



**Investigating the effectiveness of public procurement practices at the Public Works Department in the Midlands region.**

**By**

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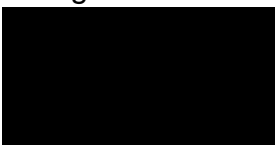
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Samkelo Zulu

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## **Abstract**

Public procurement has an obligation to deliver services and ensure that its departments and entities perform at an optimum standard. There has been less research on public procurement practices in public works, hence the motivation behind this study is to uncover current procurement practices that hinder the objectives of public procurement. The aim of this study is to investigate the effectiveness of public procurement practices at the KZN Department of Public Works (DPW) in the Midlands region of South Africa. The study adopted qualitative research approach, an exploratory research design to gain insight on the effectiveness of public procurement practices at the KZN DPW. A purposive non-probability sampling method was utilised for selecting the eight participants. The study used thematic analysis and three themes were derived from the research. The findings revealed that the current procurement process at KZN DPW is based on the national treasury practice notes, instruction notes and the supply chain management policy, regulations and departmental standard operational procedures. It was also found that the departmental procurement practices were failing to achieve their primary objectives as projects remained unapproved for long time because of poor internal tender system. It was also found that KZN DPW was ineffective in bridging the gap between who is hired and what is delivered, mostly due to lack of transparency and corruption. The research findings also revealed that lack of technical knowledge and skills, lack of capital, lack of technical tools and lack of highly skilled people are barriers to effective implementation of procurement systems at KZN DPW. New systems were introduced to utilise yet there was less or no training provided to the employees beforehand. It is recommended that KZN DPW provides an adequate environment that promotes fair and equitable treatment for potential suppliers when advertising tenders and reviewing quotations. It is also recommended that KZN DPW institute some regular internal financial, internal audit or management controls using independent officials, not those undertaking the procurement. The implementation of the cited recommendations would yield improved effectiveness of public procurement practices at the KZN DPW, Midlands Region in South Africa.

Keywords: public procurement, supply chain management, innovation, training, effective implementation, South Africa.

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## List of Acronyms

B-BBEE	Broad-Based Black Economic Empowerment Act
CSD	Central Supplier Database
DPW	Department of Public Works
KPI	Key Performance Indicator
KZN	KwaZulu-Natal Province
MFMA	Municipal Financial Management Act
PMS	Performance Management System
PPPFA	Preferential Procurement Policy Framework Act
PFMA	Public Finance Management Act
SMES	Small to Medium Enterprises
SCM	Supply Chain Management

# **CHAPTER 1 : INTRODUCTION**

## **1.1 Introduction**

Worldwide public procurement has an obligation to deliver services and to ensure that its departments and entities are performing at an optimum standard, including the fiduciary duty to provide goods and services to citizens, and the implementation of public agreements (Uyarra & Flanagan, 2010). Public procurement is central to public service delivery, as it acts as a strategic tool to promote government performance and service quality (Ambe, 2016). The Constitution of South Africa in Section 217 requires government organisations to purchase goods and services in a way that demonstrates fairness, transparency, equitability, cost-effectiveness and competitiveness. The legislation informs the South African law of procurement services by the government (Maroun and Cerbone, 2020). The legislation under the Municipal Finance Management Act (MFMA) and Public Finance Management Act (PFMA) regulates public procurement. The Department of Public Works (DPW) is a provincial department within the KwaZulu-Natal Province (KZN). The department prides itself on being recognized as the implementing agent of choice and is working harder to maintain this view. In the financial year 2017/2018, the department received an unqualified audit. However, there are some issues of non-compliance and the department is striving to work towards achieving a clean audit.

## **1.2 Motivation for the Study**

Public entities in developing countries face several challenges such as having numerous means of assessing procurement performance that may be used, and using irrelevant measures to conduct procurement performance (Kakwezi and Nyeko, 2019). The motivation behind this study is to explore the current procurement practices and uncover how these practices enhance or hinder the objectives of public procurement. Unethical public procurement prevents government from cost effectively acquiring goods and services, this practice is procurement fraud and it costs the state millions of rands. In

addition, such practice robs the poor of the services that they desperately need. This study will serve to alert the government on the inefficiencies that still exist within the public procurement. In turn, the government can then come up with strategies to combat corruption and the inefficiencies.

### **1.3 Focus of the Study**

The focus of this study is to investigate the effectiveness of public procurement practices at the KZN Department of Public Works (DPW) in the Midlands region of South Africa. In this study, the researcher will focus in the Midlands Region, which covers Ladysmith, Estcourt, Bergville, Dundee, Newcastle, Nquthu, Greytown and Umsinga. The study is constructed on a theoretical review of existing methods by illuminating the status of the country's public procurement practices and scrutinising existing policies and practices within the KZN DPW. The developments and challenges around the implementation of procurement practices are discussed in detail.

### **1.4 The Problem Statement**

Watcharothai (2018) found that government spending has been used ineffectively due to prevalence of fraud in public procurement and the results of the study revealed that fraud in public procurement has predominantly emanated from the patronage system. There has also been apprehension over corporate governance concerns such as nonconformity, fruitless expenditure, fraud, and corruption that it presents a risk to the department (Mdadane, 2018). Munzhedzi (2016) also posited that the government has put in place the legislation and regulations in place to assist in the improvement of the numerous challenges faced by public procurement in South Africa, but there are still some irregularities. While there are competent prescripts and legislation, inaccuracies continue to occur. Tukuta and Saruchera (2015) assert that the major challenges in procurement is limited recognition for procurement officials, an increase in unethical behaviour, suppliers that are delivering poor service and poor corporate governance. The KZN Department of Public Works is experiencing challenges in terms of providing service

delivery to the communities in a timely fashion and this brings a serious question of the application of legislation and policies by government officials.

### **1.5 Objectives of the Study**

- To identify and analyse procurement practices being used and implemented by the KZN Department of Public Works;
- To identify the challenges faced by procurement professionals in the implementation of procurement prescripts.
- To determine whether procurement practices implemented are yielding the desired results.

### **1.6 Research questions**

- What procurement practices have been put in place by the KZN Department of Public Works?
- What are some of the challenges procurement professionals are experiencing, that may be deterring the effective implementation of policies and prescripts?
- Are the implemented practices producing the desired results?

### **1.7 Methodology**

The study adopted an exploratory research design to gain insight on the effectiveness of public procurement practices at the KZN DPW. This study adopted the qualitative research approach since it deals with subjective human behaviour, which aligns with the public procurement practices at the KZN DPW. A purposive non-probability sampling method was utilised for selecting the participants. A sample of 8 participants was recruited from all levels and interviewed until saturation was reached. In addition, interviews were used for this study since an in-depth investigation is required to establish the effectiveness of public procurement practices. NVivo Release 1.6.1 was used to organise and analyse the unstructured information and allow identification of themes and patterns.

## **1.8 Chapter Outline**

### Chapter 1: Introduction

This chapter introduces the basic concepts of public procurement, clarifies and illuminate concepts that are key to the study. The chapter also highlight the objectives of the study, what the study seeks to achieve and outline the problem statement, which are investigated through appropriate research methods.

### Chapter 2: Literature Review

This chapter consists of relevant literature or theory, which is the theoretical foundation for this study. Literature sources such as legislation relevant to public procurement, policy documents, journals, textbooks, articles, theses and reports are reviewed and methodically be incorporated into the study.

### Chapter 3: Research Methodology

The chapter 3 presents the research approach that will be utilised to realise objectives of the study. Research methodology comprises of the analysis of data gathering techniques that are considered applicable to this study.

### Chapter 4: Presentation of Results

This chapter focused on the results on practices have been put in place by the KZN DPW to ensure the proper and lawful implementation of procurement processes

### Chapter 5: Discussion

This chapter presents the discussion of research findings and using literature to support the research findings. The discussion places more focus on the interpretation and significance of research findings concerning the challenges that KZN DPW experienced in terms of providing service delivery.

## Chapter 6: Conclusions and Recommendations

This chapter provides research conclusions, implications and limitations of the study and recommendations for the study.

### **1.9 Conclusion**

The first chapter underlined the motivation for the study, focus of the study and the problem statement of the challenges faced by KZN Department of Public Works in terms of providing service delivery to the communities in a timely fashion and this brings a serious question of the application of legislation and policies by government officials. The objectives of the study, research questions and methodology that was adopted for the study were also highlighted in this chapter. The research intends to investigate the effectiveness of public procurement practices at the KZN DPW in the Midlands region of South Africa. The next chapter focuses on a detailed review of literature on public procurement, supply chain management, challenges in public procurement practices and public procurement performance management systems.

## **CHAPTER 2 : LITERATURE REVIEW**

### **2.1 Introduction**

The previous chapter focused on the motivation for the study, problem statement, objectives of the study, research questions and methodology that was adopted for the study. This chapter reflects on the available literature with the intention to study and the public procurement developments in SA. Various sources of information on the topic are utilised by the researcher including, reports, academic journals and articles as well as earlier studies. This was done with an aim to track and trace the public procurement progress within the KZN Public Works, Midlands Region. The World Bank report by Leigland (2018) states that public procurement has a direct impact in the execution and accomplishment of public service delivery.

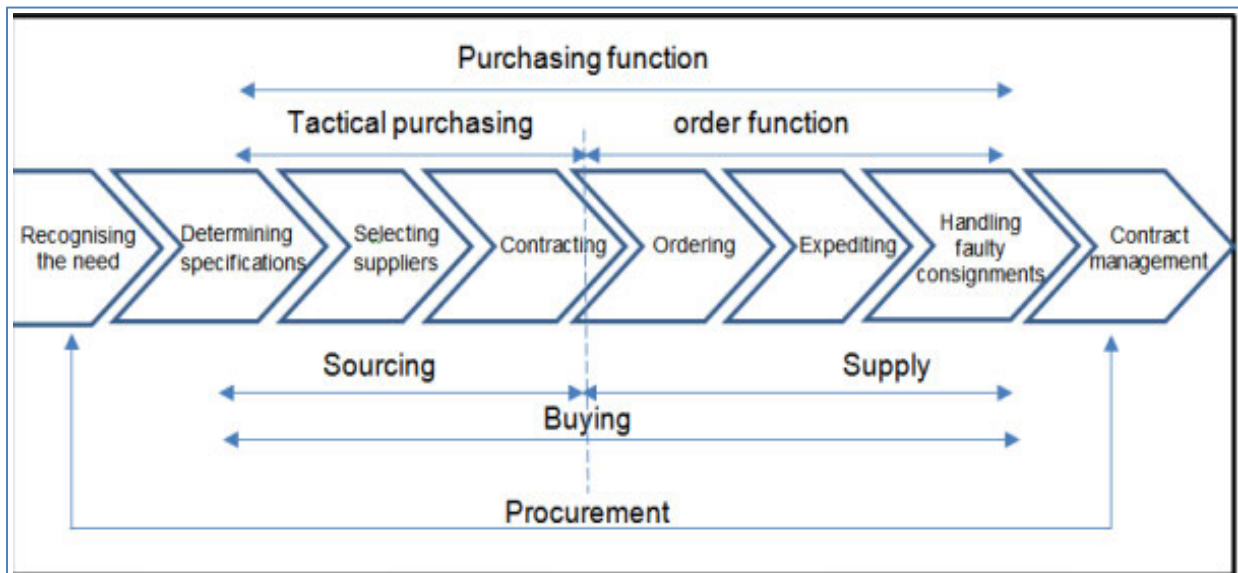
### **2.2 Definition and Objectives of Public Procurement**

Public procurement is concerned with the government activities of procuring the goods and services that are required to execute state functions (Schapper, Malta and Gilbert, 2017). It is largely defined as the hiring, purchasing or acquiring goods, services and construction work by the public sector, with the acquisition being effected with resources from state foundation funds, state or local authority budgets, domestic loans or foreign loans, or revenue received from state economic activities. Johnson, Leenders, and McCue (2017) also posited that public procurement is “the acquisition of goods and services by government or public organizations” and is guided by the fundamental principles of equitability, fairness, and procedures that are transparent, while concurrently ensuring cost-effectiveness and competitiveness. Public procurement is pronounced as the practice of acquisition of the right quantity and quality of goods and services to the precise location while ensuring the best possible total cost of ownership.

There are regulatory and legal issues that should be taken into consideration when executing public procurement activities and the fundamental objectives of procurement

include fair treatment of suppliers, integrity, accountability and value for money when acquiring goods, services or works (Laing, 2016). There are vital political and economic implications from the execution of public procurement since it requires comprehending the whole process by the government, the procuring entities, vendors and other stakeholders such as academic institutions, professional associations, and the public in general (Thai, 2017).

Figure 1 shows the phases of the procurement cycle and should align with the procurement function's strategy and broad policy, characterised by proper coordination and communication with other organisational functional units for compliance and synergy purposes (Dlamini, 2016). The requirement for services or materials emanates from the functional departments and the internal customer or user communicates the need to the procurement department by using a purchase requisition. Specifications are then outlined to specify the requirements precisely so that the supplier would be able to interpret.



**Figure 2.1: The phases of the procurement cycle**

Source: Dlamini (2016)

Phase 3 is selection of suppliers whereby the procurement function ascertains and selects the best vendor, and huge projects generally go through a tendering process. Contracts or purchase agreements are then drawn and these are legally binding documents. Ordering involves the issuance of a purchase order as a proposition to the eligible vendor who will then acknowledge in writing, reception of a purchase order and specify whether accepting or rejecting the offer. An expeditor from the procurement function is usually tasked to make follow-ups with vendors so that timely delivery of products and services is done. In the event of problems, the expedition of the orders is accomplished telephonically or by email (Rehman Khan and Yu, 2019).

### **2.3 Contextualisation of Public Procurement**

The public procurement reforms in SA were implemented in 1995 in order to stimulate good corporate governance and to address discriminatory policies and practices of the previous dispensation (Ambe, 2016). As a result the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) was introduced and the preferential system aimed to address socio-economic objectives. In 2003, the Supply Chain Management (SCM) Policy was implemented and it included a SCM guide which was directed at accounting officers in terms of the Municipal Financial Management Act (MFMA) and PFMA. The SCM guide takes the accounting officer through each step of the SCM cycle and allows managers flexibility and accountability within their public organisations (Maroun and Cerbone, 2020).

Adjei-Bamfo, Maloreh-Nyamekye and Ahenkan (2019) highlighted that public procurement originated from the mandate of government administrators to foster provision of goods, infrastructure and services at a local, regional or national scale. The concept of sustainable development is receiving an ever-increasing attention, and the focus and role of public procurement has advanced from a primarily administrative and technical process to a sequence of sustainable practices fabricated around transparency, efficiency, and accountability in the usage of public funds. Nani and Ali (2020) also posited

that public procurement is an indispensable instrument for strategic development in the promotion of credible corporate governance and embedding the use of public resources effectively and efficiently to yield better service delivery.

Public procurement is a multi-dimensional function that is characterised by a series of government practices within the realm of public policy and credible public procurement and contract management are essential for the pursuit of better economic growth and development outcomes (OAdjei-Bamfo et al., 2019). Public procurement is characterised by a comprehensive range of events within government departments aimed to provide sound public services delivery and these intermediations span from general items to construction projects and sophisticated developments. The principal objective of procurement policies in many government departments is to select a solution that best satisfies the requirements of the end users at lower cost offering to achieve value for investment (Cheaitou, Larbi and Al Housani, 2019).

Fourie and Malan (2020) posited that there are three interest parties or groups involved in public procurement, and these include the funding government, the general public who benefit from the goods and services that are acquired, and private firms that provides services or supply the goods. The annexation of principles of equity, fairness, transparency, cost-effectiveness and competitiveness is noteworthy in procurement planning, contract placement and administration (Nani and Ali, 2020). Whether national, provincial or local level, it is imperative that the public procurement process be perceived as a strategic function in business management for managing the comprehensive procurement process efficiently and effectively from the initial stage of needs assessment to sourcing the best service provider. All logistics related issues need to be addressing and it is also imperative to manage and mitigate risks in public procurement, adopt value engineering, ensure regulatory compliance and implement supplier relationship management (Fourie and Malan, 2020).

## 2.4 Empirical Literature on Public Procurement Practices

The public sector in SA has been characterised by procurement reforms that commenced in 1995 and these reforms were focused on two main focus areas, which are the institution of a preference system that would address specific socio-economic objectives and to promote the principles of sound governance (Maroun and Cerbone, 2020; Matebese-Notshulwana, 2021). As posited by Sibanda, Zindi and Maramura (2020), the procurement reform processes were embedded in section 76(4) (C) of PFMA and the PPPFA (Act No 5 of 2000) and section 112 of the MFMA (Act No 56 of 2003). Previous studies have unpacked the nature of public procurement and the legislative framework around public procurement.

Ambe (2016) explained public procurement as a function that public sector establishments utilise for acquiring goods and services and the development of construction projects by appointing local and international suppliers. However, this must be in accordance with the values of competitiveness, fairness, equitability, transparency, and cost-effectiveness. Central to public procurement are social and political objectives of the government. The objectives include the enhancement of some industrial sectors, inspiring economic activities, shielding domestic activity from foreign competitors and diminishing inequalities among citizens (Bolton, 2016; Matebese-Notshulwana, 2021).

Phakedi (2019) highlighted that the National Treasury of South Africa completed a joint assessment review of country procurement with the World Bank in 2001 to evaluate public sector procurement practices. Eposi (2018) also stated that certain deficiencies are prevalent in the governance, interpreting and execution of the PPPFA and its related principles. The procurement systems and provisioning of services were found to be disjointed with regards to tender boards and services provisioning. Driven by the state treasury, the provisioning was fundamentally backed by standards and norms within the logistics system whilst tender boards were responsible and accountable for procuring goods and services.

Efficient and effective financial management within government entities is continuously questioned in many countries and the tendering processes through the boards cause the systems to be inefficient (Sibanda et al., 2020; Fourie and Malan, 2020; Agama, Huamán, Casco, and Galvez, 2021). Therefore it is imperative to develop integrated approaches that essentially place the responsibility with the department and municipality accounting officers in the case of South Africa. As highlighted before, the national government sets a regulatory framework within which SCM operates and this is drawn-out by local government bodies and provinces to particular regulations, policies and legislation (Fourie and Malan, 2020). All government entities are required to follow the SCM framework and the National Treasury provides policies and guidelines for the implementation of SCM. It is also worth noting that public procurement plays a crucial role in the creation of economic opportunities for the government. Proper administration of procurement practices is vital in ensuring that goods, public works and services are provisioned for jobs creation (Maroun and Cerbone, 2020).

## **2.5 Public Procurement Performance Management Systems**

The procurement function for many public entities in developing countries has not received the recognition it deserves regardless of the effort by the partners such as International Trade Organisation, World Trade Organisation and World Bank (Kakwezi & Nyeko, 2019). There are numerous challenges that are encountered by public entities when conducting procurement performance in developing countries (Leigland, 2018). These challenges include that there could be several approaches to the measurement of procurement performance that may be in use, and these measures could be irrelevant. There is also lack of standardisation in the measurement and execution of performance measurement is found to be exorbitant. These challenges are also caused by lack of a linkage between corporate objectives and procurement measures, inaccurate information, and the fact that assessment of procurement performance is considered to be an overhead and not integrated to the core functions (Altho, 2019). Moreover, some employees or management does not understand the benefits of procurement

performance measurement as well as interference by other stakeholders especially if the measures were developed in a different environment (Denny-Smith, Williams and Loosemore, 2020).

It is vital to probe the measures for enhancement of procurement effectiveness and efficiency of the buying function, considering the criticality of the procurement function in the absence of coherent methods of assessing procurement performance. The key indicators for monitoring of performance of public procurement include value, timeliness, quality, economy, competitiveness, transparency, anti-corruption measures, and staff training (Thai, 2017). The value of a primary public procurement process upon which an evaluation of the projected value is set is of paramount importance. The definition of the procurement function should be aligned with the quality standards and the services, goods or works should comply with standards defined in various regulations with technical standards. The economy indicator is of the presumption that the estimated value reflect the relevant market situation and must be realistic. The contracting authorities should respect the legal constraints of the time limit for acceptance of tenderers and if there any deviations, the reasons stated when reducing time limits should be justified (Laing, 2016).

Some organisations place more emphasis on cost savings as the exclusive measure or indicator of procurement performance, and decline in costs regarded as positive, while if savings degenerate, several queries are raised concerning the purchasing function (Akkermans, Van Oppen, Wynstra and Voss, 2019). Such financial procurement performance measures disregard the market dynamics and enhanced complexity when public enterprises acquire goods and services, thereby resulting in poor service delivery. Hence, it is crucial to embrace indicators for the fundamental activities and areas that characterise procurement, while concurrently balancing both financial benefits and non-financial benefits.

The performance measurement of the purchasing function yields benefits to enterprises and these include cost reduction, assured supplies, enhanced profitability, quality

improvements and competitive advantage (Wang et al., 2018). An organisation will never know how well it is performing and why it is vital to measure purchasing performance until it measures its procurement performance. According to Monczka, Handfield, Giunipero and Patterson (2015), the four reasons for measuring purchasing performance include:

- providing information for exploration and decision making;
- information is provided to top management concerning the efficiency, effectiveness, and value of the procurement function;
- providing feedback on the magnitude of accomplishment of the planned outcomes for purchasing function in a firm;
- providing focus and motivation for the staff in the purchasing department.

Kakwezi and Nyeko (2019) conducted a research on the assessment of the performance, effectiveness and efficiency of the procurement processes and the findings suggested that both financial and non-financial measures are proportionately vital in representing the procurement function's performance. The respondents perceived that the delivery of quality goods and services through the procurement process was the most vital set target of any procurement department while employee safety was found to be the least important non-financial measure. The finding suggested that the quality goods and services can create an understanding of safety by the employees as well as a safe working environment.

The discussions above is explored further as the study investigates the developments on public procurement practices. In addition the study will further explore the pending prescript approvals such as the Infrastructure Delivery Management System which has been put on hold by National Treasury and the Procurement Bill pending approval by parliament.

## **2.6 Key Performance Indicators in Public Procurement**

Srivastava and Agrahari (2017) posited that the crucial key performance indicators (KPIs) that can be used to support the implementation of several principles towards the

performance of public procurement systems are openness and transparency of the public procurement; contract performance management; efficiency of the public procurement cycle; and professionalism of the public procurement workforce.

Concerning openness and transparency of the public procurement, transparent tendering is a vital KPI and open procurement methods should be used to promote competition (Fourie and Malan, 2020). The openness and transparency indicator measures the total value of purchase orders and contracts issued on a competitive basis against the total value of purchase orders and contracts issued within a specified time. The procurement department should keep track of the effective level of competition that the department is achieving, and measuring the percentage of contracts awarded through a competitive process is a good starting point (Bag, Wood, Mangla and Luthra, 2020). Additionally, the greater the opportunity for public scrutiny of procurement tendering process would create a broader base of public-sector accountability. Greater public accountability and scrutiny can nurture additional incentive for the departments that are involved in procurement to perform their functions in an open, effective and transparent manner (Kahn, Baron and Vieyra, 2018).

Contract performance management – The KPI embraces the extent to which suppliers deliver the right product or service at the right moment and right quality, measuring the extent to which there are delays in payment (Akkermans et al., 2019). The suppliers are also assessed to establish whether they are delivering the right goods at the right time. The KPI measures a supplier's compliance with the performance and product criteria as specified in the contract or purchase order. The indicator would also measure the percentage or quantity of supplier payments that would have been made within the payment period as prescribed in the contract. Procurement departments can plan and control spending much better if the suppliers are paid on time. Villena and Gioia (2018) posited that the monitoring and documenting of supplier performance would aid the procurement personnel when they require corrective action from suppliers in the event of non-compliance with contractual order requirements. Supplier performance monitoring

would provide historical information to aid the procurement department with information concerning supplier evaluation and selection process for future tenders. Additionally, the environment becomes conducive to negotiate more favourable price agreements and payment terms (Kahn et al., 2018).

Efficiency of the public procurement cycle – A desirable procurement cycle time should be devoid of any delays. This KPI measures the percentage of procurements that were accomplished within the standard procurement cycle time guidelines and the mean length of the procurement cycle. Historical data is used to measure the procurement cycle time for purchase orders and contracts (Akkermans et al., 2019).

Professionalism of the public procurement workforce – It is also imperative to measure and assess if a public office has a funded, operational training program that is in place and provides staff with proper training to maintain or upgrade their procurement skills (Villena and Gioia, 2018). The KPI of professionalism of the public procurement workforce measures whether an effective training program is instituted and whether the program address staff needs and provided annual training to staff to improve their procurement skills (Kahn et al., 2018). A budget line item that is approved and adequately funded, a formal training plan and schedule that offers appropriate training for each team, and an organizational chart with up-to-date job descriptions that are used as a guide for staff development, are crucial for an effective training program (Akkermans et al., 2019).

## **2.7 Modern Procurement Methods**

The use of digital technology in the public procurement sector is a driver of efficiency and supports effective implementation and monitoring of government policies by facilitating more innovative, open, and trustworthy government (Thai, 2017). For instance, e-procurement enables time and cost savings through standardisation and automation of the procurement processes and enhances transparency and accountability in the public procurement system. E-procurement is characterised by the integration of digital technologies to replace or redesign paper based purchasing activities to conduct

transactions for procurement the products and services throughout the procurement cycle (Nicoletti, 2018). The sub-phases of the electronic public procurement process can be identified as e-tendering, e-noticing, e-sourcing, e-submission, e-contract, e-invoicing and e-orders. Afolabi, Ibem, Aduwo and Tunji-Olayeni (2020) conducted a study of using e-procurement technologies and acknowledged e-procurement technologies and tools that can be used by stakeholders for notifying, conducting tendering and submission of proposals, project information exchange, notification of contract awarding, payment, and monitoring of the progress of work in public procurement. The study revealed crucial grey areas of procurement processes that needed digitalisation to eradicate corrupt tendencies.

E-procurement systems can address procurement challenges through providing information that guide future procurement decisions, and through the automation of specific tasks and decreasing red-tape costs (Ahmad, Aljafari and Venkatesh, 2019). Electronic tools are also believed to reduce amount of mistakes or errors made by humans involved and e-procurement is regarded as a suitable tool for preventing corruption since it is easier to monitor tender process (Afolabi et al., 2020).

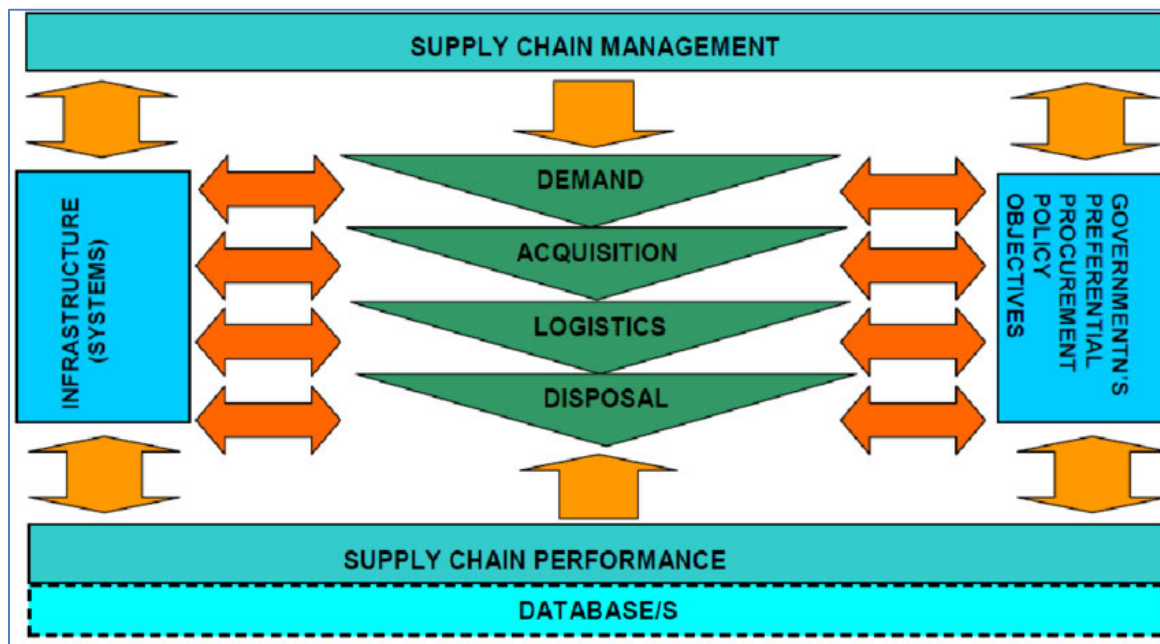
However, there are challenges regarding how e-procurement is implemented for procurement departments and prospective bidders. Small to medium enterprises (SMEs) specifically face challenges in implementing e-procurement due to low innovative organisational culture and low knowledge skills. Additionally, another potential challenge with regards to e-procurement is the lack of integration of e-government systems and e-procurement systems such as management information systems and financial information systems (Patel, Shrivastava and Khajuria, 2017).

Ramli (2017) posited that there is still a challenge regarding the amalgamation of e-procurement systems and other e-government systems in OECD countries. There is high potential for better utilisation of public resources through standardisation and automation, better information transmission, and increased accountability that emanates from the

integration of public procurement into budgeting and services delivery processes and overall public finance management (Thai, 2017).

## 2.8 Supply Chain Management

Supply Chain Management in the public sector can be explained as a shared strategy which its main objective is to bring together procurement and provisioning methods so as to exclude waste. SCM is concerned with the oversight, facilitation and continuous checking of inputs, outputs and outcomes and results of projects from different entities within a supply chain. Table 1 illustrates the elements of SCM, Demand, acquisition, Logistics and Disposal.



**Figure 2.2: South African Government Supply Chain Management Model**

Source: National Treasury (2005)

According to National Treasury guidelines for SCM policy implementation, the SCM framework consists of acquisition and demand management, logistics, risk and performance management. Broad-Based Black Economic Empowerment (BBBEE) Act is

a key piece of legislation by which codes of good practice are issued based on weighting of bidders according to their classification. The codes inform how the qualification criteria is developed for dispensing licences or allowances for the sale of enterprises that are owned by the state as well as the development and application of a preferential policy (Ambe, 2016).

There are other numerous segments of legislation that govern procurement by state organs (Ambe, 2016). Section 2017 (1) allows for a procurement approach that ensures fairness, competitiveness, transparency, equitability and cost-effectiveness. Section 217 (3) of the Constitution of SA prescribes the national sphere of government structure wherein preferential procurement should be enacted. Notwithstanding, process may not be followed and thereby causing a lack of all the elements mentioned above.

The PFMA commands the National Treasury to come up with regulations or give instructions to state organisations in relation to the determination of a structure for effective procurement and provisioning system that is fair and transparent, it must also be equitable and equitable and competitive (Dassah, 2018).

The PFMA is responsible for developing a regulatory framework a regulatory framework for public procurement, including procurement as national and provincial level (South Africa, 1999). Section 38 of the Act mandates accounting officers of departments to ensure that procurement systems that adhere to the pillars of SCM and internal controls are implemented, including the establishment of a risk committee. The accounting officer has the responsibility to take the necessary measures to prevent wasteful expenditure, irregular expenditure and losses because of unlawful practices.

The PPPFA Act 5 of 2000 developed the system that must be taken when preferential procurement policies are actioned (Ambe, 2016). The policy framework is responsible for implementing the preference of previously disadvantaged individuals, namely Blacks, Coloureds and Indians. The Broad-Based Black Economic Act 53 of 2003 (BBBEA) was established as a code of good practice to inform the augmentation and application of the

PPPFA. The alignment of the two Acts encourages transformation of the economy. The implementation of the central suppliers' database by the National Treasury in 2013 has eased some of the frustrations public procurement organisations were experiencing and assists in eliminating corrupt practices on both the professional's side and the supplier side.

## **2.9 Challenges in Public Procurement Practices**

Fourie and Malan (2020) conducted a study to address the systemic issues in the public procurement for the South African economy. It was found from the study that the challenges that public procurement faced in SA emanated from the implementation of the system, instead of the system itself. It is crucial to point out that in SA public sector, SCM is a fundamental part of procurement. Nevertheless, in spite of the deployment of SCM as a strategic tool, public procurement in SA is still characterised by many challenges. These challenges include skills shortage, lack of procurement knowledge, capacity constraints; poor planning and relating demand to the budget; accountability, fraud and corruption; non-compliance to SCM policy and regulations; insufficient assessment and evaluation of SCM; inequality of wealth and staff unethical behavior (Nzimakwe and Biyela, 2021).

### **2.9.1 Skills Shortage, Lack of Knowledge and Capacity Constraints**

Tukuta and Sarushera (2015) mentioned the provision of professional training and opportunities for growth as one the challenges facing procurement and professionals as they do not receive such support from their employers. Skills shortage, lack of procurement knowledge and capacity constraints have been identified as major hindrances to the successful public procurement in SA. Sufficient capacity such as suitable structures with well-skilled and proficient SCM employees is a vital success factor for optimal SCM implementation (Bolton, 2016). The quality of the skills and ability of SCM personnel in some government entities is well below standard despite having undertaken several training workshops on management of supply chains.

The Department of National Treasury (2015) reported that effective deployment of the procurement procedures to all state organisations was satisfactory. However, the officials tasked with the implementation of the prescripts lacked guidance on how to implement in a consistent manner and struggle with translating the prescripts into practice (Munzhedzi, 2016). Technological developments are also a looming issue as the business environment is advancing and modern procurement is practiced online, however many developing countries are lagging behind (Tukura & Sarushera, 2015).

### **2.9.2 Poor Planning and Relating Demand to the Budget**

The decision-making process that enables state entities or departments to procure at the at the correct place, time, and at the right cost is described as demand management, and is thus integral to the SCM process. Nevertheless, countless state departments were still facing challenges with regards to poor planning of procurement and correlating demand to budget (Edler & Yeow, 2016). Specialist skills are crucial for ensuring that procurement requirements are appropriately established, applicable contractual strategies are established, opportunities are utilised to attain the best contract at the right price, contracts are properly managed, and that would determine the cost-effectiveness of procurement (Munzhedzi, 2016).

The criticality of developing genuine and accurate strategic plans should not be underestimated, and some state departments failed to accurately quantify the demand requirements of their services, appropriately approximate the costs, and failed on precisely tracking, controlling or reporting on expenditure (Kassel, 2017). Therefore, it is crucial for SCM practitioners to effectively link the demand plans to budgeted funds and properly monitor service delivery to enable the effective and efficient use of scanty public resources.

### **2.9.3 Accountability, Fraud, and Corruption**

Accountability is pivotal to public procurement, if there is lack of transparency and prevalent unaccountable systems, the scarce resources that are directed through the public procurement systems have a risk of being misused given the corrupt environment that characterise government entities (Engelbert, Kaltenborn & Reit-Born, 2016). The costs due to corruption and fraud have affected the South African taxpayers and corruption in the public procurement remains a major issue that South Africa wrestles with. Corruption is described as the exploitation of official power with the intention of personal advantage, this includes, bribery, fraud and misuse of funds (Munzhedzi, 2016). Ambe (2016) accounted on the constant allegations of corruption, negligence by public servants, and the huge amounts that is lost at the face of contravened laws and regulations. Another manor challenge for state entities pertains resolving public procurement complaints in a rational way and concurrently ensuring that there is improved efficiency in administration, which is enhanced delivery of goods and services to the people in a well-timed approach.

### **2.9.4 Non-Compliance to Policies and Regulations**

According to Bolton (2006), a complicated legal policy framework threatened a productive procurement and the lack of an effective and sound regulatory framework can be problematic. The government has put in place the legislation and regulations in place to assist in the improvement of the numerous challenges faced by public procurement in South Africa, but there are still some irregularities (Munzhedzi, 2016). Several related regulations and policies guide SCM, and compliance with these regulations and policies is a challenge in South Africa. The practices that are related to non-compliance deal with inappropriate use of the preference points system, passing over of bids for wrong reasons, deficiency of proper bid committees, and utilisation of undeserving suppliers. The postponements of validity periods, use of the inappropriate procurement processes with respect to the thresholds, and incorrect utilisation of the limited bidding process are

also practices that relate to non-compliance (Dube, Johannes, & Lewis, 2017). The lack of good corporate governance in the workplace also leads to high staff turnover, which negatively affects the national economic development and steadiness.

### **2.9.5 Insufficient Measures to Monitor and Evaluate to SCM**

There is a link between inadequate monitoring, evaluation and the absence of a control environment and the state departments face challenges in implementing SCM as stipulated by the policy (Getuno et al., 2015). Effective systems that are used to monitor and evaluate the procurement processes provide a mechanism to bring together and assimilate crucial information into the policy ambit, thereby making provision for credible governance and accountable policies. Ineffective policymaking means that information on deviations or non-compliance on whether state entities are following procedure and achieving the intended results goes undetected or is not timely identified (Stewart, 2017).

### **2.9.6 Unethical Behaviour**

Ethics refers to the field of moral judgements and drawing a line between what is wrong and right (Kagan, 2018). The issues of conflict of interest and ethics can significantly influence the deployment of SCM implementation. In spite of the standards and guidelines from the national treasury for the accounting officers in South Africa, however, state entities lack in terms of compliance and application of the guidelines (Jitsing, Brey, Wall, Craig, Thosago and Munro, 2019). The result was different methodologies, sub-standardisation in the tendering of documents by several municipalities, generally leading to a challenge during the verification phase.

### **2.9.7 Ineffectiveness of the Broad-based Black Economic Empowerment**

The government of SA adopted the provision of BBBEE to capacitate the previously underprivileged persons by overcoming the legacy of apartheid, calling for extended prospects for employees and small and medium enterprises (SMEs), over and above more black management and ownership (Rogerson, 2018). In many instances, the

current BEE provisions had challenges in ensuring a broad-based methodology, on the contrary, it had imposed momentous expenses on the economy devoid of fostering economic growth or employment creation. Firstly, senior management issues and ownership received unequal attention and the unintended consequence included “fronting” and abuse of tenders in public procurement practices. Fraud, corruption, fronting, political interference, difficulties in registering status, and poor accountability strategies, resulting in the emergence of classes, were the results of BEE. Secondly, the preferential procurement protocols aggravated the status quo by favouring ownership over producing locally. Thirdly, the BBEE guidelines penalised public entities as suppliers, yet these entities were owned by the democratic state on behalf of its citizens, and the regulations did not consider them as “black empowered” (Ntamo, 2018).

It is against the backdrop of these challenges that it is recommended that the government of SA exercises monitoring and evaluation of BEE procurement systems as prerequisites in hampering manipulation and corrupt tendencies that arise from the awarding of tenders in public procurement practices.

## **2.10 Prevention of Misconduct, Compliance and Monitoring**

Watcharothai (2018) conducted a study on the guideline protection of corruption in public procurement. Government spending has been used ineffectively due to prevalence of fraud in public procurement and the results of the study revealed that fraud in public procurement has predominantly emanated from the patronage system. The patronage system was characterised by conflict of interest between influential people in the country. Furthermore, the results of the study revealed systemic corruption that spanned from approval of budgets, procurement committee appointments, bidder announcements, supplier qualification, contracting for work, purchasing to contract management. Consequently, it was necessary to institute viable and long-standing corruption prevention guidelines in public procurement (Watcharothai, 2018).

It is imperative for governments to put mechanisms in place such as procedural or institutional frameworks that would aid to protect public procurement officials against unwarranted influence from higher level officials or politicians, in order to inhibit risks to the integrity of the procurement process (Dávid-Barrett and Fazekas, 2020). The officials for the public procurement offices must be selected and appointed, basing on values, morals and ethical principles such as merit and integrity. It is also vital to establish the potential risks to integrity for projects that are theoretically susceptible, as well as job positions or activities that would compromise project integrity. A culture of integrity in the public service can be fostered through precautionary mechanisms such as declaration of assets, integrity training, disclosure and management of conflict of interest (Andabaka and Kovac, 2019).

Another principle of prevention of misconduct ensuring compliance is to encourage close engagements between the private sector and governments is to uphold extraordinary standards of integrity, especially when managing contracts (Fourie, 2018). Hence, it becomes imperative for governments to establish clear integrity standards and ensure that the departments or units comply in the entire procurement cycle, especially with regards to contract management. It is important to verify and compare the information provided by potential suppliers with internal and external databases, especially on information such as prices, historical performance and perhaps a database of procurement government-excluded suppliers (Thai, 2017).

Fourie and Malan (2020) posited that governments should make provision for specific mechanisms for monitoring public procurement and detect misconduct by tracking decisions and identifying anomalies and possible corruption in procurement processes. The officials that control procurement activities must familiarise with the techniques and actors involved in corruption to enable uncovering of any transgressions that occur in procurement processes. Procedures for reporting misconduct should be established and governments should also consider protecting officials from reprisal (Dávid-Barrett and Fazekas, 2020).

## **2.11 Risk Management of the Procurement Process**

Risk management in procurement encompasses comprehending the threats that can negatively affect an organisation and employing strategies to alleviate and manage the risks (Fan and Stevenson, 2018). The key stages for undertaking risk management are identification of risk, analysis of risk, risk ranking, risk mitigation and risk monitoring. Risk identification can embrace identifying a major supplier who has filed for bankruptcy, or less critical risks such as having project team member being assigned to a new role. The risk size does not matter the size, every public procurement risk should be identified and an organisation should develop a risk register to monitor these risks (Sadgrove, 2016).

After identification, each risk is analysed against two criteria, that is likelihood and impact, and using a risk matrix, provide a procedure to rank all the risks and identify the most serious risks for the public procurement project (Khosravi, Sarvari, Chan, Cristofaro and Chen, 2020). Once the risks rankings have been established, mitigation strategies should then be planned, involving all key stakeholders. The impact and likelihood can be variable over time, with new risks appearing and some may even dropping off. Hence, a robust monitoring plan is crucial for ensuring that the risk register is updated frequently (Sadgrove, 2016). Strategic sourcing and buying would aid in mitigating the bulk of prominent risks. Nevertheless, when challenged with long-term contracts, unexpected price increases by the suppliers is a major risk of concern. The risk of price rises from suppliers exist in public procurement and can never be completely planned for or mitigated even if there are phrases within the contract not to alter the prices for some stated period (Baltrunaite, Giorgiantonio, Mocetti and Orlando, 2021).

The key risks in public procurement include supply chain disruptions, complex projects, fraud, changing work environments, poor supplier performance, and unethical sourcing, and overspending (Sadgrove, 2016). Each stage of a project relies on previous stages and influences, hence, minor issues can cascade into complex problems that drive a

project to a sudden stop. More complicated project have higher chances of something going wrong despite the magnitude of pre- planning to avoid the risk.

Corruption is prevalent in procurement, spanning from bribes, fake invoices to embezzlement, the procurement process is characterised by blind spots where fraud can occur. Improving procurement transparency and moving away from manual processes to automated procurement processes means more transparency and accountability in purchasing (Baltrunaite et al., 2021). With more organisations working remotely, especially due to the Covid 19 pandemic, collaboration on projects and with vendors becomes more challenging. Working remotely is characterised by ignored requirements, overlooked processes, and missed deadlines can easily happen without being able to verify or follow up in a face-to-face environment. The solution to reduce the risk would be to choose a single platform for communication and establishing procedures for sharing progress, meeting deadlines, and deliberating any supply chain challenges.

Poor supplier performance may also pose a risk to public procurement process since suppliers should deliver on expectations, communicate clearly, and collaborate with the team from the government department (Sadgrove, 2016). As a risk management initiative, using a vendor management system for rating suppliers and comparing their performance over time, would abate the risk of poor supplier performance and unethical sourcing (Baltrunaite et al., 2021).

Overspending can put the public procurement in financial peril due to additional fees, damaged vendor relationships, or a full shutdown of your procurement process. As a risk management initiative, the government department should leverage e-procurement solutions to automate invoicing and purchase orders, in order to derive greater transparency into the budget and spend in real-time (Sadgrove, 2016).

While fostering a culture of continuous improvement, the best way to alleviate public procurement risks and those associated with procurement delays, collapses, inefficiencies, and fraud, is to develop an established risk management process (Fourie

and Malan, 2020). Leveraging the right expertise and resources would aid government departments to execute a sustainable procurement risk management strategy; one that achieves the public sector's short- and long-term objectives (Wontner, Walker, Harris and Lynch, 2020).

## **2.12 Conclusion**

The literature review revealed that due to the historical unfair and discriminatory practices, public procurement is very significant in South Africa and has been deployed as a strategic policy instrument that is central to service delivery by the government. The principal goal of public procurement scheme is to be equitable, transparent, fair and cost effective. SCM is central to the procurement process in South Africa, however, it is a challenge for new-fangled contractors to take part in government procurement processes. It was highlighted that SCM is a strategic policy instrument and a term that is widely used in the management of the procurement processes.

The key indicators for monitoring of performance of public procurement include value, timeliness, quality, economy, competitiveness, transparency, anti-corruption measures, and staff training. The literature review also revealed that the crucial key performance indicators that can be used to support the implementation of several principles towards the performance of public procurement systems are openness and transparency of the public procurement; contract performance management; efficiency of the public procurement cycle; and professionalism of the public procurement workforce.

Concerning modern procurement methods, it was highlighted that the use of digital technology in the public procurement sector is a driver of efficiency and supports effective implementation and monitoring of government policies by facilitating more innovative, open, and trustworthy government.

Several challenges that are encountered by a public entities in developing countries to assess procurement performance were also highlighted in the literature. These

challenges include that there could be several approaches of measuring procurement performance that may be deployed, and these measures could be inappropriate. These challenges include lack of appropriate knowledge, skills and capacity; insufficient planning and correlating demand to the budget; accountability, fraud and corruption; failure to comply with SCM policy and regulations; unethical behaviour; insufficient measures to monitor and evaluate the SCM and inequality of wealth.

The following chapter focuses on the research methods that were adopted to derive the effectiveness results of public procurement practices at the KZN DPW.

## **CHAPTER 3 : RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

The previous chapter dwelled on the literature review with the intention to gain insight on global scenarios and dynamics of public procurement in SA. This chapter will deal with the method or approach that was adopted to derive the effectiveness results of public procurement practices at the KZN DPW. Research methodology is part of the research design, and it clarifies, explicitly, the approaches, which might be utilised throughout the data assembling and data scrutiny procedures. Maree (2012) theorised that a research approach stipulates the systems that the researcher opts to use in samplings, data assembly, and data capturing as well as during data analysis.

### **3.2 Research Design**

Research design is the framework or outline for the integration of different elements of the study in a logical and coherent manner (Jaakkola, 2020). It is a blueprint of how data is to be collected and analysed to give insight to answers for the research questions to achieve the desired research objectives (Sileyew, 2019). The basic quantitative research designs are correlational research, explanatory research, causal-comparative research, exploratory research, and descriptive research.

Correlational research is a non-experimental research approach that is used for studying the inter-relationships between variables through the use of statistical analysis (Firdaus, Zulfadilla and Caniago, 2021). On the other hand, explanatory research is employed for investigating a circumstance that would not have been studied in detail before and the researcher would need more details. It is used to obtain a general idea or quick results on situations that might need to be addressed in the future. Explanatory research is exploited to uncover the reasons why certain events happen by finding the cause-effect relationships (Hunziker and Blankenagel, 2021). Explanatory research does not offer

conclusive results but rather enables better appreciation of a specific topic, thus, the research should further interrogate why a phenomenon occurs;

Causal-comparative research is used for examining the potential causes for observed dissimilarities between the existing research subjects, and it is quite used for studying the causes where experimental manipulation would be unethical, not feasible, or prohibited (Hunziker and Blankenagel, 2021). Poullard (2021) posited that a causal-comparative research design would help in comprehending the reasons why certain circumstances or events happen in a given manner through a process of disregarding other possibilities and demonstrating a causal relationship between variables.

On the other hand, an exploratory research would lay the foundation for further studies by establishing if the observed scenario might be explained by a presently prevailing theory (Grix, 2018). Concerning exploratory research, the study commences with an idea after observation of a situation, hence the desire to seek a better understand the event by exploring (Hunziker and Blankenagel, 2021). Descriptive research is described as an attempt to discover, explain and provide additional information about a research issue of interest (Grix, 2018). The objective of descriptive research is to characterise the events that are happening in more detail, adding the missing elements and intensifying the appreciation of the issues being studied. It is imperative to collect adequate information to avoid guesswork (Bradshaw, Atkinson and Doody, 2017).

It was noted that the KZN Department of Public Works was experiencing challenges in terms of providing service delivery to the communities in a timely fashion and this brought a serious question concerning the application of legislation and policies by government officials. The exploratory research design was selected for this study chosen since it is the most appropriate for exploring the effectiveness of public procurement practices at the KZN DPW.

### **3.3 Research Paradigm and Philosophies**

A research paradigm is defined as a comprehensive assemblage of beliefs, perception, and awareness of diverse theories and practices that are used to conduct research (Žukauskas, Vveinhardt and Andriukaitienė, 2018). A research paradigm would aid to define scientific research philosophy, which is a perception concerning the approach by which data from a situation under study should be collected, analysed and utilised (Sileyew, 2019). Positivism is a philosophy or theory that laws and their operation, rather than deriving validity from any moral considerations, would derive validity from logically existing decisions or from the fact of having been enacted by authority (Grix, 2018). The research is generally limited to data assortment and interpretation in an unprejudiced manner and the findings from the research would be typically discernible and quantifiable, and thus can be statistical analysed. According to Alharahsheh and Pius (2020), a positivist would measure the observable social realities derived from natural science and then test the hypotheses developed from existing literature, hence that is called deductive or theory testing.

On the other hand, interpretivism research philosophy refers to theories concerned with gaining knowledge of the world through the interpretation or understanding the meanings that human beings would attach to their activities (Sileyew, 2019). The interpretivist approaches research from a qualitative perspective, employing research instruments such as participant observation and unstructured interviews. Alharahsheh and Pius (2020) asserted that there is a significant dissimilarity concerning the issue of natural and social science, and hence, constructivism is post-positivism. Interpretivism denotes a methodological philosophy to social scientific study informed by philosophies such as phenomenology, which focus on how people derive meaning of their worlds (Grix, 2018).

The interpretivism research philosophy was chosen for the intent of this study. The motivation behind the research is to explore current procurement practices and uncover how these practices enhance or hinder the objectives of public procurement. The current

procurement practices to be studied are context-bound, hence it is imperative that the research be context sensitive. The study was conducted within the natural setting of the participants whose feelings and thoughts were explored. The research explored the experiences, views, perceptions and interpretations of the participants.

### **3.4 Research Strategies**

A research strategy is a procedural plan of actions that provides direction for conducting research in a systematic manner to produce good results and comprehensive reporting (Sileyew, 2019). There are basically three research strategies, which are quantitative research strategy, qualitative research strategy and combined research strategies.

#### **3.4.1 Quantitative Research Strategy**

A quantitative research strategy is described as a process of collecting and analysing numerical data (Grix, 2018). The method is customarily used to detect patterns and means, test causal relationships, make predictions, and generalise results from the study sample to a broader population. Alharahsheh and Pius (2020) posited that objective realities that exists in the world can be gauged and scientifically explained. The issue of measuring and scientifically explaining realities in the world can be gauged and scientifically is the fundamental assumption of the positivism paradigm. Therefore, the chief argument for employing positivism in quantitative research is that the research measurements are valid, reliable and generalisable (Grix, 2018).

Quantitative research strategies are preferred by positivists because of their high reliability and representation of the target population (Prasad, 2019). The key focus is to identify patterns and trends as opposed to studying individuals and perceptions. The main quantitative research strategies that are commonly used are:

- **Survey:** is a method that is used in research to gather data from a defined set of study participants to gain insight into a research issue of interest (Braun, Clarke, Boulton, Davey and McEvoy, 2021). A survey is a quantitative research instrument

whereby a sample is nominated and studied from a population to derive conclusions (Žukauskas et al., 2018). Interviews and questionnaires are normally used in surveys to establish the preferences, attitudes and perceptions of the participants in a given study. It is also imperative to ensure that a questionnaire or interview is not biased with regards to the manner by which the questions are exhibited (Alharahsheh & Pius 2020).

- **Experiment:** is a research approach whereby one or more independent variables are applied to one or more dependent variables to establish their influence on the dependent variables (Basias and Pollalis, 2018). Experimental studies seek to establish causal relationships and can only be deployed under clearly defined conditions since it is challenging to control experimental conditions in the human sciences.

### 3.4.2 Qualitative research strategy

Qualitative research strategy is described as an inquiry-based method of obtaining data through open-ended and conversational communication to explore a social or human problem (Ahmad, Wasim, Irfan, Gogoi, Srivastava and Farheen, 2019). The qualitative research shapes a complex, all-inclusive picture from words analysis, and reports detailed views of study participants in a natural setting (Braun et al., 2021).

The main qualitative research strategies that are widely used are:

- **Case Study:** The research strategy is characterised by data gathering from a group, or organisation, drawing from multiple sources of information to create a rich, conceptual description of a social process (Rashid et al., 2019). Case studies are characterised by intensive investigation of the factors that contribute to the issues of the case that is being investigated (Rashid et al., 2019);
- **Focus Groups:** Group interaction is used to gather data when using focus groups as a qualitative research technique (Alharahsheh & Pius 2020). The group comprises a small number of wisely elected research participants who deliberate

on a specific research topic. Focus groups are used for the identification and exploration of human behaviour and way of thinking, and would enlighten the researcher on answering the what, why, and how questions (Cyr, 2019);

- **Action Research:** The research strategy is characterised by the action that is taken to bring about change in the study area and the research that seeks to broaden understanding of the target research subject, community or group (Hunziker and Blankenagel, 2021). Action research is a cyclical process that consists of planning, actions, and reviewing of the actions outcomes and the cycle starts again with planning on the basis of the outcomes. The essence of action research is to develop an understanding of a social system and identify the opportunities for improvement (Creswell & Creswell, 2017).
- **Ethnography:** It is a type of qualitative research that encompasses the study of a specific organisation or community to comprehend their behaviours and interactions. Ethnography is the study of human beings in their natural setting by using methods such as face-to-face interviews and participant observation (Hunziker and Blankenagel, 2021). Ethnography documents cultural similarities and diversity through practical fieldwork and may help to derive systematic generalisations about human behaviours and the dynamics of cultural and social systems (Stocking, 2020).
- **Grounded Theory:** The basic foundation of grounded theory is that theory should be emerge from collecting and analysing actual data to develop that theory (Su, 2018). The research questions are open and general, rather than being formed as specific hypotheses, and hence, the emerging theory must account for a relevant phenomenon (Durdella, 2017); and
- **Interviews:** can be defined as a process of obtaining data through open-ended and conversational communication with a sample of research participants to comprehend their perspectives on a particular situation, ideas or program (Creswell & Creswell, 2017).

### **3.4.3 Combined Research Strategies**

A combined research strategy involves gathering quantitative data and qualitative data, incorporating the two data forms and employing a research design that embraces theoretical frameworks, quantitative data analysis and philosophical assumptions (Alharahsheh & Pius, 2020). The fundamental assumption of the combined research strategy is that combining qualitative and quantitative approaches would provide more wider, synergistic comprehension of the problem under study than if either strategy was deployed individually (Su, 2018).

### **3.4.4 Adopted Research Strategy**

The study espoused a qualitative research approach since it deals with subjective human behaviour, which aligns with the public procurement practices at the KZN DPW. The interpretivist research strategy was selected since the participants' responses were valid, appropriate and would be a true reflection of how the employees perceived the public procurement practices in their organisation. The research strategy allowed the gathering of information primarily through interviews and then interpretation of the research results to help the employees and managers understand the effectiveness of public procurement practices at the KZN DPW.

## **3.5 Study setting**

This study was based in KZN DPW in the Midlands Region and the regional offices are situated in Ladysmith, KwaZulu-Natal. The department is divided into three programmes. Programme 1 is responsible for Administration Management, Programme 2 is responsible for Immovable Asset Management and Programme 3 is responsible for Operations i.e. provision of structures and equipment. Each programme has its own strategic objectives however the objectives that cut across all programmes are poverty alleviation, development of policies to enhance service delivery and strengthening of governance. The participants are officials of the department and the regional office falls under Alfred

Duma Municipality. The Department of Public Works (DPW) is a provincial department within the KZN province. It is divided into four regions namely, Midlands, North Coast, Southern and Ethekeini. Its mandate is to deliver infrastructure development and the management of state property, this includes determining accommodation requirements, acquiring, and disposing of fixed assets. The Midlands Region areas; Ladysmith, Estcourt, Bergville, Dundee, Newcastle, Nquthu, Greytown and Umsinga.

### **3.6 Target Population and Sample**

This study was conducted within the KwaZulu Natal Province, only one Region will be used Midlands region. The departmental officials were partakers in this study. The Supply Chain Management section has a target population of 30 SCM officials from level 5 to level 12. The Department has 22 SCM officials at the regional offices and 8 officials at the District offices. A sample of 8 participants was recruited from all levels and interviewed until saturation was reached. The data saturation was reached when the researcher began to hear the same comments again and again.

### **3.7 Sampling methods**

Sampling is the act, technique or process of picking a part from a population with the view to determine characteristics of the population (Schreier, 2018). Sampling is crucial since it reduces the population to a convenient quantity that can be managed for analysis within the given cost and time constraints, given that it may be not practical to gather data from the entire population (Bloomfield & Fisher, 2019). The two basic classes of sampling designs are probability and non-probability sampling (Alharahsheh & Pius, 2020).

#### **3.7.1 Probability Sampling**

Probability sampling is a procedure whereby the chances of any member of a population of being chosen from the target population is known (Su, 2018). Probability sampling is more suitable for quantitative research because statistical means are used to draw conclusions that may be generalisable for the population. Any element of the sample has

an identical opportunity of being chosen if each part of the sample is randomly elected from the population (Durdella, 2017). The main types of probability sampling include the following:

- **Systematic Random Sampling** - Systematic random sampling is whereby elements from a population are selected from an unplanned commencing point and sample members are selected after a similar sampling interval (Hayre, 2021). Systematic random sampling is a variant of simple random sampling where items are drawn at equal subsequent intervals and the sampling interval is computed through the division of the total population size by the required sample size (Su, 2018);
- **Simple Random Sampling** - Simple random sampling is characterised by selecting the research subjects at random (Bloomfield and Fisher, 2019). The sampling strategy has the advantage of eliminating bias in the selection of research participants and each research subject has an equal opportunity of being elected to be used in the study (Su, 2018);
- **Stratified Random Sampling** – Stratified random sampling is whereby the research participants or subjects are placed into strata according to shared attributes or characteristics of the members in the group followed by the random selection of subjects within the cluster (Durdella, 2017). Creswell and Creswell (2017) indicated that stratified random sampling is employed for a heterogeneous population and thus, it is first split into two or more exclusive divisions basing on some shared attributes of variables under study; and
- **Cluster Sampling** - Creswell and Creswell (2017) posited that cluster sampling is clusters are selected from a population using simple random sampling and then selecting all the items from the elected clusters. It is viable if the population comprises an enormous area such that it is infeasible to select the sample randomly through normal procedures, hence the area is divided into smaller manageable units (Su, 2018).

### 3.7.2 Non-Probability Sampling

Non-probability sampling is a technique where the elements of a population are subjectively chosen to comprise the sample (Su, 2018). According to Creswell and Creswell (2017), any element has an unknown probability of being considered in non-probability sampling. The non-probability sampling technique is suitable for qualitative studies and the investigator should provide the motivation for selecting the technique. Cheaper, quicker and easier procedures are used by this technique to select elements and non-probability sampling is also recommended for exploratory studies to quickly and easily find if a problem exists (Bloomfield & Fisher, 2019). The basic modes of non-probability sampling include:

- **Convenience Sampling** - This sampling technique is characterised by dependence on gathering of data from elements of a population that are handily accessible or readily available to participate in a study (Su, 2018). The strengths of convenience testing lie on convenience, quickness, and low cost when the readily accessible items are chosen. However, the drawback of convenience sampling is that results from the sample are not generalisable (Hayre, 2021);
- **Snowball Sampling** - Snowball sampling is a sampling technique whereby a small number of research participants are used to recruit other members such that the sample group grows like a rolling snowball through referrals, until enough data are gathered for the study (Alharahsheh & Pius, 2020). Snowball sampling relies on more referrals who should be willing to participate in the study, its advantage is time savings for the researcher from attempting to find other participants (Creswell & Creswell, 2017);
- **Purposive Sampling** - This sampling technique is characterised by the researcher relying on personal judgment to nominate members of population to participate in a study (Creswell and Creswell, 2017). Purposive sampling which is equally renowned to be a rational, selective or instinctive in selection is a sampling method whereby an investigator relies on own deduction in selecting candidates who will

represent the population that will participate in the study (Senzu, 2016). Creswell and Creswell (2017) posited that purposive sampling induces bias and generalisable results may not be derived;

- **Self-selection Sampling** – With self-selection sampling, the individuals offer to participate in a study and this technique saves time since the researcher does not have to seeking willing participants. Furthermore, willing participants are more committed to participate in a study. The disadvantage of self-selection sampling lies in bias and the sample may not satisfactorily represent the population thereby making generalisation of results to be difficult (Creswell & Creswell, 2017).

### **3.7.3 Adopted Sampling Strategy**

A purposive non-probability sampling strategy was utilised for selecting the eight participants. The rationale behind using the purposive sampling method lie in the fact that the personal own judgment when nominating members of population would provide participants that are perceived to provide better information about the effectiveness of public procurement practices at the KZN DPW. The recruitment of research participants involved presenting potential participants with information about the study, prior to their enrolment, to help establish interest and willingness to serve as a research subjects.

#### **3.7.3.1 Inclusion criteria**

It was perceived that effective inclusion and exclusion criteria would create the ideal pool of participants to obtain the most beneficial data for the study. The employees in the Supply Chain Management section, with more than one year working experience in the organisation were included in the study. All racial groups, both male and female were included in the study.

#### **3.7.3.2 Exclusion criteria**

In terms of exclusion criteria, the employees with less than 2 years' work experience and below the age of 25 years old were excluded from the study since it was perceived that

these individuals would not be able to provide sufficient information regarding the current procurement practises in the organisation.

### **3.8 Construction of the Instrument**

The qualitative design of this study allows statistics to be collected through structured interviews. An interview can be defined as the give-and-take discussion whereby the investigator enquires from the participant in a head-on encounter to gather information and to grip the opinions, beliefs, interpretations and actions of the contestants (Maree 2007:87). The form of interview to be used during qualitative data collection is a focus group interview.

Secondly, following the approval of communication satisfaction questionnaire for this section, the researcher did a pilot test of the interview questions from the interview schedule and two candidates were used.

According to Bloomfield and Fisher (2019), there are three types of interviews that include semi-structured, structured, and unstructured. Semi-structured interviews are characterised by components of both unstructured and structured interviews. In this case, the interviewer formulates some questions that are answered by all research participants, although additional questions might be posed during the interview to elaborate certain points (Su, 2018). Structured interviews comprise a series of pre-formulated questions that all research participants are asked in the same order. Unstructured interviews are generally the least reliable since data collection is conducted in an informal manner and no questions are prepared prior to the interview (Durdella, 2017).

Interviews were used for this study since an in-depth investigation is required to establish the effectiveness of public procurement practices at the KZN DPW.

The interview schedule was made up of three sections as shown in Appendix D:

- Section A – Demographic information comprising of gender, race, age and work experience;

- Section B – Two open-ended questions for identifying and analysing procurement practices being used and implemented by the KZN Department of Public Works;
- Section C – Three open-ended questions for determining whether procurement practices are yielding the core purpose of public procurement and Supply chain management;
- Section D – Three open-ended questions to determine whether current procurement practices implemented are yielding the desired results.

### **3.9 Data collection**

#### **3.9.1 Primary Data Sources**

A qualitative research approach was utilised and this type of research is investigative and its objective is to answer a question. It begins with assumptions and uses theoretical framework to inform the analysis of research problems. In qualitative research the methods is associated with the implications, concepts, accounts, features, ciphers, and explanation of things (Silverman, 2013). In this approach, the attention is on utilising the minor samples which are used to enlighten the subject matter that is under investigation (Bless, Highson-Smith & Sithole, 2013). Qualitative data collection methods vary in terms of unstructured or semi-structured procedures. A limited number of common approaches consist of focus groups, observations and individual interviews (Wyse, 2011).

Creswell (2014) posits that qualitative research provides complex textual explanations of people's experiences on a particular research issue and is therefore the preferred data collection strategy. It is able to bring about findings that are applicable, outside the immediate confines of the study.

#### **3.9.2 Secondary Data Sources**

The data was collected from legislation relevant to public procurement, policies and codes. The sources of the secondary data sources include Section 76(4) (C) of PFMA and the PPPFA (Act No 5 of 2000) and section 112 of the MFMA (Act No 56 of 2003).

Government reports, as well as preceding research from scholars who have investigated similar subject matter will also form part of the secondary data sources. The MFMA consolidated general reports that were used as secondary data are based on audit work performed on municipalities and their entities.

### **3.10 Data Analysis**

Content analysis was adopted for this study in order to analyse data collected over interviews. The content analysis definition is that it is the analysis of qualitative data whereby the message content is recognised and condensed. NVivo Release 1.6.1 was used to organise, analyse and visualise the unstructured information through provision of tools for classification, categorisation and organising of the data to facilitate the establishment of patterns and themes. The secondary data analysis revealed that a small proportion of South Africa's 257 municipalities have been given a clean audit by the auditor general for the 2020-21 financial year, with the overall standard of financial management having regressed in the past five years.

### **3.11 Trustworthiness**

While reliability and validity are issues in quantitative studies, qualitative studies general focus more on trustworthiness. According to Amin et al. (2020), the four elements of data trustworthiness are:

- **Transferability:** is referred to as the degree to which the research results can be transposed or generalised to other contexts or research settings (Johnson, Adkins and Chauvin, 2020). The findings from the study were generalised for applying to other situations and contexts that characterise Public Works departments;
- **Credibility:** involves ensuring that the findings of qualitative research are believable or credible from the participant's viewpoint, which is the level of

confidence that the findings from the research are true. Triangulation and member checks were used to ascertain research credibility (Flick, 2018);

- **Dependability:** is the extent to which a study can be replicated to derive results and consistent findings (Su, 2018). The customary quantitative perception of reliability is grounded on the assumption of repeatability or replicability. Enquiry audits were carried out using an external person from the organisation to appraise and evaluate the data collection process and the analysis of data to ensure that the findings were dependable and could be replicated; and
- **Confirmability:** is the degree of neutrality or extent to which the results can be corroborated or confirmed by others (Flick, 2018). The essence behind confirmability is to ensure that the research findings are free from researcher bias or personal motivations. This study included an audit trail to ensure confirmability, all the stages of data analysis were highlighted and a justification for every decision made was provided.

### **3.12 Bias**

Research bias refers to an inclination for or against a subject, and it features in qualitative research (Cislak, 2018). Credibility-related bias can emanate from use of terminology and from the researcher. The researcher avoided the use unethical tactics, techniques of interviewing and guarded against influencing respondents or treating them as objects or numbers. Bias in the study was also eliminated by triangulation of research results and data sources, and ensuring transparency from field data collection, to analysis and report writing.

### **3.13 Ethical Considerations**

According to Creswell and Creswell (2017), the collection of data, analysis and reporting has inherent ethical issues that should be considered. Ethical considerations in research are crucial, they set down the standards and norms for conducting research that distinguish between right and wrong conducts in research. The contributors to the study

were provided with information regarding the study and the objectives of research. The participants of the study were not exposed to prejudice and harassment, the data they provided was kept in a confidential manner. Contributor's details were also kept confidential and used solely for research purposes. The KwaZulu-Natal Department of Public Works was approached by the researcher and requested to grant permission to conduct the study.

### **3.14 Conclusion**

This chapter focused on the research methodology, with focus on research design, research paradigm, philosophy and strategies that could be adopted for the study. The study adopted an exploratory research design to gain insight on the effectiveness of public procurement practices at KZN DPW. This study adopted the qualitative research approach since it deals with subjective human behaviour, which aligns with the public procurement practices at the KZN DPW. A purposive non-probability sampling approach was utilised for selecting the candidates for the study. Additionally, interviews were used for this study since an in-depth investigation is required to establish the effectiveness of public procurement practices. NVivo Release 1.6.1 was used to organise and analyse the unstructured information and allow identification of themes and patterns. The following chapter presents the research results for the study.

## **CHAPTER 4 : PRESENTATION OF RESULTS**

### **4.1 Introduction**

The previous chapter focused on the research methodology, with focus on the research design, research paradigm, philosophy and strategy that was adopted for the study. The KZN DPW has experiencing intense challenges regarding the provision of service delivery to the public and this brought a sense of questioning if the government officials were properly following the national government legislation and policies. Chapter 4 seeks to address the research aim, the investigation of the effectiveness of public procurement practices at the KZN DPW in the Midlands region of South Africa. This chapter presents the results and the research questions that were addressed in this study include:

- What procurement practices have been put in place by the KZN DPW?
- What are some of the challenges procurement professionals are experiencing, that may be deterring the effective implementation of policies and prescripts?
- Are the implemented practices producing the desired results?

### **4.2 Demographics**

It was imperative to comprehend the demographic profiles of the interviewees who participated in the investigation of the effectiveness of Public Procurement Practices at the KZN Public Works. All the eight participants that were purposively sampled agreed to participate in the study, giving a 100% response rate. The demographics of the study sample were statistical data on gender, racial group, age of the participants and number of years they worked for KZN Public Works. Table 4.1 shows the demographic information of the employees who were interviewed. The summary for in Table 4.1 shows that of the eight employees that were interviewed, they were all African, and four were females while four were males. The interviewees were aged between 39 and 41, one had worked for less than 5 years, two interviewees had for more than 5 years but less than 10 years, while five had worked for KZN Public Works for 10 years or more.

**Table 4.1: Demographic information of interviewees**

	<b>Description</b>			
	Gender	Racial group	Age in years	Number of years working for KZN Public Works
Participant 1	Female	African	39	14
Participant 2	Male	African	41	8
Participant 3	Female	African	38	10
Participant 4	Female	African	40	15
Participant 5	Male	African	39	10
Participant 6	Male	African	37	2
Participant 7	Male	African	39	15
Participant 8	Female	African	40	7

### **4.3 Identifying and Analysing Procurement Practices**

This section focuses on the first objective of the study, which is to identify and analyse procurement practices being used and implemented by the KZN Department of Public Works. The focus is on the current procurement process and the procedures and major issues affecting procurement practices.



Participant 1 stated that a purchase requisition is raised by internal users or customers that seek to fulfill an existing need and the procurement process would formally commence after the approval of the purchase requisition and cross-checking for budget availability. The same sentiments were raised by Participant 8 who highlighted that “*The procurement process begins by needs identification whereby the end user identifies the need to be fulfilled these needs must be added to the Procurement Plan.*” Participant 1 also highlighted that “*functional managers or department heads review the requisition package and double-check if there is a genuine need for the requested goods or service and also verify whether necessary funding is available*”. The approved purchase requisitions are converted into purchase orders which are thereafter solicited depending on the complexity of the requirement. Participant 1 also added that “*Once the budget is approved, the procurement team forwards several requests for quotation to suppliers with the intention to receive and compare bids to shortlist the perfect vendor*”.

Participant 1 also highlighted that after the closure of the solicitation process, the procurement team would then appraise and evaluate the quotations from suppliers to establish and select the best supplier. The negotiation and signing of the contract is executed once a vendor is selected, and the purchase order is thereafter sent to the supplier. Participant 1 said “*A legally binding contract is activated when a vendor accepts a purchase order and acknowledges it*”. Participant 1 indicated that it is vital to undertake three-way matching on good received note, invoice from supplier and purchase order to ascertain that one has received the correct order and there are no discrepancies.

On the other hand, participant 2 gave a different perception of the current process and the procedures, highlighting that “*Sector Departments generate IPMP’s, hand it over to Public Works for the development of IPIP’s. Project Management Unit allocate project managers to responsible for each project*”. Participant 2 stated that depending on the type of a project, most of major construction projects may require procurement of professional consultants to aid the processes of scoping, design developments, technical specification and tender documentation. Participant 2 added that “*Once all the documents are*

*complete, they are presented at the committees, which is DRC, PDC, BEC and BAC for approval to procure the contractor”.*

Participant 3 indicated that *“The current process is based on the National Treasury practice notes, Instruction Notes and the Supply Chain Management Policy, Regulations and Departmental Standard Operational Procedures including the Supply Chain Management Delegations”*. Participant 3 added that *“So, basically, the treasury would make provision for the procurement of goods and services through use of price quotations or by a bidding process within the threshold values that is dictated by the National Treasury”*. Another key point from Participant 3 was that the attainment of goods and services must not be intentionally divided into items or parts of a smaller transactional value to dodge the approved procurement procedures.

Participant 3 also indicated that *“Our accounting officers would invite written price quotations for requirements up to an estimated value of R1 000 000 from potential suppliers who are registered on the Central Supplier Database. Our Supply Chain Management policies the minimum number of days for inviting suppliers of price quotations, so that we give potential suppliers enough time to submit their quotations”*.

As highlighted from the word cloud in Figure 4.1, the word “quotation” came up in most sentiments from the interviewees. Participant 3 stated that *“We try to get at least three written price quotations from three different suppliers that are registered on the Central Supplier Database. If we fail to obtain at least three written price quotations we must record the reasons and seek approval from the accounting officer before the order is issued”*. Participant 3 also highlighted that it was critical to ensure that the prices received were market related and where they are not, negotiations should occur according to Preferential Procurement guidelines.

The issue of Supply Chain Management was also stated by Participant 4 who indicated that *“The current procurement process is guided by the Preferential Procurement Policy Framework, Supply Chain Management Framework and the National Treasury*

*Regulations*". Participant 4 added that the National Treasury provides SCM policies and guidelines that provides a framework for the implementation of SCM and all state entities must adhere to the Supply Chain Management policies. Participant 4 highlighted that *"These regulations apply a preference point system, and determine whether pre-qualification criteria are applicable to the tender, and then determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production"*.

Closely aligned to what was stated by Participant 3, Participant 5 indicated that Procurement processes within the Department are informed by Supply Chain Management Delegations of Authorities. Participant 5 indicated that with Level 1 procurement (R1 - R2000), one should obtain via petty cash approved by the Deputy Director of Supply Chain Management. Concerning Level 2 procurement (R10 000) one must obtain at least 3 verbal or written quotations and can be approved via approved Departmental supplier database on rotation basis. Participant 5 also indicated that for *"Level 3 procurement is for R10 001 – R200 000 and one should obtain at least 3 verbal or written quotations and can be approved by AD of Supply Chain Management via local press"*. Lastly, Participant 5 also indicated that Level 4 procurement is characterised by values of R200 000 to R500 000, and the procurement officer should obtain at least 3 verbal or written quotations and can be approved by DD: SCM/ District Manager via local press.

Participant 6 indicated that *"It's a public procurement according to constitution of RSA, which is based on five SCM pillars and elements of supply chain management, demand, acquisition, logistics, asset management and monitoring and evaluation"*. On the other hand, Participant 7 highlighted that the department used different strategies depending on the nature of procurement, and stated that it was an *"Open procedure to all bidders using notice boards, departmental website and newspapers"* and there was *"invitation where selective bidders are invited to bid or quote using CSD or Eyesizwe database created by the department for emerging contractors"*.



requirements of the stakeholders, so as to plan the best mode of communication. Participant 1 also outlined that *“Risk is always a key concern for procurement, with the primary focus on suppliers’ financial status, followed by health and safety and industry practices”*.

On the other hand, Participant 2 hinted to the issues that relate to clarity of needs from the sector departments, misaligned budget provisions, and delays in finalising the bids once they have been advertised and closed. Participant 3 was concerned with centralisation of approval for services and indicated that *“... Services above 1 million are all approved at Head Office. Services above 5 Million all have to be submitted to the Central BEC and approved by BAC. Services above 1 million are recommended by the regional BEC and submitted to BAC for approval”*.

Participant 4 indicated that the lengthy processes tend to cause a delay in the service delivery and implementation of projects. Participant 4 indicated that *“The section is always short - staffed due to either issues of funding of posts and sometimes....The changes in management have also contributed to issues as new management will implement changes and it takes a while to be acquainted with the new way of doing things. For example new delegations may be effected which then may require the appointment of new committees and delays thereof”*. Participant 4 indicated that KZN DPW was characterised by constant changes and lately objections to procurement prescripts by contractors or suppliers. Participant 4 indicated *“For example there is a judgement concerning the validity of the Preferential Procurement Regulations of 2017 and organs of state have been ordered not advertise any tenders as regulations have been suspended”*.

Similar sentiments were also raised by Participant 5 who indicated that *“The major issues affecting procurement practices within the Department are the long internal processes of obtaining award approval including centralising of core procurement functions in to Head Office and malfunctioning bid committees”*.

On the other hand, Participant 6 highlighted the issue of black owned companies failing to deliver according to specification, fraud and corruption in public sector and collusion of services providers is major challenges affecting procurement practices at KZN DPW. Similar sentiments were also raised by Participant 7 who highlighted that emerging contractors with limited understanding of bidding, under quoting, suppliers with no capacity to deliver services on time and leaking of information were the major issues that affected the procurement practices.

Participant 7 also raised the issue of “*shortage of staff to execute work*” which was also stated by Participant 8 as “*shortage of human resources*”. Participant 8 further stated that poor contract management, poor stakeholder management as well as fraud and corruption as major challenges affecting procurement practices at KZN DPW.

#### **4.4 Identifying the Challenges Faced by Procurement Professionals**

This section focuses on the second objective of the study, which is to identify the challenges faced by procurement professionals in the implementation of procurement prescripts. It covers the barriers to effective implementation of procurement systems; environment for accepting new and innovative forms of procurement; and the challenges faced when adopting modern procurement systems.

##### **4.4.1 Barriers to effective implementation of procurement systems**

Figure 4.3 shows the word cloud for the major hindrances to effectual implementation of procurement systems at KZN DPW. The overriding comments embraced lack of skills and technical knowledge, capital, and lack of technical tools. The words “lack”, “technical”, “procurement”, “interference” and “management” also had reasonable word count. Participant 1 outlined the poor skills and technical knowledge, lack of technical tools, lack of capital and lack of highly-skilled personnel as barriers to effective implementation of procurement systems at KZN DPW.



*are less opportunities for growth here. Our other challenge is non-compliance on whether we are doing things right and achieving the intended results. The lack of monitoring just goes undetected or is identified when it is already too late to rectify the problem”.*

Participant 5 raised sentiments on lack of training of SCM staff; ineffective SCM structure; and centralising of core procurement functions. Internal interference and pressures from management, External interference and pressures such as political structures and current departmental internal procurement processes that are characterised by bottlenecks and bureaucracy, were also highlighted by Participant 5 as barriers to effective implementation of procurement systems. On the other hand, Participant 6 highlighted that *“The 2017 treasury regulation contradict itself with constitution of South Africa, the 2017 regulation allows the set aside procurement where youth, female and people with disability should get a preference however constitution of South Africa section two bill of rights state that black and white are equal”.*

Participant 7 raised the issue of *“Departmental red tapes and centralisation of power at Head Office”* as well as *“long processes to follow when procuring goods and services”*. Participant 8 also stated that the procurement process at KZN DPW was characterised by a lot of red tape and lengthy processes.

#### **4.4.2 Environment for accepting new and innovative forms of procurement**

Figure 4.4 shows the word cloud for how enabled the environment for accepting new and innovative forms of procurement at KZN DPW. The general sentiment is that KZN DPW was following the traditional approach of doing things and did not encourage or promote any new and innovative forms of procurement despite talks encouraging innovative strategies.



*environment is accommodating however it takes time to implement changes*". Participant 4 indicated that *"Innovative forms of procurement are not really accepted and there is no uniformity across the department. For example some regions will allow electronic pricing but most regions still require to Bills of quantities to be completed on hard copy and this even touches on the issue of filing space because these documents have to be kept for audit purposes"*.

Participant 5 indicated that *"The Department is still stuck in the traditional way of doing things where paperwork takes a central figure in the procurement system"*. Participant 6 also highlighted that it was not possible to introduce innovative forms of procurement because public sector procurement was aligned with legislation, which sometimes did not allow professionals to implement new innovations. Similar sentiments were also raised by Participant 7 who highlighted that *"Currently the system is traditional with no new innovations just minor changes on how to implement policies and more red tapes."* Participant 8 also indicated that *"The environment is not enabled because the public sector is functions according to regulations"*.

#### **4.4.3 Challenges faced when adopting modern procurement systems**

Figure 4.5 shows the word cloud for the challenges faced when adopting modern procurement systems at KZN DPW. The general sentiment is that there is supply risk; lack of support, research and development; and policies not aligned to contemporary procurement methods and systems. The words "procurement", "data", "training", "supply" and "systems" also had reasonable word count. Participant 1 outlined that the failure to adopt technology, the key challenge in the procurement process is supply risk, with potential frauds, cost, market risks, quality and delivery risks constituting the main type of risks.

Participant 1 indicated that *"Purchases that are made outside the defined procurement process fall under dark purchasing. Such uncontrolled spending can ultimately be expensive for businesses"*.



national and provincial Supply Chain Management Regulations, Departmental SCM Delegations of Authorities as well as policies not aligned to contemporary procurement methods and systems.

On the other hand, Participant 6 highlighted the issue of change management, fear to fail and support by management as the challenges faced when adopting modern procurement methods. Participant 6 added that *“auditor general does not audit according to innovations but audit based on legislation”*. Different sentiments were raised by Participant 7 who highlighted that *“currently no modern ways of procurement”* as the major issues that affected the procurement practices. Participant 8 also indicated that *“The process of adopting modern procurement methods in the department are extremely slow, there have been discussions of adoption of methods such as moving towards an electronic procurement system but nothing has been developed or implemented”*.

#### **4.5 Determining the Effectiveness of Procurement Practices**

This section focuses on the third objective of the study, which is to determine whether procurement practices implemented are yielding the desired results. It covers the perceptions on procurement practices in delivering project outcomes; procurement performance management system; and key performance indicators used for monitoring activities.

##### **4.5.1 Perceptions on procurement practices in delivering project outcomes**

Figure 4.6 shows the word cloud for the perception of the interviewees concerning the procurement practices for delivering project outcomes at KZN DPW. The general trend from most of the respondents was that departmental procurement practices were failing to achieve their primary objectives as projects remained unapproved for long time because of poor internal tender system. The words “procurement”, “project”, “remained”, “suppliers” and “period” also had reasonable word count. Participant 1 highlighted the importance of suppliers in the success or failure of the project, citing that the supplier



On the contrary, Participant 4 was satisfied with the ability of procurement practices in delivering project outcomes and indicated that *“The procurement practices are able to deliver project outcomes even though there are challenges that are encountered”*. Participant 6 was also satisfied with the ability of procurement practices in delivering project outcomes and indicated that *“Public procurement does deliver, because we see roads, houses and infrastructure which was built through public procurement”*. This is in opposition to Participant 5 who stated that *“Departmental procurement practices are failing to achieve its primary objectives as projects remained unapproved for long time because of poor internal tender systems”*. Participant 5 was adamant that project outcomes for schools, clinics, office/staff accommodation remained unmaintained or built and clients departments remained with no offices spaces or rental on month-to-month.

Participant 7 highlighted that *“The practices are understandable they assist to deliver projects even though some areas have gaps on the implementation”*. This is line with Participant 8 who also stated that *“The processes able to deliver however the project outcomes for the most part, however less bureaucracy would ensure efficiency”*.

#### **4.5.2 Procurement Performance Management System**

Figure 4.7 shows the word cloud for the procurement performance management system at KZN DPW. There was a divided perception concerning the prevalence of a procurement performance management system. The words “performance”, “procurement”, “department”, “plan” and “management” had reasonable word count.





The overriding comments embraced planned projects being delivered within the specified financial year, timeously and according to the specifications. The words “projects”, “employees”, “technical”, “monitoring” and “infrastructure” had reasonable word count. Participant 1 outlined the employee engagement, employees with energy, employee influence, quality, technical ability as the key performance indicators.

Participant 2 indicated that projects that are completed within allocated budget, projects that are completed with the approved allocated budget, and project designs that are complete and ready for tender as the key performance indicators.

Participant 3 cited an annual operational plan and annual procurement plan while Participant 4 highlighted on planned projects being delivered within the specified financial period and provision of buildings, structures and equipment to client departments timeously and according to their specifications.

The same sentiments were raised by Participant 5 who indicated that the key performance indicators used for monitoring activities include procurement plan for monitoring all projects to be implemented during the financial year whether goods and services, office accommodation and infrastructure projects. Participant 5 also hinted on Infrastructure Programme Implementation Plan for monitoring of infrastructure related planned projects, as well as user asset management plan for monitoring Immovable Asset Management related projects; and templates for monitoring day-to-day unplanned related maintenance projects.

Similar sentiments were also raised by Participant 6 who highlighted that projects must be completed within the contract period and within the budget. Participant 7 also highlighted that annual performance plan was used to monitor progress while annual operational plan was used to monitor activities. Participant 8 further stated that *“Monitoring and evaluation section does ensure that the annual operation plans are in place and that each section within the department is achieving what they have set out to do”*.

## **4.6 Summary**

This chapter focused on the results on practices have been put in place by the KZN DPW to ensure the proper and lawful implementation of procurement processes. It was noted that the implemented practices were producing the desired results in some areas and there was room for improvement in other areas. The key challenges that were faced by procurement professionals, which were deterring the effective implementation of policies and prescripts were also noted from the results. The following chapter focuses on the discussion of results.

## **CHAPTER 5 : DISCUSSION**

### **5.1 Introduction**

The previous chapter sought to present the results on the investigation of the effectiveness of public procurement practices at the KZN DPW. This chapter presents the discussion of research findings and using literature to support the research findings. The discussion places more focus on the interpretation and significance of research findings concerning the challenges that KZN DPW is experiencing in terms of providing service delivery.

### **5.2 Discussion of Findings**

#### **5.2.1 Theme 1 - Procurement Practices**

The research participants were able to outline the prevailing procurement procedures that characterised the KZN DPW. It was established that the KZN DPW procurement process commenced from needs recognition to purchase requisition, requisition review, solicitation process, evaluation and contract negotiation and signing, order management, invoice approvals and disputes, and record keeping. As posited by Dlamini (2016), the requirement for materials or services emanates from the functional departments and through a purchase requisition, the internal customer or user communicates the need to the procurement function. The purchase requisition is raised by internal users or customers that seek to fulfill an existing need and the procurement process would formally commence after the approval of the purchase requisition and cross-checking for budget availability.

It was noted that the department heads or functional managers would review the requisition documentation and cross-check if the need for the requested goods or service was genuine and also verify the availability of the needed funding. This activity is essential to avoid corruption and fraud, since corruption in the public procurement remains a major issue that South Africa wrestles to end (Engelbert, Kaltenborn & Reit-Born, 2016). The

interview results also revealed that the procurement team sends several emails requesting for quotations from suppliers and once the budget is approved, bids are compared for shortlisting the perfect vendor. The procurement team would then proceed with reviewing and evaluating supplier quotations to establish and select the best supplier at the end of the solicitation process. It is crucial to ensure that the entire procurement cycle is transparent and therefore it is imperative that KZN DPW provides an adequate environment that promotes fairness and equitability in treatment for prospective suppliers when advertising tenders and reviewing quotations. The prospective suppliers and contractors must be provided with consistent and clear information so that the procurement procedure is fully comprehended and applied in an equitable manner.

The research participants also highlighted that negotiation and signing of contracts were undertaken once a vendor is selected, and the purchase order would then be sent to the supplier. Fourie (2018) posited that another principle of prevention of misconduct ensuring compliance is to encourage close co-operation between private organisations and governments is to uphold better standards of integrity, especially in management of contracts. It is vital to conduct a three-way matching for the good received note, supplier invoice and purchase order to verify if the correct order has been received and ensure that there are no discrepancies.

OAdjei-Bamfo et al., (2019) posited that public procurement is characterised by a wide range of activities within state departments, geared to ensure public service delivery and these intermediations span from general items to construction projects and sophisticated developments. It was noted from the results that the procurement process for large projects significantly differed from the process for low value services. For huge projects, a departments would generate infrastructure programme management plans, hand it over to Public Works for the development of infrastructure programme management plan. The project management unit would thereafter allocate project managers to be responsible for each project. It is the project managers that prepare project implementation strategies

and start processes of scoping, design developments, technical specification and tender documentation.

The research results also demonstrated that the current process is based on the national treasury practice notes, instruction notes and the supply chain management policy, regulations and departmental standard operational procedures. The national treasury's guidelines for accounting officers in South Africa advocates for a standard methodology for SCM execution, however, the process is characterised by poor compliance and improper implementation of the guidelines (Jitsing et al., 2019). The treasury would make provision for the sourcing of goods and services through use of quotations or by a process of bidding within the threshold values that is dictated by the National Treasury. These results demonstrate that the government has put systems in place all for ensuring an effective public procurement processes. The accounting officers would invite transcribed price quotations for supplies up to an estimated value of R1 000 000 from potential vendors who are registered on the government supplier database.

Additionally, the Supply Chain Management policies dictate the minimum number of days for inviting suppliers of price quotations, so that potential suppliers get sufficient time to submit their quotations. It is vital monitor that these policies are adhered to, otherwise KZN DPW would become susceptible to fraud, corruption and other undesirable tendencies such as fronting and political interference. Shai, Molefinyana and Quinot (2019) posited that fraud, corruption, fronting, political interference, difficulties in registering status, and poor accountability strategies were the results of BEE.

It was also found from the results that there are major issues affecting procurement practices especially due to the inclination towards a centralised procurement system to foster the procurement function. The major issues affecting procurement practices within the KZN DPW were found to be the long internal processes of obtaining award approval including centralising of core procurement functions in to Head Office and malfunctioning bid committees. Hence, in order to align with centralised organisational environment, it

becomes imperative to re-orient procurement activities to the stakeholder's business objectives and prioritising the requirements of stakeholders to plan the correct mode of communication.

Risk was outlined as a major procurement concern, with the principal emphasis on vendors' financial status, as well as safety, health and industry practices. KZN DPW is also vulnerable to such risks, and as posited by Baltrunaite et al. (2021), the risk of price rises from suppliers exist in public procurement and can never be completely scheduled for or alleviated even if the contract have written agreements not to change prices for a specified period. Sadgrove (2016) posited that the risk size does not matter the size, every public procurement risk should be identified and an organisation should develop a risk database to monitor these risks.

The research results also demonstrated that it is imperative to engage with tier-one suppliers as well as tier-two suppliers to ensure that the essential commitments and requirements are communicated to subcontractors. The modern supply chains are increasingly becoming more complex thereby affecting all major industries since with each tier of suppliers, the goods or service drift further away from the original equipment manufacturer. This scenario poses a risk challenge of quality standards and ethics concerns also arise. It becomes imperative to identify the critical links across multi-tiered supplier network and develop communication with them, and cooperation should be explicit and bidirectional and involve constant feedback from sub-suppliers.

It was also found from the results that the lengthy procurement processes tend to cause a delay in the service delivery and implementation of projects especially due to staff shortages as a result of issues of funding of posts. In some cases, the changes in management has become a major issue as new management will implement changes and it takes a while to be acquainted with the new way of doing things. KZN DPW was characterised by constant changes and lately objections to procurement prescripts by contractors or suppliers. A typical scenario is where judgement was passes concerning

the validity of the Preferential Procurement Regulations of 2017 and organs of state have been ordered not to advertise any tenders as regulations have been suspended. According to Shai et al. (2019), the preferential procurement regulations aggravate fraud, corruption, fronting, and political interference situation by privileging ownership over local production.

### **5.2.3 Theme 2 - Challenges Faced by Procurement Professionals**

The second theme focuses on the challenges faced by procurement professionals and the research results revealed the poor skills and technical knowledge, lack of technical tools, lack of capital and lack of highly-skilled personnel as barriers to effective implementation of procurement systems at KZN DPW. The quality of skills and ability of the SCM personnel in some government entities is well below standard despite having undertaken several training sessions on SCM. Tukuta and Sarushera (2015) also mentioned the provision of professional training and opportunities for growth as one the challenges facing procurement and professionals as they do not receive such support from their employers.

Poor security of transactions, lack of procurement skills on suppliers' side, nature of technology, high cost, and lack of compliance to legislation were also highlighted as barriers to effective implementation of procurement systems. KZN DPW is still facing difficulties of poor planning of procurement and aligning the demand requirements with the budget due to lack of skills, lack of training and support. Specialist skills are crucial for ensuring that procurement requirements are accurately established, applicable contractual strategies are established, contracts are properly handled and the procurement prospects are utilised to secure the greatest deals at the best price, and that would determine the cost-effectiveness of procurement (Munzhedzi, 2016).

The research results demonstrated that there was a no link between generation of IPMP's, IPIP's, project budgeting, project scoping, design developments, technical specification, tender documentation and the evaluation of advertised bid documents. KZN

DPW is also characterised by too much red tape and centralisation of projects. Other barriers to effective implementation of procurement systems at KZN DPW that were highlighted include less opportunities for growth, non-compliance, hence failure to establish whether one is doing things right and achieving the intended results.

Watcharothai (2018) proposed the guidelines for protection from corruption in public procurement, however, the study results did not directly reveal evidence of public procurement fraud at KZN DPW. However, too much red tape hints to undue influence from higher level officials or politicians. The patronage system was characterised by conflict of interest between influential people in the country. It is imperative for governments to put mechanisms in place such as procedural or institutional frameworks that would aid to protect public procurement officials against unwarranted influence from higher level officials or politicians, in order to inhibit risks to the integrity of the procurement process (Dávid-Barrett and Fazekas, 2020). Hence, it becomes imperative for governments to establish clear integrity standards and ensure that the departments or units comply in the entire procurement cycle, especially with regards to contract management.

Dávid-Barrett and Fazekas (2020) proposed that procurement control officers should familiarize themselves with the techniques and actors involved in corruption to enable the detection of public procurement misconduct. Procedures for reporting misconduct should be established and governments should also consider protecting officials from reprisal. In this study, ineffective supply chain management structure, centralising of core procurement functions, internal interference and pressures from management, external interference and pressures such as political structures and current departmental internal procurement processes that are characterised by bottlenecks and bureaucracy, were also highlighted as barriers to effective implementation of procurement systems. Fourie and Malan (2020) posited that governments should make provision for specific mechanisms for monitoring public procurement and detect misconduct by tracking decisions and identifying irregularities and potential corruption during procurement process.

The findings from the study revealed that the environment is not conducive for accepting new and innovative forms of procurement at KZN DPW. The general sentiment was that KZN DPW was employing traditional strategies that did not encourage or promote any new and innovative forms of procurement despite talks encouraging innovative strategies. The KZN DPW's modus operandi was noted as not encouraging or promoting any new and innovative forms of procurement despite talks encouraging innovative strategies, that is, actions are not in harmony with words being preached. Thai (2017) posited that the use of digital technology in the public procurement sector is a driver of efficiency and supports effective implementation and monitoring of government policies by facilitating more innovative, open, and trustworthy government. The research results also revealed that in order to successfully engage in public procurement of innovation, a public procurement officials should gain more knowledge and skills in areas which include relevant products or services and legal framework, negotiation, stakeholder engagement and networking, assessment of risk, and contract management in order to successfully utilise innovative technologies in public procurement.

The findings from the study also revealed that there challenges faced when adopting modern procurement systems at KZN DPW. The general sentiment is that there is supply chain risk; lack of support, research and development; and policies not aligned to contemporary procurement methods and systems. New systems were introduced to utilise yet there was less or no training provided beforehand. Hence, the staff was not capacitated as per their training needs indicated in the personal development plans. The failure to adopt technology, with supply risk as a key challenge in the procurement process, high cost, potential fraud, quality concerns, and delayed delivery risks constituting the prevalent type of risks. Sadgrove (2016) also posited that the key risks in public procurement include supply chain disruptions, complex projects, fraud, changing work environments, poor supplier performance, and unethical sourcing, and overspending. Each stage of a project relies on previous stages and influences, hence, minor issues can cascade into complex problems that drive a project to a sudden stop. More complicated project have higher chances of something going wrong despite the

magnitude of pre- planning to avoid the risk. Overspending can put the public procurement in financial peril due to additional fees, damaged vendor relationships, or a full shutdown of your procurement process. As a risk management initiative, e-procurement can be used to leverage solutions to automate invoicing and purchase orders, in order to derive greater transparency into the budget and spend in real-time.

Another key barrier that was noted from the research results was too much workload on staff whereby staff currently responsible for implementation of projects are expected to research new and innovative methodologies for implementation of the same projects and that is not practically executable. It is against the backdrop of these challenges that KZN DPW should exercise monitoring and evaluation of procurement systems as prerequisites in improving public procurement processes and hampering manipulation and corrupt tendencies that arise from the awarding of tenders in public procurement practices.

### **5.2.3 Theme 3 - Effectiveness of Procurement Practices**

It was also found from the results that the departmental procurement practices were failing to achieve their primary objectives as projects remained unapproved for long time because of poor internal tender system. Suppliers were also found to play a crucial role in the success or failure of the project, with the selection and evaluation of the performance of the supplier being critical in the development of the project. Villena and Gioia (2018) posited that the monitoring and documenting of supplier performance would aid the procurement personnel when they require corrective action from suppliers in the event of non-compliance with contractual order requirements. Supplier performance monitoring would provide historical information to aid the procurement department with information concerning supplier evaluation and selection process for future tenders. It was also noted that KZN DPW was ineffective with regards to bridging the gap between who is hired and what is delivered, mostly due to lack of transparency and corruption. Through extensive sharing of information and incessant communication, the supplier has to entirely comprehend the organisation's requirements in the procurement process. The

governments should put mechanisms in place such as procedural or institutional frameworks that would aid to protect public procurement officials against unwarranted influence from higher level officials or politicians, in order to inhibit risks to the integrity of the procurement process (Dávid-Barrett and Fazekas, 2020).

The research results also demonstrated that the procurement practices were not aligned to KZN DPW infrastructure needs, and were not targeted towards timeous provision of service. Project outcomes for schools, clinics, office or staff accommodation remained unmaintained or built and clients departments remained with no offices spaces or rental on month-to-month. The advertising period was lengthy for capital projects of above R1 million without considering additional delays as the tender document goes for approval by different committees. Additionally, even after approval there is an appeal period which can result in further delays. Akkermans et al., (2019) posited that a desirable public procurement cycle should be efficient and devoid of any delays and historical data can be used to measure the procurement cycle time for purchase orders and contracts.

The findings from the study reveal that there was a divided perception concerning the prevalence of a procurement performance management system. Some participants confirmed that there was a procurement performance management system at KZN DPW and highlighted that the system ensures ongoing process of measuring the efficiency and spending by procurement teams, striving to enhance visibility and value of procurement within an organisation. Srivastava and Agrahari (2017) posited that the crucial key performance indicators that can be used to support the implementation of several principles towards the performance of public procurement systems are openness and transparency of the public procurement; contract performance management; efficiency of the public procurement cycle; and professionalism of the public procurement workforce.

However, one participant argued that there is no procurement Performance Management System in this department and contractors who have had projects cancelled or performed in an unsatisfactory manner are able to be employed again. This result reflects a flaw in

contract performance management, obscured openness and lack of transparency in public procurement. Akkermans et al. (2019) posited that it is imperative for an organisation to assess and evaluate the extent to which suppliers deliver the right product or service at the right moment and right quality, measuring the extent to which there are delays in payment.

The research results also revealed that the specific KPIs used for monitoring activities at KZN DPW include projects completion within allocated budget, projects completed within the approved allocated budget, and project designs that are complete and ready for tender as the key performance indicators. These results are aligned to Akkermans et al. (2019) who alluded to the notion that projects completed within the approved allocated budget are a good measure of public procurement. Planned projects being delivered within the specified financial period and provision of buildings, structures and equipment to client departments timeously and according to their specifications were also highlighted as good KPIs. Kerzner (2017) highlighted that key performance indicators can also be used in line with infrastructure programme implementation plans for monitoring of infrastructure related planned projects, as well as user asset management plan for monitoring immovable asset management related projects; and templates for monitoring day-to-day unplanned related maintenance projects.

### **5.3 Summary**

It was established that the KZN DPW procurement process commenced from needs recognition to purchase requisition, requisition review, solicitation process, evaluation and contract negotiation and signing, order management, invoice approvals and disputes, and record keeping. It was also noted that the department heads or functional managers would review the requisition documentation and cross-check if the need for the requested goods or service was genuine and also verify the availability of the needed funding. It was also found from the results that the departmental procurement practices were failing to achieve their primary objectives as projects remained unapproved for long time because

of poor internal tender system. Suppliers were also found to play a crucial role in the project success or failure, with the choice of supplier and evaluation of supplier being critical in the development of the project. The research results also demonstrated that the procurement practices were not aligned to KZN DPW infrastructure needs, and were not targeted towards timeous provision of service. Project outcomes for schools, clinics, office or staff accommodation remained unmaintained or built and clients departments remained with no offices spaces or rental on month-to-month.

Some participants confirmed that there was a procurement performance management system at KZN DPW and highlighted that the system ensures ongoing process of measuring the efficiency and spending by procurement teams, striving to enhance visibility and value of procurement within an organisation. The quality of skills and ability of the SCM personnel in some government entities is well below standard despite having undertaken numerous training sessions on SCM.

The findings from the study reveal that the environment is not conducive for accepting new and innovative forms of procurement at KZN DPW. The general sentiment was that KZN DPW was deploying old-fashioned strategies that did not encourage or promote any new and innovative forms of procurement despite talks encouraging innovative strategies. The findings from the study also revealed that there challenges faced when adopting modern procurement systems at KZN DPW. The general sentiment is that there is supply chain risk; lack of support, research and development; and policies not aligned to contemporary procurement methods and systems. The following chapter focuses on recommendations and conclusions of the study.

## **CHAPTER 6 : CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 Introduction**

The previous chapter was focused on the interpretation and significance of research findings concerning the challenges that KZN DPW is experiencing in terms of providing service delivery. This chapter provides research conclusions, implications and limitations of the study and recommendations for the study.

### **6.2 Research Conclusions**

The first objective of the study was to identify and analyse procurement practices being used and implemented by the KZN DPW. It was concluded that the current procurement process at KZN DPW is based on the national treasury practice notes, instruction notes and the supply chain management policy, regulations and departmental standard operational procedures. Supply Chain Management policies dictate the minimum number of days for inviting suppliers of price quotations, so that potential suppliers get sufficient time to submit their quotations. Major issues were noted as affecting procurement practices especially due to the inclination towards a centralised procurement system to support the procurement function. The major issues affecting procurement practices within the KZN DPW are long internal processes of obtaining award approval including centralising of core procurement functions in to Head Office and malfunctioning bid committees. It was also concluded that changes in management was a major issue at KZN DPW since new management would implement changes and it takes a while for the subordinates to become acquainted with the new way of doing things.

The second objective of the study was to identify the challenges faced by procurement professionals in the implementation of procurement prescripts. It was concluded that poor skills and technical knowledge, lack of technical tools, lack of capital and lack of highly-skilled personnel as barriers to effective implementation of procurement systems at KZN DPW. It was concluded that KZN DPW face challenges in terms of budgets, security of transactions, cost and nature of technology, following legislation, business relationship

with suppliers and lack of standards for data exchange. The environment at KZN DPW is not conducive for accepting new and innovative forms of procurement. New systems were introduced to utilise yet there was less or no training provided to the employees beforehand.

The third objective of the study was to determine whether procurement practices are yielding the core purpose of public procurement and SCM. It was concluded that the departmental procurement practices were failing to achieve their primary objectives as projects remained unapproved for long time because of poor internal tender system. It was also concluded that KZN DPW was ineffective with regards to bridging the gap between who is hired and what is delivered, mostly due to lack of transparency and corruption. The procurement practices were not aligned to KZN DPW infrastructure needs, and were not targeted towards timeous provision of service. Given that some contractors who previously had projects cancelled or performed in an unsatisfactory manner were given new projects, it was concluded that there is flaw in contract performance management, obscured openness and lack of transparency in public procurement at KZN DPW.

### **6.3 Implications of this Research**

The study highlighted how procurement practices are currently being implemented at KZN DPW and the recommendations from the study do provide details on how to align the procurement policies and standard operation procedures with the best public procurement practices. The study benefits the management of KZN DPW to enhance the public procurement performance in the organisation, thereby positively contributing to the broader community through better service delivery. As part of high performance teams, employees will also benefit through training programs and better staff morale. The study added value to the body of knowledge of public procurement practices and supply chain management.

## **6.4 Recommendations to Solve the Research Problem**

### **6.4.1 Recommendations on Procurement Practices**

It is crucial to ensure that the entire procurement cycle is transparent and therefore it is recommended that KZN DPW provides an adequate environment that promotes fairness and ensuring that potential suppliers are equitably treated when advertising tenders and reviewing quotations. Prospective suppliers and contractors must be provided with consistent and clear information so that the procurement process is well comprehended and deployed equitably.

The Supply Chain Management policies dictate the minimum number of days for inviting suppliers of price quotations, so that potential suppliers get sufficient time to submit their quotations. It is recommended to monitor that these policies are adhered to, otherwise KZN DPW would become susceptible to fraud, corruption and other undesirable tendencies such as fronting and political interference.

The modern supply chains are increasingly becoming more complex, and the scenario affects all main industries and with each tier of operations poses a risk challenge of quality standards and ethical issues. It is recommended that KZN DPW identify the critical links across multi-tiered supplier network and develop communication with them, and cooperation should be explicit and bidirectional and involve constant feedback from sub-suppliers.

### **6.4.2 Challenges Faced by Procurement Professionals**

The environment at KZN DPW is not conducive for accepting new and innovative forms of procurement. It is recommended that KZN DPW use digital technology for public procurement to drive efficiency and foster effective implementation and monitoring of government policies by facilitating more innovative, open, and trustworthy government.

New systems were introduced at KZN DPW to utilise, yet there was less or no training provided to the employees beforehand. It is recommended that KZN DPW foster training initiatives before implementing new systems.

It is recommended that KZN DPW establish clear integrity standards and ensure that the departments or units comply in the entire procurement cycle, especially with regards to contract management. Procedures for reporting misconduct should be established and KZN DPW should also consider protecting officials from reprisal.

### **6.4.3 Effectiveness of Procurement Practices**

It is recommended that KZN DPW monitor its suppliers and use historical information to aid the procurement department with information concerning supplier evaluation and selection process for future tenders. KZN DPW should disclose information to the public regarding the crucial terms of key contracts and through other government ambits should empower the wider public, media and civil organisations to critique its procurement processes.

It is also recommended for KZN DPW to assess and evaluate the extent to which suppliers deliver the right product or service at the right moment and right quality, measuring the extent to which there are delays in payment.

The departmental procurement practices were failing to achieve their primary objectives as projects remained unapproved for long time because of poor internal tender system. It is also recommended that KZN DPW institute some regular internal financial, internal audit or management controls using independent officials, not those undertaking the procurement. These external audits of procurement activities are crucial in ensuring that procurement practices align with processes.

It was also concluded that KZN DPW was ineffective with regards to bridging the gap between who is hired and what is delivered, mostly due to lack of transparency and

corruption. It is recommended that KZN DPW take precautionary measures to enhance integrity, and maximise transparency in competitive tendering.

## **6.5 Recommendations for Future Studies**

A study of more procurement departments using larger samples would yield more generalisable results. The current study used purposive sampling technique which was characterised by low level of reliability and high levels of bias. Future studies may use different sampling techniques such as snowball sampling which has the advantage of reaching sample hesitant subjects such as employees who do not want participate in the research study.

It has become increasingly conceivable that new technologies are shaping how goods are procured due to the rise in technology and the fast pace growth in data analytics, machine to machine communication, and system autonomy. The fourth industrial revolution has ominously transformed the traditional manner in which supply chains are managed. Future studies may embrace the implementability and implications of industry on public procurement processes at KZN DPW.

## **6.6 Limitations of the Study**

It is worth noting that not all research is perfect and this research was characterised by limitations. The first limitation was due to the purposive sampling technique which was used and has inherent susceptibility to error in judgment as well as lower reliability and high level of research bias. The impact of the Covid 19 pandemic was also one of the research limitations since it was not possible to reach a larger audience and interviews were conducted online rather than face-to-face. Time was also a limitation since research participants had limited interview time and it was not possible to conduct the study on the population as a whole due to time constraints. Therefore, the conclusions drawn from the findings might not be generalisable.

In order to reduce research bias from using purposive sampling and interviewing a small sample, the research results were triangulated or verified with more data sources such

as literature sources of data to support the interpretations. Peers were requested to review the research findings to provide affirmation that the conclusions were sound and reasonable given the interview results.

## **6.7 Summary**

The first objective of the study was to identify and analyse procurement practices being used and implemented by the KZN DPW. The current procurement practices that characterise KZN DPW were identified and analysed. The study was constructed on a theoretical appraisal of existing practices by illuminating the status of the country's public procurement practices and scrutinising existing policies and practices within the KZN DPW. The second objective of the study was to identify the challenges faced by procurement professionals in the implementation of procurement prescripts. It was established that there were several barricades to effectual implementation of procurement systems, the environment was not conducive for accepting novel forms of procurement; and there were also challenges in adopting modern procurement systems at KZN DPW. The third objective of the study was to determine whether procurement practices implemented are yielding the desired results. It was established that KZN DPW procurement practices were yielding the core purpose of public procurement and SCM, although there were several issues that need improvement. The implementation of the cited recommendations would yield improved effectiveness of public procurement practices at the KZN Public Works, Midlands Region in South Africa.

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## Appendix 1: Interview Schedule

The objective of this interview is to investigate the effectiveness of public procurement practices at the KZN Public Works in the Midlands region of South Africa. Please note that all the responses will be kept confidential.

<b>SECTION A: DEMOGRAPHIC INFORMATION</b>	
1.1 What is your gender?	
1.2 What racial group do you belong to?	
1.3 What is your age?	
1.4 For how many years have you worked for KZN Public Works?	

### **Section B: Identifying and analysing procurement practices being used and implemented by the KZN Department of Public Works.**

- 2.1 Please tell me about your current procurement process and the procedures followed in the typical acquisition of products and services.
- 2.2 What would you say are the major issues that affect the procurement practice in your organisation?

### **Section C: Identifying the challenges faced by procurement professionals in the implementation of procurement prescripts**

- 3.1 What are the barriers to effective implementation of procurement systems in your organisation?

- 3.2 How enabled is the environment to accept new and innovative forms of procurement?
- 3.3 What challenges do you face while adopting modern procurement methods and systems?

**Section D: Determining whether current procurement practices implemented are yielding the desired results**

- 4.1 How do you perceive procurement practices for delivering project outcomes?
- 4.2 Do you have a procurement Performance Management System?
- 4.3 Can you indicate specific KPIs used for monitoring activities in your Department?

## Appendix 2: Ethical clearance



UNIVERSITY OF  
KWAZULU-NATAL  
INYUVESI  
YAKWAZULU-NATALI

09 October 2019

Ms Samkelo Mbalizethu Zulu (200100376)  
Grad School Of Bus & Leadership  
Westville Campus

Dear Ms Zulu,

**Protocol reference number:** HSSREC/00000291/2019

**Project title:** Investigating the effectiveness of Public Procurement Practices at the Midlands Region KwaZulu-Natal Public Works in South Africa

### Full Approval – Expedited Application

This letter serves to notify you that your application received on 19 August 2019 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) 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.

This approval is valid for one year from 09 October 2019.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

Yours sincerely,

A large black rectangular box redacting the signature of Dr Rosemary Sibanda.

Dr Rosemary Sibanda (Chair)

/dd

## Appendix 3: Gatekeepers Letter



public works

Department:  
Public Works  
**PROVINCE OF KWAZULU-NATAL**

Supply Chain Management  
Private Bag X9963  
LADYSMITH  
3370

Tel: 036 638 8097  
Fax: 036 638 8099  
email: [mu.zulu@kznworks.gov.za](mailto:mu.zulu@kznworks.gov.za)  
Ref: Gatekeepers Letter (MCLS)  
Date: 11 March 2019

To whom it may concern

Samkelo M. Zulu is a Masters student at the University of KwaZulu-Natal. She has proposed a research project towards her Master's thesis project on; **An Exploration of Public Procurement Practices and Developments in South Africa: A case study of KZN Public Works- Midlands Region.**

I am aware that the study will take place during office hours within the Department of Public Works, for which she will be collecting data through the interviews and focus groups with Supply Chain Management staff.

I understand that this project involves accessing personnel information from current and/or former actors within the Department of Public Works, and that all such data will be provided to the researcher in a manner that ensures confidentiality of the participants.

I support the conduct of this research in this organization.

Sincerely



Mr. W.G. Hadebe  
Regional Director:  
Midlands Region

## Appendix 4: Informed consent



**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Dear Respondent,

**MCLS Research Project**

**Researcher:** Samkelo Zulu [REDACTED]

**Supervisor:** Dr Bibi Chummun (031 260 8943)

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

I, Samkelo Zulu, am a Master of Commerce (Leadership) student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled

***Investigating the effectiveness of Public Procurement Practices at the Midlands Region of KZN Public Works in South Africa.***

The aim of this study is to investigate the effectiveness of public procurement processes at the Midlands region of Public Works in South Africa. Through your participation I hope to understand the application of current procurement practices, and uncover how these practices enhance or hinder the objectives of public procurement.

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. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

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

The survey should take you about 20-30 minutes to complete. I hope you will take the time to complete this interview.

Sincerely  
Samkelo Zulu

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

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



**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**MCLS Research Project**  
**Researcher:** Samkelo Zulu [REDACTED]  
**Supervisor:** Dr Bibi Chummun (031 260 8943)  
**Research Office:** Ms. P Ximba (031-2603587)

**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**



## UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

### APPLICATION FOR ETHICS APPROVAL For research with human participants

#### Information Sheet and Consent to Participate in Research

Date:

Greetings,

My name is Samkelo Zulu from MCom (Leadership) student in the School of Law, College of Agriculture, Engineering and Science, at the University of Kwa-Zulu Natal. I can be contacted on email:

████████████████████, mobile: ██████████

You are being invited to consider participating in a study that involves research on the developments in public procurement Kwa-Zulu Natal, Dept. of Public Works (Midlands). The aim and purpose of this research is to identify and analyse procurement practices being used and implemented by the KZN Department of Public Works and to determine whether these practices are yielding the desired outcome and the primary purpose of public procurement and Supply chain Management. Participants will be recruited at all levels and interviewed until saturation is achieved. The duration of your participation if you choose to enrol and remain in the study is expected to be a minimum one hour in which you would be participating in the focus group interview.

There are no risks associated with the study. It is hoped that the study will improve public procurement practice. This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number HSSREC/00000291/2019).

In the event of any problems or concerns/questions you may contact the researcher at ██████████ mobile: +██████████ or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus  
Govan Mbeki Building  
Private Bag X 54001  
Durban  
4000  
KwaZulu-Natal, SOUTH AFRICA  
Tel: 27 31 2604557- Fax: 27 31 2604609  
Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Participation in this research is voluntary and you may withdraw participation at any point. In the event of refusal/withdrawal of participation, the participants will not incur penalty or loss of treatment or other benefit to which they are normally entitled. Should you wish to withdraw, please notify the researcher through any method you deem appropriate, be it by telephone, personally or via email.

To ensure anonymity, participants will not be required to provide personal information. The researcher will have this information in the database. The researcher will develop a confidential schedule, which will match names of participants and codes assigned to them. The schedule will then be utilized to communicate back the outcomes of the study with respective participants. The report, with a cover letter addressed to respective participants, will be encrypted to require a password in order to access. Email will then be used to communicate back the report.

The researcher will copy and store the research data remotely on the server at UKZN. The original data in the computer will be deleted and cleared from the recycling bin. The disc will then be stored in a secure location within the GSB & L School. After a five year period, the data (disc) will be destroyed.

-----  
**CONSENT (Edit as required)**

I (Name) have been informed about the study entitled (provide details) by (provide name of researcher/fieldworker).

I understand the purpose and procedures of the study (add these again if appropriate).

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at (provide details).

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus  
Govan Mbeki Building  
Private Bag X 54001  
Durban  
4000  
KwaZulu-Natal, SOUTH AFRICA  
Tel: 27 31 2604557 - Fax: 27 31 2604609  
Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Additional consent, where applicable

I hereby provide consent to:

Audio-record my interview / focus group discussion      YES / NO

\_\_\_\_\_  
**Signature of Participant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Witness  
(Where applicable)**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Translator  
(Where applicable)**

\_\_\_\_\_  
**Date**