

**SUPPLY CHAIN MANAGEMENT IN THE DEPARTMENT OF PUBLIC  
WORKS-PIETERMARITZBURG: CHALLENGES AND PROSPECTS**

**BY**

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# DECLARATION

I, Bonginkosi Jeffrey Ntibane declare that the work entitled-Supply Chain Management in the Department of Public Works-Pietermaritzburg: challenges and prospects and what is presented in this mini-dissertation is my original work through the professional guidance of my supervisor. I have not copied from any other students' work or from any other sources except where due reference or acknowledgement is made explicitly in the text, nor has another person written any part for me. To the best of my knowledge, this study has never been fully or partially submitted for any award of a degree in any university or any other institution of higher learning.

  
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**BONGINKOSI J NTIBANE**

03/09/2018  
\_\_\_\_\_  
**DATE**

## **DEDICATION**

I dedicate this work to my late parents; Christina and Gabriel Ntibane whom I believe are very proud of my achievements. May their souls rest in peace!

## **ACKNOWLEDGEMENTS**

Glory be to GOD, the almighty, for his never-ending love and grace that offered me the strength, enthusiasm, courage and the determination to undergo this challenging academic journey in the completion of this work. The completion of this research was possible also through the support, perseverance and guidance of the following people that this study has realised, and to whom I owe my deepest gratitude.

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To the leadership of the Department of Public Works (Head Office), for providing me with the opportunity to conduct this study. I hope that the findings and the recommendations provided in this study will go some way towards enhancing service delivery.

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Lastly, my family, particularly my daughter Nondumiso Claudia Nyawose for her understanding, fellow colleagues and classmates, with special reference to Buhle Erick Nyele for his never-ending inspirations and support.

## **ABSTRACT**

The Public Finance Management Act (PFMA), Act (Act No.29 of 1999) places emphasis on the establishment and implementation of a supply chain management (SCM) unit as well as the development of SCM policy framework, processes and procedure by government departments. Hence, the SCM framework that is congruent with the Constitutional requirements in line with the PFMA was developed to transform and integrate the outdated practice of procuring goods and services. SCM is a mechanism for service delivery in South Africa's public institution through policies and procedures intended to address the effectiveness, efficiency, economic resources utilisation regarding demand management, acquisition of goods and services, management of contract, and asset management in order to enhance accountability. Furthermore, the classic view of organizational theory of management and public administration envisioned the "POSDCORB" for enhancing the efficiency of the processes of management.

However, in spite of these developments, proper SCM execution seems to be problematic in South African government institutions. Thus, this study aimed to investigate the root causes of the lack of compliance with SCM rules and procedures including policies by the Department of Public Works-Pietermaritzburg (DPW-PMB) and the role of the principles of organisational theory in enhancing the efficiency of SCM processes. The study utilized the qualitative research design with a case study of the DPW-PMB, applying interview method and direct observation to collect relevant data through purposive sampling with a target population of 16 participants. The findings of the study revealed that efficient execution of SCM was impeded by various factors including shortage of skilled personnel, capacity constraints, poor planning, fraud and corruption, political interference, failure to comply with policies and procedures and lack of training.

The majority of SCM challenges were mostly associated with the lack of integration of the principles of the organisational theory with SCM strategies to enhance efficiency. Recommendations of the study entailed an inclusive approach in the strategic planning sessions need for strengthening internal controls of SCM to mitigate the risk of fraud and abuse of SCM system, reinforcement of reporting structures to improve staff compliance, and ensuring growth and development of both internal and external role-players through continuous training programs. SCM across the government spectrum requires the integrated management approach that encompasses various actors, role-players and responsible stakeholders. Lastly, the study proposes the integration of the principles of organisational theory (POSDCORB) with public sector strategies to enhance the efficiency of SCM system.

## **LIST OF ACRONYMS**

AG	: Auditor-General
AO	: Accounting Officer
BBBEE	: Broad Base Black Economic Empowerment
CEO	: Chief Executive Officers
CFO	: Chief Financial Officer
DPW	: Department of Public Works
M&E	: Monitoring and Evaluation
MFMA	: Municipal Finance Management Act
NT	: National Treasury
PFMA	: Public Finance Management Act
PMB	: Pietermaritzburg
POSDCORB	: Planning, Organizing, Staffing, Directing, Coordinating, Reporting, Budgeting
PPPFA	: Preferential Procurement Policy Framework Act
PT	: Provincial Treasury
RSA	: Republic of South Africa
SCM	: Supply Chain Management
SCOPA	: Standing Committee on Public Accounts
SOP	: Standard Operating Procedures

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# **CHAPTER 1**

## **FRAMEWORK OF RESEARCH**

### **1.1 Introduction**

This chapter introduces the study on Supply Chain Management (SCM) in the Department of Public Works-Pietermaritzburg: Challenges and Prospects. It does so by firstly offering the background, including the existence of the problem to be researched, the reasons for conducting the study, objectives of the research, and questions to be answered by the research and the research methodology. It then proceeds to highlight the applicable legal framework, the conceptual framework of SCM in the South African public sector and then provides the significance and rationale of the study including limitations of the study. It concludes by furnishing the framework of the study including its breakdown.

SCM entails ensuring value for money, fair and real competition, consciences, transparency, responsibility, reporting and fair dealing while procuring goods and services. Making it a point that this is attained is a crucial objective of standardisation in the manner in which goods and services are procured, ensuring accountability and the development of the economy. Hence, an SCM legislative framework has been developed, amended and even restructured to promote democracy and good governance through the efficient implementation of SCM systems to advance previously disadvantaged individuals in South Africa.

This research examines the plans and processes in place for the efficient implementation of SCM system in the Department of Public Works-Pietermaritzburg (DPW-PMB). It endeavours to establish the level of understanding of SCM by staff in the DPW-PMB. The analysis entailed a scrutiny of SCM in the public sector including the legal framework, pertinent policies and the appropriate strategies aimed at promoting accountability, transparency and good governance in the public sector.

### **1.2 Background of the study**

SCM is considered a vehicle for service delivery since it incorporates the forecasting and controlling of all undertakings embodied in out-sourcing and purchasing, transformation, inclusive of logistical administration undertakings with a view to procuring goods and services. In this regard, the constitutional requirements governing all transactions of government and

processes gives emphasises to procuring ‘goods and services’ according to a just, justifiable, clear, viable and economical system (National Treasury, 1996:7).

The Public Finance Management Act (PFMA), (Act No.29 of 1999) put emphasis on establishment and implementation of the SCM units, and the development of SCM policy framework, processes and procedure by government departments. In line with the PFMA, the Minister of Finance developed the SCM framework intended to put into practice the Constitutional requirements. The framework endorsed PFMA requirements through transforming and integrating the outdated practice of procuring goods and services to SCM system thereby ensuring that SCM is the vital element of sound financial management system, and enhancement to financial management in government department and institutions as a whole (National Treasury, 2015:10-11).

The implementation of policies and the delivery of services are significant for the state and private sector. As a result, there must be an integration between the development of policies, how they are implemented and the delivery of services to enable more comprehensive policies and strategies which are sustainable, and subject to continuous monitoring and evaluation including the development of performance management systems and procedures. In this regard, government’s attention (national, provincial and local) is now focusing on service delivery.

The Classic Organisational Theorist Gulick (who wrote many reports of administrative reform and efficiency) emphasised the principles of administration with the division of work, coordination, a delegation of authority, authority and responsibility (Brynard, 2005:3). Hence, poor planning and management for the implementation of SCM in the public sector could result in irregular expenditure. However, cultivating expertise, procedures and methods are essential for a well-performing SCM system.

### **1.3 Research problem**

South Africa’s public sector is the source for the provision of basic services to the country’s citizens. In essence, the introduction of a SCM system, policies and procedures were intended to address the effectiveness, efficiency, economic resource utilisation regarding demand management, acquisition of goods and services, management of contract, and asset management in order to enhance accountability. Based on the perspective of the SA government, there is a link between the development of policies, how they are implemented and the delivery of services. In this regard, Brynard (2005:3) has noted that the main problem

lies in the enhancement of implementation strategies for SCM policy ensuring effective delivery of services.

Furthermore, the Classic view of the Organizational Theory of Management envisioned “POSDCORB” i.e.: planning, organizing, staffing, directing, coordinating, reporting and budgeting as critical to the development of public sector professionals. Gulick had a belief that efficiency guides the principles of administration if comprehensively applied in the attainment of enhanced efficiency of the processes of management (Agrawal and Vashistha, 2013:248). However, in practice, proper SCM execution seems to be problematic in the South African government institutions. Despite Gulick’s Organizational Theory application in the public sector including the introduction of monitoring and evaluation, implementation of SCM in the DPW-PMB is a challenge.

The final management audit results for the financial period 2016-2017 of the DPW-PMB issued by the Auditor-General identified a quantifiable lack of compliance with SCM rules and procedures resulting in irregular expenditure due to a lack of review of the compliance checklist by management and inconsistency in the application of the policies and procedures throughout the regions. Furthermore, the DPW-PMB made contractual obligations with service providers, which failed to adhere to SCM best practices such as the declaring of previous defaulters and history of service performance records based on the requirements of the relevant treasury. The DPW-PMB failed to apply a ‘preference point system’ for all acquisitions of required ‘goods and services’ R30000 based on the requirements of relevant SCM policy and legislative framework (DPW-Annual Audit Report, 2016-2017).

#### **1.4 Research questions**

Creswell (2009:16) indicates that based on qualitative research, the natural surroundings of a study question transmits to “in what way or whatever” in relation to the fundamental study. He further stated that if a researcher is opting for a qualitative study, the researcher drafts a study enquiry cautiously.

Linked to the above-mentioned research problem, this study was underpinned by the following research questions:

##### **Primary research question:**

- ✚ What is the role of SCM policies and procedures in the DPW-PMB?

## **Secondary research questions:**

- ✚ What plans and processes are in place to enable efficient execution of SCM system for DPW-PMB?
- ✚ What is the role of coordinating, reporting and budgeting in enhancing the efficiency of SCM in the DPW-PMB?
- ✚ What is the significance of organizing, staffing, and directing in improving the performance of SCM in the DPW-PMB?

## **1.5 Research objectives**

Research objectives are the aims that a researcher sets out to achieve in the research. Subsequently, research objectives enlighten a person who reads based on what the researcher desires to attain via the research. It is particularly vital to write the research objective precisely. The main objective entails the general proclamation of trust based on the research and a proclamation is the core connotations and interactions that a researcher wants to determine or find out (Kumar, 2011:62). Flowing from the aforementioned research questions, this research presents the following objectives:

- ✚ To determine the role of SCM policies and procedures in the DPW-PMB.
- ✚ To determine whether the DPW-PMB has proper plans and processes in place for efficient execution of SCM.
- ✚ To explore the role of coordinating, reporting and budgeting in enhancing the efficiency of SCM in the DPW-PMB.
- ✚ To analyse the significance of organizing, staffing, and directing in improving the performance of SCM in the DPW-PMB.

## **1.6 Significance of study**

The importance of conducting an investigation of this nature expresses prominence of the problem intended for the attention of diverse readers who may benefit from the use and analysis of study (Creswell, 2014:248). The study provides valuable information about the importance of integrating the principles of organisational theory (POSDCORB) with SCM in the public sector in order to enhance efficiency in the delivery of goods and services. It also offers an enquiry into the challenges and future prospects of SCM in South Africa's public sector.

Findings will improve identified gaps regarding the application of POSDCORB within Supply Chain Management in South Africa's public sector to achieve value for money and promoting good governance. The study further adds value to the body of existing literature to inform and shape SCM for government institutions.

### **1.7 Rationale for study**

A rationale takes into consideration how the investigator established concerns in the topic and why the investigator considers the study worth undertaking (Gravetter et al., 2009:35). The rationale for this study is to investigate the grass-root causes for the lack of compliance with SCM rules and procedures including policies by the DPW-PMB to enhance planning, reporting, budgeting, and accountability.

### **1.8 Research Methodology**

Research methodology focuses courtesy to the study practice and the bits and pieces of tools and measures to be utilised. Creswell (2014:3) argued that there are three kinds of research methods, namely: qualitative research method, quantitative research method and mixed methods. The central emphasis in **qualitative research** deals with understanding, explaining, exploring, discovering and clarifying circumstances, emotional state, insights, insouciances, morals, opinions and understandings of a collection of individuals.

Solitary differentiating structures of qualitative research involves its obedience based on a notion of participants justification in cases where a researcher create every single determination to search for settlement of the participants with his/her clarification, exhibition of the circumstances, know-hows, insights and deductions (Kumar, 2011:103). Qualitative research method yields descriptive data, and it permits participants to use their individual transcribed or articulated words concerning the specific matter (Taket, 2010:45).

Alternatively, in **quantitative research** the dimension and grouping necessities of the data which is collected needs additional well-thought-out, severe, secure and scheduled for their utilisation to guarantee accurateness in measuring and arrangement. In quantitative research study participant's justification occupy little or no significant space. Occasionally it is anticipated to remain attained through flowing or allotment of the findings with other individuals which contributed to the research (Kumar, 2011:103). Quantitative research method

is related with investigative research, it similarly deliver arithmetical examination of information so as reach the collective declaration (Taket, 2010:45).

**Mixed methods** encompasses multifaceted approaches that combine to capitalise on strengths and reduce weaknesses that stem from using a single research design Using this approach to gather and evaluate data may assist to increase the validity and reliability of the research (Leech and Onwuegbuzie, 2009:265-275). Mixed methods conversely encompasses the application of the mixture of qualitative and quantitative research methods to conduct the research (Creswell, 2014:3).

Fundamentally qualitative researchers are fascinated in accepting the implication individuals have assembled, which is exactly how individuals create logic of their domain and the skills they have in the domain (Merriam, 2009:13). For the purpose of this study, the researcher utilized the qualitative research methodology and a case study research strategy of enquiry of the DPW-PMB as the study site.

### **1.8.1 Target population**

The target population entails a total number of sixteen (16) participants of which eight (8) participants are senior management staff (Salary Level 12 to Salary level 14) and another eight (8) participants are junior staff members (Salary Level 5 to Salary Level 9) of SCM in the DPW-PMB.

### **1.8.2 Sampling strategy**

A non-probability sampling was favoured precisely because it does not promote randomisation. Thus, purposive sampling was utilised for selecting participants based on their exceptional proficiency in relevant disciplines.

### **1.8.3 Data quality control**

Participant scrutiny was utilized for the purpose to discover the correctness of the results based on the drafting of a final research report or precise explanations or subjects back to respondents in order to find out the truthfulness (Creswell, 2009:24). The researcher observed information quality control by ensuring trustworthiness, genuineness and reliability. The researcher ensured that honesty was observed through sincerity, transformability, loyalty, and confirmability. The

credibility of the information gathered was likewise observed by ensuring that the researcher gave back participant examination copy for assessment and confirmation.

The researcher also ensured that the dependability of gathered data was observed through the preservation of all records, transcripts, tape recorders, and field notes. The researcher observed the authenticity of gathered data through a report based on sole respondent's skills in a manner that preserves the respect of background for information and offers complete viewpoints correspondingly in order for a person who reads to reach the unbiased judgement. Confirmability was recognized by the researcher through arranging and integrating of information to enable its practicality.

#### **1.8.4 Data analysis**

Braun and Clarke (2006) argued that thematic analysis should be a foundational method for qualitative analysis, as it provides core skills for conducting many other forms of qualitative analysis. This method involves the identification, data analysis, organizing data, description, and reporting themes contained in the relevant set of data. The study used the thematic analysis whereby transcripts material were thoroughly read and scrutinised by the researcher to obtain understanding and meaning of the participant's responses. The researcher captured and analysed qualitative data (i.e. the semi-structured interviews, fieldwork notes and the observation checklist) using 'Microsoft Word' and a qualitative data analysis technique referred to as Atlas.ti.

#### **1.8.5 Ethical consideration**

The researcher needs to expect somewhat moral matters that might emerge in the course of a study procedure (Creswell, 2009:194). This study embraced four issues regarding ethical considerations which entails informed consent, voluntary participation, avoiding harm, privacy and confidentiality. The researcher ensured that the privacy and confidentiality of the study participants was observed by not disclosing their names. Consent forms were completed by the participants before the interview process. Respondent's participation were conducted on a voluntary basis. The participant were notified concerning the right of declining participation in the research.

## **1.9 Limitation of the study**

The study limitations determine that the researcher comprehends that no research project is accurately premeditated. Subsequently, the researcher will not make presumptuous statements around generalizing or decisiveness concerning what would be investigated. The study limitations would establish that the investigator understands that no study project is precisely deliberate. Consequently, the researcher did not make disrespectful declarations about simplifying or certainty regarding what will be a lesson (Marshall and Rossman, 2011:76).

Hence, the limitation of the study consists of the following:

- ✚ Since the study was conducted in the DPW-PMB, a provincial head office, the findings of this study cannot be generalised to the DPW at the regional and district offices.
- ✚ Resources and time constraints may limit the ability of a researcher to conduct further probing to obtain insight about issues being investigated.
- ✚ The sample size might be also be the limiting factor of the study.

## **1.10 Composition of the study**

### **Chapter 1**

This is an introductory chapter, which provides a framework for the research and served as an orientation of the study with reference to the background, problems statement which is the main problem that is being investigated and the rationale behind the study which formed a pathway to formulating research questions and research objectives of the study. The research approach and research design used in the study including sampling strategy and ethical consideration were also discussed in detail.

### **Chapter 2**

This chapter provides a summary of previous views from different authors concerning efficient execution of SCM in South Africa's public sector including the description of the applicable legislative framework. The chapter also examines key concepts underpinning the study with the aim of ensuring that the reader has clear understanding to determine rationale for the study. The main issues to be discussed in this chapter includes the challenges restraining the efficient implementation of supply chain management (SCM), the significance of efficient SCM

implementation, the role of efficient SCM in enhancing service delivery and the future prospects of SCM for South Africa's public sector.

### **Chapter 3**

This chapter discusses the framework of research and begins by providing the introduction followed by the research approach and the research design. It describes the research strategy and the data collection methods, thereby clarifying the process used in the fieldwork to gather relevant information and facts about the reality. It then proceeds to explain the way in which data collection methods and data analysis were administered for the study of SCM in the DPW–PMB. It concludes by furnishing the necessity for maintaining ethical consideration.

### **Chapter 4**

Chapter 4 presents the fieldwork results of the study, which entails the manner in which collected data was analysed and interpreted. A total number of three central themes will be identified in order to guide the whole study. The first theme determines plans and processes in place for efficient execution of SCM in the DPW-PMB. The second theme analyses the role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM in the DPW-PMB. The third theme assesses the significance of organizing, staffing, and directing in improving performance of SCM in the DPW-PMB. In this regard, all the collected data is interpreted and thoroughly analysed in this chapter.

### **Chapter 5**

This Chapter presented the findings, conclusion and recommendations of the study on SCM in the DPW–PMB. Findings were derived from theoretical framework and the empirical research i.e. reviewed literature, fieldwork analysis, and direct observations. Furthermore, both theoretical findings and empirical findings attested that the majority of SCM challenges were mostly associated with the lack of integration of the principles of the organisational theory (POSDCORB) to the implementation of SCM in the public sector to enhance efficiency.

#### **1.10 Conclusion**

The discussion above provided the introduction, study background including the existence of a problem to be researched as a reason for conducting the study. The discussion then provided research problem followed by research questions and the objectives of the study. This chapter

also described the significance of the study, the rationale of the study including limitations of the study, the composition of study and the conclusion. Literature review, legislative framework, theoretical framework and the definition of relevant concepts are covered in chapter 2.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

A literature review familiarizes the researcher with existing work in the field of research. It can be worthwhile and an essential element of the investigation process and creates appreciated influence to the practically every operative stage. Furthermore, a literature review assists in enhancing and consolidating the researcher's individual understanding and assists the researcher to assimilate the findings based on the prevailing frame of understanding. From the time when the essential obligation in the study revolves around comparing the researcher's findings with other researcher's, this is the stage whereby the literature review focuses on a particular area which is under investigation. In the course of the writing a research report, a literature review aids the researcher to assimilate his/her findings with prevailing information to establish whether they support or contradict prior studies (Kumar, 2011:47). The general functions of the literature review are as follows:

- ✚ A literature review offers academic context to the researcher's study.
- ✚ A literature review assists in establishing the associations among what the researcher proposes to scrutinize and against previously discovered by other researcher about the same subject of study.
- ✚ A literature review allows the researcher to illustrate in what way the findings have contributed to the prevailing frame of understanding in the researcher's career.
- ✚ A literature review assists the researcher to assimilate the study results with the prevailing frame of understanding.
- ✚ A literature review incorporates transparency and emphasis to the research problem.
- ✚ A literature review expand the study method.
- ✚ A literature review widens the information platform in the study space.

As indicated by Mouton (2011:87), the first aim of the researcher is to find out what has been previously written by other researchers concerning his/her area of study. This entails a review of the different viewpoints by existing scholars including the already available body of

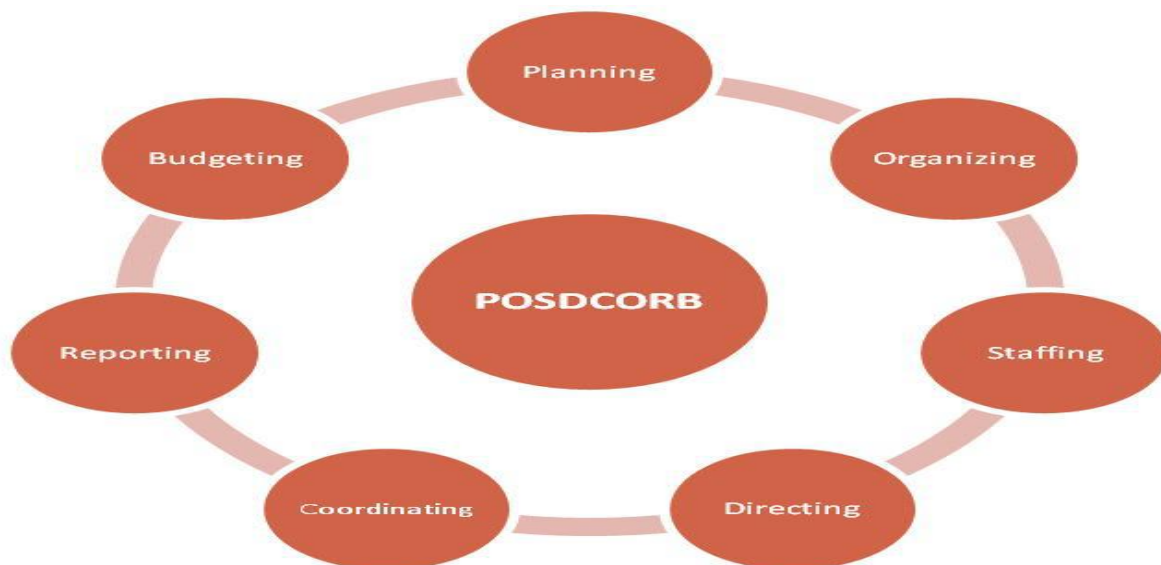
knowledge in order to discover the manner in which other scholars have conducted research in his/her area of interest.

Hence, this chapter will discuss the previous views of different authors concerning efficient execution of SCM in South Africa's public institutions. It will offer a description of the applicable legislative framework including the key concepts underpinning the study. In this regard, previous research findings related to SCM in the public sector are presented, taking into consideration the challenges, significance and future prospects of SCM to enhance service delivery of the public sector.

## 2.2 Theoretical framework

### 2.2.1 The Classic Organisational Theory

*Figure: 2.1* 'POSDCORB'



*Source: Agrawal and Vashistha, (2013:248)*

Figure: 2.1 above presents the Classic Organisational Theory by Gulick, who wrote many reports on administrative reform and efficiency. Gulick placed focus on the principles of administration such as the division of work, coordination, delegation of authority, authority and responsibility (Brynard, 2005:3).

The classic view of the organizational theory of management and public administration envisioned "POSDCORB" i.e.: "planning, organizing, staffing, directing, coordinating, reporting and budgeting" as critical for developing public service professionals. Gulick had a

belief that efficiency guides the principles of administration if comprehensively applied in the attainment of enhanced efficiency of the processes of management (Agrawal and Vashistha, 2013:248).

### **Planning**

Refers to the development of relevant and realistic plan concerning the routine for doing things that will enable the organisation to be able to achieve its strategic objectives of for existence.

### **Organizing**

The term refers to the creation and development of proper organogram that outlines the manner in which certain tasks are organized including segregation of duties and the line of authority and command.

### **Staffing**

This involves alignment of staff's skills, expertise and training of staff including maintaining favourable conditions of work.

### **Directing**

The term entails constant responsibility for decision-making expressed specifically as well as wide-ranging instructions.

### **Coordinating**

This term means connecting numerous activities including procedures for accomplishing desired scope of work and objectives.

### **Reporting**

Reporting entails ensuring that 'executive authorities' are held accountable and continuously keeping their sub-ordinates up-to-date by providing records that are accurate and supported by timeous research.

### **Budgeting**

Refers to ensuring that working capital is efficiently spent according to the agreed plans and objectives, thereby allowing for optimal utilisation of resources, reducing costs and the administration of expenditures. According to Egbide and Agbide (2012:50), budgeting is the most critical and significant component of financial management in an organisation. Budgeting is utilised as a method of transforming information into desired outcomes/result. Proper

management of the budget enables the organisation to effectively and efficiently achieve their production targets systematically (Tinase, 2013:01).

Agrawal and Vashistha (2013:248) claimed that “POSDCORB” is appropriately fitting in the ‘Classical Management’ society due to its classification as the critical component of ‘scientific management’. As a result, the benefits of ‘POSDCORB’ i.e. segregation of duties, power and accountability, self-control, fairness, communication channels, rewarding staff, creativity, the stability of staff, organisational control, separation of personal interests to organisation interest, command, and direction increase efficiency in the organisation.

Based on the aforementioned principles of Organisational Theory, the study provides valuable information about the importance of integrating the principles of organisational theory (POSDCORB) with SCM for the enhancement of efficiency in the delivery of goods and services. Firstly, the study investigates the root causes of the lack of compliance with SCM rules and procedures including policies by DPW-PMB. Secondly, it provides an enquiry to examine plans and processes in place for efficient execution of SCM system in the DPW-PMB. Thirdly, it determines the role of coordinating, reporting and budgeting in enhancing the efficiency of SCM in the DPW-PMB.

Lastly, it endeavours to establish the significance of organising, staffing, and directing in improving the performance of SCM in the DPW-PMB. The study aims to provide answers to questions such as, what plans and processes are in place to enable the efficient execution of a SCM system for DPW-PMB. What is the role of ‘co-ordinating, reporting and budgeting’ in enhancing the efficiency of SCM in the DPW-PMB? What is the significance of ‘organizing, staffing, and directing’ in improving the performance of SCM in the DPW-PMB? The following section offers a definition for SCM, the context of ‘SCM’ for South Africa’s public institutions, the role of ‘SCM’ policies, the benefits of efficient SCM, the challenges of SCM and the future aspects of SCM for South Africa’s public institutions.

### **2.2.2 Customer Relationship Management Theory (CRM)**

CRM entails a universal method of procuring, preserving, developing and the management of the relationship with the consumers in order to sustain in the market or economy (Becker et al. (2009)). Furthermore, Palmatier et al. 2006 illustrate that “CRM is an abbreviation for customer relationship management, not customer relationship marketing. Hence, the term management is a broader concept than marketing because it covers strategic management, human resources management, marketing management, service management, knowledge management, sales

management and research management and development management. Thus CRM requires organizational and business level approaches, which are customer centric, to doing business rather than a simple marketing strategy.”

CRM is a universal method that requires to be aligned in various parts of the organisation. The success factors of CRM are closely reliant to the leadership style and proper management of organisational change, management of human resources including the utilisation of suitable information technologies. In addition, the success factor of CRM is also dependant on the effectiveness of the skills of leadership of managers within the organisation. Advanced leaders are good team members, consult with their sub-ordinates in the team in decision-making processes, at the same time continue to maintain manage groups (Reinartz et al., 2004).

CRM application approaches which are trying to incorporate employees is greatly appreciated by managers in the organisation. Since CRM forms an important part of communication within the organisation, its implementation mandates managers to possess good communication and training skills, manager communication and coaching skills is the important in CRM implementation any banks. The success of CRM application in the organisation is based on the integration of employees into various planning strategies and equipping them with skills in the form of continuous training to enable them to adapt to change (Jayachandran et al., 2005).

### **2.2.3 Resource Dependency Theory (RDT)**

The basic concept of RDT means that an organization could be considered to be an open-system which depends mostly on the unforeseen event emanating from the external environment. Effectiveness of the organisation entails the ability on an organisation to construct results and activities that are acceptable. Additionally, effectiveness of the organization effectiveness is defined as an external standard, estimating the extent to which an organization is capable to fulfil the needs of its interested parties, taking into consideration different groups and organizations which are interested in organisation’s activities.

External judgement of activities of the organisation is viewed as the most crucial aspect towards achieving organisational effectiveness. Organizational effectiveness is necessarily best described based on the external perception, while organisational efficiency is best described by the internal perception (Pfeffer & Salancik, 1978:1-11).

According to Malatesta & Smith (2014:17) argue that recognizing inevitability of procurement of resources determines the integration of an organization in its supply chain to include the key

features of the RDT concerning the process of making or buying choice which is inclined by organisation's influence on its service providers including the organisation's dependency to its service providers, and the importance of the sources of resources obtainable through such service providers. The assessment of the importance of organisation's resource determines the decision making process concerning whether to create or to procure. (Shook et al., 2009:2).

The organisation's decision-making process regarding whether to create or procure is based on the focus of the organizational environment. Nienhüser (2008:13-14) argue that "A resource can be seen as concentrated, if there are only few suppliers available, leading to dependency of the organization to few suppliers. Including the general assumption of the RDT, organizations will try to reduce its dependency to external providers of resources and improve its power over other organizations in their organizational environment." Through this approach, primary objectives of the organisation for controlling and stabilizing the environment of the organization can be achieved (Handfield, 1993:290).

The organisation's decision-making regarding whether to create the resource is based on the criticality of the actions of the organizations actions regarding the available supplier's market availability (Shook et al., 2009:2). Based on the assumptions made by the RDT, the organisation try to decrease the reliance of the organization to outside service providers of resources and reducing the uncertainty regarding future delivery of most significant resource.

RDT is mostly considered to be very exorbitant, regarding that the organization has to procure the competencies to enable the production of the resources. As a result, the organization must procure resources less important to the performance of the organization, and whereby there is availability of numerous external service providers (Shook et al., 2009:2).

RDT assists in the decision-making process of supply management and in the approach aimed at sourcing, choosing, and the treatment of suppliers based on the dependency and level of distinctive power amongst all responsible role-players. RDT application in supply management of the organisation facilitates the selection of dominant or weak service providers which benefits beneficial to the organisation that is buying organization.

The use of RDT in supply management decision-making stage facilitates the establishment of the relation among other organisations through the utilisation of contracts. Handfield (1993:290) illustrated that "RDT has a significant impact on contractual strategies in buyer-supplier relationships, by reducing uncertainty. There is abundant strategic importance of supply management decision using a RDT perspective. There is the great influence of the RDT

in the field of supply management decision making, especially in make-or-buy, sourcing strategy, supplier selection, and contractual decisions.”

#### **2.2.4 Corporate Social Responsibility (CSR)**

Corporate Social Responsibility (CSR) can be defined in numerous ways but then again can in broad remain known as the obligation which the organization need to undertake concerning the public, articulated by means of activities and attitudes which are positively affecting it (Anholon et al., 2016). Broadly, CSR entails the approaches that the organizations or businesses perform their operations in an ethical manner, in a friendly social structure which will benefit the community regarding their advancement.

According to the World Business Council for Sustainable Development, "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Holmes and Watts, 1999; Chand, 2006:240).

Contemporary, CSR refers to the term indicating the responsibilities of various corporate institutions towards considering the attention of society regarding accountability for the influence of their actions on consumers, service providers, personnel, stakeholders, the general public and other interested parties including the external environment.

In this regard, organisation are obligated to indicate that they have complied with the laws and regulations through taking voluntary resourcefulness towards improving the welfare of their workforces including their families over and above, for the resident within the areas of their operations and the general public or community (Hohnen and Potts, 2007).

Corporate social responsibility (CSR) involves the responsibility that is taken by the corporation's towards the assessment of the impact that their activities possess on the general public. Additionally, CSR that the organizations undertake could also lead to the reduction of the risk concerning the society which can be of great long-term advantage to the organization. Compliance to the CSR legislation may have the benefit or difficulty for various organisations depending on the effectiveness of its implementation by different organizations (McWilliams and Siegel, 2000:603).

### **2.2.5 Management Theory**

Management Theory offers a comprehensive foundation of giving support towards the development of the theory of emergency management applying the processes of management such as planning, organizing, leading and control (Fayol, 1916; Mintzbert 1973, Katz, 1974; Koontz, 1984). According to Taylor (1911), the success of an organisation is dependent on the effectively management process and when it has been scientifically approached. He believed that the scientific management principles introduced a revolution in how the management structures and the management process are viewed.

Numerous writers of the past writers in field of management opposed the belief that in order for the organization to accomplish its goals, requires an accurate process of organizing work. (Gilbreth; 1911). Others built on the engineering approaches to acknowledge the impacts of bureaucracies (Weber; 1947). Mintzbert illustrated the strategic responsibility of management structures concerning the role of leading the organization towards accomplishing its strategic objectives rationally. He characterized the role of inter-personal relations, role of information technology, and the role of effective decisional-making to be applicable mutually towards emergency manager in the broad spectrum of organization i.e., (private, public, and non-profit organization).

Gabor (1990) argue that “During the past 100 years, the management theory has developed progressing commencing during the time and motion studies of engineers to contributions from social scientists, the Hawthorne studies and a behavioral approach to more quantitative approaches that look for the best or optimum functioning of an organization or total quality management (TQM) Emergency management has been influenced by the same developments in management theory in utilizing engineering to design the most efficient emergency operations center or emergency response routing for emergency services.”

The management theory denotes that designing skills offers the ability towards problem solving in the manner that would be beneficial on the organizational perspective. The ability of management concerning their effectiveness predominantly at top management structures of the organizational levels must entail much more than the identification of a problem. Additionally, top management should possess the expertise and relevant competencies in order to be able to provide solutions and direction towards solving a problem.

According to the management theory perspective, managers are compelled to possess valued skill to enable them to develop a practical resolution towards solving a problem concerning the realities that they may encounter. Managers have to acquire technical skills since they are viewed to be of paramount significance more especially at the level of the supervisor and leadership and theoretical skills are a necessity at the middle-management level, management and conceptual skills are crucial at the top management, interpersonal relation skills to be able to continuously communicate with their sub-ordinates transversely, and theoretical skills not important for the supervision at the lower-level.

## **2.3 Supply Chain Management (SCM)**

### **2.3.1 Definition**

SCM deals with purchasing, use of goods and services and comprises of demand management; acquisition management; logistics management; disposal management; and performance management (National Treasury, 2010:15). As pointed out by Miao and Ghaderi, SCM refers to the term that has drawn much attention and focuses on the corporate sector. SCM introduced awareness in organisations, together with those in the public sector. It is because of this motive that this term has fascinated the state in modern years (Ambe, 2009:427; Migiro & Ambe, 2008:232).

National Treasury sets procedures entailing the application of policies for SCM policy. SCM forms part of the crucial instruments permitting the public institutions to put in place relevant policies. SCM comprises multiple businesses directly connected by a single or additional movement of goods, services, currency and data beginning from producers to end-users (Handfield et al., 2009).

Bac and Erkan, (2011:21-22) articulated that supply chain is seen to be the establishment of the linkages of the value chain comprising different well-designed organizations with the commitment to share both organized corporate information and procedures. Cooper et al., (1997:1-14) argue that “the understanding of SCM has been re-conceptualized from integrating logistics across the supply chain to integrating and managing key business processes across the supply chain”.

SCM connects both the service providers and consumers starting on the process of obtaining raw materials up to the point where manufactured goods are delivered to the final customers

taking into consideration dealers, producers, wholesalers and traders, including clients (Wisner et al., 2008:13).

SCM entails the supervision of activities involving the acquisition of resources, their processing to semi-finished goods up-to-the finished goods including the distribution of goods and services to the end-users. The undertakings take into consideration of forecasting demand, sourcing, inventory management, data and excellence, production planning, supply, discarding and service to customers (Heizer & Render, 2008:434).

Saad et al. (2002:16) argue that, “the construction industry has moved to the adoption of SCM philosophy, without having benefited from earlier philosophies in other industry sectors such as just-in-time, total quality management, and concurrent engineering. In other words, features from the above-mentioned philosophies have become part of the current practices of the construction industry because of the adoption of SCM which lay the foundation for integrated construction supply chain”.

#### **2.4 The context of public sector SCM in South Africa**

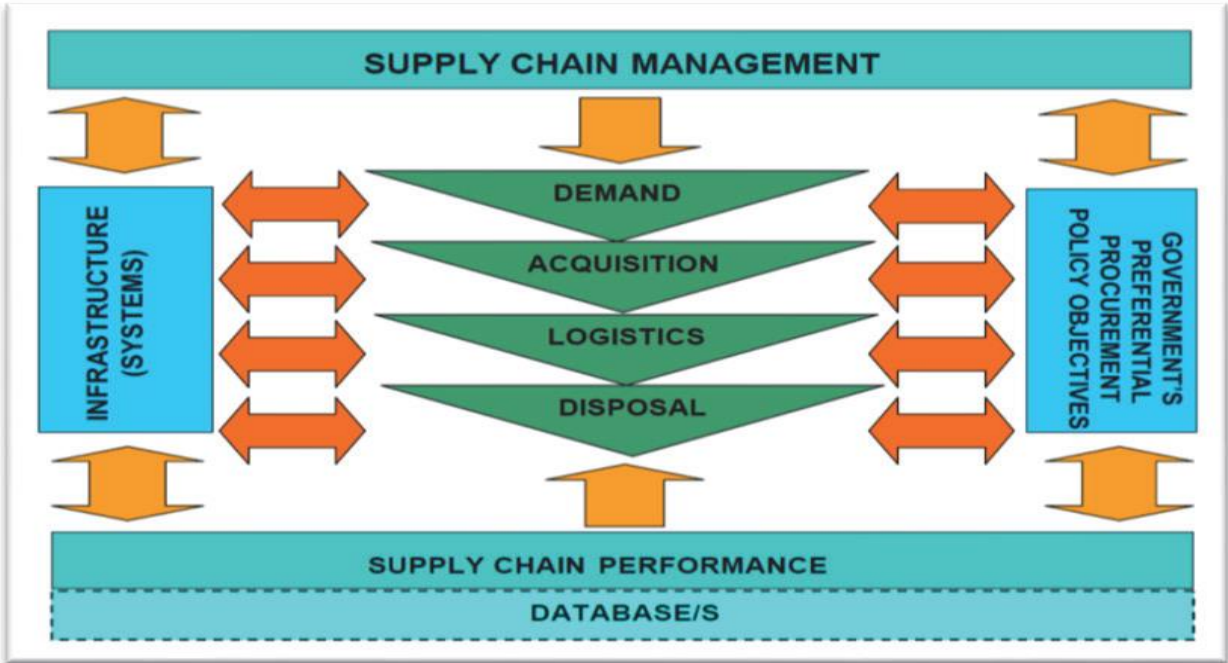
SCM is considered a vehicle for service delivery since it incorporates the forecasting and controlling of all undertaking embodied in out-sourcing and purchasing, transformation, and logistical administration. In this regard, the treasury regulations governing all transactions of government and processes gives emphasises to procuring ‘goods and services’ according to a just, justifiable, clear, viable and economical system (National Treasury, 1996:8).

SCM managers, as the departmental role players in attaining its mission, must identify potential clients of the organisation and end-users. This is done in order to enhance the process flow, eliminating the variability of demand and activities that do not add value to the organisation. SCM performance management reports must be developed to measure the opportunity cost, value for money and the financial impact on the organisation (Lambert and Pohlen, 2001:1-19).

The Public Finance Management Act (PFMA), (Act No.29 of 1999) places emphasis on the establishment and implementation of the SCM units, and development of policy framework, processes and procedure by government departments. In line with the PFMA, the Minister of Finance developed the SCM framework intended to put into practice constitutional requirements. It puts in place requirements of the PFMA through transforming and integrating the outdated practice of procuring goods and services to a SCM system thereby ensuring that SCM is a vital element of a sound financial management system, and enhancement to financial

management in government department and institutions as a whole (National Treasury 2015:28). The following figure 2 represents the elements of SCM system.

**Figure 2.2:** Supply Chain Management



*Source: National Treasury 2015:28*

Section 16A3.1 (a, b) of the Treasury Regulations states that “the accounting officer of an entity to which these regulations apply must develop and implement an effective and efficient supply chain management system in his or her institution for the acquisition of goods and services; and the disposal and letting of state assets, including the disposal of goods no longer required. Furthermore, SCM must be fair, equitable, transparent, competitive and cost-effective; be consistent with the Preferential Procurement Policy Framework Act of 2000; be consistent with the Broad-Based Black Economic Empowerment Act, 2003.”

**2.5 Components of SCM**

**2.5.1 Demand management**

This is the critical component of SCM regarding the identification of requirements established by a deliberate preparation procedure; commissioning a complete valuation of necessities established by budget. Demand management must be effective in determining the required goods and services, linking demand to budget while managing specifications of the requirement so as to make it a point that quality goods and services are procured only when identified

accordingly in the planning stage. Effective planning and management is the most crucial stage of demand management since it focuses on needs identification and assessment for the fulfilment of strategic objectives of the department.

Demand management is therefore very essential during the process of acquisition by describing a choice creation practice that permits the government to acquire, based on the correct period and at accurate values, and at the correct location. Conversely, numerous government bodies are facing challenges regarding improper preparation and connecting petition to the budget. This might be ascribed to skills shortage and lack of capability. Thus, emphasis has been placed on recognizing that ‘training and workshopping’ are considered vibrant for fruitful application of SCM (Ambe & Badenhorst, 2012:11011-113).

As Prinsloo and Roos (cited in Van der Waldt, 2009:75) state that effectiveness is the degree to which an organization attains its strategic intentions, functioning objectives and additional envisioned effects, there is a challenge to SCM implementation concerning insufficient preparation. Cost-effectiveness of any acquisition is dependent on expertise in ensuring that purchasing necessities are consistently resolute, proper agreement plans are established, indentures have to soundly administer, taking into consideration, of opportunities to clinch the best deals at the correct period and at the accurate value.

### **2.5.2 Acquisition management**

Acquisition management entails the management of acquisition procedures; assessment of offer documentation (comprising proposal description boards; perusal of defaulters schedule; numerous procurement engagements; the whole rate of ownership of assets). Efficiency is a distinguishing feature of management of public sector. The dissimilarity outcomes based on the notion of government expenditure viewed substance with the efficiency principle.

Public ‘SCM’ backs these objectives through the contribution it makes in restructuring as well as optimising the whole SCM of the public sector. Efficiency in relations to SCM of the public sector is directed to needs of the ‘end-users’ such as the public (Ambe, 2012:139). Acquisition management, on the other hand, deals with managing the procurement process; evaluation of bid document (consist of bid specification committees; Consultation of defaulters register; a variety of acquisition arrangements; establishing the entire cost of possession of assets; bid adjudication committees; bid evaluation committees, and employment of consultants etc.

According to Prinsloo and Roos (2009:66), efficiency refers to the procedure of transforming resources into the finished product to provide service or to attain definite goals. It is in this process that much attention should be placed on efficiency regarding the use of public funds to procure goods and services including assets since much of the deviation from SCM processes and policies must result in fruitless and wasteful expenditure. In this regard, it is also very imperative to make sure effective implementation of SCM as well as the existence of relevant practices and methods.

### **2.5.3 Logistics management**

Logistics management is strategically responsible for the management of acquirement, movement and warehousing of materials; cost-benefit accomplishment concerning requirement; guarantee effective movement of goods, services and associated data from the place of originality to the place of utilisation. In practice, logistics management involves the management of inventory material i.e. ensuring that inventory level are at a minimum at all times; developing and implementing strategies for the management of stores; determining inventory stock levels and ensuring that it is at minimum; ordering of inventory/stock, receiving of inventory/material; issuing of inventory/material; ensuring that stores/warehouse are managed effectively and efficiently; conducting quarterly inventory count/stock taking; developing inventory count plans; ensuring that stores complies with treasury regulations and instructions; conducting monthly inventory reconciliations; developing and implementing operational plans for stores; ensuring that internal control processes are in place to minimize risks, and continuously reviewing the performance of vendors.

### **2.5.4 Disposal management**

Entails managing assets which are considered redundant and not needed due to their state. It brings into effect deliberation of thorough planning concerning obsolescence; construct a database of obsolete inventory materials; inspection of obsolete inventory materials for re-distribution; determination of suitable disposal plan and strategy of execution.

Operationally, disposal management entails the development of plans for all the obsolete materials; all redundant materials are accounted for by ensuring that a redundant material data base is always maintained; all materials are inspected for possible use again; development of redundant material disposal plan/strategy; and lastly, deciding on the suitable disposal method; implementing the actual disposal plan/process.

### **2.5.5 Risk management**

Entails managing unplanned or unforeseen consequence of a judgement. It involves making establishment for detecting, contemplating and evading risk and providing for sufficient protection for residual risks. Risk management in SCM is the incorporated practice of the department-wise process of risk management. It entails defining the structured, identification of risk, analysis of risk, management of risk, including observing and controlling the effectiveness of various structures and procedures know as crucial components. The most important component of supply chain management risk management implementation comprises the roles clarity and accountabilities, as well as the involvement of various role players in the risk management process such as the suppliers.

Thus, it is very important to have awareness regarding possible risks throughout the process of SCM within the institution. During the SCM risk management process, priority must preferably focus attention to the identification of possible risks associated with the acquisition or procurement of goods and services on regular basis; transferring risk responsibilities to suitable sector with skills for managing risks; undertaking risk management proactively and provide sufficient details for residual risks, and lastly, SCM risk management must be integrated to various SCM processes within the department/institution.

### **2.5.6 Supply Chain performance**

Monitor advancement assumed an ex-post facto examination to find out if the procedures have been complied with and assess if anticipated goals were attained i.e., meeting the strategic goals of SCM. National Treasury issued a template to assist in measuring performance. The Business Day report (2011) articulated that acquisition role-players in public sector have spent a lot of money in means that violated rules and procedures. Hence, Stemele (2009:12) highlighted that the public sphere and their objects have achieved uneven, unconstitutional, unproductive and uneconomical spending that breach rules and procedures. Appropriate 'monitoring and evaluation' are not in place regardless of the mandate. Monitoring and evaluation form a significant feature of SCM application. Insufficient monitoring and evaluation relate to the lack of existence of a governance atmosphere.

As highlighted in the previous chapter, SCM entails ensuring value for money, fair and real competition, consciences, transparency, responsibility, reporting and fair dealing while procuring goods and services. It is considered a vehicle for service delivery since it incorporates

the forecasting and controlling of all undertakings embodied in out-sourcing and purchasing, transformation, inclusive of logistical administration undertakings with a view to procuring goods and services. Furthermore, the implementation of SCM policies and the delivery of services are significant for the state and private sectors in order to achieve value for money for the state and the return on investment for the private sector.

Hence, making it a point that this is attained guarantees a crucial objective of standardisation in the manner in which goods and services are procured, thereby ensuring accountability and the development of the economy. In this regard, mechanisms for execution of SCM entails relevant policies, laws, regulations, procedures, practice notes and guidelines which serves as the basis for the execution of SCM for government institutions. Thus, various ‘SCM’ legislative framework has been developed, amended and even restructured to promote democracy and accountability through the efficient execution of SCM systems to advance previously disadvantaged individuals in South Africa.

## **2.6 Legal framework applicable to SCM**

Post-1994 to date, a set of binding framework for the planning, coordination and implementation and management of SCM have been developed as one of the key foundations of democracy in South Africa. The following provides for legal framework governing ‘public sector’ SCM in South Africa:

### **2.6.1 The Constitution of the Republic of South Africa**

The Constitutional requirements governing all transactions of government and processes clearly states that When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective (Constitution of RSA, 1996:8).

### **2.6.2 The Public Finance Management Act (PFMA)**

The South Africa, public finance management act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. The act promotes the objective of good financial management in order to maximize service delivery through the effective and efficient use of the limited resources (National Treasury, 2015:10).

### **2.6.3 The Municipal Finance Management Act (MFMA)**

The Local government, MFMA 2003 (National Treasury, 2005b) aims to modernise budget and financial management practices in order to maximize the capacity of municipalities to deliver the services to all its residents, customers, users and investors. It places a sound financial framework, clarifying and separating the roles and responsibilities of the mayor, executive and non-executive councillors and officials. It empowers mayors to the political leadership of policy and outcomes, municipal managers and other senior managers to ensure that the municipality has and implements SCM policies and regulations in accordance with chapter 11 of the act (National Treasury, 2015:10).

### **2.6.4 The Preferential Procurement Policy Framework Act (PPPFA)**

The framework is applicable to the public sector procurement system of all organs of the state in the national, provincial and local spheres of the government. Any organ of the state that implements the policy of preferences may only implement preferences within the framework of the Act. The preferences points system must be applied to all procurement. PPPFA and its associated regulations promote historical disadvantage individuals (HDI's) and a Broad-ranging set of development objectives by means of allocating preferences points to these various policy objectives (National Treasury, 2015:10).

### **2.6.5 The broad-based black economic empowerment (BBBEE)**

The act was signed on the 9 of January 2004, among other things. It provided a broad-based charter to promote BEE and issue codes of practice that could include qualification criteria for preferential procurement and other economic activities (National Treasury, 2012:18).

### **2.6.6 The anti-corruption measures and practices**

The constitution provides for rights such as just administration and access to information and requires high standards of ethics within public administration. Recent legislation dealing with transparency and anti-corruption has strengthened government's ability to combat corruption, and also protects employees making disclosures against their employers in both the public and the private sectors (National Treasury, 2012:13).

## **2.7 The role of SCM policies**

States institutions are the main purchaser of products and services including erection of structures. In ensuring value for money, efficiency and effectiveness in service delivery and consequently achieving the goals of government, policies and legislative framework regarding SCM have to be clearly stated. However, SCM policies, processes and procedures are frequently unclear and awkward. Service providers are required to complete a number of forms, repeatedly timeously. Such a process is costly in terms of money and time-consuming and is problematic particularly for small, medium and micro enterprises possessing few or no management capacities.

As a result, government's policies must support developing as well as advance of upcoming business organisations and their role in creating employment. Procedures that impede this process, and are proving to be challenging administrators to deduce and apply, require alteration (National Treasury, 2015:5).

The individual institution of government is obligated by the legislation in terms of adhering to relevant uniform policies of SCM that have been created and have been put into practice. Based on findings of the previous studies on SCM such as (Ambe & Badenhorst, 2012:11012); Luyt (2008: 28); (Business Day reports: 2011) revealed that non-compliance with applicable policies including processes prevents the efficient execution of SCM and has a negative impact to the delivery of services to the citizens of South Africa.

Shortage of necessary SCM expertise and aptitudes including the deficiency of severer rules and regulations contributes mostly to the failure of complying with uniform policies including guidelines of SCM as stipulated in a framework. Non-compliance with SCM legal framework includes: misuse of competitive process; failure to align appointing of 'bid committee members' with requirements of policies; incorrect 'drafting of bid documents; and deviating from normal SCM processes without sufficient justification (Ambe & Badenhorst, 2012:11011-113).

Cognizant of the foregoing challenges, the government of South Africa conducted substantial alterations of SCM through the introduction of relevant SCM legal framework for the public sector, which makes provision for policies that are decentralized, and the management of resource of the public sector. In line with the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA), the aim was to allow managers to manage.

However, reports to the National Treasury by accounting officers, and borne out by the Auditor-General (AG), indicate a continuous low level of compliance with the SCM legal framework.

These reports indicate continuous poor policy implementation and operational flaws in institutional SCM oversight. These weaknesses include the inability of staff to interpret and apply SCM policies and standards. Generally, compliance with public SCM rules, legislation, norms and standards is critical to ensure that government's policy objectives are attained. To reduce waste, eradicate corruption and improve public sector performance, ethics, integrity, transparency and accountability need to be strengthened (National Treasury, 2015:9-10).

Currently, a draft Supply Chain Management Bill to govern public SCM is being prepared by National Treasury. Among other things, it will fully establish the OCPO and give it powers and functions to formulate and advise on policy, administer national legislation, and ensure that policies and legislation are implemented in an appropriate, consistent and systematic manner (National Treasury, 2015:6).

Moreover, SCM requires integrating business processes with key members of the supply chain. Four different types of business process links are identified: managed business process links, monitored business process links, not-managed business process links and non-member business process links (Lambert and Cooper, 2000:65-83).

## **2.8 Actors in SCM for the South African public sector**

### **2.8.1 National Treasury**

The National Treasury plays a crucial role in introducing and overseeing the implementation of SCM by developing treasury regulations and issuing guidelines. It is responsible for prescribing the general contract conditions and the development of bid documents to accounting officer. It also sets minimum standards for reporting and monitoring the outcomes of policies. National

Treasury provide the following oversight roles, namely: enforce good governance regarding transparent and efficient management of expenditure, revenue, liabilities and assets of various departments; enforce the prescribed uniform norms and standards i.e. GRAP, GAAP etc.; monitoring the implementation of the PFMA by both national and provincial departments and institutions; oversee the promotion of sound financial management; oversee the enforcing of prescribe uniform regulations, instructions, and guidelines; monitor the application of issued practise notes and guidelines for efficient implementation of SCM.

### **2.8.2 Provincial Treasury**

The role of provincial treasury entails assisting provincial departments to implement SCM and provides necessary support to the departments through the provision of advice, capacity building while coordinating provincial training and monitoring the outcomes of provincial policies.

### **2.8.3 Accounting Officer (AO) /Chief Executive Officers (CEO)**

The AO has the responsibility of establishing and directing an SCM unit under direction and supervision of the CFO. The AO has a duty of compiling and implementing the policy framework for SCM system. The accounting officer has to ensure the adherence to prescribed guidelines issued by the national treasury concerning implementation support documents. He/she has a role of developing internal control systems including applicable processes and procedures while ensuring smooth operations through skills provisions and training of officials. Finally, the accounting officer has a role of reporting to the national treasury and ensuring compliance with moral and professional standards at all times.

### **2.8.4 Chief Financial Officer (CFO)/SCM units**

The CFO is responsible for the recruitment, selection, development and management skills for building and maintaining effective SCM system. The CFO has a role to organise training skills and resources for the development of supervisors and managers who are operating, managing range activities of SCM system, government infrastructure and information technology systems (National Treasury, 2005a).

## **2.9 The significance of efficient SCM in the public sector**

In enabling government institutions to execute their policy mandates, SCM is viewed to be the fundamental instrument in ensuring that these policy objectives attained are cost-effective. Usually, the role of 'SCM' is misinterpreted while being devalued because of the lack of recognition of its planned operational prominence including its 'under-capacitation'. SCM is an essential way in which state organizations, perform their tasks with the accountable interested party (National Treasury, 2010:15). The incorporation of SCM in government sphere occupy a precarious character in enhancing 'logistics support' as well as enlightening inventory management procedures. Most public sector agencies endeavours to stimulate SCM efficiency in government institutions.

Residents expect proficient controlling and utilisation of public funds. Most recently, most governments in numerous prerogatives make an effort to considerably; increase efficacy in the provision of public sector services is by utilising SCM. Cooper et al (1997:1-14) asserted that, “planning and control of operations are keys to moving an organization or supply chain in the desired direction. The extent of joint planning is expected to bear heavily on the success of the supply chain, different components may be emphasized at different times but planning transcends the phases.”

Furthermore, Lambert et al., (1998:1-19) illustrated that “the SCM framework consists of three closely inter-related elements: the supply chain network structure, the supply chain business processes, and the supply chain management components.” Public sector SCM plays a vital role as the mechanism towards the enhancement of excellence provision of ‘goods and services’ to citizens. Based on the latter, it becomes imperative to consider that SCM performance management is indispensable in ensuring uninterrupted enhancement in supply chain management. An effective SCM would transform into better-quality delivery of services the public (Ambe & Badenhorst, 2011:88).

SCM comprises a linkage of organisations who come into a collaboration for exchanging ‘goods and services’, funds including data from producer to the end-users. Effective administration of these movements necessitates the establishment of common relationships amongst the supply and delivering associates with the main aim of making the utmost of client worth and given that a return of all members of the supply chain (Ghaderi et al., 2010:29).

Efficiency is a representative trait of public management. Public SCM supports this target by adding to the reorganisation and optimisation of entire public supply chains. Despite the widespread rules and processes executed for government institutions in South Africa, SCM is still subject to fraud. At hand, all time problems in managing risks associated with dishonesty as well as the exploitation of SCM still exists. A structure for ongoing monitoring and enhancing SCM is for that reason, very significant for enabling the state to accomplish their objectives (Ambe, 2012:139).

According to Prinsloo and Roos (2009:66), efficiency refers to the procedure of transforming resources into the finished product to provide service or to attain definite goals. Efficiency in the public sector refers to sustaining the utmost indispensable necessity of the public to the extreme conceivable degree, in reference to superiority and capacity over the use of scarce resources that are obtainable.

In this regard, it is also very imperative to make certain of practices and mechanisms to be developed for ensuring efficient implementation of SCM. SCM framework suggests numerous possible components that must receive managerial attention when managing supply chain relationships regarding the use of public funds to procure goods and services including assets since much of the deviation from SCM processes and policies must result in avoiding fruitless and wasteful expenditure (Lambert et al., 1996:25-41).

To elaborate further, the use of *RDT* in supply management decision-making stage facilitates the establishment of the relation among other organisations through the utilisation of contracts. The incorporation of *CRM* in SCM can prove vital in improving planning based on the integration of employees into various planning strategies and equipping them with skills in the form of continuous training to enable them to adapt to change since SCM environment is very broad and ever-changing.

*CSR* can facilitate the efficiency of the SCM process within the public sector through the assessment of the impact that their activities possess on the general public i.e., poor service delivery; fraud and corruption; mal-administration which negative impact the image of the public service. Additionally, principles of *management theory* i.e., planning, leading, organising and control are very crucial to enable effective implementation of SCM since all these principles are deliberated to improve effectiveness and efficiency in any organization i.e., public, private, and non-profit organisations.

## **2.10 Benefits of efficient SCM in the public sector**

Generally, governments have placed their attention on the management of contracts with service providers, and the role-players involved in the procurement process of contracts for the relevant state institution openly. Additionally, the findings of a survey that was conducted in 2009 concerning SCM revealed that 41% of managers responsible for contract management never tested value for money when procuring services through current contract (Kaye, 2009:8).

Nevertheless, the mainstream of these associated studies are on familiar terms with the fact that effective SCM is an influential instrument to accomplish a cost-benefit and a greater commercial consequence for all stakeholders in the interior and outside any organisation (Davis, 2008:310). Thus, Ambe (2012:142) further highlighted the following as benefits of efficient SCM, namely: improved allocation of risk, promotion of transparency, enhancement

of innovation, improvement in defining the requirements, thorough risk identification, and improved quality.

#### **2.10.1 Improved allocation of risk**

This entails the effective allocation of risk that is a significant factor considered for the acquisition process. Furthermore, allocation of risk must be according to the responsible officials entrusted with the management of risk by promoting a thorough understanding of the operational requirements for delivery set objectives (Ambe, 2012:142).

#### **2.10.2 Promotion of transparency**

Effective SCM implementation promotes transparency in terms of equal opportunities for subcontracting by different government institutions in an effort to increase competition, vitality and specific skills or public sector's strength for increasing competition by proving institutions with precise skills and strengths to enable participation of the public sector in the market space (Ambe, 2012:142).

#### **2.10.3 Enhancement of innovation**

The innovation of suppliers in the SCM plays a critical role in contributing to improving quality, fast-tracking delivery of services and reducing operational costs. The effectiveness of SCM system occupies a vital position for possible innovation all over the SCM system (Ambe, 2012:142).

#### **2.10.4 Improvement in defining the requirements**

Prompt involvement in SCM can assist in shaping government organisation's needs assessment that can improve participation in the marketplace. Efficient SCM process enables possibility for proper demand planning and organising where specifications will be drafted to suite the requirements of the end-users thereby minimising unnecessary delays in processes which hampers service delivery.

#### **2.10.5 Thorough risk identification**

Early identification of relevant risk in the delivery of contracts and sound financial management provides awareness in terms of the manner in which contracts are implemented including responsible stakeholders in SCM. Risk management forms a significant aspect of SCM which requires development of effective mitigation plans to avoid wasteful and fruitless expenditure

which is very critical for that all possible risk associated with SCM are identified early to enable to put in place risk prevention plans and strategies.

#### **2.10.6 Improved quality**

The viewpoints provided by suppliers in terms of prospects are identified more easily in their own SCM systems to improving quality and increasing times of delivery times while reducing costs. Efficient SCM process enables the sourcing, selection and the appointment of reliable or suitable suppliers which will enable the organisation to achieve value for money on the quality of goods or services required to enable business units to perform their function effectively resulting to economic and transparent used of public funds.

#### **2.11 SCM challenges in South Africa**

Although monitoring and evaluation has been made known to government institutions for escalating responsibility, there are acknowledgements that SCM for government institutions remains inadequate and still has vast challenges that have a huge negative effect on government's development intervention programs since they hamper the effectiveness and efficiency of SCM performance within the public sector. De Lange (2011) reported that "people who contribute by paying taxes were robbed of R30 billion. Exploitation, lack of skills and carelessness by servants of the public sector" remained to be held responsible. Approximately 20% of the public sector's acquisition financial plan alone is considered misused every year.

Government entities or institutions have incurred overpayment for goods and services or unsuccessful in monitoring the way money had been spent. Some government entities cannot properly quantify the needs of those requiring their services or properly estimate costs, nor can accurately track, control or report on expenditure and there is a need to monitor the delivery of services properly to ensure that scarce resources are efficiently and effectively procured (Luyt, 2008:28).

Based on the latter, numerous studies have examined divergent businesses and sectors. As indicated in the previous chapter, analysis of the Supply chain management challenges in the South African public sector indicated a number of problems which hinder the execution of SCM hence abnormalities or disobedience remained unobserved or acknowledged too late after the effects (Ambe & Badenhorst, 2012:11012).

SCM fraud and corruption seems to take place transversely in the public institutions and SCM transactions related to procurement of goods and services are deemed to be easily targeted

particularly in the South African public sector. This is evident based on the most recent Auditor-General's Report which has revealed the lack of compliance with relevant SCM rules and regulations by the DPW-PMB. Despite the existence of relevant legislative framework for regulating SCM procurement process in the South African public sector, it is still exposed to fraud and corrupt activities such as fronting, collusion, mal-administration, and manipulation of risk management strategies (Woods and Mantzaris, 2012:112).

The most important deficiencies discovered in the public SCM is about presenting approved acquisition mechanisms, as well as processes (National Treasury, 2009:6). State bodies are experiencing growing pressure to address concerns about 'SCM'. The service providers including the global community are not the only ones putting pressure on government; they also originates from the 'media' that have growing interest regarding issues around 'SCM' including acquisition (Migiro and Ambe, 2008:8).

Despite the fact that the provincial sphere (government departments) and local sphere (municipalities) devoted their efforts to taking matters seriously at numerous phases of their procedures, others are roughly having difficulties to take important steps for creating sound 'SCM' including acquisition procedures. Business Day Report (2011) articulated that acquisition role-players in public sector have spent a lot of money in means that violated rules and procedures.

In addition, the public sphere and their objects have achieved uneven, unconstitutional, unproductive and uneconomical spending that breach rules and procedures. There is an absence of appropriate monitoring and evaluation as mandated (Stemele, 2009). Hence, deviations or nonconformity remains unobserved or recognized.

It is argued that a number of state institutions continuously obtained qualified audit reports. Members of the public anticipate their civic services to function efficiently, seamlessly and effectively (Ambe & Badenhorst, 2012:11011-113). Mfene (2009:210) made a distinction of service delivery as an integrated strategy aimed at stimulating the broad-spectrum prosperity of the public.

Mal-administration and abuse of SCM is the reason for an increase in cases related to tender fraud, fruitless and wasteful expenditure by the government that has a huge negative effect on improving service delivery since public funds are not utilised effectively to benefit the taxpayers. Top government officials are making the state tender a family affair as witnessed in

the Eastern Cape Department of Education where more than 200 close relatives of officials scored tenders from the Department during the 2011/12 financial year (Mkhwanazi, 2013:8).

Furthermore, 303 officials of the Department of Education in Limpopo that include directors and section heads and 61 of their relatives scored millions of rand's worth of government work. These are just some of Auditor-General Terence Nombembe's findings, which reveal that state officials and their relatives continue to pillage the public purse. The number of tenders irregularly awarded to state officials and their relatives dropped dramatically from 1.2 billion in 2010/2011 to R579 million in 2011/12. Despite the decrease, the value of irregularly awarded tenders is still considerably high (Mbanjwa and Dlangisa, 2013:10).

There is an abuse of the SCM process since officials are constantly not adhering to the code of conduct for SCM and standard operating procedures by not utilising a competitive process of bidding, obtaining quotations and inappropriate application of the preference point system as pointed out by Ambe and Badenhorst-Weiss (2012:250). However, the complexity and awkwardness of policy framework as well as procedures might be the contributing factor in this regard. Significantly, this overlapping gap and duplicated regulating instruments responsible for SCM create confusion regarding standards to be adhered (National Treasury, 2015:5). Thus, for a country that is still on the developing stage and owes more to offer to its citizens, it is a step backwards to the proposed plans of development since such actions delay basic service delivery to needy communities (Van Zyl, 2006).

Although monitoring and evaluation are receiving much attention in the public sector as one of the strategies for addressing poor SCM, there is a feeling that it is still lacking especially in the SCM performance judging by the increase in cases of mal-administration of the system for financial gain by officials within the SCM unit. Recently, the police and the national treasury have been investigating a syndicate involving health officials for allegedly trying to defraud the Gauteng Health Department of more than R6 million (Hunter, 2013:7).

Conversely, there seems to be a rise in non-compliance with the PFMA and MFMA by the national, provincial and local government officials. Previous studies by researchers on the SCM have made similar conclusion. This is summarised in the work of (Migiro and Ambe, 2008:241) who argued, "Non-compliance to SCM policy was due to lack of skills, capacity and knowledge of the workforce to be able to fully implement SCM across various spheres of government". Financial accountability, as well as responsibility of these spheres, is very crucial in

determining the best value for money in the quest to providing goods and services to the people (Matthee, 2006).

The specialised committees i.e. the Committee on the Auditor-General is established to oversee the performance of function of the Auditor-General and monitor compliance to the Public Audit Act; the Association of Public Accounts Committees (APAC), which is an umbrella body for finance watchdogs in the National Assembly; and the Committee on Public Accounts which is responsible for overseeing the financial performance in terms of any report issued by the AG on financial statements had hoped that local councils would improve their financial performance.

Conversely, these committees are very disappointed by the drop in the number of municipalities that have received clean audits. A number of municipalities failed to submit their financial statements (Masilela, 2013:4). Ethics and conflict of interest significantly has negative effects on the execution of SCM. In this regard, there is enormous authority manipulated by CFO's including the non-existence of appropriate consultation of other responsible stakeholders (Ambe and Badenhorst-Weiss, 2012:11012).

Since its inception, the key problem regarding the effective execution of SCM in the DPW results from intensifying burden for costs reduction. Efficient execution of SCM entails the formulation of the mechanism of SCM that are capable to enable the public sector to achieve cheaper costs as well as to achieve value for public money spent for delivery of services. The economic utilisation of public resources is only achievable through ensuring 'value for money' including 'costs versus benefit' as stipulated in the framework. As a result, inefficiency and waste of public resources emanate from the failure of public institutions to incorporate distinct policies to be intelligible approaches as an alternative of developing a haphazard distribution of resources (Essig & Dorobek, 2006:5).

Successful execution of public sector SCM is associated with the existence of 'adequate capacity' and proper structures in place with skilled SCM personnel. However, quality of personnel's skills and the ability of most SCM officials in the public sector are regarded as lower than average. Furthermore, numerous public sector SCM role-players in South Africa have been 'trained' and 'work-shopped' regarding efficient application of rules and procedure to achieve proper SCM system. Nevertheless, SCM officials continue to have deficiencies regarding proper understanding of proper execution of SCM (Migiro and Ambe, 2008:241). McCarthy (2006:4) articulated that, "The completeness of tender documents in government

entities is difficult to verify because the register is incomplete. There is also the lack of capacity and knowledge to handle procurement processes that contributes to bad governance”.

The lack of SCM performance management compromises risk identification, management of SCM challenges such as ‘fraud and corruption’. Efficient execution of SCM is also hampered by management mal-practices within public institutions. Despite the existence of strong legal framework, corruption continues to be a main challenge as a result of non-adherence to relevant laws and acts. Transparency regarding competitive contracting process is the influential instrument which could be utilised in combatting corrupt practices and in promoting good governance in order to achieve value for money and enhancing delivery of services. However, the deficiency of the appropriate structure for monitoring the impacts of strategies for empowerment lead to fronting (National Treasury, 2015:13-20).

Monitoring and evaluation (M&E) plays an essential role regarding the efficient execution of public sector SCM in South Africa. As a result, insufficient mechanisms of M&E is associated with nonexistence, the poor presence of mechanisms for ‘control environment’ thus, public institutions find themselves struggling to put into practise ‘SCM’ as mandated by the relevant legislative framework. Therefore, M&E must be integrated into all stages of SCM since ‘deviations or non-compliances’ are only discovered too late for any intervention or preventive measures. Furthermore, role players in SCM for the public sector disobey rules and procedures resulting to wasteful expenditure costing lots of public funds (Business Day reports: 2011).

According to Boateng (2008:24), “lack of understanding regarding the concept of SCM and its inextricable link to long-term quality service delivery, human capital development and associated socio-economic growth, may be the root cause of problems beleaguering SCM in government.” In addition, ‘political governance’ and ‘public administration’ continue to create problems regarding proper execution of public sector SCM by adding intricacy to current complications for coordinating and networking between the private sector and the public sector (Essig & Dorobek, 2006:5).

In summary, the afore-mentioned SCM challenges can be associated with the lack of integration of the principles of the organisational theory (POSDCORB) to the implementation of SCM in the public sector to enhance efficiency as highlighted earlier on in this chapter.

Firstly, challenges such as poor planning and linking the needs to the budget; public sphere and their objects achieving uneven, unconstitutional, unproductive and uneconomical spending that breach rules and procedures indicates that there is no proper planning (the first principle of

organisational theory). It refers to the development of relevant and realistic plan concerning the routine for doing things that will enable the organisation to be able to achieve the strategic objectives of its existence.

Secondly, it shows a lack in organising which is known as a second principle entailed by the theory. The second principle refers to the ‘creation and development of proper organogram that outlines the manner in which certain tasks are organized including segregation of duties and the line of authority and command.

Thirdly, it reveals lack in budgeting by the public sector, budgeting is the seventh principle of the theory that refers to ensuring that working capital is efficiently spent according to the agreed plans and objectives, thereby allowing for optimal utilisation of resources, reducing costs and the administration of expenditures. The third principle refers to ensuring that working capital is efficiently spent according to the agreed plans and objectives, thereby allowing for optimal utilisation of resources, reducing costs and the administration of expenditures.

Fourthly, challenges such as the shortage of experienced SCM practitioners is an indication of the lack of application of the third principle of the theory (staffing), which involves the alignment of personnel skills, expertise to contribute to SCM and training of staff including maintaining favourable conditions of work. Practically, the role of government training institutions entails providing and coordinating relevant training of civil servants including conducting competency tests and examination of public servants in order to issue accredited diplomas and certificates. Furthermore, government training institutions aims to improving the state capacity of delivering services in terms competency-based training directed to enhancing the level of skills of civil servants.

Fifthly, challenges such as failure to comply with legal framework including instructions as well as poor M&E indicate that directing, as the fourth principle of the theory that entails constant responsibility for decision making expressed specifically as well as wide-ranging instructions were also not executed accordingly.

Sixthly, challenges of SCM which include ‘ethics and conflict of interest’ significantly has negative effects on the execution of SCM. The failure by officials to apply the fifth principle of the theory (coordinating), which means connecting numerous activities including procedures to accomplishing desired scope of work and objectives.

Lastly, another challenge of SCM is associated with the ‘lack of accountability’. Fraud and corruption indicates a deficiency in applying the sixth principle of the theory (reporting). Reporting entails ensuring that ‘executive authorities’ are held accountable and continuously keep their sub-ordinates up-to-date by providing records that are accurate and supported by timeous research.

## **2.12 Future prospects of SCM system in the public sector**

According to the National Treasury (2015:12), numerous issues impede public sector SCM system’s efficiency and cost-effectiveness including disintegration to intricate bid documentation including processes. Therefore, processes and procedures for SCM are simplified, cost-effective, reasonable, user-friendly, competitive, and corruption free. Hence, a solitary legal framework for SCM is being developed with the purpose of rationalising the legislative environment that includes an excess of 80 diverse legislative mechanisms, procedures and processes governing the SCM system of the public sector and their integration to create a single legislation comparable to both the PFMA and MFMA.

There is a need for the amendment of tender documents to comprehensible and understandable format which will significantly reduce the number of documents required for a tender including their simplified design permitting accessibility and the use of unambiguous and definitely understandable language. The standardisation of the documents will be pertinent to the procurement form embarked on. Healthy tender documents will permit for differentiation in procurement. The standard operating procedures (SOPS) will be developed for the entire public sector ‘SCM’ in South Africa (National Treasury, 2015:12).

In addition, there will be the removal of unneeded steps in the SCM process to allow for the development of a centralised database for implementation in the public sector SCM processes. In this regard, there will be a significant reduction in administration challenges contained by the system, mandating the once-off submission of administrative documents during the scheduled period. Therefore, SCM system computerization ought to result in the substantial reduction of costs to contractors, enhance accountability and responsibility (National Treasury, 2015:12).

For standardising SCM system reporting across the government entities, a framework for reporting is under development. In addition, there is a necessity for the ‘accounting officers’ and senior government officials concerning reporting various SCM data and facts taking into

consideration of procurement plans, tenders due for advertisement, awarded tenders, information pertaining to the supplying company, the award value and status of tenders implementation process. There will be the publishing of tender process on monthly basis, quarterly basis and on annual basis based on the 'Promotion of Access to Information Act', and nature of information.

There will be a system in place for detecting officials who are conducting business with the public sector. Finally, there will be the development of the website for Office of the Chief Procurement Officer to accommodate the entire information related to SCM for both the public sector and the service providers and will be utilised as a vital tool for interaction to permit for easy dealings amongst service providers, government institutions and the general public (National Treasury, 2015:13).

### **2.13 Conclusion**

As a closure, this chapter provided a summary of previous views from different authors concerning efficient execution of SCM in South Africa's public sector including the description of the applicable legislative framework. The chapter also examined key concepts underpinning the study with the aim of ensuring that the reader has clear understanding to determine rationale for the study. The main issues discussed in this chapter includes the challenges restraining the efficient implementation of supply chain management (SCM), the significance of efficient SCM implementation, the role of efficient SCM in enhancing service delivery and the future prospects of SCM for South Africa's public sector. The literature review covered in this chapter will be necessary for conducting data analysis and drawing of conclusions and recommendations for the entire study. Chapter 3 will comprise the research methodology applied in this study.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the framework of the research. It does so by firstly offering the research paradigm/worldview and the research design utilized in the study to develop relevant research questions to be answered through obtaining facts about the reality. It describes the research strategy and the data collection methods thereby clarifying the motive for the selection of the relevant strategy i.e. case study and the process used in the fieldwork to gather relevant information and facts about the reality. It then proceeds to explain the way in which data collection methods and data analysis were administered for the study of SCM in the DPW–PMB: challenges and prospects. It concludes by furnishing the necessity for maintaining ethical consideration and the breakdown of research framework.

#### **3.2 RESEARCH DESIGN AND APPROACH**

##### **3.2.1 Research design**

Bordens and Abbott (2008:43) maintain that a research design describes the tactic to be utilized for the collection of information. It defines the circumstances under which information were gathered, how participants or matters will be nominated and an indication of directions which were utilized and normally offers data about the “who, what, when, where and how” of the study plan. Anderson (2006:4) further argue that, “Qualitative research is a lot cheaper compared to ‘surveys’ while particularly having positive effects to obtaining data regarding individual's desires to communicate as well as how they respond towards including opinions around particular manner of communicating.

Qualitative research designs are frequently grounded on empirical as compared to being non-empirical judgement, are stretchy and evolving in nature, and are regarded as frequently not direct and not consecutive in the manner that they are applied. Qualitative research predominantly involves choosing individuals to who the data, based on an exposed structure of investigation, is discovered and collected. The restrictions of the possibility for the study, including data collection techniques and procedures, are frequently accommodating and changing. Therefore, many qualitative designs are non-structured and in a sequence (Kumar, 2011:103).

For the purpose of this study, the researcher utilised the qualitative research design as the strategy of enquiry. The researcher conducted an in-depth search, scrutiny and analysis of relevant literature applicable to SCM. The researcher also scheduled and conducted a number of interview sessions with experts in the field of SCM in the DPW-PMB, Furthermore, the researcher also used the observation method by developing a checklist to gather the in-depth analysis related to for SCM process flow in the DPW-PMB.

### **3.2.2 Research approach**

Creswell (2014:3) argued that there are three kinds of research methods, namely: qualitative research method, quantitative research methodology, and mixed methods. The central emphasis in qualitative research deals with understanding, explaining, exploring, discovering and clarifying circumstances, emotional state, insights, insouciances, morals, opinions and understandings of a collection of individuals (Kumar, 2011:103).

Qualitative research method yields descriptive data, and it permits participants to use their individual transcribed or articulated words concerning the specific matter (Taket, 2010:45). Fundamentally, qualitative researchers are fascinated in accepting the implication individuals have assembled, which is exactly how individuals create the logic of their domain and the skills they have in the domain (Merriam, 2009:13). Thus, this research utilized a qualitative research approach as the strategy of enquiry to SCM in the DPW-PMB: challenges and prospects.

### **3.2.3 Study site**

The DPW-PMB was selected as the study site since it is the provincial head office situated at No. 191 Prince Alfred Street, Pietermaritzburg (CBD), and has the responsibility of overseeing SCM compliance of the regions and districts within the province. The study site was selected due to its accessibility, distance (it is within the space of the researcher since the researcher is employed by the department), availability of people to participate in the study, easy access to departmental documents and information, and time factor.

### **3.2.4 Population**

All the applicable studies regarding social sciences relies on another feature, entails the population of the research, from which the information is to be obtained so as to achieve solutions to the study questions. Narrowing the study problem, correspondingly creates the necessity to choose precisely and undoubtedly whether who forms part of study population,

which permits the selection of the suitable participants (Kumar, 2011:65). According to Babbie (2010:199), a population is the supposedly specified accumulation of research components.

A population is a cluster of human beings, things, or substances from which samples are derived in order to be measured e.g. group of school principals or ministers, books or academics (Mouton, 2011:123). The study targeted administrative clerks, administrative officers; assistant directors; deputy directors; and directors who are all employees of the DPW-PMB. As a result, a small number of individuals were cross-examined in-depth. Respondents were requested to respond to common interview questions. The interview schedule focused attention on a few concise questions or themes as per Annexures A.

### **3.2.5 Sampling**

The sample comprises a smaller population of a group that is similarly defined for instance to represent the group's perception. A sample must somehow represent the population to such an extent that for every single component tested represents the features for the well-known quantity of components from the whole population (Gravetter et al., 2009:64).

### **3.2.6 Sample size**

The sample method involves taking a representative selection of the population and using the data collected as research information. A sample is a subgroup of a population it has also been described as a representative taste of a group. The sample should be representative in the sense that each sampled unit will represent the characteristics of a known number of units in the population. All disciplines conduct research using sampling of the population as a method, and the definition is standard across these disciplines. Only the creative description of sampling changes for purposes of creating understanding. The standard definition always includes the ability of the research to select a portion of the population that is truly representative of said population (Gravetter et al., 2009:64).

The researcher prepared an interview schedule and conducted a total number of sixteen (16) interviews, eight (8) with junior staff members who were selected because of their involvement in the daily functioning of SCM in the DPW-PMB, and eight (8) with senior staff participants of the DPW-PMB. The rationale behind interviewing the senior management staff was to get their views about the planning and implementation of SCM in the public sector since they were viewed as more knowledgeable and as experts based on their experience.

### **3.2.7 Sampling strategy**

Gravetter et al., (2009:64) illustrated that various methods of sampling remain collectively in a ‘probability’, ‘representative sampling’ including ‘non-probability’. Purposive sampling is regularly utilized in qualitative research. It entails the selections of the study respondents based on the necessities of the research whereby the investigators choose respondents opted to offer productive data that is appropriate for comprehensive study. In a non-probability sampling a particular group, with the full knowledge that it does not represent the wider population was targeted.

According to Babbie (2010:486), purposive sampling is a kind of non-probability sampling in which one chooses the elements to be assessed on the foundation of one’s personal decree about which ones will be the utmost contribution or participation or useful. The criteria for selection of respondents might be expert in the related field of study or work with the view that and who could articulate their experiences as it relates to the phenomena being investigated.

For purpose of this study, the researcher favoured the non-probability sampling precisely because it does not promote randomisation. In the context of non-probability sampling of the qualitative study on the efficient implementation of SCM in the DPW-PMB: challenges and prospects, the researcher utilised the purposive sampling strategy for the recruitment of participants for this study based on their exceptional proficiency in relevant disciplines.

### **3.2.8 Data collection methods**

The fertility of case study perspectives indicates that the study will not be reliant on a particular information gathering technique but will probable use numerous bases for evidence. An enduring main concern is to think through case studies as a technique not suggesting any favoured form of information gathering (Yin, 2014:104). Research apparatus as a dimensional instrument for a study that has to be consistent and useable. For the purpose of this study, interview method, direct observation, and documentation will be utilised as detailed below.

#### **3.2.8.1 Interview schedule (Semi-structured)**

Interview techniques are commonly employed in the qualitative research methods. Interview is the greatest suitable method for reviewing intricate and delicate parts since the investigator has the chance to organise the participants prior to enquiring delicate interrogations and explaining

intricate questions to the participants personally. During an interview proceedings, there is a likelihood for the researcher to get deep evidence through searching.

Therefore, during conditions whereby comprehensive data is necessary, conducting interviews is the favoured technique of information gathering. An interviewer is in a better position to add-on information achieved through answers through what was achieved from surveillance and other non-voiced responses. It is unlikely that enquiry can be misinterpreted since the investigator could also reiterate a question or use the simplex form which the participants can easily understand (Kumar, 2011:142).

According to Ali (2014:151) interviews are the most widely used data collection tool and comprises of three types of one-to-one interviews, namely, unstructured, semi-structured and ethnographic interviews. Qualitative studies regularly utilise semi-structured interviews. Semi-structured interviews are utilised to obtain a comprehensive image of the respondent's views about a phenomenon, or opinions or explanations of a particular occurrence or subject. Semi-structured interviews are mostly applied in occasions where individual is learning personal, provocative and multifaceted matters.

For the purpose of this study, the researcher believed that semi-structured interviews were an appropriate method of data collection in this study. Approval to conduct a study was granted by the Head of the DPW (see Appendix A). The researcher targeted and interviewed sixteen (16) participants of which eight (8) participants are senior management staff (Salary Level 12 to Salary level 14) in the DPW-PMB selected because they are viewed as more knowledgeable and as experts based on their experience and are believed to have more insight of the study subject. Secondly, eight (8) participants are junior staff members (Salary Level 5 to Salary Level 9) from SCM component were also be targeted because of their involvement in the daily functioning of SCM in the DPW-PMB.

In this regard, a questionnaire was formulated to guide interviews which is referred to as an interview schedule or interview guide (Ali, 2014:151). The interview sessions were conducted between 6 November 2018 to 10 November 2018 by utilising face-to-face method, whereby the interview schedule focused attention on a few concise questions or themes (see Appendix D). Participants were requested to respond to interview questions which were logically and sequentially formulated. Open-ended questions were asked, and follow-up questions were developed based on an interesting issue that is viewed as relevant to the study.

Planning for the interviews enabled the researcher to formulate a strategy for recording data including structuring notes which were collected in the field. Interview sessions were held at the participant's offices on the study to ensure that participants were more relaxed and comfortable. Audio-recorder was also utilised by the researcher to record the proceedings of the interview sessions and the researcher also took notes during the proceedings on an interview session. The researcher requested permission to take notes during the interview processes from the respondents for ethical compliance. The researcher allocated between 15 to 20 minutes to conduct an interview session with each participant.

Before conducting interviews, participants were requested by the researcher to endorse a consent form as well as to complete a demographic form for pertinent contextual data (see Appendix C). The notes that were written by the researcher in the field played a vital role in this study since they were utilised to conduct further investigation further. They proved to be very valuable during the process of data analysis. The researcher ensured the transcription of all interview responses in order to transcribe a precise interview record for preserving gathered information in a form of backup.

### **3.2.8.2 Observation method**

In direct observations, the researcher takes field notes on the behaviour, activities of individuals and records activities at the research site (Creswell, 2014). Direct observation could include witnessing of conferences, looking from a close distance (Yin, 2014:113). A researcher does not participate directly in the events of the crowd. He/she plays an inactive spectator, observing and paying attention to its undertakings and sketch deductions from this observation. Direct observation is considered a decided, logical and careful manner of observing and paying attention to a communication or occurrence. There are several circumstances whereby surveillance is considered the utmost suitable technique for information gathering (Kumar, 2011:134).

For the purpose of this study, the researcher also used the observation method to try to have a clear understanding of practical implementation of SCM in the DPW-PMB. Secondly, the researcher developed and utilised the observation schedule checklist in order to determine the SCM process flow (see attached Appendix E). Thirdly, the observation method was helpful to the researcher since it provided a pathway for the issues related to the benefits of the effectiveness of SCM and identify factors hindering efficient implementation of SCM. Lastly, the researcher is also employed within the SCM unit in the DPW-PMB which gave an

opportunity for the researcher to be physically present on site in order to observe various steps involved in the daily operations of SCM process in the DPW-PMB which entailed the following steps:

**✚ Step 1: Receiving business requests**

The researcher was present to observe the process of receiving business requests from various business units/directorates/sub-directorates to identify if relevant steps were indeed followed such as the pre-approval of funds by the relevant business unit; certification of bid documents including estimated costs; and the completion of procurement strategy by responsible project managers of various business units.

**✚ Step 2: Drafting and preparation of the advertisements by the SCM unit**

The researcher was present to watch the proceedings involved in the process of preparation and drafting of specifications for advertisements with the aim to observe compliance to relevant SCM standard operating procedures (SOP's).

**✚ Step 3: Approval of adverts**

The researcher was present on site to observe the process followed in terms of obtaining approval of specifications by the Bid Specification Committee (BSC); adjudication and recommendation of advertisements by the bid evaluation committee (BEC); and the approval to advertise by the Bid Adjudication Committee.

**✚ Step 4: Advertisement of bids**

The researcher was present on site to observe the procedures involves when the bids were advertised by SCM to find out whether relevant sources of advertising of bids were used.

**✚ Step 5: Scheduling of briefing sessions**

The researcher was present on site to observe the procedures involves regarding scheduling and holding of briefing sessions to find out if they were timely and whether the attendance register was signed as required by the SCM policy framework.

**✚ Step 6: Closing of bids**

The researcher observed the procedures involves when the bids were closed to assess adherence to the closing dates and time of bids by the SCM unit.

### **Step 7: Opening of bids**

The researcher was present on site in order to observe the procedures involves when the bids were opened. The researcher wanted to find out if bids were really recorded to create a schedule of all received bids, whether the schedule of bids received were indeed verified against the attendance register of a briefing meeting.

### **Step 8: Evaluation of bids**

The researcher was present on site in order to observed the procedures involves when all the bids received were evaluated, The researcher wanted to find whether the bid evaluation reports were completed based on the information such as the supplier's registration on the provincial database, validation of supplier's tax clearance certificate, completion of bid document by bidder, including correspondence of quotations with the specification as embraced in the SCM policy framework of the DPW-PMB.

### **Step 9: Verification of bids**

The researcher was present on site in order to observe the procedures involved in the verification of bids to find out if the SCM unit checked the completeness of CIPRO certificates in terms of dated when goods and services were procured. Secondly, the researcher wanted to find out if SCM ensured that the words 'in business' were reflected on the certificate of the enterprise. Thirdly, whether all bid files were inspected for standard bid document (SBD4) and lastly, if SCM unit ensured that all directors on the CIPRO certificate were listed including the completion of relevant forms.

#### **3.2.8.3 Document Review**

Documents can also be utilized in order to create implications from other forms of evidence (Yin, 2014:107). For the purpose of secondary data, census is utilized to gather information about targeted population's age and sexual category, utilizing medical records in discovering ill health including the community's death patterns. It also includes utilizing records of an organization in ascertain undertakings of that particular organisation, gathering information through the use of relevant journal articles, publications, prescribed textbooks, newspapers, reviews for attaining chronological information including different kinds of data, are altogether categorized for instance to be secondary (Kumar, 2011:133).

For the purpose of this study, the researcher also used secondary sources in order to intensify the investigation process. Secondly, the researcher used documentation review method to create appreciated influence and practical operation of each SCM stage. Thirdly, the researcher searched for documentation relevant and applicable to SCM system in order to conduct the review which provided a worth-while process of steps to be followed regarding the arrangement and structure of information. Fourthly, regarding the preliminary stage of the study, the researcher conducted document review in order to deduce the relevant theoretical backgrounds of this research.

Fifthly, the researcher also pursued relevant documentation to be able to have better understanding of the subject of study so as to simplify his/her ideas and developing the desired research methodology. Lastly, the researcher utilised documentation in order to gather an academic insight of real issues regarding the efficient implementation of SCM system in the South African public sector based on the viewpoints of other scholars in order to benchmark the process of analysing and sourcing of important information for the benefit of the study. Hence, the researcher developed a desktop data-base and a back-up of all electronic documents or material for preventing the loss of data.

Documentation sourced by researcher was thoroughly studied, carefully scrutinized and properly analysed to create meaning and sense. As a result, the following alternative sources of published secondary data was consulted by the researcher, namely: institutional documents i.e. DPW-PMB SCM Policy Frameworks, SCM sop's, applicable SCM legislative framework, SCM circulars, Strategic Plan, Annual Audit Reports, M&E reports); National Treasury & Provincial Treasury regulations and guidelines; National Treasury & Provincial Treasury delegations and instructions; Constitution of the Republic of South Africa; Public Finance Management Act; Municipal Finance Management Act; relevant books; e-books; journals articles; newspapers; and academic websites.

### **3.2.9 Data Quality Control**

Various qualitative text refer to quality of data as linked to trustworthiness, authenticity, and credibility of the study. Trustworthiness of quality of qualitative data depends on the determination of the validity or legitimacy of and reliability or dependability of the findings including the assessment of their accuracy based on the researcher perspective, and that of the study audients (Creswell & Miller, 2000). According to Gibbs (2007), qualitative validity refers to the process of checking the accurateness of the findings of the study whereby certain

procedures are applied, whereas qualitative reliability entails the consistency of the method used by the researcher in the study when applied transversally in various research projects.

Babbie (2010:260) highlighted that the method of data triangulation is considered the finest technique for enhancing the reliability of a study in the form of a qualitative study. Creswell (2009:15) contend that to increase the credibility of the data collection process, the findings and interpretation of the qualitative study is linked with the utilisation of the method of data triangulation. In ensuring dependability or internal validity, the researcher utilised the triangulation of data collection which applied various sources such as the semi-structured interviews whereby the researcher conducted interview session from a target population of 16 participants (8 junior staff members) and (8 senior staff members) who are employees of the DPW-PMB.

Observation method was used whereby the researcher developed and utilised the observation schedule to capture the SCM process flow in the DPW-PMB. Document analysis was also used in order to intensify the investigation process. The researcher searched, scrutinised and analysed various documents relevant to SCM system and developed a desktop data-base and a back-up of all electronic documents or material for preventing the loss of data.

Confirmability is determined through the examination of the internal consistency of the product of the research, which comprises of data collected, results in the form of findings, the interpretation of the findings, and the provision of recommendations (Tobin & Begley, 2004). Misrepresentations concerning confirmability must be reduced by the researcher to avoid unambiguous expectations and back ground in relation to findings of the research. To increase confirmability of the study, the researcher provided a theoretical framework and conducted a review of relevant applicable literature in order to make unambiguous anticipations and frameworks that are pertinent to the findings of this study.

Transferability (external validity) entails the extent to which the method utilised by the researcher can be replicated or applied to other research studies and yield the same results, which is also referred to as generalizability of the study. Transferability entails the level at which the researcher's theory could be practically utilised to a different perspective (Tobin & Begley, 2004).

The continuous contrast process of analysing data could go a distance toward the establishment of transferability and credibility of the study. Thus, the findings of the study on SCM in the DPW-PMB: challenges and prospects were regularly matched to one another for the duration

of the process of analysing data to enable the establishment of various categories, themes and sub-themes. Transferability of the study to other context was also enhanced through the provision of the back-ground information including a theoretical framework which served as the basis of the study (Tobin & Begley, 2004).

### **Establishment of trustworthiness during the thematic analysis**

Braun and Clarke (2006) argued that thematic analysis should be a foundational method for qualitative analysis, as it provides core skills for conducting many other forms of qualitative analysis. This method involves the identification, data analysis, organizing data, description, and reporting themes contained in the relevant set of data. They highlighted the following phases as suitable for establishing trustworthiness during the thematic analysis process, namely:

#### **Phase 1: Familiarizing yourself with your data**

According to King (2004), “Qualitative data come in various forms including recorded observations, focus groups, texts, documents, multimedia, public domain sources, policy manuals, and photographs.” Hence, it is of great importance for the researchers to engage themselves with the data for familiarizing themselves with the complexity and extent of the content (Braun & Clarke, 2006).

The researcher knew that the success of this study was greatly dependent on proper management of data. As a result, the researcher ensured that inventory of files of all raw data transcribed to verbatim was saved in a folder which and named to characterize the case which produced this data. Files were distinctively numbered according to different sources consisting of the dates which they were developed date in order to create a precise record for preserving gathered data.

To prevent loss of data, all data that is raw was saved in a computer on a secure windows network to provide some form of a backup. An excel spreadsheet was used to capture data in order to enable the researcher to monitor the progress regarding data collection and the status of its transformation into useful manuscripts. To make the process of analysing data more resourceful, the Computer-Assisted Qualitative Data Analysis Software referred to as Atlas.ti, was utilised. The integration of data stored in various sources such as interviews and observation notes proved to be a challenging tasks since transcription of data was in various forms with no fixed structure.

## **Phase 2: Generating initial codes**

This phase encompasses the process of using data in order to develop codes, and the theorization of aspects which necessitates the researchers to keep going back to check the data for clarity. According to Savage (2000), qualitative coding involves the process of reflection and the manner of work together with and think around data. The process of coding assists the researcher to classify essential units of text and attaching labels with the aim of indexing them according to related theme (King, 2004).

For a researcher to achieve clarity regarding trial of evidence to support credibility, a coding framework was utilised. The use of a coding framework provided a clear trail of evidence for the credibility of the study. A code booklet with in depth descriptions and prototype version was developed by the researcher in order to assist with the administration of content for the study. The researcher used the Atlas.ti software program in order to sort and organize data of large sets. The main idea behind using Atlas.ti was to permit the researcher to efficiently work and deal with tedious coding patterns and huge volume of manuscripts, simplifying complexed and difficult analysis.

The researcher himself alone worked methodically from end to end of whole sets of data sets, thereby paying complete and equivalent courtesy to all item of data. Participant's responses in a form of raw data were coded to numerous diverse themes and sub-themes. The researcher kept the record of Memos for the identification of aspects of interest in items of data including developing features which might be the basis of themes transversely within a set of data. The researcher held debriefing sessions on regular basis for the duration of process of data coding to permit time for examining exactly how the researcher's views and philosophies evolved the more he is involved intensely with the data.

To establish an audit trail, minutes of debriefing session were recorded in order to assist in keeping a track record concerning evolving impressions of the real meaning of data and finding out the relationship amongst each other. To some extent, the researcher documented all the changes made to the methodical approach and used a codebook to record auditable system of evidence for supporting the trustworthiness of the study.

## **Phase 3: Searching for themes**

This phase commences soon after the process of coding and organising data is finalised or performed including the listing of various identified codes throughout the set of data. It entails

the process of arranging and transforming possibly appropriate coded data quotes according various themes. An inductive analysis ensures that all the identified themes, remain intensely connected with data and might endure slight relation with questions posed to the participants of the study (Braun & Clarke, 2006).

The researcher conducted an extensive selection of concepts during the interview process which enabled the preliminary utilization of the conceptual framework as a guide for the development of comprehensive, complex codes to assist with organizing data. The main themes of the study were deduced by utilising the deductive codes, whereby some were in line with the questions of the interview question. The researcher utilised the Atlas.ti software program for printing copies of data in a coded format contained various themes for development of relevant sub-themes.

The development of various sub-themes was not done for integrating them to the existing coding framework that is applied. The researcher kept a documented record of the process of developing the sub-themes in the codebook to form part of the audit trail which assist in the establishment of confirmability. A diagram was utilised as a method for creating sense, connection and the relationship amongst various themes and to allow supplementary interrogation of sub-themes.

#### **Phase 4: Reviewing themes Researcher triangulation**

This phase involves the process of refining of themes which is executed after the categories of themes have been developed. At this phase, reviews of coded data quotes of each theme in order to ensure that they seem to be in a logical design. The validity of individual themes will be considered to determine whether the themes accurately reflect the meanings evident in the data set as a whole. The information contained by themes needs to jell together create a meaning, offer clarity including distinguishable difference amongst them (Braun & Clarke, 2006).

The researcher reviewed the extracts of coded data used for separate sub-theme with the aim of determining the possible existence of the possibility of a logical pattern. All the themes including the sub-themes were evaluated during the peer review stage and during the debriefing sessions. After the evaluation of themes and sub-themes of the study, the researcher found the themes to be accurate for providing data which will support them. Raw data was also revisited by the researcher in order to ensure that the applicable themes were a true reflection of the participant's view and opinion about the study.

### **Phase 5: Defining and naming themes**

This is the phase whereby the researchers reveal whether which part of the data is captured under each theme and the identification of areas of attention concerning them. The researcher is compelled to writing the analysis concerning the motive and identifying the meaning of each individual theme (Braun & Clarke, 2006). The detailed analysis of each single theme were written or transcribed thereby making an identification of the story told by various themes to the actual study and finding out exactly in what way to each theme fit concerning the entire data set in relation to the research questions.

To ensure that all aspects of the data were thoroughly analysed, the researcher applied his personal insights into the research findings. The researcher only considered the themes and sub-themes to be final after he thoroughly read the data and made a scrutiny of the coding method utilised for ensuring the credibility of the findings. Themes were structured in the manner that greatly reflected the data. The final revisit of the names of all themes was conducted was conducted by the researcher with the intention of ensuring that they are representing of participants views were utilised in the names.

### **Phase 6: Producing the report**

The consistency of the argument shapes the analytic credibility of the research. The manner in which the researcher utilises data for supporting the key opinion's constructed in the direction of a definite description will determine the trustworthiness of the process (Starks & Trinidad, 2007). Furthermore, Braun and Clarke (2006) argue that the aim of the researchers entails articulating the meaning of each theme, the underpinning assumptions and what each theme implies.

The final report of the analysis have to generate a complete background concerning whatever the diverse themes have to offer regarding the research topic. The process of report writing began shortly after establishing the final themes and sub-themes of the study. The researcher utilised an integrated principles for consolidating the final qualitative research report and ensuring that a comprehensive approach is applied to accomplish the findings.

To ensure that various participants were represented across the results, the researcher included all short and long quotes within the narrative and were supplemented through a unique identifier. The researcher ensured that all themes and sub-themes were presented to enable the contrast the findings of the study with original theoretical literature used to inform the study,

and other general literature to be certain that they supported the argument of the researcher. The researcher conducted a full member checking with all participants.

### **3.2.10 Data analysis**

Babbie (2001:10), illustrated that data analysis entails transforming information that has been gathered to create a sense. Data analysis is the procedure for creating logic based on the manuscript gathered. It includes arranging the information for examination, accompanying vast kinds of examinations, stirring more profound issues for considering information, demonstrating information and creating the clarification of bigger implication of information (Creswell, 2009:183).

Data analysis involves the method of orderly arranging, structuring and creating a meaning of large data collected (De Vos, 2005:333). Mouton (2011:109) further differentiates amongst analysis of qualitative data as an examination is of different kinds of descriptive information as well as information kept in audio, video recorder, including supplementary forms, and analysis of quantitative data as the examination of data in the form of numbers. Braun and Clarke (2006) argued that thematic analysis should be a foundational method for qualitative analysis, as it provides core skills for conducting many other forms of qualitative analysis. This method involves the identification, data analysis, organizing data, description, and reporting themes contained in the relevant set of data.

The study used the thematic analysis whereby transcripts material were thoroughly read and scrutinised by the researcher to obtain understanding and meaning of the participant's responses. Since qualitative methods were utilized in this study, only qualitative data was collected and analysed. The analysis of data collected from the interview process (fieldwork) began shortly after all the interviews were conducted and finalised. The study utilised the inductive data analysis whereby the researcher integrated both interview responses and field noted to write transcripts.

The researcher did a lot of reading with aim of creating a structure for categorising information, identifying main themes and sub-themes and patterns of the study on SCM in the DPW-PMB: challenges and prospects. The identified main themes and sub-themes were coded and numbered for the ease of identification and reference. A complete evaluation of the helpfulness and the significance of presented data in the form of themes and sub-themes was conducted by the researcher in this regard. The identification and creation of alternative interpretation were

conducted using the researcher's intellectual ability, in so doing justify all obvious and reasonable explanations. The researcher analysed and presented data in the form of categorised themes and sub-themes. In a nut shell, the following steps were applied to analyse data:

#### **Step 1: Planning for recording of data**

The researcher conducted thorough planning and organising concerning the method for recording data including the capturing of field notes based on the discussion on 3.3.10 above.

#### **Step 2: Collection and analysis of data**

The researcher conducted interviews and the data was discussed with the participants for the duration of the interview proceedings. Data collected from the interview process was analysed shortly after all the interviews were finalised.

#### **Step 3: Managing or organising the data**

A data inventory system was developed by the researcher developed a data inventory system. In this regard, field notes and transcripts were correlated. The researcher physically and personally handled the transcription process. An electronic database was created and used by the researcher for safe keeping of data to avoid any data loss.

#### **Step 4: Reading and writing memos**

Once the transcripts were written and finalised, materials were read several times by the researcher in order to obtain understanding of the responses of participants and to enable the categorisation of the study or themes. Memos were written by the researcher on the margins of field notes.

#### **Step 5: Generating categories, patterns and themes**

The researcher utilised his mental intellectual in order to identify the main themes, sub-themes and the patterns of the study on SCM in the DPW-PMB: challenges and prospects which were outlined using such themes and sub-themes.

#### **Step 6: Coding the data**

Thematic coding was used for coding main themes and sub-themes and were numbered for the ease of identification and reference.

### **Step 7: Testing of data**

A complete evaluation of the helpfulness and the significance of presented data in the form of themes and sub-themes was conducted by the researcher in this regard.

### **Step 8: Searching for alternative explanations**

The identification and creation of alternative interpretation were conducted using the researcher's intellectual ability, in so doing justify all obvious and reasonable explanations.

### **Step 9: Writing a report**

The researcher analysed and presented data in the form of categorised themes and sub-themes.

## **3.2.11 Ethical consideration**

The researcher needs to expect somewhat moral matters that might emerge in the course of a study procedure (Creswell, 2009:194). Mouton (2011:25) highlighted principles of morality capable for slightly inspiring relations that are enthusiastic for the processes of research amongst the researcher as well as supervisor. These principles include self-respect, obedience and manners, trustworthiness, and free of maltreatment and concealment. Ethics in research deals with principles around what is correct or incorrect, appropriate or inappropriate, acceptable or unacceptable. This study embraced four issues regarding ethical considerations which entails informed consent, voluntary participation, avoiding harm, privacy and confidentiality.

### **Informed consent**

For this study to comply with ethical consideration, the researcher provided details information about the study to the senior staff members and to junior staff members who were selected to participate. The researcher also developed and provided a research participation information sheet to all the participants of senior staff members and junior staff members (see Appendix C). Audio-recorder was also utilised by the researcher to record the proceedings of the interview sessions. Verbal consent to use audiotapes was requested from participants. Clarity was given to all participants that they were free to ask any questions if they is something that they do not understand.

### **Voluntary participation**

In this regard, the researcher ensured that participation to the study was voluntary, meaning that participants of the study were not forced to participate and they were informed that they could withdraw from the study at any time without having to provide reasons. The researcher assured the participants that their withdrawal from the study would have no consequences. Permission for the participation of prospective participants was sought through an email enquiring their interests to take part in an investigation study pertaining to SCM in the DPW-PMB: challenges and prospects. As a result, individuals who took part in the study were contacted telephonically in order to determine the suitable place and time for interviews and were not forced to be part of the study.

### **Avoiding harm**

Avoidance of harm involves taking steps to ensure that participants are not "harmed in a physical and/or emotional manner" (De Vos, 2005:345). This study did not involve any harmful physical activity or emotionally hazardous conduct and the researcher obtained permission to conduct research with human was granted full approval by the Humanities & Social Sciences Research Ethics Committee (see attached Appendix B).

### **Privacy and Confidentiality**

The implementation of preventive measures helps in maintaining the privacy of data collected including respecting participant's confidentiality. According to Strydom (2005b:61), the term 'privacy' refers to the element of individual secrecy, whereas the term 'confidentiality' entails the confidential treatment of data of information gathered. The researcher respected the privacy of the participants of the study. According to the researcher, not mentioning names of the participants assisted in achieving confidentiality of the study participants.

## **3.3 Conclusion**

This chapter discussed the framework of research and began by providing the introduction followed by the research approach and the research design. It described the research strategy and the data collection methods, thereby clarified the process used in the fieldwork to gather relevant information and facts about the reality. It then proceeded to explain the way in which data collection methods and data analysis were administered for the study of SCM in the DPW-PMB. It concluded by furnishing the necessity for maintaining ethical consideration.

## CHAPTER 4

### PRESENTATION OF DATA, INTERPRETATION AND ANALYSIS

#### 4.1 Introduction

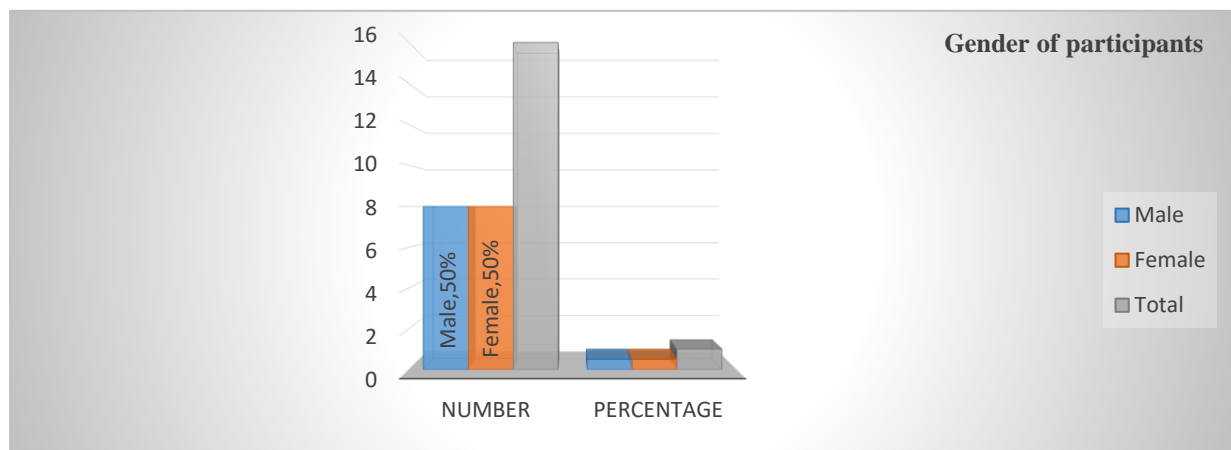
The previous chapter offered a brief discussion concerning the way in which data collection methods or research instruments were administered. This chapter presents the fieldwork results of the study, which entails the manner in which collected data from the study of SCM in the DPW–PMB were analysed and interpreted.

#### 4.2 Participant’s demographic information

For the purpose of this study, information concerning participant’s demographics characteristics pertaining to the gender of the respondents, their level of education and their occupation was required when the individual semi-structured interviews were conducted as explained below.

##### 4.2.1 Gender of participants

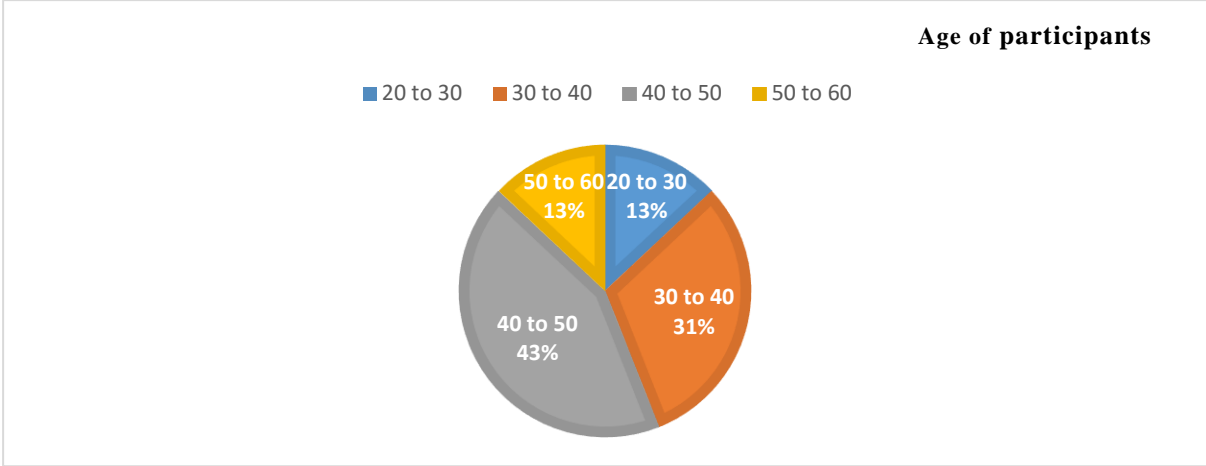
*Figure 4.1 Gender of participants*



According to the individual sample as illustrated in Figure 4.1, fifty per cent (50 %) of the individual respondents who participated in the study were female, and on the other hand, fifty per cent (50 %) were male. As a result, the sample that a researcher would take from the respondents who participating in the study was likely to have equal percentage of both males and to females respectively. This balance in gender representation was because of the existing departmental gender equality policies which places emphasizes on advancement of woman in the workplace.

**4.2.2 Participant’s age**

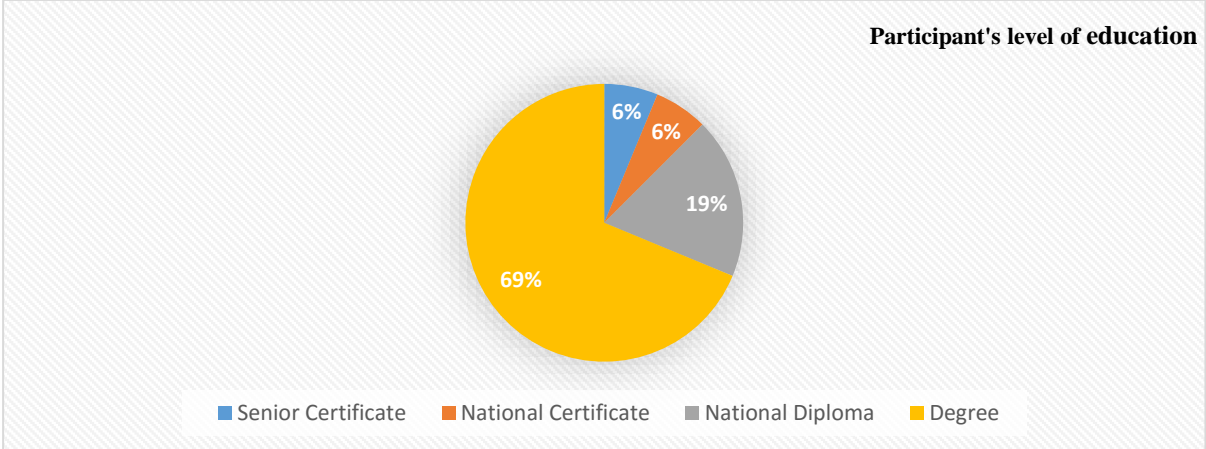
*Figure 4.2 Age of participants*



Concerning the age of the participants, Figure 4.2 displayed the results, which established that 13% of participants were between the ages of 20 to 30 years, while 31% were between the ages of 30 to 40 years. Additionally, 43% of participants were between 40 to 50 years. Lastly, 13% were between 50 to 60 years. This was very vital for the study since it is an indication that most of the participants have been in the department for so long to have vast knowledge and understanding about SCM in the DPW. The results showed that most of senior staff members were between the ages of 40 to 50, which benefited the study through a thorough scrutiny of their roles, and their responsibilities in SCM. Senior staff members were viewed as more experienced based on the age in government SCM.

**4.2.3 Participant’s level of education**

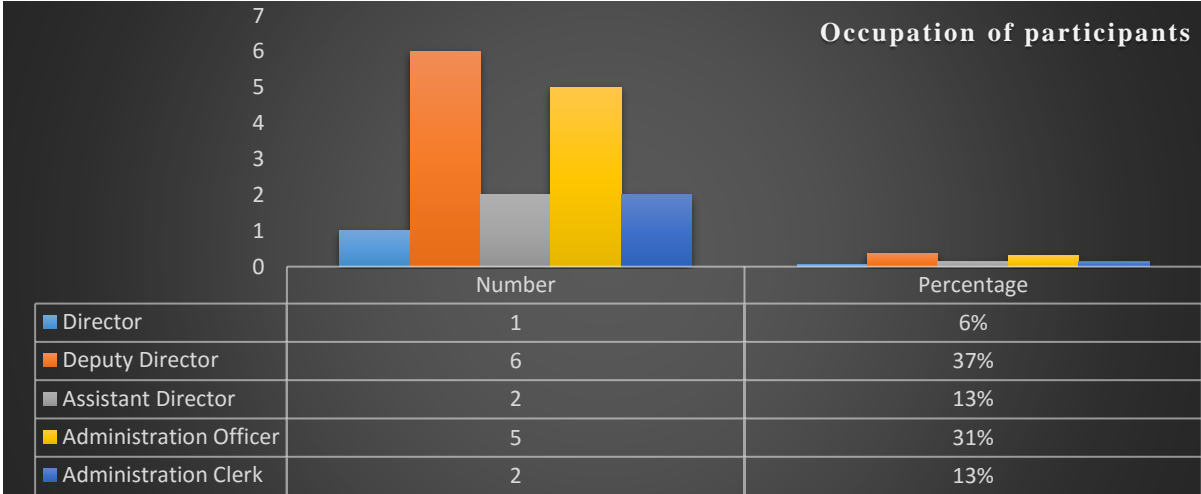
*Figure 4.3 Level of education of participants*



Respondents were asked to indicate their level of education. Level of education in this instance referred to highest relevant educational achievement that the participants hold. Concerning the educational status of the participants, figure 4.3 displayed the results which established that 69% of participants possessed degrees, 19% possessed national diplomas, 6% held national certificates, while 6% completed secondary school with a high school certificate. Precisely, participants of the study had the ability to read and write in order to understand to be able to respond to the semi-structure interview question. Additionally, the results indicated that there was a balance in the level of education of participants since 38% of both males and females interviewed were respectively in possession of bachelor’s degrees.

**4.2.4 Occupation of participants**

*Figure 4.4 Occupation of participants*



For the purpose of this study, information that pertains to the occupation of the participants was also required in order to determine if the respondents were familiar with the processes, procedures and legislation related to the public sector operations as well as knowledge of applicable prescripts as required. Based on results on figure 4.4 above, 6% of the participants were Directors while 37% of participants were Deputy Directors. Furthermore, 13% of the participants were Assistant Directors, 31% were Administrative Officers and, 13% participants were Administration Clarks. Participation of respondents with vast knowledge, relevant skills and experience added great value to the study since they provided rich insight into the strategic objective of SCM in the DPW (PMB). They provided productive data that is appropriate for comprehensive a study.

**4.2.5 Participant’s years of service**

*Figure 4.5 Participant’s years of service*

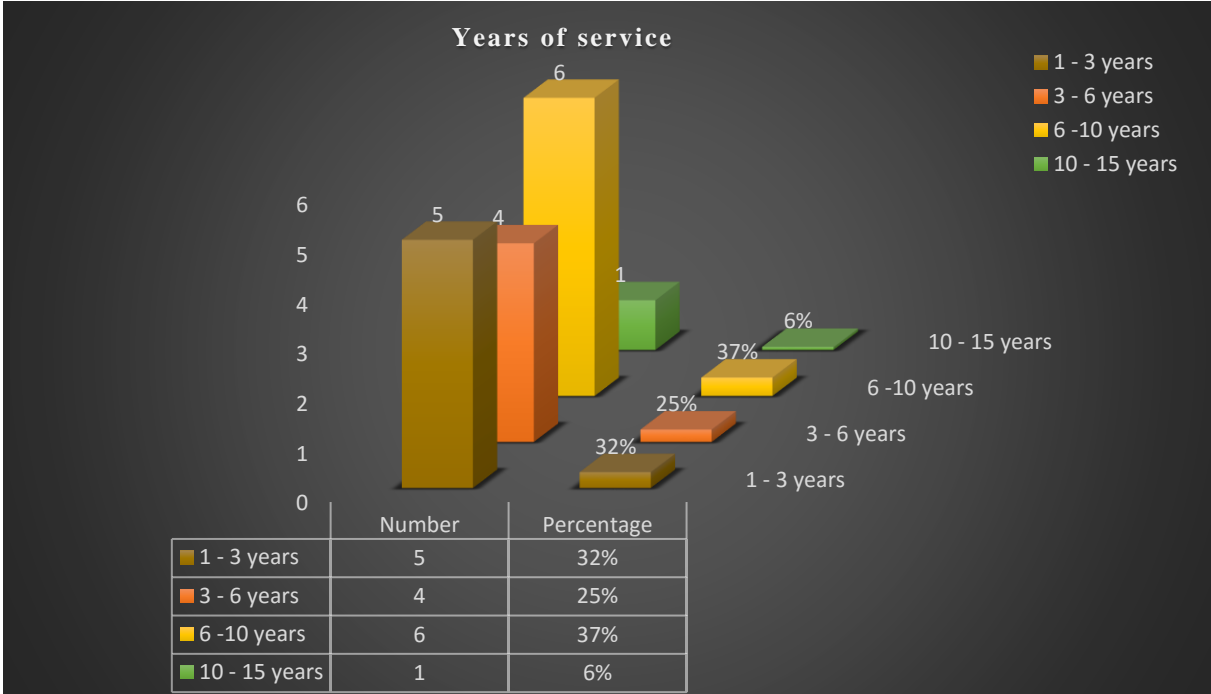


Figure 4.5 below provided information pertaining to the participant’s years of service. This information was deemed necessary to determine their knowledge and experience concerning the subject of scrutiny. From the target population of sixteen (16), figure 4.5 indicated that one (1) respondent four (4) years of experience, eight (8) had 5-10 years, three (3) had 10-15 years, two (2) had 15-20 years and the other two (2) had 20-25 years. The years in service of participants was significant in ensuring that individuals who had been in government machinery for a long time were more exposed to normal functions of SCM in the DPW were interviewed to obtain facts about the subject of study. They were viewed to have a thorough understanding of the government’s overall objectives of economic development, responsibilities, accountability and good governance since.

**4.3 CENTRAL THEMES OF THE STUDY**

De Vos (2005:338) made an indication that “identifying salient themes, recurring ideas or language and patterns of belief that link people and settings is the most intellectually challenging phase of data analysis”. Information gathered from the main study was categorised into themes and sub-themes presented in table 1 below:

**Table 4.1** Themes and sub-themes of the study

Themes	Sub-themes
<p><b>Theme 1</b></p> <p>Plans and processes in place for efficient execution of SCM.</p>	<ul style="list-style-type: none"> <li>✚ The significance of planning in SCM of the DPW-PMB.</li> <li>✚ Processes in place to enable efficient execution of SCM in the DPW-PMB.</li> <li>✚ The role of SCM policies and procedures in the DPW-PMB.</li> </ul>
<p><b>Theme 2</b></p> <p>The role of coordinating, reporting and budgeting in enhancing the efficiency of SCM in the DPW-PMB.</p>	<ul style="list-style-type: none"> <li>✚ The importance of coordinating in improving the performance of SCM in the DPW-PMB.</li> <li>✚ The effectiveness of SCM reporting structures to achieve strategic objectives the DPW-PMB.</li> <li>✚ The role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB.</li> </ul>
<p><b>Theme 3</b></p> <p>The significance of organizing, staffing, and directing in improving the performance of SCM in the DPW-PMB.</p>	<ul style="list-style-type: none"> <li>✚ The significance of directing in attaining goals of SCM in the DPW-PMB.</li> <li>✚ The benefits of organising in enhancing the effectiveness of SCM in the DPW-PMB.</li> <li>✚ Initiatives in place for increasing the level of understanding of SCM by staff.</li> <li>✚ Factors impeding the efficient execution of SCM in the DPW-PMB.</li> </ul>

## **4.4 PRESENTATION OF INTERVIEW RESPONSES**

The presentation of qualitative data and analysis follows the interview format as per the attached guide. For the ease of reference, the researcher has synchronized and grouped together the interview responses per theme.

### **4.4.1 Theme 1: Plans and processes in place for efficient execution of SCM**

The first theme identified from the empirical data was the participant's perspectives regarding the plans and processes in place for efficient execution of Supply Chain Management in the DPW-PMB. As a result, theme 1 comprises of the following sub-themes: Sub-theme 1-The significance of planning in SCM in the DPW-PMB; Sub-theme 2-Processes in place to enable efficient execution of SCM in the DPW-PMB; and Sub-theme 3-The role of SCM policies and procedures in the DPW-PMB.

#### **4.4.1.1 Sub-theme 1: Significance of planning in SCM in the DPW-PMB**

Agrawal and Vashistha (2013:248) illustrated that 'planning' refers to the development of relevant and realistic plan concerning the routine for doing things that will enable the organisation to be able to achieve its strategic objectives of its existence. SCM entails the supervision of activities involving the acquisition of resources, their processing to semi-finished goods up-to the finished goods including the distribution of goods and services to the end-users.

##### **✚ The role of planning in SCM in the DPW**

The term planning refers to the process of forecasting demand, sourcing, inventory management, data and excellence, production planning, supply, discarding and service to customers (Heizer & Render 2008:434). To determine the level of understanding of planning, the researcher asked participants whether what they consider as the significance of planning in SCM in the DPW-PMB. In response, three *junior staff participants* from the entire *junior staff population* interviewed showed that they understood the role of planning.

Participant F emphasised that planning is important in ensuring the accomplishment of desired objectives. In addition, Participant A clearly spelled out that, "*planning is fundamental since it forms basis for any decisions and actions to be taken*" (Participant A, 06/11/17). Participant D on the other hand pointed out that, "*planning is vital in ensuring the creation of plans and the identification of required resources in other to attain ends*" (Participant D, 07/11/17).

Seven *senior staff participants* from the entire *senior staff population* interviewed showed that they had advance understanding of the significance of planning. This is justified by the response of Participant J who in his position as the Director: SCM indicated that, “*Planning is the most critical element of any procurement administration. This enables institutions to strategize on the most effective procurement methodology whilst being mindful in achieving time cost and quality. This also enables institutions to advance various secondary objectives during planning*” (Participant J, 08/11/17).

#### **Planning process of SCM in the DPW-PMB**

Provincial sphere (government departments) and local sphere (municipalities) have difficulties to take important steps regarding creating comprehensive SCM rules and procedures (Boateng, 2008: 24). Poor planning of SCM leads to inefficiency and waste of public resources stimulate from regular lack of public institutions in incorporate distinct policies to be intelligible approaches as an alternative of developing an haphazard distribution of means resources (Essig & Dorobek 2006:5). To establish whether SCM planning process was undertaken in the DPW-PMB, a researcher asked participants to explain the planning processes in place for SCM in the DPW-PMB.

In response, a total number of four junior staff participants from the entire *junior staff population* interviewed mentioned that SCM section conducted the SCM strategic planning which covers a period of three years. However, Participant F uttered that “*only senior management attend the strategic planning sessions*” (Participant F, 07/11/17). This viewpoint is also acknowledged by the response of Participant B who illustrated that, “*I am not aware of any SCM planning process since I don’t remember being invited to attend and I am not even aware if such process was being executed*” (Participant B, 06/11/17).

Participant F indicated that SCM has a demand management unit responsible for executing demand management planning process that entailed identification of needs including the analysis and linking them to the budget. Participant D indicated that acquisition management section is responsible for conducting acquisition-planning process involving the identification of methods of disposing the needs identified in demand management planning. Participant C further mentioned that asset management section performs strategic asset management planning to enable effective, efficient and economic utilization of departmental assets.

The responses from *senior staff members* from the entire *senior staff population* interviewed mentioned that SCM strategic planning is the first mechanism that is developed since it

comprises of three to five years SCM plan, which encompasses various elements of SCM. Participants I cited that various business units develop their business plans based on their identified projects and submit them to SCM section. Participant L alluded that, “*SCM section conducts the Medium Term Expenditure Framework (MTEF) that links the needs identified during demand planning to the budget*” (Participant L, 09/11/17).

Participant N highlighted that, “*SCM section executed demand management planning process that entailed needs analysis and identification*” (Participant N, 10/11/17). Participant O highlighted that, “*SCM section conducted the acquisition planning which involves various methods of acquiring the needs identified in the strategic planning*” (Participant O, 10/11/17).

#### **4.4.1.2 Sub-theme 2: Plans in place to enable efficient execution of SCM in the DPW-PMB**

The Public Finance Management Act (PFMA), (Act No.29 of 1999) put emphasis on establishment and implementation of the SCM units, development of policy framework, processes and procedure by government departments. In line with the PFMA, the Minister of Finance developed the SCM framework that intended to put into practice the Constitutional requirements.

The framework endorsed PFMA requirements through transforming, integrating outdated practice of procuring goods and services to SCM system thereby ensuring that SCM is the vital element of sound of financial management system, and enhancement to financial management in government department and institutions as a whole. Thus, various SCM legislative framework has been developed, amended and even restructured to promote democracy and accountability through the efficient execution of SCM systems to advance previously disadvantaged individuals in South Africa (National Treasury, 1999).

#### **Efficiency of SCM in the DPW-PMB**

The present feature of SCM implementation is very poor, and there is lack of uniformity regarding SCM information administration system. Efficient information administration and market astuteness can add very meaningfully to public sector’s SCM ability; to service provider’s capability to react to public sector’s needs; and to responsibility, answerability and evaluation (National Treasury, 2015:8).

To determine the efficiency of SCM in the DPW-PMB, the researcher asked participants to mention instruments in place in this regard. In response, a number of six *junior staff participants*

from the entire *junior staff population* interviewed highlighted that there is an existing and functional SCM unit in the DPW to facilitate SCM function. In particular, Participant A stated that policies applicable to SCM have been developed to ensure efficient implementation of SCM in the DPW-PMB. Participant H mentioned that Standard Operating Procedures are in place to guide the implementation of SCM functions and processes.

The response from *senior staff participants* indicated that eight participants from the entire *senior staff population* interviewed mentioned that there is an existing and functional SCM unit in the DPW-PMB to facilitate SCM functions. Participant N pointed out that SCM policies have been developed to ensure efficient implementation of SCM in the DPW-PMB. Furthermore, Participant M highlighted that “*bid committees have been established to fulfil the application of SCM functions*” (Participant M, 10/11/17).

Participant O alluded that provincial treasury regulations and instructions played a crucial role in ensuring consistency of SCM processes. Participant M mentioned that Standard Operating Procedures exist to guide the implementation of SCM functions and processes. However, Participant K had different views by indicating that there was no role played by provincial treasury regulations and guidelines since they are to some extent confusing.

#### **Accountability of SCM section**

Section 16A3.1 (a, b) of the treasury regulations states, “the accounting officer of an entity to which these regulations apply must develop and implement an effective and efficient supply chain management system in his or her institution for the acquisition of goods and services; and the disposal and letting of state assets, including the disposal of goods no longer required”. Furthermore, ‘SCM’ must “be fair, equitable, transparent, competitive and cost effective; be consistent with the Preferential Procurement Policy Framework Act, 2000; be consistent with the Broad Based Black Economic Empowerment Act (National Treasury, 1999).

To determine the accountability of SCM section to regulations by relevant treasury, the researcher asked participants whether the DPW-PMB complies with SCM processes. A total number of eight junior staff participants from the entire *junior staff population* interviewed agreed that the DPW-PMB complies with relevant and applicable SCM processes e.g. SCM framework, provincial treasury guidelines and instructions. A total number of six *senior staff participants* from the entire *senior staff population* interviewed agreed that the DPW-PMB complies with SCM processes.

Participant I mentioned, *“DPW has clear Policies on infrastructure and Goods and Services regarding procurement. Verification of reports submitted through evidence. Staff accountability and consequence management at all levels”* (Participant I, 06/11/17). Participant J stated, *“Yes. These are checks and balance to ensure fairness and transparency. They are also there to ensure that Public monies are spent in the prescribed manner for its intended purposes”* (Participant J, 08/11/17). Participant L also acknowledged that SCM plans, processes and procedures are in place to enable efficient implementation of SCM but sometimes they are not adhered by responsible officials.

Participant J stated, *“There are SCM policies, treasury Regulations, SOPS, instruction notes, CIDB act, PFMA, delegations Framework, Standard Bid Documents enacted by National Treasury. There are Information systems to assists with enabling the execution of SCM processes. I agree that despite all these frameworks in place, deviation due occur due to non-compliance and lack of understanding of SCM by various role players in SCM process”* (Participant J, 08/11/17).

#### **Compliance to SCM processes**

There must be an integration between the development of policies, how they are implemented and the delivery of services. Hence, making it a point that this is attained guarantees a crucial objective of standardisation in the manner in which goods and services are procured, thereby ensuring accountability and the development of the economy. In this regard, mechanisms for execution of SCM entails relevant policies, laws, regulations, procedures, practice notes and guidelines which serves as the basis for execution of SCM for government institutions (National Treasury, 1999). To test compliance of SCM to rules and regulations, participants were asked to explain how compliance to such processes was achieved.

The results from the entire *junior staff population interviewed revealed that Participant C* highlighted that, *“the SCM unit issues periodical circulars in terms of Provincial Treasury instructions”* (Participant C, 06/11/17). Participant F pointed out that, *“SCM section ensures the implementation of SCM policy and procedures as required by the framework”* (Participant F, 07/11/17). Participant G expressed common opinions by emphasizing that SCM issues the delegations in line with relevant provincial treasury. A number of two participants alluded that SCM section utilises standard operating procedure (sops) to enforce accountability. Participant E indicated that SCM compliance component provided an oversight role to ensure compliance to SCM processes.

A total number of five senior staff participants from the entire *senior staff population* interviewed mentioned the policy framework is in place to enable compliance to implementation of SCM functions. Participant N illustrated that standard operating procedures have been developed to guide SCM officials when performing their responsibilities. While Participant J mentioned that, “*There are SCM policies, treasury Regulations, SOPS, instruction notes, CIDB act, PFMA, delegations Framework, Standard Bid Documents enacted by National Treasury*” (Participant J, 08/11/17).

Participant M stated, “*To institute the Legal Policy Frameworks such as Public Finance Management Act, National and Provincial Treasury Regulations and guidelines, Medium Term Expenditure Framework (MTEF) which ensures the alignment of procurement plans on goods and services, Ensures implementation of Standard Operating Procedures (SOPS) and Infrastructure Development Management Strategy (IDMS), ensures that reporting systems and procedures are in place*” (Participant M, 10/11/17).

#### **4.4.1.3 Sub-theme 3: Role of SCM policies and procedures in the DPW-PMB**

Stemele (2009) highlighted that the public sphere and their objects have achieved uneven, unconstitutional, unproductive and uneconomical spending that breach rules and procedures. Appropriate monitoring and evaluation are not in place regardless of the mandate. Conversely, there seems to be the rise on the non-compliance to PFMA and MFMA by national government, provincial government and local government. To determine the efficiency of SCM in the DPW-PMB, the researcher asked both senior staff and junior staff participants whether what they considered as the role of SCM policies and procedures in the DPW-PMB.

In response, a number of three participants from *junior staff members* from the *entire junior population* interviewed emphasised that policies enforce adherence to the relevant legislative and regulatory requirements. Participant D illustrated that that policies ensures uniformity of and strict application of the PFMA. Participant H emphasized that policies mitigate the risk of fraud and other irregularities. Participant B considered policies and procedures as vital in enforcing accountability and responsibility. In contrast, participant E highlighted that policies were ineffective to enable efficient implementation of SCM functions in the DPW-PMB.

The responses of seven senior staff participants from the entire *senior staff population* interviewed emphasised that emphasized that policies mitigate the risk of fraud and other irregularities. Participant O stated, “*The role of SCM policy complies with the strategic aim of*

*good governance, and establishes a Code of Conduct both for staff of the Department and suppliers. SCM policy improve planning processes and the overall business performance of DPW-PMB” (Participant O, 10/11/17).*

Participant I stressed that, *“It ensures uniformity of and strict application of the Public Financial Management Act and other legislations e.g. Broad Base Black Economic Empowerment Act, Preferential Procurement Policy Framework Act and CIDB Act and guidelines. It reduces the risk of non-compliance and corruption in the SCM value chain”* (Participant I, 06/11/17). Participant J mentioned that, *“SCM policies and procedures are there to regulate and advance the processes of transparency, fairness, value for money, competitiveness and efficiency”* (Participant J, 08/11/17).

### **Adherence to SCM policies and procedures**

Provincial sphere (government departments) and local sphere (municipalities) are roughly having difficulties to take important steps regarding creating comprehensive SCM rules and procedures (Boateng, 2008:24). Hence, role players in SCM for the public sector disobeyed rules and procedures resulting to wasteful expenditure costing lots of public funds (Business Day reports, 2011). To establish how compliance to SCM regulatory framework in the DPW-PMB, the researcher asked both senior staff and junior staff participants to explain how the DPW-PMB ensures adherence to policies and procedures.

In response, four *junior staff participants* from the entire *junior staff population* interviewed pointed out that monitoring and evaluation component checks for deviations to policies and procedures. Participant D expressed that *“The KZN DPW Monitoring and Evaluation does not check SCM compliance, they only deal with Performance Information indicators that are strategic. As far as the SCM is concerned, M&E only ensures that the department do comply in submitting the Procurement Plan on goods and services to the Provincial Treasury”* (Participant D, 07/11/17).

Participant G mentioned that, *“SCM compliance component does reviews on policy adherence”* (Participant G, 07/11/17). Participant C emphasized that internal control from risk management section identified the policy compliance gaps when they occur. Participant D referred to the role played by Internal Auditors from ‘Provincial Treasury’ is also responsible for checking and enforcing compliance to SCM policies and procedures. In contrast, Participant A had a different viewpoint by illustrating that no one checked compliance of SCM. Such a division in

findings the researcher indicated lack of understanding of roles and functions of various sections of SCM in the DPW-PMB.

Six *senior staff participants* from the entire *senior staff population* interviewed illustrated that compliance section of SCM checks compliance to SCM processes and procedures. Participant J indicated, “*These are checks and balance to ensure fairness and transparency. They are also there to ensure that Public monies are spent in the prescribed manner for its intended purposes*” (Participant J, 08/11/17). Participant N emphasised that internal auditors from Risk Management section identify the policy compliance gaps.

Participant I mentioned that, “*DPW issues circulars periodically to ensure compliance with instruction notes and Treasury guidelines. The Department also conducts advocacy sessions on new regulations and changes on SCM policies and prescripts. SCM holds quarterly Forums to guide and ensure uniformity on policy application. SCM compliance monitors performance and deviations from Regions and advise accordingly. SCM regularly reports on deviations and financial performance quarterly to Provincial Treasury (Fruitless and wasteful expenditure, irregular expenditure and unauthorised expenditure). SCM participates on stakeholder forums aimed at informing stakeholders on its operations*” (Participant I, 06/11/17).

Participant O illustrated that, “*To institute the Legal Policy Frameworks such as Public Finance Management Act, National and Provincial Treasury Regulations and guidelines, Medium Term Expenditure Framework (MTEF which ensured alignment of procurement plans on goods and services, Ensures implementation of Standard Operating Procedures (SOPS) and Infrastructure Development Management Strategy (IDMS), ensures that reporting systems and procedures are in place*” (Participant O, 10/11/17).

#### **4.4.2 Theme 2: The role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM in the DPW-PMB**

The second theme identified from the empirical data was the participant’s perspectives regarding the role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM in the DPW-PMB. Theme 2 comprises of the following sub-themes: (1) The importance of coordinating in improving performance of SCM in the DPW-PMB; (2) The effectiveness of SCM reporting structures to achieve strategic objectives the DPW-PMB; and (3) The role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB.

#### **4.4.2.1 Sub-theme 1: Importance of coordinating in improving performance of SCM in the DPW-PMB**

The term coordinating means connecting numerous activities including procedures to accomplishing desire scope of work and objectives (Agrawal and Vashistha, 2013:248). On the other hand, Ambe and Badenhorst articulated that SCM transversely of the South African continent is extremely disjointed (Ambe & Badenhorst, 2012:11012). To determine the coordinating responsibility of SCM section in the DPW-PMB, the researcher asked participants whether what they considered as the importance of coordinating in improving performance of SCM in the DPW-PMB.

In response, three *junior staff participants* from the entire *junior staff population* interviewed mentioned that coordination ensured the integration of various components of SCM e.g. demand management, acquisition management etc. Whilst Participant A cited that, “*it enabled the segregation of duties and responsibility*” (Participant A, 06/11/17). In addition, Participant E elaborated that coordination promotes unity of command. In contrast, five participant from junior staff admitted that they do not have an idea of what the term coordination and its functions in SCM since they were not on managerial level.

Seven *senior staff participants* from the entire *senior staff population* interviewed mentioned that coordination promotes unity of command within the SCM section. Participants J highlighted that “*coordination provided line of authority with peer level communication*” (Participant J, 08/11/17). Participant L pointed out “*coordination allows for transparent use of the resources of the department*” (Participant L, 09/11/17). Participant P highlighted that coordination provided line of authority with peer level communication within an SCM section department through teamwork.

#### **Coordination mechanisms in place for SCM**

To determine the existence of coordination of SCM functions in the DPW-PMB, the researcher asked participants to mention the coordination mechanisms in place for SCM in the DPW-PMB. In response, six *junior staff participants* from the entire *junior staff population* interviewed emphasized that SCM staff report progress on weekly basis through weekly reports. Participant F highlighted that SCM section in head office scheduled quarterly SCM forums to strengthen coordination with the regions. Participant H illustrated that SCM section in head office conducts SCM workshops to enhance coordination process. In contrast, dissimilarity in responses were

noticed since Participant C reflected that there were not aware of any coordination mechanisms in place for SCM.

Eight *senior staff participants* from the entire *senior staff participants* interviewed indicated that SCM senior management staff attends Monthly Management Committees (MANCO) meetings to strengthen coordination. In this regard, Participants K pointed out that SCM, section organised monthly SCM general meetings to view progress and challenges. Participant M, emphasized that SCM staff report progress on weekly basis. Participant I highlighted that SCM section in head office scheduled quarterly SCM forums to strengthen coordination with the regions. Participant P emphasized, “*SCM section in head office conducts SCM workshops to enhance coordination process*” (Participant P, 10/11/17).

Participant O indicated, “*The DPW submit CARC reports monthly. Risk register reports monthly. HOD Monthly reports. Deviations schedules as and when they occur*”. Participant O illustrated further that “*DPW has a Readiness Assessment Tools i.e. Management Performance Assessment Tool (MPAT), e-Quarterly Performance reporting (e-QPR) systems, Cluster Audit and Risk Committee Report (CARC). The SCM of the DPW-PMB has the responsibility for developing Reporting Templates that are simple and standard. The DPW develop clear plans with performance Indicators i.e., conducting baseline studies in order to analyse current situation to identify starting point of the programme; development and implementation reporting system; provide capacity-building workshop; proper and regular consultation/visits; developing a risk register/ risk management plan; development of SCM Committees (Design Review Committees, Design Approval Committees, Bid Specification Committee, Bid Award Committee etc.)*” (Participant O, 10/11/17).

#### **4.4.2.2 Sub-theme 2: Effectiveness of SCM reporting structures to achieve strategic objectives the DPW-PMB**

Reporting entails ensuring that ‘executive authorities’ are held accountable and continuously keeping their sub-ordinates up-to-date by providing records that are accurate and supported by timeous research (Agrawal and Vashista, 2013:248). It has been argued that the state objects have no clean audits (Ambe & Badenhorst, 2012:11012). In this regard, it is also very imperative to make certain for practices and mechanisms to be developed for ensuring proficient implementation of SCM. Furthermore, “SCM framework suggests numerous possible components that must receive managerial attention when managing supply chain relationships.” (Lambert et al., 1996:25-41).

To determine the efficiency of SCM reporting responsibility in the DPW-PMB, the researcher asked from both senior staff and junior staff participants whether they consider the SCM reporting structures effective enough to achieve the strategic objectives of the DPW. A total number of four *junior staff participants* from the entire *junior staff population* interviewed agreed that SCM reporting structures were indeed effective. Six senior staff participants from the entire *senior staff population* interviewed agreed that SCM reporting structures were effective. However, Participants L and O shared the same sentiments as they viewed SCM reporting structures as ineffective.

Participants were requested to justify their responses regarding the effectiveness of SCM reporting structures in the DPW-PMB. In response to the follow-up question, four participants from the entire *junior staff population* interviewed revealed that SCM section submits monthly risk management reports to risk management section. Participant G alluded that SCM section submits quarterly deviations schedules to risk management section and provincial treasury. Lastly, Participant B pointed out that staff from SCM section submit weekly reports to senior management regarding progress and challenges.

Seven senior staff participants from the entire *senior staff participants* interviewed indicated that senior management schedules monthly general meetings with their sub-ordinates to view progress in terms of accountability. Participant O revealed that SCM senior management attends Monthly Management Committees (MANCO) meetings to strengthen accountability. Where else, participant I highlighted that SCM section in head office scheduled quarterly SCM forums to strengthen accountability of the regions.

Participant P emphasized that SCM section in head office conducts SCM workshops to enhance financial reporting and responsibility of the regions. Participant J affirmed this notion that, *“there are checks and balance to ensure fairness and transparency. They are also there to ensure that public monies are spent in the prescribed manner for its intended purposes”* (Participant J, 08/11/17). Participant M articulated that, *“DPW submit CARC reports on monthly basis. DPW submit risk register on monthly basis. DPW also submits monthly compliance reports to the Head of Department including deviations schedules as when they occur”* (Participant M, 10/11/17).

Finally, Participant I stated, *“DPW issues circulars periodically to ensure compliance with instruction notes and Treasury guidelines. The Department also conducts advocacy sessions on new regulations and changes on SCM policies and prescripts. SCM holds quarterly Forums to*

*guide and ensure uniformity on policy application. SCM compliance monitors performance and deviations from Regions and advise accordingly. SCM regularly reports on deviations and financial performance quarterly to Provincial Treasury (Fruitless and wasteful expenditure, irregular expenditure and unauthorised expenditure). SCM participates on stakeholder forums aimed at informing stakeholders on its operations” (Participant I, 06/11/17).*

#### **4.4.2.3 Sub-theme 3: Role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB**

Budgeting refers to ensuring that working capital is efficiently spent according to the agreed plans and objectives, thereby allowing for optimal utilisation of resources, reducing costs and administration of expenditures (Agrawal and Vashistha, 2013:248). However, “Some government entities cannot properly quantify the needs of those requiring their services or properly estimate costs, nor can accurately track, control or report on expenditure and there is a need to monitor the delivery of services properly to ensure that scarce resources are efficiently and effectively procured.” (Luyt, 2008)

##### **The role of budgeting in SCM**

To determine compliance of SCM in the DPW-PMB to the relevant SCM budgeting framework, the researcher asked both participants from both senior staff and junior staff participants about what they consider as the role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB. The responses from *junior staff* participants indicated that a total number of five participants from entire *junior staff population* interviewed mentioned that budgeting enable the achievement of results against the intended objectives. Participant B revealed that budgeting ensured achieving value for money on spending for SCM. Participant D pointed out that budgeting prevented and reduced state corruption regarding abuse of SCM. While Participant C highlighted that, the role of budgeting was to avoid fruitless and wasteful expenditure in SCM. Participant E cited that budgeting helps to prevent unauthorized expenditure in SCM.

The responses from *senior staff participants* indicated that seven participants from entire *senior staff population* interviewed mentioned that, budgeting ensures that state resources are utilised efficiently and economically to achieve strategic goals of the department. Participant O alluded that “*budgeting ensured that funds were spent transparently and economically in the procurement of goods and services by SCM*” (Participant O, 10/11/17). Participant J stated, “*Budgeting in any institution is critical. If there are no budgets, no expenditure can be*

*undertaken. More work needs to be done in this regard especially when it comes to Demand management and planning aligned to the budgets”* (Participant J, 08/11/17). Participant L stated that, the role of budgeting was to avoid fruitless and wasteful expenditure in SCM. Lastly, Participant P cited that budgeting helps to prevent unauthorized expenditure in SCM.

#### **Budgeting processes in SCM**

To establish whether SCM section has budgeting plans in place, the researcher asked senior staff and junior staff participants to explain how the budgeting process was achieved in the DPW. In response, two participants from *junior staff members* showed that three participant had an idea of budgeting process in place. Participant H stated, *“SCM section conducts the SCM strategic planning which covers a period of three to five years”* (Participant H, 09/11/17). While Participant D mentioned that, *“various business units develop business plans based on their planned projects and submit them to SCM section”* (Participant D, 06/11/17). Participant G stated that SCM developed annual procurement plans in order to meet the budget requirements.

In contrast, participants A and F indicated that they were not aware of budgeting processes in place for SCM since their position in the department is operational and budgeting is the strategic function of their supervisors (senior staff). Participant B further echoes such sentiments and makes an interesting contribution stating, *“I am not part of management and I am not familiar with budgeting mechanisms. Budgeting is the responsibility of my manager”* (Participant B, 06/11/17).

The responses from *senior staff members* interviewed showed that seven participants constituting eighty-eight per cent of the entire *senior staff population* interviewed mentioned that the SCM section conducts the SCM strategic planning which covers a period of three to five years. Participant P highlighted that SCM section perform demand management planning sessions to align the needs identified to the budget. Participant N emphasized that SCM section develop a Medium Term Expenditure Framework (MTEF) to enable the availability and allocation of funds to goods and services to be procured.

#### **4.4.3 Theme 3: The significance of organizing, staffing, and directing in improving performance of SCM in the DPW-PMB**

The third theme identified from the empirical data was the participant’s perspectives regarding the significance of organizing, staffing, and directing in improving performance of SCM in the DPW-PMB. Under this theme, the following sub-themes were identified: (1) The significance

of directing in attaining goals of SCM in the DPW-PMB; (2) The benefits of organising in enhancing effectiveness of SCM in the DPW-PMB; (3) Initiatives in place for increasing the level of understanding of SCM by staff; and (4) Factors impeding efficient execution of SCM in the DPW-PMB.

#### **4.4.3.1 Sub-theme 1: Significance of organising in enhancing effectiveness of SCM**

Organising refers to the creation and development of proper organogram that outlines the manner in which certain tasks are organized including segregation of duties and the line of authority and command (Agrawal and Vashistha, 2013:248). Public sector 'SCM' in South Africa remains inadequate since there is lack in uniformity regarding implementation of SCM resulting to inferior quality of information (Public Service Commission, 2012:6).

To establish the role played by organising in SCM, the researcher asked participants to explain the significance of organising in enhancing effectiveness of SCM in DPW-PMB. In response, the results from *junior staff members* representing the entire *junior staff population* revealed that participant H mentioned it allowed for development of SCM organogram and formal structures. Whereas participant G highlighted that organising promoted teamwork in SCM. Participant F pointed out that organising ensured creation of the line of authority and command in SCM.

The results of *senior staff members* from the entire *senior staff population* interviewed revealed that enables the development and implementation of effective structure for SCM. In this regard, participant K mentioned that, "*SCM is a huge discipline, organizing ensure the integration of various SCM elements and functions*" (Participant K, 06/11/17). Participant I stated that, "*organizing is the most critical aspect in the sense that it facilitates the segregation of duties so as to promote good governance*" (Participant I, 06/11/17). Participants N indicated that organizing enables the unity of command and direction. Participants P highlighted that organizing ensures order in terms of streamlines the procurement processes. Lastly, participants J mentioned that organising ensures the division of work in order to shorten lead-time in the delivery of services.

#### **4.4.3.2 Sub-theme 2: Significance of directing in attaining goals of SCM**

Directing entails constant responsibility for decision-making expressed specifically as well as wide-ranging instructions (Agrawal and Vashistha, 2013:248). Generally, governments have placed their attention to the management of contracts with service providers, and the role-

players involved in the procurement process of contracts for the relevant state institution openly. Additionally, the findings of a survey that was conducted in 2009 concerning SCM revealed that 41% of managers responsible for contract management never tested value for money when acquiring new services through current contract (Kaye 2009:8).

To establish the role played by directing in SCM section, the researcher asked participants whether what they consider as the significance of directing in attaining goals of SCM in DPW-PMB. In response, the results of *junior staff participants* representing the entire *junior staff population* interviewed revealed that Participant G felt that, “*directing provided authority and responsibility for attaining SCM goals*” (Participant G, 07/11/17). Participant B highlighted that directing promoted unity of direction in the attainment of goals of SCM.

Participant A pointed out that directing provided guidance and mentorship. Participant F highlighted that directing ensured continuous SCM decisions making expressed as general orders. Whilst Participant A alluded, “*directing ensured leadership through giving direction*” (Participant A, 07/11/17). Participant C indicated, “*Directing allowed for centralization of power in SCM*” (Participant C, 09/11/17).

The results of *senior staff participants* from the entire *senior staff population* interviewed revealed that Participant J mentioned, “*This is fundamental to using Procurement as a tool to generate employment. Section 217(2) b of the constitution indicates that institutions may advance persons who have been previously discriminated against*” (Participant J, 08/11/17). Participant M illustrated that allows for the efficient, economic and transparent use of the resources of the department. Participant I cited, “*It ensures uniformity of and strict application of the PFMA Act and other legislations, while ensuring compliance to SCM rules and regulations. It reduces the risk of non-compliance and corruption in the SCM value chain*” (Participant I, 06/11/17).

### **Directing in SCM**

The government of South Africa conducted substantial alterations into SCM through the introduction of relevant SCM legal framework for the public sector, which makes provision for policies that are decentralized, and the management of resource of the public sector. “In line with the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA), the aim was to allow managers to manage. To establish the role played by directing in SCM section, the researcher asked participants from both senior staff to explain how SCM direction is achieve in the DPW-PMB.

In response, the results of *junior staff participants* from the entire *junior staff population* interviewed revealed that Participants H mentioned that top SCM management provided leadership and direction. Participant B stressed that, “*SCM management staff developed and implemented policies and procedures for adherence by all SCM staff*” (Participant B, 07/11/17). Participant E revealed that SCM Director identified and prioritised the strategic objectives of the DPW-PMB. Participant F participants emphasized that, “*SCM management staff develop and implement policies and procedures for adherence by all SCM staff*” (Participant F, 07/11/17).

The results of *senior staff participants* from the entire senior staff population interviewed mentioned that SCM management staff is responsible for identifying resources required to achieve strategic goals of SCM. Participant K indicated that SCM top management staff ensured proper management of the budget at all times. Participant P pointed out that SCM top management staff ensured compliance to SCM legislative framework & Provincial Treasury guidelines.

Finally, participant J in his capacity as the head of SCM articulated that, “*directing is fundamental to using Procurement as a tool to generate employment. Section 217(2) b of the constitution indicates that institutions may advance persons who have been previously discriminated against*” (Participant J, 08/11/17).

#### **4.4.3.3 Sub-theme 3: Initiatives in place for increasing the level of understanding of SCM by staff**

The term staffing involves alignment of staff’s skills, expertise to contribute to SCM and training of staff including maintaining favourable conditions of work (Agrawal and Vashista, 2013: 248). To establish whether staff from SCM section were effectively developed in the DPW-PMB the researcher asked both senior staff and junior staff participants whether what initiatives are in place for increasing the level of understanding of SCM by staff. In response, four junior staff participants from the *entire junior staff population* interviewed mentioned that SCM head office scheduled quarterly SCM forums to address changes in SCM scope.

Participant G felt that quarterly SCM forums are just a tick in the box for managers to time constrains. Participant D responded that SCM forums did not benefit them for the fact only assistant directors, deputy directors and directors are invited to attend. These sentiments were further illustrated by participant C who was of a view that, “*SCM forums were a waste of time*”

*since most of the resolutions arrived at in such forums were never followed up or implemented”* (Participant C, 06/11/17).

Participant F also revealed that, *“administrative officers and administrative clerks who are involved in day-to-day functions of SCM are not invited from these SCM forums”* (Participant F, 06/11/17). Participant E pointed out that SCM training sessions are irrelevant and fail to address real issues regarding existing SCM challenges in the DPW-PMB.

Six *senior staff participants* from the entire *senior staff population* interviewed indicated that training sessions are arranged for SCM officials in order to capacitate their skills. Participant I indicated that SCM head office scheduled quarterly SCM forums to address changes in SCM scope. Participant M mentioned, *“Training of Executive Management in the department, Mentoring and Coaching, Individual Development, Skills Audit Questioners, ensures the compliance of financial disclosures”* (Participant M, 10/11/17).

Participant P mentioned that SCM conducted SCM policy workshops regarding any amendments made thereto. The researcher believed that participant P was aware of this mechanism because they were part of SCM management staff. Participant I articulated, *“SCM policy workshops are used to keep staff capacitated and that follow-up meetings are conducted monthly on AG findings. Participation in all Departmental stakeholder forums to educate internal and external staff on SCM procedures”* (Participant I, 06/11/17).

Participant J highlighted the following mechanisms of capacitating SCM officials:

- ✚ *“Various training sessions are held on a regular basis.*
- ✚ *All new regulations and circulars are analysed and then communicated to SCM staff.*
- ✚ *SCM forums are held on a quarterly basis to update staff as well as to deliberate on matters of mutual concern.*
- ✚ *Initiatives through skills development and engagements with PSETA enable staff to undergo continuous training.*
- ✚ *Awarding of Study at State expenditure and bursaries to staff to further their knowledge and career development”* (Participant J, 08/11/17).

#### **4.4.3.4 Sub-theme 4: Factors impeding efficient execution of SCM in the DPW-PMB**

Ambe and Badenhorst argued that SCM implementation is impeded by numerous challenges hence, abnormalities or disobedience remained unobserved or acknowledged too late after the effects. “Supply chain management challenges in the South African public sector indicated a

number of problems which hinder execution of SCM hence abnormalities or disobedience remained unobserved or acknowledged too late after the effects.” (Ambe & Badenhorst, 2012: 11012). To establish an understanding of existing SCM challenges in the DPW-PMB, the researcher asked participants whether what they consider as factors impeding efficient execution of SCM in DPW-PMB.

In response, four *junior staff participants* from the entire *junior staff population* interviewed cited fraud and corruption as the most common factor impeding efficient execution of SCM. Participant C affirmed this finding by indicating that, “*mal-administration and abuse of SCM is the reason of increase in cases related to tender fraud*” (Participant C, 08/11/17). Participant G emphasised that, “*conflict of interest is the cause of fruitless and wasteful expenditure by government that has a huge effect on improving service delivery since public funds are not utilised effectively to benefit the taxpayers*” (Participant G, 07/11/17).

Six participants pointed out that, poor planning impeded efficient execution of SCM in the DPW-PMB. Participant D highlighted that, “*the shortage of skilled personnel (capacity constraints) as a major challenge*” (Participant D, 07/11/17). In addition, Participant E cited “*political interferences as the problem*” (Participant E, 06/11/17). Lastly, seven participants reflected failure of officials to comply with SCM policies and procedures as a challenge.

Seven participants from *senior staff participants* from the entire *senior staff population* interviewed indicated that fraud and corruption is the most common factor hindering efficient execution of SCM. Participant P stated that, “*Lack of proper planning and coordination by various components impeded the functioning of SCM section since deviations from normal processes occur due to the urgency of goods or services*” (Participant P, 10/11/17). In this regard, participant M illustrated that poor planning hampers efficient execution of SCM in the DPW-PMB. Participant K shortage of skilled personnel (capacity constraints) impeded efficient implementation of SCM.

Participant I argued further that “*SCM forum workshops Policies on SCM. Follow-up meetings are conducted monthly on AG findings. Participation in all Departmental stakeholder forums to educate internal and external staff on SCM procedures*” (Participant I, 06/11/17). Participant J in his capacity as the head of SCM section responded to these challenges as “*The first challenge involves the delays in the finalisation of the IPIP’s by client departments which negates planning and co-ordination. Secondly, the lack of expertise by bid committee members also has a negative impact of implementation of SCM. Lastly, the formation of the KZN tribunal*

*to hear appeals encourages tenderers to lodge frivolous appeals and then withdraw causing insurmountable delays” (Participant J, 08/11/17).*

#### **4.5 Findings from the observation method of SCM process flow in DPW-PMB**

To achieve this objective, the researcher also used the observation method to try to have a clear understanding of practical implementation of SCM in the DPW-PMB. The researcher developed and utilised the observation schedule checklist in order to determine the SCM process flow in the DPW-PMB. The researcher is also employed within the SCM unit in the DPW-PMB which gave an opportunity for the researcher to be physically present on site in order to observe various steps involved in the daily operations of SCM process in the DPW-PMB which entailed i.e., receiving business requests, drafting and preparation of the advertisements by the SCM unit, approval of advertisements, advertisement of bids, scheduling of briefing sessions, closing of bids, opening of bids, evaluation of bids, verification of bids.

Findings from the observation of pre-approval based on observation attested that request were received from directorates/sub-directorates making a request based on the needs identified and prioritised. Once these requests were received, SCM needed approval of funds by the relevant business unit. Furthermore, business units were asked by SCM to conduct certification of bid documents including estimated costs.

Once this was achieved, project managers were requested to complete a procurement strategy. On that note, SCM unit prepared an advertisement and received bids were sent to the relevant Bid committees for further processing i.e. bid specification committee (BSC) for the bid documents approval, to the bid evaluation committee (BEC) for recommending the advertisement of bid documents and finally, to the Bid Adjudication Committee for approval to advertise.

SCM complied with the process flow for the advertisement of bids because the function of the selection of service providers was executed by the demand management section of SCM since bids were properly advertised as required by the policy framework. It was observed by the researcher that bids advertisement mechanisms used by the DPW include noticeboard, newspapers, state tender bulletin, and CIDB database for a period of five working days, advertised for twenty-one working days in the notice board. Findings on post advertisement of bids based on observation verified that compulsory briefing meeting were scheduled and

executed by the SCM unit. Service providers were requested to complete and sign the attendance register and briefing meetings were transcribed accordingly.

SCM complied with the closing dates and time, and the bids were opened and recorded to create a schedule of all received bids. Furthermore, SCM verified the schedule of bids received against the attendance register of a briefing meeting. Findings on the process of evaluation of bids based on observation guaranteed that the bid evaluation reports were completed based on the information such as the supplier's registration on the provincial database, validation of supplier's tax clearance certificate, completion of bid document by bidder, including correspondence of quotations with the specification.

SCM unit checked the completeness of CIPRO certificates in terms of dated when goods and services were procured. Additionally, SCM bid verification process also ensured that the words 'in business' were reflected on the certificate of the enterprise. All bid files were inspected for standard bid document (SBD4), and ensured that all directors on the CIPRO certificate were listed including the completion of relevant forms. Findings further showed that personal checks were executed for all directors. Hence, the interpretation of these findings indicated that the all five sections of SCM process were fruitfully executed to achieve their objectives.

## **4.6 Conclusion**

This chapter presents the fieldwork results of the study, which entails the manner in which collected data was analysed and interpreted. A total number of three central themes were identified in order to guide the whole study. The first theme determines plans and processes in place for efficient execution of SCM in the DPW-PMB. This theme was divided into three sub-themes. The first sub-theme ascertained the significance of planning in SCM in the DPW-PMB. The second sub-theme assessed the processes in place to enable efficient execution of SCM in the DPW-PMB. The third sub-theme established the role of SCM policies and procedures in the DPW-PMB.

The second theme explore the role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM in the DPW-PMB. This theme was divided into three sub-themes. The first sub-theme determined the importance of coordinating in improving performance of SCM in the DPW-PMB. The second sub-theme assessed the effectiveness of SCM reporting structures to achieve strategic objectives the DPW-PMB. The third sub-theme and explore the role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB.

The third theme assessed the significance of organizing, staffing, and directing in improving performance of SCM in the DPW-PMB. This theme was divided into four sub-themes. The first sub-theme determined the significance of directing in attaining goals of SCM in the DPW-PMB. The second sub-theme ascertained the benefits of organising in enhancing effectiveness of SCM in the DPW-PMB. The third sub-theme identified initiatives in place for increasing the level of understanding of SCM by staff. The fourth sub-theme determined factors impeding efficient execution of SCM in the DPW-PMB. The conclusion, recommendations, and areas of future research will be presented in the next chapter.

## **CHAPTER 5**

### **RECOMMENDATIONS AND CONCLUSION**

#### **5.1 Introduction**

The previous chapter presented the fieldwork results of the study, including the analyses and interpretation of data. As a result, the main objective of this Chapter is to present the findings, conclusion and recommendations of the study on SCM in the DPW–PMB: challenges and prospects as illustrated in chapter 1.

#### **5.2 Study findings and recommendations**

The purpose of the study was to examine plans and processes in place for efficient implementation of SCM system in the DPW-PMB. Hence, the study also envisioned to evaluate the importance of integrating the principles of organisational theory (POSDCORB) with SCM in the public sector to enhance efficiency in the delivery of goods and services. To achieve this objective, findings from qualitative data (fieldwork) were presented in line with the following main themes: (1) Plans and processes in place for efficient implementation of SCM; (2) The significance of organizing, staffing, and directing in improving performance of SCM; (3) The role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM.

##### **5.2.1 Theme 1: Plans and processes in place for efficient execution of SCM in the DPW-PMB**

###### **5.2.1.1 The significance of planning in SCM in the DPW-PMB**

###### **The role of planning in SCM**

Findings of the study indicated that poor planning in SCM might be associated with the lack understanding of the role of planning in SCM by junior staff members in comparison to senior staff members. The difference in understanding the role of planning in SCM emanates from the fact that senior staff are managers with the responsible for developing SCM plans and processes. The great understanding of the role of planning in SCM by senior staff is linked to their overall advantage of being in a strategic position of management within the department.

### **Planning process of SCM**

The study revealed that junior staff are not familiar about plans in place for SCM since planning process was usually executed on the upper echelons of the sub-directorate. There is lack of knowledge by junior staff knowledge regarding planning processes that were in place for SCM in the DPW since they are not involved when strategic planning processes are conducted. SCM planning process is viewed as a top management function to be attended only by senior management staff. The problems related to lack of knowledge of planning processes emanate from various sections of SCM working in silos, which constitute planning for failure.

#### **5.2.1.2 Plans and processes in place to enable efficient execution of SCM**

Findings indicated that participants from senior staff members had great understanding of processes in place for SCM execution when compared to junior staff members. Key responsibility areas of senior staff members entailed ensuring the management of processes for SCM in the DPW, which offered them more exposure to knowing such processes.

### **Efficiency of SCM**

The research revealed that there is lack of knowledge and understanding concerning compliance with public SCM rules, legislation, norms and standards. The findings are to an extent similar to reviewed literature cited the lack of efficiency in SCM as a critical aspect in ensuring that government's policy objectives are attained, while reducing waste, eradicating corruption and improve public sector performance, ethics, integrity, transparency and accountability need to be strengthened.

### **Accountability of SCM section**

The study revealed that there is lack of accountability and adherence to relevant plans and processes for SCM policies the regions, which poses a great risk of abuse and mal-administration of the system as a whole resulting to poor governance. The regions are not accountable to head office since they report only to the regional directors. The SCM problems related to the 'lack of accountability' emanates from deficiency by the DPW to apply the principle of organisational theory.

## **Compliance to SCM processes**

The research revealed that despite all relevant SCM frameworks in place for the DPW, there were problems related to deviation from normal SCM processes due to non-compliance and lack of understanding of SCM by various role players in SCM process. There is lack of accountability because of non-compliance to applicable SCM processes. Non-compliance to SCM processes prevented efficient execution of 'SCM' and has negative impact to delivery of services by DPW. There are continuous weaknesses in SCM resulting from the inability of staff to interpret and apply SCM policies and standards.

### **5.2.1.3 The role of SCM policies and procedures**

The study revealed that senior staff had clear understanding of the role of policies and procedures for SCM in the DPW-PMB as opposed to their sub-ordinates (junior staff). The fieldwork data was incongruent with general literature, which cited that SCM policies, processes and procedures are frequently unclear and awkward. Problems related to the shallow role of SCM policies and procedures in the DPW is that they are not clear and simple to understand.

SCM policies and procedures are viewed as the key instruments for ensuring efficiency, effectiveness and transparency of the SCM system thus, ensuring value for money. There is a contrast and difference in qualitative data and literature since it cited that processes, procedures impede SCM process. Non-adherence to SCM policies and procedures emanates from the lack of the ability of SCM officials to apply them in practice.

## **Adherence to SCM policies and procedures**

The study revealed that both junior staff and senior staff agreed that they adhere to SCM policies and procedure however, some could not mention them as plan and processes in place for efficient execution of SCM in DPW. The lack of adherence to SCM policies and procedures in place to implementation of SCM in DPW. The implementation of SCM policies and the delivery of services are significant for the DPW to achieve value for money. The problems related to irregular expenditure results from failure by management to review the compliance checklist of SCM processes in DPW. SCM officials lack consistency in the application of the policies and procedures through-out the regions.

The study revealed that fieldwork data contradicts with literature which cited that non-compliance to SCM policy was due to lack of skills, capacity and knowledge of the workforce to be able to fully implement SCM across various spheres of government. The study revealed that the DPW failed to adhere to SCM best practices when it made contractual obligations with service providers as per the requirements of relevant treasury. The study showed that DPW deviated from the requirements of relevant SCM policy and legislative framework.

### **5.2.2 Theme 2: The role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM in the DPW-PMB**

The second theme identified from the empirical data was the participant's perspectives regarding the role of co-ordinating, reporting and budgeting in enhancing efficiency of SCM in the DPW-PMB. Theme 2 comprises of the following sub-themes:

#### **5.2.2.1 Sub-theme 1. The importance of coordinating in improving performance of SCM**

The study revealed that participants viewed coordinating as an important function in improving performance of SCM in the DPW-PMB. Coordination ensured the integration of various components of SCM e.g. demand management, acquisition management etc. Coordination is important in ensuring the segregation of duties and responsibility in SCM. It also showed that coordination allows for transparent use of the resources of the department through teamwork. There is lack of communicating the importance of coordination since some participants cited that they did not know the importance of coordination in SCM in DPW.

#### **Coordination mechanisms in place for SCM**

There are coordination mechanisms in place to enable efficient implementation of SCM in DPW. It also revealed the difference in findings, as some participants were not aware of any coordination mechanisms in place for SCM in DPW. The staff report progress on weekly basis through weekly reports to enhance coordination.

SCM sub-directorate in Head Office scheduled quarterly SCM forums to strengthen coordination with the regions. SCM section conducts SCM workshops to enhance coordination process. SCM senior management staff attends Monthly Management Committees (MANCO) meetings scheduled by the Head of Department of Public Works to report progress by Head Office and the regions.

### **5.2.2.2 Sub-theme 2. The effectiveness of SCM reporting structures to achieve strategic objectives in the DPW-PMB**

The SCM reporting structures were effective to achieve strategic objectives of DPW. The director of SCM sub-directorate organised monthly general meetings to view progress and challenges. Senior management in SCM sub-directorate submit Management Performance Assessment Tool (MPAT) to provincial treasury on yearly basis. SCM senior management report progress on quarterly basis through e-Quarterly Performance Reporting (e-QPR) systems. SCM senior management report to Cluster Audit and Risk Committee Report (CARC). The DPW submit risk register reports monthly to Risk Management sub-directorate.

The SCM sub-directorate submitted monthly reports to the Head of Department Monthly reports. The DPW submits deviations schedules as and when they occur. There is a difference in findings since some participants viewed SCM reporting structures as ineffective because SCM units in the regions were not accountable to report to Head Office but report directly to regional directors. There is great risk material deviations since junior staff members are mostly involved in day-to-day functions of SCM but lack understanding regarding effectiveness of SCM reporting structures to achieve strategic objectives the DPW-PMB.

### **5.2.2.3 Sub-theme 3. The role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB**

#### **The role of budgeting in SCM**

Problems related to efficient implementation of SCM is also associated with the lack of understanding of the role of budgeting in attaining goals of SCM by junior staff. There is lack of outlining the benefits of improving role of budgeting in SCM as considered the relative priority for the DPW. The budgeting process proved to be vital in ensuring proper management of public funds and enabling instrument for achieving value for money. The junior staff members were not well informed about the budgeting strategies in place for SCM in DPW. The greater knowledge and understanding of role of budgeting by senior staff emanate from the fact that they also perform budget development at the higher level. There is a huge risk regarding deviations or non-compliance to relevant budgeting process by junior staff.

## **Budgeting processes in SCM**

Most junior staff were not aware of budgeting processes in place for SCM since their position in the department is operational and budgeting is the strategic function of their supervisors (senior staff). The lack of knowledge and understanding of the budgeting process by junior staff is linked to the fact that they are excluded in the planning process and create lack of understanding of their roles and responsibilities in maintaining the budget, which might result to wasteful expenditure, under/over spending of budget allocation.

Poor planning and budget by SCM officials since could not properly quantify the needs of those requiring their services or properly estimate costs. The lack of budgeting is evident due to failure to control and report on expenditure. The lack in budgeting by DPW resulted to funds not efficiently spent according to the agreed plans and objectives, thereby compromising optimal utilisation of resources, reducing costs and the administration of expenditures.

### **5.2.3 Theme 3: The significance of organizing, staffing, and directing in improving performance of SCM in the DPW-PMB**

The third theme identified from the empirical data was the participant's perspectives regarding the significance of organizing, staffing, and directing in improving performance of SCM in the DPW-PMB. Under this theme, the following sub-themes were identified:

#### **5.2.3.1 The significance of directing in attaining goals of SCM**

##### **Role of directing**

The study revealed that senior staff participants were most advantageous regarding their understanding of the role of directing in attaining goals of SCM. Directing entailed ensuring continuous SCM decisions making expressed as general orders. The senior staff displayed thorough knowledge of how SCM direction is achieved in the DPW-PMB precisely because directing is their main function and responsibility.

##### **Directing in SCM**

The study revealed that problems related to efficient implementation of SCM are also associated with the lack of understanding of the significance of directing in attaining goals of SCM. There were challenges from junior staff regarding how directing in SCM was achieved in the DPW-PMB since most of them are not in a management position. There is constant poor policy

implementation and operational flaws in institutional SCM oversight. SCM system is characterized by continuous low level of compliance with the SCM legal framework by accounting officers and authorities in the DPW.

There is contrast and difference in findings and reviewed literature citing that much attention should be placed to efficiency regarding the use of public funds. There is a great need for the development and implementation of practices and mechanisms for ensuring proficient implementation of SCM. The SCM framework suggests numerous possible components that must receive managerial attention when managing supply chain relationships.

### **5.2.3.2 The benefits of organising in enhancing effectiveness of SCM**

The study revealed that organising, as one of the principles of organisational theory was well understood by participants. Planning and organising are two sides of the same coin, thus management must ensure the creation and development of proper plans and processes to enable achievement of desired goals of the DPW. The problems related to poor implementation of SCM in DPW were as the result of poor administration of the government supply chain that increases numerous research questions that mandate solutions.

The findings in this study sub-theme were to a certain extent contrasting with reviewed literature for a reason that numerous government bodies are quiet facing challenges regarding improper preparation and connecting petition to the budget. The participants had more understanding of the term organising since participants mentioned that organising ensured order in terms of streamlines the procurement processes of the DPW. There is a general lack of organising regarding creation and development of proper organogram that outlines the manner in which certain tasks are organized including segregation of duties.

### **5.2.3.3 Initiatives in place for increasing the level of understanding of SCM by staff**

Some participants to the study did not view quarterly SCM forums as one of the initiatives for capacitating their understanding for SCM. The findings showed that SCM forums are just a tick in the box for managers to time constrains. The SCM forums did not benefit them for the fact only assistant directors, deputy directors and directors are invited to attend. SCM forums were viewed as a waste of time since most of the resolutions arrived at in such forums were not implemented.

The exclusion of junior staff members from such SCM forums creates a communication gap between management and their sub-ordinates since they feel that decisions taken from SCM

forums do not affect them because they are not part of the forum, which might constitute a weakness in SCM of the DPW-PMB. The training sessions and mentorship programs were utilized as a tool for enhancing skills of SCM officials. However, the study showed that perceptions of officials regarding training were to some extent distinction since participant pointed out that SCM training sessions are irrelevant and fail to address real issues regarding existing SCM challenges in the DPW-PMB.

There is also the lack of capacity and knowledge to handle procurement processes that contributes to bad governance. SCM policy workshops were seen as means for capacitating policy gaps and addressing SCM policy challenges to all officials within the SCM unit in the DPW in order to enhance good governance. The deficiencies regarding proper execution of SCM continue to be a challenge even though numerous public sector SCM role-players ‘trained’ and ‘work-shopped’ regarding efficient application of rules and procedure to achieve proper SCM system. The research findings thus tend to agree with literature citing that there are weaknesses in SCM.

#### **5.2.3.4 Factors impeding efficient execution of SCM**

The fieldwork data contradicts with literature which cited that non-compliance to SCM policy was due to lack of skills, capacity and knowledge of the workforce to be able to fully implement SCM across various spheres of government. The qualitative data is to some degree comparable to reviewed literature since it cited lack of SCM performance management compromises risk identification and management of SCM challenges such as ‘fraud and corruption’, efficient execution of SCM is also hampered by management mal-practices within public institutions.

The problems in the likes of skills shortage emanates from the lack of capability to making training and work shopping to be consider vibrant for fruitful application of SCM. There is a similarity and consistency in findings, for relevant literature shows that ‘political governance’ and ‘public administration’ continue to create problems regarding proper execution of public sector SCM by adding intricacy to current complications for co-ordinating and networking between private sector and the public sector.

There is an abuse of the SCM process since officials are constantly not adhering to the code of conduct for SCM and standard operating procedures by not utilising a competitive process of bidding, obtaining quotations and inappropriate application of the preference point system. The

challenges related ‘ethics and conflict of interest’ had negative effects on execution of SCM and failure by officials to apply the principles of organisational theory.

The lack of expertise by bid committee members. It also showed the lack of planning and coordination by various components. Another challenge that impede efficient execution of SCM was the delays in the finalisation of the IPIP’s by client departments negates planning and co-ordination. The formation of the KZN tribunal to hear appeals encourages tenderers to lodge frivolous appeals and then withdraw same causing insurmountable delays as a great challenge.

The similarity and consistency in findings and relevant literature citing that ‘political governance’ and ‘public administration’ continue to create problems regarding proper execution of public sector SCM. Factors impeding efficient execution of SCM in the DPW-PMB are common challenges for other public sector institutions in South Africa.

### **5.3 The link between theoretical and empirical findings**

The main purpose of the study was to examine plans and processes in place for efficient implementation of SCM system in the Department of Public Works-Pietermaritzburg (DPW-PMB). The study also envisioned to evaluate the importance of integrating the principles of organisational theory (POSDCORB) with SCM in the public sector in order to enhance efficiency in the delivery of goods and services. Findings revealed that there was a huge link between theoretical findings and empirical findings of the study because the majority of SCM challenges were mostly associated with the lack of integration of the principles of the organisational theory (POSDCORB) to the implementation of SCM in the public sector to enhance efficiency.

Findings of reviewed literature applicable to ‘SCM in South Africa’s ‘public sector’ indicated that SCM implementation was impeded by numerous challenges hence, abnormalities or disobedience remained unobserved or acknowledged too late after the effects. As a result, challenges such as poor planning and linking the needs to the budget, public sphere and their objects achieving uneven, unconstitutional, unproductive and uneconomical spending that breach rules and procedures were also linked with the lack of integration of the principles of the organisational theory (POSDCORB) to the implementation of SCM in the public sector to enhance efficiency.

Success of SCM implementation can be achieved through the application of RDT to enhance the decision-making process of supply management and the approach aimed at sourcing,

choosing, and the treatment of suppliers based on the dependency and level of distinctive power amongst all responsible role-players. RDT application in supply management of the organisation facilitates the selection of dominant or weak service providers which benefits beneficial to the organisation that is buying organization. The use of RDT in supply management decision-making stage facilitates the establishment of the relation among other organisations through the utilisation of contracts.

CRM can also be applied in SCM since encourages the incorporation of employees in decision-making process which is greatly appreciated by managers in the organization. Since CRM forms an important part of communication within the organisation, its implementation mandates managers to possess good communication and training skills. The incorporation of CRM in SCM can prove vital in improving planning based on the integration of employees into various planning strategies and equipping them with skills in the form of continuous training to enable them to adapt to change since SCM environment is very broad and ever-changing.

CSR can facilitate the efficiency of the SCM process within the public sector through the assessment of the impact that their activities possess on the general public i.e., poor service delivery; fraud and corruption; mal-administration which negative impact the image of the public service. Integration of CSR in SCM can improve the welfare of public servants by ensuring that SCM staff are better paid to minimize temptations resulting to fraud and corruption while saving on the use of public money and enhance service delivery to general public or community.

Management theory can also be applied to SCM in the public sector since it compelled managers to possess valued skill to enable them to develop a practical resolution towards solving a problem concerning the realities that they may encounter. Generally, the lack of effective implementation of SCM in the public sector is associated with the lack of skills and expertise of SCM practitioners result to fruitless and wasteful expenditure amount to millions of rands of tax payer's money. Additionally, principles of management theory i.e., planning, leading, organising and control are very crucial to enable effective implementation of SCM since all these principles are deliberated to improve effectiveness and efficiency in any organization i.e., public, private, and non-profit organisations.

## **5.4 Conclusion**

This Chapter presented the findings, conclusion and recommendations of the study on SCM in the DPW–PMB. Findings were derived from theoretical framework and the empirical research i.e. reviewed literature, fieldwork analysis, and direct observations. Furthermore, both theoretical findings and empirical findings attested that the majority of SCM challenges were mostly associated with the lack of integration of the principles of the organisational theory (POSDCORB) to the implementation of SCM in the public sector to enhance efficiency. Thus, the study showed that (POSDCORB) guides the principles of administration if comprehensively applied in the attainment of enhanced efficiency of the processes of management. Additionally, monitoring and evaluation forms a significant feature of SCM application. Insufficient monitoring and evaluation relates to the lack of existence of a governance atmosphere and the state objects face problematic situation to enable the implementation of SCM as mandatory by the policy.

## **5.5 Recommendations**

Recommendations were derived from the findings of the study on Supply Chain Management in the Department of Public-Works (Pietermaritzburg). In this regard, recommendation were provided to address the identified gaps regarding the integration of POSDCORB within SCM in the South Africa’s public sector to enhance efficiency by achieving value for money and promoting good governance. The followings recommendations intend to improve efficiency in the execution of SCM in the DPW (PMB):

- 5.9.1 There is a need for involvement of SCM junior staff members when SCM strategic planning sessions were conducted so that they can clearly understand plans in place for the execution of SCM. Inclusivity will enable junior staff members to have thorough understanding of their roles and responsibilities. As much as they are not in a driving seat, this will equip them to recognize functions of their components including how they fit into the entire SCM process thereby enabling the department to achieve its objectives.
- 5.9.2 Providing continuous enlightenment of junior staff members within the whole of SCM about the role and importance of SCM enabling instruments such as the responsibilities of bid committees, treasury guidelines and SCM policies in enhancing service delivery to both internal and external clients including client departments.
- 5.9.3 It is important for risk management directorate to strengthen their SCM policy compliance role in order to mitigate risk of fraud and abuse of SCM system .e.g. risk

management section can develop, implement and conduct risk awareness campaigns within the department to enlighten the officials about identification and categorization of risk including possible risk mitigation strategies. This can go further as to even informing officials about avenues available for reporting risk should it be discovered. Risk section of the DPW-PMB can also schedule quarterly risk assessment verifications of SCM process since this field is ever changing and broad in order to identify possibilities of new potential risk.

- 5.9.4 To ascertain the motives behind lack of reporting by junior staff members. Furthermore, reporting structures have to be strengthened in order to improve staff compliance. In this regard, senior staff must understand the negative impacts of poor reporting has based on financial reporting. Develop effective reporting templates and ensure that these measures are well communicated so that officials can fill that they are not meant to victimise them but are there to identify gaps which require management attention to be addressed. This may go as far as ensuring that they design templates which are user friendly, understandable and easy to complete.
- 5.9.5 To establish and provide intervention regarding the implementation of measures to ensure that budgeting structures are well communicated department. Finance section of the DPW-PMB must take a leading role in ensuring that appropriate and relevant budget management frameworks are effectively workshopped to create understanding and adhered to at all time by officials within the Chief Directorate: Chief Financial Officer which comprises of Finance Section, Internal Control, Risk Management, and SCM. Risk management section should also exercise their role by make certain that financial risk management strategies are in place to minimise risk while preventing fruitless and wasteful expenditure.
- 5.9.6 To keep junior staff members informed about lines of authority and reporting structures to improve directing and achieving goals of SCM in the DPW. SCM management staff must ensure that plans and processes in place for such as SCM workshops are improved and well-established to enhance reporting process. Managers are responsible for lead the role of organising by designing relevant strategies to accommodate and inform junior staff members of their role and responsibilities as major role-players of SCM in the DPW (PMB). They also have the responsibility to monitor compliance of their subordinates to reporting framework developed as a guide by the National Treasury.
- 5.9.7 To provide continuous intervention regarding strengthening of these coordination mechanisms in order to maximise integration and unity of command in SCM. SCM

senior management must ascertain the value of the coordination mechanisms in place for SCM sub-directorate such as the SCM forums and ensure that they achieve the desired goals of identifying loopholes in the process. This can be possible through the involvement of junior staff members in the planning processes since they are main people who are dealing with the operation of SCM. Their inclusion to broader planning sessions will make them more vigilant and see themselves as part of the solution which will improve coordination within the SCM section of the DPW-PMB.

- 5.9.8 To ensure growth and development of both internal and external role-players through continuous training programs in order to increase the level of SCM by staff in the DPW. SCM senior management and middle management are responsible for building capacity to ensure the sustainability of SCM section. In this regard, they must make it a point that staff are continuously trained to promote their level of growth. Mentorship programs can be beneficial if used correctly and SCM managers must learn the art of passing the skills to junior staff members in order to ensure continuity in the supply chain. Suppliers must also be capacitated through available supplier development programs to promote their development and sustainability in the industry.
- 5.9.9 Supply Chain Management across the government spectrum requires an integrated management approach that encompasses various actors, role-players and responsible stakeholders. SCM senior management and middle management are tasked with the responsibility of finding solutions to problems and must constantly apply the general principles of organisational theory i.e., planning, organising, leading and control in order to ensure that they are able to adapt to change. SCM management must also improve their expertise through lifelong learning programs to equip themselves.
- 5.9.10 There must be an integration of the principles of organisational theory (POSDCORB) with public sector strategies to enhance efficiency of SCM system. Other theories of management can also be used in improving efficiency in the implementation process of SCM in the DPW-PMB as envisioned by the Resource Dependency Theory, Customer Relationship Management, and the Corporate Social Responsibility Theory.
- 5.9.11 In future, there is a need for the development of a co-operation culture amongst service providers and government organisations to promote good working relationships, and the promotion of structured interaction with suppliers. Moreover, there will be a regular dissemination in information related to procurement workload of departments including opportunities for planned procurement, policies and procedures related to procurement and universal tender requirements.

## **5.6 Areas of future research**

The study was limited to SCM in the DPW-PMB, which suggests that future research could be replicated to the entire Department of Public Works-KwaZulu-Natal province i.e. regional offices and district offices. Furthermore, future research is also envisaged on the same subject since there is a gap in knowledge regarding lack of integration of the principles of the organisational theory (POSDCORB) to the implementation of SCM in the public sector to enhance effective implementation of SCM policy framework to improve service delivery of SCM system.

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### **Internet Sources**

[www.kznworks.gov.za](http://www.kznworks.gov.za)

<http://www.treasurv.gov.za/legislation/PFMAI>

# APPENDIXES

## APPENDIX A. LETTER FOR REQUESTING PERMISSION TO CONDUCT A STUDY



**public works**  
Department:  
Public Works  
**PROVINCE OF KWAZULU-NAT**

Directorate: SUPPLY CHAIN MANAGEMENT  
Private Bag X9041  
PIETERMARITZBURG  
3200  
355 5413  
355 5610  
Enquiries: Mr B Ntibane  
Email: bonginkosi.ntibane@kznworks.gov.za  
Ref: Request for approval to conduct a study

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### REQUEST FOR APPROVAL TO CONDUCT A STUDY

**Acting HoD:** Mr. TA Mdadane

**From** : Assistant Director: Asset & Stores Management: Mr. BJ Ntibane

**Subject** : Request to conduct a study on Supply Chain Management in the Department of Public Works-Pietermaritzburg: Challenges and Prospects.

**Date** : 11 May 2017

---

#### 1. Purpose

To obtain approval for study / research to be conducted for academic purposes.

#### 2. Background

- 2.1. I am an employee of the Department of Public Works in the position of Assistant Manager: Asset and Store Management (persal number 70299056).
- 2.2. I am currently studying towards Masters in Public Administration (MPA) with the University of KwaZulu-Natal and in my final year.
- 2.3. One of the requirements of the MPA qualification is that a student should do a dissertation on the area of interest usually a problem area. For ease of the use and access to information, this generally happens within the organisation that the researcher is employed in. In granting the approval and authority to conduct the research / study, I will be able to achieve one of my personal development goals as well as assist me in furthering my career objectives.
- 2.4. The School of Management / IT and Governance UKZN — Westville Campus may be contacted on 031-2608713 for further clarity and information.

#### 3. Objective

The research to be conducted aims at exploring the challenges and prospects of Supply Chain Management in the Department of Public Works. Hence, the study is guided by the following objectives:

- 3.1. To determine whether the DPW-PMB has proper plans and processes in place for efficient implementation of Supply Chain Management system.

- 3.2. To explore the role of Supply Chain Management policy framework and adherence thereof to its procedures by the DPW-PMB.
- 3.3. To assess the level of understanding of Supply Chain Management by staff in the DPW-PMB.

**4. Financial Implications**


None

**5. Recommendations**

In view of the above, it is recommended that approval be granted for Mr. B Ntibane to proceed conducting a research for academic purposes

  
 \_\_\_\_\_  
 Mr. BJ Ntibane  
 Assistant Director:  
 Assets & Stores Management

11/05/2017  
 Date

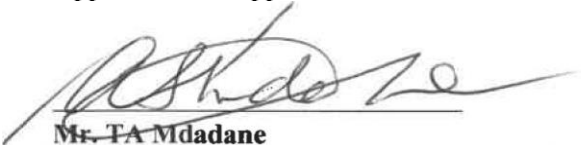
**Recommended/Not recommended**  
  
 \_\_\_\_\_

12/5/2017

Mr. PK Ballaram  
 Director: Supply Chain Management

Date

Approved/Not Approved

  
 \_\_\_\_\_  
 Mr. TA Mdadane  
 Acting Head of Department: Department of Public  
 Works

19/5/2017  
 Date

# APPENDIX B APPROVAL TO CONDUCT RESEARCH



18 July 2017

Mr Bonginkosi Ntibane (200001168)  
School of Management, IT & Governance  
Wavesville Campus

Dear Mr Ntibane,

Protocol reference number: HSS/0895/017M

Project title: Supply Chain Management in the Department of Public Works-Pietermaritzburg: Challenges and prospects

### Approval Notification – Expedited Application

In response to your application received on 26 June 2017, the Humanities & Social Sciences Research Ethics Committee has considered the above-mentioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the 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.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Professor Betty Mubangizi  
Cc Academic Leader Research: Professor Brian McArthur  
Cc School Administrator: Ms Angela Pearce

---

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Wavesville Campus, Govan Mbeki Building

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Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



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# APPENDIX C APPLICATION FOR ETHICS APPROVAL

Informed Consent Letter 3C
----------------------------

UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF MANAGEMENT, IT AND GOVERNANCE

Dear Respondent,

**MPA Research Project**

**Researcher:** Mr. Bonginkosi J Ntibane (033 355 5413)

**Supervisor:** Professor B T Mubangizi (031 260 8437/8730)

**Research Office:** Ms. P Ximba 031-2603587

I, Bonginkosi Jeffrey Ntibane an MPA student, at the Graduate School of Management, IT and Governance, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled, "Supply Chain Management in the Department of Public Works-Pietermaritzburg: Challenges and prospects". The aim of this study is to determine whether the DPW-PMB has proper plans and processes in place for efficient implementation of SCM system. Through your participation, I hope to understand the following: firstly, the role of Supply Chain Management policy framework and adherence thereof to its procedures by the DPW-PMB. Secondly, to assess the level of understanding of Supply Chain Management by staff in the DPW-PMB. The results of face-to-face interviews are intended to contribute to improving knowledge on efficient implementation of Supply Chain Management in the DPW-PMB to enhance service delivery.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. The Graduate School of Management, IT and Governance, UKZN will maintain confidentiality and anonymity of records identifying you as a participant.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The interview should take you about **15-20** minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature \_\_\_\_\_ Date \_\_\_\_\_

**This page is to be retained by participant**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF MANAGEMENT, IT AND GOVERNANCE**

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**CONSENT**

I..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT

DATE

.....

**This page is to be retained by researcher**

## APPENDIX D: INTERVIEW SCHEDULE

### SEMI-STRUCTURED INTERVIEW

Name of the interviewee.....

Place of interview.....

Date of interview.....

#### Interview Questions

1. What is your level of education? (Senior Certificate, Diploma or Degree)
2. What is your age?
3. What is your gender?
4. What is your position in the DPW-PMB?
5. How long have you been employed by the DPW-PMB in the current post?
6. What do you envisage as the significance of planning in SCM of the DPW-PMB? Please explain plans that are in place for SCM!
7. What processes are in place to enable efficient execution of SCM in the DPW-PMB? Does the DPW comply with these processes? How is this achieved?
8. What is the role of SCM policies and procedures in the DPW-PMB?
9. Do you consider SCM reporting structures effective enough to achieve strategic objectives of the DPW-PMB? Why? Please justify your response!
10. What would you regard as the role of budgeting in promoting cost-efficiency of SCM in the DPW-PMB? Name the budgeting strategies in place for the DPW!
11. What do you envision as the importance of coordinating in improving performance of SCM in the DPW-PMB? Name the coordination mechanisms in place for the DPW!
12. What is the significance of directing in attaining goals of SCM in the DPW-PMB? Explain how the department achieves this objective?
13. What do you consider as the benefits of organising in enhancing effectiveness of SCM in the DPW-PMB?
14. What initiatives does the DPW-PMB has for increasing the level of understanding of SCM by staff?
15. What do you envisage as factors impeding efficient execution of SCM in the DPW-PMB?

## APPENDIX E OBSERVATION SCHEDULE: SCM PROCESS FLOW CHECKLIST

NO.	CRITERIA	YES	NO
1.	Request from business unit/requesting section		
2.	Approval of funds from requesting section		
3.	Certification of bid documents and estimate.		
4.	Completion of Procurement Strategy by Project Manager.		
5.	Preparation of advertisement.		
6.	Bid Specification Committee approval of bid documents( if applicable)		
7.	Recommendation by Bid Evaluation Committee to advertise. ( if applicable)		
8.	Approval by Bid Adjudication Committee to advertise. ( if applicable)		
9.	Advertise in/on the (tick which is applicable) <ul style="list-style-type: none"> <li>• Selected service providers by Demand.</li> <li>• Noticeboard</li> <li>• Newspapers</li> <li>• Government Tender Bulletin</li> <li>• CIDB database</li> </ul>		
10.	Advertise for five (5) working days –Notice Board or twenty one (21) working days. <ul style="list-style-type: none"> <li>• verify deviations with motivation / reasons and approval</li> </ul>		
11.	Compulsory Briefing Meeting. <ul style="list-style-type: none"> <li>• attendance register</li> <li>• minutes of briefing meeting</li> </ul>		
12.	Closing / Opening of bids <ul style="list-style-type: none"> <li>• schedule of bids received</li> <li>• adherence to closing date and time</li> <li>• verify attendance register of compulsory briefing session with schedule of bids received</li> </ul>		
13.	Completion of evaluation report. <ul style="list-style-type: none"> <li>• Registration on KZN Suppliers database</li> <li>• Valid Tax Clearance Certificate—Original Tax Certificate for recommended bidders.</li> <li>• Completion of bid document by bidder</li> <li>• Quotation in line with specification</li> </ul>		
14.	Is the CIPRO certificate dated during the procurement of the goods or services?		
15.	Is “ <i>in business</i> ” reflected under enterprise status on the certificate?		
16.	Inspect the file for a Standard Bid Document (SBD4), “ <i>Declaration of Interest</i> ” form. Ensure all directors on the CIPRO certificate are listed and the form is completed in all respects.		
17.	Verify that PERSAL checks were done for all directors by inspecting a #4.3.1 printout for each director (ID number) on file.		
18.	If the bidder declares his interest in the state and this is confirmed by PERSAL check, check for evidence of approval/ authority to perform remunerative work outside of the Public Service from his/her exe.		

## APPENDIX F REQUEST FOR LEAVE OF ABSENCE (STUDY LEAVE)



6<sup>th</sup> November 2017

Director for Supply Chain Management  
Department of Public Works  
KwaZulu-Natal Provincial Government  
191 Prince Alfred Street  
PMB

Dear Sir,

**STUDY LEAVE REQUEST BONGINKOSI J NTIBANE [STUDENT NUMBER – 200001168]**

Mr Bonginkosi Ntibane is a student currently registered with the College of Law and Management at the University of KwaZulu-Natal. Since the beginning of this year, I have been supervising his research project towards his Master of Public Administration. He is making good progress but requires some time off to enable him finalise his data collection as well as start the write-up process of his dissertation.

I respectfully request that you grant him study leave – it will go a long way in enabling him to finalise his studies.

Thank you.

**Prof Betty C Mubangizi**

**Dean of Teaching & Learning**

**College of Law and Management Studies**

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