

Analysis of the Procurement Process at Office of the Premier and
Department of Finance in the North West Provincial Government.

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A mini dissertation submitted to Graduate School of Business and Government
Leadership of the North West University in partial fulfillment of the requirements
for Masters of Business Administration

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November, 2015

Declaration

I declare that “Procurement Process in the North West Province Public Sector” is my own work and has not been submitted to any other institution or faculty. All sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Signature: Date:

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Acknowledgement

My sincere thanks and gratitude are extended to all who contributed towards the successful completion of this study. I am grateful for assistance, encouragement and support of the following, my husband and children for their constant love and support, my family and friends for their interest through my MBA studies. Thanks to the Office of the Premier and Department of Finance employees who responded to the questionnaires, for without that, the completion of the research would have been impossible. Above all, thanks to God Almighty for giving me strength and guidance until completion of this study.

Dedication

This study is dedicated to my husband, Tshepo Matseke who encouraged me to study and supported me throughout this time and also took care of our children, Resego and Reneilwe, when I could not because of my studies. He will always be appreciated. Thanks to my entire family who constantly encouraged me to study.

Abstract

In this study, the procurement processes of the Office of the Premier and the Department of Finance Economy and Enterprise Development were analysed. Public procurement is one of many government functions, and the procurement system can be prescribed in the national constitution, like in South Africa (Thai, 2012). The importance of government procurement in South Africa is illustrated by the fact that it has been afforded constitutional status. The Constitution stipulates that when the government contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective. These five principles are therefore laid down to apply to the mechanisms and procedures employed by the government when it contracts for goods or services (Bolton, 2007). Procurement process is central to the national government in South Africa. The goods and services bought by national government in South Africa represent a large amount of public money, and it is very crucial that national government put in place measures to manage the way in which these goods and services are acquired. There is a huge need for the redistribution of income and opportunities to the historically disadvantaged individuals. To redress the situation, the South African government has shown an interest in the development and sustainability of small, medium and micro enterprises. The primary objective of this study is to analyse the procurement processes of the selected government departments, and identify the procurement problems facing these departments. Data from eight questionnaires completed by respondents, representing two provincial departments, was collected and analysed. This study found that the selected departments are facing challenges in managing the procurement process, and these challenges relates to implementation and compliance of the policies and regulations. The most important conclusions drawn from the study show that the selected departments face challenges in the implementation of the preferential procurement requirement; there is non-compliance to procurement procedures; and there is corruption and lack of capacity and relevant skills in the implementation of the procurement procedures as prescribed in the procurement act. These conclusions could be used to recommend ways to improve the departmental procurement processes. Recommendations were made on how to improve the procurement system and compliance with the policies and regulations.

Keywords: Public procurement, Policies, Provincial government, Procurement & Supply Chain Management

List of acronyms used in this study

BBBEEA	Broad-Based Black Economic Empowerment Act
BEE	Black Economic Empowerment
HDI	Historically Disadvantaged Individuals
PDI	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act
PPPFA	Public Procurement Policy Framework Act
PMBOK	Project Management Body of Knowledge
SA	South Africa
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises

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CHAPTER ONE

OVERVIEW OF THE STUDY

1. Introduction

The ongoing debate regarding South African (SA) government procurement processes has drawn so much attention to many researchers (Bolton, 2007). Public procurement is whereby public sector or departments deals with the acquisition of goods, services and growth and building projects both from the suppliers in local and global market, considering the basic principles to fairness, equitability, transparency, competitiveness and cost-effectiveness (Badenhorst-Weiss, 2012; Arrowsmith, 2010; De la Harpe, 2009 & Hommen & Rolfstam, 2009).

Other than the obligation to supply goods and services to the constituents, the public procurement needs to achieve socio-economic objectives by means of stimulating economic movement; protecting national businesses from foreign opposition; enhancing the competitiveness edge of certain trade sectors; and alleviating national inequalities (Badenhorst-Weiss, 2012; Uyarra & Flanagan, 2009; Bolton, 2006; Thai, 2006 & Cane, 2004).

Several authors argued that in order for the provincial and national departments in SA to fully function and to be able to compete in the global market in ensuring economic advancement. The SA government, need to find a balance between global accepted objectives and the constitutional prescripts of public procurement system with its needs to rectify the discrepancies created by apartheid (Bolton, 2007 & De la Harpe, 2009).

This study explores the analysis of the procurement process in selected departments of the North West Province Government, namely, Office of the Premier and Department of Finance Economy and Enterprise Development, as the inefficient and corrupt public procurement practices in various departmental divisions eligible for financial loans which had led to massive debate on good governance. Despite the irregularities and unfair practices by the public procurement officials (Bolton, 2006), procurement is significance in the public sector and has been adopted as a policy tool. This tool can also be referred to as “wealth redistribution” used to channel funds to discrete categories of economic factors (e.g., previously disadvantaged groups in SA). Procurement is central to the government

service delivery system, and promotes aims which are, arguably, secondary to the primary aim of procurement such as using procurement to promote social, industrial or environmental policies (Cane, 2004).

Based on the aforementioned discussions by various authors, (Badenhorst-Weiss, 2012; Hommen & Rolfstam, 2009; Odhiambo & Kamau, 2003), maintained that public procurement is the act of purchasing, hiring or obtaining by any contractual means, goods, construction works and services by the public sector. They went further to highlight that it involves the purchase of commodities and contracting of construction works and services acquired with resources from state budgets. Such as the local authority budgets; state foundation funds; domestic loans or foreign loans guaranteed by the state; foreign aid and revenue received from the economic activity of state (Badenhorst-Weiss, 2012; Hommen & Rolfstam, 2009; Odhiambo & Kamau, 2003).

1.2. Background Context

Prior to 1994, the government procurement system in SA favored large and established businesses and it was very difficult for newly established businesses to enter the procurement system (Badenhorst-Weiss, 2012, Bolton, 2007). De la Harpe (2009) and McCrudden (2004) highlight that SA transformed from apartheid to democracy in 1994, however, government procurement was granted constitutional status, and was recognized as a means of addressing past discriminatory policies and practices as well as the previously disadvantaged citizens (Arrowsmith, 2010; De la Harpe, 2009 & McCrudden, 2004).

The delivery of services through staff and the procurement of goods and services from suppliers should take place on the basis of proper strategic leadership and management processes. Inappropriate planning and budgeting, failure to identify priorities, under-spending of budgets and ineffective procurement form part of the root causes of poor service delivery to the public, as ineffective procurement leads to the misallocation of resources and restricts the movement of resources to the right places at the right time. The impact of improper procurement practices on society is very serious, as it delays the delivery of basic services and development (Arrowsmith, 2010; De la Harpe, 2009 & McCrudden, 2004).

However, during 1995, the government established a forum on procurement, comprising of representatives from various national and provincial user departments with aim to

overcome the problems (Badenhorst-Weiss, 2012) and investigate the necessary procurement measures and processes as well as making the tendering system more easily accessible to all. The forum highlight concerns such as value for money, financial control, corruption, tax and service changes, lack of uniform procurement procedures and labour practices (Badenhorst-Weiss, 2012 & Bolton, 2007). Faced with the challenge of corruption, conflict of interest, lack of uniformity, theft, inflated prices, inadequate processes and lack of proper monitoring, national and provincial governments are always looking at ways of improving and maintaining the current tendering systems (Badenhorst-Weiss, 2012 & Bolton, 2007).

PGWC (2009) due to the exhibition of a high level of non-compliance to supply chain management, legislation, rule and practice in the province, resulting in disparate costs trends, lack in budget effectiveness and value for money and collusive uncompetitive and non-transparent tender processes, suggests the need for a modernisation approach in respect of procurement for the province (PGWC, 2009).

Bolton (2007) and Badenhorst-Weiss (2012) the importance of government procurement in SA is illustrated by the fact that it has been afforded constitutional status, including the adoption of the Constitution of the Republic of South Africa of 1996, Public Finance Management (PFMA) Act 1 of 1999 and Preferential Procurement Framework Act (PPFA). The author furthered their claims, according to the Constitution of the Republic of SA of 1996, in section 217, provides guidelines on public procurement, and authorizes preferential procurement to advance certain groups that were previously discriminated. The Constitution obligates that the public procurement system of SA must adhere to fair, equitable, transparent, competitive and cost effective. Government procurement is therefore of huge significance (Badenhorst-Weiss, 2012 & Bolton, 2007). While Visser and Erasmus (2007) in affirmation with the above claims, deduced that government is responsible for ensuring that procurement policy supports and attains to overall economic objectives.

1.3. Problem statement

Several research documentations and authors have proposed various approaches and techniques to be followed with the procurement processes within many government departments. The problem is that many of the public sectors are operating under a decentralized procurement system of goods and services on behalf of their business units.

Consequently, it has resulted in a defragmented procurement process, where there is no uniformity and to a large extent the procurement processes are not followed. These problems may be attributed as the root cause for irregular expenditure incurred for the past four decades amounting to millions of Rands. Ultimately, it signifies that inappropriate procurement processes were followed.

The significance of Supply Chain Management (SCM) comes into existence considering the flaws that may government departments are currently challenged with. It is vital to highlight that the SCM is an integral part of procurement in the South African public sector. Notwithstanding, there are irregular practices in public procurement, including conflict of interest resulting in financial gain by procurement officials (Hill 2007:1). Therefore, it is deployed as an instrument for managing public procurement practices. Nevertheless, despite the integration of the SCM as a strategic instrument, the public procurement in SA still encounters massive challenges in the procurement systems.

1.4. Objectives of the study

The study gives attention to the procurement process and the application of laws in the North West Province public departments namely the Department of Finance Economy and Enterprise Development, and the Office of the Premier. The study also looks at the way in which legislation gives effect to the constitutional principles governing procurement and to the constitutionally prescribed use of procurement as a policy tool in SA.

The primarily objective of the study are as follows:

- To determine whether the public sector comply with the procurement policies and standards
- To examine whether the procurement system is fair, equitable, transparent, competitive and cost effective
- To explore whether the procurement officials are adhering to 80/20 and 90/10 rules in terms of the preference points system?
- To identify the hindrances and constraints affecting the procurement processes and the root causes of irregularities in the public sector.
- To devise strategic measures in addressing the challenges and non-compliance of the procurement processes by the public sector.

1.5. Scope of the study

Government is divided into three spheres which is local, provincial and national government. The focus of this study includes on the procurement process, practices and problems facing the one sphere of government, which are the provincial government departments of Finance Economy and Enterprise Development as well as the Office of the Premier.

1.6. Research question

- Is the public procurement division complying with the procurement policies, standards and regulations governing the procurement/SCM?
- Is the procurement system fair, equitable, transparent, competitive and cost effective to all the stakeholders who are involved in the procurement transaction
- What are the challenges that the public sector are experiencing in the implementation of the procurement processes and regulations?
- Do procurement officials adhere to the (80/20 and 90/10) in terms of preferential procurement policy framework act?
- What measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable, transparent, competitive and cost effective?

1.7. Significance of the study

An effective procurement processes make an important contribution to service delivery in SA. The outcome of the study will advance the frontier of knowledge and add to the existing academic literature on procurement processes in the Department of Finance Economy and Enterprise Development. Procurement officials would have acquired the optimal awareness when administering the tenders to the stakeholders.

Another importance of the study is that employees from various departments who would participate will be given the prospect to raise their respective concerns, issues and hindrances that they encountered in their day-to-day activities. It will provide information to the public sector in handling the lack of proper knowledge, skills and capacity; non-compliance with policies and regulations; inadequate planning and linking demand to the budget; accountability, fraud and corruption; inadequate measures for monitoring and

evaluation of SCM; unethical behavior; decentralization of the procurement system and ineffectiveness of broad-based black economic empowerment (BBBEE).

Policy makers would also benefit from the results of this study in the sense that the information that will be presented would support decision making process and enhance procurement process. It is believed that the results of the study will inspire other researchers to investigate further areas that are not covered in this study.

1.8. Limitations of the study

For the purpose of this research, this paper focuses only on provincial government procurement processes on selected departments, namely the Office of the Premier and the Department of Finance. The focus is on procurement processes. The outcome may not be generalized nationally. The study is restricted to a quantitative research methods, consequently resulting to limited financial constraint were the researcher did not have any funding except paying from her own pocket. Furthermore, considering the nature of this research study, participants will be cautious when giving out information to the researcher. In other words, participants may not be willing to give information especially if such information has to do with irregular practices, corruptions and non-compliance to the standards set out for procurement processes in the public sector.

1.9 Layout of the study

This is an outline of how the research will be structured for the reader to understand the logic behind the arguments and the discussion that will be carried out in this study. To attain to the objectives as stated above, this study will be divided into five chapters.

Chapter One provides a brief introduction of the South African procurement processes from various department in the North West Province, followed by the background context. The research problem statement, and objectives, research questions, scope, and research limitations and layout of the study were all stated.

Chapter Two presents the literature review, which deals with the description of the theoretical perspectives and the findings that were gathered from previous researchers concerning the problem being investigated in this study. It also looks at the compliance policies, standards and regulation governing the procurement processes. In addition, it further ascertain into the challenges and hindrances confronting public sector. And to

determine whether procurement processes is fair, equitable, transparent, competitive and cost effective.

Chapter Three focuses on the research methods that will be used during data collection. It includes the discussion on research processes, approaches and techniques chosen for the study.

Chapter Four will examine the expected result based on the objectives of the study. After the distribution of questionnaires and data collection has been made, however, results and analysis will be decided in resolving many issues that were discussed in the problem statement.

Chapter Five is the last chapter, which revisits the main topics and also presents the answers of the research questions and findings, and then draw to conclusions and recommendations of the report.

1.10. Conclusion

This chapter has introduced the concept of procurement and supply chain management in a broader sense, It has shown how the historically disadvantaged have been economically constrained, during the past regime from contribution in business. These historical restrictions have created many of the problems that government now has to deal with, the most significant being poverty and inequality.

Although these constraints have now been eradicated, they have served to undermine the potential for black people to enter business as equals with other ethnic groups. This has resulted in most of the historically disadvantaged to participate in both municipality and government procurement systems. Based on that, the main objectives of the study is to determine whether the public sector comply with the procurement policies and standards and to examine whether the procurement system is fair, equitable, transparent, competitive and cost effective.

The next chapter will introduce the literature review were highlights on the challenges facing the North West Provincial department regarding the issues of non-compliances, discrepancies, irregular expenditure to mention but few will be discussed in an attempted to provide solution based on previous researchers.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

According to Neumann (1997), the literature review is basically a straightforward guidance, which enables the researcher to understand facts regarding to the topic under investigation. While Cloete (2011) mentioned that, as a result of the literature review, flaws and gaps will be identified and a proposed solution will be suggested and in the form of a summary with recommendations to further research in this field.

This study probe the analysis of the procurement process in selected departments of the North West Province Government, namely, Office of the Premier and Department of Finance Economy and Enterprise Development. It further explores the primary objectives of the study by considering the basic principles of procurement practices. These basic principles were purported to be fairness, equitability, transparency, competitiveness and cost-effectiveness (Badenhorst-Weiss, 2012; Arrowsmith, 2010; De la Harpe, 2009 & Hommen & Rolfstam, 2009). In addition to the objectives, is to discover whether the procurement officials are adhering to 80/20 and 90/10 rules in terms of the preference points system during the allocation of contracts/tenders.

In spite of the basic principles by few scholars, challenges such as corruption, conflict of interest, lack of uniformity, theft, price inflation, lack of proper monitoring, non-conformance in public procurement practices in various departmental divisions, had been at the forefront and has led to massive debate concerning government administration (Bolton, 2006 & Cane, 2004). This chapter reviews, ascertains and validates on the existing literature on public procurement processes, its hindrances and probable intervention strategies that have been proposed by credible scholars and documents on other studies that have been acknowledged on procurement system in SA. For the purpose of this study, this chapter elaborates on following themes/topics mentioned bellow in the literature review were discussed in an in-depth analysis.

2.2. Procurement Systems in SA

Procurement system in SA is seen as an integral part of SCM; hence, the study looks more specifically at the tendering process used by the national government. According to

Ngobeni, 2011) South Africa is seen as one of the countries with the highest level of exploitation and corruption rate in the world, to which the unfair awarding of tenders, fraud and corruption play a major part. Considering that, the reform of tendering process in national government is therefore inevitable and has to take place. In line with the above claim, Moeti *et al.* (2007:122 & Peprah et al., 2015) noted that most fraud and corruption in national government occurs through poor procurement management and control. Further emphasis that goods and services acquired by national government represent a substantial amount of public resources spent and, on the other hand, a substantial source of income to private service providers.

Therefore it is required that measures be put in place to ensure that national government receive the best possible supply of goods and services at the most economical price. On that same note, certifying that the possible service providers are afforded the opportunity to compete for contractors on a fair and equitable basis taking into account, in the South African context, the government's intentions to redress past discrimination (Moeti *et al.*, 2007:122).

De la Harpe (2009) and Badenhorst-Weiss (2012) public sector procurement has been used in developed countries to achieve certain social objectives, such as the creation of jobs, promotion of fair labour conditions, the use of local labour, the prevention of discrimination against certain groups, the improvement of environmental equality, the encouragement of equal opportunities between men and women and the increased role of the disabled. While the United Nations Development Programme view public procurement as an overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset, (UNDP, 2007; International Organisation for Standardisation (ISO), 2010:1). Public procurement ((Mathonsi & Thwala, 2012) involves more than the procurement process alone and it should not only consist of supporting, but also important components including strategy and policy of the organization, methods and procedures, personnel and organization, and information.

(Mathonsi & Thwala, 2012) depicted that two studies carried out within the SADC region, one for South Africa and the other for Botswana have publicised that South Africa had implemented a ready-made construction framework, as well as the hybrids of traditional procurement systems and process during the years when South Africa was a British colony

(Mathonsi & Thwala, 2012; ISO, 2008 & DPW, 1999). Even though that the South African procurement system was founded on the British model, the context and the presentation of this model were haphazard as a result of apartheid in SA. Nevertheless, the political dispensation and uncertainties that had taken place during the early 1980s and late 1990s piloted some changes within the SA construction industry (Mathonsi & Thwala, 2012). This changes was due to the SA construction entities shifting its focus from a in the main first-world oriented construction environment to a developing-world construction environment that focuses on the basic needs of the people and its economic circumstances (Mathonsi & Thwala, 2012; ISO, 2008 & DPW, 1999).

Among other things, this shift was directed towards the development of new construction policies aimed at promoting stability; fostering economic growth and economic competitive-ness; creating new sustainable employment; as well as addressing the historic imbalances as new industry capacity is being generated for development (Mathonsi & Thwala, 2012; ISO, 2008 & DPW, 1999). Post-1994, the recently designed South African Government of National Unity and all stakeholders of the construction industry led by the Department of Public Works, began and organised the development of the Construction Industry Development Board (CIDB) which was delegated among other things to advance a standardised presentation of good governance and practice in construction procurement within the framework of government procurement policy ((Mathonsi & Thwala, 2012; ISO, 2008; DPW, 1999 & Construction Procurement Library, CIDB, 2005).

2.2.1 Comparing public procurement process with sub-Saharan country

In this section the researcher explore a comparative approach of how procurement systems and processes are performed within sub-saharan countries. According to Tudor (2005) setting a benchmark or a comparative approach, is the power to measure performance of a supplier of goods or services on the general basis of quality price and timely delivery (Tudor, 2005).

Bhutta and Huq (1999) deduced that in the search of best practice in addressing certain obstacles, one cannot basically adopt a suitable practice into organization, without considering the culture and manner in which things are being done. Such major culture and human resources deployed to do the job before one can adopt the practice (Bhutta & Huq, 1999). For the purpose of this study and for in-depth analysis, the researcher discussed few concepts; Sri-Lanka has been chosen as a comparative approach and a benchmark as a

result that it has an economy in transition (Raymond, 2008).

In the year 1977 (Raymond, 2008) the governing political party took major phases to lessen the economy. Since its independence in 1948, successive governments have been freely elected. This intricate several related initiatives to open up the economy to foreign trade and investment and to deregulate domestic business in order to decrease the role of the state in economic affairs more generally (Central Bank Report, 2004). The procurement system in Sri-Lanka includes all sectors of the economy. The necessities of the government in terms of delivery of goods and services are scrutinized, monitored and evaluated by the Procurement Support Bureau (PSB of the Department of Public Finance. The PSB offers partial centralized management support including policy development, agency support, and project monitoring (Raymond, 2008).

During the year 2004, a National Procurement Agency (NPA) was recognised and some of the duties executed by the Procurement Support Bureau were occupied by the NPA. The National Procurement Agency was introduced to level and advance the quality of the public procurement process in government sectors and the line Departments. The purpose NPA taking over from PSB were to monitor and measure the evolution of tenders and supervise or administer tender processes with a value in excess of Rupees one hundred million (Department of Public Finance, 2006).

When a different political party was voted to power, it changed trend and liberalised the whole economy (Raymond, 2008) and that became the beginning of the challenges facing procurement system and processes in Sri-Lanka. A report by Samaratunga et al. (2005), conducted at the Ninth International Research Symposium on Public Management in Italy, revealed that Sri Lanka as a country has been challenged by the bottommost level of accountability at any time in the history of Sri Lanka, and International Development Agencies (IDA) have voiced their great anxieties about the lack of transparency in the public sector.

Hence the act of corruption became unavoidable since well public procurement officials are not paid sufficiently (ADB, 2004). In fact the (ADB, 2004) note that whilst corruption exists in all areas of government activity, it is in the aspects of procurement activity that it is most commonly found. To an extent, the institutional arrangement embarked on a program in an attempt of addressing corruption in the form of lunching probe for allegations of Bribery or Corruption which was never successful.

Raymond (2008), it is evidenced, that prevalence of corruption impacts public confidence in governance, adversely affects the effective distribution of services, obstructs project implementation and inflates costs of program/project delivery. Corruption is a major challenge in Sri-Lanka and is ranked 84 out of 163 on Transparency International's 2006 corruption Perception Index (Raymond, 2008). However, Sri-Lanka's score on transparency and openness decreased from 3.5 in 2004 to 3.1 in 2006 (where zero is the most corrupt and 10 is the most transparent).

2.2.2. Processes of allocating contracts/tenders in provincial Government

Public Procurement has been perceived as belonging to the implementation phase of the budgetary process. In other words, public procurement professionals are responsible for executing the approved procurement budget (Brammer & Walker, 2011; Uyarra & Flanagan, 2009, Thai, 2007 & Kovacs, 2004). This is a very narrow view of the role of these individuals. For certain types, particularly building and road construction projects, public procurement professionals can be valuable sources of information for sound decisions. For a better procurement plan, they need to know in advance, before the procurement budget is approved, there are few questions that needs to be considered and they as follows:

- How many procurement projects will be conducted in the fiscal year?
- How many procurement projects' budgets have to be spent in the fiscal year and will expire by the end of the fiscal year if they are not spent?
- What projects are most critical for the department's mission so that extra attention can be given to them?

Having in mind how procurement project is organised, authorized and budgeted, public procurement professionals will be able to implement procurement projects effectively, efficiently and economically when following the allocation processes highlighted by (Thai, 2009 & Federal Acquisition Reform).

2.2.2.1. Procurement Planning

The fact that the procurement process is time consuming and in actualisation, it is highly suggested that the planning should begin as soon as the departments have identified their needs (Thai, 2009 & FAR 7.104A) by:

- establishing a team comprises of all those who will be accountable for significant parts of the procurement
- organizing with and securing the consensus of user departments in all planning
- Consulting requirements and logistics personnel who determine type, quality and delivery requirements.

This will ensure that the procurement agents meet the departments' needs in the most durable, cost-effective and timely manner. (Thai, 2001; 2007; 2009 & FAR 7.104A) recommends that knowledge gained from prior acquisitions be deployed into further refine specifications and acquisition strategies. The next category identifies the processes for developing nor preparing the procurement requests; followed by developing and reviewing requirement documents; specification; planning for evaluation (Thai, 2001; 2007; 2009 & FAR 7.104A)

It continued to elaborate on the appointing an evaluation team; creating evaluation criteria; evaluation plan; evaluation criteria: points or adjectives; contractor selection methods; determining solicitation methods; contract award; awarding responsibility and preparation and signing of Contract. All these categories of allocating tenders/contracts were discussed below (Thai, 2001; 2007; 2009 & FAR 7.104A)

2.2.2.2. Preparing and Processing Procurement Requests

Procurement will not commence until the user department prepares and forwards a procurement request to the central procurement office. This activity is carried out in order for the procurement request is to deliver to the procurement official with the necessary information and approvals for commencing the procurement (Bolton, 2007 & Thai, 2009; Kovacs, 2004).

2.2.2.3. Reviewing Requirements Documents

Requirement documents include the specifications or statements of work and related elements of the procurement request. The procurement official may accept requirements documents proposed by the requiring activities as is or recommend improvements (Thai, 2007; 2009 & FAR 7.104A)

2.2.2.3.1. Specifications

Thai (2007), listed few characteristic elements contained in the specification that makes it significant as good specification.

- It identifies a minimum requirement.
- It allows for maximum competition (competitive bids).
- It identifies the test methods to be used to verify compliance with the requirement.
- It contributes to obtaining best value at the lowest possible cost using a fair, equitable and transparent contract award process.

2.2.2.4. Planning for Evaluation

Another important guide in the procurement evaluation planning phase, is by creating an evaluation team and practice and emerging evaluation criteria (Thai, 2009). Evaluation is seen as the most fundamental phase of tendering system to which all parties involved directly or indirectly are focused on. The goal of the procurement is to achieve the best value for the user department in terms of performance, delivery time, and cost while ensuring that all firms submitting offers are treated in a fair and equitable manner (Thai, 2009 & FAR 7.104A).

2.2.2.4.1. *Appointing an Evaluation Team*

Appointing an evaluation team depends on each government's entity policy or common practices, and sometimes on the importance and the politics of the procurement project. The evaluation team normally consists of professional staff within the user department (Thai, 2009).

2.2.2.4.2. *Creating Evaluation Criteria*

The procurement officials must ensure that the integrity of the evaluation criteria is maintained when selecting suppliers. The user department and their procurement officials must recognize that every case is likely to be different, and the evaluation procedure must be tailored to the particular requirement (Thai, 2009; 2007 & FAR).

2.2.2.4.3. *Evaluation Plan*

During evaluation plan, the followings are expected to emerge as the ideal aim of this plan is to clearly identify:

- Evaluation criteria
- Their respective weighting factors
- Scoring grid against which these evaluation criteria will be evaluated
- Scoring method

- Contractor selection method that will be used to determine which response best meets the requirement (Thai, 2009; 2007 & FAR).

2.2.2.4.4. Evaluation Criteria: Points or Adjectives

According to Thai (2009), the regulations furthermore outline the standard criteria for granting the preference points and describe the process for certification. In addition to the preferential points granted for procurement from enterprises owned by historically disadvantaged persons, preferential points can be awarded on the foundation of the following criteria:

- The enhancing of South African owned enterprises
- The upgrades of export orientated invention to create jobs
- Improvement of Small, Micro and Medium Enterprises (SMME)
- The establishment of new jobs or the intensification of labour absorption
- The enhancement of enterprises located in a specific province for work to be done or services to be rendered in that province
- The advancement of enterprises located in a specific region for work to be done or services to be rendered in that area
- The advancement of enterprises located in rural regions
- The empowerment of the work force by normalizing the level of skills and knowledge of workers
- The improvement of societies through, but not limited to, housing, transport, schools, infrastructure donations, and charity organizations.

These criteria can be used to help government, national or provincial, achieve their strategic objectives and priorities (Thai, 2001; 2007; 2009).

2.2.2.4.5. Contractor Selection Methods

When considering the selection technique to deploy, the procurement official must again reflect on the actual requirements and specifications to identify which method will achieve the best value (Thai, 2009) outlined the most appropriate and common selection methods which are as follows:

- Selection on the basis of the lowest priced
- Selection on the basis of the highest rated acceptable proposal within a stipulated maximum budget.

2.2.2.4.6. *Determining Solicitation Methods*

The procurement professional seeks competition. Without competition, there is little certainty that the price is the best available. Three quotations will be sought for purchases required and the quotation with best value will be considered for product or services required (Thai, 2009).

2.2.2.4.7. *Contract Award*

Prior to awarding the contract, procurement officials must clear certain bidders by performing a vendor assessment. The vendor assessment includes establishing the financial standing of the company, assessing its past performance in delivering services, checking the legal compliance of the company with taxation, labour and corporate laws and inspecting the capacity of the company to deliver where necessary. Upon finalization of the vendor assessment, a contract and a service level agreement is prepared for sign-off by the Accounting Officer. Once the contract is awarded, procurement division becomes responsible for contract management functions such as monitoring performance and compliance with socio-economic objectives (Thai, 2009; 2007 & FAR).

2.2.2.4.8. *Awarding Responsibility*

Awarding solely on the basis of lowest evaluated price can be false economy if there is a substantial risk of subsequent default, late deliveries, or performance that is otherwise unsatisfactory. Rather, procurement professionals may award only to firms that have affirmatively demonstrated their responsibility and, when necessary, the responsibility of subcontractors (Thai, 2009; 2007 & FAR).

2.2.2.4.9. *Preparation and Signing of Contract*

The procurement professional prepares a contract for execution that establishes a legal and binding agreement (Thai, 2009; 2007). Having discussed some of the categories that are involved in the allocation and awarding of tender processes, the researcher briefly introduces the Supply Chain Management (SCM) which serves as the essential part in the procurement process.

2.3. Supply Chain Management (SCM)

In the early 1980's Supply Chain Management (SCM) came into existence as a result of the fast changing and inspiring business environments in many industries (Svensson 2002:734). Since that origin of SCM, several authors in the academic, media and in

business have different view about the SCM (Christopher, 1999:15) depending on the nature or solution to which they intend to achieve. PGWC (2009) and Christopher (1999) described supply chain as a network of organisations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate consumer (PGWC, 2009 & Christopher, 1999). The supply chain is driven by the end consumer demand, resulting in a reduced cost within the supply chain to enhance the profitability of all organisations in the chain. This highlights one of the biggest differences from the value chain concept. In SA, the public sector adopted the SCM as a methodology towards effective, efficient and economic use of public resources. Therefore, SCM is aligned to policies and guidelines as promulgated in the Public Finance Management Act 1 of 1999.

2.3.1. Supply Chain Management objectives in the public sector

The goal of SCM is to lessen the uncertainty and risks in the supply chain, thereby affecting the inventory levels, cycle time, and business processes and customer services (PGWC, 2009). Hence, the aim of SCM is to satisfy customer demands through the most competent use of resources, including supply capacity, stock and labor (PGWC, 2009).

The following are some of the basic principles of the public sector SCM (PGWC, 2009):

- Transform government procurement and provisioning practices into an integrated SCM function;
- Create a common understanding and interpretation of the preferential procurement policy;
- Give effects to the provisions of the Constitution, 1996;
- Give effects to the provisions of the PFMA and MFMA;
- Transform the procurement and provisioning functions in government into an integrated SCM function;
- Make a significant improvement to financial management in the broader public sector;
- Create a common understanding and interpretation of government's preferential procurement policy objectives.

As an international commercial best practice, SCM has been adopted in the South African public sector as a methodology towards effective, efficient and economic use of public resources. To this end, SCM is aligned to the SCM policies and guidelines, as promulgated

in the PFMA. SCM is an integral part of financial management and it consists of different stages of procurement process from identifying the need to procuring the goods and services, which is demand management, acquisition management, logistics management to disposal management (PGWC, 2009).

2.4. Legislative framework guiding procurement practices in SA

The importance of government procurement in SA is illustrated by the fact that it has been afforded constitutional status (PGWC, 2009 & Bolton, 2007). The constitution provides that when the government contracts goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective (PGWC, 2009 & Bolton, 2007). The constitution make available that the government is not prevented from implementing a procurement policy providing for categories of preference in the allocation of contracts and the protection of persons or categories of persons, disadvantaged by unfair discrimination effective (PGWC, 2009 & Bolton, 2007). National legislation must furthermore prescribe a framework for the implementation of a preferential procurement policy (Bolton, 2007 & PGWC, 2009). The PFMA is applied through the regulations published under it, namely the National Treasury Regulations. With regards to the legislative framework, the research deliberated on the following legislatures as it may be applicable when governing procurement process and SCM in SA.

2.4.1. The procurement act and regulations

The ultimate aim of the Procurement Act/ regulation is to give effect to section 217 (3) of the constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the constitution, and to provide for matters connected herewith effective (PGWC, 2009 & Bolton, 2007). The firmness of the act is to advance the participation of HDIs and SMME's in the public sector procurement system (Bolton, 2007 & PGWC, 2009). The objectives of this act include creating a procurement system which is uniform within the entities, to create conditions which are conducive to the empowerment of small medium micro-enterprises, to promote the achievement of equity by measures designed to protect or advance persons disadvantaged by past unfair discrimination and to eliminate fraud or any other irregularities in the procurement of goods and services.

2.4.2. The Constitution of the Republic of South Africa, Act 108 of 1996

Section 217 of the Constitution is the basis of SA's procurement system. The constitution has set five principles for government procurement that are fair, equitable, transparent, competitive and cost-effective. The procurement clause in the Constitution (section 217) can be said to capture the most essential elements that are required for a good procurement system. The elements of value for money and fairness and transparency, in particular, are intentionally regarded as essential ingredients for a good procurement system.

Bolton (2007) and PGWC (2009) argues that Section 217 of the Constitution makes provision for the use of procurement as a policy tool that allows organs of the state to make use of preferential procurement during the award stage of the government procurement process. They both state that Section 217 conflicts with Section 9 of the Constitution in the sense that Section 217 reflects the broader notion of equality as the substantive conception of equality whereas Section 9 provides that:

- Everyone is equal before the law and has the right to equal protection and benefit of the law.
- Equally includes the full and equal enjoyment of all rights and freedoms.
- The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
- Discrimination on one or more of the grounds listed in subsection 3 is unfair unless it is established that the discrimination is fair (Bolton, 2007 & PGWC, 2009)

According to Bolton (2007) the actual and social economic disparities between groups and individuals in SA cannot be ignored. Due to SA's history of discrimination, unfair practices and marginalization of people, various groups in society were denied the privilege of being economically active within the government procurement system. Affording preferences to previously disadvantaged groups in the award of government contracts therefore does not infringe on the right to equality (Bolton, 2007).

2.4.3. Public Finance Management Act (PFMA), No 1 of 1999 as amended by Act 29 of 1999

The PFMA of 1999 regulates financial management in the national and provincial government departments to ensure that all revenue, assets and liabilities of those governments are managed efficiently and effectively and provides responsibilities for persons entrusted with financial management in those governments for matters connected therewith, (PFMA of 1999). The Act grants procurement responsibilities of accounting officers within the framework of relevant legislation, policies, norms and standards (Bolton, 2007 & PGWC, 2009)

2.4.4. Preferential Procurement Policy Framework Act No 5 of 2000 (PPPFA of 2000)

Government departments ought to establish preferential policy framework giving to their strategic objectives (Bolton, 2007). Establishing preferential objective is solely dependent considering the nature of the procurement procedures (PGWC, 2009). Procurement should be designed in such a way that it promotes economic reconciliation and competitiveness (Thai, 2009 & PGWC, 2009). According to (Bolton, 2007 and PGWC, 2009) the Preferential Procurement Policy Framework Act (PPPFA) No. 5 of 2000 was drawn up to give a framework for a fair, equitable, transparent, competitive and cost effective procurement system.

The PPPFA of 2000 delivers the enactment of a preference system in the distribution of contracts for categories of service providers and discrimination. This PPPFA of 2000 Act gives possible preference to individuals or categories of persons that historically have been disadvantaged by unfair discrimination on the bases of race, gender or disability. It gives basis for targeted procurement when procuring. Bolton (2007) maintained in Section 2(1) of the Procurement Act, it proves that an organ of state must determine its preferential procurement policy and implement it within the framework provided for in the Act.

According to PPPFA (2000) states that when an organ of the state contracts for goods and services, it must be clearly set out in the invitation to tender what the specific goal it is that forms part of the allocation of the preference point system. Furthermore, such a goal must be a measurable, quantifiable and monitored for compliance but they also noted that the PPPFA of 2000 did not provide a formula for the calculations of the preference points, only for price points system (PPPFA, 2000)

2.4.4.1. The 80/20 or 90/10 point system rules

In order to improve on unfair practices of the previous era where government contracts were primarily awarded to large white-owned businesses, the Procurement Act establishes a preference point system for the award of contracts (Bolton, 2007). The preference point system in the Act has been generated on the assumption that contracts are advertised by way of calling for tenders. Such tenders are then evaluated and the contract is allocated to the winning tenderer. Bolton (2008) continued, previously, price was the decisive criterion in the evaluation of tenders, but this was transformed to the point system created by the Procurement Act. Points are awarded to contractors not only on the basis of price but also for the achievement of certain specific goals as provided for in Section 2(1) (d) of the Act, (Bolton, 2007). The objectives of PPPFA, (2000:3) are to address the discriminations of the past era, to promote more flexibility and to eliminate fronting and corruption.

This how the point systems functions, It is believed that the total number of points which may be conferred to contractors is 100, and to guarantee that organs of state still obtain the best price for goods and services, however, additional preference points are given for lower value contracts and less preference points for higher value contracts (PPPFA, 2000). For contracts with a Rand value up to R1 000 000, a maximum of 20 preference points may be awarded for the achievement of specific goals (PPPFA, 2000). This implies that, 80 points must be awarded for price and a maximum of 20 points may be awarded for the achievement of specific goals. The 80/20 preference point system is therefore applicable in such instances (PPPFA, 2000). For contracts with a Rand value above R1 000 000, only a maximum of 10 preference points may be awarded for the achievement of specific goals. The 90 points must be awarded for price and a maximum of 10 points may be awarded for the achievement of specific goals. The 90/10 preference point system therefore is applicable, (PPPFA, 2000 & Bolton, 2006a; 2007b).

2.4.5. Broad-based Black Economic Empowerment Act, 53 of 2003 (BBBEE of 2003)

This act establishes a legislative framework for the promotion of BEE. It also provides for the issuance of the codes of good practice and the publication of transformation charters. The Act has a bearing application of the (PPPFA, 2000).

2.5. Challenges facing public procurement in SA

Preventing and averting procurement fraud in the public sector requires compressive understanding of the basic elements of fraud and why people commit fraud. Fraud

encompasses a variety of irregularities and illegal conducts characterized by intentional deception (Kalubanga et al., 2013). These authors further maintained that fraud and corruption are a prevalent problem in procurement systems in South Africa and all over the world (Kalubanga et al., 2013). To an extent the impact of procurement fraud and corruption to public procurement performance can be substantiated. According (Kaufmann, 2005) the World Bank projected that roughly \$1.5 trillion in public contract/tender awards are prejudiced by corruption, and that the amount of bribes exchanging hands in the public sector procurement alone, is approximated to around US\$ 200 billion per year (Kaufmann, 2005).

Take for instance, a similar trend exist in Ghana, (Hannover ge, 2001) asserted that about 70 percent of corrupt practices are carried out through the acquisition and supply of elementary items from departments, sections and government agencies (Hannover ge, 2001). The act of fraud and corruption is an ongoing practice, in the United States; overall associations lose nearly 7 percent of their yearly incomes to fraud each year (KPMG International, 2010). The National Public Procurement Integrity Baseline Survey (2006) also revealed that an estimation of 18-20 billion dollars budgeted loss due to procurement related fraud at local government level. In general (Savuth, 2012), argued that fraud and corruption pose severe challenges to the public procurement process and its basic principles which were purported to be fairness, equitability, transparency, competitiveness and cost-effectiveness (Badenhorst-Weiss, 2012; Arrowsmith, 2010; De la Harpe, 2009 & Hommen & Rolfstam, 2009), furthermore the ability of the government administration to achieve its operational objectives. They can hinder the implementation of programmes and projects (Savuth, 2012).

Procurement associated corruption tends to be a major issue in most emerging countries as opposed in already developed countries (Raymond, 2008). As noted by Hui et al. (2011), public procurement corruption could raise question in terms of legitimacy. However, standard regulations and policy procedures be created to limit any possible corruption endeavours and improve transparency, accountability and integrity (Hui et al., 2011).

Public Procurement sector in Uganda is one of the sub-divisions that is mostly affected by corruption. According to the (APRM, 2009) African Peer Review Mechanism Report, Uganda loses USD 258.6 million (about Uganda Shillings 517.2 billion) yearly purported to be corruption and procurement malfeasance; from Ushs 200 billion yearly (APRM, 2009). In the Valuation of the country's Inspector General Report, procurement accounts

for 70 percent of public expenditure of which is valued at 20 percent is lost via corruption. Subsequently efficiency in public and local government procurement performance is not only distrusted but threatened with absolute deteriorations (APRM, 2009). At regional level, fraud and corruption in public procurement impacts directly on the quality of social services that are envisioned to benefit the poor people (Muguzi, 2005). Additionally, “corruption has led to significant losses of public funds through mishandled procurements and outright embezzlement (Muguzi, 2005).

Despite the severity of the possible danger accompanying with fraudulent and corrupt procurement practices, it is notably unlikely that research on fraudulent and corrupt procurement process has had limited representation in world of academia (Tukamuhabwa, 2012). Most of the studies on the subject have tended to focus on the past history of organisational misbehaviours and non-compliances to public procurement procedures (Tukamuhabwa, 2012). Wu (2003) affirmed that academic research on public procurement process, challenges encountered during tender allocation and its effects are relatively new when compared to other disciplines like finance and economics (Wu, 2003). The next presents the challenges facing South Africa procurement systems as much has been discussed in relation to other countries’ challenging issues regarding irregularities.

2.5.1. Non-compliance with policies and regulations

PGWC (2009) the lack of the obligatory SCM skill and competencies in most government provincial departments and the absence of a firmer regulatory framework predisposed or created a culture within departments to non-comply with prescribed SCM requirements. Some of these instances would include the tendency not to utilise a competitive process for both quotations and bids, incorrect utilisation of the preference points system, passing over of bids for incorrect reasons, utilisation of the incorrect procurement process in respect of the thresholds, extensions of validity periods, incorrect utilisation of the limited bidding process, inadequate controls and procedures for the handling of bids, the utilisation of emergency delegations where not require, lack of bid information on bid register, ambiguous specifications, appointment of bid committee members not aligned to policy requirements, line functionaries incorrectly drafting bid documents and insufficient motivation for deviations from SCM procedures (PGWC, 2009).

Procurement is guided by a number of related policies and regulations (National Treasury, 2005). Compliance with these policies and regulations is a problem. Some of the practices

relating to non-compliance with the rules and procedures relate to the tendency not to utilize a competitive process for both quotations and bids, and incorrect utilization of the preference points system (Thai, 2009 & Bolton, 2007).

2.5.2. Accountability, fraud and corruption

The theory of accountability, however, is not only applicable to the public sector (Barrett, 2000) The Panels of private sector institutes are also accountable to their stakeholders (Hughes, 2003). Accountability, an essential principle of government procurement, comes into play at both the national and international levels. Without accountability, the vast resources channeled through public procurement systems run the danger of being entangled with increased corruption and misuse of funds (Jeppesen, 2010). In Section 217 (1) of the Constitution is to safeguard the integrity of the government procurement process. The inclusion of the principles, in addition to ensuring the prudent use of public resources, is also aimed at preventing corruption (Raymond, 2008).

Bolton (2007) and Raymond (2008) described as the abuse of entrusted power for personal gain or for the benefit of a group to which one owes allegiance. Further assert that it involves behavior on the part of officials in the public sector, whether politicians or civil servants, in whom they improperly and unlawfully enrich themselves or those close to them by the misuse of the public power entrusted to them (Bolton, 2007 & Raymond, 2008).

In the government procurement perspective (Thai, 2009; Raymond, 2008 & Bolton, 2007), corruption can be detected through several forms. Such corruption seen on the part of tenderers, collusion in the submission of tenders, influencing the work of evaluators, inciting breaks of confidentiality, the offering of bribes, over and under invoicing and fronting (Thai, 2009; Raymond, 2008 & Bolton, 2007). To fight the scourge of maladministration, mismanagement of finances, fraud and corruption, government needs to strengthen and review existing internal control systems to detect deficiencies.

In attempt for broader clarification of fraud and corruption in the public sector, (Kalubanga et al., 2013) highlighted the following indications of such acts/conduct in Table 2.1.

Table 2. 1: Basic indications

Basic indications	
Fraud	Corruption
There must be at least two parties to the fraud, namely the perpetrator and the party who was or could have been harmed by the fraud, otherwise known as the victim	There must be at least two parties to an act of corruption, namely the person who offers the reward or inducement and the party accepting it.
A material omission or false representation must be made knowingly by the perpetrator.	There must be misuse of office or position of authority for private gain.
There generally is an attempt to camouflage	There may be an attempt to camouflage
There must be intent by the perpetrator that the false representation be acted upon by the victim.	There is either an offer and/or acceptance of inducements
Fraud involves betrayal of trust.	Corruption involves breach of trust.

Adopted by (Kalubanga et al., 2013).

2.5.3. Lack of proper knowledge, skills and capacity

To fully accomplish procurement in provincial department and in public sector, the National Treasury responsibility is to deliver support by means of simplifying the development of appropriate training materials to government departments, municipalities and municipal entities (National Treasury, 2005). Sheoraj (2007) mentioned that skills and capacity shortages have been acknowledged as the single greatest obstruction to the success of public procurement in SA. Thai (2007) claims that there is a lack of capacity and knowledge by SCM to handle procurement processes that have led to bad governance. The South African government need to embark on programmes that educate practitioners, but implementation of its programmes always falls short (Thai, 2007).

2.5.4. Inadequate planning and linking demand to the budget

Many government entities are still faced with the challenges of improper planning and linking demand to budget Ambe and Badenhorst–Weiss (2011). The importance of

drawing up accurate and realistic strategic plans cannot be overemphasized. Ambe and Badenhorst–Weiss (2012) indicates that there is a need to monitor the delivery of services properly to ensure that scarce resources are efficiently and effectively procured. Poor procurement planning linked to the budgeting process was not applied as a matter of principle, which led to the need for recurring contracts, or the extension of existing ones, or the need for emergency procurements with the usual cost increases. It is therefore vital that SCM practitioners adequately link demand planning to budget (Ambe & Badenhorst–Weiss, 2011).

2.5.5. Inadequate measures for monitoring and evaluation of SCM

Strong monitoring and evaluation systems provide the means to compile and integrate valuable information into the policy cycle, thus providing the basis for sound governance and accountability for public policies (Bolton, 2007). The national and provincial governments and their entities have notched irregular, unauthorized, fruitless and wasteful expenditures that contravene laws and regulations.

2.5.6. Unethical behavior/ Transparency

Raymond (2008) assert that ethics is fundamental value of government procurement. This is why those professional who are involved in the acquisition process are held to higher standards of ethical conduct as opposed to those that are several professions, yet some are quite not aware what is expected of them (Raymond, 2008 & Atkinson, 2003). If the procurement officials are not knowledgeable, neither sufficiently informed, this may trigger serious public procurement consequences; including, breaches of codes of conduct (Raymond, 2008 & Atkinson, 2003).

It is estimated that approximately 500,000 professional purchasing people in the United States and only 10 per cent of these have been members of a professional Supply Chain Management Association which trains members in purchasing ethics, and the rest are not even aware that there are ethical and legal standards involved in procurement (Atkinson, 2003). Current trends in the United States of America, the United Kingdom, and other developed countries have publicised that the practice of making financial contributions to Party funds or to in order to safeguard benefits are predominant in both developed and developing countries (Rege, 2001).

In addition to the argument, Thai (2008), noted that ethics and conflict of interest greatly affect procurement processes implementation. While the National Treasury's guide to

accounting officers prescribes a standard approach towards procurement procedures, but there is a lack of standardization.

The function of transparency in a public procurement process is also imperative in procurement process it refers to be openness (Smith-Deighton, 2004). Transparency therefore is an essential aspect of guaranteeing accountability and decreasing corruption, and has gained standing in Organizations for Economic Cooperation and Development (OECD) countries, and is predominantly related with the rise of the governance agenda as transparency is a core governance value (Smith-Deighton, 2004).

According (Raymond, 2008) transparency in public procurement will make available an assurance for both national and foreign investors that tenders will be awarded in a fair and equitable manner. In all markets, a lack of transparency in the sense of absence of information on procedures and practices could operate as a barrier to trade and may affect foreign suppliers more than local ones (Arrowsmith, 2003).

Thai (2008) and Raymond (2008) aver that procedures would guarantee that goods and services are acquired at the most economic prices and therefore lead to a reduction in costs. According to Rege (2001) the most important benefit of transparent and open procedures is the impact which their adoption may have on the level of corruption in countries where it is widespread. Therefore, transparency promotes trust by allowing stakeholders to see and judge the quality of government actions and decisions (Smith-Deighton, 2004).

2.5.7. Too much decentralization of the procurement system

According to Thai (2001), in the United States, during 1980, public procurement at the municipal level predates that of state and federal governments. In the reimbursements and colonies, printing was one of a few services contracted out by government. Take for instance, the City of New York centralized its acquisition function in 1917, immediately, after two years of effective cooperative contracting for all divisions and headquarters under the mayor (Thai, 2001 & Thomas, 1919, p. 27). Since then, centralized purchasing has progressively become common in state and local government. Though, the centralization tendency has been challenged in the past (Thai, 2001 & Thomas, 1919).

In SA context, Handfield *et al.* (2011: 162) state that government procurement is to a large extent decentralized to departments, provinces and municipalities. Decentralization often leads to better responsiveness to purchasing needs, a better understanding of unique local

needs, and is closer to suppliers and taking ownership of decisions that impact on one's own budget (Handfield *et al.*, 2011:162).

2.5.8. Ineffectiveness of broad-based black economic empowerment (BBBEE)

The South African government adoption and provision of BEE was introduced to empower all historically deprived people rather than only a small group of black investors (Bolton, 2008). It also adopted the Broad-Based Black Economic Empowerment Act (BBBEEA), which calls for expanded opportunities for workers and smaller enterprises as well as more representative ownership and management. Current BEE provisions have, however, in many instances failed to ensure a broad-based approach, instead imposing significant costs on the economy without supporting employment creation or growth. The present BEE model remains excessively focused on transactions that involve existing assets which benefit a relatively small number of individuals (Bolton, 2008).

2.5.9. Inequality/equality

The debate on equality in the context of public sector procurement systems and processes is not a new phenomenon (Bolton, 2006). In the South African background, the equality has been raised predominantly in view of the fact that the Constitution promises the right to equal treatment. Bolton (2006) and McCrudden (2004) explain further as it is noted the constitution Section 9 that:

- Every individual is equal before the law and has the right to equal protection and advantage of the law.
- Equality comprises the full and equal enjoyment of all privileges and liberties. To advance the accomplishment of equality, legislative and other measures intended to protect or enhance individuals, or categories of persons, disadvantaged by unfair discrimination may be taken.
- The state may not unfairly discriminate against anybody on one or more grounds such as race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
- National legislation must be enacted to prevent or prohibit unfair discrimination.
- Discrimination on one or more of the grounds mentioned in subsection (3) is unfair unless it is established that the discrimination is fair. On a formal view of equality, it may be argued that using procurement as a policy tool, i.e., affording

preferential treatment to certain sections of the South African community when awarding government contracts, is unconstitutional based on sections 9(1) and 9(3) of the Constitution (Bolton, 2006 & McCrudden, 2004).

2.5.10. Constraints in the Public Sector procurement

Government procurement constraints consists of difficulties faced by all those involved in the process (PFMA, 1999). The government procurement stakeholders include government departments, the public in general, service providers, auditors, SARS, provincial and national treasury and municipalities (PFMA, 1999). These stakeholders work as a network and each member have a specific task to fulfill. The problems faced by these stakeholders consist of poor service delivery, inefficiency, incomplete documentation by departments due to various fraudulent and corrupt practices, and lack of skills within the departments for an efficient service delivery. According to the (PFMA, 1999) accounting officers of the departments assume accountability for the full function of procuring goods and services for their departments. In terms (PFMA, 1999) the accounting officer must ensure that an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective is functional in his or her department.

The report by the Auditor General of South Africa and by the Internal Auditors of North West Province to Provincial and National Treasury shows the following constraints in their procurement unit (Internal Audit, 2007:7):

- Lack of adequate inventory control and manual for inventory management in the head office. Inadequate inventory control will result in loss or theft of stock due to over stocking or under stocking. Cash flow within the department cannot be managed properly if departments lack proper inventory control. The end results will be poor performance of the departments and their different functionaries.
- Inadequate re-ordering controls result in irregular orders and fraudulent documentations and corruption within the department.
- Proper accounting system is not maintained to ensure book balances tally with opening balance and stock register.
- Insufficient working understanding of Inventory Management system resulting in too much reliance on system consultants (Southern Region). Supply chain units failed to draw up policies and guidelines to ensure proper internal monitoring within the departments.

- Receipt of goods issued or received not acknowledged by recipient or end user. This results in lack of control on goods issued, stock level and inventory management.
- Internal requisition or issues not recorded in the inventory management system.
- Receipt of goods not always acknowledged by the store clerk.
- Tasks not delegated in writing. If an accounting officer failed to delegate responsibilities to his subordinate in line with job description, the accounting officer is legally responsible and liable for all actions of such employees in his directorate and the failure of any employee will be the responsibility of the accounting officer. He cannot make the employee responsible for his actions if an employee was not delegated to do such a job (Internal Audit, 2007:7).

Having stated few constraints and challenges mentioned above, it is evidenced that most procurement officials may not be adhering to the required documentation before approving procurement. It shows the failure of the units to stick to guidelines and policies drawn up to build an efficient procurement system.

2.6. Strategies of addressing procurement hindrances in the public sector

The public procurement is a core function of public financial management and service delivery (PGWC, 2009). To a large extent budgets get translated into services through the government's purchase of goods and services. Good public procurement processes are central to effective government spending and a vital component in the strategy to improve the social and economic position of citizens of developing countries

There are several issues that could be pondered upon in enhancing procurement in the South African public sector. Hence the researcher uses the public procurement objectives as a benchmark. According to Badenhorst-Weiss (2011), the objectives of public procurement can be divided into primary and secondary objectives. The first deals with ensuring good public financial management and services, or put differently, with obtaining value for money, while the second group has to do with socio-economic benefits. PGWC (2009), it is critical that policy and decision-makers consider the following as a strategic measure in addressing the challenges of public procurement in SA.

- The public procurement officials and including all those that are involved in the procurement cycle sovereignty to make autonomous and proficient decisions.

Which is to be accountable to any decisions they make. This will eradicate or reduce political interference when implementing procurement policies.

- To recognize, acquire and technological instrument that will help departments accomplish their goals in the most effective and efficient manner.
- Develop comprehensive code of conduct that will restructure and guide not only procurement officials, but also, stakeholders involved in the procurement process in state establishment.
- Endeavour that appropriate training and guidelines are delivered to all employees and stakeholders involved in implementing procurement policies. Lack of adequate training and exposure to knowledge can serve as a powerful constraints or hindrances to effective policy implementation and overall organizational success. Although, obstacles of training directed to procurement officials contain: struggle to change, panic to technology, rapidly changing technology, retaining quality employees, work ethics, decision-making and individual/organizational IT expertise.
- It is advisable that the policymakers revisit the manner in which public procurement policies are structured in order to make them clearer and more connected for better application by the relevant stakeholders.
- Develop a framework upon which procurement policies are aligned with other existing statutory policies so that they are not only in conflict at any one time but also allow for flexibility in its application whenever need arise.
- The study also suggests strategic measures such as monitoring, evaluation and regular review of the procurement policies and its implementation for the purpose of appraising the process to ensure the desired objectives is achieved (PGWC, 2009).

2.7 Conclusion

The Republic of SA and other country cannot perfectly ascertained to have a perfect public procurement system. Thus, situations, priorities, necessities, ethics and standards, values and legal systems vary from country to country (De la Harpe, 2009). A sense of reflection should be given thereto when evaluating and analysing the procurement process in selected departments of the North West Province Government, namely, Office of the Premier and Department of Finance Economy and Enterprise Development. Whether or

not a public procurement system complies with the basic accepted principles of public procurement (De la Harpe, 2009).

Meanwhile, in the South African context, the public procurement process can be said to be acceptable to certain extent. Even though there are few challenges and hindrances surrounding it. This chapter presents literature review on procurement and SCM in the public sector. It also contains the several topic discussions and the overview of the legislation governing procurement practices.

The next Chapter presents the research methodologies which the researcher will use to address the problem under investigation. Instruments such as questionnaire, data collection techniques and so forth will be discussed.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

In the preceding chapter, the research problems that were mentioned with regards to four outlined questions have not been fully addressed by the literature that has been reviewed. This chapter then presents the research design and methodology that will be used for this study to provide answers to the questions raised. It further highlight on the types of data gathering techniques, types of research methodologies and ethical issues that the researcher should be aware of and the flaw placed on the research Thomas, 2003).

Methodology is a comprehensible phase of methods that complement one another, and that have the goodness of fit to deliver data and findings that will reflect the research questions and suit the research purpose, whereas the term methods denotes a way of doing things (Henning, Van Rensburg & Smit, 2004:36). Accredited scholars referred to research methodology as an approach that is used as a tool in conducting the research (Brynard & Hanekom, 2005:28; Leedy & Ormrod, 2010 & Dawson, 2002). It is a step or guideline taken to integrate the research questions and the objectives to data collection, analysis, and interpretation in a logical way. The main focus of this study is to analysis of the procurement process in selected departments of the North West Province Government, namely, Office of the Premier and Department of Finance Economy and Enterprise Development.

In an attempt to address the issues, hindrances and challenges confronting public procurement process in SA, the study defines it's primarily objectives as the investigation progresses. The main objective of the study is a good procurement process should adhere to fairness, equitability, transparency, competitiveness and cost-effectiveness (Badenhorst-Weiss, 2012; Arrowsmith, 2010; De la Harpe, 2009; Hommen & Rolfstam, 2009).

The following research questions that emerged were: 1) is the public procurement division complying with the procurement policies, standards and regulations governing the procurement/SCM?; 2) is the procurement system fair, equitable, transparent, competitive and cost effective to all the stakeholders who are involved in the procurement transaction?; 3) what are the challenges that the public sector are experiencing in the implementation of

the procurement processes and regulations?; 4) do procurement officials adhere to the (80/20 and 90/10) in terms of preferential procurement policy framework act?; 5) what measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable, transparent, competitive and cost effective?

3.2 Research Types

3.2.1 Qualitative and Quantitative Research

Dawson (2002) indicates that when carrying out research process, there are varieties of research procedures and techniques that a researcher could deploy to address the research adhering to its research problems. For the purpose of this study, the researcher will compare both research methods in order to identify best method that suites this research study. Leedy and Ormrod (2010) research can be conducted using one of two approaches, namely qualitative and quantitative or even, a combined methodologies. Hence, each of these methods has its strong point and obstacles as the study explores these methods (Leedy & Ormrod, 2010).

3.2.2. Qualitative Research

Qualitative research refers to research that produces descriptive data (Bryman, 1984:78). Leedy and Ormrod (2005:94) state that qualitative research answers questions related to the nature of phenomena, with the purpose of describing an understanding the phenomena from the participant's point of view. It is also referred to as the "interpretative, constructivist or post positivist approach". Leedy and Ormrod (2010) further assert that qualitative researchers want a better understanding of complicated situations. Their duty is usually exploratory in nature, and they can utilize their observation to build theory from the ground.

Hox and Boeije (2005) affirmatively, confirmed that a qualitative method is reliant on the evidence that is collected from the interviewees after which the researcher interprets the information. This evidence is collected in the form of text which may be used to understand the difficult aspects of a research project (Hox & Boeije, 2005). Thomas (2003); Aliaga and Gunderson (2000), maintains that the easy way to differentiate amongst qualitative and quantitative method will be that qualitative involves describing research types, characteristics of individuals and events without associating those claims in terms of measurements or amount. While on the other hand quantitative give courtesy to

measurements and the amount of characteristics which were claimed by the individuals and events (Thomas, 2003; Aliaga & Gunderson, 2000).

Murtonen (2005) argued that qualitative and quantitative research methods are empirical and both can be equally near to or far from theory (Murtonen, 2005) has pointed out that quantitative research method should be considered when conducting a research. The process of qualitative research is considered to be more holistic, design instruments and interpretations develop and there is the possibility of change as time goes by.

3.2.3. Quantitative Research

This type of research methodology encompass organised valuation of alternative actions as a basis for choice between them (Marshall & Rossman, 1946). Furthermore, Marshall and Rossman (1946) stress that quantitative technique includes establishing simulations of the problems to be analysed, decide on inputs to the models which quantify the judgments of those responsible for organisational decision and deriving the model's outputs from inputs.

Oates (2006) outlines that these data and models that were undermined also help when making difficult decisions easy in different environments. In other words, the simplest definition is to say that quantitative analysis involves methods of data collection and analysis that are non-qualitative (Marshall and Rossman, 1946). While Stroebel (2006) added that quantitative research is used to answer questions about relationships among measured variables with the purpose of clarifying, monitoring and predicting phenomena.

In the event of identifying which method could be applicable for this study (Thomas, 2003; Oates 2006; Kothari, 1985; Tero, 2006; Gray, 2009) outlined few strong point and flaws that could be associated to quantitative methods

3.2.3.1. Strong point of quantitative method

Molema (2006:56) states that the subjectivity of the inquiry might lead to complications in establishing the reliability and validity of the approaches and information. He further says it is very complex to detect or prevent the researchers' bias, the scope is also limited as a result of the in-depth nature of the research. While in confirmation (Oates 2006; Kothari, 1985; Tero, 2006; Gray, 2009) mentioned few strong points as well as the flaws for using quantitative approach during research activities.

- Precision - through quantitative and reliable measurement
- Control - through sampling and design

- Ability to produce causality statements, through the use of controlled experiments
- Statistical techniques allow for sophisticated analyses
- Replicable

3.2.3.2. Flaws of quantitative method

The researcher's theories that are used may not reflect local constituencies' understandings. The researcher may miss out on phenomena occurring. Knowledge produced may be too abstract and general for direct application to specific local situations, contexts, and individuals (Oates 2006; Kothari, 1985; Tero, 2006; Gray, 2009 & Burns, 2000).

- Quantitative approach fails to take account of people's unique ability to interpret their experiences, construct their own meanings and act on these.
- It leads to the assumption that facts are true and the same for all people all of the time.
- Quantitative research often produces banal and trivial findings of little consequence due to the restriction on and the controlling of variables.
- It is not totally objective because the researcher is subjectively involved in the very choice of a problem as worthy of investigation and in the interpretation of the results.

3.3. Research type chosen for this study

There are two basic types of research design, qualitative and quantitative and a hybrid of the two, (Silverman, 2011). The choice of research design is based on the nature of the research, the setting, the possible limitations and the underlying paradigm that informs the research project. This study will adopt a quantitative method. The quantitative approach has been approach based on that this quantitative method has been recommended by many academic researchers, in social science, and in the circular world to understand a context (Greener, 2008). On that same note, another reason of the research, is that it gazes at the public procurement processes of allocating tenders/contracts whether it complies with the required standards.

3.4 Data required

3.4.1 Primary and Secondary Data

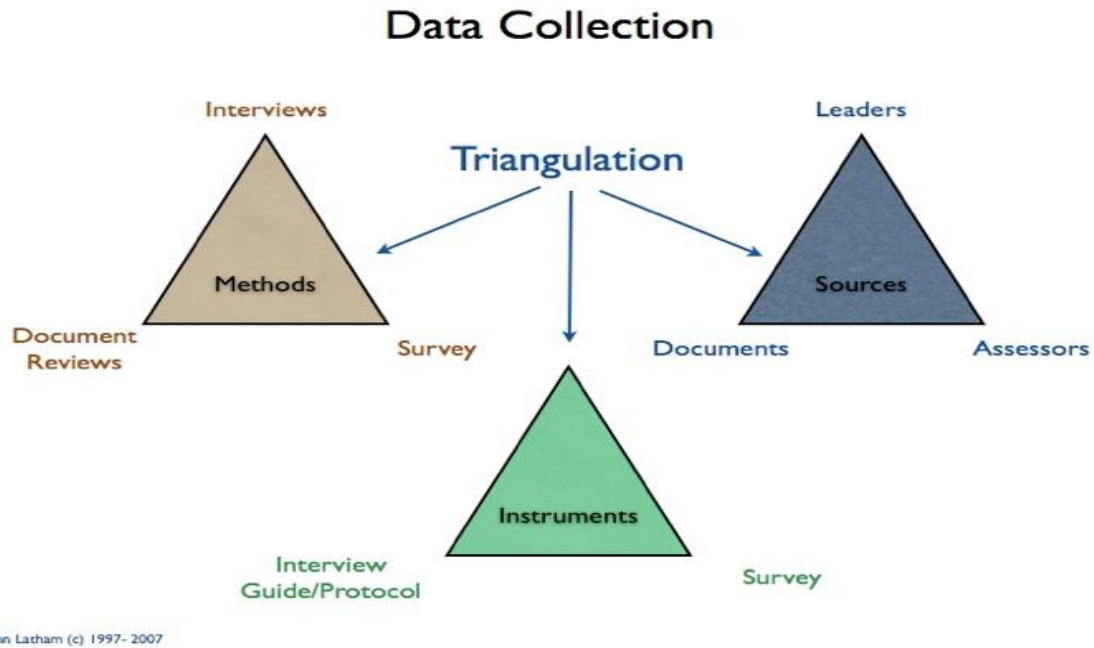
Silverman (2011) aver that at certain point primary data may become secondary data at another, with primary data once it has been used, It therefore losses its uniqueness and them becomes a secondary data. Silverman (2011) maintains that primary data is the unprocessed data that has not been changed by the researcher, which means that it is in its plain form and it cannot be found in books or articles. The intention of primary data is to be gathered and used for a specific research problem. In addition, this study will use both primary and secondary data as argued that secondary data source interprets and analyses primary sources, and that secondary data includes both the quantitative and qualitative data, and can be used for descriptive and explanatory research.

3.5 Data Collection Methods

3.5.1 Methods for collecting primary data

There are different types of research methods and data collection method phases during research endeavours. These methods of data collection, for clarification, only few of these methods will be briefly discussed in this study as it may apply. The data gathering methods/techniques to be discussed are, interviews, document analysis, observations and questionnaires (Tero, 2006).

Figure 3. 1: Data collection: (Source: Latham 1997-2007)



3.5.1 Interviews.

Cohen, et al. (2011) refers to interviews as an exchange of views between two or more people on a topic of mutual interest which sees the centrality of human interaction for knowledge production and emphasizes the social situations of research data. Barnard (2011:158) refers to interviews as covering a lot of ground from totally unstructured interactions, through semi structured situations to highly formal interactions with respondents.

3.5.1.1 Advantages of the interview

The use of an interview to collect data as used in this study has the following advantages considered as follows:

- Is more appropriate for studying complex and sensitive areas as the interviewer has the opportunity to prepare a respondent before asking sensitive questions and to explain complex ones to respondent in person
- Is useful for collecting in-depth information as it allows the interviewer to probe further.
- The interviewer is able to supplement information obtained from responses with those gained from observation of non-verbal reactions.
- It is less likely that a question will be misunderstood as the interviewer can either repeat a question or put it in a form that is understood by the respondent.

3.5.1.2 Disadvantage of the interview

- Despite the merits of the interview as highlighted above, the following could be identified as the shortcomings. . Barnard (2011:158) summarizes them as follows;
- Interviewing could be time – consuming and expensive particularly when potential respondents are scattered over a wide geographical area.
- The quality of the data depends upon the quality of the interaction, in an interview the quality of the interaction between interviewer and an interviewee is likely to affect the quality of the information obtained.
- The quality of data depends on the quality of the interviewer; in an interview situation the quality of data generated is affected by how experienced, skilled and committed an interviewer (Oates, 2006; Barnard, 2011 & Dawson, 2002).

In an attempt to reduce obstacles which are associated with interview techniques of data collection, the researcher, highlights few steps and structures of interview which are semi-structured interviews and structured interviews.

3.5.2 Semi-structured interviews

Bernard (2011:158) explains that in semi-structured interviews, an interview guide is developed with list of questions that needs to be followed in a particular order, and that the interviewer maintains discretion to follow leads. While the author further ascertain that

3.5.3 Unstructured interviews

This is an interview type that can be applied to a qualitative research. It involves the understanding of a situation from a general point of view (Dawson, 2002). This type of interview requires that the researcher should have a good understanding of the interviewee, in the sense that there should be trust between the interviewee and the researcher. It is an important factor that the researcher is able to identify important facts, gather more details and draw the attention of the interviewee to the important facts. Despite the usefulness of this type of interviewing method, it produces a large scale amount of data and this can pose great difficulty in examining the data.

3.5.4 Document analysis

According to Cohen, et al. (2011), the documented information could be in a form of reports, meeting minutes, logs, and policy statements useful in developing an understanding of the setting or group studied. Oates (2006) maintained that a document

analysis viewed to be an already existing document prior to the research (for example, policy documents, minutes of meetings and job descriptions) and documents that are made solely for the purpose of the research task (Oates, 2006).

3.5.5 Observations

Cohen, et al (2011), claims that observation method of collecting data allows the investigator to see things that might otherwise be unconsciously be overlooked or discover things that the participant may not freely expressed in an interview situation. On that same note, (Denscombe 2003: 192) argues that observation draws on the direct evidence of the eye to witness events first hand; rather than rely on what people say they do; or what they say they think.

3.5.6 Questionnaire

Questionnaire is a data collection method, in which each research participant fills out a form by selecting and ticking his/her options based on his level of understanding about the research subject/topic (Gray, 2009). However, a questionnaire should be as brief as possible and solicit only that information essential to the research investigation.

Dawson (2002) defines three questionnaire types that can be used; these include closed-ended, open-ended questionnaire and a combination of both questionnaires. Questionnaires are used in surveys or interviews.

3.5.6.1 Closed-ended questionnaire

It is considered to be the most familiar questionnaire type used. It is used in quantitative research to produce statistics (Dawson, 2002). It is easy to analyse and produce larger numbers.

3.5.6.2 Open-ended questionnaire

It is different from the closed-ended questionnaire in terms of it consisting of a blank space in which respondents can write their answers instead of using boxes to tick the provided answers (Dawson, 2002). Based on the variety of answers provided by the respondent which are their opinions, it makes analysis more difficult to perform and also means that only few questionnaires will be needed to be circulated. It can be applied in qualitative research.

3.5.6.3 Combination of both

Some researchers make use of a combination of both the closed-ended and the open-ended questionnaire to determine the opinions of people and how many people may use a particular service (Dawson, 2002). It consists of firstly, boxes to tick which are the closed questions and then detailed answers can be provided which are the open questions.

This usually allows the collection of quantifiable and qualitative data and also allows for the analysis of this data to determine patterns and relationships. The questionnaire was on word document (Oates, 2006).

For the tenacity of this study a closed-ended questionnaire has been approached as the data gathering method considering the nature, complexity of the study. This was chosen in order to determine whether the employees of the office of the premier and department of finance economy whether they understood the procurement processes, regulations and preferential systems of the 80/20 or 90/10 rules in their departments. As well as the challenges towards maladministration, hindrances to an effective procurement system processes and the possible solutions from their view point. The table below refers to the questionnaire outline.

Table 3. 1: Questionnaire outline

Questionnaire – Refer to Appendix C	
Part 1	Permission to use your responses for academic research
Part 2 Questions 1 to 4	Ask general biographical data on the respondents including age, gender, and qualifications
Part 3 Questions 5 to 26	Focus on specific questions with regard to the procurement systems from the office of the premier and the department of finance.

3.6 Population/sampling Method

Hopkins (2008) deduced that when carrying out a research study, the researcher have to consider the sampling of the subjects that they need to work on. Moreover, the entire population is not used, in order word, this implies that the population the researcher will then choose the appropriate subjects as their sample for the questionnaire. To make a

sample to be simplified as population, that sample must be a representation of that population (Hopkins, 2008). The focus of the study was targeted to the employees of the office of the premier and department of finance economy in the public sector.

3.6.1 Sampling method

In order to determine the sample selection, one needs to know the population of the study areas. Sampling is a process of systematically selecting cases for inclusion in a research project (Neuman, 2003). The researcher gets a set of cases or a sample from sampling that is more manageable and cost effective to work with than the pool of all the cases. The following are the breakdown of how the researcher derived the sample size for this study.

Table 3. 2: Sampling size

Position	Office of the Premier	Department of Finance	Sample
Director	1	1	2
Deputy Director	1	1	2
Assistant Director	1	3	4
Senior State Accountant	0	2	2
State Accountant	4	12	16
Administration Officer	2	5	7
Intern	0	1	1
Total	9	25	34

3.7 Data handling and analysis

Descriptive statistics will be used in this study as it is concerned with the description or summary of the data obtained from a group of individual units of analysis. The questionnaires were printed as a hard copy which makes it easier to hand out as well as collect back. The data were summarised on a statistical spread sheet, and analysis of data was done through the use SPSS and Excel. The Department of Statistics at the University was consulted on the statistics used in the study.

3.8 Reliability

Cooper and Schindler (2011), claim that reliability means, that the data collection process is not self-contradictory and that the data collection is both consistent and stable. In a more detailed and similar dimension, Cohen and Manion (2011) view reliability in terms of

whether the process of the study is consistent, reasonably stable over time and across researchers and methods. External reliability to facilitate explicability of the study was assured by describing the methods and procedures of the study explicitly and in detail. The process of data collection, processing, condensing and drawing of conclusions was discussed in-depth and raw data was transcribed as it were.

3.9 Validity

Cohen et al. (2011) indicated that validity means that the observation, interviews, or content analysis really contain the information that the researcher thought they contain. A deliberate attempt was made to ensure that participant's responses were of descriptive factual validity and the researcher tried not to distort information as presented.

3.10 Ethical consideration and standards

Ethics refer to norms and standards of behavior that guide moral choices about research behavior (Cooper and Schindler, 2011:492). Behaviour from the way the researcher formulates and asks questions is very important. The researcher has to acknowledge the respondents' privacy, maintaining confidentiality of data as well as using the information gained for research purpose only. In terms of this study, ethical issues were considered to ensure the success on the achievement of the research objectives. The following ethics were taken into consideration when carrying out this research as suggested by Kruger *et.al* (2005:201):

- Informed consent: researchers must obtain the necessary permission from the respondents after they have thoroughly, honestly and truthfully informed them about the purpose of the interview.
- Right to their privacy: the interviewees should be assured of confidentiality, they should be assured that their identity will remain unknown.
- Justice: the researcher will ensure that any risks and benefits of data collection are distributed equally among the participants.
- Minimal risk: health, psychological or social risks to participants should be minimised by using procedures that are consistent with sound research design and do not unnecessarily expose participants to risk.
- Involvement of the researcher: researchers should guard against manipulating respondents or treating them as objects rather than human beings. Unethical tactics should not be used during interviews.

3.10.1 Permission

The permission to conduct research was requested from the departments of the North West Province Government, namely, Office of the Premier and Department of Finance Economy and Enterprise Development and the university authorities. More also, the permission to participate in the study was stated in the part 1 of the questionnaire from each respondent. Participants were informed about the research in which questionnaire will be used. They were assured that their privacy and sensitivity will be protected. Subsequently, the information that they provided will be used solely for the research purposes and would be destroyed after use. It was also revealed to the participants' information provided would be treated highly confidential. For verification, refer to APPENDIX A and B.

3.11 Conclusion

Chapter three described the research methodology of the study; it went further to highlight on the types research methodologies that could possibly be used to carry out research activities. In this case, the research had adopted quantitative research approach that allows a close-ended questionnaire to be use in gathering the data.

This chapter highlights in an in-depth understanding on different research methodologies available which were applied in gathering data on this research topic. The major types of research methodologies, qualitative and quantitative, were identified and one was preferred for finding information for this study (Oates, 2006).

Next Chapter presents the data analysis, discussion and interpreting the data gathered through the use of questionnaire from all participant from the office of the premier and the department of finance in the government sector using a targeted sample of 34 correspondents.

CHAPTER FOUR

DATA DISCUSSION AND RESULTS

4.1 Introduction

In the preceding chapter, the researcher highlighted on few of the research methodology adopted and data gathering techniques/instruments that were used in capturing the responses from the participants. Furthermore, the chapter presents the discussions; the data collected from the use of questionnaires to interpret and analyse the results. In addition, the results will therefore be summarised in tables, figures, bar charts, pie charts, and statistical measures were deployed to show percentages and frequencies of the responses (Leedy & Ormrod, 2010).

Regardless of the hindrances, irregularities and unfair practices by the public procurement officials, (Bolton, 2006) claims that procurement is significance in the government sector and has been adopted. This study aimed at investigating the analysis of the procurement process in selected departments of the North West Province Government (Office of the Premier) and (Department of Finance Economy and Enterprise Development). It further attempts to look into the way in which legislation gives effect to the constitutional principles governing procurement and to the constitutionally prescribed use of procurement as a policy tool in SA.

In this chapter, the organisations of the rest of the chapter were presented into sections. These sections are as follows; section 4.2 outlines the return rate of questionnaires and composition of the samples derived. Section 4.3 presents the analysis variables of the demographics of the respondents. Section 4.4 deals with cross tabulation while in section 4.5 the research objectives and questions of the study are addressed, section 4.6 discusses the correlational measures and section 4.7 summaries the whole chapter.

4.2. Rate of Return

The sample size targeted for this study is 34 employees arising from both the office of the premier and department of finance economy and enterprise development. One director from each department, one deputy director from both department, one assistant director from the office of the premier and three from the department of finance, two senior state accountant from department of finance; four state accountant from the office of the premier

and twelve from the department of finance; two administration officers from office of the premier and five from the department of finance; lastly, one intern from the department of finance. In total, thirty four of questionnaires copies were handed out and collected. This implies that the copies of the questionnaire returned and useable response rate of 100% for this research study was achieved.

4.3. Analysis of Variables

4.3.1 Demographic Variables

This section presents the analyses of the results with reference to research objectives and questions. These results are organised in frequency tables and figures. Respondents' biological data such age groups, gender, occupation/profession status, ethnicity, each of them are addressed and presented in figures and tables. Research questions are grouped and summarised accordingly in figures.

4.3.1.1 Age distribution

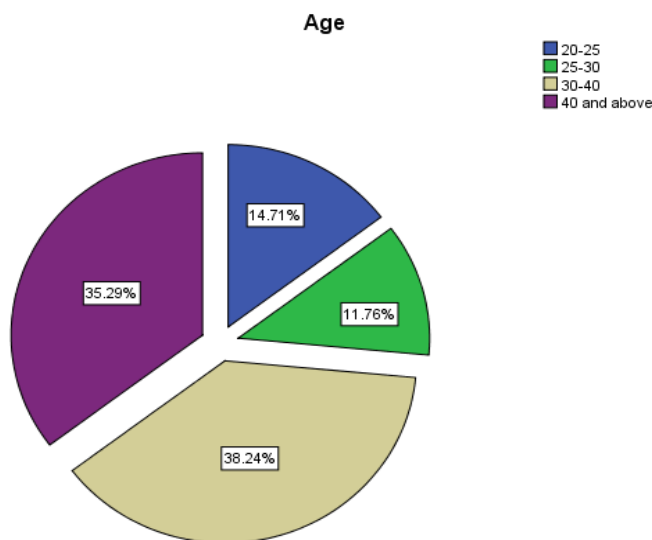


Figure 4. 1: Age group Distribution

The Figure above represents the age categories of the respondents. The total sampling size of the respondents was thirty- four (34). The results indicate that the majority of the respondents were between the ages of 30 to 40 whereas the minority were between the Age group of 25 to 30. The return response between ages of 20 to 25 was 14.71%, whereas the age of 30 and above was 35.29%.

4.3.1.2 Gender distribution

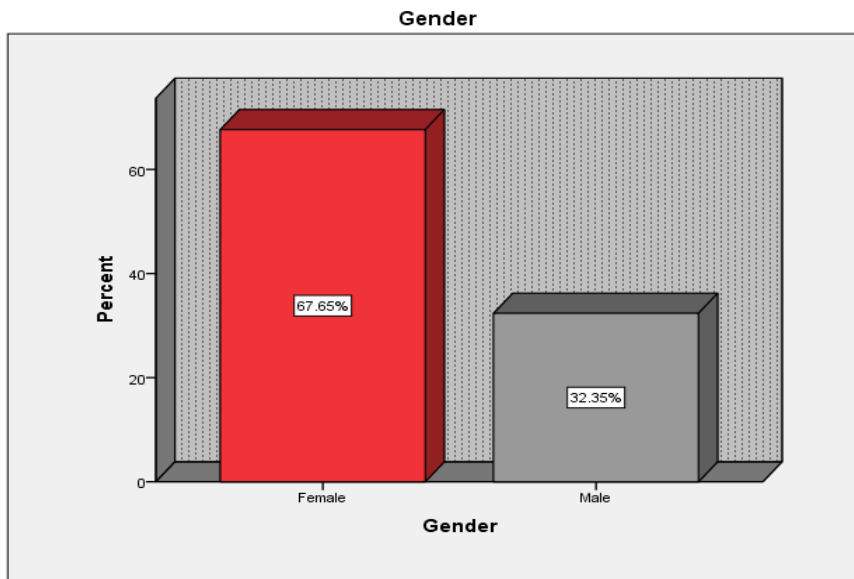


Figure 4. 2: Gender Distribution

This chart represents the gender of the respondents. From a total of 34 respondents 23 (67.6%) were females and the remaining 11 (32.4%) were males. The results also indicate that there is a slight imbalance between male and female employees that shows that both the Office of the Premier and Department of Finance Economy and Enterprise Development implement preferential recruitment in empowering more women compared to men.

4.3.1.3 Job Position Distribution

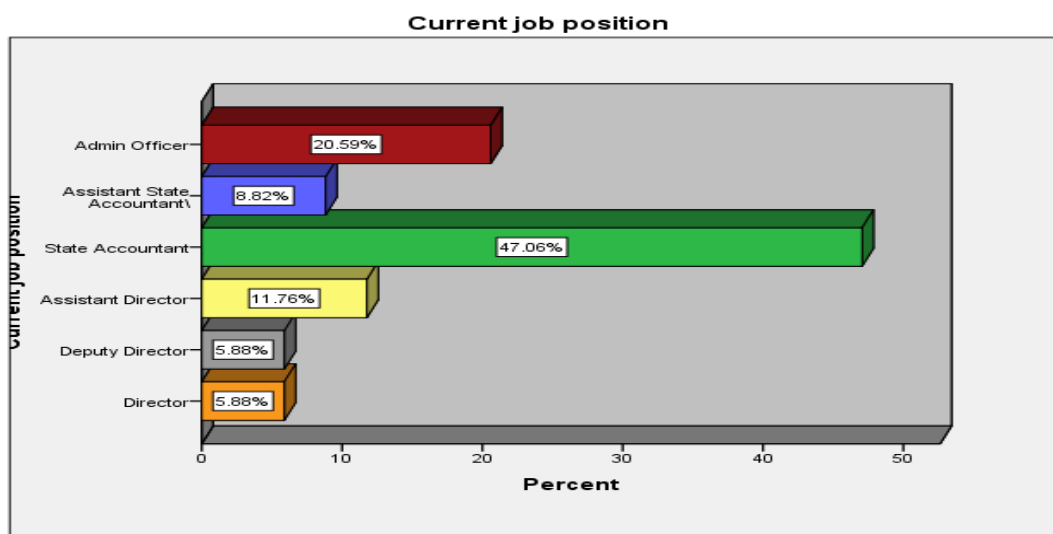


Figure 4. 3: Current Job position Distribution

The graph represents the position level of the participants. The majority of respondents were operational staff and junior management who formed 88.24% and the minority were senior management with 11.76%. The reason for the low rate of response on the part of the senior management is because most of the responsibilities that include procurement services and financial management are delegated to middle and junior management.

4.3.1.3 Name of department Distribution

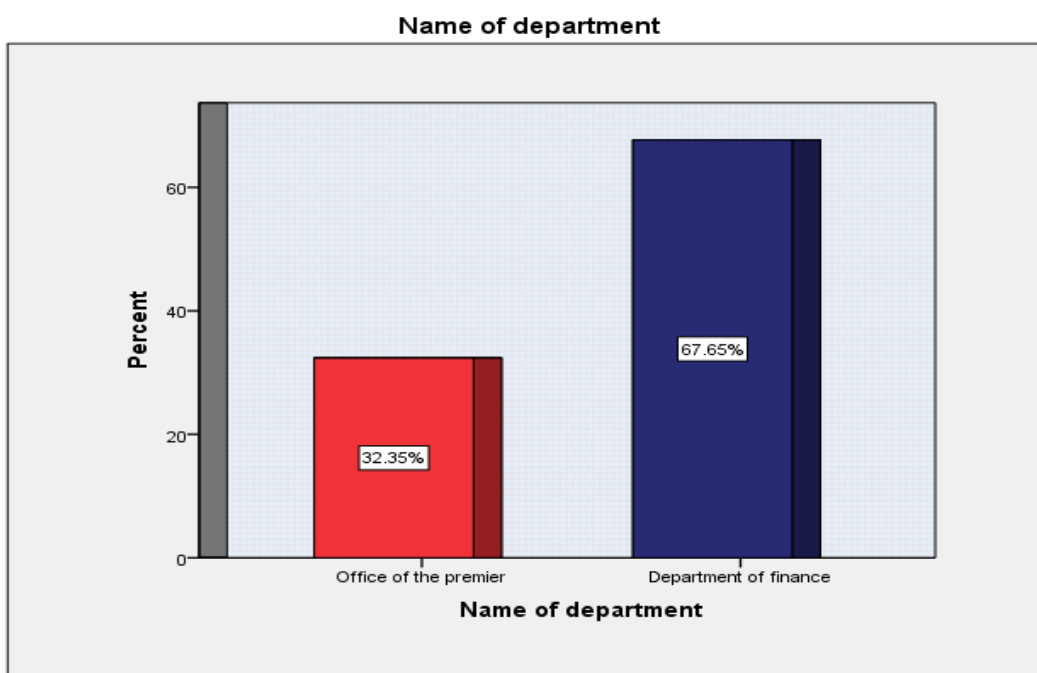


Figure 4. 4: Name of department Distribution

This research is based on the analysis of the procurement process in two North West Provincial Government departments namely Office of the Premier and Department of Finance Economy and Enterprise Development. Looking at the Figure above, it demonstrates that both offices were represented. Although, the majority of respondents were derived from the department of Finance with (67.65%) while the minority were from the Premiers’ office.

4.4 Cross Correlations/Tabulation

4.4.1 Cross-Tabulation

It is fundamental to assess the general idea about the relationship between biological variables. In this cases it help to build the grounding to which the research is based upon. In this instance Age group is analysed against other demographical variables to ascertain whether there is a strong relationship between them. The results are summarised below.

Table 4. 1: Age and gender Crosstabulation

Age * Gender Crosstabulation

			Gender		Total
			Female	Male	
Age	20-25	Count	5 _a	0 _a	5
		Expected Count	3.4	1.6	5.0
		% within Age	100.0%	0.0%	100.0%
		% within Gender	21.7%	0.0%	14.7%
		% of Total	14.7%	0.0%	14.7%
	25-30	Count	2 _a	2 _a	4
		Expected Count	2.7	1.3	4.0
		% within Age	50.0%	50.0%	100.0%
		% within Gender	8.7%	18.2%	11.8%
		% of Total	5.9%	5.9%	11.8%
	30-40	Count	6 _a	7 _b	13
		Expected Count	8.8	4.2	13.0

	% within Age	46.2%	53.8%	100.0%
	% within Gender	26.1%	63.6%	38.2%
	% of Total	17.6%	20.6%	38.2%
40 and above	Count	10 _a	2 _a	12
	Expected Count	8.1	3.9	12.0
	% within Age	83.3%	16.7%	100.0%
	% within Gender	43.5%	18.2%	35.3%
	% of Total	29.4%	5.9%	35.3%
Total	Count	23	11	34
	Expected Count	23.0	11.0	34.0
	% within Age	67.6%	32.4%	100.0%
	% within Gender	100.0%	100.0%	100.0%
	% of Total	67.6%	32.4%	100.0%

In this section, the researcher attempts to determine whether there age group distribution has any effect on gender base. From the illustrations provided above, it revealed that between the age group of 20-25, females were found to be dominant as opposed to males. This implies that in the government section, according to this study, male employees between the age group of 20-25 appeared to be in the minority group. On that same note, the age group between 25-30 it is evidenced that male with 50.0% and female with 50.0% were represented with same frequencies and percentages. This bring about equality as confirmed by these authors (De la Harpe, 2009 and Badenhorst-Weiss, 2012) where they asserted that public sector procurement has been used in developed countries to achieve certain social objectives, such as the creation of jobs, promotion of fair labour conditions,

and the use of local labour, the prevention of discrimination against certain groups, the improvement of environmental equality, the encouragement of equal opportunities between men and women and the increased role of the disabled.

Furthermore, the results also depict that between the age group of 30-40 and 40 and above were illustrated above. Were the majority of male employees were found to be (63.6%) as compared with female employees with (26.1%). Finally, the age group of 40 and above shows where female employees are the majority and the males were minority. There is a no relationship between age group and gender as it does not pose any effect or gender inequality in the government section in terms of procurement system and processes is concern. Figure below represents the frequencies from both demographics.

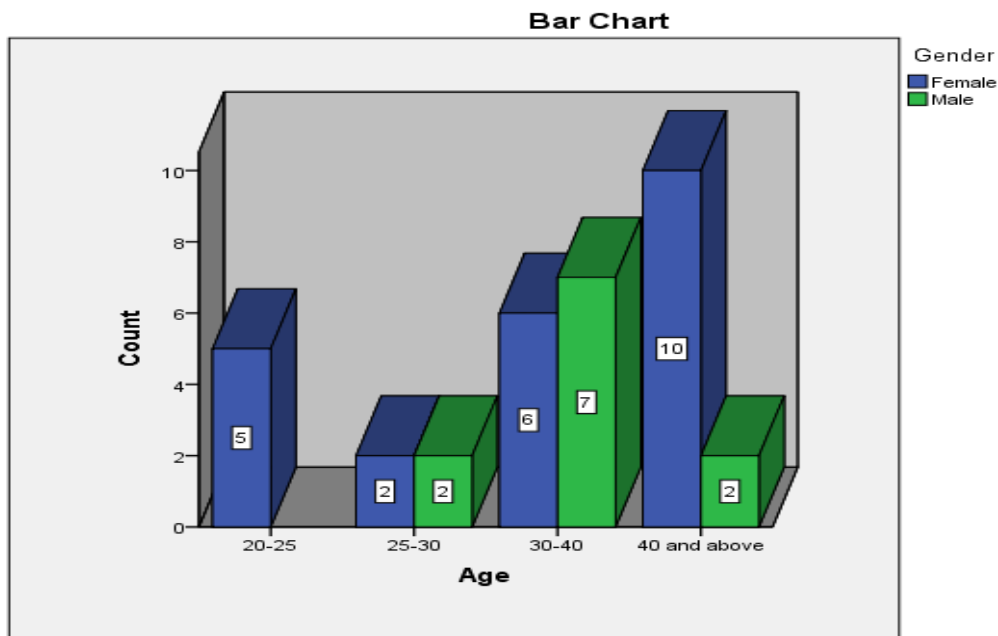


Figure 4. 5: Age and Gender Distribution

4.5 Discussion of the Research questions

This study is about the analysis of the procurement processes system in the government sector, where the researcher compared the procurement processes from both office of the premier and the department of finance economy and enterprise development. The research problems that were mention, coupled with the research objectives with regards to five raised questions have not been fully addressed in the preceding chapters. This section will help address the research objectives and questions of the study according to the responses from the participants.

4.5.1 Is the public procurement division complying with the procurement policies, standards and regulations governing the procurement/SCM?

Determining the level of compliance in procurement systems in the public sector

There were about six questions in attempt to address the question of compliances in the public sector. We look at the level of work experience followed by whether does the procurement officials understood the procurement policies, standards and regulations governing the procurement systems.

4.5.1.1 Distribution by ‘How long have you worked for this department?’

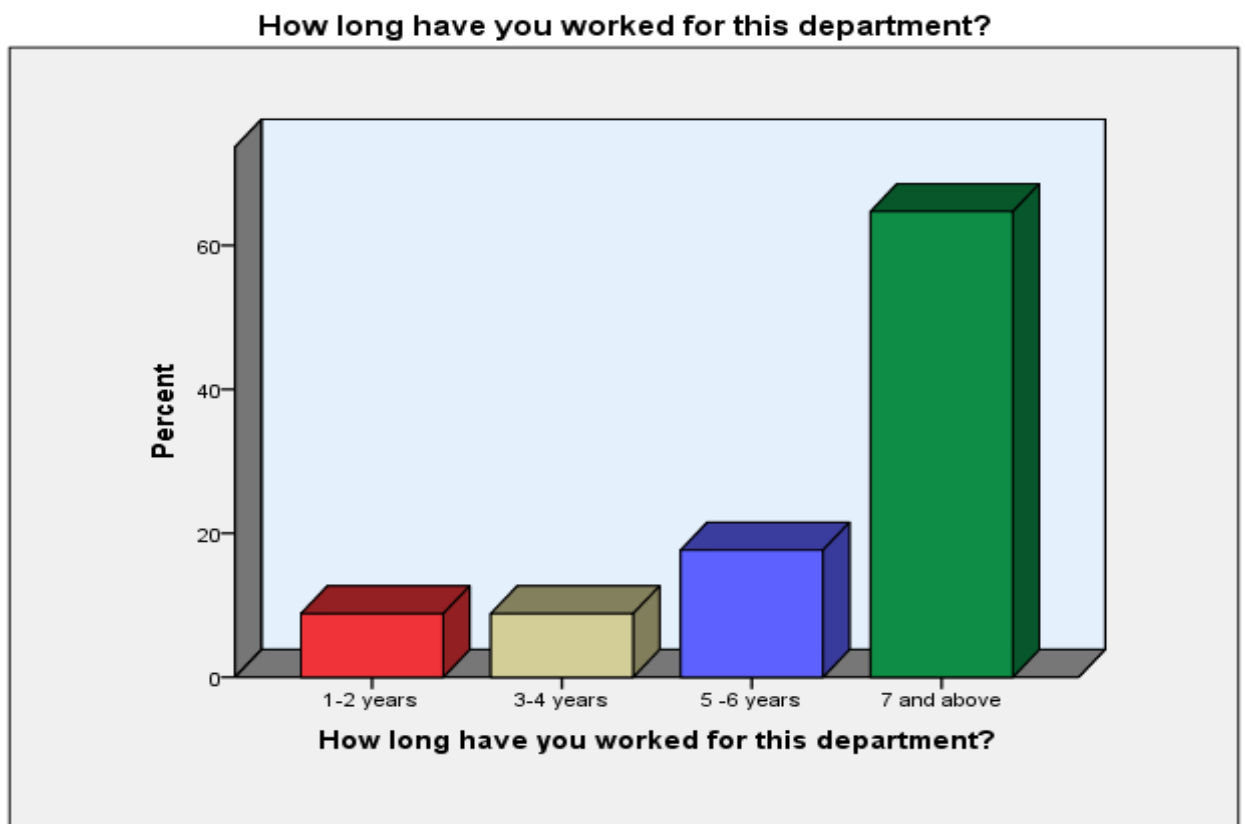


Figure 4. 6: How long have you worked for this department

This graph indicates that the majority of the respondents (64.7%) have 7 years and above of service, (17%) of the respondents had 5 to 6 years of service and 1 to 2 years and 3 to 4 years had (8.8%) respectively within the public sector. SCM was previously not recognized as a career in S.A public sector, it was only after 1994 when the Ministry of Public Works identified an urgent need for transformation of public sector procurement on construction projects.

4.5.1.2 Distribution by ‘Do you think that procurement officials understand the procurement policies, standards and regulations governing the procurement/SCM?’

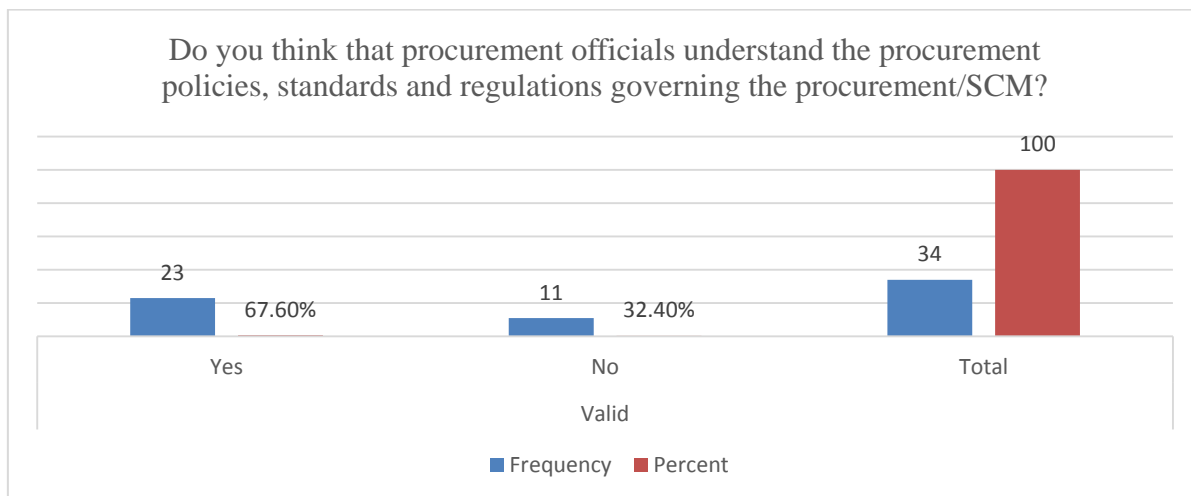


Figure 4. 7: Do you think that procurement officials understand the procurement policies, standards and regulations governing the procurement/SCM

A total number of 67.6% agree that their procurement officials understand the procurement policies, standards and regulations governing procurement/SCM. On the other hand, 32.4% disagree with the statement. It is evidenced that procurement official understood the procurement regulations and policies, but the question is are they adhering to this policies. The next question were directed to those participants who conceded that officers do understand the standards. Another question was raised to determine whether the procurement officials understood the Preferential Procurement Policy Framework Act No 5 of 2000 (PPPFA of 2000), highlighting the 80/20 and 90/10 rules. The results revealed in table 4.2 that the majority of the respondents 23 of (67.6%) signifies that the procurement officials do understand the 80/20 and 90/10 point system rule while the minority stated otherwise as shown below.

Table 4. 2: Do you think that the procurement officials understand the preference point system (80/20 and 90/10)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	23	67.6%	67.6%	67.6%
No	11	32.4%	32.4%	100.0

Total	34	100.0	100.0	
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4.5.1.3 Distribution by ‘Do you think that the procurement officials are applying the procurement regulation and standards set out when awarding contracts?’

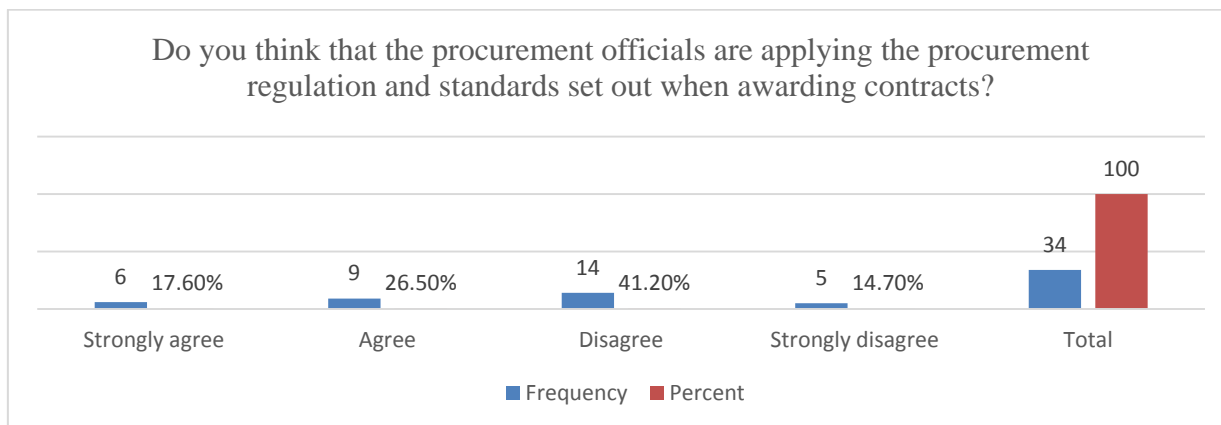


Figure 4. 8: Do you think that the procurement officials are applying the procurement regulations and standards set out when awarding contracts?

The question was included in order to establish whether the departments comply with all legislations concerned regarding the procurement process. A sound public procurement system needs to have good procurement laws and regulations. Although, the majority of respondents agreed in Figure 4.7 that the officials in the procurement sections do understands the policies and regulations governing the process. However, in Figure 4.8 respondents disagreed with (41.2%) and strongly disagree with (14.7%). When merged together, it also revealed that they are not applying those regulations. Only 17.6 and 26.5 agree that the officials apply the regulations during the procurement process.

Furthermore we ascertain whether the officials adhere to the 80/20 and 90/10 rules in conjunction with applying the procurement regulations and standards set out when awarding contracts. The results depicts that even though the officials understood the 80/20 and 90/10 rule as stated in Table 4.2 with 67.6% it does not guarantee that they do adhere to the rules. The Table below affirms that of the officials only 29.4% adheres to the rules while the majority do not (70.6%).

Table 4. 3: Does the procurement officials adhere to the (80/20 and 90/10) in terms of preferential procurement policy framework act?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	29.4%	29.4%	29.4%
	No	24	70.6%	70.6%	100.0
	Total	34	100.0	100.0	

4.5.1.4 Distribution by 'Do you think that there is compliance during allocation of tenders?'

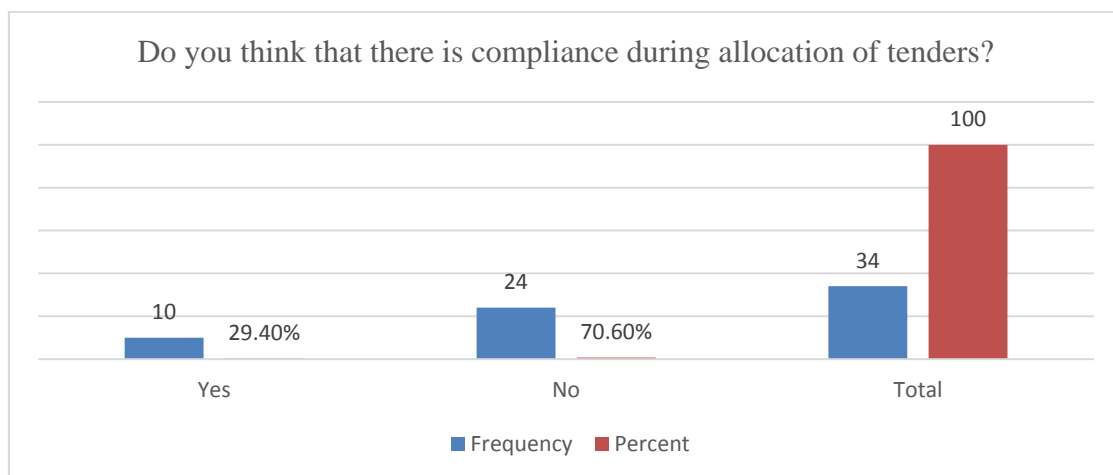


Figure 4. 9: Do you think that there is compliance during allocation of tenders?

Compliance refers to acting in accordance with the policies and regulations. In this section we trying to establish whether the departments comply with all legislations when awarding tenders. Bolton (2006) and Cane (2004) state that despite the fundamental principles set aside as a guide for procurement process from accredited authors, challenges such as corruption, conflict of interest, lack of uniformity, theft, price inflation, lack of proper monitoring, non-conformance in public procurement practices in various departmental divisions, had been at the forefront and has led to massive debate concerning government administration (Bolton, 2006 & Cane, 2004).

This claims where affirmed as the results in Figure 4.9 revealed there were non-compliance during allocation of tenders dominate the procurement division within the two selected

departments. Respondents of up to 29.4% indicated that “Yes” there is compliance during allocation of tenders in their departments, whilst a total of 70.6% indicating that there is no compliance during the allocation of tenders.

4.5.1.5 Distribution by ‘If you answered (Yes) in question 8, how would you rate procurement’s officials’ level of compliance?’

In this section, a follow up question were directed to those participants who responded yes to question 8 and how would they rate the level of compliance in their work places.

If you answered (Yes) in question 8, how would you rate procurement’s officials’ level of compliance?

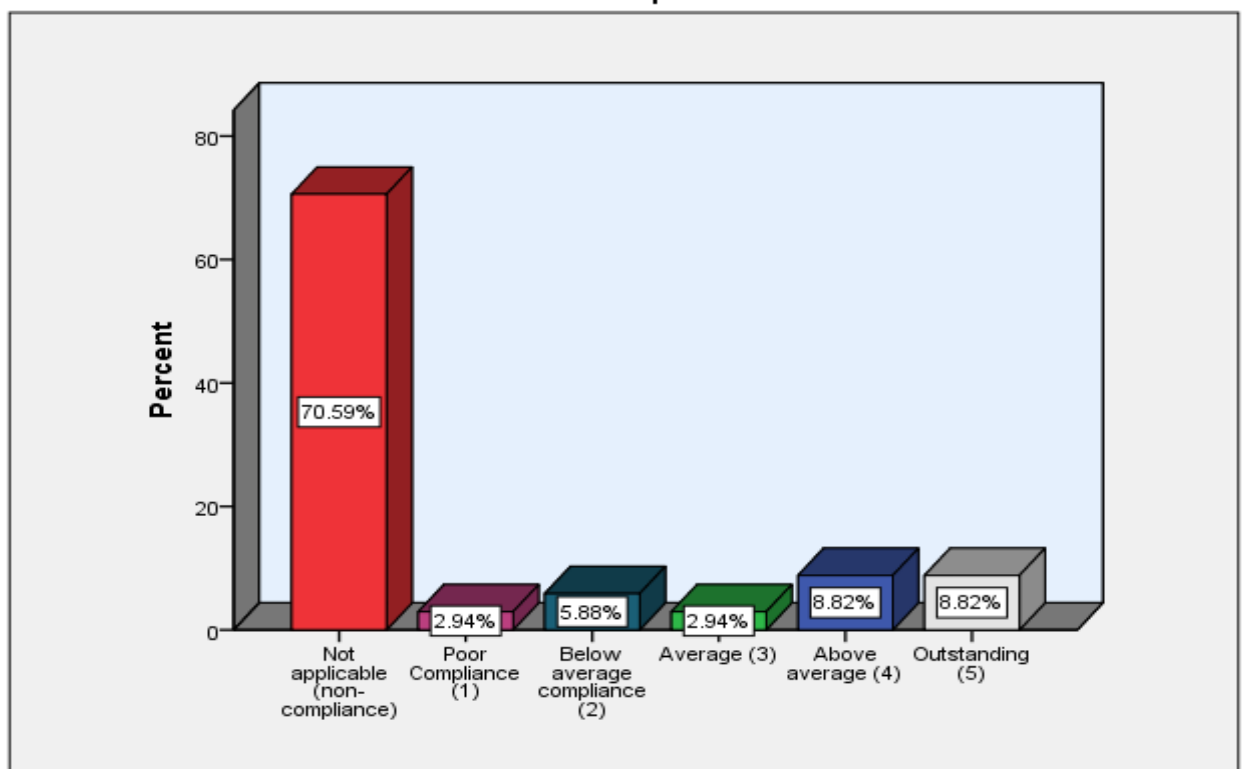


Figure 4. 10: If you answered (Yes) in question 8, how would you rate procurement’s officials’ level of compliance?

The purpose of compliance is to minimise unethical and corrupt practices, while the National Treasury’s guide to accounting officers prescribes a standard approach towards SCM procedure, in many instances there is lack of compliance and application of the guidelines. Respondents were requested to rate the procurement officials’ level of compliance on a scale of 1 to 5, of the 29.4% who believe that there is compliance 8.8% indicated that the level of compliance is outstanding, 8.8% above average, 2.9% average,

5.9% below average whilst 2.9% believe that the level of procurement officials' compliance is poor.

4.5.1.6 Distribution by 'If you answered (No) in question 8, what do you think that causes non-compliance?'

In this section, a follow up question were directed to those participants who responded no to question 8, by so doing, it will help the researcher to determine the areas to which non-compliances need to be re-addressed.

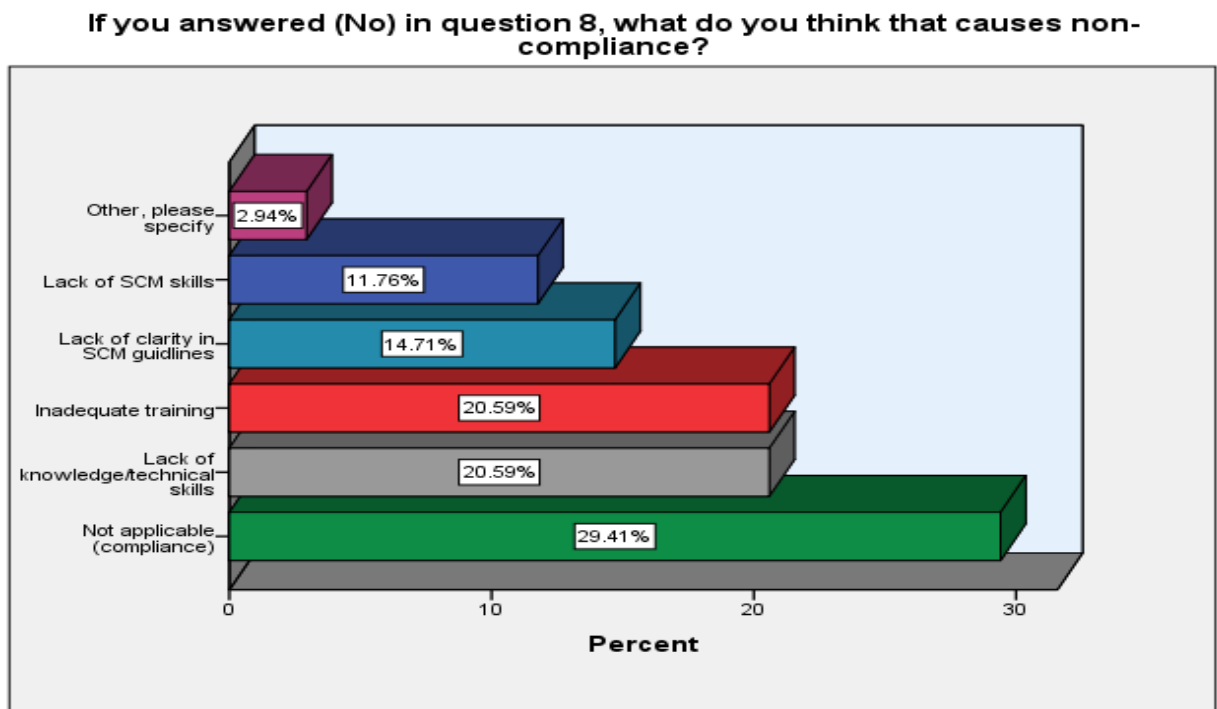


Figure 4. 11: If you answered (No) in question 8, what do you think that causes non-compliance?

The Figure 4.11 indicate that (29.4%) agree that there is compliance whilst in Figure 4.9 were respondents were asked if there were compliance, the majority of the respondents with (70.6%) disagree with them because they believe that there is no compliance from officials when awarding tenders. The 70.6% of respondents believe that non-compliance is caused by different issues namely: lack of knowledge/technical skills (20.6%), inadequate training (20.6%), lack of clarity in SCM guidelines (14.7%), lack of SCM skills (11.8%) and others (2.9%).

In confirmation, according to PGWC (2009), the lack of the obligatory SCM skill and competencies in most government provincial departments and the absence of a firmer regulatory framework predisposed or created a culture within departments to non-comply with prescribed SCM requirements. Some of these instances would include the tendency not to utilise a competitive process for both quotations and bids, incorrect utilisation of the preference points system, passing over of bids for incorrect reasons, utilisation of the incorrect procurement process in respect of the thresholds, extensions of validity periods, incorrect utilisation of the limited bidding process, inadequate controls and procedures for the handling of bids, the utilisation of emergency delegations where not require, lack of bid information on bid register, ambiguous specifications, appointment of bid committee members not aligned to policy requirements, line functionaries incorrectly drafting bid documents and insufficient motivation for deviations from SCM procedures (PGWC, 2009).

4.5.2 Is the procurement system fair, equitable, transparent, competitive and cost effective to all the stakeholders who are involved in the procurement transaction?

The constitution provides that when the government contracts goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective (PGWC, 2009 & Bolton, 2007).

Examining whether the procurement system is fair, equitable and transparent

Considering these principles, we explore the study to assess whether procurement system in government sector is fair during the allocation of contracts.

4.5.2.1 Distribution by ‘Do you think the tender and procurement process at your work place is fair, equitable and transparent enough?’

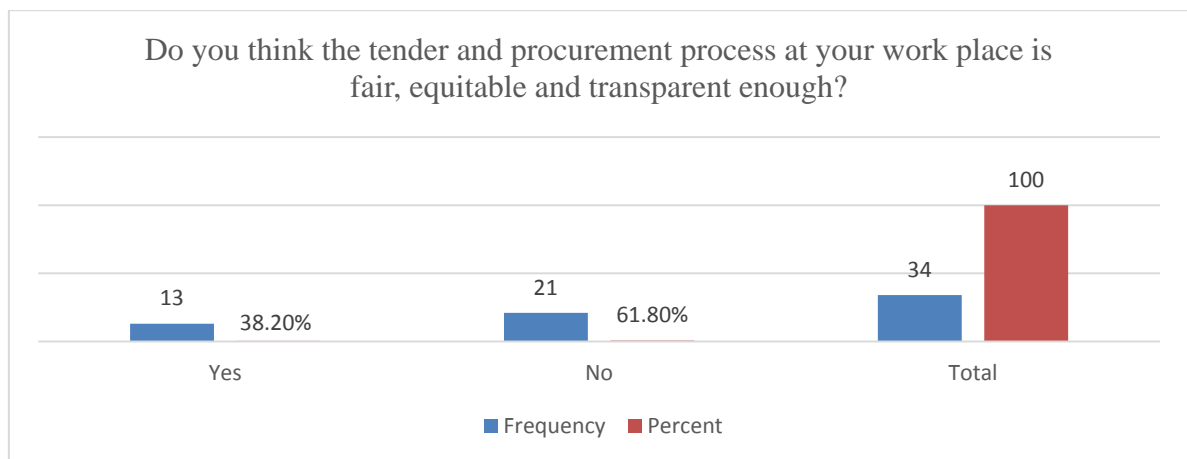


Figure 4. 12: Do you think the tender and procurement process at your work place is fair, equitable and transparent enough?

The objective of the question was to measure the transparency, fairness and equitability of the current tendering process system. It is clear from the Figure above that 61.8% of the respondents do not agree that the procurement processes represents fair, transparent and equitable, whereas 38.2% agrees. Savuth (2012), argued that corruption pose severe challenges to the public procurement process and its basic principles which were purported to be fairness, equitability, transparency, competitiveness and cost-effectiveness (Badenhorst-Weiss, 2012; Arrowsmith, 2010; De la Harpe, 2009 & Hommen & Rolfstam, 2009). These claims were no doubts judging from the result illustrated about in Figure 4.12.

Again, a follow-up question was addressed to ascertain the reasons behind why there has been unfair awarding of tenders in the public sector, the responses were as follows.

4.5.2.2 Distribution by ‘If you answered (No) in question 13, in your own opinion, what do you think causes unfairness, non-transparency and bias when awarding contracts?’

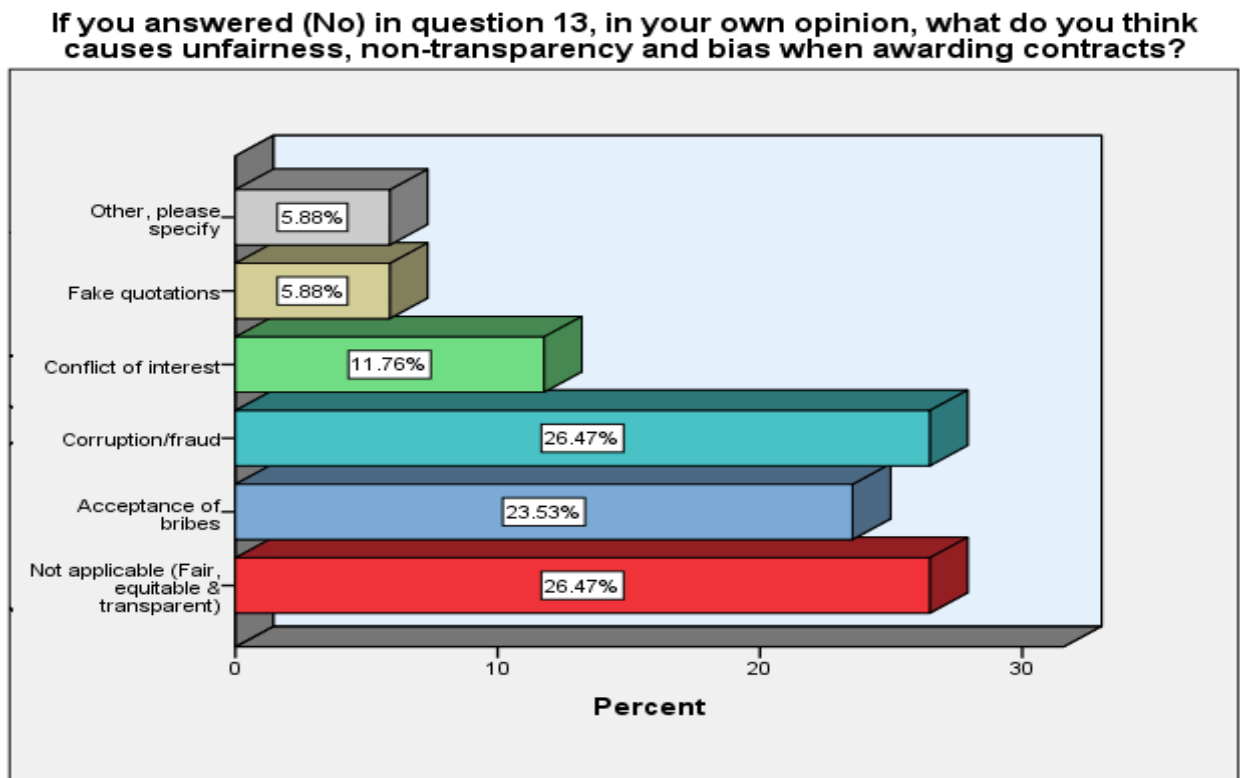


Figure 4. 13: If you answered (No) in question 13, in your own opinion, what do you think causes unfairness, non-transparency and bias when awarding contracts?

Respondents were asked if they believe that their procurement process is fair, equitable and transparent. The vast majority of respondents (73.5%) disagreed, their responses reflects on the factors that might cause the processes to be unfair, non-transparent and bias and had to select those that they believed that were contributing factors. Approximately (23.5%) of respondents agreed to that acceptance of bribes had an influence on procurement process failures, while (26.5%) decided that corruption/fraud is the cause of all their procurement issues. About (11.8%) of the respondents agreed that pressures on the system comes from conflict of interest due to officials awarding tenders to family members and friends. A total of (11.8%) was divided between creation of fake quotations during the application for advertised tenders and the category of “other” (5.9%) respectively.

4.5.3 What are the challenges that the public sector are experiencing in the implementation of the procurement processes and regulations?

In this section we are trying to determine the challenges facing the procurement system and ten questions arose to help indicate the areas to which procurement crisis affects the government sector.

4.5.3.1 Distribution by ‘What are the challenges facing the procurement systems in the public sector?’

Table 4. 4: Challenges facing procurement system in government sector

Challenges facing Procurement System	Scale of Importance			
	Yes a challenge	Somewhat a challenge	Not a challenge	Not sure
Lack of proper knowledge, skills and capacity	17.6%	17.6%	50%	14.7%
Non-compliance with policies and regulations	29.4%	29.4%	32.4%	8.8%
Over spending/ under-utilisation of the budget	26.5%	38.2%	35.3%	0%
Inadequate planning	35.3%	20.6%	35.3%	8.8%

Accountability and Reporting	35.3%	23.5%	32.4%	8.8%
Fraud and corruption	47.1%	26.5%	14.7%	11.8%
Inadequate measures for monitoring and evaluation of SCM	26.5%	35.3%	32.4%	5.9%
Unethical behaviour	41.2%	20.6%	20.6%	17.6%
Too much decentralization of the procurement system	14.7%	8.8%	38.2%	38.2%
Ineffectiveness of broad-based black economic empowerment (BBBEE)	20.6%	5.9%	47.1%	26.5%

Adequate capacity in the form of appropriate structures with fully skilled and professional SCM personnel is a key success factor for proper SCM implementation. The responses “Yes a challenge” and “Somewhat a challenge” will be combined together to represent affirmative. The response “Not a challenge” and “Not sure” will be combined together to represent negative. Of the total sample size (17.6%) of the respondents believe that lack of knowledge /technical skills is one of the challenges facing the procurement process in the public sector, (17.6%) indicated that lack of knowledge is somewhat a challenge, whilst (50%) responded by saying this does not pose a challenge because the departments have skills and capacity which have thus far contributed to successful procurement processes, (14.7%) of the respondents are not sure whether lack of knowledge or technical skills is a challenge facing the procurement process in the public sector. The second questions deals with the non-compliance of policies and regulations followed by over spending or under-utilisation of the budget was raised and the responses are as follows.

Procurement is guided by a number of related policies and regulations and procurement officials have to comply with these policies and regulations. The Table above shows that the majority respondents believe that non-compliance with policies and regulations is a challenge affecting the procurement process, (29.4%) agree that it is a challenge, (29.4%) “Somewhat a challenge”, (32.4%) disagrees that it is a challenge, whilst (8.8%) indicated that they are not sure. When combined together, (58.8%) were the majority and the

minority were (41.2%). On that same note we looked at the financial aspect of procurement whether under or over-budgeting is a challenge confronting the public sector.

Some of the projects are either not budgeted for or under or over-budgeted, as a result this may result in unauthorized expenditure. The study shows that in Table 4.4 “Yes a challenge” were found to be 9 of (26.5%) and “Somewhat a challenge” were 13 of (38.2%). When matched together (64.7%) identify overspending or under-utilisation of the budget as a challenge facing the procurement process in the public sector.

In addressing the fourth question, based on the outcome of this study, some of the public sectors are still confronted with the problem of improper planning. It is important to draw up strategic plans in each department. The total of (35.3%) respondents indicate that inadequate planning is a challenge faced by procurement process in the public sector (35.3%) agree that it is a challenge, (20.6%) says it is somewhat a challenge, whereas 8.8% cannot decide whether it is a challenge or not, the respondents are not sure. When matched together majority believe that inadequate planning exist in the public sector with 55.9%. Next is the fifth to the tenth questions which will be summarized briefly for the in-depth and verification of the study.

Accountability and reporting involves ensuring that officials and departments are accountable for their plans, actions and outcomes. Of the respondents who participated in the questionnaires (32.4%) and (8.8%) indicated that accountability and reporting is not a challenge facing the procurement process in the public sector, when merged together, a total of (41.2%) which is the minority; while (35.3%) and (23.5%) amounting to (58.8%) majority thinks that it is a challenge.

In conclusion, question six down to question eight, indicated that there are challenges in the area of fraud and corruption; inadequate measures for monitoring and evaluation of SCM and unethical behavior. With (47.1%) and (26.5%); (26.5%) and (35.3%); (41.2%) and (20.6%), when these responses are combined together to represent affirmative or negative, Table 4.4 demonstrates that an outstanding figure of (73.6%) were fraud and corruption, (61.8%) were inadequate measures for monitoring and evaluation and (61.8%) were unethical behavior.

In question nine and ten, too much decentralization of the procurement system and ineffectiveness of BBBEE were never a challenge in the government sector. The result are as follows. 38.2% and 38.2% were “Not a challenge” and “Not sure”; 47.1% and 26.5%

were for ineffectiveness of BBBEE. When combined together, it is evidenced that (76.4%) and (73.6%) all disagreed that ineffectiveness of BBBEE and too much decentralization of the procurement system were never a challenge.

4.5.4 What measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable, transparent, competitive and cost effective?

Having identified the challenges facing the procurement system in the public sector it is essential that we adapt measures in addressing these challenges to ensure that the tendering system and contract awarding is fair, equitable and transparent.

4.5.4.1 Distribution by ‘What measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable, transparent, competitive and cost effective?’

According to PGWC (2009), the public procurement is a core function of public financial management and service delivery (PGWC, 2009). To a large extent budgets get translated into services through the government’s purchase of goods and services. Good public procurement processes are central to effective government spending and a vital component in the strategy to improve the social and economic position of citizens of developing countries

In this session, the researcher explores the measures and strategies to which the hindrances confronting the procurement processes could be addressed.

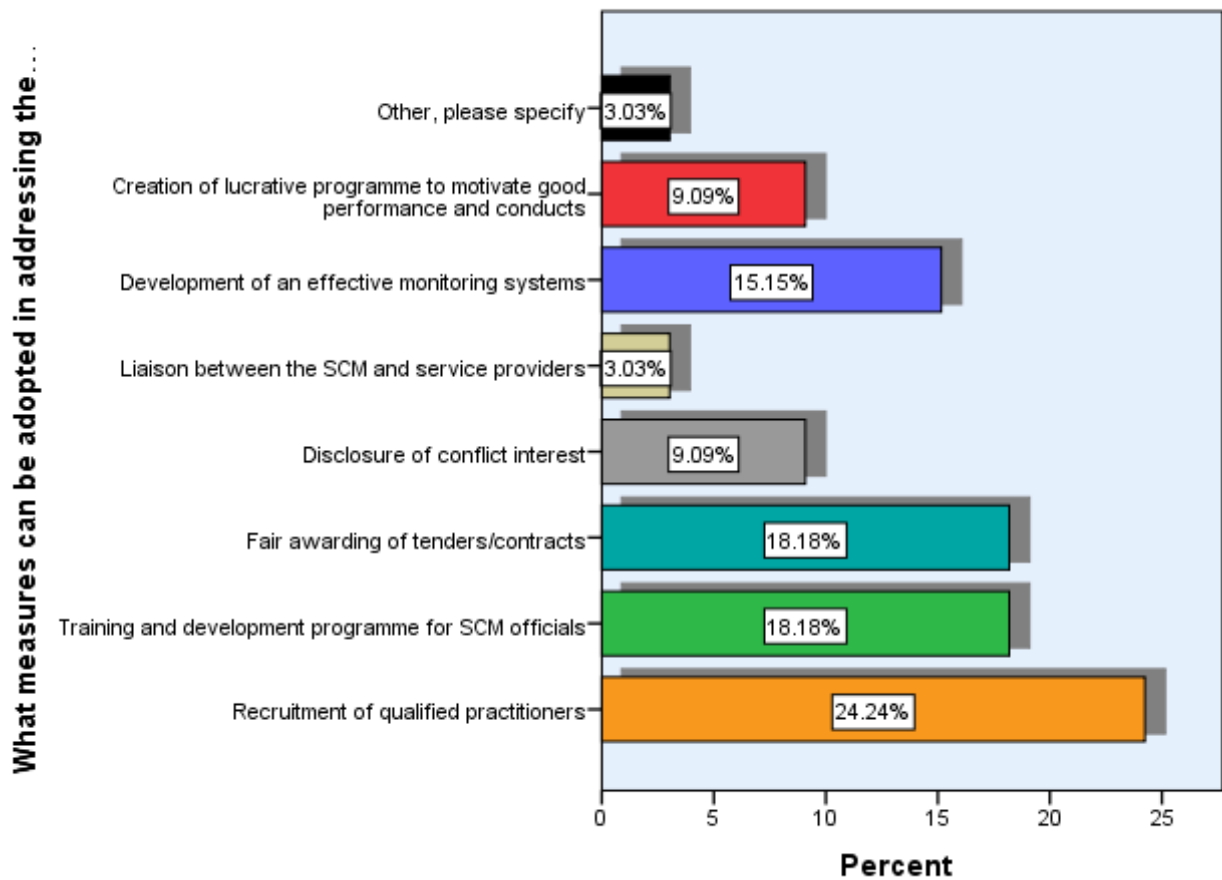


Figure 4. 14: What measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable, transparent, competitive and cost effective?

The question was asked to enquire what measures can be adopted in addressing the procurement processes public sector to ensure that tender awarding is fair, equitable and transparent. As shown in Figure 4.14, of the respondents who participated (23.5%) believe that the departments should recruit qualified practitioners in order to ensure fairness, equitability and transparency in the procurement process, (17.6%) were of the opinion that training and development programme for SCM officials would address these issues, (17.6%) of the respondents indicate that fair awarding of tenders/contracts would ensure that tender awarding is fair, equitable and transparent, (8.8%) suggested that the process would be a success if officials disclosed conflict of interest, very few respondents with (2.9%) think that liaison between SCM and service providers would improve the tender system. Adding to that, (14.7%) indicates that the development of an effective monitoring

system is a measure that can be adopted in addressing the tender awarding system to ensure that it is fair, equitable and transparent. While (11.8%) of the respondents believe that creation of lucrative programme to motivate good performance and conducts is a measure to rectifying the tender system.

4.6 Correlation Analysis

This section investigates the public procurement process to demonstrate the level of compliance with policies, regulations and standards governing the procurement system. Few areas were looked into using a spearman correlation. When the **p** value is less than or equal to **0.05** $p \leq 0.05$, statistically there is a significant difference between the variables and when the p value is greater than **0.05** $p > 0.05$, statistically there is **NO** significant difference between both variables. However, note that p indicates probability.

4.6.1 Determining whether there is compliance in the procurement process in the public sector.

Table 4.5 reports the breakdown of the findings as well as differences in presentation with respect to age, gender, and current job position. As revealed by the results, between the “Age” and “Gender” variables the p value is (0.747) and correlation coefficient (corr=-058). At the 0.05 level of significance, the results indicate that employees from both offices that they were no significant difference between age and gender regarding the level of compliance in their various work place since the p-value of the spearman correlation statistics is greater than >0.05 . In particular, employees do not defer significantly since p-value (corr=-058) >0.0747 .

The correlation between “Age” and “Current job position”, the result state that, at the 0.05 level of significance, the results indicate that employees from both offices differ significantly between age and current job position regarding the level of compliance in their various work place since the p-value is (0.036) and correlation coefficient (corr=0.362) of the spearman correlation statistic is found to be is less than 0.05. In particular, employees differ significantly since (corr=-0.362) and p-value <0.036 .

On the other hand, the correlation variables between “Age”, “Do you think that the procurement officials understand the preference point system (80/20 and 90/10)?”, “Does the procurement officials adhere to the (80/20 and 90/10) in terms of preferential procurement policy framework act?”, “Do you think the tender and procurement process at your work place is fair, equitable and transparent enough?”, “Non-compliance with

policies and regulations”, “Accountability and Reporting”, “Fraud and corruption” and “Unethical behaviour”. Similarly, the remaining p-values and correlation coefficient are as follows; >0.662 and (corr= 0.089); >0.984 and (corr= 0.078); >0.081 and (corr=-0.003); >0.324 and (corr=0.303); >0.0950 and (corr= -0.0174); >0.145 and (corr= -0.011) and >0.484 and (corr= -0.255). At the 0.05 level of significance, the results indicate that statistically there is no significance between employees from both offices since all the p-values of the correlation coefficient were all greater than >0.05.

4.7 Conclusion

This chapter presents the discussions from the investigation of the procurement processes in the North West Provincial Government departments both from the Office of the Premier and Department of Finance Economy and Enterprise Development. It emerged from the targeted samples of 34 employees from both offices that majority of the respondents are of the opinion that procurement officials in the public sector understand the rules and regulations set out to govern them but there is non-compliance when it comes to them applying and adhering to the regulations and policies.

While on other hand, it also emerged that there are challenges in the procurement processes. Majority of the respondents were of the opinion that there are hindrances facing procurement system. The respondents went further to highlighting the contribution factors that hinders public procurement process, such factors were found to be non-compliance with policies and regulations; over spending/ under-utilisation of the budget inadequate planning; accountability and reporting; fraud and corruption; inadequate measures for monitoring and evaluation of SCM and unethical behavior to mention but a few.

The next chapter will propel the findings, it will present conclusions and recommendations of the study based on these interpretation and discussion made in the preceding chapter.

CHAPTER FIVE

SUMMARY, FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1. Introduction

In the previous chapter, the data collected by way of questionnaires has been analysed and interpreted. This chapter instigates by a brief summary of the entire research study, followed by discussions reflecting the findings presented from the data analysed and the literature review. Ultimately, findings, recommendations and conclusion will be projected to support in dealing or addressing the issues of unfairness, non-transparency bias and non-compliances in the government sector.

Section 5.1 is an introduction discussion of the chapter. The summary of the entire study will be discussed in section 5.2. Discussions based on the answers of the research questions which are in section 5.3. In section 5.4 limitations were looked into and in section 5.5 recommendation and 5.6 conclusions were given including reflects from preceding chapters.

5.2. Summary

The study probes the analysis of the procurement process in the North West Province public departments from the Department of Finance Economy and Enterprise Development, and the Office of the Premier. The study also looks at determining whether the public sector comply with the procurement policies and standards. It further examines whether the procurement system is fair, equitable, transparent, competitive and cost effective. Adding to the objective, it explores the 80/20 and 90/10 point system rules in terms of the preference points system to ascertain if the procurement officials understood it and the regulations thereof when awarding contracts. Possibly to adopt strategic measures in addressing the challenges and non-compliance of the procurement processes by the public sector.

To recap on the entire study, the researcher reflects on how the study has been outlined.

Chapter One offers a brief introduction of the South African procurement processes from various department in the North West Province, followed by the background context. The

research problem statement, and objectives, research questions, scope, and research limitations and layout of the study were all stated.

Chapter Two presents the literature review, which deals with the description of the theoretical perspectives and the findings that were gathered from previous researchers concerning the problem being investigated in this study. It also looks at the compliance policies, standards and regulation governing the procurement processes. In addition, it further ascertain into the challenges and hindrances confronting public sector. And to determine whether procurement processes is fair, equitable, transparent, competitive and cost effective.

Chapter Three focuses on the research methods that will be used during data collection. It includes the discussion on research processes, approaches and techniques chosen for the study.

Chapter Four delivers the discussions, interpretation and the expected results based on the objectives of the study. After the distribution of questionnaires and data collection has been made, however, results and analysis will be decided in resolving many issues that were discussed in the problem statement.

Chapter Five is the last chapter, which revisits the main topics and also presents the answers of the research questions and findings, and then draw to conclusions and recommendations of the report.

5.3. Findings

Findings of the study are presented in section under the subtitles in t relation to the four research questions.

5.3.1 Is the public procurement division complying with the procurement policies, standards and regulations governing the procurement/SCM? Do procurement officials adhere to the (80/20 and 90/10) in terms of preferential procurement policy framework act?

The finding provided in this section was based on the six (6) sub-questions in addressing the compliances in the government sector, where respondents were asked whether the procurement processes from both office of the premier and the department of finance economy and enterprise development understood the rules, policies governing the allocation of contracts and furthermore, to determine whether procurement officials are

adhering or complying it. This section will help address the research objectives and questions of the study according to the responses from the participants and the findings were as follows.

A corresponding of 67.6% came to an agreement that procurement officials understood the procurement policies, standards and regulations governing procurement/SCM. On the other hand, 32.4% disagree with the statement. It is of no doubt that evidence exists that procurement official understood the procurement regulations and policies, but the question is are they adhering to this policies. Another question was raised to determine whether the procurement officials understood the Preferential Procurement Policy Framework Act No 5 of 2000 (PPPPFA of 2000), highlighting the 80/20 and 90/10 rules. The results revealed in table 4.2 that the majority of the respondents 23 of (67.6%) signifies that the procurement officials do understand the 80/20 and 90/10 point system rule while the minority stated otherwise as shown below.

Although, the majority of respondents agreed in Figure 4.7 that the officials in the procurement sections do understands the policies, regulations and the 80/20 and 90/10 point system governing the process. However, in Figure 4.8 respondents disagreed with (41.2%) and strongly disagree with (14.7%). When merged together, it also revealed that they are not applying those regulations with (55.8%). Only 17.6 and 26.5 agree that the officials apply the regulations during the procurement process.

Furthermore, Figure 4.9 revealed there was non-compliance during allocation of tenders dominating the procurement division within the two selected departments. Respondents of up to 29.4% indicated that “Yes” there is compliance during allocation of tenders in their departments, whilst a total of 70.6% indicating that there is no compliance during the allocation of tenders. On that same note a follow up question was directed to those participants who responded in Figure 4.9 to enable the researcher to determine the areas to which non-compliances need to be re-addressed. The 70.6% of respondents believe that non-compliance is caused by different issues namely: lack of knowledge/technical skills (20.6%), inadequate training (20.6%), lack of clarity in SCM guidelines (14.7%), lack of SCM skills (11.8%) and others (2.9%). The next findings illustrates if the procurement process in the government sector were fair, equitable and transparent.

5.3.2 Is the procurement system fair, equitable, transparent, competitive and cost effective to all the stakeholders who are involved in the procurement transaction?

It is clear from the Figure 4.12 above that 61.8% of the respondents do not agree that the procurement processes represents fair, transparent and equitable, whereas 38.2% agrees. This findings were in alignment with Savuth (2012), where the author confirms that corruption pose severe challenges to the public procurement process and its basic principles which were purported to be fairness, equitability, transparency, competitiveness and cost-effectiveness (Badenhorst-Weiss, 2012; Arrowsmith, 2010; De la Harpe, 2009 & Hommen & Rolfstam, 2009). These claims were no doubts judging from the result illustrated about in Figure 4.12.

A vast majority of respondents (73.5%) disagreed, their responses reflects on the factors that might cause the processes to be unfair, non-transparent and bias and had to select those that they believed that were contributing factors. Approximately (23.5%) of respondents agreed to that acceptance of bribes had an influence on procurement process failures, while (26.5%) decided that corruption/fraud is the cause of all their procurement issues. About (11.8%) of the respondents agreed that pressures on the system comes from conflict of interest due to officials awarding tenders to family members and friends. A total of (11.8%) was divided between creation of fake quotations during the application for advertised tenders and the category of “other” (5.9%) respectively.

5.3.3 What are the challenges that the public sector are experiencing in the implementation of the procurement processes and regulations?

The section gives findings to determine the challenges facing the procurement system and ten questions arose to help indicate the areas to which procurement crisis affects the government sector. The findings depicts as follows. Accountability and reporting involves ensuring that officials and departments are accountable for their plans, actions and outcomes. Of the respondents who participated in the study (32.4%) and (8.8%) indicated that accountability and reporting is not a challenge facing the procurement process in the public sector, when merged together, a total of (41.2%) which is the minority; while (35.3%) and (23.5%) amounting to (58.8%) majority thinks that it is a challenge.

Majority also indicated that there are challenges in the area of fraud and corruption; inadequate measures for monitoring and evaluation of SCM and unethical behavior. With (47.1%) and (26.5%); (26.5%) and (35.3%); (41.2%) and (20.6%), when these responses

are combined together to represent affirmative or negative, In Table 4.4 above demonstrates that an outstanding figure of (73.6%) were fraud and corruption, (61.8%) were inadequate measures for monitoring and evaluation and (61.8%) were unethical behavior.

Very few of respondents indicated that too much decentralization of the procurement system and ineffectiveness of BBBEE is a challenge in the government sector while the majority stated otherwise. The results are as follows. 38.2% and 38.2% avers “Not a challenge” and “Not sure”; 47.1% and 26.5% were for ineffectiveness of BBBEE. When combined together, it is evidenced that (76.4%) and (73.6%) all disagreed that ineffectiveness of BBBEE and too much decentralization of the procurement system was never a challenge.

5.3.4 What measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable, transparent, competitive and cost effective?

Findings suggests with (23.5%) that the departments should recruit qualified practitioners in order to ensure fairness, equitability and transparency in the procurement process, (17.6%) were of the opinion that training and development programme for SCM officials would address these issues, (17.6%) of the respondents indicate that fair awarding of tenders/contracts would ensure that tender awarding is fair, equitable and transparent, (8.8%) suggested that the process would be a success if officials disclosed conflict of interest, very few respondents with (2.9%) think that liaison between SCM and service providers would improve the tender system. Adding to that, (14.7%) indicates that the development of an effective monitoring system is a measure that can be adopted in addressing the tender awarding system to ensure that it is fair, equitable and transparent. While (11.8%) of the respondents believe that creation of lucrative programme to motivate good performance and conducts is a measure to rectifying the tender system.

5.4 limitations

For the purpose of this research, this paper focuses only on provincial government procurement processes on selected departments, namely the Office of the Premier and the Department of Finance. The focus is on procurement processes. The outcome may not be generalized nationally. The study is restricted to a quantitative research methods, consequently resulting to limited financial constraint were the researcher did not have any

funding except paying from her own pocket. Furthermore, considering the nature of this research study, participants will be cautious when giving out information to the researcher. In other words, participants may not be willing to give information especially if such information has to do with irregular practices, corruptions and non-compliance to the standards set out for procurement processes in the public sector.

5.5. Recommendations

In order to ensure that procurement meets its intended goals, the government has made sure that policies are formulated in order to provide guidelines to empower the previously disadvantaged individuals, it is only a matter of ensuring that those policies are applied and adhered to. To avoid challenges such as inadequate planning, the departments must have a procurement plan that will be useful in assisting the procurement section to define their needs. Based on the above findings, the following recommendations are suggested:

- Training measures are required for officials working in procurement units for better service delivery.
- Measures must be taken to evaluate credentials of suppliers to ensure their status as BEE's.
- Information on procurement policies and regulations should be communicated to all stakeholders involved in the procurement process.
- Measures must be taken against non-compliance of guidelines and to ensure compliance to all policies and procedures of procurement.

5.6. Conclusion

The study have given brief introduction of the entire study, discussions were based on the previous authors and methodology to which the study was carried out, furthermore we also discussed and analysed the interpretations of the results then we draw conclusions and recommendations for future studies in this field.

It was evidenced that the procurement processes are not fair, equitable and transparent and non-compliance in the public sector. It cannot be over emphasized that challenges such as accountability and reporting, fraud and corruption to mentioned but few exists in the public sector regarding procurement processes. Much attention should be given to these challenges and proposed solution or measures be implemented to ensure that non-compliance to procurement procedures and corruption and fraud are a thing of the past. To

ensure transparency in tender processes, the accounting officers are required to base bid invitations and contracts entered into with suppliers on the General Conditions of Contracts. It is further recommended that all the officials adhere to the aforementioned recommendations set above.

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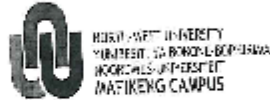
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APPENDIX A: Permission 1



Graduate School of Business and
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Private Bag x 2046, Mmabatho
South Africa, 2735
Tel: 018 389 2437 Fax: 018 389 2355
Email: Gradinfo@nwu.ac.za

13 October 2015

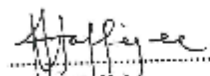
To whom it may concern

Permission to conduct research- Ms P Matseke -MBA student

This letter serves to introduce Mr P Matseke who is presently a registered student for Master in Business Administration (MBA) programme at the Graduate School of Business and Government Leadership of the North West University. She is conducting a research project on, "The analysis of the Procurement Process in selected departments of the North West Provincial Government, namely Office of the Premier and Department of Finance Economy and Enterprise Development" towards a partial fulfillment of her MBA programme.

In this regard, your office is requested to afford her full co-operation to conduct this research. In particular, Ms P Matseke requires permission to access information, data or even to distribute questionnaires.

Your cooperation will be highly appreciated.


Ismail Haffjee
Research Unit



APENDIX B: Officer of the Premier/Department of Finance

CONFIDENTIAL



Office of the Premier
North west Provincial Government
Republic of South Africa

3rd Floor, Ga-Rona Building
Private Bag X129,
MMABATHO
2735

Tel: +27 (18) 388- 2260
Fax: +27(18) 388-3293
E-mail: SNdou@nwpg.gov.za

TO : ALL STAFF: DIRECTORATE SCM

FROM : ACTING DIRECTOR SCM, TRANSPORT & ASSET MANAGEMENT

DATE : 12 OCTOBER 2015

SUBJECT : PERMISSION TO CONDUCT RESEARCH

Permission is hereby granted to Mrs Puleng Matseke, a student for Masters in Business Administration (MBA) in the North West University to conduct research on "Procurement Process".

Supply Chain Management officials are requested to cooperate with her during this project.

Your support in this regard is highly appreciated.

Yours truly



Mr S. Ndou
Director: SCM

Service Excellence for a Better Life Kantoro ya Tonakgolo . Kantoor van die Premier . Office of the Premier

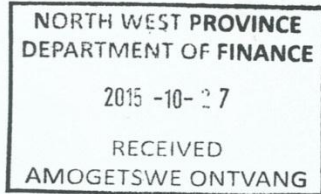
Research Permission

Enquiries: Puleng Matseke

Cell no: 081 5889 34

Attention: Head of Department

Department of Finance Economy and Enterprise Development



Request for permission to conduct research: Department of Finance Economy and Enterprise Development

I am a registered MBA student at the NWU Mafikeng Campus. The purpose of this study is to analyse the procurement processes in the selected provincial government departments namely Office of the Premier and Department of Finance Economy and Enterprise Development.

The participants will be Supply Chain Management officials.

All information given will be dealt with strict confidence and anonymity is assured. Should you have any concern about the project, feel free to contact my supervisor, Prof. Jan Meyer. Tel. 018 389 2000.

Thank you for giving attention to my request.

Yours Faithfully

A handwritten signature in black ink, appearing to read "Matseke".

Puleng Matseke

A large, stylized handwritten signature in black ink, with a date "28/10/2015" written below it.

APENDIX C:

Questionnaires

FOR OFFICE USE ONLY: Respondent Code: _____

VOLUNTARY QUESTIONNAIRE FOR

The Analysis of the Procurement Process in selected departments of the North West Province Government, namely, Office of the Premier and Department of Finance Economy and Enterprise Development

Researcher: Puleng Matseke

Supervisor: Prof. J. Meyer

Note to the respondent

- We need your help to understand the public sector procurement processes.
- Although I would like you to help me, you do not have to take part in this survey, if you do not want to take part, just hand in the blank questionnaire at the end of the survey session.
- What you provide in this questionnaire will remain private and confidential. No one will be able to trace your opinions back to you as a person.

The questionnaire has three parts:

Part 1 asks permission to use your responses for academic research

Part 2 asks general personal particulars like your age, gender and position and work experience.

Part 3 ask details about procurement processes in the provincial government

How to complete the questionnaire

- Please answer the questions as truthfully as you can. More also, please ensure to read and follow the directions for each part. If you do not follow the directions, it will make it harder for me to compile this research project.
- We are only asking you about things that you and your fellow researchers should feel comfortable telling me about. If you don't feel comfortable answering a question, you can indicate that you do not want to answer it. For those questions that you do answer, your responses will be kept confidential.
- You can mark each response by making a tick or a cross, or encircling each appropriate response with a **PEN** (not a pencil), or by filling in the required words or numbers.

Thank you for your participation.

Part 1: Permission to use my responses for academic research

I hereby give permission that my responses may be used for research purposes provided that my identity is not revealed in the published records of the research.

Optional

Initials and surname: _____ Cell: _____

Faculty: _____ Department: _____

PART 2: GENERAL PERSONAL PARTICULARS			
<i>Please tell us a little about yourself</i>			
Please tick only ONE option per question below.			
1.	Age <input type="checkbox"/> 20-25 <input type="checkbox"/> 25-30 <input type="checkbox"/> 30-40 <input type="checkbox"/> 40 and above	2	Gender <input type="checkbox"/> Female <input type="checkbox"/> Male
3	Current job position <input type="checkbox"/> Director <input type="checkbox"/> Assistant state accountant <input type="checkbox"/> Deputy director <input type="checkbox"/> Admin officer <input type="checkbox"/> Assistant director <input type="checkbox"/> Intern <input type="checkbox"/> State accountant	4	Name of department <input type="checkbox"/> Office of the Premier <input type="checkbox"/> Department of finance
PART 2			
<i>In this section of the question, please tick as many that are applicable</i>			
5	How long have you worked for this department? <input type="checkbox"/> 1-2 years <input type="checkbox"/> 3-4 years <input type="checkbox"/> 5-6 years <input type="checkbox"/> 7 and above	6	Do you think that procurement officials understand the procurement policies, standards and regulations governing the procurement/SCM? <input type="checkbox"/> Yes <input type="checkbox"/> No

7	<p>Do you think that the procurement officials are applying the procurement regulation and standards set out when awarding contracts?</p> <p><input type="checkbox"/> Strongly agree</p> <p><input type="checkbox"/> Agree</p> <p><input type="checkbox"/> Disagree</p> <p><input type="checkbox"/> Strongly disagree</p>	8	<p>Do you think that there is compliance during allocation of tenders?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>					
9	<p>If you answered (Yes) in question 8, how would you rate procurement's officials' level of compliance in a scale of 1-5? Tick with X</p> <table border="1" data-bbox="185 792 791 875"> <tr> <td data-bbox="185 792 280 875">1</td> <td data-bbox="280 792 376 875">2</td> <td data-bbox="376 792 488 875">3</td> <td data-bbox="488 792 600 875">4</td> <td data-bbox="600 792 791 875">5</td> </tr> </table>	1	2	3	4	5	10	<p>If you answered (No) in question 8, what do you think that causes non-compliance?</p> <p><input type="checkbox"/> Lack of knowledge/technical skills</p> <p><input type="checkbox"/> Inadequate training</p> <p><input type="checkbox"/> Lack of clarity in SCM guidelines</p> <p><input type="checkbox"/> Lack of SCM skills</p> <p><input type="checkbox"/> Other, <i>please specify</i></p> <div data-bbox="871 1048 1437 1088" style="border: 1px solid black; height: 18px; width: 355px;"></div>
1	2	3	4	5				
11	<p>Do you think that the procurement officials understand the preference point system (80/20 and 90/10)?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	12	<p>Does the procurement officials adhere to the (80/20 and 90/10) in terms of preferential procurement policy framework act?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>					
13	<p>Do you think the tender and procurement process at your work place is fair, equitable and transparent enough?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	14	<p>If you answered (No) in question 13, in your own opinion, what do you think causes unfairness, non-transparency and bias when awarding contracts?</p> <p><input type="checkbox"/> Acceptance of bribes <input type="checkbox"/> Corruption/Fraud</p> <p><input type="checkbox"/> Conflict of interest <input type="checkbox"/> Fake quotations</p> <p><input type="checkbox"/> Other, <i>please specify</i> <div data-bbox="1150 1760 1430 1800" style="border: 1px solid black; display: inline-block; width: 175px; height: 18px;"></div></p>					
15	<p>How would you rate the level of challenges facing the procurement process in the public sector? Tick with an X where applicable</p>							

	Challenges facing Procurement System	Scale of Importance			
		Yes a challenge	Somewhat a challenge	Not a challenge	Not sure
	Lack of proper knowledge, skills and capacity				
	Non-compliance with policies and regulations				
	Over spending/ under-utilisation of the budget				
	Inadequate planning				
	Accountability and Reporting				
	Fraud and corruption				
	Inadequate measures for monitoring and evaluation of SCM				
	Unethical behavior				
	Too much decentralization of the procurement system				
	Ineffectiveness of broad-based black economic empowerment (BBBEE)				
16	<p>What measures can be adopted in addressing the procurement processes public sector to ensure that tendering awarding is fair, equitable and transparent?</p> <p><input type="checkbox"/> Recruitment of qualified practitioners</p> <p><input type="checkbox"/> Training and development programme for SCM officials</p> <p><input type="checkbox"/> Fair awarding of tenders/contracts</p> <p><input type="checkbox"/> Disclosure of conflict interest</p> <p><input type="checkbox"/> Liaison between the SCM and service providers</p> <p><input type="checkbox"/> Development of an effective monitoring systems</p> <p><input type="checkbox"/> Creation of lucrative programme to motivate good performance and conducts</p> <p><input type="checkbox"/> Other, <i>please specify</i></p> <input type="text"/>				

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APENDIX D: Correlation Analysis

Correlations

		Age	Gender	Current job position (80/20 or 90/10)?	Do you think that procurement officials understand the preference for procurement policy and framework act?	Does the procurement officials (80/20 or 90/10) adhere to the terms of preferential procurement policy and framework act?	Do you think tender and procurement process at your work place is fair, equitable and transparent enough?	Non-compliance with policies and regulations	Accountability and Reporting	Fraud and corruption	Unethical behaviour
Spearman's rho	Correlation Coefficient	1.000	-.058	-.362*	.078	-.003	.303	-.174	-.011	-.255	-.124
	Sig. (2-tailed)		.747	.036	.662	.984	.081	.324	.950	.145	.484
	N	34	34	34	34	34	34	34	34	34	34

Gender	Correlation Coefficient	-.058	1.000	-.204	-.209	-.106	-.103	.050	.087	.041	.007
	Sig. (2-tailed)	.747	.	.246	.234	.553	.563	.778	.623	.817	.970
	N	34	34	34	34	34	34	34	34	34	34
Current job position	Correlation Coefficient	-.362*	-.204	1.000	-.303	.070	.036	.156	-.071	-.191	-.044
	Sig. (2-tailed)	.036	.246	.	.081	.694	.840	.378	.689	.279	.806
	N	34	34	34	34	34	34	34	34	34	34
Do you think that the procurement officials understand the preference point system (80/20 and 90/10)?	Correlation Coefficient	.078	-.209	-.303	1.000	.032	.285	.234	-.171	.206	.212
	Sig. (2-tailed)	.662	.234	.081	.	.855	.102	.182	.333	.243	.229
	N	34	34	34	34	34	34	34	34	34	34
Does the procurement officials adhere to the	Correlation Coefficient	-.003	-.106	.070	.032	1.000	.289	-.134	.035	-.236	-.287

(80/20 and 90/10) in terms of preferential procurement policy framework act?	Sig. (2-tailed)	.984	.553	.694	.855	.	.097	.450	.846	.179	.100
	N	34	34	34	34	34	34	34	34	34	34
Do you think the tender and procurement process at your work place is fair, equitable and transparent enough?	Correlation Coefficient	.303	-.103	.036	.285	.289	1.000	-.026	.010	-.390*	-.392*
	Sig. (2-tailed)	.081	.563	.840	.102	.097	.	.885	.957	.023	.022
	N	34	34	34	34	34	34	34	34	34	34
Non-compliance with policies and regulations	Correlation Coefficient	-.174	.050	.156	.234	-.134	-.026	1.000	.353*	.598**	.620**
	Sig. (2-tailed)	.324	.778	.378	.182	.450	.885	.	.041	.000	.000
	N	34	34	34	34	34	34	34	34	34	34
Accountability and Reporting	Correlation Coefficient	-.011	.087	-.071	-.171	.035	.010	.353*	1.000	.097	-.042
	Sig. (2-tailed)	.950	.623	.689	.333	.846	.957	.041	.	.584	.814

	N	34	34	34	34	34	34	34	34	34	34
Fraud and corruption	Correlation Coefficient	-.255	.041	-.191	.206	-.236	-.390*	.598**	.097	1.000	.699**
	Sig. (2-tailed)	.145	.817	.279	.243	.179	.023	.000	.584	.	.000
	N	34	34	34	34	34	34	34	34	34	34
Unethical behavior	Correlation Coefficient	-.124	.007	-.044	.212	-.287	-.392*	.620**	-.042	.699**	1.000
	Sig. (2-tailed)	.484	.970	.806	.229	.100	.022	.000	.814	.000	.
	N	34	34	34	34	34	34	34	34	34	34

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

BRENDA LOMBARD

PROOF READING AND EDITING

Associate member of Professional Editor's Group

To whom it may concern,

November 2015

This is to confirm that the Dissertation submitted by Puleng Matseke (16153960) has been edited according to the requirements specified for the degree Master of Business Administration at the Graduate School of Business and Government Leadership of the North West University.

Yours sincerely,

A handwritten signature in black ink that reads "B Lombard." The letter "B" is large and stylized, with a long vertical stroke that loops back down and under the "L".

Brenda Lombard

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