

Challenges facing the implementation of procurement processes within the housing department of City of Johannesburg Metropolitan Council

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

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Graduation: May 2022

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ABSTRACT

Supply Chain Management gives effect to the provisions of the Republic of South Africa Constitution, gives effect to the provisions of the MFMA and transforms outdated procurement and provisioning practices. Lack of understanding of procurement practitioners' effort is often considered one of the most serious problems in the South African supply chain management system, perhaps even bigger than weak procurement practitioners' content knowledge and skills to implement the procurement processes successfully. It is important to note that Supply Chain Management (SCM) is an integral part of procurement in the South African public sector. Though, despite the engagement of SCM as a strategic tool, procurement still faces enormous difficulties. These include, among others: lack of proper knowledge, skills, and capacity, non-compliance with SCM policy and regulations, inadequate planning and the linking of demand to the budget and accountability, fraud, and corruption. The main objective of this study is to explore challenges facing the implementation of procurement processes in COJMM's Housing Department. What are the challenges facing implementing procurement processes within COJMM's Housing Department? What strategic measures can be adopted to improve the procurement challenges COJMM's Housing Department faces in implementing procurement processes? What are the constraints to implementing procurement processes in COJMM's Housing Department that disrupt efforts to achieve procurement goals? What are the issues that underwrite the challenges of implementing the procurement processes within the COJMM's Housing Department? A semi-structured interview process collected data from participants working at a Housing department where procurement processes and supply chain management has been implemented. The questionnaires were sent to the respondent to solicit their view on implementing procurement processes. This was done to determine what critical enablers were missing and what issues need to be addressed to ensure a smooth and sustainable implementation. The results indicated that the Housing department needs to strongly engage and workshop all the officials who are directly indirectly involved in implementing procurement processes. Participants expressed concerns about the knowledge on legislation and procedure governing procurement that needs serious attention. The results of this research are

of high importance to the management of the identified City of Johannesburg Housing Department for the successful implementation of procurement processes.

Keywords: Supply Chain Management, Johannesburg, Housing Department, COJMM.

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ABBREVIATIONS

DESCRIPTION	MEANING
AG	Auditor General
B-BBEE Act	“Broad-Based Black Economic Empowerment Act”, Act No. 53 of 2003
CIDB	“Construction Industry Development Board”
CM	“City Manager”
COJMM	“City of Johannesburg Metropolitan Municipality”
GCC	“General Conditions of Contract”
GCFO	“Group Chief Financial Officer”
IDP	“Integrated Development Plan”
MFMA	“Municipal Systems Act, Act No. 32 of 2000”
MSCM Regulation	“Municipal Supply Chain Management Regulations of 2005”
MTREF	“Medium-Term Revenue Framework”
PPP	“Public-Private Partnership”
PPPFA	“Preferential Procurement Policy Framework Act, Act No. 5 of 2000”
SARS	“South African Revenue Services”
SCM	“Supply Chain Management”
SLA	“Service Level Agreement”
TOR	“Terms of Reference”

CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The history of the public procurement system in South Africa has, in many ways, been moulded by discrimination, unfair practices, and marginalisation of people, which led to the elimination of people from the mainstream of the economy and participation in the public sector procurement system.

In support of this narrative, Bolton (2006) pointed out that “procurement was of particular significance in the public sector and has been used as a policy tool due to the discriminatory and unfair practices during apartheid.”

Furthermore, Arrowsmith et al. (2000), Cane (2004) and Turpin (1989) argued that “the state procurement is and has, for example, often been used to promote aims which are, arguably, secondary to the primary aim of procurement. Examples include using procurement to promote social, industrial, or environmental policies.”

During the Budget Speech address in 1997, the Minister of Finance also pointed out that “due to unfair practices of the past, several groups in South Africa were prevented from accessing government contracts. Before 1994, the state procurement system was geared towards large and established contractors. Thus, new contractors found it very difficult to participate in government procurement procedures.”

1.2 LEGISLATIVE IMPERATIVE

Section 217(1) of the Constitution of the Republic of South Africa (No. 108 of 1996) (SA, 1996) states that: “when an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so following a system which is fair, equitable, transparent, competitive and cost-effective.”

In support of the above notion, Bolton (2006) pointed out that “due to some political and economic reforms in South Africa, the procurement system was granted constitutional status and is recognised as a means of addressing past discriminatory policies and practices.”

In addition, Watermeyer (2011) concluded that the MFMA permits the National Treasury to make regulations that make “the determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.”

Against afore-mentioned scenarios, numerous legislative frameworks that guide procurement practices in South Africa were promulgated as presented below:

1.2.1 Acts that are important in the application of this study

- a. Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- b. Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- c. Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- d. Division of Revenue Act (Annual)
- e. Engineering Profession Act, 2000 (Act No. 46 of 2000)
- f. Landscape Architectural Profession Act, 2000 (Act No. 45 of 2000)
- g. Municipal Finance Management Act, (No. 56 of 2003)
- h. Local Government: Municipal Systems Act, 2000 (Act No. 32 Of 2000)
- i. Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- j. Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- k. Prevention and combating of Corrupt Activities Act 12 of 2004
- l. Promotion of Administrative Justice Act 3 of 2000
- m. Promotion of Access to Information Act No. 2 of 2000
- n. Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000)
- o. Public Finance Management Act, 1999 (Act No. 1 of 1999)
- p. Other Sector-specific Acts of Parliament.

1.2.2 The Regulations issued in terms of the MFMA

- a. The Municipal Supply Chain Management Regulations.
- b. The Preferential Procurement Policy Framework Act Regulations.

1.3 THE ROLES AND RESPONSIBILITIES

The MFMA “provide clear guidance on the administrative roles and responsibilities of accounting officers and the oversight role of council. The MFMA distinguishes the municipal council as the highest authority in the municipality and reinforces the council's power by bestowing it with significant powers of approval and oversight.”

The MFMA “separates the policy-making responsibilities of these role-players from the implementation role of the municipal officials. Councillors are therefore not allowed to be members of a municipal bid committee or any other committee evaluating or approving bids, quotations, contracts, or other bids, nor attend any such meeting as an observer” (MFMA, 2003).

Sections 62 and 95 of the MFMA illustrate that the “accounting officers are fully responsible and should be held accountable for any expenditures relating to SCM within their line of responsibility. Any expenditure incurred should be subject to appropriate regulations and accounting officers’ directives and procedures.”

The Smart Procurement Report (2011) stated that “there are predicaments in South African public procurement practices, for example, non-compliance with procurement and SCM-related legislation and policies as well as tender irregularities.”

The AG Report (2019) unambiguously “asserted that the current governance relapses hampering local government could only be turned around if the leadership were to take the lead in the drive towards clean wholesale administration in the public sector”. “The leadership sets the tone at the top at any organisation. If an organisation’s leaders are unethical, disregard governance, compliance, and control, and are not committed to transparency and accountability. It will filter through to the lower levels of the organisation. Inevitably, a culture of poor discipline, impunity and non-delivery will develop, leading to the organisation's collapse.

The leaders in local government should therefore steer their municipalities to success. They should take responsibility for the deteriorating accountability in municipalities, and they have to turn the situation around.”

In addition, the Auditor-General says: “local government leadership includes the municipal managers and their senior managers who are responsible for the administration and service delivery of the municipality; the political leadership (the mayor and council members) who oversees the functioning of the municipality and takes key decisions; and the provincial leadership (premier, members of the executive council, and heads of provincial departments that support local government). The provincial legislature thus also has a leadership role to play as part of its oversight function.”

1.4 QUALITY OF PROCUREMENT SYSTEM

The Auditor-General Report (2019) has shown “that the value of a procurement system cannot exceed the value of its procurement practitioners”. Lack of understanding of procurement practitioners’ effort is often considered one of the most serious problems in the South African supply chain management system, perhaps even bigger than weak procurement practitioners’ content knowledge and skills to successfully implement the procurement processes.”

Ambe *et al.* (2012) pointed out that “it is important to note that Supply Chain Management (SCM) is an integral part of procurement in the South African public sector.” Though, despite the engagement of SCM as a strategic tool, procurement still faces enormous difficulties. These include, among others:

- a lack of proper knowledge, skills, and capacity.
- non-compliance with SCM policy and regulations.
- inadequate planning and the linking of demand to the budget.
- accountability, fraud, and corruption.
- inadequate monitoring and evaluation of SCM.
- unethical behaviour.
- too much decentralisation of the procurement system.
- ineffectiveness of the black economic empowerment (BEE) policy.

1.5 PROBLEM STATEMENT

The accomplishment of any administration depends on the strategic management of all its vigorous sections. Municipalities should have their procurement function as one of their vigorous sections.

The acquisition of goods, works and services for the public sector is performed following section 217(1) of the Constitution, which stipulates that “when an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislature, contracts for goods or services, it must do so in accordance to a system which is fair, equitable, transparent, competitive and cost-effective.”

This serves as guidelines in achieving competition, promoting fairness, and providing value for money. However, the Auditor-General Report (2019) has made the following findings in most of the municipalities:

- “Awards made to providers who did not submit a declaration of interest/employment in the state.
- Awards made to providers in service of the municipality - persons with interest failed to disclose.
- Awards made to providers who are in service of other state institutions.
- Persons in service of the municipality whose close family members had an interest in the provider that was not disclosed.
- Awards made to prohibited suppliers (as listed by the National Treasury)
- Competitive bids not invited and/or deviations not justified.
- Bid specifications for the tender were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services.
- Bid adjudication is not always done by properly constituted adjudication committee members.
- Criteria applied in evaluation differed from those specified initially / not specified at all.
- Points incorrectly allocated/calculated.
- Supplier scoring highest points not selected without justification.

- Performance of contractors not monitored on monthly basis.
- Inadequate contract performance monitoring measures.
- Contracts extended or modified without approval of accounting officer / delegated official.
- Three written quotations not obtained and/or deviations not justified.”

Based on the above findings by AG, public procurement was clearly violated and contravened by municipalities and did not subscribe to the constitution that outlines the “general principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness” when acquiring goods, services and works.

These hinder the entire procurement processes' effectiveness and have exposed it as an area of concern. For this reason, the study shall find the challenges affecting the implementation of procurement processes in the COJMM’s Housing Department.

1.6 AIM AND OBJECTIVES

1.6.1 Research objectives

The main objective of this study is to explore challenges facing the implementation of procurement processes in COJMM’s Housing Department.

The specific objectives of the study are:

1. To evaluate how the housing backlog is affected by challenges facing the implementation of procurement processes within the Housing Department.
2. To find out how the COJMM procurement policy can be improved to implement procurement properly in Housing Department.

1.6.2 Research questions

The research questions are:

1. What are the challenges facing implementing procurement processes within COJMM’s Housing Department?

2. What strategic measures can be adopted to improve the procurement challenges COJMM's Housing Department faces in implementing procurement processes?
3. What are the constraints to implementing procurement processes in COJMM's Housing Department that disrupt efforts to achieve procurement goals?
4. What are the issues that underwrite the challenges of implementing the procurement processes within the COJMM's Housing Department?

1.7 SCOPE OF STUDY AND LIMITATIONS

Geographically, the scope of this study will be limited to officials involved directly and indirectly in procurement processes in COJMM's Housing Department because of its proximity to the researcher, which will make the retrieval of the questionnaire easy.

The Acting Executive Director granted permission: Housing and consent obtained from participants. Furthermore, Gray 2004:210; Hall and Hall (1996) state that the researcher "will be able to guide the individual respondents in completing a structured questionnaire. Since structured questionnaires involve face-to-face contact, this helps the researcher to deal with non-responses."

A selected unit of analysis is most suitable as the research is targeting employees of COJMM's Housing department. Furthermore, the study is envisioned to determine how the challenges facing the implementation of procurement processes within the Housing Department impact service delivery.

1.8 DEFINITION OF KEY TERMS

1.8.1 Abuse

Means "any conduct by an official or person that is tantamount to fraud, corruption, favouritism, misrepresentation of facts, unfair, irregular, and unlawful practices or any other practice that referred to concerning this context" (COJ SCM Policy, 2019).

1.8.2 Authority

Means “the right or power attached to a rank or appointment permitting the holder thereof to make decisions, to take command or to demand action by others (MFMA: 2003).

1.8.3 Bid

A bid means a written offer in response to an invitation in a manner and format prescribed by the City of Johannesburg to provide goods, services or works solicited through a competitive bidding process (COJ SCM Policy: 2019).

1.8.4 Bidder

A bidder means a natural or juristic person who submits a bid in response to a bid invitation issued by the City of Johannesburg in terms of a competitive bidding process (COJ SCM Policy, 2019).

1.8.5 Bid Adjudication Committee

Means a committee comprising officials and/or technical advisors nominated and duly approved by the Accounting Officer or his/her delegated official to adjudicate bids and make recommendations to the Accounting Officer, whichever the case may be (MFMA: SCM Regulations:2005).

1.8.6 Bid Evaluation Committee

Means a committee comprising officials and/or technical advisors nominated and duly approved by the Accounting Officer or his/her delegated official to consider bids and make recommendations to the relevant adjudication committee or the Accounting Officer, whichever the case may be (MFMA: SCM Regulations:2005).

1.8.7 Bid Specification Committee:

Means a committee comprising officials and/or technical advisors nominated and duly approved by the Accounting Officer or his/her delegated official to compile specifications or terms of reference for the invitation of bids (MFMA: SCM Regulations:2005).

1.8.8 Black People

Means the designated group as stipulated in the code of good practice issued in the Broad-Based Black Economic Empowerment Act (SA, 2003).

1.8.9 Central Supplier Database

Means a database of accredited suppliers maintained by the National Treasury (National Treasury Regulations).

1.8.10 City

Means the City of Johannesburg Metropolitan Municipality, a metropolitan municipality duly established by virtue of Provincial Notice 6766 dated 1 October 2000, as amended (COJ SCM Policy, 2019).

1.8.11 City Manager

Means the official appointed by the City as City Manager and who will be acting as the Accounting Officer of the City as contemplated in the Act and defined in Section 54 (a) of the Municipal Systems Act (SA, 2000).

1.8.12 Competitive Bid

Means a bid allowing for appropriate levels of competition to satisfy the pillars of procurement and in terms of a competitive bidding process (COJ SCM Policy, 2019).

1.8.13 Competitive Bidding Process:

Means a bid in terms of a competitive bidding process as contemplated in Regulation 12 (1) (d) of the Municipal Supply Chain Management Regulations (MFMA: SCM Regulations, 2005).

1.8.14 Delegated Authority:

Means a responsibility (duty) delegated to any person, official or committee authorised/delegated to make certain specific decisions in terms of the Municipal Finance Management Act (MFMA, 2003).

1.8.15 Fruitless and Wasteful Expenditure:

Means “expenditure that was made in vain and would have been avoided had reasonable care been exercised” (MFMA, 2003).

1.8.16 Implementing Agent:

Means any municipal entity appointed in terms an approved Service Delivery Agreement for the execution of specified projects (Municipal Systems Act: 2000).

1.8.17 Improper practice:

Means any form of misrepresentation in the information presented for consideration of a bid and execution of a contract, deliberate omission of information, any fraudulent and improper conduct including but not limited to collusion, extortion, bribery, and any unlawful behaviour (COJ SCM Policy, 2019).

1.8.18 In the service of the state:

Means any “person employed by any organ of state whether in national, provincial, local, or serving in the local, provincial, or national legislature” (MFMA: SCM Regulations:2005).

1.8.19 Procurement:

“Procurement is generally described as the function of purchasing goods and services from an outside body” (Arrowsmith: 1988).

1.8.20 Supply Chain Management:

Means, in this context, the systematic and multi-faceted approach of procuring “goods, services and works in the public sector” (National Treasury Regulations: 2005).

1.9 HYPOTHESIS**1.9.1 Hypothesis 1**

Lack of understanding of supply chain management processes by COJMM Housing Department Officials may affect the implementation of procurement processes within COJMM Housing Department.

1.9.2 Hypothesis 2

In adequate capacity building, procurement skills and technical knowledge may hamper the implementation of procurement processes in COJMM.

1.9.3 Hypothesis 3

The challenges facing the implementation of procurement processes by COJMM might cause underspending or no spending of allocated Operational and Capital expenditure Budget.

1.9.4 Hypothesis 4

COJMM Procurement policy of sourcing goods and services may affect challenges facing the implementation of procurement processes within the Housing Department.

1.10 SIGNIFICANCE OF STUDY

This study shall elaborate on how the challenges facing the implementation of procurement processes within the Housing Department influence service delivery. The study shall also be valuable to procurement practitioners, municipal officials, service providers, and consultants and guide policymakers to set legislation that will improve the execution and implementation of procurement processes within the Housing Department. The study's findings and recommendations will benefit the COJMM's Housing Department in managerial practice and decision-making to enhance productivity.

1.11 STRUCTURE OF THE REPORT

Chapter one is an introduction to the study and will present the problem statement, study questions, and objectives. This Chapter includes the rationale and scope of the study, the demarcation and the study period. The definitions of specific key terms used throughout the study are also provided in this Chapter. Furthermore, this Chapter also introduces the research methodology used in the study.

Chapter Two is concerned with the literature review related to the subject matter. Chapter Three deals with the scope of the research methodology used. Chapter Four

highlights the empirical analysis of the field survey's data and discussions that answer all the research objectives and questions.

Chapter five draws' conclusions and makes recommendations derived from the study. The recommendations aim to encourage the support and application of Supply Chain Management processes within the government, COJMM, through an inclusive implementation of the SCM policy, SCM Acts and its regulations.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

In chapter one, the researcher gives the history of the public procurement system in South Africa, which was moulded by discrimination, unfair practices, and marginalisation of people, which led to the elimination of people from the mainstream of the economy and participation in the public sector procurement system. This Chapter examines literature relevant to the research problem under investigation.

2.2 THE IMPORTANCE OF LITERATURE

“The review of literature looks at what others have revealed in areas like the problem at hand. Researchers are advised to get recent reviews of literature related to the research topic at hand”. According to Burns (2000:28), “an assessment can save the researcher’s time provided the researcher criticises the research.”

Furthermore, Mouton (2005:87) “states that “a good review saves the researcher time and avoids duplication and unnecessary repetition of what already exists in the body of knowledge. A literature review provides clues and suggestions about what avenues and routes to follow.”

2.3 HUMAN SETTLEMENT DEPARTMENTS

2.3.1 National and Human Settlement Departments

The National, Provincial and Local Human Settlements Departments stem its mandate from section 26 of the Constitution, which specifies that “Everyone has the right to access adequate housing”.

“In South Africa, the National Department of Human Settlements and Provincial Departments of Local Government and Housing is mandated, within the parameters of the national housing policy, to promote and facilitate the provision of adequate housing, as well as to take all reasonable and necessary steps to support and strengthen the capacity of municipalities to effectively exercise their powers and duties in respect of housing development” Housing Act (No. 97 of 1997) (SA, 1997).

It is the role and responsibility of the various provincial governments to facilitate housing development within each of their respective provinces.

2.3.2 COJMM's Housing Department

Section 10 of the Housing Act states that “there is a clear definition on how municipalities must be accredited to administer national housing programmes.”, thus COJMM was accredited to administer on the 4th of March 2011.

The Housing Code, 2009 defines “accredited municipality, City of Johannesburg, as the developer of programmes and projects in its jurisdiction.” In addition, “Comprehensive Housing Plan for the Development of Sustainable Human Settlements (Breaking New Grounds) in the section on Accreditation of Municipalities emphasises the accreditation of metropolitan municipalities and their role as developers in their area of jurisdiction.” The current White Paper “Towards a policy foundation for the development of human settlements legislation” also supports the Housing code in terms of the definition (City of Johannesburg, 2019)

The COJMM backlog is “estimated at over 300,000. This backlog originates from informal settlements, overcrowding in the public hostels, non-regulated backyard rental, inner-city overcrowding, housing waiting list, and homeless people. A concerted effort at vertical and horizontal level is required to tackle the housing demand.” (City of Johannesburg, 2019)

2.3.3 Elements of supply chain management (SCM)

Figure 2.1 shows a guide for accounting officers for municipalities and municipalities entities.

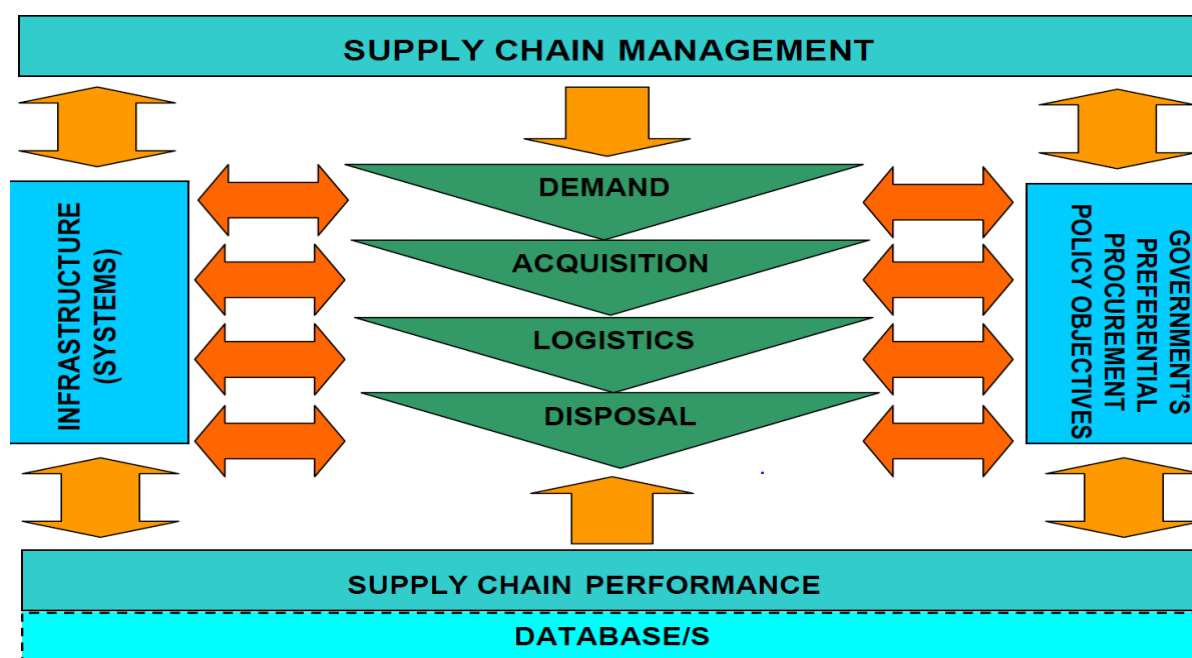


Figure 2.1 A Guide for Accounting Officers for Municipalities and Municipalities Entities

Source: SA (2021)

The elements of SCM are discussed below.

2.3.3.1 Demand Management

“Demand management is the first phase of SCM. The objective is to ensure that the resources required to fulfil the needs identified in the Integrated Development Plan (IDP) of the municipality or municipal entity are delivered at the correct time, price, and place. The quantity and quality will satisfy those needs. As part of this element of SCM, a total needs assessment should be undertaken.” (SA, 2021).

2.3.3.2 Acquisition Management

“The City shall only proceed with the acquisition of goods and services for which there is an approved budget. The onus will be on the relevant Head of Department to ensure that sufficient funds are available. All procurement of goods and services will be measured against approved acquisition plans.” (SA, 2021).

2.3.3.3 *Logistics Management*

“This aspect pertains, among others, to coding of items, setting of inventory levels, placing of orders, receiving and distribution, stores/warehouse management, expediting orders, transport management and vendor performance. This process should also activate the financial system to generate payments.

The aspect of coding, levels of required stocks, and so forth should not be dealt with in isolation by the accounting officer. It is the objective that the same coding and other support systems should be used.” (SA, 2021).

2.3.3.4 *Disposal Management*

“Disposal is the final process when a municipality / municipal entity needs to do away with unserviceable, redundant or obsolete movable assets. It is recommended that the accounting officer appoint a specific committee to deal with disposals, to make recommendations about the disposal of any asset. It is the responsibility of the accounting officer or their delegate to consider the recommendation of the appointed committee. Disposal of any capital assets must be done in accordance with sections 14 and 90 of the MFMA” (SA, 2021).

2.3.3.5 *Risk Management*

“The City will effectively manage risk through a system of identification, consideration, transfer and avoidance of potential risks in the Supply Chain Management system. During each procurement process, the procuring department must comply with a risk register during the demand management stage of the process. The risk register must be updated during each stage, as is necessary” (SA, 2021).

2.3.3.6 *Supply Chain Performance*

“This is the monitoring process, undertaking a retrospective analysis to determine whether the proper processes have been followed and whether the desired objectives were achieved.” (SA, 2021).

2.4 PROCUREMENT

According to Bolton (2010), “the use of government procurement as an instrument of policy is not without controversy. Overall, however, particularly in the South African

context, procurement as a policy tool can be said to be justified. Even though there are time and cost premiums attached to the use of procurement as an empowerment tool, the costs incurred are, to a large extent, outweighed by the fact that it is not only the owners of affirmative businesses that benefit but also their workforce.”

“The primary legislation that deals with the use of procurement as a policy tool in South Africa is the Procurement Act and the Regulations to that. On the whole, the effect is given to the constitutionally prescribed use of procurement as a policy instrument. The preference points systems created by the Act illustrate the importance that is still attached to the attainment of value for money when the state procures goods or services.” Bolton (2010).

In terms Regulation 2 of the MFMA: Supply Chain Management Regulations read in conjunction with section 111 of the MFMA COJMM “must implement a supply chain management policy that –

- a. gives effect to-
 - (i) Section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- b. is fair, equitable, transparent, competitive and cost-effective;”

Wight (2000) defined “procurement as the acquisition of goods and/or services at best possible total cost of ownership, in the right quantity and quality, at the right time and in the right place for the direct or indirect benefit of use to the organisation.”

Angeles and Nath (2007) highlighted that procurement typically “represents one of the largest expense items in an organisation’s cost structure.”

Arrowsmith (2010) states that “public procurement refers to the government activity of purchasing the goods and services needed to perform its functions”. Furthermore, Odhiambo and Kamau (2003) argued that “public procurement is broadly defined as the purchasing, hiring or obtaining by any contractual means, goods, construction works and services by the public sector.”

It involves purchasing commodities and contracting construction works and services if such acquisition is affected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, foreign aid and revenue received from the economic activity of the state.

Hommen and Rolfstam (2009) state that “public procurement is ‘the acquisition (through buying or purchasing) of goods and services by government or public organizations.’”

Arrowsmith (2010) contends that “the concept of public procurement can be referred to as procurement planning, contract placement and contract administration.”

Kwakye (1997) mentioned that procurement is the “process whereby sector organisations acquire goods and services from third parties.” In addition, public procurement “includes much that supports government work and ranges from routine items (e.g., stationery, temporary office staff, furniture or printed forms). Regarding complex spend areas, e.g., construction, private finance initiative projects, aircraft carriers or support to major change initiatives.”

Uyarra and Flanagan (2009) pointed out that “besides the fiduciary obligation to deliver goods and services to the constituents of the particular government administration, public procurement addresses a wide range of objectives”.

Bolton (2006) and also Thai (2006) stated that “Governments have used it to achieve socio-economic objectives such as stimulating economic activity; protecting national industries from foreign competition; improving the competitiveness of certain industrial sectors; and remedying national disparities.

Arrowsmith (2014) argued that “the objectives of public procurement are achieved through various means and legal and regulatory rules on conducting public procurement.”

2.4.1 Procurement in COJMM'S housing department

Walker (2007) described "the procurement systems as the system which describes the total process of meeting a client's expectations for a project, starting at the point where this need is first expressed, inception to completion and sometimes after commissioning."

"In COJMM, the main procurement method used for public purchases in the city prior to and after the enactment of the Preferential Procurement Policy Framework Act, 2003 is the open and close method of procurement. It is anticipated that COJMM Supply Chain Management policy would ensure transparency, probity, and accountability in public construction procurement." (City of Johannesburg, 2019)

The OECD Report (2007) mentioned that "public procurement is the sheer volume of funds channelled through government procurement and is the largest single buyer in most countries." The Report continues to state that "the size of public procurement "varies between 5% and 8% of the gross domestic product (GDP) in most industrialised countries."

2.4.1.1 *The five pillars of procurement*

Pauw and Wolvaardt (2009) provide an analysis of "the five principles of public procurement." In addition, National Treasury states that proper and successful government procurement rests upon certain core principles of behaviour - the Five Pillars of Procurement. In terms of section 217 of our Constitution provides: "When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so following a system which is equitable, transparent, competitive and cost-effective."

a. Fairness

Pauw and Wolvaardt (2008) state that "fairness is a fundamental concept in public administration and the law. It has a larger scope of application than all the others, in that not only public procurement but all government action must

comply with it. In fact, it is much more than a legal requirement: it is the basis of civility. However, systematic discussions explaining the concept are scarce.”

Furthermore, the National Treasury introduced MFMA Circular 110 “to inform accounting officers of municipalities and municipal entities that using membership of voluntary associations as a measure for eliminating bidders from an infrastructure procurement process, as well as charging excessive fees for tender documents, goes against the spirit and letter of the SCM regulatory framework.”

b. Equity

According to National Treasury Regulations (2005), the word ‘equity’ “means the application and observance of government policies which are designed to advance persons or categories of persons disadvantaged by unfair discrimination.”

c. Transparency

“Transparency is a later addition to the conceptual apparatus of democracy than fairness. However, its denotative meaning in public procurement is well established” (Pauw and Wolvaardt: 2009).

Furthermore, the World Bank (2001) discourse demonstrates that “transparency of tenders requires advertising, pre-disclosure, public bid opening, accessibility of policies and regulations, use of standard bidding and contract documents, appeal mechanisms, debriefing and publication of awards.”

d. Competitiveness

“Competitiveness and cost-effectiveness, which revolve around cost, require that an organ of state must, while considering the other principles, try to procure goods or services at the lowest possible cost and derive value for money” (National Treasury Regulations: 2005).

Pauw and Wolvaardt(2009) argued that “in economics, competitiveness refers to a complex composition of factors. This includes the number of viable firms active in a given market and their ability to offer goods and services of a high quality at economical prices at the right time.”

e. Cost-Effectiveness

Pauw and Wolvaardt (2009) demonstrate the fact that “cost-effectiveness is as basic a principle of economic life as fairness is of moral and political life. An increase in cost-effectiveness means that more can be acquired for the same amount or that the same output costs less. Cost-effectiveness increases the public benefits derived from the spending of public money.”

2.5 PROCUREMENT METHODOLOGY IN COJMM’S HOUSING DEPARTMENT

The procurement procedure includes all the steps from developing the need to the evaluation and adjudication of the procured goods, services, and work. The procurement model developed by National Treasury (1995) is extensively accepted to describe the procurement process of goods, services and works. This model involves three Bid Committees systems for competitive bids, which shall consist of at least:

2.5.1 A Bid Specification Committee (BSC)

The CM shall “establish and appoint one or more Bid Specification Committee/s on an ad hoc basis, as necessary, to cater to the municipality's main requirements. Each bid specification committee shall compile bid specifications/terms of references for the procurement of goods and services in as per their delegations and ensure that the specifications/terms of references is/are following the Integrated Development Programme (IDP).” (COJ SCM Policy: 2019).

Rolfstam (2009) highlighted that the questions about what should be procured and how the goods, services or works will be procured are answered in the preparation phase.

2.5.2 A Bid Evaluation Committee (BEC)

The evaluation process “is the tactical phase of the procurement process” (Harink, 1999). According to the prescripts of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 bids “must be evaluated by a preference point system. Any specific goal for which a point may be awarded must be clearly specified in the bid documentation.” (COJ SCM Policy: 2019).

2.5.3 A Bid Adjudication Committee (BAC)

“A Bid Adjudication Committee shall consider reports and recommendations made by the Bid Evaluation Committees. A BAC shall approve, within the delegation, BEC reports submitted and award bids, if delegated to do so, through the recording of minutes of the decision and the signing of the evaluation and recommendation reports under the BAC signature section” (COJ SCM Policy:2019).

2.6 PROCUREMENT STRATEGY

Nollet et al. (2005) developed “a framework that relates procurement management to corporate strategy goals, which shows a hierarchy where procurement strategy is determined by overall corporate strategy and its connection to other functional strategies, including marketing.”

Mclvor et al. (2004) developed “a framework for strategic make or buy decisions, proposing the requirement of senior management involvement and input from a broad-based team including procurement and manufacturing.”

2.7 CHALLENGES ASSOCIATED WITH PROCUREMENT PROCESSES

It is important to note that SCM is an integral part of procurement in the South African public sector. Therefore, it is used as a tool for managing public procurement practices.

2.7.1 The Auditor-General (2020), has made the following challenges identified in procurement across the COJMM during the 2019/20 FY

- i. “Fragmented procurement system across the State that is resulting in duplication of effort and different pricing models
- ii. Lengthy tender processes (6 months to a year to finalize a tender)
- iii. Huge price variations between procuring entities
- iv. Poor standardisation in procuring same goods/services / works
- v. Interference in the procurement process
- vi. Tenderpreneurism (when government employees abuse their political power and influence to secure government tenders and contracts)
- vii. Lack of capacity to conduct monitoring and compliance
- viii. Shoddy quality in workmanship, products and services
- ix. Lack of focus on core service delivery
- x. Lack of procurement planning
- xi. Over-use of RFQ methods
- xii. Inadequate Procurement System
- xiii. Lack of Self-Monitoring Culture
- xiv. Weak contract management
- xv. Unnecessarily appeals and judicial review process
- xvi. Duplication of effort – RFX’s, Contract creation, Contract Management, Supplier Management, Supplier queries, Litigations, Cancelled tenders and contracts, and Audit queries.”

Furthermore, Ambe and Badernhorst-Weiss (2012), “detected serious challenges faced by procurement system in South Africa. These include, among others:

- a. lack of proper knowledge, skills and capacity
- b. non-compliance with SCM policy and regulations²⁵⁰
- c. inadequate planning and the linking of demand to the budget accountability, fraud and corruption
- d. inadequate monitoring and evaluation of SCM
- e. too much decentralisation of the procurement system
- f. Ineffectiveness of the black economic empowerment (BEE) policy.
- g. These predicaments are briefly discussed below.
- h. Lack of proper knowledge, skills and capacity.”

Matthee (2006) indicated that “some of the practices relating to non-compliance with the rules and procedures relate to the tendency not to utilise a competitive process for both quotations and bids, and incorrect utilisation of the preference points system.”

Van Zyl (2006) also asserts “that there is a lack of appropriate bid committees; use of unqualified suppliers, passing over of bids for incorrect reasons. The utilisation of the incorrect procurement process in respect of the thresholds; extensions of validity periods; and incorrect utilisation of the limited bidding process.”

Westring (1997) attributes “the causes of the delays to extensive post-award negotiations, delays in the preparation of technical specifications, delays in the evaluation of suppliers, an extensive system of controls, reviews and approvals.”

Crown (1998) (as cited in Anvuur et al., 2006) “affirms that contracts for securing goods take very long periods to reach financial closure and are subject to unnecessary delays.” Westring (1997) highlighted that “many suppliers delivering goods and services to government establishments try to limit their losses by cutting corners or abandoning the work altogether which has negative consequences on project delivery as well as increasing contractor-client conflicts.”

Yukins (2017) highlighted “these histories of protracted wrestling between the government and its contractors – a struggle that often stops short of termination – illustrate government officials’ risk-averse reluctance to incur the delay and embarrassment of termination.”

Uromi (2014) also “identified challenges associated with procurement of goods, services and works in developing countries as lack of public awareness about the benefit of public procurement and its laws, regulations, guidelines, procedures and regulatory instruments. There is also a lack of awareness of public procurement markets. Complaints review mechanisms among stakeholders.”

In addition, Mahlaba (2004) states that “fraud and corruption cost South African taxpayers hundreds of millions of rand each year. To fight the scourge of maladministration, mismanagement of finances, fraud and corruption, the government needs to strengthen and review existing internal control systems to detect deficiencies.”

A Business Day report (2019) pointed out that “procurement actors in government have spent millions of rand in ways that contravened laws and regulations.” The national and provincial governments and their entities have notched irregular, unauthorised, fruitless and wasteful expenditures that contravene laws and regulations. There is a lack of proper monitoring and evaluation as required (Stemele, 2009).

The AG Report (2017) states “the fact that in total, R17, 3 billion (81%) of the irregular expenditure related to expenses incurred in 2017-18 – representing 5% of the local government expenditure budget. This total includes R6, 4 billion in payments made on contracts irregularly awarded in previous years – if the non-compliance was not investigated and condoned, the payments on these multi-year contracts continue to be viewed and disclosed as irregular expenditure.”

Ambe and Badernhorst-Weiss (2012) pointed out that “inadequate monitoring and evaluation is linked to the absence or the poor presence of a controlled environment, and the government entities is placed in a difficult position to give effect to or implement SCM as required by the policy.”

The Auditor-General’s Report (2019) indicated that “unequivocally asserted that the current governance relapses besetting local government could only be turned around if the leadership was to take the lead in the drive towards clean wholesale administration in the public sector.” He further asserts that “The leadership sets the tone at the top at any organisation.

If an organisation’s leaders are unethical, disregard governance, compliance, and control, and are not committed to transparency and accountability. It will filter through

to the lower levels of the organisation. Inevitably, a culture of poor discipline, impunity and non-delivery will develop, leading to the organisation's collapse.

The leaders in local government should therefore steer their municipalities to success. They should take responsibility for the deteriorating accountability in municipalities, and they have to turn the situation around” (Auditor-General’s Report, 2019).

Ambe and Badernhorst-Weiss (2012) stated that the present BEE model “remains excessively focused on transactions that involve existing assets and which benefit a relatively small number of individuals. The following shortcomings have emerged in the implementation of BEE:

- a. First, ownership and senior management issues receive disproportionate emphasis. The unintended consequences of this trend include ‘fronting’, speculation and tender abuse.
- b. Secondly, the regulations do not adequately incentivise employment creation, support for small enterprises and local procurement. The preferential procurement regulations aggravate this situation by privileging ownership over local production.
- c. Finally, the BBBEE regulations penalise public entities as suppliers.”

During the state of the nation address by President Zuma in 2009 stated that “the democratic state owns public entities on behalf of its people, yet the regulations do not count them as ‘black empowered.’”

Luyt (2008) mentioned that “the importance of drawing up accurate and realistic strategic plans cannot be overestimated. At times coherent plans are absent. Some government entities cannot properly quantify the needs of those requiring their services or properly estimate costs, nor can they accurately track, control or report on expenditure.” Luyt (2008) indicated “that there is a need to properly monitor the delivery of services to ensure that scarce resources are efficiently and effectively procured. Poor planning and budgeting have also affected the implementation of SCM. Therefore, it is vital that SCM practitioners adequately link demand planning to budget.”

2.8 MEASURES TO IMPROVE PROCUREMENT PROCESSES

The Auditor-General's Report (2019) on successful procurement systems "concluded that the quality of a procurement system could not exceed the quality of its procurement practitioners. Lack of understanding of procurement practitioners' effort is often considered one of the most serious problems in the South African supply chain management system, perhaps even bigger than weak procurement practitioners' content knowledge and skills to successfully implement the procurement processes."

Ambe and Badenhorst-Weiss (2012) state that "institutions of higher learning and other service providers have a critical role in equipping learners and practitioners with appropriate skills and knowledge. The capacity for qualified practitioners would only be available when educational institutions contribute to the challenge by developing a curriculum that meets the country's needs. Such programmes should provide for an understanding of the knowledge of the South African public sector and its regulations."

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The previous chapter provided the literature review and focused on the South African procurement policy, the bid committee system, and the procurement challenges detected by Auditor General. This chapter deals with the research methodology.

The study was done in the City of Johannesburg Metropolitan Municipality (COJMM) Housing Department. The researcher collected data using questionnaires. The chapter then discusses issues related to the validity and reliability of the study. This is then followed by a discussion of the data analysis method and the ethical considerations in doing research.

3.2 RESEARCH METHODOLOGY

Bouma and Atkinson (1995) specify “that research done through qualitative methods yields descriptive data such as people’s spoken or written words or observable behaviours.” In addition, Merriam (1998) states that qualitative research “is concerned with understanding the phenomenon of interest from the participants' viewpoint, not the researcher. Qualitative researchers are interested in understanding how people interpret their experience, how they construct their worlds, and what meaning they attribute to the experiences.” Motuba (2014) employed the “qualitative approach when undertaking her research regarding the challenges of Supply Chain Management within Dr. Ruth Segomotsi Mompati District Municipality.” The study by Ambe and Badernhorst-Weiss (2011) focussed on the procurement challenges in South Africa.

The above studies indicate the conventional methodological approach relevant for studies in public procurement. According to Bryman (1995), a “general use of qualitative research, this study undertakes a mixed approach of both qualitative as a conventional method and quantitative approaches.”

Bryman (1995) states that the combination of methods “frequently occurs where the researcher is pursuing an examination of one social collectivity or possibly two or three collectives.”

3.3 RESEARCH DESIGN

According to Antonious (2003), research design is a “careful planning of the operations to be implemented in collecting the required data in a rigorous, systematic manner or according to the accepted methods and ethics of social research.”

Furthermore, Burns (2000) defines research design “as a plan aimed at enabling answers to research questions to be obtained.” Furthermore, “research design is a section that discusses the overall approach of a study” (Hofstee, 2018). In the research design section, the techniques to be engaged and the strengths and weaknesses of those techniques apply to the problem statement (Hofstee, 2018).

“This deals with the organization, collecting and analysing data; the structure that influences the technique for collection and analysis of data and provides the connection between empirical data as well as its conclusion in a logical sequence to the initial research question of the study” (Bryman et al., 2017).

The research design assumed an exploratory design and utilised a questionnaire survey. It was used to develop a strategic procurement process in City of Johannesburg Housing Department. Holton and Burnett (1997) confirm the fact that “it enabled the researcher to use smaller groups of officials to make inferences about larger groups which was prohibitively expensive to study.”

“Questionnaire survey heightened consistency of observations and improved reproduction due to its inherent, standardized measurement and sampling techniques” (Bryman et al., 2017).

3.4 RESEARCH STRATEGY AND APPROACH

Hofstee (2018) defines research strategy “as the analysis of research objectives.” The research strategy assumed for the study was the survey. Bryman et al. (2017) indicated “that the three main types of research methods are adequate for a survey; quantitative, qualitative, and mixed methods.”

Hence, this study will adopt a mixed method of enquiry. The mixed-method strategy allows the researcher to capitalize on the strengths and offset the weaknesses of both qualitative and quantitative.

The self-administered questionnaires shall be distributed to the procurement professionals and other officials directly involved in procurement across the various directorates within the Housing Department.

3.5 SOURCES OF DATA

Bryman et al. (2017) state that “data gathering is very crucial in research.” In addition, (Bernard, 2002) point out that “this is because data contributes enormously to a better understanding of a theoretical background.”

“It then turns out to be imperative that selecting the method of obtaining data and from whom the data will be acquired be done with sound judgment, especially since no amount of analysis can make up for improperly collected data” (Bryman et al.2017).

Bernard (2002) argued that “this aspect of the research methodology addresses data collection instruments, methods, and procedures. It provides exhaustive explanations to each of the methods that would be used in addressing the aim, objectives, and research questions. Data gathering is crucial in research, as the data contribute to a better understanding of the theoretical background.”

3.5.1 Primary data

Bryman (2017) agrees” that primary data is a kind of data that is collected at first hand. In this study, the main instrument that was used in collecting the primary data is the use of questionnaires.”

Primary data were collected from the procurement professionals responsible for procurement in the Housing Department and other project managers and end users identified for the study in the Housing Department.

3.5.2 Secondary Information

Secondary information for this study is what was collected from literature (books, articles, magazines, etc.) internet, and databases. This kind of data gathering is one based on already present data. As part of this study, secondary information was collected from books on the topic from libraries and online sources. Secondary data from journals formed a substantial part of the literature review.

3.6 TARGET POPULATION

Mason *et al.* (1997) mentioned that “the population of a study is the collection of all possible individuals, objects, or measurements of interest.” Cooper *et al.* (2001) supported this notion by saying, “it consists of all the individuals whom the measurement is being taken.”

The study population include procurement professionals and officials in the various directorates within the Housing department, such as project officers, project managers, engineers, and quantity surveyors.

3.7 SAMPLING TECHNIQUE AND SAMPLE SIZE

Bernard (2002) described “purposive sampling as a form of non-probability sampling in which decisions concerning the individuals to be included in the sample are taken by the researcher, based upon a variety of criteria which may include specialist knowledge of the research issue, or capacity and willingness to participate in the research.”

Furthermore, the study shall employ a snowball sampling technique to locate the respondents for the study. COJMM’s Housing Department officials became easy to locate by adopting the snowball technique. Using purposive and snowball sampling techniques, 63 COJMM’s Housing Department officials were contacted, and 52 questionnaires were administered.

3.8 DATA ANALYSIS AND STATISTICAL TOOLS

Strydom *et al.* (2005) described “data analysis as a means of finding answers by interpreting the data and results. To interpret is to explain and find meaning. It is

difficult or impossible to explain raw data, and one must first describe and analyse the data and then interpret the results of the analysis.”

According to Dey (1993) in Gray (2004) an analysis is defined “as a process of breaking down the collected data into smaller units to reveal their characteristic element and structure.” In addition Babbie (2001) defines analysis “as a process of making sense from what has been observed.”

3.8.1 Administration of questionnaires

Newell (1993) in Hall and Hall (1996) defined a questionnaire “as a set of questions for respondents to complete themselves.” Hall and Hall (1996) and Bourgue and Fielder (1995) differentiate between three types of questionnaires, namely, “self-completed without the researcher, self-completed in a group with the researcher being present and a face-to-face interview (structured questionnaire).”

There is no control over how the respondents answer questions in self-completion research where the researcher is not present. Further to this, there are no travel expenses involved for an interviewer.

The questionnaires were used to capture the views of different supply chain management practitioners, project managers, officers, amongst others, on specific aspects of the procurement and their reflections on the successes and failures related to the implementation of procurement processes within the Housing Department.

3.9 ORGANIZATIONAL STRUCTURE OF THE HOUSING DEPARTMENT

Figure 3.1 shows the organizational structure.



Figure 3.1: The organizational structure

Source: City of Johannesburg Metropolitan Municipality (2021)

The six Directorates have the following responsibilities/mandates:

- a. **Executive Director** is the accounting officer of the Department.
- b. **Business Management Support Directorate:** is responsible for business planning, budgeting and performance monitoring and reporting, including management of contracts, compliance, risk management, amongst others.
- c. **Integrated Human Settlements Policy, Planning and Research Directorate:** is responsible for research and development; and development of Policy implementation protocols
- d. **Public Housing Programme Directorate:** is responsible for the development and implementation of public housing programmes and projects, including the usage and implementation of National Treasury grants like Upgrading of Informal Settlement Programme (UISP), Urban Settlement Development Grant (USDG); and Human Settlement Development Grant (HSDG).

- e. **Public Housing Programme Support Directorate;** is responsible for acquiring land for human settlement programmes and projects, including the allocation of housing units and project packaging.
- f. **Public Housing Stock Management Directorate:** responsible for property management and rental housing, including repairs and maintenance.
- g. **Finance Directorate:** is responsible for the management of the budget, capital expenditure and operational expenditure, including coordination of procurement, asset management and rent collection.

3.10 CONCLUSION

The research methodology employed in this study was discussed in this chapter. Also, the strategy followed and different data collection methods employed were discussed. The method employed (structured questionnaires) for this study assisted in collecting the required data.

This chapter also provided a simplified organizational structure COJMM Housing Department. Lastly, data analysis and measures to ensure this study's validity, reliability, and ethical considerations were also discussed.

CHAPTER FOUR: ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

In the previous chapter, the research designs and methodologies utilised in this study were thoroughly discussed, and the options chosen were also carefully discussed. Also, Chapter 3's discussion includes the approaches followed, the research design employed, kinds of research, data collection methods, sampling procedures, data analysis, issues relating to validity and reliability, and ethical considerations in research.

Chapter 4 highlights and presents the introduction and background to the study and presents a demographic analysis and profile of the participants. The respondents' responses were analysed, percentages calculated, and the results presented in this chapter.

4.2 BACKGROUND TO DATA ANALYSIS

Mouton (2001) states that "it is important to agree with the proposal of many scholars that the goal of all scientific study operations is to ensure the pursuit for truth". Thus, the study's main objective was to investigate whether there are any challenges in the implementation of procurement processes in the Housing Department.

Creswell (2009) defines "data analysis as a procedure of processing data into articulated groups while gathering patterns of relationships among the data groups analysed." The data was found from the respondents ranging from Executive Director, Directors, Deputy Directors, Assistant Directors, Managers, Operational Managers, Project Managers, and Bookkeepers in the Housing Department at the City of Johannesburg.

The Likert scale utilised is as follows "definitely agree" (Likert scale value 5), "probably agree" (value 4), "don't know" (value 3), "probably disagree" (value 2) or "definitely disagree" (value 1). Questionnaire responses were analysed accordingly and are presented below in Table 4.1.

4.3 DISTRIBUTION ANALYSIS

The sixty-three (63) questionnaires were distributed to various respondents within the Housing Department at City of Johannesburg Metropolitan Council

Table 4.1: Questionnaire responses

Respondents	Distributed	Returned	Percent
Project Officers	8	8	100%
Project Managers	6	6	100%
Operations Managers	7	7	100%
Area Managers	7	7	100%
Managers	6	6	100%
Regional Head	7	7	100%
Assistant Director	10	10	100%
Deputy Director	5	5	100%
Director	6	6	100%
Executive Director	1	1	100%

All the distributed questionnaires were received back from the targeted respondents.

4.4 PERFORMANCE OF THE RESULTS

The questionnaire was divided and presented into four (4) sections. The first section contained the results of the returned questionnaire (labelled section A) which aimed to seek demographics and personal information of the respondents such as age, racial group, name of the region, home language, age, and the highest level of education to use their responses for academic research, with or without their identity disclosed.

The second section of the returned questionnaire (labelled section B) collects information regarding the specific Directorate of the Housing Department where the respondent is employed. It also identifies the respondent's current employment position when answering the questionnaire.

The third section of the questionnaire (Section C) asked questions on the importance of access, skills, support, and assistance regarding supply chain management within the respondents' directorate.

The last section, Section D, seeks to find out from the respondents to what extent do they agree or disagree with statements/questions regarding the implementation of COJMM Procurement Policy.

4.5 STATISTICAL ANALYSIS OF RESEARCH DATA

It was important to conduct demographical data analysis (as per paragraph 4.6.1 below) to obtain a clear context of all the responses. The respondents' demographical data were analysed in terms of their gender, age group, qualifications and public sector procurement experiences.

As the unit responsible for implementing procurement processes and procedures, the Housing Department Procurement Unit consulted. Thus, the study is structured as follows:

- Demographic data analysis
- Directorate data analysis
- Data analysed from quantitative respondents (questionnaires)
- Housing Department procurement probe analysis.

4.6 SECTION A

4.6.1 Demographic data analysis

4.6.1.1 Gender analysis

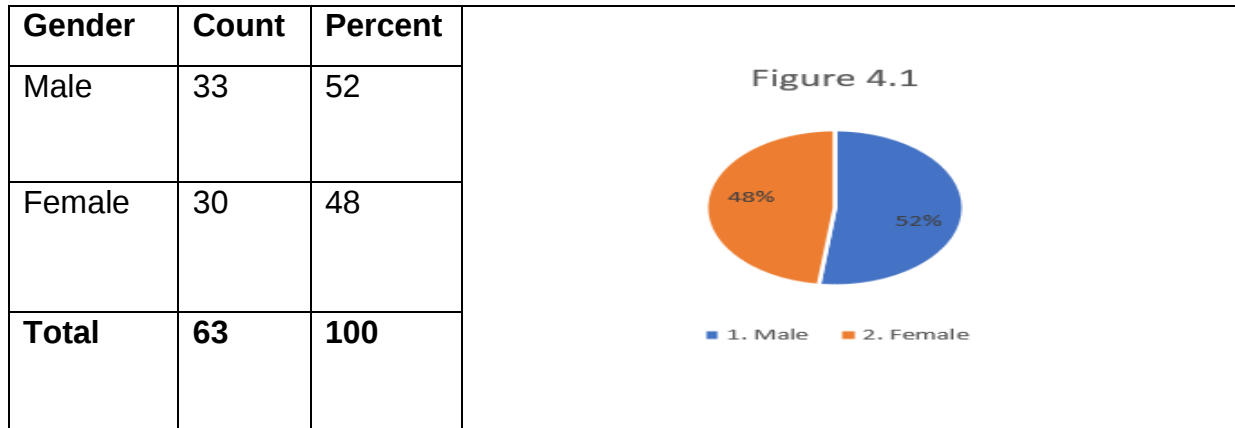


Figure 4.1: Gender distribution

According to Figure 4.1, it is evident that male respondents were leading in the study with 52%, whereas 48% of the respondents were women. Therefore, based on the presented figures Housing Department is in line with balancing the gender disproportions and complies with employment equity targets.

4.6.1.2 Race analysis

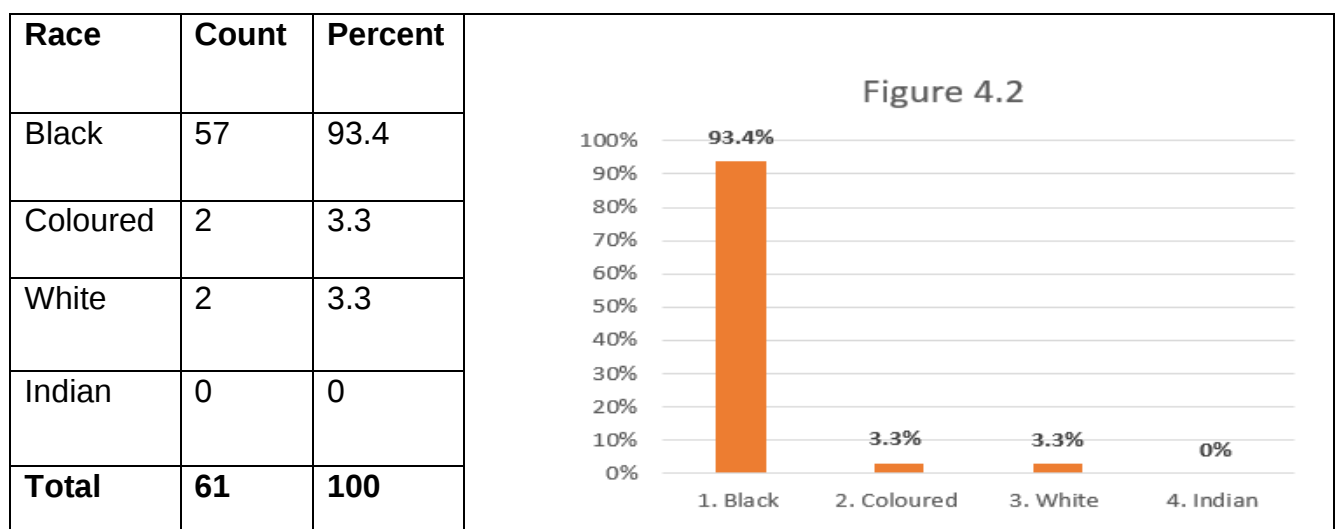


Figure 4.2: Racial distribution

Two of the respondents did not specify their race category, so instead of having 63 respondents, only 61 respondents answered as requested.

According to Figure 4.2, it is clear that black respondents are dominating (93.4%), whereas coloured and white respondents are each represented by 3.3%. There were no Indian respondents. In short, the recruitment processes of other races should be reviewed to meet employment equity targets.

4.6.1.3 *Region of employment analysis*

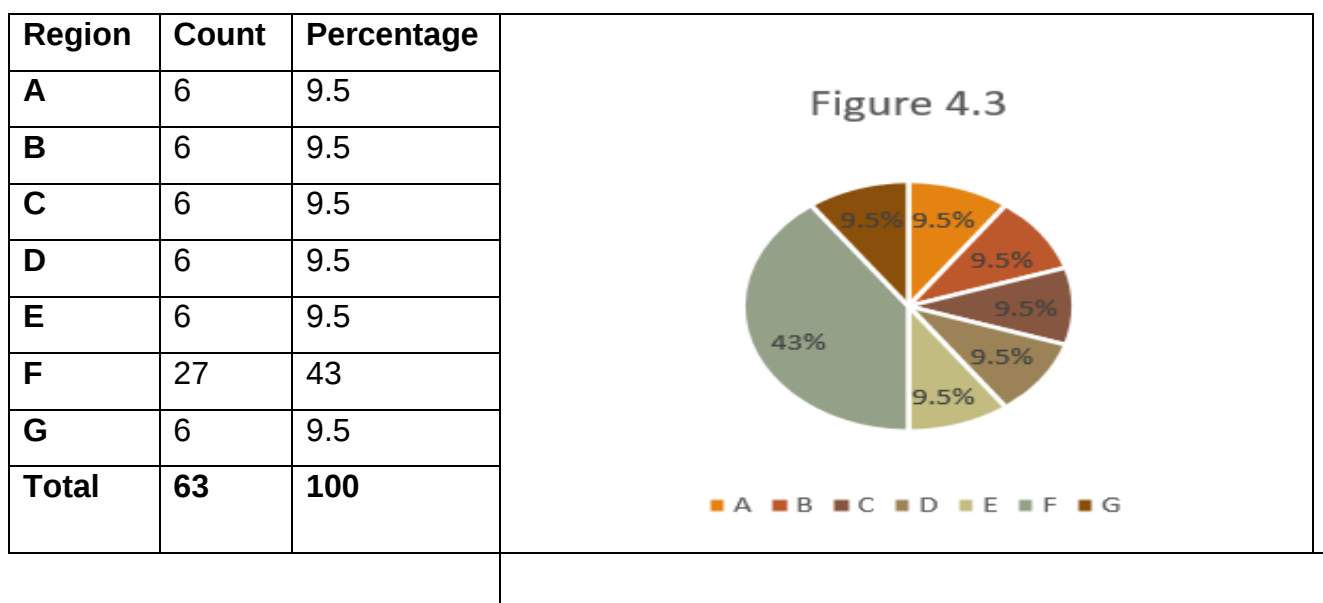


Figure 4.3: Regional distribution

In Figure 4.3 it is clear that the most dominating region is “F” in terms of the number of respondents.

4.6.1.4 Home language analysis

Table 4.2: Home language

Home language	Count	Percent
Sesotho	8	12.7
Sepedi	6	9.7
Setswana	9	14.5
Isi-Zulu	13	20.9
Isi-Xhosa	4	6.5
Isi-Ndebele	2	3.2
Isi-Swati	0	0
Xitsonga	5	8.2
Tshivenda	10	16.2
English	1	1.6
Afrikaans	4	6.5
Other	0	0
Total	62	100

One respondent did not specify his/her home language, thus instead of having 63 respondents, only 62 respondents answered as requested. According to Table 4.2, it is evidently indicated that the most spoken home language is Isi-Zulu which is leading in the study with 20.9% of respondents speaking Isi-Zulu. Therefore, based on the findings, the Housing Department has fallen short in addressing employment equity in employing other ethnic groups in the workplace.

4.6.1.5 Age analysis

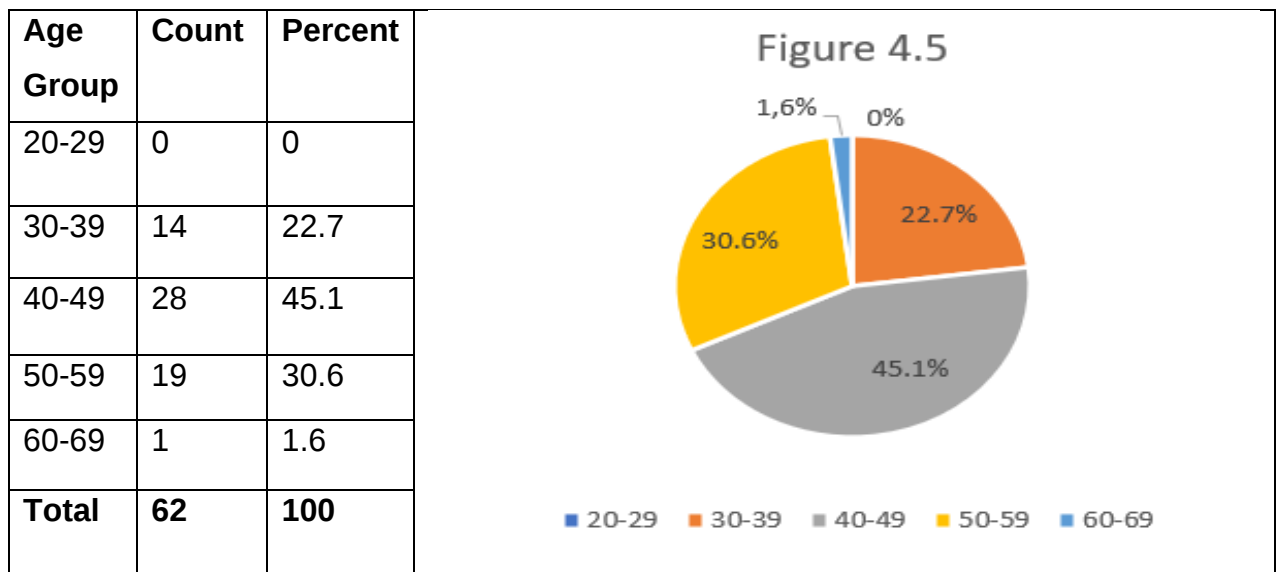


Figure 4.4: Age

Also here, one respondent did not indicate his/her age group. In Figure 4.5 above, the average age of 40-49 respondents still has a long way to work for the department, which means the Housing Department has an advantage because its workforce is not ageing fast yet.

4.6.1.6 Qualification's analysis

Table 4.3: Qualifications

Highest qualification	Count	Percent
Matric	1	1.59
Matric plus certificate	4	6.3
Diploma	18	28.6
B-Tech	8	12.7
Degree	13	20.6
Honors Degree	6	9.6
Masters	13	20.6
Doctoral	0	0
Other	0	0
Total	63	

In terms of Table 4.3 above, most of the respondents (28.6%) have a diploma, which means the department must encourage its workforce to study further. This can be done by entering into a memorandum of understanding with higher learning institutions around Gauteng Province.

4.7 SECTION B

4.7.1 Directorate analysis

4.7.1.1 Directorate of employment analysis

Table 4. 4: Directorate of employment

Directorate	Count	Percent
Finance	5	7.9
Public Housing Programme Support (PHPS)	4	6.3
Public Housing Property Management (PHPM)	25	39.8
Public Housing Proramme (PHP)	16	25.4
Business Management Support	6	9.5
Human Settlements Planning, Policy and Research	7	11.1
Total	63	100

Table 4.4 indicates that most of the respondents are in the PHPM directorate at 39.8%, which is dominant in the survey, whereas 7.9% of respondents are in the Finance Directorate. Therefore, the Housing Department does not have enough personnel advising in financial management and budget confirmation. So, it will be proper to involve more officials from the Finance Directorate who will ensure that only budgeted projects can be procured.

4.7.1.2 *Position of employment analysis*

Table 4.5: Position of employment

Position	Count	Percent
Project Officer	8	12.9
Bookkeeper	0	0
Project Manager	6	9.5
Operations Manager	7	11.1
Area Manager	7	11.1
Manager	6	9.5
Regional Head	7	11.1
Assistant Director	10	15.9
Deputy Director	5	7.9
Director	6	9.5
Executive Director	1	1.5
Total	63	100.00

Table 4.5 indicates that most of the respondents are Assistant Directors (15.9%), whereas 9.5% of respondents are Project Managers and 11.1% are Operations Managers. Therefore, the Housing Department does not have enough project managers and operations managers. So, it will be proper to involve more project managers and operations managers because they understand what is happening on the ground.

4.8 SECTION C

The twenty-one (21) questionnaires present outcomes and analysis, whereby the researcher seeks to understand the importance of various factors in procurement about access, skill, support, and assistance.

Q.9. Indicate how important these factors are to your directorate in terms of access to:

- Supply Chain Policy
- Integrated Development Plan

- Departmental budget
- Business Plan
- Acquisition Plan
- SDBIP

The results for Q.9 indicate that 94% of the participants feel (53.9%) extremely important and (40.5 %) very important for them to access the following:

- Supply Chain Policy
- Integrated Development Plan
- Departmental budget
- Business Plan
- Acquisition Plan
- SDBIP

The analysis on this matter clearly shows that employees are aware of the need to access crucial information to have sufficient skills to procure and deliver much-needed public goods and services. However, a significant percentage of respondents, 4.8% moderately important, 0.52% fairly and 0.28% not important, poses a serious challenge because they do not see the importance of those crucial documents. It is very important to conduct the workshop and instil the importance of:

- Supply Chain Policy
- Integrated Development Plan
- Departmental budget
- Business Plan
- Acquisition Plan
- SDBIP

Q. 10. Indicate how important these factors are to your directorate in terms of having a skill to:

- Draft terms of reference
- Compile acquisition plan
- Draft Cash flow projections for budgeted projects (SDBIP)
- Draft Business Plan

- Manage Risk

The results for Q.10 indicate that 94% of the respondents feel (53.9 %) extremely important and (40.5 %) very important for them to have a skill to:

- Draft terms of reference
- Compile acquisition plan
- Draft Cash flow projections for budgeted projects (SDBIP)
- Draft Business Plan
- Manage Risk

The analysis on this matter clearly shows that employees are aware of the need for suitable training in procurement for various role-players to improve service delivery. However, a significant percentage of respondents 4.8% moderately important, 0.52% fairly and 0.28% not important poses a serious challenge because they do not see the importance of having necessary skills. It is very important to conduct the workshop and instil the importance of:

- Draft terms of reference
- Compile acquisition plan
- Draft Cash flow projections for budgeted projects (SDBIP)
- Draft Business Plan
- Manage Risk

Q.11. Indicate how important these factors are to your directorate in terms of support needed in:

- Drafting terms of reference
- Compiling acquisition plan
- Drafting Cash flow projections for budgeted projects (SDBIP)
- Drafting Business Plan
- Managing Risk

The results for Q11 indicate that 94% of the participants feel (53.9 %) extremely important and (40.5 %) very important for them to have the support needed in:

- Drafting terms of reference
- Compiling acquisition plan
- Drafting Cash flow projections for budgeted projects (SDBIP)
- Drafting Business Plan
- Managing Risk

The analysis on this matter clearly shows that the employees are aware of the need to get the support needed. However, a significant percentage of respondents 4.8% moderately important, 0.52% fairly, and 0.28% not important, pose a serious challenge because they do not see the importance of getting the needed support. It is very important to conduct the workshop and instil the importance of:

- Drafting terms of reference
- Compiling acquisition plan
- Drafting Cash flow projections for budgeted projects (SDBIP)
- Drafting Business Plan
- Managing Risk

Q.12. Indicate how important these factors are to your directorate in terms of assistance to:

- Drafting terms of reference
- Compiling acquisition plan
- Drafting Cash flow projections for budgeted projects (SDBIP)
- Drafting Business Plan
- Managing Risk

The results for Q.12 indicate that 94% of the participants feel (53.9 %) extremely important and (40.5 %) very important for them to get assistance in:

- Drafting terms of reference
- Compiling acquisition plan
- Drafting Cash flow projections for budgeted projects (SDBIP)
- Drafting Business Plan
- Managing Risk

The analysis on this matter clearly shows that employees are aware of getting the support needed. However, a significant percentage of respondents 4.8% moderately important, 0.52% fairly, and 0.28% not important, pose a serious challenge because they do not see the importance of getting the support needed. It is very important to conduct the workshop and instil the importance of:

- Draft terms of reference
- Compile acquisition plan
- Draft Cash flow projections for budgeted projects (SDBIP)
- Draft Business Plan
- Managing Risk

4.9 SECTION D

4.9.1 Housing Department analysis

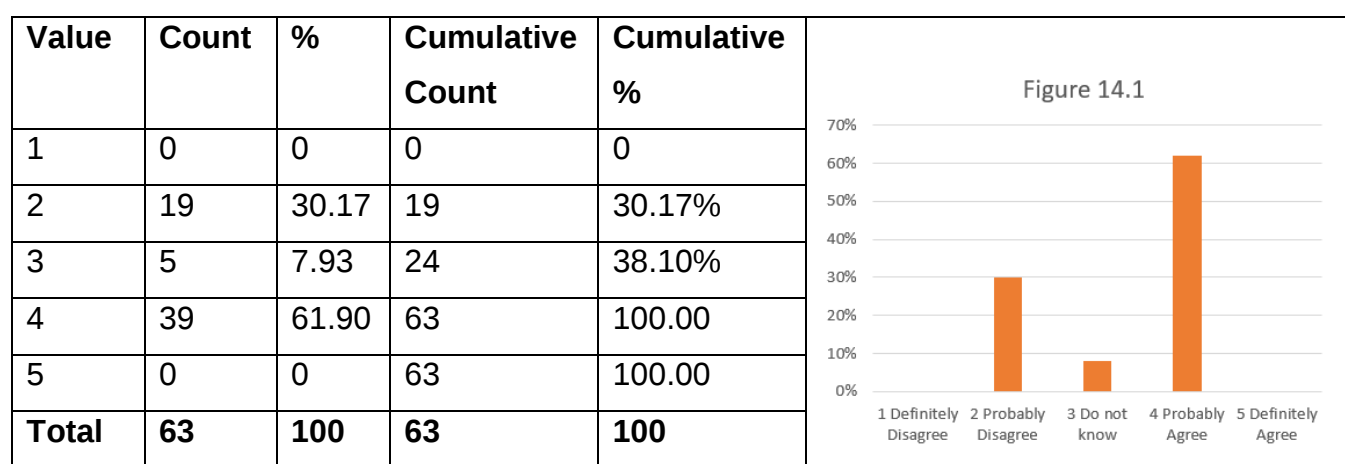


Figure 4.5: Q.14.1 Does Procurement practitioners understand City of Johannesburg Procurement Policy?

The deductions made from Q.14.1 present that 61.9% of respondents in the study probably agreed, and none agreed that they understood the City of Johannesburg's procurement policy, which amounted to a collective 61.9% of respondents in the study agreeing with the statement. However, 30.17% probably disagreed, and 7.93% do not know, pose a considerable challenge to the Housing Department's Procurement Unit as the custodian of procurement legislation. The department must ensure a clear

understanding of the procurement policy and legislation governing procurement in South Africa.

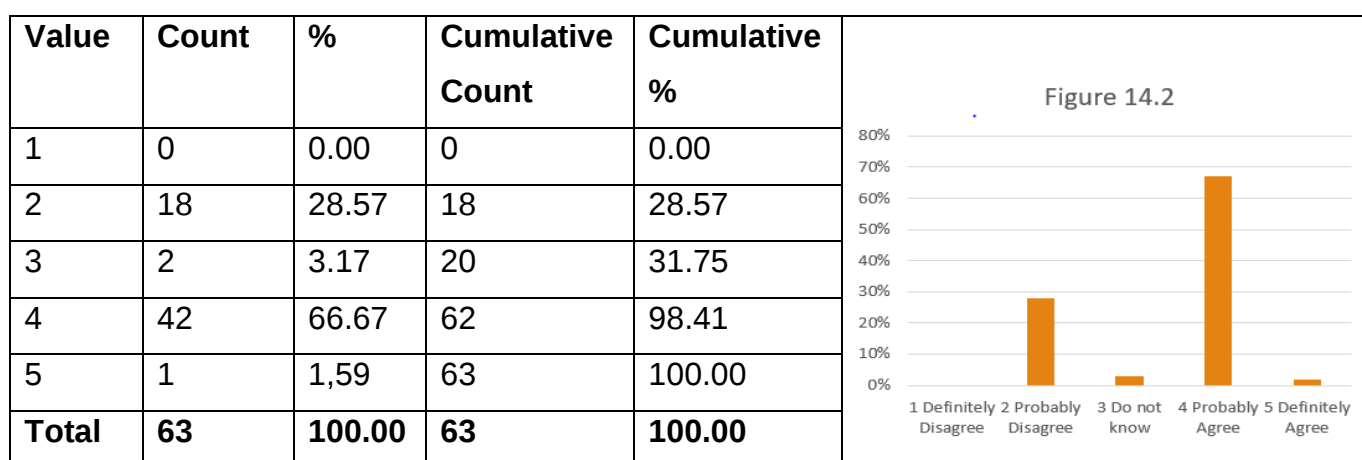


Figure 4.6: Q.14.2 Is the implementation of the procurement processes understood by the procurement practitioners?

The deductions made from Q14.2 the figure above shows 66.67% of respondents probably agreed and 1.59% definitely agreed, which collectively amounted to 68.29% of respondents agreeing with the statement.

Some 28.57% probably disagreed, and 3.17% do not know. This poses a considerable challenge to the Housing Department's Procurement Unit because the procurement practitioners don't understand the implementation of the procurement processes. The department must ensure a clear understanding of the implementation of the procurement processes by all procurement practitioners involved.

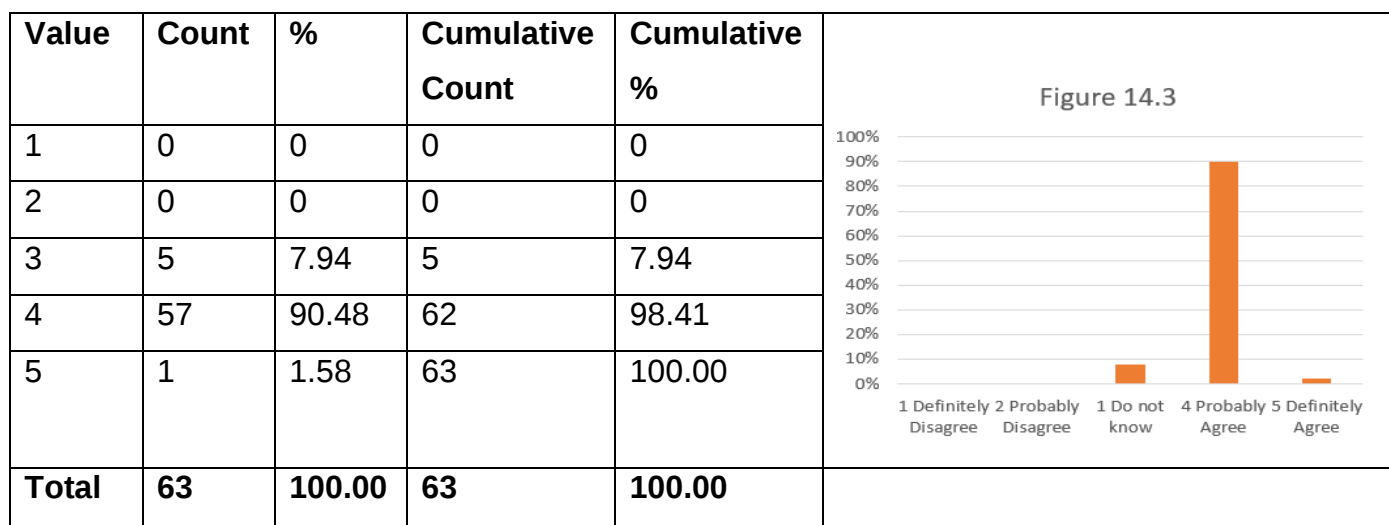


Figure 4:7: Q.14.3 Do you understand the importance of the implementing the procurement process?

The deductions made from Q14.3 and Figure 4.7 above shows 90.48% of respondents probably agreed and 1.58% definitely agreed, which collectively amounted to 92.06% of respondents agreeing with the statement. However, 7.94% do not know. This finding poses a considerable challenge to the Housing Department's Procurement Unit because the respondents are clueless about understanding the importance of implementing the procurement process. The department must ensure a clear understanding of the importance of implementing the procurement process.

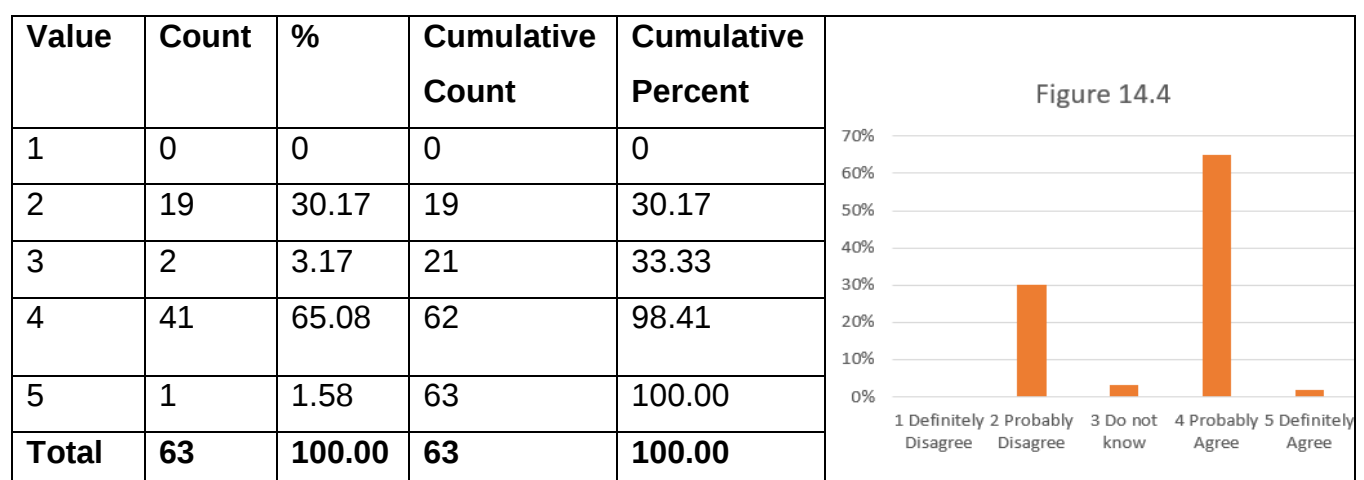


Figure 4.8: Q.14.4 Implementation of procurement process is fairly in line with the City of Johannesburg Procurement Policy?

The deductions made from Figure 4.8 of Q14.4 shows 65.08% of respondents probably agreed and 1.58% definitely agreed, which collectively amounted to 66.66% of respondents agreeing with the statement. However, 30.17% probably disagreed, and 3.17% do not know. This poses a considerable challenge to the Housing Department's Procurement Unit because procurement practitioners probably disagree with the narrative that the implementation of the procurement process is fairly in line with the City of Johannesburg Procurement Policy.

The department must ensure that the procurement practitioners clearly understand the implementation of the procurement processes is fairly in line with the City of Johannesburg Procurement Policy

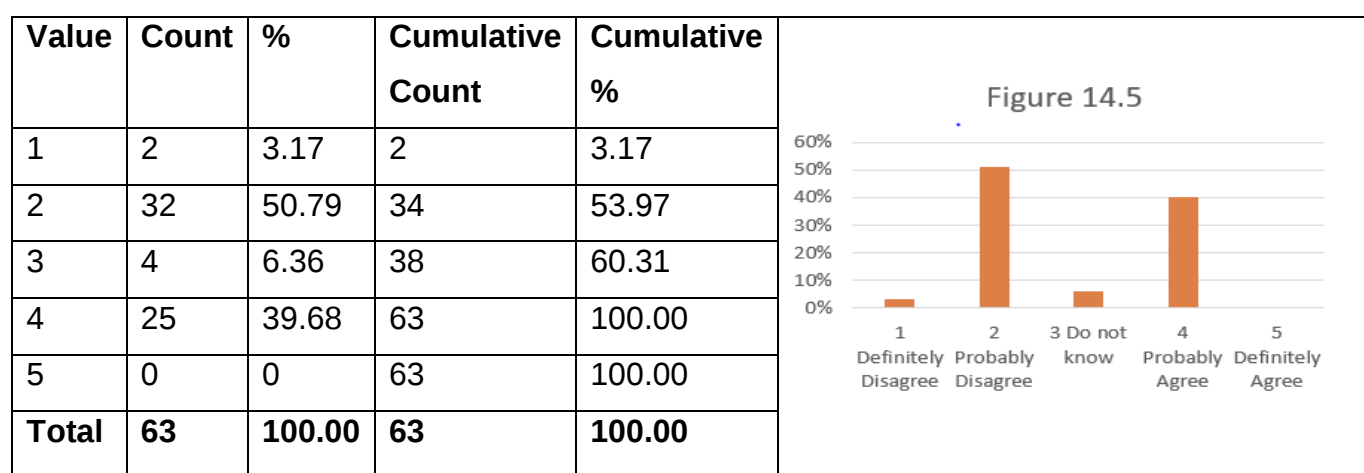


Figure 4.9: Q.14.5 Bid Specification Committee members are not implementing the procurement process as per City of Johannesburg Procurement Policy?

The deductions from Q14.5 and Figure 4.9 show that 50.79% of respondents probably disagreed and 3.17% definitely disagreed, which collectively amounted to 53.96% of respondents disagreeing. Furthermore, the researcher's analysis is that 39.68% probably agreed, and 6.36% do not know. This finding poses a considerable challenge to the Housing Department's Procurement Unit because procurement practitioners probably agree with the narrative that Bid Specification Committee members are not implementing the procurement process as per the City of Johannesburg Procurement Policy. Especially to ensure that the procurement practitioners clearly understand that

the Bid Specification Committee members know how to implement the procurement process as per City of Johannesburg Procurement Policy.

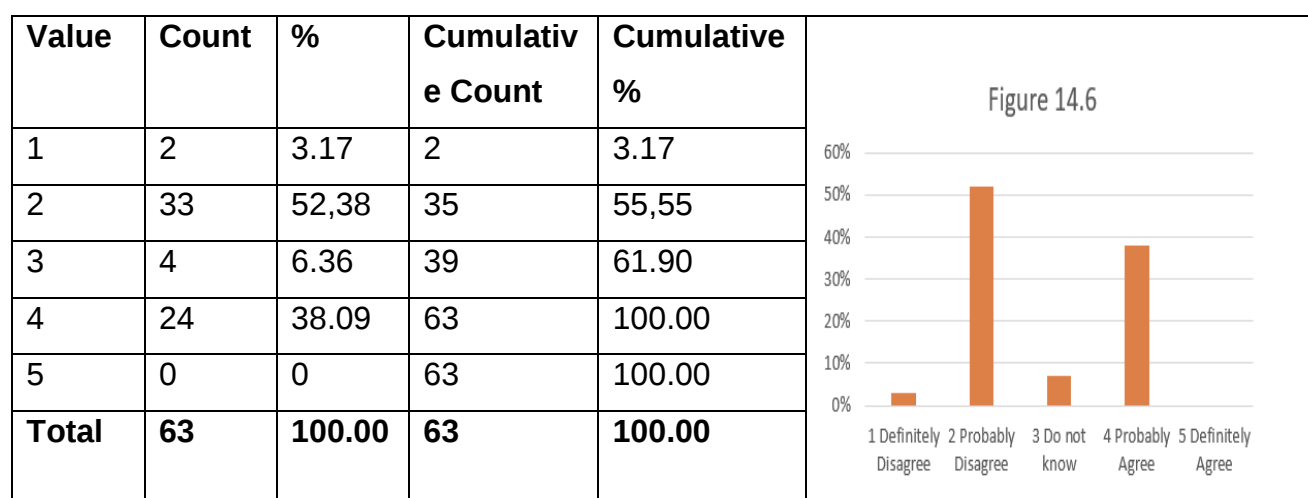


Figure 4.10: Q.14.6. Bid Evaluation Committee members are not implementing the procurement process as per City of Johannesburg Procurement Policy?

The deductions made from Q14.6 and Figure 4.10 above shows 52.38% of respondents probably disagreed, and 3.17% disagreed, which collectively amounted to 55.55% of respondents disagreeing with the statement.

But 38.09% of respondents probably agreed, and 6.36% do not know. This finding poses a considerable challenge to the Housing Department's Procurement Unit because procurement practitioners probably agree with the narrative that Bid Evaluation Committee members are not implementing the procurement process as per the City of Johannesburg Procurement Policy.

The department must ensure that the procurement practitioners clearly understand that the Bid Evaluation Committee members know how to implement the procurement process as per the City of Johannesburg Procurement Policy.

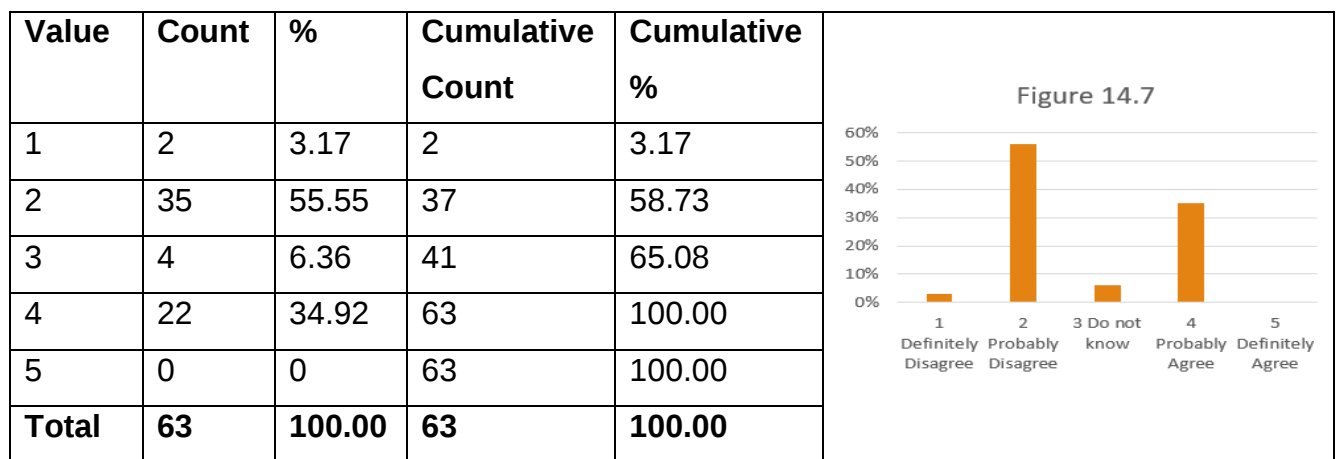


Figure 4.11: Q.14.7 Bid Adjudication Committee members are not implementing the procurement process as per City of Johannesburg Procurement Policy?

The deductions made from Q14.7 and Figure 4.11 show that 55.55% of respondents probably disagreed and 3.17% definitely disagreed, which collectively amounted to 58.72% of respondents disagreeing with the statement. But 34.92% probably agreed, and 6.36% do not know. This finding poses a considerable challenge to the Housing Department's Procurement Unit because procurement practitioners probably agree with the narrative that Bid Adjudication Committee members are not implementing the procurement process as per City of Johannesburg Procurement Policy. The department must ensure that the procurement practitioners clearly understand that the Bid Adjudication Committee members know how to implement the procurement process as per the City of Johannesburg Procurement Policy.

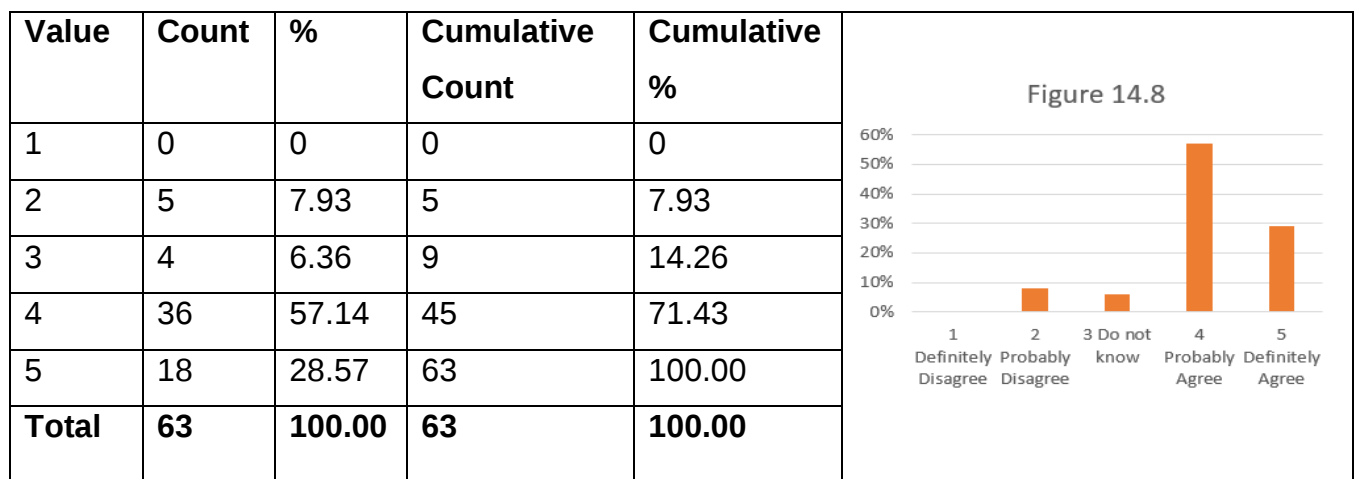


Figure 4. 12: Q.14.8 Bid Evaluation Committee members are implementing the procurement process as per City of Johannesburg Procurement Policy?

The deductions made from Q14.8 and Figure 4.12 shows 57.14% of respondents probably agreed and 28.57% definitely agreed, which collectively amounted to 85.71% of respondents agreeing with the statement. But 7.93% probably disagreed, and 6.36% do not know. This finding poses a considerable challenge to the Housing Department's Procurement Unit because procurement practitioners probably disagree with the narrative that Bid Evaluation Committee members are implementing the procurement process as per the City of Johannesburg Procurement Policy. The department must ensure that the procurement practitioners clearly understand that the Bid Evaluation Committee members know how to implement the procurement process as per the City of Johannesburg Procurement Policy.

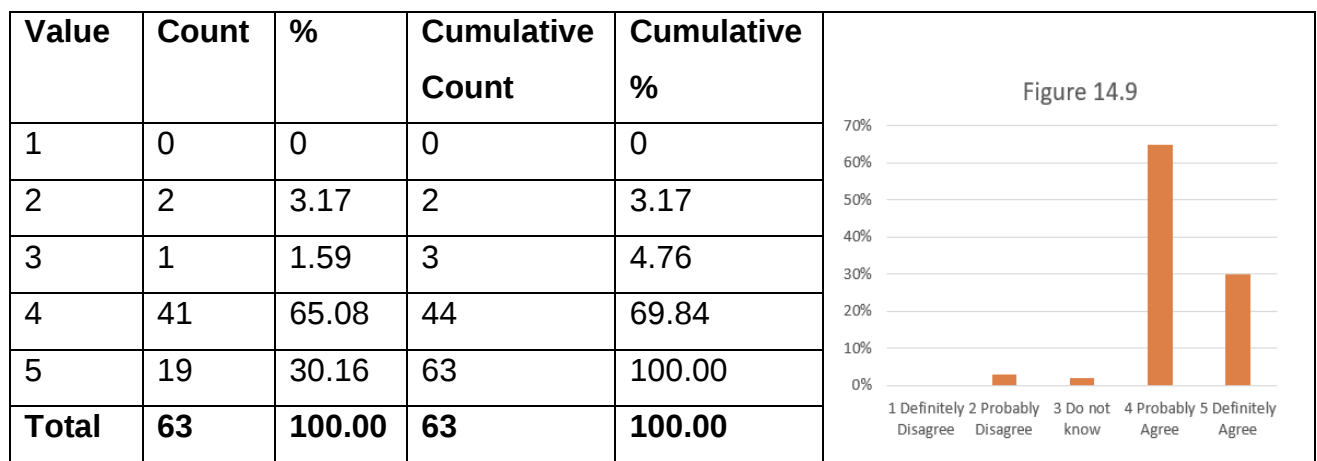


Figure 4. 13: Q.14.9 Implementing procurement processes is very challenging using the current City of Johannesburg Procurement Policy and Preferential Procurement Regulations of 2017?

The deductions from Figure 4.12 reflects 65.08% of respondents probably agreed, and 30.16% definitely agreed, which collectively amounted to 95.24% of respondents agreeing with the statement. Furthermore, the analysis shows that 1.59% do not know. This finding poses a considerable challenge to the Housing Department's Procurement Unit because procurement practitioners probably agree with the narrative that implementing procurement processes is very challenging using the current City of Johannesburg Procurement Policy and Preferential Procurement Regulations of 2017. The department must ensure that the procurement practitioners clearly understand the current City of Johannesburg Procurement Policy and Preferential Procurement Regulations of 2017.

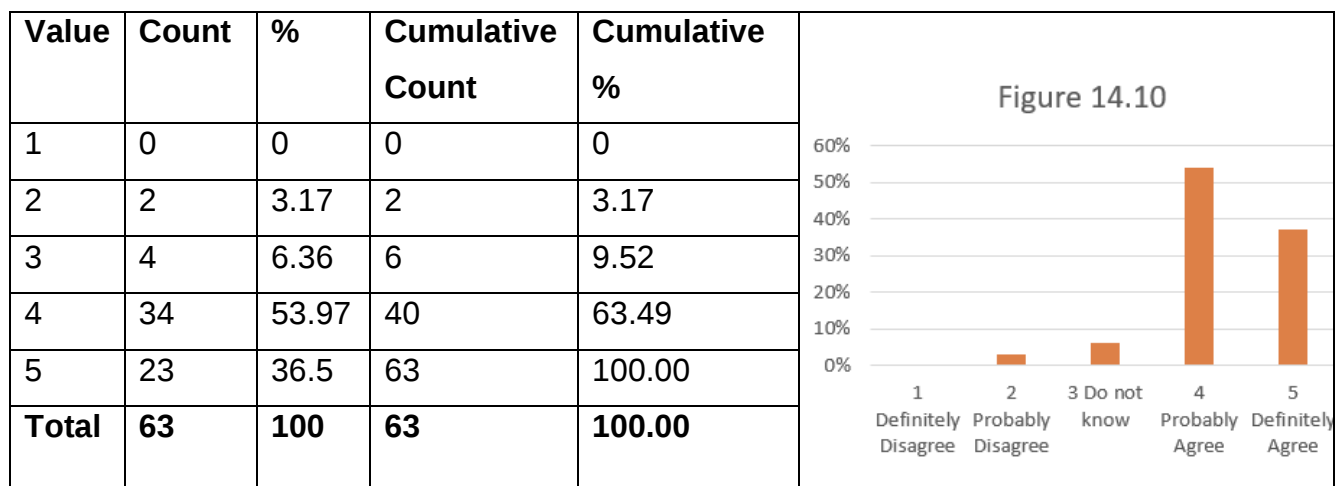


Figure 4. 14: Q14.10. Financial constraints is one of the challenges in implementing the procurement processes in the Housing Department?

The deductions made from Q14.10 and Figure 4.14 shows that 53.97% probably agreed, and 36.5% definitely agreed, which amounted to 90.47%. But 3.17% of the respondents probably disagreed, and 6.36% do not know.

The combined 90.47% of the respondents agree with the narrative that financial constraint is one of the challenges in implementing the procurement processes in the Housing department that need to be addressed because it poses a severe problem. In essence, the procurement practitioners must ensure that budget availability must be confirmed first before any contract can be undertaken.

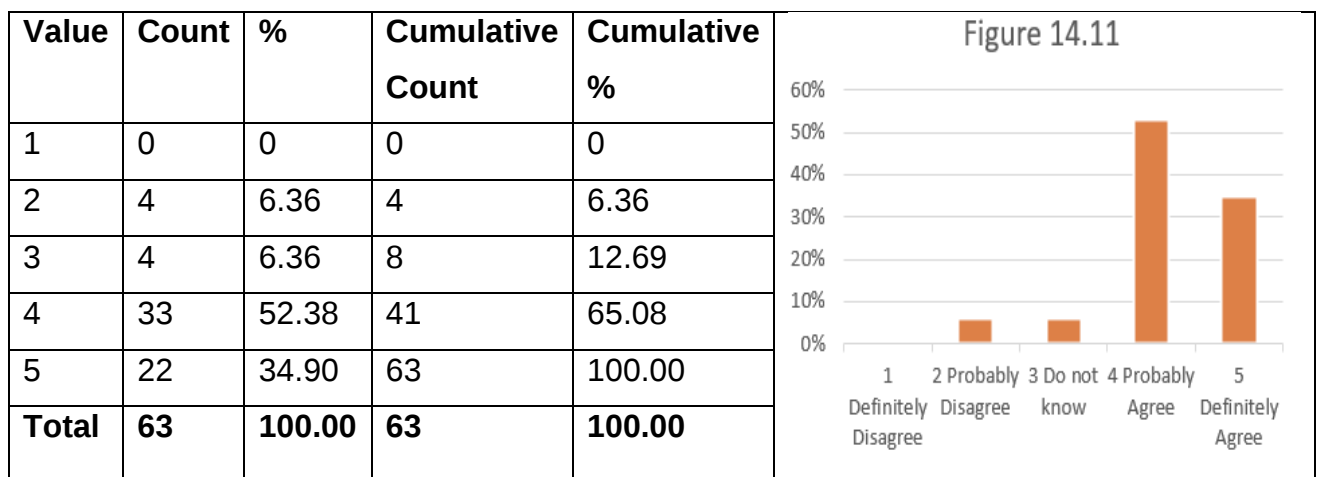


Figure 4.15: Q.14.11 Facilitation of implementing the procurement process is aligned properly to Treasury Regulations

The deductions from Q14.11 and Figure 4.15 shows 52.38% of respondents probably agreed and 34.90% definitely agreed, which collectively amounted to 87.28% of respondents agreeing with the statement. But 6.36% probably disagreed, and 6.36% do not know. This poses a considerable challenge to the Housing Department's Procurement Unit as the unit responsible for compliance and implementation of procurement processes and procedures. The department must strictly educate its staff on procurement policy and legislation governing procurement in South Africa.

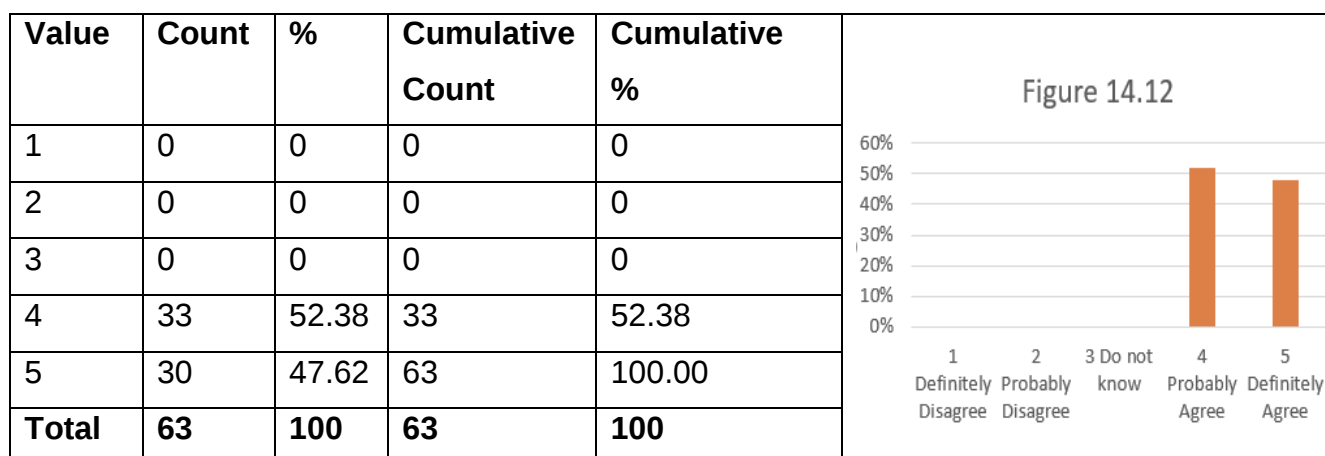


Figure 4.16: Q.14.12 The delays in implementing procurement processes properly affects service delivery in Housing Department

The Procurement Unit should ensure that no bottlenecks exist in implementing procurement processes. The deductions made from Q14.12 and Figure 4.15 shows 52.38% of respondents probably agreed and 47.62% definitely agreed, which collectively amounted to 100% of respondents agreeing with the statement. This poses a considerable challenge to the Housing Department's Procurement Unit because the delays in properly implementing procurement processes affect service delivery in the Housing Department.

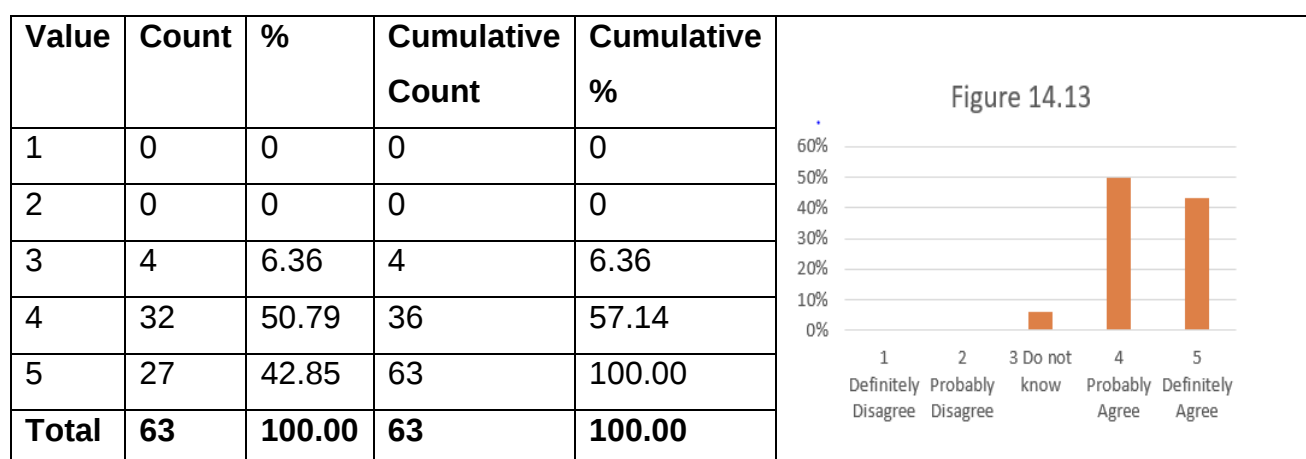


Figure 4.17: Q.14.13 Does Contract Management affects implementing procurement processes in the Housing Department

The deductions made from Q. 14.13 and Figure 4.17 shows that 50.79% of participants probably agreed, and 42.85 definitely agreed that contract management affects implementing procurement processes in the Housing Department. A disturbing 6.36% of the respondents claimed that they do not know, which indicated that the Procurement Unit and Contracts Unit would need to consult, communicate effectively, and conduct contract management workshops more with employees in Housing Department. Furthermore, the Contracts Unit should ensure service level agreements are approved and signed on time to avoid unnecessary delays that might hamper the implementation of procurement processes.

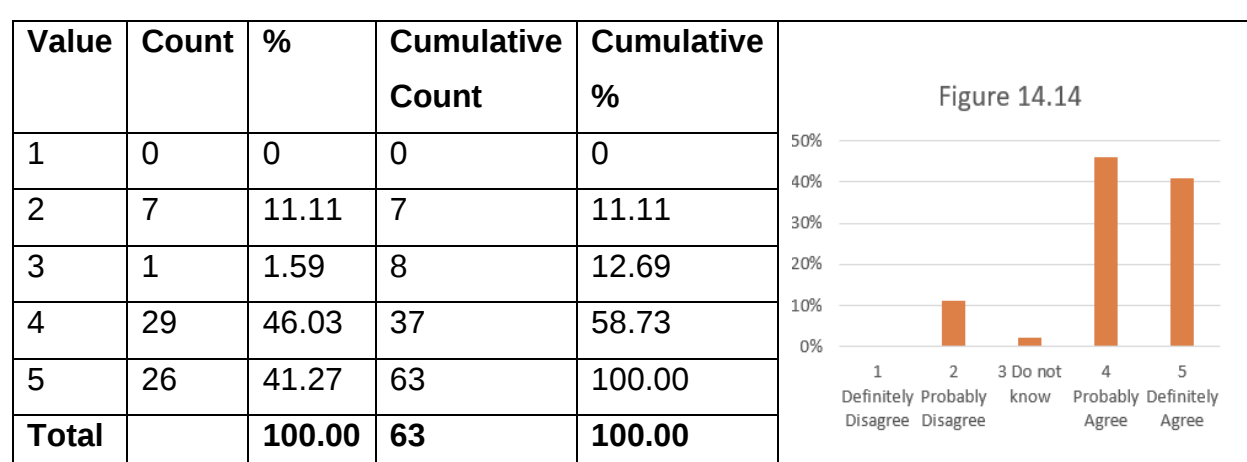


Figure 4.18 Project Management highly affects the implementation of procurement processes that affect service delivery in the Housing Department

Figure 4.18 shows that a collective of 87.3% of the respondents probably agreed (46.03%) and definitely agreed (41.27%) that project management highly affects the implementation of procurement processes that affect service delivery in Housing Department. However, 11.11% of the respondents probably disagreed with the statement. However, a disturbing 1.59% of the respondents claimed that they do not know, which indicated that the Procurement Unit and Projects Unit would need to effectively consult, communicate, and conduct project management workshops more with employees in Housing Department. According to responses received from respondents, poor project management is the cause, not the actual procurement processes.

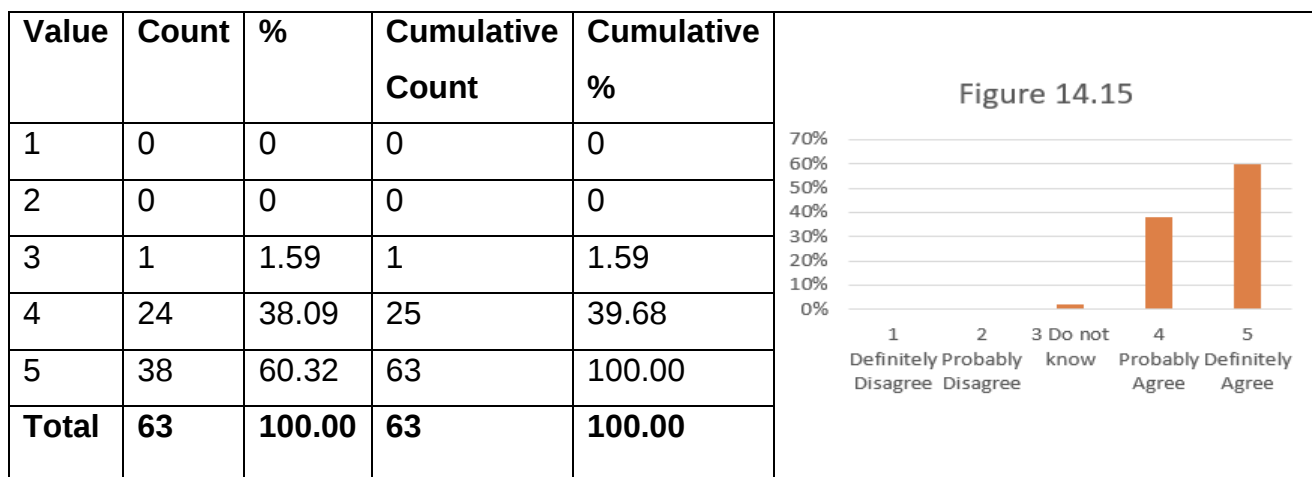


Figure 4.19: Q.14.15 Fraud and corruption affect implementing procurement processes in Housing Department

Figure 4.18 shows that a collective total of 98.41% of respondents who probably agreed (38.09%), and definitely agreed (60.32%) that fraud and corruption affect implementing procurement processes in the Housing Department. This is a positive indication that respondents are aware of the unethical conduct. But a small margin of 1.59% of respondents does not know if fraud and corruption affect implementing procurement processes in Housing Department, meaning respondents have not been exposed to these occurrences.

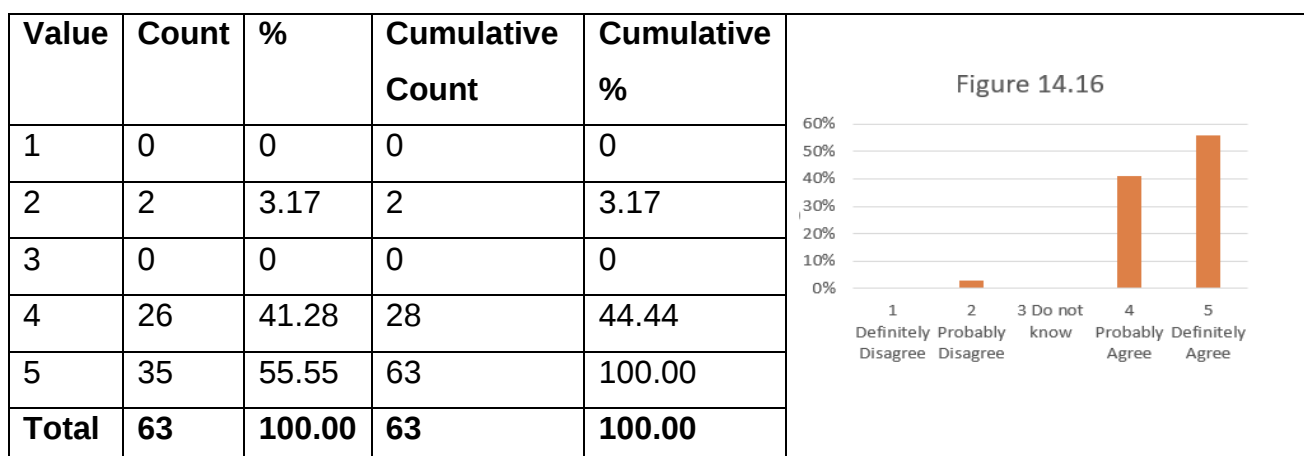


Figure 4.20: Q.14.16. Lack of procurement knowledge has an impact in implementing procurement processes properly in Housing Department.

Figure 4.19 shows that a collective total of 96.83% of the respondents probably agreed (41.28%) and definitely agreed (55.55%) that a lack of procurement knowledge has an impact in implementing procurement processes properly in Housing Department. However, a small margin of 3.17% of respondents probably disagreed with the statement, which means the respondents need to be workshopped on procurement activities.

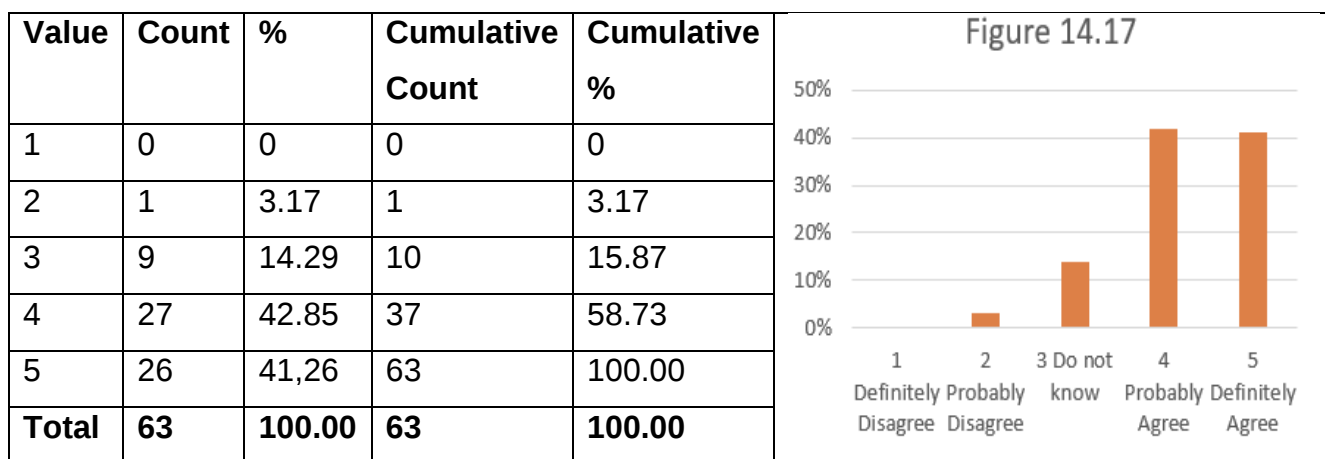


Figure 4. 21: Q.14.17 Conflict of interests by officials affects the implementation of procurement processes properly in Housing Department

Figure 4.21 above shows that 42.85% of respondents probably agreed, and 41.26% agreed that conflict of interests by officials affects the implementation of procurement

processes properly in Housing Department, with a collective amount of 84.11% of respondents agreeing with the statement. A 14.29% of respondents indicated that they do not know, which means that the Procurement Unit must communicate that no Housing Department or City of Johannesburg employee may do business with the state.

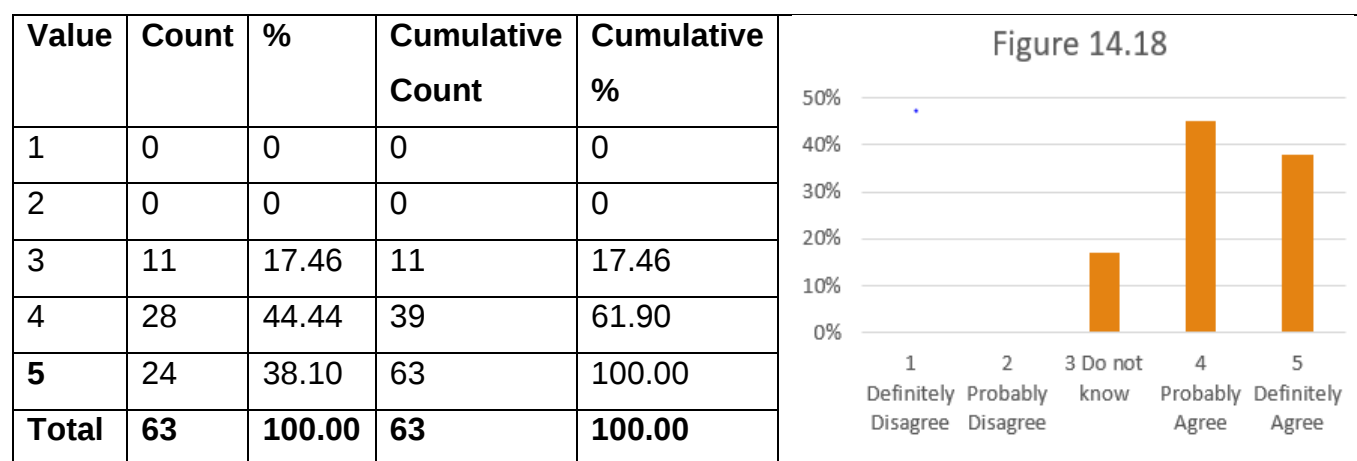


Figure 4.22: Q.14.18 Government officials doing business with the city of has adverse impact implementing procurement processes properly on Housing Department.

Figure 4.22 above shows a 44.44% of respondents who probably agreed, and 38.10% definitely agreed that government officials doing business with the City of has adverse impact implementing procurement processes properly on the Housing Department, with a collective amount of 82.45% of respondents agreeing with the statement.

However, a disturbing 17.46% indicated that they do not know, which suggested that the Procurement Unit must consult and communicate that no Housing department or City of Johannesburg employee may do business with the state.

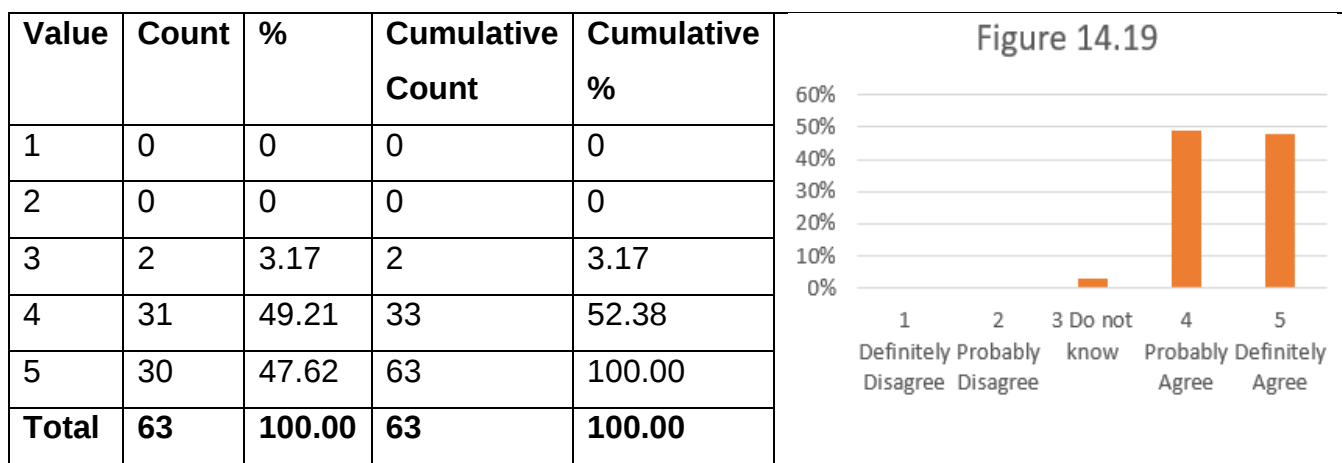


Figure 4.23: Q.14.19 Lack of knowledge on legislative prescripts hampers the implementation of procurement processes properly in Housing Department.

Figure 4.22 shows a 49.21% of respondents who probably agreed, and 47.62% definitely agreed that lack of knowledge on legislative prescripts hampers the implementation of procurement processes properly in Housing Department, with a collective amount of 96.83% of respondents agreeing with the statement. However, a disturbing 3.17% indicated that they do not know, which indicated that the Procurement Unit must consult, communicate, and conduct procurement workshops related to procurement legislation.

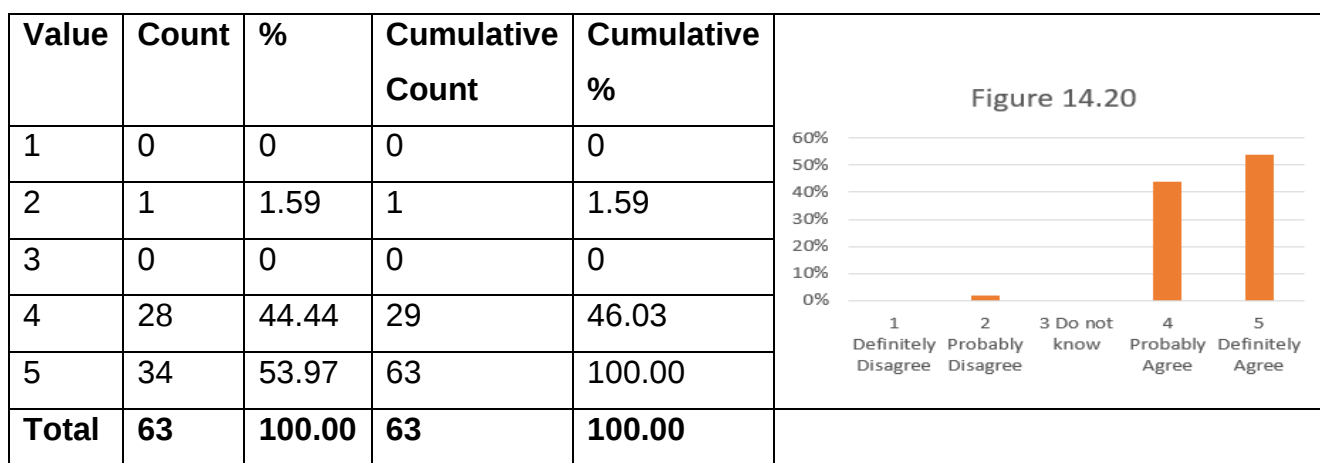


Figure 4. 24: Q14.20 The signing of reports causes delays in implementing procurement processes properly in Housing Department.

Figure 4.23 above shows that 44.44% of respondents probably agreed, and 53.97% definitely agreed that the signing of reports causes delays in implementing procurement processes properly in Housing Department. A collective total of 98.41% of respondents agreed with the statement. But, a small margin of 1.59% disagreed, which indicated that the Procurement Unit must ensure that the signing of reports is prioritised to avoid unnecessary delays.

CHAPTER FIVE: RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

This chapter presents a summation of the survey outcomes and draws conclusions based on the results in the previous chapters. This chapter will also return to and assess each research objective in seeking possible solutions from the research. The study's main reason or main objective was to highlight challenges facing the implementation of procurement processes in the COJMM's Housing Department.

5.2 BACKGROUND TO STUDY RECOMMENDATIONS

This chapter seeks to highlight recommendations related to challenges facing the implementation of procurement processes in the COJMM's Housing Department.

5.2.1 Research problem

The data collected and analysed in this study has tried to respond to the research problem asked in Chapter one under section 1.5. The research problem is articulated as an investigation of the challenges facing implementing procurement processes within the Housing Department at City of Johannesburg Metropolitan Council.

The responses and experiences of officials from various regions of the working for Housing Department presented in Chapter four help to highlight the above-mentioned research problem. These observations were obtained using primary data collection methods as described in detail in chapters one, three and four.

5.2.2 Study objectives

The achievement of every research objective depends on whether the objectives were clearly expressed and then the extent to which those objectives are achievable. This study is no exception.

This study's data collected and analysed responded to the research objectives listed below that were formulated earlier in section 1.6 of Chapter one. The objectives were articulated as follows:

5.2.2.1 *General Objective*

The key objective of this study is to explore challenges facing the implementation of procurement processes in COJMM's Housing Department.

5.2.2.2 *Specific Objectives*

The specific objectives are:

- 1 To evaluate how Housing backlog is affected by challenges facing the implementation of procurement processes within the Housing Department.
- 2 To find out how the COJMM Procurement Policy can be improved to implement procurement properly in Housing Department.

All the above research objectives were addressed in this study. The first objective was addressed in Chapter one and Chapter two under section 2.4. Furthermore, this objective was also addressed in Chapter four under a section that deals with data analysis for challenges facing implementing procurement processes in the COJMM's Housing Department.

The study managed to determine through a collective 95% of respondents who agreed with the narrative that implementing procurement processes is very challenging using the current City of Johannesburg Procurement Policy and Preferential Procurement Regulations of 2017. Furthermore, 90.47% of respondents agreed with the narrative that financial constraints are one of the challenges in implementing the procurement processes in the Housing department.

The second objective was achieved in Chapter four under the section that deals with data analysis that shows 52.38% of respondents probably agreed and 47.62% definitely agreed, which collectively amount to 100% of respondents agreeing with the statement that the delays in implementing procurement processes properly affect service delivery in Housing Department.

Furthermore, a collective 87.3% of the respondents probably agreed at 46.03% and agreed at 41.27% with the statement that project management highly affects the

implementation of procurement processes that affect service delivery in the Housing Department.

The third objective was achieved in Chapter four, under the section that deals with data analysis that shows 90.48% of respondents probably agreed and 1.58% definitely agreed, which collectively amount to 92.06% of respondents agreeing with the statement that procurement practitioners understand the importance of implementing procurement processes.

A positive note on this survey that also shows a glimpse of hope is that a combined total of 98.41% of respondents probably agreed at 38.09% and definitely agreed at 60.32% that fraud and corruption affect implementing procurement processes in Housing Department.

5.3 LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

The study was conducted only in COJMM Housing Department, excluding its municipal-owned entity the Johannesburg Social Housing Company. For this purpose, the survey can be used as a benchmark for all municipalities. Furthermore, another study limitation was the respondents' slow pace in completing the questionnaire.

5.4 STUDY RECOMMENDATIONS

Based on the above study background, the below recommendations are proposed to implement the Housing Department through Procurement Unit.

RECOMMENDATION 1:

Establishment of effective bid committees that are implementing procurement processes as per procurement policies and regulations.

Current challenge

Bid specifications for the tender are drafted in a biased manner and do not allow all potential suppliers to offer their goods or services.

- Criteria applied in bid evaluation differs from those specified initially or not specified at all.

- Bid adjudication is not always done by properly constituted adjudication committee members.

Empirical data results

A 39.68% probably agree with the narrative that Bid Specification Committee members are not implementing the procurement process as per the City of Johannesburg Procurement Policy.

A total of 38.9% of respondents agree with the narrative that Bid Evaluation Committee members are not implementing the procurement process as per the City of Johannesburg Procurement Policy.

A 34.92% probably agreed with the narrative that Bid Adjudication Committee members are not implementing the procurement process as per the City of Johannesburg Procurement Policy.

Solutions

The Housing department should urgently collaborate with the National School of Governance to train and workshop all officials directly indirectly involved in procurement activities. The training module should focus on the roles and functions of bid committees.

RECOMMENDATION 2:

Confirmation of the budget should be done prior to the commencement of any project.

Current Problem

The officials enlist the projects in the demand plan and fail to participate during the budget process. This led to total failure of implementing the projects. Thus the service delivery becomes affected.

Empirical data results

Furthermore, the researcher's analysis is that 53.97% probably agreed, and 36.5% definitely agreed, which amounted to 90.47%, supporting the narrative that financial constraints are one of the challenges in implementing the procurement processes in the Housing department.

Solutions

To ensure that all the projects are implemented and executed on time Housing Department should make sure that budget availability is confirmed with Budget Office to avoid unnecessary delays.

RECOMMENDATION 3:

Establish effective fraud and corruption strategy

Current problem

- Awards were made to providers who did not submit the declaration of interest/employment in the state.
- Awards made to providers in service of the municipality - persons with interest failed to disclose.
- Awards made to providers who are in service of other state institutions.
- Persons in service of the municipality whose close family members had interest in the provider that was not disclosed.

Empirical data results

A collective total of 98.41% of respondents probably agreed (38.09%) and definitely agreed (60.32%) with the narrative that fraud and corruption affect implementing procurement processes in Housing Department.

Solutions

There is a need to fight fraud and corruption practices, and that procurement officials should be on alert of several signs of fraud during bid committee meetings. In addition, the Group Risk and Assurance Services (GRAS) and Group forensic Services (GFIS) can help Housing Department to deal with malpractices of fraud and corruption.

RECOMMENDATION 4:

Housing Department's structured skills training

Current Challenge

In the Housing Department, officials who are directly in indirectly involved in procurement have never been involved in procurement workshops.

Empirical data results

A 49.21% of respondents probably agreed, and 47.62% definitely agreed that lack of knowledge on legislative prescripts hampers the implementation of procurement processes properly in Housing Department, with a collective amount of 96.8% of respondents agreeing with the statement. This might lead to a serious problem and shows that the training does not always occur when needed most.

Solutions

Housing Department will have to partner with the National School of Governance to develop a procurement-related module to empower all practitioners involved in procurement

RECOMMENDATION 5:

Establish an effective mechanism that deals with the declaration of interests

Current problem

- Awards made to providers who did not submit declaration of interest/employment in state.
- Awards made to providers in service of the municipality - persons with interest failed to disclose.
- Awards made to providers who are in service of other state institutions.
- Persons in service of municipality whose close family members had interest in provider that was not disclosed.

Empirical data

Some 42.85% of respondents probably agreed, and 41.26% agreed that conflict of interests by officials affects the implementation of procurement processes properly in Housing Department, with both combined amounting to 84.11% of respondents agreeing with the statement.

Solution

The Housing department should make it compulsory for all the officials to declare their financial and business interests every six months. The officials sitting in bid committees should be vetted to avoid conflict of interests.

5.5 CONCLUSION

This chapter provided a summary of the previous chapters and how the research objectives were addressed. Further, the recommendations and further research areas were discussed. The recommendations made can be used by municipalities such as COJMM when implementing the procurement process. The Housing Department is encouraged to properly implement procurement processes to avoid audit findings and non-spending of budgets. If the suggested recommendations can be implemented, the Housing Department can address all challenges.

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APPENDIX A: DATA COLLECTION INSTRUMENT

SAMPLE QUESTIONNAIRES FOR THE RESPONDENTS

I am Molebogeng A. Kunene, a Master of Business Administration student from North-West University, undertaking research on **Challenges facing the implementation of procurement processes within the Housing Department at City of Johannesburg**. This research is for academic purposes only.

Please, I request you to assist me with the information as per the questionnaires here-under. Confidentiality of information will be maintained and assured.

Please answer the questions to the best of your knowledge.

SECTION A: DEMOGRAPHICS OF THE RESPONDENT

Mark the option that reflects your answer the most accurately with an (X)

1. Indicate your Gender

- | | |
|--------|----|
| Male | 1. |
| female | 2. |

2. Indicate your ethnic group

- | | |
|----------------|----|
| Black | 1. |
| Coloured | 2. |
| White | 3. |
| Indian | 4. |
| Other(specify) | 5. |

3. Indicate the region you currently employed

- | | |
|---------------------------------|----|
| Region A. Midrand | 1. |
| Region B. Westbury | 2. |
| Region C. Roodepoort | 3. |
| Region D. Soweto | 4. |
| Region E. Sandton and Alexander | 5. |

Region F. Inner City Johannesburg	6.
Region G. Ennerdale and Orange Farm	7.
4. Indicate your home language	
Sesotho 1. IsiSwati	7.
Sepedi 2. Tshivenda	8.
Setswana 3. Xitsonga	9.
IsiZulu 4. English	10.
IsiXhosa 5. Afrikaans	11.
IsiNdebele 6 Other (please specify)	12.
5. Indicate the age category you fall	
20-29	1.
30-39	2.
40-49	3.
50-59	4.
60-69	5.
6. Indicate the highest level of education	
Matric.	1.
Matric plus certificate	2.
Diploma (3 years)	3.
B-Tech (4 years)	4.
Bachelor's Degree	5.
Honor's Degree	6.
Master's Degree	7.
Doctoral Degree	8.
Other (please specify)	9.

SECTION B: Details of your current Directorate within Housing Department

Please indicate the current directorate employed at by indicating with an(X)

7. Directorate

- | | |
|---|----|
| Finance | 1. |
| Public Housing Programme Support (PHPS) | 2. |
| Public Housing Property Management (PHPM) | 3. |
| Public Housing Programme (PHP) | 4. |
| Business Management Support | 5. |
| Human Settlements Planning, Policy and Research | 6. |

8. Please indicate your current position

Please indicate the current directorate employed at by indicating with an(X)

- | | |
|--------------------|-----|
| Project Officer | 1. |
| Bookkeeper | 2. |
| Project Manager | 3. |
| Operations Manager | 4. |
| Area Manager | 5. |
| Manager | 6. |
| Regional Head | 7. |
| Assistant Director | 8. |
| Deputy Director | 9. |
| Director | 10. |
| Executive Director | 11. |

SECTION C. Details of the needs of the respondent

9. Indicate how important these factors are to your directorate.

Item	Not important	Fairly important	Moderately important	Very important	Extremely important
Access to:					
9.1. Supply Chain Management Policy	1	2	3	4	5
9.2. Integrated Development Plan	1	2	3	4	5
9.3. Departmental Budget	1	2	3	4	5
9.4. Business Plan	1	2	3	4	5
9.5. Acquisition Plan	1	2	3	4	5
9.6. SDBIP	1	2	3	4	5

10. Indicate how important these factors are to your directorate.

Item	Not important	Fairly important	Moderately important	Very important	Extremely important
Skills to:					
10.1. Draft terms of reference	1	2	3	4	5
10.2. Compile Acquisition Plan	1	2	3	4	5
10.3. Draft Cash Flow Projections for	1	2	3	4	5

11. Indicate how important these factors are to your directorate.

Item	Not important	Fairly important	Moderately important	Very important	Extremely important
Support needed in:					
11.1. Drafting terms of reference	1	2	3	4	5
11.2. Compiling Acquisition Plan	1	2	3	4	5
11.3. Drafting Cash Flow Projections for budgeted projects(SDBIP)	1	2	3	4	5
11.4. Drafting Business Plan	1	2	3	4	5
11.5. Managing risk	1	2	3	4	5

12. Indicate how important these factors are to your directorate.

Item	Not important	Fairly important	Moderately important	Very important	Extremely important
Assistance to:					
12.1. Drafting terms of reference	1	2	3	4	5
12.2. Compiling Acquisition Plan	1	2	3	4	5

12.3	Drafting Cash Flow Projections for budgeted projects(SDBIP)	1	2	3	4	5
12.4	Drafting Business Plan	1	2	3	4	5
12.5	Managing risk	1	2	3	4	5

13. Indicate to what extent you agree or disagree to the following statements regarding the implementation of Procurement processes

	Statement	Definitely Disagree	Probably Disagree	Do not know	Probably Agree	Definitely Agree
13.1.	A new supply chain policy is introduced and workshopped accordingly to all the procurement practitioners	1	2	3	4	5
13.2.	Strategic objectives are in line with Procurement processes implementation	1	2	3	4	5
13.3	Acquisition of goods, services & works are done as per Procurement processes	1	2	3	4	5

SECTION D

14. Indicate to what extent you agree or disagree with following statements regarding implementation of COJMM procurement policy.

14.1. Procurement practitioners with City of Johannesburg Procurement policy?				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.2. Is the implementation of procurement processes understood by procurement practitioners?				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.3. Do you understand the importance of implementing the procurement process?				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.4. Implementation of procurement process is fairly in line with City of Johannesburg Procurement policy				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.5. Bid Specification Committee members are implementing the procurement processes as per City of Johannesburg Procurement policy				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5

14.6. Bid Evaluation Committee members are implementing the procurement processes as per City of Johannesburg Procurement policy

Definitely Disagree	Probably Disagree	Do not know	Probably Agree	Definitely Agree
1	2	3	4	5

14.7. Bid Adjudication Committee members are implementing the procurement processes as per City of Johannesburg Procurement policy

Definitely Disagree	Probably Disagree	Do not know	Probably Agree	Definitely Agree
1	2	3	4	5

14.8. Bid Evaluation Committee members are implementing the procurement processes as per City of Johannesburg Procurement policy.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.9. Implementing procurement processes is very challenging using the current City of Johannesburg Procurement policy and Preferential Procurement Regulations of 2017.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.10. Financial constraints is one of the challenges in implementing the procurement processes in the Housing department.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.11. Facilitation of implementing the procurement processes is aligned properly to Treasury Regulations.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.12. The delays in implementing procurement processes properly affects service delivery in Housing Department.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.13. Does Contract management affects implementing procurement in Housing Department?				

Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.14. Project Management highly affects implementation of procurement processes that affects service delivery in Housing Department.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.15. Fraud and corruption affects implementing procurement processes in Housing Department.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.16. Lack of procurement knowledge has impact in implementing procurement processes properly in Housing Department.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.17. Conflict of interests by officials affects implementation of procurement processes properly in Housing Department.				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.18. Government officials doing business with the city has adverse impact implementing procurement processes properly in Housing Department				

Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.19. Lack of knowledge on legislative prescripts hampers the implementation of procurement processes properly Housing Department				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5
14.20. The signing of reports causes delays in implementing procurement processes properly in Housing Department				
Definitely Disagree 1	Probably Disagree 2	Do not know 3	Probably Agree 4	Definitely Agree 5

APPENDIX B: LANGUAGE EDITOR'S LETTER



Dynamic Language &
Translation Specialists

Antoinette Bisschoff
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Tel: 018 293 3046
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Language@dlts.co.za
CC No: 1995/017794/23

Thursday, 09 December 2021

To whom it may concern

Re: Confirmation of language edit, typography and technical precision

The MBA dissertation "**Challenges facing the implementation of procurement processes within the housing department at city of Johannesburg metropolitan council**" by **M.A. Kunene** (29735599) was edited for language and technical precision. The referencing and sources were checked to comply with the APA 7 guidelines specified by the 2020 NWU Reference guide.

Final, last-minute corrections remain the responsibility of the author.

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Precision ... to the last letter