

Assessing the impact of the Preferential Procurement Policy Framework Act (PPPFA) on local government: A case study of Midvaal Local Municipality

JF Jonas

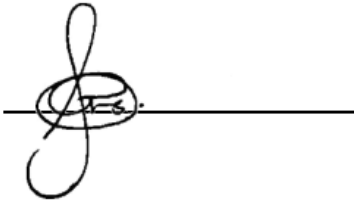
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Mini-dissertation accepted in partial fulfilment of the
requirements for the degree *Master in Business Administration*
at the North-West University

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DECLARATION

I, John Fanny Jonas, hereby declare that the mini- dissertation for the degree on Master of Business Administration at the North West University hereby submitted is an outcome of my independent and original work. The project has not previously been submitted by me for a degree elsewhere for publication or any other university. I have duly acknowledged all the sources from which the work, design, ideas, extracts and execution and all material contained herein have been taken or researched.

A handwritten signature in black ink, appearing to read "John Fanny Jonas", is written over a horizontal line. The signature is stylized and cursive.

ACKNOWLEDGEMENTS

I extend my heartfelt gratitude to the Almighty God for the precious gift of life and the unwavering strength that enabled me to successfully complete this challenging academic journey.

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In memory of those whose influence has shaped my values and principles, and in honour of those who have believed in my capabilities even when I struggled to believe in myself, I humbly dedicate this research project. May it reflect not just my dedication, but the combination of wisdom and support conferred upon me by these remarkable individuals.

I also dedicate this project to the countless individuals who, through their discussions, debates, and shared insights, have contributed to the depth and breadth of this work. To my friends and colleagues, whose companionship and shared enthusiasm have transformed challenges into opportunities for growth and collaboration.

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ABSTRACT

The study is an exploratory research endeavour focused on investigating the challenges faced by municipal supply chain practitioners during the implementation of the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations. The PPPFA serves as a fundamental pillar for state entities to operationalize their preferential procurement policies, using a system of preferential points. The effective implementation of the PPPFA within municipal supply chains is a matter of paramount concern. However, the potential for misinterpretation or misapplication of the PPPFA poses a significant risk, capable of impeding the intended transformation and perpetuating societal disparities.

The study adopted a qualitative approach, underpinned by the interpretivist paradigm, to delve into the subject matter. To this end, data was collected through semi-structured interviews involving a sample of eight (8) participants, who were selected using a non-probability sampling method, specifically employing the purposive sampling technique. The gathered insights were subjected to an inductive thematic analysis, and the findings were subsequently discussed based on the emerging themes.

The study ascertained that the PPPFA is fundamentally perceived as a legislative instrument designed to regulate and guide public procurement and tendering procedures, placing a strong emphasis on the principles of fairness, equity, and transparency. The accomplishment of PPPFA implementation hinges not only on stringent regulatory compliance, but also on a myriad of other factors, encompassing aspects like stakeholder engagement, addressing historical imbalances, and the capacity to adapt to evolving procurement processes. Also, the study brought to light emerging challenges that emphasize the potential impact of political interference, policy-related issues, and resistance to the successful execution of the PPPFA.

Moreover, in examining the role and impact of PPPFA implementation on the quality-of-service delivery, the study concluded that the execution of the PPPFA exerts a substantial influence on the quality of goods and services provided to the municipality. Concerning the enhancement of the effectiveness and efficiency of PPPFA implementation in the municipality, the study determined that there is a fundamental need for the alignment of the municipality's preferential procurement policy with the

objectives outlined in the PPPFA. While the policy may effectively address certain areas, such as locality and Black Economic Empowerment (BEE), it is imperative to ensure that all pertinent objectives, including those related to historically disadvantaged groups, receive adequate attention and consideration.

Key Words: Supply chain; Political interference; Procurement; Local government; Preferential Procurement Policy Framework Act; Municipality; Implementation challenges; Fairness, equity, and transparency; Regulatory compliance

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LIST OF ACRONYMS

AA	Affirmative Action
AGSA	Auditor General of South Africa
B-BBEEA	Broad-Based Black Economic Empowerment Act
BEE	Black Economic Empowerment
MFMA	Municipal Finance Management Act 56 of 2003
MSCR	Municipal Supply Chain Management Regulations
NDP	National Development Plan
PPPFA	Preferential Procurement Policy Framework Act 5 of 2000
PPR	Preferential Procurement Regulations
SCM	Supply Chain Management
SMME	Small, Medium, and Micro Enterprises

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Introduction

South Africa has been steadfast in addressing the deep-rooted historical inequalities ingrained in the dynamics of race and gender. In acknowledging the pivotal role of women's participation in the economy, the government has recognized the importance of fostering fairness, prosperity, and inclusivity (Department of Women, 2015:9). This commitment to rectifying historical disparities has been a central tenet since the dawn of democracy, driving the implementation of significant reforms.

The foundational principles of equality and fairness are enshrined in the South African Constitution of 1996, particularly within Section 217(1). This constitutional provision mandates that government bodies adhere to the principles of fair, transparent, and cost-effective procurement processes. By doing so, it guides the equitable distribution of resources, paving the way for a more inclusive economic landscape. Section 217(2) of the same Constitution empowers government entities with the autonomy to formulate their procurement rules, placing a strong emphasis on prioritizing historically disadvantaged groups.

In the year 2000, a critical milestone was reached with the introduction of the Preferential Procurement Policy Framework Act (PPPFA). This seminal piece of legislation established a structured framework for the enactment of procurement policies, offering a degree of flexibility through the incorporation of ratios such as 80/20 or 90/10. These ratios, allocating points for both price (80 or 90) and other socio-economic development goals (20 or 10), have played a significant role in shaping the procurement landscape in South Africa.

Over the course of two decades, the PPPFA has undergone a series of transformations, each aimed at enhancing equal economic opportunities. Particularly noteworthy are the pivotal moments in the last decade, marked by the introduction of updated rules and regulations in 2011, 2017, and 2022, which have collectively served to refine and strengthen the implementation of the PPPFA, ultimately driving South Africa closer to its goals of fairness, prosperity, and inclusivity.

1.2 Background and context

According to Section 217(3) of South Africa's Constitution (1996), national legislation is mandated to provide a comprehensive framework for the implementation of procurement policies. This framework should not only consider groups that require special attention but also promote the advancement of individuals who have historically faced discrimination. The Preferential Procurement Policy Framework Act (PPPFA) serves as the cornerstone for state entities to execute their preferential procurement policies, utilizing a system of preferential points (CDH, 2017:15).

The enactment of the PPPFA precipitated the formulation of a series of regulations under Section 5 of the PPPFA, spearheaded by the Minister of Finance. The initial set of regulations was introduced in 2001, with a distinct focus on driving significant socio-economic changes, especially with regard to the empowerment of designated groups, rural township enterprises, small businesses, and local industries. The 2001 Preferential Procurement Regulations (PPR) were subsequently superseded by the 2011 PPR, aligning with the Broad-Based Black Economic Empowerment Act (B-BBEEA) and its Codes of Good Practice. These 2011 regulations remained in effect for over five years before being replaced by the more controversial 2017 PPR. The introduction of the 2017 Preferential Procurement Regulations triggered a series of legal challenges, including a Constitutional Court case (Case CCT 279/20) involving the Minister of Finance and Afribusines NPC.

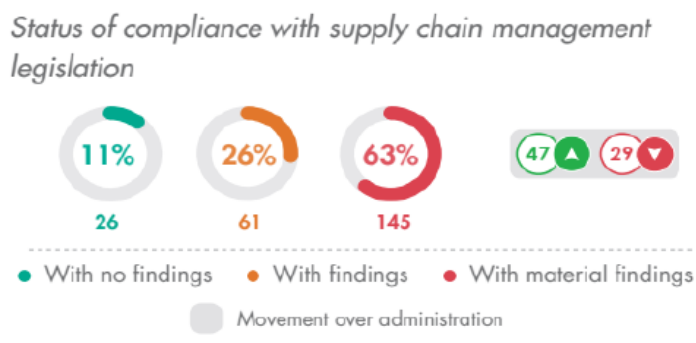
The 2017 PPR introduced pre-qualification and subcontracting criteria. Section 4 of these regulations empowers state entities to impose pre-qualification criteria to advance specific designated groups, with tenders failing to meet this criterion being deemed unacceptable. Furthermore, Section 9 suggests that state entities can allocate at least 30% of a contract exceeding R30 million for subcontracting purposes to promote designated groups. After an extended legal process, the case *Minister of Finance v Afribusines NPC* (2022) declared the 2017 regulations invalid on February 16, 2022 (Minister of Finance v Afribusines NPC (CCT 279/20) [2022] ZACC 4).

These regulations were designed to ensure the equitable distribution of government contracts. This study will assess the impact of the implementation of the Preferential Procurement Regulations Framework Act (PPRFA) and its Regulations for the current

and previous financial year. This period holds particular significance due to the introduction of new regulations on January 16, 2023, allowing for a comparison between the 2017 and 2022 guidelines. Local government procurement adheres to multiple guidelines, including the Municipal Finance Management Act (MFMA) of 2003. Chapter 11 of the MFMA concentrates on managing the supply chain function. In 2005, the Minister introduced the Municipal Supply Chain Management Regulations (MSCR) to ensure uniformity among all South African municipalities.

Moreover, challenges in achieving equitable distribution are attributed to factors such as the limited capacity of supply chain officials responsible for PPPFA implementation, instances of fraud and corruption, and inconsistencies between various laws. The Auditor General Report (2022:17) highlights that only two Gauteng departments achieved clean audits, while irregular expenditure remained high. A preliminary analysis of the 2020-21 Auditor General of South Africa report suggests that a significant portion (63%) of material findings result from non-adherence to supply chain management guidelines. This paints a comprehensive picture of compliance, with only 11% of South African municipalities effectively implementing supply chain regulations; as illustrated in Figure 1.1 below:

Figure 1.1: Compliance with Supply Chain Management Legislation in South Africa



Source: Auditor General (2020-21:17)

1.3 Problem statement

The successful implementation of the Preferential Procurement Policy Framework Act (PPPFA) within municipal supply chains is pivotal for fostering economic

transformation and empowering marginalized groups. However, a critical knowledge gap exists regarding the depth of understanding among municipal supply chain practitioners in translating the PPPFA into actionable strategies. This gap poses a significant threat to achieving equitable economic progress.

Moreover, the imperative to balance economic transformation and empowerment with the necessity of maintaining transparent and accountable procurement processes introduces a layer of complexity. Thus, striking a delicate equilibrium between these dual objectives requires a nuanced and careful approach. Ineffectively managing this balance may lead to unintended consequences that undermine the intended impact of the PPPFA.

The urgency of addressing these challenges cannot be overstated. Misinterpretation or misapplication of the PPPFA could impede the desired transformation, perpetuating societal disparities. Furthermore, recent regulatory changes, notably the introduction of the Preferential Procurement Regulations of 2022, underscore the need for a comprehensive examination of their practical implications on procurement practices.

However, it remains fundamentally unexplored to what extent the implementation of the PPPFA has influenced the efficiency, transparency, and socio-economic development outcomes in the procurement processes of Midvaal Local Municipality. Additionally, identifying and understanding the key challenges faced by the municipality in aligning with PPPFA requirements is crucial for informed policy recommendations and effective decision-making

1.4 Research objectives

The following research objectives were addressed in the study:

1.4.1 Primary objective

The primary objective of this study was to explore and describe the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations.

1.4.2 Secondary objectives

1. To determine the constructs of measuring the PPPFA and its regulations, against successful implementation.
2. To establish challenges associated with implementing the PPPFA at a municipal level.
3. To establish the effect of the implementation of PPPFA on service delivery quality.
4. To proffer strategies to improve the effectiveness and efficiency of implementing PPPFA in municipalities.

1.5 Scope of study

This research is focused on the public sector. Section 195 of the South African Constitution (1996) underscores the significance of governing public administration based on democratic values, which necessitates accountability across all levels of government, state entities, and public enterprises. It also places a strong emphasis on the efficient and effective utilization of resources.

The concept of "demarcation," as elucidated by Silverman (2000:88), involves the strategic narrowing down of the research group or phenomenon. This concept underscores the idea that refining the composition of the research group is essential to achieve valuable and insightful outcomes.

The primary focus of this study was to comprehend the Preferential Procurement Policy Framework Act (PPPFA) and its accompanying regulations. These regulations play a pivotal role in establishing a framework that governs state entities, including local municipalities. It is important to note that this investigation specifically concentrated on the Midvaal Local Municipality, which is located within the jurisdiction of Gauteng.

1.6 Midvaal Local Municipality as a case study

The study focused on Midvaal Local Municipality as a case study.

1.6.1 Introduction to Midvaal Local Municipality

The Midvaal Local Municipality is a Category B municipality located in Sedibeng District, southern Gauteng Province. The city of Ekurhuleni and the Metropolitan City of Johannesburg are located in the north. It borders the Free State Province to the south and Mpumalanga Province to the east. It is the largest of the region's three municipalities, accounting for almost half of its geographical area. The main economic activities in the area consists of manufacturing (25.1%), community services (22.5%), finance (20.4%), trade (11.4%), transport (6.1%), electricity (5.7%), construction (5.7%) and agriculture (2.6%) (Midvaal Local Municipality Annual Report, 2021/22:38).

The spatial structure of the municipality of Midvaal is mainly a rural area with extensive agriculture. There are two important natural features that influence the natural structure: the Suikerbosrand Nature Reserve and the Vaal River, which form the southern boundary of the municipality and Gauteng Province. Secondary natural features that play an important role in the development dynamics of the area are the Klip River, the Suikerbosrand River and the Vaal Dam (Midvaal Local Municipality Annual Report, 2021/22:38).

The choice of the Midvaal Local Municipality as a case study is grounded in its significance as a microcosm of wider public procurement dynamics in South Africa. The challenges encountered, strategies employed, and successes achieved by Midvaal serve as a reflection of the broader narrative surrounding equitable economic advancement.

In particular, did this study zoom in on Midvaal's experiences with the implementation of the Preferential Procurement Policy Framework Act (PPPFA) and its associated Regulations. A case study serves as a valuable methodological approach, providing in-depth insights that contribute to theory-building, practical applications, and a nuanced understanding of complex real-world scenarios (Yin, 2018:73). By examining how these policies are put into practice and their subsequent impact on the socio-economic landscape, this research offered valuable insights to the broader discourse on equitable economic development and transformation within the realm of public procurement.

This research navigated the intricacies of public procurement, with the experiences of Midvaal providing a nuanced lens through which to decipher the implications of preferential procurement policies. Through an examination of Midvaal's journey, this study aimed to extract lessons and recommendations that could be relevant not only for the specific municipality, but also for analogous local government contexts across South Africa. Throughout the course of this study, the Midvaal Local Municipality was scrutinized as a focal point to unravel the practical ramifications of preferential procurement policies. By dissecting the successes and challenges faced by Midvaal in policy execution, this research shed light on how these policies manifest on the ground and contribute to broader socio-economic objectives.

In essence, the study employed the unique context of Midvaal to make a meaningful contribution to the ongoing conversation surrounding public sector procurement. It offered insights that have the potential to inform and shape future policy formulation and implementation, not only within the municipality itself but also across comparable local government contexts within the nation.

1.6.2 Overview of Steps and Processes of the Implementation of PPPFA within Midvaal Local Municipality

The implementation of the Preferential Procurement Policy Framework Act (PPPFA) within Midvaal Local Municipality involves several key steps and processes to ensure a seamless transition to a more inclusive and transparent procurement system (Midvaal Local Municipality Annual Report, 2021/22:39). The municipality begins by aligning existing procurement policies with PPPFA provisions through a thorough review, followed by targeted training programs for procurement officials to enhance their understanding of PPPFA regulations. This includes the establishment of a continuous learning framework to keep staff updated on any changes or amendments.

To promote preferential procurement, Midvaal Local develops and implements clear criteria for evaluating tenders based on PPPFA requirements, coupled with initiatives for supplier development, especially for historically disadvantaged groups (Midvaal Local Municipality Annual Report, 2021/22:39). A robust monitoring and evaluation framework is established, enabling regular reviews of procurement processes to ensure compliance with PPPFA principles. Transparent reporting mechanisms are

implemented to communicate outcomes, showcasing the municipality's commitment to transformation. Engaging stakeholders through communication platforms ensures a participatory approach, while a comprehensive risk management strategy identifies and mitigates potential risks associated with PPPFA implementation (Midvaal Local Municipality Annual Report, 2021/22:40). Adherence to all legal frameworks governing public procurement remains a central focus throughout the process, laying the groundwork for a fair, inclusive, and PPPFA-aligned procurement environment in Midvaal Local Municipality.

1.6.3 Overview of procurement practices

The procurement practices within the Midvaal Local Municipality, nestled in the heart of Gauteng, South Africa, serve as a remarkable testament to a steadfast commitment to prudent financial management and accountable governance. Of particular note is the municipality's exceptional achievement, having received nine consecutive clean audit opinions from the Auditor General. This streak signifies an unwavering dedication to transparent and responsible procurement processes, as outlined in the Auditor General Report of 2022 (Auditor General Annual Report, 2022-2023:18).

Midvaal's procurement practices are firmly anchored in the guiding principles set forth by the Preferential Procurement Policy Framework Act (PPPFA) and its corresponding Regulations. According to the Midvaal Local Municipality Annual Report (2021/22:40), the municipality exemplifies a proactive approach in translating these policy imperatives into tangible actions that prioritize fairness, inclusivity, and efficient resource allocation. By adhering to the PPPFA, Midvaal actively seeks to promote economic empowerment and transformation through the provision of preferential treatment to historically marginalized groups (PPP, 2023:11).

A hallmark of Midvaal's procurement practices is its rigorous supplier selection and evaluation process. The municipality places a premium on engaging with suppliers who closely align with its unwavering commitment to quality and cost-effectiveness. This meticulous approach not only ensures optimal value for financial resources but also actively contributes to local economic development by bolstering support for local businesses, in accordance with the Municipal Supply Chain Management Regulations (MSCMR) of 2005.

Midvaal's procurement practices underscore a robust emphasis on fostering stakeholder engagement. The municipality has taken proactive strides to involve relevant parties, including community members, in the decision-making processes pertaining to procurement (Midvaal Local Municipality Annual Report, 2021/22:41). In line with Section 195 of the Constitution of South Africa (1996), this participatory approach not only enhances transparency but also instils a sense of ownership and accountability among stakeholders, firmly aligning with the principles of good governance.

The consistent receipt of clean audit opinions from the Auditor General (AG) stands as a testament to Midvaal Local Municipality's resolute commitment to upholding ethical and responsible procurement practices (Midvaal Local Municipality Annual Report, 2021/22:41). As this research seeks to delve into the complexities of public sector procurement, the Midvaal case serves as a compelling illustration of how effective procurement strategies can significantly contribute to the attainment of transparent governance, economic transformation, and holistic community development.

1.6.4 Relevance of the PPPFA to Midvaal Local Municipality

The PPPFA provides a strategic framework for implementing procurement policies that align with broader policy objectives. The PPPFA Act's core principles of fairness, transparency, and accountability hold particular relevance for governments at all levels, thereby facilitating responsible resource allocation and efficient service delivery (Department of Finance, 2017:52).

At the local government level, the PPPFA empowers municipalities to address historical disparities and stimulate localized economic growth. By assigning preferential points to historically disadvantaged groups, local governments can actively promote the participation of marginalized communities and enterprises in procurement processes, thereby fostering empowerment and community upliftment (Brown & Visser, 2013:313).

Moreover, the PPPFA's emphasis on preferential procurement and localization aligns with efforts to invigorate local industries and enhance job creation. Within the context

of local government, the PPPFA Act's provisions can significantly contribute to driving economic development, supporting Small, Medium, and Micro Enterprises (SMMEs), and advancing sustainable supply chain practices (National Treasury, 2011:28).

1.6.5 Justification for selecting Midvaal as a case study

The choice of the Midvaal Local Municipality as the focal point of this research is underpinned by a range of compelling justifications. Midvaal is chosen because it represents a typical or unique example of municipal supply chains, making it relevant to understanding the challenges faced in implementing the Preferential Procurement Policy Framework Act (PPPFA) in the context of local governance (Auditor General Annual Report, 2022-2023:41).

In line with the research's objectives, Midvaal's proactive implementation of the Preferential Procurement Policy Framework Act (PPPFA) underscores its dedication to equitable economic advancement and local development (Midvaal Local Municipality Annual Report, 2021/22:41). Positioned within the dynamic economic landscape, the municipality's procurement practices have the potential to provide valuable insights into challenges and strategies relevant to urbanized regions.

The diverse stakeholder engagement within Midvaal's procurement decisions, along with the potential replicability of its practices, further enhances its significance as a representative case study (Midvaal Local Municipality Annual Report, 2021/22:42). Ultimately, the study of Midvaal's procurement practices holds promise for enriching the understanding of effective governance, stakeholder participation, and socio-economic progress within the realm of public sector procurement.

1.7 Research Methodology

The section covers the proposed research methodology used in the study.

1.7.1 Research design and approach

The study is theoretical in nature, therefore requires an inductive research design. This method used the bottom-up process which stems observation and moves up until the general conclusion. Inductive reasoning draws a conclusion from one or more

particular facts or pieces of evidence and the conclusion explains the facts (Creswell & Creswell, 2018:92).

A qualitative mono-research method was applied because it was expected to produce significant context and precision to the research phenomenon. The qualitative research method is an interpretive and useful approach that describes and provides responses to questions regarding participants and context (Creswell, 2018:104).

1.7.2 Research paradigm

A research paradigm is a set of beliefs and practices that guide researchers in their approach to conducting research (Creswell, 2018:104). There are two research paradigms, namely the positivism and interpretivism paradigms respectively. While positivism assumes an objective reality that exists independently of human perception, interpretivism suggests that reality is subjective and socially constructed, varying among individuals and groups (Kumar, 2020:119). The positivistic and interpretivist paradigms are the two fields that are most dominant in the field of social and management sciences (Braun & Clarke, 2019:589). A positivist investigator has an idea or notion that the universe or world conforms to permanent and unchanging laws and rules of causation and happenings (Saunders *et al.*, 2019:287). In this study, the interpretivism research paradigm was chosen due to its focus on understanding people's perspectives and experiences.

1.7.3 Strategy and design

A research strategy refers to the overall plan or approach that a researcher adopts to answer their research questions or achieve the objectives of their study (Flick, 2018:69). There are several research strategies under the interpretivism paradigm. However, the study utilised a case study approach to collect and analyse data. Case study research is a qualitative research method that involves an in-depth and detailed analysis of a specific case, which could be an individual, group, event, organization, or situation (Kumar, 2020:72). According to Creswell (2018:173) a case study approach allows for in-depth, multi-faceted explorations of complex issues in real-life settings. Since the study was time specific, it required a cross-sectional time horizon using the non-probability sampling method.

1.7.4 Data collection methods

The study used Microsoft Teams for interviews which were set up with selected participants, where virtual one-on-one interviews were conducted. A managed time limit of 1 hour was applicable per participant, and the interview session was recorded and transcribed accordingly. The adoption of interviews is in line with the qualitative approach adopted. Prior to the interview session, participants were issued with a letter of consent for voluntary participation in the study (Attached as Appendix B).

The interviews were coordinated in a semi-structured approach where an interview guide was used as a research instrument. The guide consisted of 10 questions relating to the effectiveness of implementing the PPPFA in the municipality. This form of interview is considered to be flexible in order and phrasing. According to Kumar (2020:73), semi-structured interview generally starts with a few specific questions and then follows the individual's tangents of thought with the interviewer's probes.

1.7.5 Sampling strategy

Purposive sampling was applied to allow the researcher to obtain quality and in-depth data from participants who provided valuable knowledge relating to the study (Saunders, Lewis & Thornhill, 2019:289). Purposive sampling refers to a group of non-probability sampling techniques whereby units are selected based on the character needed in the sample (Brown & Miller, 2018:12).

Participants identified were either executives or senior managers that formed part of bid committees of the municipality, i.e. adjudication, evaluation, and specifications committees, as well as senior SCM practitioners.

1.7.6 Data analysis techniques

The thematic analysis was applied for sorting and categorising the collected data, this was then followed by coding similarities to derive themes. This process ordinarily assists with drawing conclusions from the collected data. The transparency of the thematic analysis process enhances the research's replicability, as it allows for clear documentation of the steps taken to arrive at the final themes (Smith & Johnson, 2023:45).

1.7.7 Trustworthiness of the Study

Ensuring the trustworthiness of a study is crucial for establishing the credibility and reliability of its findings (Flick, 2018:92). Trustworthiness in research is often associated with qualitative research methodologies, such as case studies, where the subjective interpretation of data plays a significant role. In this study, trustworthiness of the study was ensured by satisfying the fundamental pillars of credibility, transferability, dependability and conformability (Lohr, 2019:56). This was achieved by using data collection tools such as interviews which are considered to be vital for ascertaining credibility, dependability, and confirmability. The study ensured an audit trail, adopted a well-known research approach and elicited suggestions on the research instrument from the supervisor instrument before the study commenced. Against such a background, qualitative validity means that the researcher checks for the accuracy of the findings by employing certain procedures (Saunders et al., 2019:295).

1.7.8 Ethical considerations

Ethical clearance was obtained from the North West University's Research Ethics Committees (RECs) with Ethics No: [NWU:00602-23-A4]. The researcher conveyed to all participants the voluntary nature of their involvement and emphasized their unrestricted prerogative to withdraw from the study at any stage. Additionally, a comprehensive informed consent document, appended as Appendix B, was presented to each participant for thorough review and subsequent endorsement.

Furthermore, steps were taken to manage any perceived risks, ensuring they were kept as low as possible. Participants' confidentiality and anonymity were maintained and respected throughout the study. The researcher followed the approved research proposal and would seek permission and approval if any deviations were required.

All interviews were saved in a Microsoft share drive, within a password-protected user account. Any necessary disclosures to the Ethics committee would be made without delay. It is the researcher's duty to uphold the University's standards for intellectual property and to promptly notify the Ethics committee in the event of an early termination of the study.

Participants were informed of their anonymity and that the information shared was solely for the purpose of this study and would not be divulged to any third parties.

1.8 Layout of the Study

The study followed the layout outlined below:

Chapter 1: the chapter covered the introduction and background of the study where research problem, research objectives, significance of the study, research context and the proposed research methodology were summarised.

Chapter 2: the chapter reviewed the existent literature for an informed perspective. The research objectives were addressed in a secondary perspective and the key constructs were deliberated.

Chapter 3: the research methodology was discussed and the relevant steps from data collection, analysis and presentation.

Chapter 4: the chapter focused on the interpretation, analysis and discussion of major findings adhering to the steps outlined in the research design and methodology chapter.

Chapter 5: outlined the conclusions, recommendations, implications and the areas for future research regarding the study.

1.9 Conclusion

The chapter sets the scene for the broader study by forming the foundation of the broader study. The chapter covered the background of the study, problem statement, research objectives, scope of the study, case study justification and the proposed research methodology. The chapter sets the parameters of the study with the thrust mainly on the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations. Against to that background, the next chapter focuses on the literature review on the subject under study.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The previous chapter has provided an overview of the background, research problem, and research objectives, which form the foundation for this study. This chapter delves into an extensive examination of existing literature to gain a comprehensive understanding of the implementation of the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations in municipal supply chain management. This exploration is crucial for shedding light on the challenges faced by municipal supply chain practitioners and, subsequently, for addressing the broader implications of public procurement on economic empowerment and transformation in South Africa.

The PPPFA serves as a legislative framework designed to guide and regulate public procurement and tendering procedures within municipalities. It plays a pivotal role in shaping preferential procurement policies by employing a system of preferential points. Given its significance, understanding the intricacies of PPPFA implementation at the municipal level becomes imperative. This literature review aims to contribute to this understanding by exploring key constructs that measure the PPPFA and its regulations against successful implementation.

In the subsequent sections, the literature review will also address the specific objectives of this study. This includes an exploration of challenges associated with implementing the PPPFA at the municipal level, an investigation into the effects of PPPFA implementation on the quality-of-service delivery, and an examination of strategies proposed in the literature to improve the effectiveness and efficiency of PPPFA implementation in municipalities. By synthesizing existing knowledge, this literature review aims to provide a robust foundation for the empirical investigation that follows, offering valuable insights into the complexities and nuances of PPPFA implementation in municipal supply chain management.

2.2 Purpose of the literature review

The purpose of the literature review in the assessment of the Preferential Procurement Policy Framework Act (PPPFA) on local government, with a specific focus on the case of Midvaal Local Municipality, is to critically analyze existing research and scholarly works (Creswell, 2018:321). This analysis aims to provide insights into the impact and effectiveness of the PPPFA within the context of local government procurement. The primary goals of this review are to identify challenges and opportunities related to the PPPFA's implementation, assess its intended objectives, and evaluate its outcomes within the specific case of Midvaal Local Municipality (Kumar, 2020:189).

By conducting a comprehensive analysis of pertinent literature, this review sought to offer a thorough understanding of the PPPFA and its implications for local government procurement practices. It aimed to explore the various factors influencing the PPPFA's implementation, including legislative and policy frameworks, institutional arrangements, and capacity-related issues. Furthermore, the review intended to scrutinize the outcomes and effects of the PPPFA on crucial aspects such as economic empowerment, redress, local economic development, and the promotion of inclusive growth within the Midvaal Local Municipality.

2.3 A contextualized overview of the PPPFA

A contextualised overview of the PPPFA covers the origin of the legislation, provisions and the principles associated thereof.

2.3.1 Conceptualisation of the Preferential Procurement

The conceptualization of Preferential Procurement involves the development of a comprehensive and inclusive framework aimed at addressing historical disparities and promoting economic empowerment (Sibanda, 2021:7). This conceptual framework begins with the formulation of policies that clearly define preferential criteria, aligning with legal frameworks and specifying preferences for historically disadvantaged groups. The emphasis is on transparent evaluation processes that ensure objectivity in awarding contracts and contribute to building trust and accountability. Additionally, the conceptualization extends beyond contract awards to encompass robust inclusive supplier development programs, including mentorship and capacity-building initiatives,

fostering the long-term competitiveness of historically disadvantaged businesses (Sibanda & Tshikovhi, 2022:702). In this regard, continuous monitoring, reporting mechanisms, and stakeholder engagement are integral components, ensuring ongoing feedback and improvement opportunities in line with broader developmental goals.

The success of Preferential Procurement relies on a dynamic approach that adapts to changing economic landscapes (Sibanda & Tshikovhi, 2022:703). The conceptual framework acknowledges the importance of continuous improvement, incorporating regular reviews of policies, evaluation processes, and supplier development initiatives. Stakeholder engagement remains pivotal, fostering collaboration with government entities, business associations, and community organizations to ensure that the preferential criteria align with evolving economic priorities (Vinti, 2021:20). This comprehensive conceptualization positions Preferential Procurement as a multifaceted strategy, not only for awarding contracts but also for driving sustainable economic transformation and empowerment.

2.3.2 The origin of the Preferential Procurement Policy Framework Act (PPPFA)

The Preferential Procurement Policy Framework Act (PPPFA), enacted in 2000, holds paramount significance as a legislative instrument within the Republic of South Africa. Its primary objective is to facilitate equitable economic opportunities for historically disadvantaged individuals and businesses (Sibanda, 2021:8).

Historically, prior to the advent of democracy in 1994, the majority of South Africans, particularly those from non-white communities, were systematically excluded from participating in the country's economic activities (Sibanda, 2021:8). This deliberate marginalization severely restricted their access to economic opportunities and resources, perpetuating socio-economic disparities (Sibanda & Tshikovhi, 2022:704). In response to this, the South African government recognized the imperative for redress and adopted various laws and programs aimed at rectifying past inequalities and advancing previously underprivileged populations.

Section 2 of the Constitution of South Africa (1996) explicitly permits the adoption of legislative and other measures to protect or advance individuals or categories of

persons disadvantaged by unfair discrimination, with the ultimate goal of promoting equality (Constitution of the Republic of South Africa, 1996). In alignment with this constitutional mandate, the PPPFA provides a framework for implementing a policy and system that goes beyond awarding procurement contracts solely based on the lowest price. It incorporates a predetermined point system that prioritizes previously disadvantaged individuals and businesses, thereby promoting fairness and inclusivity in procurement transactions (Kotze *et al.*, 2016:285).

Affirmative action refers to laws, programs, or activities designed to redress past imbalances and improve the conditions of individuals and groups who have been disadvantaged based on race, gender, and disability (Department of Public Service and Administration, 1998). The PPPFA shares similarities with Affirmative Action (AA) in their aim to address historical disadvantages experienced by certain groups and advance equal opportunity (Sibanda & Tshikovhi, 2022:705). The PPPFA, specifically, aims to foster economic transformation in South Africa by granting preferential consideration to previously disadvantaged individuals during the procurement process (Vinti, 2021:21). It has been a pivotal turning point for the South African government as it continues to enact reforms that guide public procurement processes and encourage participation from all individuals and businesses (Mathebula & Bojole-Gundani, 2019:90).

The PPPFA is specifically applicable to government entities and provides a mechanism for awarding contracts based on a combination of price and other considerations, including socio-economic development factors, job creation, and support for regional industries (Sibanda, 2021:9). Since its establishment, the PPPFA has undergone several adjustments and amendments to enhance its effectiveness and alignment with the changing socio-economic landscape. Some of these changes were prompted by court challenges, while others were part of routine reviews and updates (Sibanda & Tshikovhi, 2022:704).

The Preferential Procurement Policy Framework Act (PPPFA) introduces the concept of preferential procurement, which mandates public institutions to prioritize the purchase of goods and services from specific groups, including businesses owned by people of color, women, or those with disabilities. This measure aims to address historical inequalities and promote economic empowerment (Robinson, 2017:516).

However, Sibanda and Tshikovhi (2022:705) highlight that despite the PPPFA's intended role as a corrective measure, research has uncovered instances of abuse and manipulation in its implementation by government officials entrusted with this function. This underscores the need for greater oversight and measures to ensure the Act's effective and ethical execution.

Public procurement plays a pivotal role in supporting the goals of the 2030 National Development Plan (NDP) in South Africa, which seeks to eliminate poverty and promote inclusive economic growth (Mathebula & Bojole-Gundani, 2019:91). By evaluating the current procurement legislation framework and its impact on localization, public procurement contributes to the re-industrialization of the South African economy (Fourie & Malan, 2020:2). This aligns with the broader national development agenda and emphasizes the importance of leveraging procurement practices for sustainable economic development and poverty reduction.

2.3.3 The PPPFA: Key principles

The PPPFA is a significant legislative instrument in South Africa that aims to promote economic transformation, redress historical inequalities, and foster inclusive growth. This section discusses the current trends and goals associated with the PPPFA.

2.3.3.1 Economic transformation and empowerment

The primary goal of the PPPFA is to facilitate economic transformation by providing equitable opportunities for historically disadvantaged individuals and businesses (Selomo & Govender, 2016:55). It seeks to address the systemic exclusion of certain groups, particularly those from previously disadvantaged backgrounds, from participating in economic activities (Shai, Ehlers & Sarei, 2019:1996). The Act promotes the inclusion of historically marginalized individuals by allocating preferential consideration during the procurement process, thereby enhancing their access to government contracts (Seckelmann *et al.*, 2018:3).

2.3.3.2 Redressing historical inequalities

A crucial objective of the PPPFA is to redress the historical imbalances created by apartheid-era policies (Quinot, 2018:33). Through preferential procurement practices,

the Act aims to address past injustices by supporting and promoting the participation of previously disadvantaged groups, such as Black South Africans, women, and people with disabilities (Shai, Ehlers & Sarei, 2019:1196). It seeks to provide a level playing field and equal opportunities for these groups, contributing to the broader social and economic transformation of the country (Kotze et al., 2016:287).

2.3.3.3 Promoting inclusive growth and job creation

Another key goal of the PPPFA is to stimulate inclusive economic growth and job creation (Quinot, 2018:34). Encouraging the utilisation of local suppliers, subcontractors, and small and medium-sized enterprises (SMEs), the PPPFA Act aims to support local businesses and industries (Mathebula & Bojole-Gundani, 2019:92). This emphasis on local participation in government contracts contributes to regional development, enhances job opportunities, and facilitates the spread of economic benefits throughout communities (Ncube & Nhlabathi, 2016:102).

2.3.3.4 Supporting socio-economic development

The PPPFA also seeks to advance socio-economic development objectives. It encourages procuring entities to consider factors beyond price, such as the promotion of skills development, enterprise development, and socio-economic upliftment (Van Rensburg, McConnell & Brue, 2015:382). The PPPFA recognizes that value for money encompasses broader social and economic considerations, aiming to leverage procurement activities as a catalyst for sustainable development (Robinson, 2017:520).

2.3.3.5 Political Transformation

The political transformation of the Preferential Procurement Policy Framework Act entails a dynamic process of aligning the legislation with evolving political priorities, redressing historical imbalances, and fostering socioeconomic development (Van Rensburg, McConnell & Brue, 2015:383). This transformation involves legislative amendments to adapt the PPPFA to contemporary challenges, with a focus on promoting inclusivity, supporting historically disadvantaged groups, and achieving broader economic transformation goals. Government commitment, articulated through policy statements and resource allocation, plays a central role in driving this

transformation, accompanied by stakeholder involvement to ensure diverse perspectives are considered (Scott, 2016:102). Robust monitoring mechanisms, transparent reporting, and responsiveness to global and regional considerations further characterize the political transformation, positioning PPPFA as a dynamic and effective tool in the pursuit of political and socioeconomic objectives within the broader political landscape.

2.3.4 PPPFA: The Provisions

The PPPFA is acknowledged for the provisions as set out below.

2.3.4.1 Application of the preferential procurement principles

One of the central provisions of the PPPFA is the application of preferential procurement principles (Van Rensburg, McConnell & Brue, 2015:305). This provision promotes fairness and inclusivity, allowing for a more comprehensive evaluation of bids that goes beyond a narrow focus on cost. According to Kotze et al. (2016:45), the Act necessitates that procuring entities take into account factors beyond mere price during the contract awarding process. These factors encompass the encouragement of local content, supplier development, and the active involvement of historically disadvantaged individuals or groups (Scott, 2016:96).

2.3.4.2 Determining the preferential points system

The PPPFA provides for the establishment of a preferential points system, which plays a crucial role in the procurement process (Smit, 2015:10). This system assigns points based on predetermined criteria, including factors such as the level of black economic empowerment (BEE) ownership, job creation, skills development, and subcontracting to historically disadvantaged individuals or groups (Scott, 2016:97). The points system ensures that contracts are awarded to bidders who demonstrate a commitment to economic transformation and empowerment.

2.3.4.3 Reporting and monitoring mechanisms

The PPPFA includes provisions for reporting and monitoring mechanisms that are aimed at promoting transparency and accountability (Mathebula & Bojole-Gundani,

2019:95). Thus, procuring entities are required to submit regular reports on their procurement activities, including the utilisation of preferential procurement principles and the achievement of transformation targets (Robinson, 2017:73). These reporting requirements aim to track the progress and impact of the Act's implementation, enabling stakeholders to assess its effectiveness and identify areas for improvement.

2.3.4.4 Review and amendments

The PPPFA allows for periodic reviews and amendments to ensure its relevance and effectiveness in a changing socio-economic environment (Robinson, 2017:74). Over the years, the Act has undergone revisions and adjustments to address emerging challenges and align with evolving policy priorities (Mathebula & Bojole-Gundani, 2019:96). These reviews often result from court challenges, public consultations, and lessons learned from implementation experiences, shaping the Act to better serve its intended objectives (Scott, 2016:97).

2.3.5 Conceptualisation of Local Government

The conceptualization of local government entails recognizing it as a decentralized form of governance designed to bring decision-making and administration closer to the community level (CIPS, 2023:7). At its core, local government serves as a vital institution responsible for delivering essential services, such as education, healthcare, and public infrastructure, tailored to the unique needs of the local population (Midvaal Local Municipality, 2023:8). It embodies principles of community representation, where elected officials advocate for the interests of their constituents, fostering democratic processes and ensuring that the voices of the community are heard in governance.

In addition to its service delivery role, the conceptualization involves a comprehensive understanding of the fiscal management strategies employed by local government (Midvaal Local Municipality, 2023:8). This includes exploring revenue generation mechanisms, budgeting processes, and responsible financial allocation to address local priorities. The legal framework guiding local government operations, encompassing constitutional provisions and statutory regulations, is another crucial aspect (CIPS, 2023:7). Ultimately, the conceptualization acknowledges local government as a key player in community development, actively shaping the socio-

economic landscape by fostering citizen engagement, democratic governance, and responsive service delivery.

2.4 South African government procurement practices

Government procurement plays a pivotal role in fulfilling the commitment and mandate of the South African government to its citizens. This encompasses the acquisition of various commodities such as goods, services, and infrastructure, enabling the government to provide essential public services and drive economic development. As noted by Matidza (as cited in CIPS, 2023), the government expends over R500 billion annually on procuring goods, services, and works, underscoring its significant influence on the overall welfare and economic advancement of the population.

However, despite ongoing reform efforts in public procurement, South African government procurement practices face numerous challenges. Riazi and Nawi (2018:2) argue that the strategic use of Supply Chain Management (SCM) in public procurement processes is riddled with difficulties. Thus, compliance with procurement and SCM legislation and procedures is often lacking, resulting in irregularities and non-adherence to tender processes (Fagbadebo & Dorasamy, 2021:3).

These challenges are further exacerbated by inadequate controls and procedures for bid handling, inconsistent adherence to SCM guidelines, and deficiencies in the appointment of bid committee members (Mathebula & Bojole-Gundani, 2019:95). Therefore, such shortcomings compromise the integrity and transparency of the procurement processes, leading to potential favouritism and undermining the principles of fair competition and equal opportunity.

Also, the presence of these flaws in the public sector's adoption of procurement processes creates opportunities for unlawful behaviour and corrupt practices (Robinson, 2017:54). According to Riazi and Nawi (2018:3), non-compliance with the rules and regulations governing procurement not only undermines accountability but also erodes public trust in the government's ability to effectively manage public resources. Therefore, as enunciated by Fagbadebo and Dorasamy (2021:4), the need for improved governance and enhanced procurement practices in the public sector is

crucial to ensuring transparency, fairness, and efficiency in government procurement processes.

By and large, efforts to address these challenges and improve government procurement practices have been ongoing. The reforms have been initiated to strengthen accountability, enhance transparency, and promote adherence to procurement guidelines (Robinson, 2017:57). However, continuous monitoring, evaluation, and capacity-building initiatives are necessary to ensure effective implementation and compliance with these measures (Andreoni & Tregenna, 2020:324).

2.4.1 Economic development and local empowerment

The implementation of the PPPFA holds the potential to foster economic empowerment for historically disadvantaged individuals and businesses (Robinson, 2017:55). Through preferential procurement, the PPPFA opens doors to ownership, growth, and market access, nurturing a more equitable distribution of economic benefits and supporting the development of a diverse supplier base (Mathebula & Bojole-Gundani, 2019:96). Economic empowerment of historically marginalized groups, in turn, promotes fair competition (Doepke & Tertilt, 2019:309).

One of the primary mechanisms through which the PPPFA promotes economic empowerment is by emphasizing the importance of ownership and participation of historically disadvantaged individuals and businesses in procurement opportunities (Mathebula & Bojole-Gundani, 2019:95). The Act places a strong emphasis on supplier development and diversity. Despite the positive impact of the PPPFA on economic empowerment, challenges persist in its implementation (Fourie & Malan, 2020). There are alleged irregularities in procurement practices, potential abuse, and manipulation can impede the Act's effectiveness (Fourie & Malan, 2020:5).

The PPPFA actively encourages the inclusion of historically disadvantaged businesses in the supply chain, promoting their growth and capacity-building (Mathebula & Bojole-Gundani, 2019:95). This emphasis on supplier diversity creates opportunities for historically marginalized groups to access markets, gain experience, and establish sustainable business relationships. Consequently, these businesses

become more competitive, make significant contributions to economic growth, and enhance their long-term economic empowerment (Fourie & Malan, 2020:7).

2.4.2 Job creation

Job creation is a pivotal component of economic development and local empowerment, and the implementation of the Preferential Procurement Policy Framework Act (PPPFA) has demonstrated significant potential in this domain (Rana & Sharma, 2019). The Act places a strong emphasis on historically disadvantaged individuals and businesses, expanding their opportunities to participate in procurement processes. Numerous studies have underscored the positive impact of the PPPFA on job creation in South Africa (Rana & Sharma, 2019:1497; Sibanda & Tshikovhi, 2022:703).

Sibanda and Tshikovhi (2022:704) highlight the Act's pivotal role in enhancing employment prospects, particularly for historically disadvantaged individuals. By promoting preferential procurement practices, the PPPFA stimulates entrepreneurship and supports the growth of small and medium-sized enterprises (SMEs) (CIPS, 2023:8). These enterprises, frequently owned by historically marginalized individuals or groups, play a vital role in job creation, contributing to reduced unemployment rates and increased economic participation.

The emphasis on local content and supplier development generates a multiplier effect on job creation (Chandak *et al.*, 2019:158). As the demand for locally produced goods and services surges, industries and businesses are compelled to expand their operations, leading to the creation of new job opportunities. This, in turn, spurs economic growth across various sectors and fosters inclusive employment generation (Fourie & Malan, 2020:575).

Furthermore, the PPPFA encourages skills development and capacity-building initiatives, which, in turn, contribute to job creation (Chandak *et al.*, 2019:159). By prioritizing historically disadvantaged individuals in procurement opportunities, the PPPFA Act fosters the acquisition of new skills and expertise (Fourie & Malan, 2020:576). These individuals can then apply their newly acquired knowledge in their

businesses, leading to enhanced productivity and the potential for job creation within their enterprises.

2.4.3 Skills development

Bolton (2016:366) propounded that by prioritizing historically disadvantaged individuals in procurement opportunities, the PPPFA creates incentives for businesses and individuals to invest in acquiring new skills and expertise. This focus on skills development contributes to human capital formation, improves employability, and enhances the overall competitiveness of historically marginalized groups. Through training programs, capacity-building initiatives, and access to resources, the Act empowers individuals to enhance their skills and adapt to the changing demands of the market (Fourie & Malan, 2020:577).

More so, skills development is a pivotal component of economic development and local empowerment, and the implementation of the PPPFA has shown promising impacts in this domain (Bolton, 2016:367). The Act underscores the importance of skills development among historically disadvantaged individuals and businesses, with the aim of enhancing their capacity to participate meaningfully in procurement processes. Numerous studies have highlighted the positive influence of the PPPFA on skills development in South Africa (Sibanda & Tshikovhi, 2022:704).

Furthermore, the PPPFA Act promotes supplier diversity and encourages the growth of small and medium-sized enterprises (SMEs), often owned by historically disadvantaged individuals or groups (Fourie & Malan, 2020:578). In this regard, SMEs play a crucial role in skills development by offering training and employment opportunities to individuals within their organizations. As these businesses expand and engage in preferential procurement, they contribute to the transfer of skills, knowledge, and expertise to their workforce, thereby promoting upward mobility and socio-economic empowerment (Sibanda & Tshikovhi, 2022:704).

Additionally, the PPPFA also encourages collaboration between businesses, government institutions, and training providers to create tailored skills development programs (Fourie & Malan, 2020:578). By aligning training initiatives with the specific needs of historically disadvantaged individuals and businesses, the PPPFA Act

facilitates targeted skills acquisition, ensuring that individuals have the necessary capabilities to participate effectively in procurement processes (Sibanda & Tshikovhi, 2022:705).

2.4.3 Socio-economic transformation

The implementation of the PPPFA within local government has led to significant socio-economic inclusivity. It has effectively dismantled barriers that had historically prevented marginalized groups from fully participating in economic activities (Adediran & Windapo, 2017:286). By mandating preferential procurement from these groups, the PPPFA Act has broadened their access to government contracts and market opportunities. This, in turn, has enabled previously disadvantaged individuals and businesses to compete on a more level playing field and make meaningful contributions to local economic development. The Act has thus created opportunities for economic empowerment and active participation in local communities (Doepke & Tertilt, 2019:309).

The socio-economic inclusivity promoted by the PPPFA extends beyond economic empowerment (Balfaqih *et al.*, 2016:98). It encompasses actively involving previously disadvantaged individuals and designated groups in government procurement processes, contributing to the building of social capital and community empowerment. This inclusive approach has played a pivotal role in addressing historical imbalances and has significantly contributed to the overall socio-economic upliftment of marginalized groups (Andreoni & Tregenna, 2020:324). Moreover, it encourages the participation of marginalized groups in decision-making processes, enabling their voices and perspectives to be heard in shaping local government policies and strategies.

2.5 Implementation of the PPPFA

There are various strategies and programmes that are aimed at enhancing the effectiveness of the PPPFA implementation at the municipal level, inclusive of the importance of the competency levels, knowledge, skills and capacities of the supply chain practitioners.

2.5.1 Importance of competency levels

According to Fourie (2015:10), competency is a fundamental aspect of effective PPPFA implementation at the municipal level. Municipalities must ensure that supply chain practitioners possess the necessary knowledge, skills, and capacities to understand and apply the PPPFA provisions accurately. In this regard, competent practitioners are essential to promote transparency, fairness, and compliance with the legislation.

Also, competency ensures that the objectives of the PPPFA, such as empowering historically disadvantaged individuals and promoting local economic development, are achieved (Fourie & Malan, 2020:578). A deep understanding of the PPPFA will empower practitioners to make informed decisions during procurement processes, consider preferential procurement regulations, and evaluate bids based on designated criteria.

2.5.2 Knowledge, skills, and capacities of supply chain practitioners

To enhance the implementation of the PPPFA, it is imperative for municipalities to evaluate the knowledge, skills, and capabilities of their supply chain practitioners (Balfaqih, Gammoh & Al-Darabseh, 2016:98). This evaluation serves as a vital step in identifying areas for improvement, training needs, and gaps in understanding. Thus, competency assessments or skills gap analyses can be conducted to gauge practitioners' familiarity with legislative requirements, procurement procedures, preferential procurement regulations, and bid evaluation criteria (Mhelembe & Mafini, 2019:14).

Moreover, establishing platforms for knowledge and information sharing is essential in promoting continuous learning among supply chain practitioners (Balfaqih, Gammoh & Al-Darabseh, 2016:100). The workshops, conferences, and online forums serve as valuable avenues for sharing experiences, lessons learned, and best practices related to PPPFA implementation. These platforms not only encourage dialogue but also foster innovative approaches, ultimately contributing to the development of a culture of knowledge sharing (Fourie & Malan, 2020:576).

2.5.3 Training and development initiatives

It is important for municipalities to develop comprehensive training programs to enhance practitioners' understanding and application of the PPPFA (Fourie, 2015:60). These programs should cover the legislative framework, procurement procedures, preferential procurement regulations, and the evaluation of bids based on designated criteria.

Training should be provided through workshops, seminars, and online courses, ensuring that practitioners stay up-to-date with evolving practices and legal requirements (Hove-Sibanda & Pooe, 2018:33). Standardization of procedures helps procurement practitioners navigate the complexities of PPPFA implementation and enables effective decision-making (Mhelembe & Mafini, 2019:17).

2.5.4 Monitoring and compliance mechanisms

Robust monitoring and compliance mechanisms are necessary to ensure adherence to the PPPFA (Hove-Sibanda & Pooe, 2018:34). This can be done through regular audits, internal controls, and performance evaluations which identifies non-compliance and address issues promptly. Effective monitoring enables municipalities to track progress, identify areas for improvement, and take corrective measures, thereby enhancing the integrity of the procurement process (Fourie & Malan, 2020:577).

2.6 Supply chain efficacy

In contemporary day's highly competitive business environment across various industries, supply chain performance has emerged as a pivotal concern, serving as a fundamental measure for evaluating effective supply chain management (Balfaqih *et al.*, 2016:101). To meet these imperative, numerous systems and framework have been developed as monitoring tools (Balfaqih *et al.*, 2016:102). Thus, in evaluating supply chain management performance is vital for businesses to gauge the efficacy and efficiency of their operations (Chandak *et al.*, 2019:159). According to Mhelembe and Mafini (2019:18), supply chain performance is a process of organizational monitoring that ensures adherence to prescribed supply chain procedures and the achievement of desired objectives. Organizations must assess their supply chain

performance to pursue strategic competitiveness in relation to their rivals (Chandak *et al.*, 2019:159).

The success of organizations is heavily contingent on supply chain performance, and improvements in overall supply chain performance can lead to superior organizational outcomes (Hove-Sibanda & Pooe, 2018:35). However, as noted by Rana and Sharma (2019:1500), the research domain related to performance measurement in the supply chain remains underexplored. While certain measures are in place, the emphasis often gravitates towards financial measures, neglecting non-financial aspects such as service quality and delivery.

In the public sector, supply chain management holds significant importance due to its role in fulfilling the socio-economic objectives of the government (Mhelembe & Mafini, 2019:19). Moreover, the National Treasury projected government procurement spending to reach an estimated R1.5 trillion between 2016 and 2019. Munzhedzi (2016:405) highlighted the volatile and unstable environment within which South African government departments operate, impacting supply chain performance. Fourie and Mazibuko (2019:12) argued that unethical conduct in the public sector contributes to declining performance and a surge in fruitless and wasteful expenditure.

The alignment of procurement plans with institutional objectives is of critical importance. Fourie and Malan (2020:580) observed that most government institutions possess inadequate strategic and annual performance plans that fail to align with the public sector's mandate, resulting in compromised procurement planning and implementation. Mhelembe and Mafini (2019:20) further noted the ineffective monitoring and evaluation practices and non-compliance with procurement policies prevalent in the public sector, eroding public trust in the systems.

The public sector allocates significant resources for payments to suppliers offering a diverse array of goods and services (Scott, 2016:57). Given that municipal procurement adheres to the MFMA and PPPFA, preferential consideration should be given to black contractors during contract allocation (Cherono & Workneh, 2020:20). However, while this provision aims to ensure fairness and balance in service provider selection, it introduces numerous risks into the SCM processes, including inconsistent application of SCM policies (Mhelembe & Mafini, 2019:21). According to the National

Treasury budget review (2022-23), public procurement did not always conform to legislative requirements mandated by the Constitution of the Republic, which emphasizes transparency, openness, and fairness in public procurement.

Fourie and Malan (2020:581) identified deficiencies in the evaluation process of tenders and weaknesses in the reporting of progress and implementation to the general public. A significant challenge faced by the public sector revolves around the inability to complete projects within scheduled timelines, despite governmental efforts to enhance performance. Due to inadequate implementation plans and outdated approaches, only a few positive outcomes are realized in light of the established performance objectives (Riazi & Nawi, 2018:7).

2.7 Challenges to the PPPFA implementation

The PPPFA serves as a guiding document for supply chain officials; however, its implementation poses various challenges to state organs. The implementation of supply chain management processes in government departments encounters obstacles (Selomo & Govender, 2016:55). Therefore, unfair procurement practices have been observed when preferential points are not applied correctly, or when incorrect preferential point systems and thresholds are utilized (Fourie & Mazibuko, 2019:15).

Despite the presence of legislation guiding ethical conduct, corruption remains a major threat to public procurement (Fourie, 2015:60). Negligence among public servants has created loopholes in policy implementation (Munzhedzi, 2016:9). Companies engaging with the government often fraudulently claim preferential points they are undeserving of (Hlakudi, 2015:315). Furthermore, a lack of familiarity with preferential procurement targets is evident among government officials (Ncube & Nhlabathi, 2016:103). Shai *et al.*, (2019) note that although public procurement processes have improved over time, there remains a gap in monitoring and evaluating BBBEE (Broad-Based Black Economic Empowerment).

Adediran and Windapo (2017:82) refer to the adoption of preferential procurement policies as targeted procurement, which aids contractor development. Their study reveals that targeted procurement practices increase the participation of SMEs in

government contracts, improving their chances of winning tenders and promoting previously disadvantaged groups. However, in a subsequent study, Adediran and Windapo (2017:83) note that target procurement strategies, such as preferential procurement, can disadvantage suppliers when implemented by government clients. This uneven distribution of opportunities favours certain groups over others (Van Rensburg *et al.*, 2015:383), leading to interconnected preferential treatment and discrimination.

A study conducted by Selomo and Govender (2016:61) in the Limpopo province, shows that supply chain management performance in government departments is effective, although challenges persist in implementing processes and procedures. Bolton (2016:375) highlights weaknesses in the wording of the PPPFA, particularly in Section 2(1)(d), where the use of "may" instead of "must" grants discretion to policy implementers.

The PPPFA underwent revisions in 2011, 2017, and 2022, with the latest regulations introduced in 2022. The PPPFA outlines the utilization of an 80/20 or 90/10 rule, where a fixed percentage of the adjudication criteria, either 10% or 20%, is allocated based on the contract's value (Quinot, 2018:64). All submitted bidder documents are accepted as correct, provided that the required information is provided, forming the basis for decision-making on selection criteria (Sibanda, 2021:9). Another weakness noted by Quinot (2018:65) is the lack of a defined 'market-related price'. The market price requirement contradicts that the contract should be awarded to the bidder with the highest points, leading to confusion among those responsible for implementation of procurement.

2.8 Conclusion

The literature review chapter addressed the specific objectives of this study including an exploration of challenges associated with implementing the PPPFA at the municipal level, implementation of the PPPFA and supply chain efficacy. The Preferential Procurement Policy Framework Act (PPPFA) is a significant legislative instrument in South Africa aimed at promoting economic transformation, redressing historical inequalities, and fostering inclusive growth. It prioritizes previously disadvantaged

individuals and businesses in procurement processes, with a focus on economic empowerment, job creation, skills development, and socio-economic transformation.

However, challenges in implementation and flaws in public procurement practices need to be addressed to ensure the Act's effectiveness. Continued efforts in capacity-building, improved governance, and enhanced supply chain management are crucial for maximizing the PPPFA's impact and creating a fair and equitable procurement system that contributes to sustainable development.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 Introduction

Chapter 2 presented a literature review that highlighted the existing gap in implementing the PPPFA, thereby impacting supply chain performance. In this chapter, the study examines the research methods and design while analysing the data collection and analysis process. The goal is to ensure that the selected design aligns appropriately with addressing the research objectives. The study adopted a qualitative mono-research method, accompanied by an exploratory descriptive approach for data analysis from a case study.

3.2 Overview and purpose

The objective of this chapter is to explore the methodology utilised in the study. This chapter examines the study's population, sampling techniques, data gathering, and analysis procedures. The suitability of the research design in addressing the study's research questions will be assessed. Moreover, this chapter offers a rationale for selecting the methodology and address ethical concerns associated with the study.

The study was shaped by the following research objectives:

- To determine the constructs of measuring the PPPFA and its regulations, against successful implementation.
- To establish challenges associated with implementing the PPPFA at a municipal level.
- To establish the effect of implementing PPPFA on service delivery quality
- To proffer strategies to improve the effectiveness and efficiency of implementing PPPFA in municipalities.

3.3 Research methodology

Research methodology involves the methodical utilisation of suitable scientific instruments, techniques, and principles within a particular discipline to carry out organized investigations that yield fresh insights and resolutions (Flick, 2018:102). Research is a structured enquiry that utilises acceptable scientific tools to solve problems and create new knowledge that is generally applicable (Gupta & Gupta, 2022:45). Methodology refers to the “a body of methods, rules, and postulates employed by a discipline” (Kumar, 2020:179). Given the inductive nature of the research problem, the qualitative research approach was adopted.

The objective of the study was to gain insights into the challenges encountered when implementing preferential procurement within local government, in respect of Midvaal Local Municipality. This objective was accomplished by gathering data that addressed the research questions at hand. According to Hansson (2020:104), it is important that the technique used in collecting data is adequate enough to provide the information required to accomplish the overall goals of the study.

Qualitative methods provide in-depth insights into the experiences and perceptions of various stakeholders, including government officials, procurement officers, and representatives from designated groups (Dlamini & Nkosi, 2023:231). This qualitative data shed light on the challenges and successes of implementing the PPPFA, as well as the broader social and economic impacts observed at the Municipal level.

3.4 Research design

The research design refers to the overall structure and strategy that a researcher uses to conduct a study, gather data, analyse information, and draw conclusions (Kumar, 2020:180). It helps in identifying the appropriate methods for data collection and analysis, ensures the proper control of variables, and allows researchers to draw meaningful conclusions and make informed recommendations based on sound evidence (Saunders, Lewis, & Thornhill, 2016:88). Applying interpretivism and employing an inductive research design is instrumental in comprehending the multifaceted impact of the PPPFA at the local government level.

Through interpretivism, researchers can delve into the subjective perceptions, experiences, and socio-economic dynamics surrounding the implementation of the PPPFA. The inductive research design facilitates the exploration of emergent themes, patterns, and relationships from the ground-up, providing nuanced insights into the effects of the PPPFA on local government procurement practices, economic empowerment, and social transformation (Jones & Smith, 2023:120).

A well-planned and rigorous research design is crucial as it provides the roadmap for the entire research process. It helps researchers make informed decisions about the selection and implementation of appropriate methods, ensures data reliability and validity, minimizes biases, and enhances the overall credibility and generalizability of the study findings (Polit & Beck, 2017: 117).

This confirms the notion that a research design is critical for ensuring the validity and reliability of study findings and acknowledges that well-designed research provides a roadmap for the entire research process.

3.5 Research Strategy

A research strategy is a systematic, organized plan or approach designed to guide the entire research process, from defining the research question to collecting, analyzing, and interpreting data (Creswell, 2018:99). It outlines the steps and methods used by researchers to achieve their research objectives. A clear research strategy is essential to ensure that research is conducted effectively and efficiently (Saunders *et al.*, 2019:203). In line with a qualitative research approach, a case study was adopted.

3.5.1 Case Study Research Strategy

Case study strategy is a qualitative research method that involves an in-depth and detailed examination of a single or several real-life cases (Flick, 2018:133). This approach is particularly useful when researchers aim to gain a comprehensive understanding of a specific phenomenon, event, process, or individual (Kumar, 2020:181). Case studies allow for a holistic exploration of the complexities and nuances associated with a case, providing rich insights that are difficult to obtain through other research methods.

3.5.2 Case selection and justification

The study used Midvaal Local Municipality as a case study. Midvaal Local Municipality has established a formidable reputation for its solid commitment to clean and transparent governance. Evidencing this dedication, the municipality has successfully attained nine consecutive clean audit reports from the Auditor General of South Africa (AGSA). This remarkable track record highlights the critical need to delve into the precise mechanisms employed by the municipality to uphold such high standards of accountability. Midvaal, is one of two municipalities in Gauteng that managed to achieve clean audits in the 2021/22 local government audit outcomes (EWN, 2023:72).

This study functions as an imperative referendum, offering a comprehensive examination of the practices implemented by the municipality in the context of the Preferential Procurement Policy Framework Act (PPPFA). This investigation becomes even more pertinent within an industry where issues of corruption remain a pervasive concern at its very core.

The implementation of the Preferential Procurement Policy Framework Act (PPPFA) in Midvaal Local Municipality, renowned for its commitment to clean governance with nine consecutive clean audit reports, involves a focused examination of its practices. As one of the few municipalities achieving clean audits in the 2021/22 outcomes, the study underscores the importance of understanding the mechanisms contributing to this success. The steps include aligning existing policies with PPPFA provisions, capacity building through training, and fostering transparent evaluation processes. Inclusive supplier development, continuous monitoring, stakeholder engagement, and adherence to legal frameworks are integral components. This study serves as a crucial investigation into these practices, particularly relevant in an industry grappling with corruption concerns, providing insights into the municipality's approach to maintaining high standards of accountability.

3.5.3 Rationale for case study selection

The selection of Midvaal Local Municipality as a case study is both justified and imperative. As depicted by EWN (2023:73), a "clean audit" refers to a financial or performance audit in which the auditor concludes that an organization's financial

statements or performance reports are accurate, complete, and in accordance with relevant standards. The exceptional accountability demonstrated by this municipality presents a unique and compelling opportunity to explore and understand the mechanisms responsible for sustaining such remarkable standards of transparency and financial integrity.

The primary rationale for this case study lies in its relevance. As the municipality excels in upholding accountability, it becomes a pertinent model for examination, particularly within an industry where corruption is known to be deeply rooted. Scrutinizing the municipality's practices in implementing the PPPFA, this study not only contributes to a broader understanding of clean governance but also offers valuable insights into the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations. Thus, the selection of the Midvaal Local Municipality as a case study is justified by the pressing need to uncover best practices in public administration and governance, ultimately contributing to more effective and transparent public sector management

3.6 Sampling strategy

A well-defined sampling strategy includes the population and appropriate sampling techniques that ensure the research findings accurately represent the target group and can be generalized to a broader population (Creswell, 2018:103). To capture a representative sample, expert sampling can be employed to ensure a proportional representation of different industries, job roles, and levels of experience within the population (Jackson & Smith, 2022:121).

3.6.1 Population

The population of the study was composed of officials directly involved in the procurement function of Midvaal Local Municipality. Direct involvement entails engaging directly, decision-making, and contribution of efforts by the individuals who are directly impacted by or have a vested interest in the subject under investigation (Johnson & Smith, 2023:122).

The PPPFA is considered for the broader selection and awarding of contracts to suppliers, in accordance with the relevant procurement thresholds. This required the study population to be inclusive of municipal officials that are involved in the implementation of the Act and its applicable policies. A population represents the larger population to which the study's findings are intended to be generalized and provides the basis for making inferences about the broader population (Dawson, 2018:71).

The officials involved in the buying function or approving the sourcing of quotes, members of the bid specifications committee, members of the bid evaluation committee, and members of the bid adjudication committee were considered to be critical to the study.

3.6.2 Sampling

The study followed purposeful sampling, using the saturation method, whereby participants were intentionally selected based on their specific experiences relevant to the research, and where new data collection and analysis could no longer provide additional information indicating that thematic saturation has been achieved and further data collection is not necessary. Deliberately choosing participants who can provide valuable knowledge relating to the study, purposeful sampling enhances the relevance and applicability of the findings (Guest *et al.*, 2018:195).

The researcher generalised the findings of the study by applying the principle of representation through expert sampling. Expert sampling is a qualitative sampling technique that involves intentionally selecting individuals who are considered experts or highly knowledgeable in a specific field or subject area (Smith & Johnson, 2023:123).

These experts were chosen because they possess specialized knowledge, experience, and insights that can provide valuable and in-depth information for the research study (Flick, 2018:173). Expert sampling is particularly useful when the research aims to explore complex or specialized topics, and when the perspectives of knowledgeable individuals are critical to understanding the phenomenon under investigation (Saunders *et al.*, 2019:246).

3.6.3 Inclusion and exclusion criteria

In selecting the sample, the following inclusion and exclusion criteria were considered:

3.6.3.1 Inclusion

Participants with diverse perspectives, experiences, or characteristics can provide valuable insights and contribute to a more comprehensive understanding of the phenomenon under study (Creswell, 2018:104). Including relevant participants allows for a comprehensive exploration of the research topic and enhances the richness and depth of data collected (Saunders *et al.*, 2019:247).

The study was limited to individuals believed to be supply chain management practitioners at Midvaal Municipality and professionals with expert knowledge for implementing the PPPFA. Inclusion of relevant participants also supports ethical considerations by ensuring fairness, equal representation, and respect for diversity. It allows for the inclusion of diverse voices and perspectives, promoting inclusivity and preventing biases or discrimination (Maree, 2017:72).

3.6.3.2 Exclusion

Junior municipal officials were excluded as the researcher believed they are not first-hand implementers of the Act, and therefore can never provide valuable insight to the study. Excluding irrelevant participants is crucial for maintaining the internal validity of the study (Neumann, 2018:104). Excluding individuals who do not possess the specific attributes or characteristics of interest assisted the researcher to establish a more precise and focused relationship between the variables being investigated.

3.6.4 Sampling size

Midvaal Local Municipality boasts an extensive workforce of approximately 800 dedicated employees, comprising 18 Directors, 33 Assistant Directors, and 6 Head of Departments (Midvaal Local Municipality Annual Report, 2021/22:19). It is important to note that procurement activities are entrusted to a select group of officials within the municipality. There are standing members who serve on the Bid Specifications Committee and the Bid Evaluation Committees, with additional co-opted members brought in as the need arises. Furthermore, the Bid Adjudication Committee consists of senior managers, which are Heads of Department, and includes also a senior Supply Chain Management (SCM) official, often the Director for SCM.

Consequently, in the context of this study, a sample size of 8 participants was deemed appropriate. This range was chosen to ensure it accurately represented the entire population, acknowledging that not all municipal employees are directly involved in procurement activities.

The importance of sample size lies in its ability to influence the accuracy and precision and inferences. A well-determined sample size ensures that the study has sufficient power to detect meaningful effects or relationships within the population of interest. Insufficient sample sizes may also limit the generalizability of the study results to the wider population (Kumar, 2020:209). The study was conducted within Midvaal Local Municipality which is based in Gauteng.

Table 3.1 Participants to the study:

Name of Institution	Level of Authority	Function	Number of Participants
Midvaal Local Municipality	Senior Managers	Bid Adjudication Committee Members	3
	Middle Managers	Bid Evaluation Committee Members	2
		Bid Specifications Committee Member	1
		Supply Chain Management Practitioners	2
Total Number of Participants			8

3.7 Data collection methods

The use of interviews can assist the researcher with collecting data that provides insight towards the research phenomenon and helps answer research questions (Smith & Johnson, 2023:124). A properly designed data collection method is essential for ensuring the accuracy and reliability of the collected data. Rigorous methodologies help minimize errors, biases, and inconsistencies, thereby enhancing the credibility of the research findings (Jones *et al.*, 2021:146).

Flick (2018:147) attested that interviews are a common and versatile method of data collection in qualitative research. Saunders *et al.*, (2019:273) further stated that there are three types of interviews; structured, semi-structured and unstructured interviews. Given the inductive nature of the study, semi-structured interviews, which depicts a set of core questions where the interviewer has the flexibility to explore additional topics based on the participant's responses.

The semi-structured interview sessions were conducted to collect data using a prepared list of questions. Email contact details of participants were obtained from the municipality, and invitation emails were sent with a link to Microsoft Team, an online platform for hosting the interview session.

The virtual interview session was chosen on the basis that it is efficient and cost-effective. Online interviews can be easily recorded and transcribed accurately, minimizing the risk of data loss or distortion. Researchers can review the recordings and transcripts multiple times, enhancing the reliability and validity of the data analysis (Smith & Johnson, 2023:307).

Online interviews can create a sense of comfort and anonymity for participants (Flick, 2018:109). They may feel more at ease sharing sensitive or personal information from the privacy of their own environment, which can potentially lead to more candid responses (Kumar, 2020:249). However, online interviews may lack the same level of personal interaction and rapport-building as face-to-face interviews. The absence of physical presence and direct social cues can affect participant engagement, leading to potentially less rich and detailed responses (Sileyew, 2019:28).

There were 10 open-ended interview questions on the semi-structured interview guide. Open-ended questions allow participants to express their thoughts and opinions in their own words, capturing their unique perspectives and experiences (Jones *et al.*, 2022:96). This flexibility enables the exploration of new avenues and follow-up questions, facilitating a deeper understanding of the research topic (Brown & Miller, 2018:104). Open-ended questions provide opportunities for probing and seeking clarification during the interview. Researchers can delve further into participants' responses, asking for examples or additional details to gain deeper insights (Creswell & Creswell, 2018:391).

3.8 Data analysis techniques

The significant volume of data collected, processed, categorized, and imbued with meaning during the process of data analysis is essential for a comprehensive understanding of a research topic (Saunders *et al.*, 2019:492). Conversely, Creswell (2018:123) defines data analysis as the application of various techniques and guidelines to previously collected data, aiming to interpret and comprehend the perspectives of the participants and the phenomenon under study. This process can take various forms, including discourse analysis, content analysis, and thematic analysis. However, the study adopted the thematic analysis.

Thematic analysis, used in this study, is a common qualitative research technique for identifying, analyzing, and reporting patterns in data, following Creswell (2018:104). This approach encourages the disaggregation of data into topic groups and the evaluation of all study cases to ensure comprehensive coverage. In this study, thematic coding and organization of qualitative data were conducted manually, following the six essential steps outlined by Creswell (2018:104) and set out in what follows.

Familiarity with the data: This initial step involves a thorough review and repeated reading of the gathered data to ensure a deep understanding of the findings, as explained by Creswell (2018:104). The researcher carefully reviewed the interview guides to become familiar with the data.

Generation of codes: The second phase focuses on creating codes that highlight patterns in the collected data by compressing the data into meaningful categories. These codes are generated from recurring arguments and patterns of meaning and are illustrated in the thematic map and discussed in detail within the finding's sections. The themes were cross referenced with inferences from the literature review.

Compiling of codes: In this stage, codes are compiled into overarching themes. Subthemes are created by grouping the codes generated in the previous step, forming categories.

Coherent recognition of themes: The researcher examined how these themes relate to facts, theories, and existing literature. This was achieved by referring back to the collected data, encoding the themes into codes, and aligning these codes with relevant text passages.

Definition of themes: In this stage, the researcher defined what each theme comprises and specifies which components of the data contribute to these themes. Themes are defined in alignment with the research objectives.

Report writing: The final step involved the creation of a report using the research data, documenting topics that significantly advance the research and addressing research challenges. The data is presented in conjunction with the identified themes to comprehensively address the research problem.

3.9 Trustworthiness of the Study

The concept of ensuring the trustworthiness of a study is aimed at maintaining its rigor. According to Creswell (2018:105), trustworthiness encompasses credibility, transferability, dependability, and conformability.

3.9.1 Credibility

As per Flick (2018:110), credibility significantly contributes to establishing the trustworthiness of data through prolonged engagement, continuous observations, and reference adequacy, along with member checks. Nevertheless, Saunders *et al.*, (2019:474) contends that triangulation and member checks are the predominant and

widely employed methods to address credibility. Consequently, the study gathered additional data through the interview and report review process. It also reinforced the idea that qualitative researchers utilize techniques such as data triangulation to ensure and enhance research design and conduct credibility, as noted by Heeringa, West, and Berglund (2017:78).

3.9.2 Transferability

In quantitative terms, transferability is analogous to external validity, signifying the process of determining whether research findings can be applied to other contexts, as explained by Yin (2018:101). This study rigorously examined and defended its data collection methods and various research techniques. The approach to transferability in this study follows the framework of Lohr (2019:52), treating population, data collection, and sample selection as challenges to transferability.

3.9.3 Dependability

Dependability in qualitative research is akin to the reliability found in quantitative research, where another researcher conducting a similar study would yield consistent results, as outlined by Creswell (2018:111). The study adhered to a well-defined research design process, validating inductive research techniques, articulating descriptive research objectives, adopting interpretive perspectives, and employing interview research strategies, all in a structured manner. This approach ensured that the research was not haphazard but followed an established process, resulting in a robust and dependable research technique.

3.9.4 Conformability

As described by Neuman (2018:76), conformability pertains to the neutrality of the data rather than the neutrality of the researcher. A confirmable study should derive conclusions firmly grounded in the data itself. This research enhanced conformability by identifying fundamental themes and related topics within the entire data collection process, relying on the perspectives and experiences of the participants, rather than those of the researchers. The analysis quoted participants directly in their own words, preserving the originality of their expressions.

3.10 Ethical considerations

Research ethics is a fundamental aspect of conducting ethical and responsible research (Hansson, 2020:19). It encompasses the principles and guidelines that ensure the protection of participants' rights, integrity, and well-being, as well as the credibility and reliability of the research outcomes.

In the interviews, the researcher reaffirmed and emphasized to respondents that participation is voluntary, and should they need to withdraw, they may do so at any stage of the study. Additionally, consent forms were signed by all participants prior to the start of the study. Signing consent forms promotes accountability and trust between researchers and participants. It demonstrates the researchers' commitment to respecting participants' autonomy, privacy, and confidentiality (World Medical Association, 2013:2192).

Furthermore, confidentiality involves protecting the personal information and data provided by research participants. Researchers have a responsibility to ensure that any identifiable information collected during the study is kept secure and accessible only to authorized individuals (National Academies of Sciences, Engineering, and Medicine, 2018:90). In order to ascertain confidentiality and anonymity, participants were not required to provide any form of identification.

3.11 Presentation of Empirical Findings

The main purpose of this section is to provide an overview of the study results. The purpose of this section is to present response rates, demographic information, and findings.

3.11.1 Demographic details

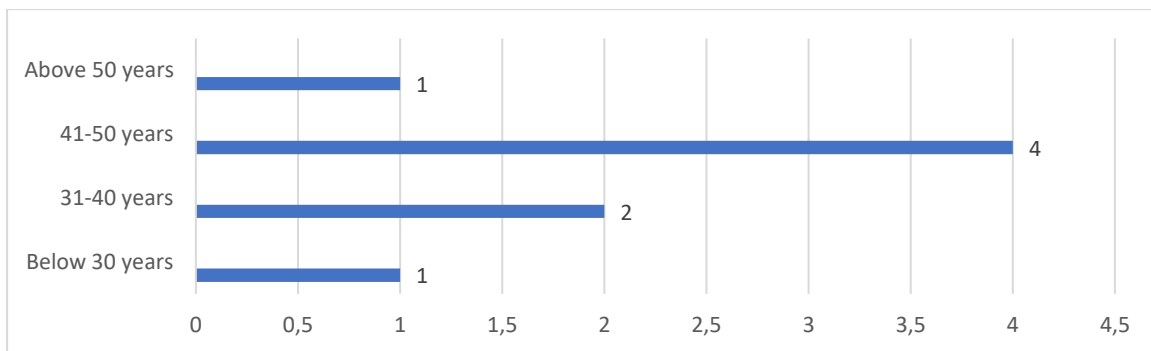
Demographic information plays a vital role in research study. As Maree (2017:83) highlights, these details provide insights into the participants and how they contribute to represent the wider target population. In essence, demographics help to understand the characteristics of the target population and its suitability to address the research problem. Therefore, the study collected the following demographic data from participants:

- Age
- Highest qualification
- Work experience

3.11.1.1 Age

The age of the participants is an important aspect of demographic information as it can provide insight into the age distribution of the study subjects. Also, in some instances, age can be influential to the participant's perception of the research phenomenon or subject under study. The ages of the participants are shown in Figure 3.1 below:

Figure 3.1: Age Group Composition of the Participants

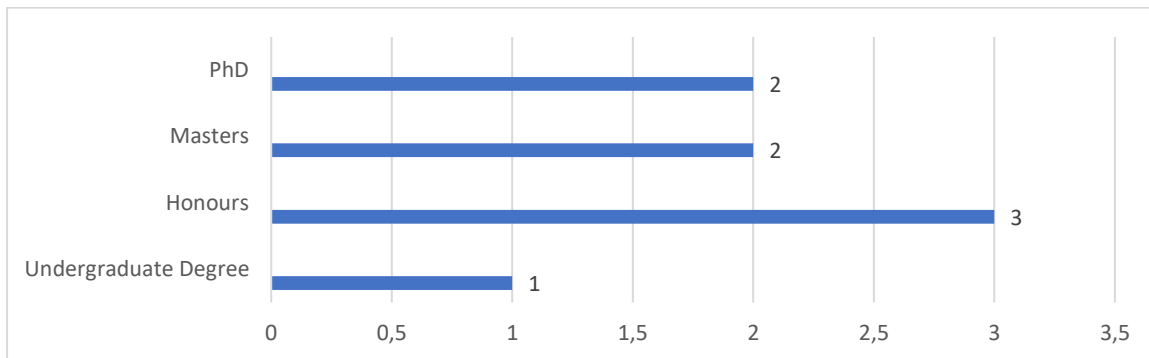


The findings indicate a diverse sample, encompassing individuals of all ages. Notably, 1 participant was under the age of 30, 2 participants were in the 30 to 40 age group, four (4) participants were between 41-50 years and one (1) participant in the Above 50 years' group. The department therefore covers a wide range of age groups, meaning that research questions are approached from different age perspectives. As propounded by Creswell (2018:154), different age groups bring unique understandings and interpretations of any subject or issues at hand within research.

3.11.1.2 Highest qualification

It is crucial to include the participants' highest level of education in the demographic information, as an individual's educational background influences their viewpoint on the subject being studied (Maree, 2017:84). Figure 3.2 below shows the composition of the participants' highest qualifications:

Figure 3.2: Highest Qualification Composition of the Participants

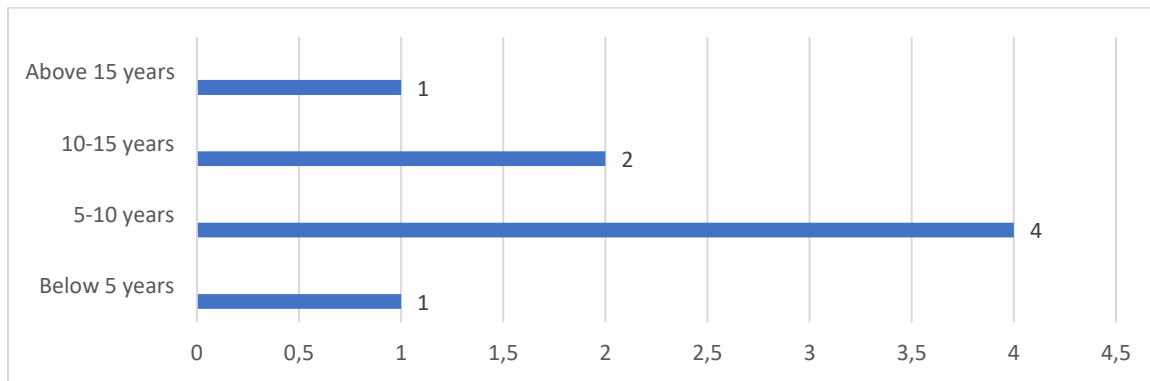


The research findings indicated a wide diversity in the highest qualifications held by the participants, contributing to the collection of well-informed insights regarding the research problem. Specifically, two (2) participants had undergraduate degrees which encompassed diplomas and certificates, three (3) participants had honours degrees, two (2) participants have Masters degrees and one (1) participant had a PhD degree. This diversity in qualifications ensures that the study's findings are enriched by the participants' educational backgrounds. Saunders et al., (2019:500) opined that participants with diverse educational backgrounds can provide a more comprehensive and nuanced understanding of the research topic. Therefore, a higher level of education usually means a deeper understanding of the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations, which can lead to more insightful and detailed responses.

3.11.1.3 Work experience

The participants' work experience data were also collected as part of the demographic information. This is because an individual's work experience constitutes an important knowledge base for solving research questions (Maree, 2017:85). The work experiences of the participants are shown in Figure 3.2 below.

Figure 3.3: Work Experience Composition of the Participants



The study revealed the diverse work experience of the participants, allowing conclusions to be drawn from the broad range of experience they brought to the study. In this regard, one (1) participant had below 5 years of experience, two (2) participants had 10-15 years of experience, four (4) participants had 5-10 years of experience and one (1) had above 15 years of experience. The work experience information collected during the study demonstrates that the approach to data collection was thoughtful and purposeful. However, Kumar (2020:302) enunciated that participants with work experience in a specific field or industry often possess valuable expertise and in-depth knowledge relevant to the study. Therefore, this expertise leads to smarter, more insightful responses regarding the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations.

3.11.2 Description of Interview Guide

The interview guide was constructed adhering to the research objectives, aided by the views elicited from the literature review.

Section B of the interview guide was focused on understanding the implementation of PPPFA within Midvaal Local Municipality Local Municipality. In this section, the first question dealt with the understanding of the participants about what is PPPFA within Midvaal Local Municipality and the second question deals with their understanding of impact of the PPPFA within the municipality since the promulgation of its regulations. The third question was to consider the PPPFA and its regulations to be successfully implemented by the municipality in terms of governance.

In Section C, the questions pertained to challenges hindering the implementation of the PPPFA at a Municipal Level. The initial query was directed at participants to discern the effort by management in meeting the set objectives and goals of the policy within the municipality. The initial question was on the line managers' taking of specific or concrete steps to ensure the overall empowerment targets are met. The second question was on inquiring of the identified constraints that have the potential to hinder the successful implementation of the PPPFA. The third question was to determine if there is a link between the PPPFA and fraud and corruption. The primary goal was to tackle the central objective of the research, which is to establish challenges associated with implementing the PPPFA at a municipal level.

Section D of the interview guide covered the questions regarding the implementation of the PPPFA and the quality of goods and services offered. The interview question was on perspectives regarding the implementation of the PPPFA compromises the quality of goods and services offered to the municipality.

Section D was on the improving of the effectiveness and efficiency of the implementation of the PPPFA. The initial question inquired about whether the participants consider the municipality's preferential procurement policy to be achieving the objectives of the PPPFA. This was to form the background to which the recommendations can be provided. The second question explored the strategies to improve effective and efficient implementation of the PPPFA. The primary aim of the study was to pinpoint the shortcomings and provide interventions to improve the process.

3.11.3 Explanation of Coding Process

The coding process was done by the researcher in accordance to the research objectives which had already set out the major themes. The major themes were extracted from the research objectives to which emerging codes were developed according to patterns of meanings and recurrence of arguments.

Prior to generating the codes, the researcher familiarised with the audio recording from the interview sessions, highlighted any initial impressions or thoughts that emerged during this familiarization process. In this regard, the researcher systematically went

through the data to generate initial codes. The codes represented the most basic units of meaning or concepts found in the data in relation to the initial major codes set out in the objectives. Thus, given that the major themes were predefined, the initial codes were grouped under related themes accordingly.

The researcher further organised the codes into potential subthemes basing on a pattern or repeated idea that captures something important about the data. This consisted iterative and reflexive process and multiple rounds of reviewing and refining. The potential subthemes were critically reviewed and defined by checking the coherence and distinctiveness of each subtheme. This was supported by providing examples of data extracts or quotes exemplifying each subtheme.

More so, the subthemes were refined and iterated through revisiting the data, adjusting codes, or reorganizing subthemes based on further analysis. It is in this regard the naming and defining of subthemes were conducted to provide clear and meaningful names for each subtheme, reflecting the essence of the patterns identified in the data. Further, the researcher went on to map relationships between the subthemes as they emerge under major themes.

3.12 Conclusion

The chapter outlined the manner in which the primary study was conducted where research methodology, research design, research strategy, sampling strategy, data collection methods, data analysis techniques and the trustworthiness of the study were elaborated on. The same chapter covered the ethical considerations, demographic details of the participants, description of the interview guide and the explanation of the coding process. The thrust was to outline the road map to which the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations was determined. The next chapter focuses on the discussion of the findings.

CHAPTER FOUR:

DISCUSSION OF FINDINGS

4.1 Introduction

The previous chapter primarily focused on the research methodology and the presentation of findings related to the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations. In this chapter, the primary focus shifts towards the presentation of the findings.

4.2 Discussion of findings

According to Saunders et al., (2019:504), qualitative data analysis can be conceptualized as a process that includes integrating data, giving the data a sense of purpose, structuring the data, and assigning importance to the data relative to the research project. Data analysis plays a key role as it provides the unprocessed data collected which helps in expressing the coherent structure, meaning and context of the research topic. The study employed thematic analysis during the data analysis and interpretation phases and the findings were discussed according to emerging themes. The overview of the themes and subthemes is illustrated in Figure 4.1 below:

Figure 4.1: Thematic Overview

Theme 1: Implementation of PPPFA within Midvaal Local

- Subtheme 1: Preferential Procurement Policy Framework Act
- Subtheme 2: Implementation level of the PPPFA
- **Subtheme 3: Impact of the Preferential Procurement Policy Framework Act (PPPFA) within the municipality**

Theme 2: Challenges hindering the implementing the PPPFA at a Municipal Level

- **Subtheme 1: Lack of accountability by line managers**
- **Subtheme 2: PPPFA and fraud and corruption**

Theme 3: Implementation of the PPPFA and the quality of goods and services offered

- **Subtheme 1: Quality concerns due to subcontracting and middlemen**
- **Subtheme 2: Skills and training for empowerment**
- **Subtheme 3: Balancing empowerment and quality**

Theme 4: Improving the effectiveness and efficiency of the implementation of the PPPFA

- **Subtheme 1: Alignment and effectiveness**
- **Subtheme 2: Need for policy review**
- **Subtheme 3: Focus on specific categories**

4.2.1 Implementation of PPPFA within Midvaal Local

The responses from the participants regarding the implementation of the PPPFA within Midvaal Local Municipality reveal several emerging themes:

4.2.1.1 Preferential Procurement Policy Framework Act

From the participants' responses regarding their understanding of the PPPFA within Midvaal Local Municipality, the legislation was designed to regulate public procurement and tendering processes.

Several participants (Participants 2, 4, 6 and 7) highlighted the role of the PPPFA in promoting fairness and equity in procurement and tendering processes. They emphasized that the Act is intended to ensure that historically disadvantaged

individuals and businesses have access to government contracts and opportunities. It aims to tackle inequalities, particularly prioritizing disadvantaged groups such as young people, people with disabilities and women. For instance, Participant 6 attested that;

“The PPPFA, the Preferential Procurement Policy Framework Act aims to address inequalities in the country by giving preference to previously disadvantaged groups in municipal tenders. It focuses on areas such as youth, people with disabilities, and women, based on the goals set by the municipality”.

This therefore underlines the aim of the legislation as to redress historical imbalances in procurement and create a fairer business environment.

In addition, Participant 1 and Participant 3 discussed PPPFA’s involvement in the preferential procurement point system and its impact on procurement bid scoring. Participant 1 argued that;

“This act speaks to the preferential procurement point system and gives the municipality the authority to develop its own supply chain policy, in line with this legislation”.

This depicts the practical aspects of how the Act works within municipal government. It demonstrates that the PPPFA provides a structured framework for the awarding of points in procurement, which is critical to understanding how contracts are allocated and how decisions are made within municipalities' procurement processes.

More so, Participants 4, 5 and 8 emphasized that the PPPFA is the legislative framework that guides public procurement. It is associated with empowerment measures, particularly black economic empowerment. For instance, Participant 6 attested that;

“It's defined as an act set up to assist the municipality in ensuring a fair and transparent procurement process. It also ensures that empowerment is factored into the process. It defines how this can be achieved in an open and transparent manner”.

This highlighted that the legislative framework emphasizes that the act is not just a policy but a legally binding set of regulations governing how procurement is conducted. It also highlights the focus on supporting historically disadvantaged individuals and businesses during the procurement process.

4.2.1.2 Implementation level of the PPPFA

The participants' responses reflected varying perceptions of the successful implementation of the PPPFA and its associated regulations within municipalities in terms of governance. Participant 4 expressed confidence in the municipality's compliance with PPPFA requirements, indicating a moderate level of success in complying with regulations. Participant 5 attested that:

"Our initial step was a thorough review of existing procurement policies, ensuring alignment with PPPFA requirements. This set the foundation for our commitment to compliance."

This was further supported by Participant 5 who stated that;

"Adherence and compliance are in place. However, procurement processes are dynamic and ever-evolving. The Standard Operating Procedures (SOPs) continue to adapt to new circumstances, making it an ongoing learning process".

Participant 7 further highlighted that:

"Stakeholder consultation was crucial; we engaged with government officials, procurement teams, and local businesses. This dialogue helped us understand the specific needs and challenges related to preferential procurement within our municipality."

In this regard, the emphasis was the dynamic nature of the procurement process and the importance of continually adapting standard operating procedures (SOPs), suggesting that successful implementation requires continuous learning and development.

From an analytical perspective, it is evident that there are varying degrees of success in implementing the PPPFA and its regulations within the municipality. While Participant 4 expressed confidence in the municipality's compliance, emphasizing a moderate level of success, Participant 5 provided valuable insights into the proactive measures taken, such as a thorough review of procurement policies and ongoing adaptation of Standard Operating Procedures (SOPs) to the dynamic nature of procurement processes. The overall analysis suggests that the municipality has made progress in promoting black-owned businesses and encouraging their participation in procurement, contributing to positive transformation outcomes and economic empowerment. However, there are still challenges to address, such as stakeholder engagement, education for local businesses, and ongoing adaptation to evolving procurement processes. Therefore, effective monitoring and oversight mechanisms play a crucial role in ensuring compliance and addressing any issues or challenges that may arise in the implementation of the PPPFA and its regulations.

4.2.1.3 Impact of the Preferential Procurement Policy Framework Act (PPPFA) within the municipality

As described by the participants, the Preferential Procurement Policy Framework Act (PPPFA) seems to have had a multifaceted impact on the municipality since the promulgation of its regulations. Participant 1 highlighted the significant assistance provided by the legislation, particularly in the development of previously disadvantaged individuals and small businesses. Notably, the implementation of the Economic Recovery Plan has proven beneficial to local businesses while maintaining stable collection rates for the municipality. This demonstrates that the PPPFA not only promotes economic empowerment but also the overall financial stability of the city.

Participant 2 highlighted the role of the PPPFA in facilitating the participation of historically disadvantaged individuals and businesses in the procurement process. This is consistent with the purpose of the legislation, which is to create a more diverse supplier base, potentially benefiting small and medium-sized enterprises and previously disadvantaged individual-owned businesses. Furthermore, Participant 4 highlighted the importance of the PPPFA in ensuring clarity in the procurement process and empowering local businesses, particularly with regard to construction contracts. The guidance and opportunities provided by the legislation are considered vital for

local businesses to participate in and gain experience from such projects. Furthermore, as mentioned by Participant 7, the introduction of prequalification and subcontracting clauses has led to some short-term disruptions in procurement activities, but may contribute to a more transparent and competitive procurement environment in the long term.

The impact of the Preferential Procurement Policy Framework Act (PPPFA) within the municipality is evident in its political transformative effect, reflecting a commitment to redress historical imbalances and promote inclusive economic development. As depicted by the participants, the PPPFA has served as a catalyst for change, shaping the political landscape by fostering transparent and accountable governance. Through preferential procurement practices, the municipality actively supports designated groups, particularly black-owned businesses, contributing to positive transformation outcomes. The act has instigated a paradigm shift, aligning the municipality's objectives with broader political goals of empowerment and economic inclusivity. This political transformative effect underscores the pivotal role of PPPFA in not only shaping economic practices but also driving broader political agendas centered on empowerment and social justice within the municipality.

Overall, the participants' responses indicate that the PPPFA has had a positive impact within the Municipality, not only in terms of promoting economic development and empowerment, but also in terms of promoting fairness, equity and local participation in the procurement process. While there may be occasional challenges or disruptions, participants recognize the PPPFA's long-term potential to stimulate economic growth and encourage business expansion. This demonstrates that, if implemented effectively, the PPPFA can be a valuable tool for promoting socio-economic progress and inclusion in the municipality.

4.2.2 Challenges hindering the implementing the PPPFA at a municipal level

The implementation of PPFA at the municipal level was considered as being hindered by a plethora of challenges. The responses from the participants regarding the challenges were coded in the following subthemes:

4.2.2.1 Lack of accountability by line managers

From the participants' understanding, the line managers are responsible taking specific or concrete steps to ensure the overall empowerment targets are met which demands accountability. In this respect, Participant 8 highlighted that;

“In some instances, there are indications that some line managers may not be effectively held accountable for their role in achieving empowerment goals”.

Furthermore, the participants indicated that the lack of accountability emerges from their prioritisation of their personal objectives. In this perspective, Participant 3 argued that;

“From my experience on the specifications committee, line managers often come to the committee with their personal objectives in mind rather than considering the broader empowerment targets. The institution needs to reinforce the importance of these targets so that people take them more seriously and ensure their implementation”.

Against this background, the participants suggested that the institution needs to reinforce the importance of these targets to ensure their serious consideration and implementation. Therefore, this highlights the need for aligning individual and organizational objectives and reinforcing the significance of empowerment goals amongst line managers.

4.2.2.2 Constraints towards implementation of the PPPFA

From the participants' responses regarding constraints that have the potential to hinder the successful implementation of the Preferential Procurement Policy Framework Act (PPPFA), three emerging sub-themes were identified:

➤ Political Interference and Resistance:

Participant 1 and Participant 4 mentioned the influence of political interference on procurement decisions. This includes political parties in power affecting the implementation of the PPPFA. For instance, Participant 1 attested that;

“Political interference in procurement decisions compromises the integrity and fairness of the process”.

In the same perspective, Participant 4 noted that;

“There was some resistance or minimal support for the PPPFA, mainly due to the political party in power. This political factor affected the implementation. Another constraint is related to the definition of “local”, specifically regarding the PPPFA from 2017 to 2022. The definition of local sometimes made it challenging, especially when targeting empowerment in the vicinity of the project or within the municipal area. This presented a constraint in achieving the goals of the PPPFA, as it led to a contradiction between our institution’s objectives and the reality of what the policy intended”.

Political factors can pose a significant constraint on the successful execution of the PPPFA. This can compromise the integrity and fairness of the procurement process. The statements highlight the detrimental impact of political interference on procurement integrity, emphasizing the compromise of fairness in the process. Also, the identified constraint related to the definition of "local" further illustrates the clash between institutional objectives and policy intent, emphasizing the complex challenges arising from political influences and policy ambiguities, ultimately hindering the PPPFA's goals.

➤ **Legislative and policy challenges:**

The participants noted the challenges related to legislation and policy changes. In this perspective, Participant 2 posited that;

“Yes, I believe the shift from national legislation to policy is a significant hurdle. Line managers often voice concerns about certain aspects of the Supply Chain Management (SCM) processes. Furthermore, the 80/20 preference points allocation, in my opinion, is insufficient for achieving the desired empowerment targets. If I had the chance to influence national legislation, I'd propose a 60/40 split. However, the current system can be a constraint because some

enterprises may fall short of preference points by just a few. Additionally, there are other constraints related to the localization of the implementation”.

Also, Participant 5 added that;

“The changes in legislation can affect the daily operations and procurement processes. At MLM, procurement is decentralized, so non-compliance is a realistic risk due to limited knowledge or understanding”.

The shift from national legislation to policy and the preference points allocation system were cited as potential hurdles. Changes in legislation can affect daily operations and procurement processes, leading to non-compliance and difficulties in achieving empowerment targets. The definition of "local" also presented challenges, impacting the alignment of institutional objectives with policy intentions. Therefore, the changes in national legislation or policy can create challenges for organizations seeking to implement the PPPFA effectively.

➤ **Budgetary and compliance pressures:**

The constraints related to budgetary pressures and compliance were noted from the participants. As pointed out by Participant 3;

“Firstly, the target people need to meet can be challenging. There's also pressure related to budget spending targets and timing. In some cases, this can lead to substandard work, as we may cut corners to meet our goals. These constraints may pose challenges in implementing the PPPFA effectively”.

Participant 7 also added that;

“There are instances where the departments face pressure to utilize their budgets, so they resort to shortcuts and neglect the necessary regulations because they just want to spend and prevent grant funding from being returned. This can lead to compliance issues and compromises in the procurement process”.

Pressure to meet budget spending targets and timing can lead to substandard work, which may compromise the effective implementation of the PPPFA. Additionally, pressure to utilize budgets can result in shortcuts and neglect of necessary regulations, potentially leading to compliance issues. Therefore, organizations may cut corners or prioritize budget spending over adherence to empowerment goals, potentially resulting in substandard work or non-compliance with the PPPFA.

Against such a background, a successful implementation of the PPPFA can be hindered by factors such as political interference, legislative and policy challenges, and budgetary and compliance pressures. In order to overcome these constraints, organizations may need to address issues related to political influence, advocate for legislative changes, and ensure effective budget management while maintaining compliance with empowerment requirement.

4.2.2.3 PPPFA and fraud and corruption

The responses from the participants regarding the potential link between the PPPFA and fraud and corruption reveal several emerging themes:

➤ Vulnerability to fraud and corruption

The majority of participants expressed concerns about the vulnerability of the PPPFA to fraudulent and corrupt practices. They highlight that the PPPFA with its emphasis on empowerment and preference points, can create opportunities for individuals or companies to manipulate the system for personal gain. Participant 2 highlighted that;

“The entire supply chain management process, including procurement, is susceptible to fraudulent and corrupt practices. In our case at Midvaal, where we prioritize localization, some individuals might go to great lengths to prove their locality, which can lead to fraudulent activities. For example, someone might falsely claim residency in Midvaal with the help of a councillor, which can result in collusion between them”.

This perspective underscores the need for vigilance and transparency in the implementation of the PPPFA to prevent fraudulent activities.

➤ **Transparency and accountability**

The participants emphasize the importance of transparency and accountability in mitigating the risks of fraud and corruption associated with the PPPFA. They argue that the act's structured and transparent processes make it challenging for fraudulent practices to occur. For instance, Participant 4 pointed out that;

“The PPPFA is structured in a way that provides an open and transparent process. Bidders know exactly how they will be evaluated, and this process can be questioned by anyone. It's difficult for fraud and corruption to occur because the process follows the guidelines set out by the act”.

This point highlights the significance of maintaining open and accountable procurement procedures to uphold the integrity of the PPPFA.

➤ **Education and expertise**

The participants pointed out the importance of education and expertise in preventing fraudulent practices. Participants suggest that a lack of expertise among individuals or entities participating in procurement processes can make the system more susceptible to manipulation. This depicts the importance of the role of training and awareness in promoting ethical and transparent procurement practices.

The emerging themes highlight the need for proactive measures to prevent fraud and corruption in the context of the PPPFA, including transparency, accountability, and educational efforts to enhance expertise and awareness among stakeholders.

4.2.3 Implementation of the PPPFA and the quality of goods and services offered

The responses from the participants regarding whether the implementation of the Preferential Procurement Policy Framework Act (PPPFA) compromises the quality of goods and services offered to the municipality reveal several emerging themes:

4.2.3.1 Quality concerns due to subcontracting and middlemen

The participants' expressed concerns that the involvement of subcontractors and middlemen as a result of PPPFA implementation can compromise the quality of goods and services. In this perspective, Participant 1 attested that;

“As an engineer, I oversee 70% of the municipality's budget for service delivery. Unfortunately, we have seen a decline in the provision of goods and services due to the implementation of this policy. The policy has opened doors for middlemen who subcontract the work, leading to inferior quality”.

They suggest that subcontracting can lead to a lack of direct control over the manufacturing process, potentially affecting quality. Participant 2 further attested that;

“The PPPFA may compromise quality. The national legislation aims to empower previously disadvantaged individuals, whose means of production and procurement may differ from those who have always had the resources. When there are middlemen involved, the direct relationship between the manufacturer and the municipality can be disrupted, potentially impacting quality”.

This underscores the need for effective oversight and quality assurance mechanisms when dealing with subcontractors to maintain service quality. This separation between the manufacturer and the municipality can introduce uncertainties and potentially impact the quality of the end product or service.

4.2.3.2 Skills and training for empowerment

The participants highlighted that while the PPPFA aims to empower historically disadvantaged groups, it does not always ensure that these groups possess the necessary skills to deliver quality work. Participant 4 stated that:

“The policy focuses on ensuring that designated groups are involved in projects, but it doesn't always ensure that these groups have the necessary skills to deliver quality work. In many cases, they require training and empowerment beyond just being part of the project”.

In this regard, the emphasis was on the importance of training and empowerment beyond participation in projects to ensure that designated groups can meet quality standards. This underscores the need for skill development and capacity building as part of empowerment efforts.

4.2.3.3 *Balancing empowerment and quality*

There is a recurring theme of balancing the goals of empowerment and quality in the context of the PPPFA. Participants acknowledge that while the PPPFA prioritizes historically disadvantaged suppliers, it also emphasizes the importance of meeting required standards and quality levels. As posited by Participant 7:

“While it prioritizes historically disadvantaged suppliers, it also emphasizes that procured goods and services must meet required standards, specifications and quality levels”.

Thus, striking the right balance between these objectives is crucial. This highlights the challenge of harmonizing empowerment goals with quality assurance measures. Therefore, achieving this balance is a complex challenge, requiring a multifaceted approach that includes empowerment, skills development, and quality assurance measures.

Therefore, there are complexities associated with PPPFA implementation and its potential impact on the quality of goods and services. The PPPFA's emphasis on empowerment is a vital step toward addressing historical imbalances, but ensuring that this empowerment leads to consistently high-quality outcomes requires careful management and a focus on skills development and quality assurance. They underscore the need for effective monitoring, skill development, and a careful balance between empowerment and quality assurance to ensure that the act's objectives are met while maintaining service quality.

4.2.4 Improving the effectiveness and efficiency of the implementation of the PPPFA

Three emerging themes from the participants' responses regarding the alignment of the municipality's preferential procurement policy with the objectives of the PPPFA include:

4.2.4.1 Alignment and effectiveness

The participants acknowledged that the municipality's preferential procurement policy aligns well with the PPPFA's objectives and principles. They emphasized the effectiveness of the policy in promoting economic empowerment, fairness, and inclusivity. Participant 8 argued that:

“The policy has had a positive impact on historically disadvantaged individuals and businesses, economic development, and the overall fairness and competitiveness of the procurement process”.

This highlights the positive perception that the policy is achieving its intended goals in supporting historically disadvantaged individuals and businesses. Therefore, this will allow an assessment of the policy's effectiveness in promoting economic empowerment and inclusivity, and make necessary adjustments to improve alignment.

4.2.4.2 Need for policy review

One participant pointed out the need for a review of the municipality's preferential procurement policy to assess its alignment with the PPPFA's key principles and objectives. In this perspective, Participant 1 attested that;

“There is need for review of the municipality's preferential procurement policy to assess its alignment with the PPPFA's key principles and objectives, including promoting economic empowerment, fairness, and inclusivity”.

This suggests that there may be areas where the policy could be improved to better align with the PPPFA, indicating the importance of periodic policy evaluations. This will

allow eliminating any contradictions that may arise between local objectives and the overarching goals of the policy.

4.2.4.3 Focus on specific categories

Some of the participants raised concerns that the policy, in practice, tends to heavily emphasize certain categories such as locality and Broad-Based Black Economic Empowerment (BBBEE), potentially overlooking other important categories. In this perspective, Participant 5 pointed out that;

“The policy aims to achieve various goals related to preferential procurement, but in practice, it often focuses heavily on locality and BEE, while other categories may be overlooked”.

Participant 6 further highlighted that:

“I recommend revisiting the regulations to include criteria for awarding contracts that consider factors beyond just the highest point scorer. Additionally, local content inclusion can encourage local businesses, and bringing back BBBEE definitions into the regulations could help improve implementation”.

This reflects the need for a balanced and comprehensive approach to preferential procurement to ensure that all relevant objectives are adequately addressed. The potential imbalance in emphasis on locality and BBBEE may lead to a possible neglecting of other crucial categories in preferential procurement goals. This however highlight the importance of refining policies to ensure a more comprehensive and equitable approach in achieving procurement objectives.

The findings collectively illustrate the participants' perspectives on the municipality's preferential procurement policy in relation to the objectives of the PPPFA, emphasizing alignment, potential areas for improvement, and the need for a balanced approach in policy implementation.

4.3 Conclusion

The chapter focused on the discussion of findings emanating from a thematic analysis. The results were centred on the implementation of the PPPFA within Midvaal Local

Municipality, challenges hindering the implementing the PPPFA at a Municipal Level, whether the implementation of the Preferential Procurement Policy Framework Act (PPPFA) compromises the quality of goods and services offered to the municipality and improving the effectiveness and efficiency of the implementation of the PPPFA. The next chapter thereby focuses on the conclusions and recommendations of the study.

CHAPTER FIVE:

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter focuses on the conclusions and recommendations of the study regarding the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations. The chapter commences by discussing the conclusions as deduced from the findings discussed above, deliberate the recommendations, limitations and areas for further research. The conclusions are premised on addressing the research objectives.

5.2 Conclusions

The primary objective of this study is to explore and describe the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations. The conclusions of the study are summarised in this section. However, before addressing the objectives, the conclusions regarding the understanding of PPPFA in the Midvaal Municipality is conducted.

The first chapter set the scene of the broader study by outlining the focus and the parameters of the study. These takeaways provide a foundation for understanding the context, objectives, and key findings of the research, setting the stage for the subsequent chapters and the exploration of challenges and strategies related to PPPFA implementation in municipal supply chains.

Chapter two focused on reviewing literature regarding the subject under study. The chapter addressed the specific objectives of this study including an exploration of challenges associated with implementing the PPPFA at the municipal level, implementation of the PPPFA and supply chain efficacy. The chapter unpacked the origin of the Preferential Procurement Policy Framework Act (PPPFA), South African government procurement practices, implementation of the PPPFA, supply chain efficacy and the challenges to the PPPFA implementation. By conducting a comprehensive analysis of pertinent literature, the review offer a thorough

understanding of the PPPFA and its implications for local government procurement practices.

Chapter three outlined the manner by which the research design and methodology was conducted. The study was qualitative research where an interpretivism research paradigm, exploratory research design and interpretivist research strategy was adopted in the study. The sampling strategy was conducted using non-probability executed using purposive sampling technique. The data collection was done using semi-structured interviews and inferences analysed using a manual thematic analysis. The trustworthiness of the study was achieved by ensuring credibility, transferability, dependability and conformability.

5.2.1 Understanding of PPPFA in the Midvaal Municipality

The study reached a conclusion that the participants' understanding of the Preferential Procurement Policy Framework Act (PPPFA) within Midvaal Local Municipality reflects a collective recognition of its fundamental goals. They view the PPPFA as a legislative instrument designed to regulate and guide public procurement and tendering processes, with a strong emphasis on promoting fairness, equity, and transparency. The act's role in creating a structured framework for awarding procurement points, particularly in favor of historically disadvantaged groups, is evident. The overarching objective of the PPPFA, as understood by the participants, is to rectify historical imbalances in procurement, foster equitable access for marginalized individuals and businesses, and provide a comprehensive legal framework governing public procurement. This collective understanding underlines the commitment of Midvaal Municipality to implementing the PPPFA in line with its empowerment and inclusivity objectives while ensuring transparency in the procurement process. As enunciated in the literature review, the implementation of the Preferential Procurement Policy Framework Act (PPPFA) involves the execution and application of the legislative framework within the context of public procurement processes (Fourie & Malan, 2020:12).

5.2.2 Constructs of measuring the PPPFA and its regulations, against successful implementation

- *Objective One: To determine the constructs of measuring the PPPFA and its regulations, against successful implementation.*

The study concluded that the implementation of the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations reveal a nuanced perspective on the level of success in Midvaal Municipality. The variety of viewpoints suggests that the measurement of successful implementation is a complex construct. While some participants' expressed confidence in the municipality's compliance and adherence to PPPFA requirements, others acknowledged limitations and areas that require improvement. The success of PPPFA implementation is not solely defined by strict regulatory compliance; it encompasses various factors, including stakeholder engagement, addressing historical imbalances, and the ability to adapt to dynamic procurement processes. Therefore, a comprehensive assessment of successful implementation considers both compliance with regulations and the broader impact on promoting economic empowerment, transformation, and inclusivity.

The research also arrived at a conclusion emphasizing the multifaceted nature of the impact of the PPPFA within the municipality, as perceived by the participants. The legislation's effects extend beyond mere compliance with regulations; they encompass economic development, empowerment of historically disadvantaged groups, and the promotion of fairness and equality in procurement. It is evident that measuring the impact of the PPPFA is a construct that involves assessing not only quantitative indicators but also qualitative aspects, such as the development of local businesses, stability of municipal finances, and the long-term potential to stimulate economic growth. This multifaceted impact underscores the importance of a holistic approach to measuring the effectiveness of the PPPFA and its regulations, taking into account the broader socio-economic goals it aims to achieve within the municipality.

5.2.3 Challenges Associated with Implementing the PPPFA at a Municipal Level

- *Objective Two: To establish challenges associated with implementing the PPPFA at a municipal level.*

In establishing the challenges associated with implementing the PPPFA at a municipal level, the study concluded that the challenges associated with implementing the Preferential Procurement Policy Framework Act (PPPFA) at a municipal level are complex and require careful consideration.

These challenges pertain to legislative and policy challenges that can hinder the effective implementation of the PPPFA. The changes in national legislation, shifts from national legislation to policy guidelines, and the preference points allocation system can lead to confusion and compliance issues. The definition of terms like "local" can create discrepancies between policy intentions and institutional objectives, affecting the alignment of implementation efforts. Additionally, organizations need to provide training and guidance to ensure that employees understand and comply with evolving regulations effectively.

5.2.4 Effect of implementing PPPFA on Service Delivery Quality

- *Objective Three: To establish the effect of the implementation of the PPPFA on service delivery quality*

In determining the role and effect of implementing PPPFA on service delivery quality, the study concluded that the implementation of the Preferential Procurement Policy Framework Act (PPPFA) has a significant impact on the quality of goods and services offered to the municipality. In this regard, there is a delicate balance to strike between empowerment objectives and maintaining service delivery quality. The concerns about subcontracting and the involvement of middlemen raise valid questions about the transparency and control over the supply chain, which can, in turn, affect the quality of the end product or service. The need for effective oversight and quality assurance mechanisms in such scenarios becomes evident. This balance requires municipalities to exercise greater scrutiny over the procurement process, implement strict quality control measures, and ensure that subcontractors meet the necessary quality standards.

Furthermore, the study concluded that balancing empowerment and quality is a critical consideration. While the PPPFA aims to empower historically disadvantaged suppliers, it also acknowledges the importance of maintaining high-quality standards.

In this perspective, striking this balance is essential to ensure that the act's objectives are met without compromising the quality of goods and services. Thus, achieving this equilibrium is a complex challenge, as it necessitates not only skill development but also ongoing monitoring and evaluation of procurement processes. Ultimately, successful implementation of the PPPFA hinges on municipalities' ability to address these complexities and ensure that the empowerment of historically disadvantaged groups goes hand in hand with the delivery of high-quality goods and services, contributing to improved service delivery within the municipality.

5.2.5 Interventions for Effectiveness and Efficiency Implementation of the PPPFA

- *Objective Four: To proffer strategies to improve the effectiveness and efficiency of implementing PPPFA in municipalities.*

In regard to improving the effectiveness and efficiency implementation of the PPPFA in the municipality, the study concluded that there must be an alignment of the municipality's preferential procurement policy with the objectives of the Preferential Procurement Policy Framework Act (PPPFA). This suggests that the municipality's policy should, in large part, be consistent with the principles and goals of the PPPFA. However, the recognition of the need for periodic policy reviews indicates an understanding that policy alignment is not static, and there's room for ongoing improvement. These reviews allow for regular assessments of the policy's effectiveness and alignment with national legislation, including the PPPFA. By maintaining a dynamic approach and making necessary adjustments, the municipality can ensure that its preferential procurement policy continues to promote inclusivity and economic empowerment effectively.

The study concluded that a focus on specific categories within the policy is also significant. While the policy may be effective in certain areas such as locality and BEE, it's crucial to ensure that all relevant objectives, including those related to historically disadvantaged groups, are adequately addressed. This underscores the importance of a balanced and comprehensive approach to preferential procurement. It is vital for the municipality to consider the diverse needs and goals encompassed by the PPPFA

and to adopt a nuanced strategy that supports all targeted beneficiaries, thereby promoting inclusivity and fairness.

5.3 Recommendations from the study

Given the conclusions of the study, the study emphasizes the importance of proactive recommendations to navigate the complexities of implementing the PPPFA successfully at a municipal level. The following are recommendations from the study:

5.3.1 Regular Policy Reviews

The study recommends that it is essential for the municipality to conduct periodic reviews of its preferential procurement policy to ensure alignment with the objectives and principles of the PPPFA. These reviews should involve relevant stakeholders, including supply chain practitioners, to identify areas where the policy can be enhanced for better compliance and effectiveness.

5.3.2 Balanced Emphasis

The study recommends that while the PPPFA emphasizes empowerment and inclusivity, it is crucial to strike a balance between these objectives and maintaining high-quality standards in the delivery of goods and services. The municipality should establish strict quality control measures and effective oversight to ensure that historically disadvantaged suppliers meet the necessary quality standards.

5.3.3 Transparency and Accountability

The study recommends that to mitigate the risks of fraud and corruption associated with the PPPFA, transparency and accountability in procurement processes are crucial. The municipality should maintain open and accountable procurement procedures, clear evaluation criteria, and mechanisms for questioning the process to deter fraudulent activities.

5.3.4 Political Neutrality

The study recommends that efforts should be made to depoliticize procurement decisions, reinforcing the importance of compliance with the act's empowerment goals

and objectives over political considerations. This will help ensure that procurement processes are fair and free from political interference.

5.3.5 Comprehensive Approach

The study recommends that the municipality should adopt a comprehensive and balanced approach in its preferential procurement policy. While certain categories, such as locality and BEE, may be important, it's vital to ensure that all relevant objectives, including those related to historically disadvantaged groups, are adequately addressed.

5.4 Implications of the Study

The study's practical implications emphasize the necessity for municipalities to dynamically align their preferential procurement policies with the PPPFA through regular reviews and practical interventions like employee training for enhanced compliance. Municipalities can benefit from practical interventions, such as regular training and guidance for employees, to enhance their understanding and compliance with PPPFA regulations.

The theoretical implications of this study contribute to the existing literature by offering insights into the multifaceted nature of PPPFA implementation at the municipal level. The research also sheds light on the challenges associated with legislative and policy aspects, providing a theoretical foundation for understanding the complexities of PPPFA implementation within municipal supply chains. The findings contribute to the theoretical understanding of how legislative frameworks impact procurement practices and service delivery in public organizations.

From a policy standpoint, the findings advocate for municipalities to adopt balanced and adaptable policies, conducting periodic reviews, and implementing interventions that strike a delicate balance between empowerment and maintaining service delivery quality. Policymakers can leverage these insights to enhance PPPFA implementation, addressing legislative challenges and ensuring effective training programs for sustained success.

5.5 Limitations and Areas for Further Research

5.5.1 Limitations

Creswell (2018) attested that limitations of the study are constraints to which the researcher has limited control over. In this study, the review was limited by the dearth of literature regarding implementation of the PPPFA. However, the findings were synthesized with the views from literature review for an all-inclusive understanding of the subject matter.

The results of this study are therefore based on the responses of a specific group of participants within the municipality. The sample size may not represent the entire population of supply chain practitioners or stakeholders involved in PPPFA implementation. The views and experiences of non-participating individuals may differ from those of participants

Due to the time factor, the researcher could not control the interview schedule of the participants, causing the researcher to face the challenge of finding a suitable and convenient time to conduct interviews.

This study used a single research method, which may have its own shortcomings. Furthermore, the findings are specific to the municipality studied. Challenges and experiences associated with PPPFA implementation can vary significantly between cities, regions or countries. Therefore, the conclusions drawn may not be of general applicability.

Given that the study was qualitative research, the role of the researcher could have made the conclusions susceptible to bias and prejudice.

5.5.2 Areas for Further Research

However, based on the limitations and findings of the study on the implementation of the Preferential Procurement Policy Framework Act (PPPFA) in the municipality here are some recommendations for further research:

- **Comparative research across municipalities or regions:** To gain a broader understanding of PPPFA implementation, future research could explore and compare challenges, successes, and best practices across municipalities or regions. Comparing experiences across locations can provide valuable insights into regional differences and factors affecting implementation.
- **Comparative analysis of the PPPFA to similar policies:** Compare the PPPFA to similar policies or affirmative action measures in other countries. Examine how different empowerment policy approaches impact economic development, equity and equality.
- **Political Economy of PPPFA Implementation:** Examines the political economy aspects of PPPFA implementation, including the influence of political parties, lobby groups and interest groups on PPPFA policy development and their influence.
- **Capacity-building interventions:** Examine the effectiveness of capacity-building programs designed to improve the skills and capabilities of historically disadvantaged suppliers. Evaluate the impact of training and support programs on their ability to deliver high quality goods and services.

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APPENDICES

Appendix A: Permission Letter

APPENDIX 1

723 Donges Street
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1911
Email: johnf.jonas@gmail.com
Cell: 073 862 9641

To: Mr. A Groenewald
Municipal Manager
Midvaal Local Municipality
Tel: 016 360 7412
Email: mm@midvaal.gov.za

REQUEST FOR PERMISSION TO COLLECT DATA FROM THE MUNICIPALITY

Dear Sir,

I hereby request permission to interview senior officials and supply chain practitioners at Midvaal Local Municipality. This is part of the research project for my Masters Degree in Business Administration, which I am currently enrolled with the North West University's business school. My study focuses on the impact of PPPFA at a local municipality in this case, the focus is on Midvaal Local Municipality.

It will be appreciated if you can indicate your approval on the space provided below, to enable for submission together with my proposal to the Ethics Committee for consideration.

Please be informed that any information provided by a participant as part of the research will be treated as private and confidential and will therefore appear in the dissertation as part of the study's findings and recommendations.


Thanking you in advance for your understanding and assistance in this regard.

Warm Regards,

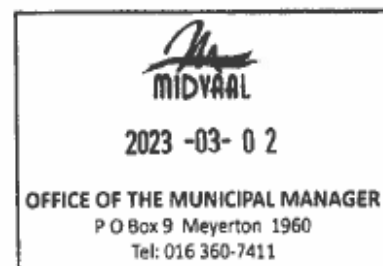
John Jonas

(+27) 73 862 9641

APPROVED / NOT APPROVED


MR. A GROENEWALD
MUNICIPAL MANAGER
MIDVAAL LOCAL MUNICIPALITY

2.3.2023
DATE



Appendix B: Interview Guide

Title: Assessing the impact of the PPPFA on local government: A case study of Midvaal Local Municipality

Primary objective:

The primary objective of this study is to explore and describe the challenges encountered by municipal supply chain practitioners in implementing the PPPFA and its regulations.

Secondary objectives:

- To determine the constructs of measuring the PPPFA and its regulations, against successful implementation.
 - To establish challenges associated with implementing the PPPFA at a municipal level.
 - To establish reasons why economic transformation and equality are not effectively implemented through the PPPFA.
 - To investigate the competency levels of supply chain practitioners.
 - To utilize the results of the empirical research for drawing conclusions and recommendations.
-

The aim of the study is:

- *To assess the impact of PPPFA at Midvaal Local Municipality; and*
- *To investigate mechanisms implemented to ensure successful implementation at Midvaal Local Municipality.*

INTERVIEW QUESTIONS

SECTION A: Demographic Information

Position in the Organisation.....

Gender.....

Duration of Service in Current Position.....

Highest Educational Qualification of Participant.....

Age.....

SECTION B: INTERVIEW QUESTIONS

Questions:

1. Are you familiar with the concept of PPPFA and how would you define it in your organisation?
2. What has been the impact of the PPPFA at Midvaal Local Municipality since the promulgation of its regulations, specifically between 2017 and 2022?
3. Would you consider the PPPFA and its regulations to be successfully implemented by the Municipality?
4. What has been the impact of the court ruling that declared the 2017 PPPFA Regulations invalid? Please explain.
5. Are line managers taking any specific, concrete steps to ensure that the overall empowerment targets are met? Please explain.
6. Are there any constraints you have identified that has or have the potential to hinder successful implementation of the PPPFA at the municipality?
7. Is there a link between the PPPFA and fraud & corruption? Please explain.
8. Does the implementation of PPPFA compromise the quality of goods and services offered to the municipality? Please explain.
9. Do you consider the municipality's preferential procurement policy to be achieving the objectives of the PPPFA?
10. Is there a need to amend the PPPFA or its Regulations to ensure effective and efficient implementation of full compliance? Kindly provide a recommendation to ensure improved compliance and effective implementation.

Appendix C: Editor's Certificate



Editing Confirmation

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22/11/2023

Report on dissertation by: JF Jonas

Dissertation title: Assessing the impact of the PPPFA on local government: A case study of Midvaal Local Municipality

This serves to confirm that the above document (excluding Table of Contents, List of Figures, and Reference list) was edited substantively by members of the KZN Language Institute's professional English language editing team. The document was returned to the author with numerous tracked changes and comments intended to correct errors and to clarify meaning. It was the author's responsibility to attend to these changes.

Please note that the final, corrected version of the document was not proofread by an editor from the KZN Language Institute.

A handwritten signature in black ink, appearing to read 'G. Coertze'.

Ms G. Coertze *MSocSc (Culture, Communication and Media Studies)*
Outsourced Editing Manager

A handwritten signature in black ink, appearing to read 'J. Kerchhoff'.

Ms J. Kerchhoff *BEd (Hons), MA (Applied Language Studies), CELTA*
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KZN Language Institute – Transforming Words