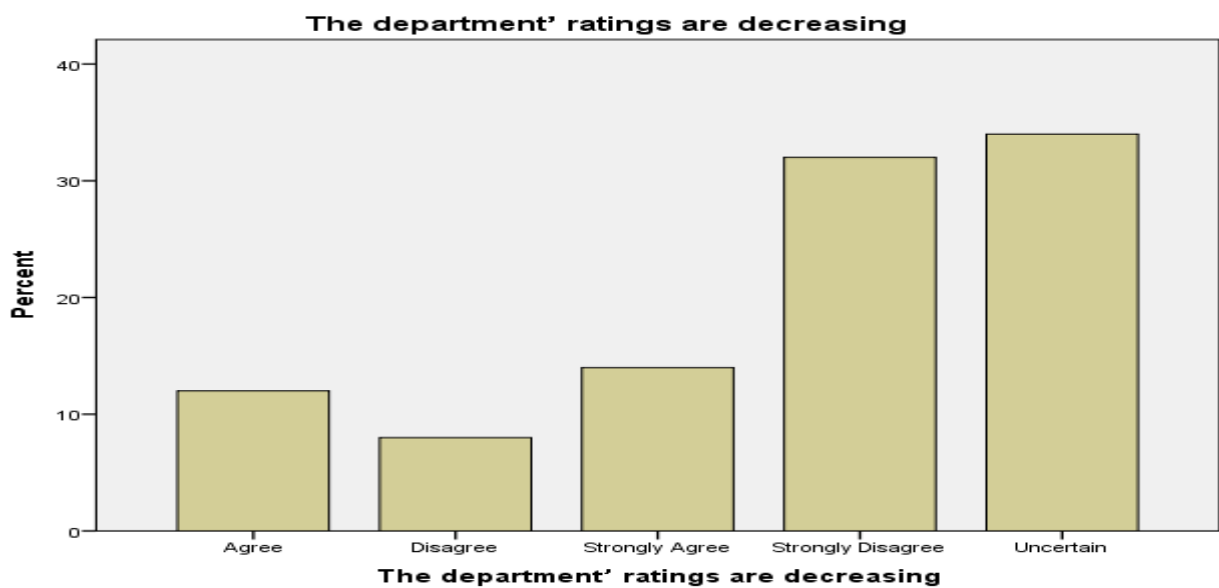


Table 4.18: The department' ratings are decreasing

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Agree	6	12.0	12.0	12.0
	Disagree	4	8.0	8.0	20.0
	Strongly Agree	7	14.0	14.0	34.0
	Strongly Disagree	16	32.0	32.0	66.0
	Uncertain	17	34.0	34.0	100.0
	Total		50	100.0	100.0

Finally, this study investigated whether or not the challenges faced by the *Department of Social Development* in Gauteng Province have an impact on decreasing its overall ratings. The findings obtained indicated that the majority of the respondents, 32%, strongly disagreed while a significant number of respondents were neutral. 8% also disagreed that the Department's ratings are decreasing. On the other hand, there were a couple of participants who were in agreement that the overall ratings are decreasing, for instance; 12% agreed and an additional 14% strongly agreed.

Overall, the majority of the respondents were in disagreement that the challenges faced negatively affect the ratings of the Department while a significant number of participants had a contrary view. These findings could be what they are due to some people actually seeing their Department's ratings decreasing at the time this study was conducted. In terms of the respondents who were uncertain, an important implication could be that they really do not have full information about the outcomes of their Departments in terms of the meeting of targets, failure to meet the deadlines and other key performance measures. Review of literature shows that the challenges faced by procuring organisations have severe impact on their ratings (Pauw, 2011) such that failure to address the issues will discredit the overall ratings (Mhlongo, 2014).

4.5 Summary

This chapter provided a critical analysis of the results obtained on the subject matter using the relevant literature documents. The results presented in this chapter were gathered using a survey of fifty (50) employees in the *Department of Social Development* in Gauteng Province. Analysis of the findings was done using descriptive statistics particularly modal or majority scores. The findings were presented in different sections – demographics, challenges in SCM and their implications – and graphical presentations were presented in order to make these clear and understandable. The following chapter provides the conclusions and recommendations where the overall conclusions of this study are provided and recommendations to the *Department of Social Development* in Gauteng are provided as well as hints for further studies.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter analysed data on the challenges faced by the *Department of Social Development* in Gauteng Province, presented these and discussed them in the light of empirical and theoretical literature. This chapter summarises the findings and provides recommendations to the department together with recommendations for further studies. To comprehend the findings of this study with ease, this chapter is structured in a way that answers each objective in turn.

5.2 Findings Pertaining to Research Objective One

To investigate the SCM challenges faced by the *Department of Social Development* in Gauteng Province, South Africa was the first objective.

The following findings were obtained from the study:

- The study found that the Department in question did indeed have a problem regarding employees' lack of knowledge of SCM and related dynamics. However, this challenge was found to be affecting the Department to a minimal extent because the majority of the employees, at the time of the research, were equipped with knowledge;
- Likewise, the study found that, to a minor degree, the Department had many challenges pertaining to non-compliance with the policies and regulations of SCM and procurement processes;
- The study also found that this Department faced logistical and administrative challenges in the implementation of SCM. This was shown in the significant challenges it faced in planning and linking demand to the budgets available;
- The study found that the Department lacked adequate measures for monitoring and evaluating SCM. There were no benchmarks for assessing the performance of this Department during the time of the study;
- The study established that there were challenges pertaining to unethical behaviour and unethical business practices. However, this was an issue which did not have a significant implication on the organisation; and

- The study established that, to a certain extent, decentralisation of the SCM and the procurement system had negative implications for the Department. Nonetheless, this challenge was only affecting this Department to a limited extent during the time of this study.

5.3 Findings Pertaining to Research Objective Two

To ascertain the impact of the SCM challenges faced by the *Department of Social Development* in Gauteng Province, South Africa on the performance of this Department was the second objective.

The following findings were obtained from the study:

- The study found that, to a certain extent, this Department was failing to satisfy its customers due to the several challenges faced. A close analysis of these findings showed that although the Department was able to satisfy its clients, to a certain extent, the challenges identified made it difficult to achieve full benefits of customer satisfaction;
- The challenges identified also had implications for the way in which the organisation meets its short- and long-term objectives. On the other hand, it was also concluded that there might be other factors which were leading to positive responses because, an equal number of respondents indicated that they still achieved their goals regardless of the prevailing challenges at the time the study was conducted;
- The study established that the costs of procurement were also increasing as a result of the challenges affecting SCM in the Department; and
- The study came to the conclusion that the challenges identified in this research did, to a limited extent, affect the Department in that, at times, it failed to meet its important deadlines.

5.4 Recommendations

Research objective three was to provide recommendations on possible frameworks that can be implemented to enhance SCM and to improve the performance of the *Department of Social Development* in Gauteng Province.

The following recommendations are deemed to be appropriate for the organisation under study:

- The Department should undergo training and development so as to enable its employees to understand SCM and its dynamics. It can do so through in-service training, off-the-job training or through engaging with other training and development practitioners involved with skills development in South Africa;
- The Department should ensure that all its employees are familiar with the policies and regulations of SCM and procurement. This will facilitate employees' compliance with the requirements of the SCM systems as required by the law;
- In addition, the Department also has to improve its tactical and strategic planning systems in order to provide an understanding of how plans can be aligned with the budgets available. This should enable the organisation to meet its financial demands.
- The organisation should put in place benchmarks to measure performance. This can be done by implementing key performance indicators that can be communicated throughout the organisation so that all the workers work towards one goal;
- In terms of unethical behaviour and unethical business practices, it is recommended that the organisation puts in place a commission of inquiry to identify and report any unethical operations. There should be a clear policy on zero-tolerance with regard to corruption; and
- With regard to decentralisation of SCM and the procurement system, it is recommended that, while this is a good move to enable efficiency, the Department should implement an effective communication system to enable all the parties to understand how the processes are administered. The existence of an effective communication system is important for the organisation because it prevents losses or delays in the administration of the system.

5.5 Recommendations for Further Studies

There were quite a number of respondents who gave neutral or uncertain responses during the course of this study. It can therefore be questioned whether or not the people are really informed or knowledgeable of SCM and the procurement systems in the *Department of Social Development* in Gauteng Province. As a result, a study can be conducted to ascertain the employees' knowledge and capacity to deal with the SCM and procurement systems within the Department. This will enable the organisation to learn and understand exactly where its employees are placed regarding SCM.

5.6 Limitation

The scope of the study is limited to the supply chain management challenges on performance at the department of social development in Gauteng province South Africa. As such, the explanation offered in this research are limited to the impact of supply chain management challenges and performance management. The population of this study was limited to the department of social development in Gauteng, another province from the researcher's university in South Africa. Therefore, the empirical outcome of the study was limited to the department of social development and corporate anonymity and confidentiality was respected. The study provide guide for policy making and values for corporate SCM with comprehensive explanations, showcasing the methods involved in SCM, as opposed to the traditional ways of supplying

5.7 Conclusion

This study was carried out to evaluate the challenges faced by the *Department of Social Development* in Gauteng Province and the implications thereof. Data were collected from fifty (50) respondents using a survey questionnaire. This chapter showed data analysis in the form of descriptive statistics where the modal or majority scores were used to come up with conclusions.

The study reveals that the findings of the study are the salient factors that affected the management of the Department to a significant extent. These are: non-compliance with the policies and regulations in the procurement processes and SCM, corruption, fraud and lack of accountability on the part of members of the SCM staff, and lack of

adequate measures for monitoring and evaluation of SCM and procurement. On the other hand, other challenges were found to have little impact on the operations of the Department. These include lack of knowledge, logistical and administrative challenges in terms of adequate planning and linking demand to the budget.

In terms of the impact of the challenges, this study found that the challenges identified affect the Department in terms of customer satisfaction, meeting of short- and long-term objectives required by the government, increase in the procurement costs and others relating to SCM although not all the respondents directly noted this. Overall, the study found that the Department's ratings are not, in the opinion of the respondents, decreasing with the exception of a few who noted a negative growth in the ratings of their operational divisions. On the other hand, the study found that the challenges identified in the study do not have a major negative impact on the relationship between the Department and its external partners. Possible reasons identified could be that contemporary firms opt to trade with the government because it gives surety of payment in the current economic crisis.

REFERENCES

- Ambe I.M. (2009). An exploration of supply chain management practices in the Central District Municipality; *Edu. Res. and Rev*, 4(9): 427-435.
- Ambe, I.M & Badenhorst-Weiss, J.A (2011a). An exploration of public sector supply chains with specific reference to the South African situation. *J. Pub. Admin.* 46(3): 1100-1115.
- Ambe, I.M & Badenhorst-Weiss, J.A. (2011b). Grounded theory analysis of municipal supply chain management. *Afr. J. Bus. Manag.* 5(29): 11562-11571.
- Bac, U & Erkan T.E (2011). A model to evaluate supply chain performance and flexibility. *Afr. J. Bus. Manage.* 5(11): 4263-4271.
- Bowersox, D.J., Closs, D.J. & Cooper, M.B. (2007). *Supply Chain Management*, 2nd Edition. New York, NY: McGraw-Hill International Edition.
- Business Day* Reports (2011). Irregular state expenditure jumps 62%. Smart procurement. Retrived on 20th July, 2018
www.smartprocurement.co.za/achives/irregular_state_ependiture_62.p
- Chopra, S. & Meindl, P. (2010). *Supply Chain Management Strategy, Planning, and Operation*, 4th Edition. [CITY OF PUBLICATION MISSING, New Jersey Pearson.
- Christopher, M. (2005). *Logistics and Supply Chain management: Creating Value-Adding Networks*, 3rd edition, New Jersey: Prentice Hall.
- De Lange S. (2011). Irregular State Expenditure Jumps 62%. *Business Day* (on 20 October 2011).
http://www.smartprocurement.co.za/irregular_state_expenditure_jumps_62.php
- Dube, N. 2012. KwaZulu-Natal Co-operative Governance and Traditional Affairs. *What the Manase probe found. Findings and recommendations of section 106 forensic investigations in eThekwin Municipality* [Online]. Retrieved 10 August, 2018 from:
<http://www.politicsweb.co.za>

Ferreira, J. (2007). *An analysis of business interventions and their effect on the perceived success of South African Small and Medium Enterprises*. Unpublished PhD thesis in the Faculty of Commerce at the University of South Africa (UNISA).

Fourie, D. (2007). Financial control measures enhancing good governance, *Journal of Public Administration*, Volume 42, 733-743

Fourie, D. (2009). Ethical conduct as the cornerstone of public sector procurement, *Journal of Public Administration*, Volume 44(3): 629-637)

Gansler, C., Luby, R.E Jr. & Kornberg, B. (2004). *Supply Chain Management in Government and Business, in Transforming Government* in Gansler J., and Luby, J.R. The IBM Centre for the Business for Government Series. Lanham

Ghaderi, H., Darestani, S.A., Leman, Z. & Ismail, M.Y (2010). Development of a soft network model to improve supply chain management performance of SMEs. *Sci. Res. Essays*, 5(13): 1759-1764.

Handfield, R.B., Monczka, R.M., Giunipero, L.C. & Patterson, J.L. (2009). *Sourcing and Supply Chain management*, 4th edition. Ontario: Southern Western.

Hanuman, R. (2013). Unqualified Audit for City. *EThekweni Municipality Metro Ezasegagasini*, 23 August:1.

Hugo, M. (2006). *Essentials of supply chain management*, New York: John Wiley and Sons Inc.

Hugo, W.M.J, Bademhorst-Weiss, J.A. & Van Rooyen D.C (2002). *Purchasing and supply management*. Pretoria: Van Schaik.

Ismay C.R. (2008). *The institutionalisation of supply chain management*. Master's Thesis; Stellenbosch University, South Africa.

Lebens, M & Euske, K. (2006). A conceptual and operational delineation of performance. *Business Performance Measurement*, Cambridge University Press.

Leenders, M.R & Fearon, H.E (2004). *Purchasing and supply chain management*, Chicago, IL: Irwin, (11th ed).

Luyt, D. (2008). Media and Advocacy Head of the Public Service Accountability Monitor (PSAM), at the Monitor (PSAM). Paper Presented at the United Nations Social Forum on 2 September 2008 in Geneva, Switzerland.

Matthee, C.A. (2006). *The potential of internal audit to enhance supply chain management outcomes*. Master's dissertation, University of Stellenbosch, Stellenbosch.

McCarthy, N.G. (2006). Report of the Auditor-General, Free State, Bloemfontein, 30 June:1–7.

Mhlongo, N.F. (2014). *Transparency in Supply Chain Management: A South African Local Government Case Analysis*. Thesis presented in partial fulfilment of the requirements for the degree Masters in Public Administration in the faculty of Management Science at Stellenbosch University.

Miao, X., Xi, B. & Yu, B. (2010). Triplex-network design for research of supply chain reliability. *Afr. J. Bus. Manag.* 4(1): 31-38.

Migiro S.O. & Ambe, I.M. (2008). Evaluation of the implementation of public sector supply chain management and challenges: A case study of the Central District Municipality, North West Province, South Africa. *Afr. J. Bus. Manage.* 2(12): 230-242.

Munzhedzi, P. H. (2016). South African public sector procurement and corruption: Inseparable twins? *Journal of Transport and Supply Chain Management*, 10(1), 1-8.

National Treasury (2005b). MFMA Circular No 16: *Municipal Finance Management Act 56 of 2003*. Supply Chain Management: Training, 20 April 2005.

National Treasury (NT), (2005a). *Supply Chain Management: A guide for accounting officers and municipal entities*. Republic of South Africa, October.

National Treasury. 2005. *Supply chain management: A guide for accounting officers and municipal entities*. Republic of South Africa.

Neil, J. (2007). Quantitative Versus Qualitative Research. Retrieved [DATE MISSING] from <http://wilderdom.com/research/QuantitativeVersusQuantitativeResearch.html>

Pauw, J.C. (2011). *Public procurement and supply chain management. Study Guide, programme in Public Procurement and Supply Management*. Pretoria, South Africa: Centre for Business Management, University of South Africa.

Pauw, J.C., Woods, G., van der Linde, G.J.A., Fourie, D. & Visser, C.B. (2009). *Managing Public Money Systems from the South*, 2nd Edition. Johannesburg: Heinemann Publishers.

Public Service Commission. (2011). *Report on profiling and analysis of the most common manifestations of corruption and its related risks in the public service*. Republic of South Africa, Pretoria: Silowa Printers.

Republic of South Africa. (2004). *Supply Chain Management A Guide for Accounting Officers/ Authorities*. National Treasury: South Africa.

SAMDI (2005). *Supply Chain Management: A guide for accounting officers and municipal entities*. Course Manual.

Sheoraj, R. (2007). The state of skills readiness in the South Africa public service: an overview of provincial and local government. Master's thesis, University of Pretoria, South Africa.

Soudry, O. (2007). A principal-agent analysis of accountability in public procurement. In Gustavo Piga & Khi V. Thai (Eds.), *Advancing Public Procurement: Practices, Innovation and Knowledge-Sharing* (432–51). Boca Raton, FL: PrAcademics Press.

Van Gruenen, D. & Van Niekert, J. (2010). Implementation of regulation base e-procurement in the Eastern Cape Provincial Administration. *Afr. J. Bus. Manage.* 4(17): 3655-3665.

Van Zyl, D.C. (2006). *Strategic supply chain management by Matatiele Municipality*. Master's dissertation, University of Stellenbosch, Stellenbosch.

Zuma, J. (2009). *The New Growth Path: The Framework*. Inaugural State of the Nation Address. Pretoria, South Africa: Government Printers.

APPENDIX I: SURVEY QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

(Select an option by marking it with an X in the appropriate box)

1. What is your gender?

Male		Female	
------	--	--------	--

2. What is your age group?

20 years & below		21-30 years		31-40 years	
41-50 years		51-60 years		61-65 years	

3. What is your position at the Department of Social Development, Gauteng?

Senior Manager		Middle level Manager		Lower Level Manager	
Intern		General Worker		Other (Specify)	

4. For how long have you been working at the Department of Social Development, Gauteng?

0-3 years		4-8 years		More than 8 years	
-----------	--	-----------	--	-------------------	--

5. What is your highest level of educational qualification?

PhD		Master's Degree		Honours Degree	
Bachelors/B Tech		National Diploma		National Certificate	
Matric		Below Matric		Other (specify)	

SECTION B: SCM CHALLENGES FACED BY THE DEPARTMENT OF SOCIAL DEVELOPMENT

Please indicate whether you strongly agree, agree, are uncertain, disagree or strongly disagree with the statements that follow by ticking (✓) 5, 4, 3, 2 or 1 as appropriate

KEY 5 – Strongly Agree, 4- Agree, 3- Uncertain, 2- Disagree and 1 strongly disagree.

6	The Department has a significant number of employees with insufficient knowledge of SCM.	1	2	3	4	5
---	--	---	---	---	---	---

7	The Department faces SCM challenges due to non-compliance with policies and regulations.	1	2	3	4	5
8	SCM in the Department has challenges relating to inadequate planning and linking demand to the budgets.	1	2	3	4	5
9	There are high levels of fraud, corruption and lack of accountability throughout the SCM in the Department.	1	2	3	4	5
10	The Department has challenges relating to inadequate measures for monitoring and evaluation of SCM.	1	2	3	4	5
11	Employees in the SCM division have a propensity to behave unethically when it comes to business practices.	1	2	3	4	5
12	The SCM and the procurement system is too decentralised in the Department.	1	2	3	4	5
13	The SCM system in the Department faces challenges relating to the ineffectiveness of the broad-based black economic empowerment (BBBEE).	1	2	3	4	5

SECTION C: IMPACT OF THE CHALLENGES ON PERFORMANCE

14	There are low levels of clients' satisfaction in as far as the social goods and services are concerned.	1	2	3	4	5
15	The Department finds it difficult to meet its short-term and long-term government-nominated objectives.	1	2	3	4	5
16	The relationships between the Department and the external parties such as private businesses and suppliers do not last.	1	2	3	4	5
17	The Department experiences increasing costs in the process of procuring goods and services from the suppliers for delivery to the beneficiaries.	1	2	3	4	5
18	The Department fails to meet its deadlines regarding its time management and distribution of the right goods and services in the right quantity at the right time.	1	2	3	4	5
29	The Departmental efficiency ratings are decreasing.	1	2	3	4	5

APPENDIX II: ETHICAL CLEARANCE CERTIFICATE



19 February 2019

Mr Sihle Mndaweni (207033001)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Mndaweni,

Protocol reference number: HSS/0533/018M

Project Title: Analysis of the impact of Supply Chain Management challenges on Supply Chain Management Performance at Department of Social Development in Gauteng

Approval notification – Amendment Application

This letter serves to notify you that your application for an amendment dated 19 February 2019 has now been granted **Full Approval** as follows:

- **Change in Title**

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. **PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours faithfully

.....
Dr Rosemary Sibanda (Chair)
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Professor Theuns Pelser
Cc Academic Leader Research: Professor Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

75 Dr Rosemary Sibanda Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3587/8350/4557 Facsimile: +27 (0) 31 260 4609 Email: hsr@ukzn.ac.za / rmw@ukzn.ac.za / mh@ukzn.ac.za

Website: www.ukzn.ac.za