



Factors influencing late-payment of creditors in the South African Social Security Agency in the North-West Province

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DECLARATION

I, AH Van Rooyen, **student number 28333527**, declares that the research titled, "**Factors influencing late-payment of creditors in the South African Social Security Agency in the North-West Province**", is my original work carried out under the supervision of Prof. Ravinder Rena. This dissertation has not been submitted anywhere for any degree. Furthermore, every idea or concept that is not originally mine is acknowledged through an index referencing and a list of references using the NWU Harvard style. Moreover, all the aspects of ethical consideration as indicated in the study have been well followed and respected.

AH Van Rooyen

Date

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This piece of work will not have been achieved without the important and constructive contributions and support from many people. My profound gratitude goes to God Almighty, my Savior, for showing me the way at a time when it seemed like all doors have been closed for me. Philippians 3 verse 6 says, "I can do all things through Christ who strengthens me."

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To all others whose names have not been mentioned despite their enormous contribution, I say, thank you for your unlimited support.

Name: AH Van Rooyen

Date: 05/12/2017

DEDICATION

I want to dedicate my mini-dissertation to my lovely wife Danielle Avril Van Rooyen and my three (3) sons, Tyler, Tyrese and Tjaden for allowing me the past two years to devote my time and energy on completing my MBA degree. Your support and understanding did not go unnoticed. I love you guys forever.

ABSTRACT

The South African Social Security Agency (SASSA) Act No. 9 of 2004 as signed by the President of the Republic of South Africa, has the following objectives: to be responsible for the administration and payment of social assistance to eligible persons both young and old; provide for the prospective administration and payment of social security by SASSA and the provision of services related thereto; and all matters connected. These services require that SASSA, on behalf of the ministry of social development, administer services to members of the community either through individuals like medical doctors or companies like municipalities, to which the 30 days dateline of payment is often not met. The main aim of the study was to explore the causes of late payment of creditors by SASSA.

In trying to achieve the above aim, a descriptive research design was adopted. In applying this design, a quantitative approach was implemented in data collection and analysis. Both primary and secondary data were consulted because very little or no research has previously been conducted in this area. Empirical data was collected through structured questionnaires that were sent to respondents through email and fax as this involved the entire North-West province. The data were analysed through the use of SPSS version 24 whereby the raw data were captured into the software under different themes and categories as per the different objectives.

The findings from the study reveal a variety of reasons relating to late the payment of creditors by SASSA that were categorised into two sections, firstly, creditors motivated reasons and secondly, SASSA motivated reasons. On the side of Creditors, it was revealed during the empirical study that the delay in payment often occurred due to the delay in the submission of invoices by creditors and the submission of incomplete banking details by creditors as the most disturbing issues in facilitating invoices. It was also discovered that in other instances, there were inconsistencies in the supplied details of creditors. On the side of SASSA, the findings from the empirical study reveal that the main challenge encountered in the facilitation of invoices was as a result of a highly centralised payment system. With this system, it takes a very long time for documents to be processed at the local and district levels before being submitted at the regional office where payment is made.

KEYWORDS

South African Social Security Agency (SASSA)

Public Finance Management Act (PFMA) No1 of 1999

Treasury Regulations



Creditors

Invoices

Late Payment

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LIST OF ABBREVIATIONS AND ACRONYMS

Abbreviation	Meaning
CPM	Cash Pay Master
ICT	Information communication and technology
IDC	Industrial Development Corporation
GRV	Goods Received Voucher
MST	Main Study Stage
NDP	National Development Plan
NT	National Treasury
NAO	National Audit Office
PSS	Pilot Study Stage
PFMA	Public Financial Management Act
RSA	Republic of South Africa
SASSA	South African Social Security Agency
SMME	Small Medium and Micro-sized Enterprises
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SONA	State of the Nation Address
TR	Treasury Regulations
UK	United Kingdom

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

The South African Social Security Agency (SASSA) Act No. 9 of 2004 as signed by the President of the Republic of South Africa, has as its objectives to be responsible for the administration and payment of social assistance to eligible persons both young and old; provide for the prospective administration and payment of social security by the Agency and the provision of services related thereto and all matters connected. As such it follows that, everyone has the right to have access to social security, including the right to social assistance, "if they are unable to support themselves and their dependants" (RSA, 2004). In this regard, the problem of late payment has, over the years been a major crisis faced by the government and recipients of social grants in general (Kelly & Groundup staff, 2017:2). According to the RSA (2004), the different types of services offered by SASSA through creditors, among others include, Child Support, Older Person's grant, Disability Grant, Grant-in-Aid, Care Dependency, War Veteran's and Foster Child Grant.

The issue of late payment of creditors for services offered to the community by the authorities, seems to be a general problem in the different sectors of the government. In relation to the above postulation, a study conducted by Thwala and Palladio (2009:533) affirms that late payment by government to small contractors is a major problem facing small contractors among many other issues like the lack of capital and technical skills. This is such a huge problem in the sense this these payments is meant to facilitate the services offered by creditors such as medical support and social facilities. Failure to make payments could directly or indirectly result in serious repercussions like starvation and increase in crime that may be discovered by the end of this study.

The rest of the study therefore is comprised of a background to the study, problem of the study, objectives, research design and methods, contribution of the study and ethical considerations.

1.2 BACKGROUND

In the United Kingdom, the issue of late-payment is basically dealt with by the National Audit office. According to the National Audit Office (NAO, 2015), deliberating on the payment of

government suppliers on time, the United Kingdom government in March 2010 made huge efforts and paid 80% of undisputed invoices within 5 working days. This was a revision of the original payment commitment that was introduced in 2008 to pay 90% of invoices within 10 working days. It is therefore believed that if such efforts are introduced by the Social development sector in South Africa, the problem of late payment could become history. This is the result of the fact that the United Kingdom government is firmly behind all contractors by ensuring that all new contracts to subcontractors are paid within 30 days (NAO, 2015).

Prompt payment is therefore intended to improve the cash flow of companies doing business with government departments, particularly the UK's 5 million small and medium enterprises (National Audit Office, 2015). This is based on the government belief that within the government, a culture of late payment is preventing UK businesses, especially SMMEs, from investing in growth and fully contribute to economic recovery. SMMEs generate half of the annual turnover of UK businesses, but they often lack access to credit and get into financial difficulties because of late payment by customers.

In South Africa, the Public Finance Management Act (PFMA) No.1 of 1999 which serves as the guideline for all public servants, has as its objectives to regulate the financial management in the National government and the provincial governments; to ensure that all revenue, expenditure, assets as well as liabilities of the government are managed efficiently and effectively to provide for the responsibilities of persons entrusted with financial management in those governments (RSA, 1999). In this regard, the said committee entrusted with these responsibilities remains acutely aware of the dire impact of noncompliance, not only on businesses but to the entire economy.

According to this Act (RSA, 1999), the non-compliance in the public sector stifles the economy, especially the township economy, which has been identified as an area of great potential of growth. The Committee is of the view that non-compliance goes against the spirit of the National Development Plan (NDP), which seeks to achieve inclusive economic growth, create job opportunities, eliminate poverty and reduce inequality (National Development Plan, 2011). In addition, and according to the PFMA, (1999) and the National Treasury (2015), it remains unacceptable that departments fail to comply, especially because the stipulation is a legislative requirement contained within the Public Finance Management Act as well as National Treasury regulations. In light to the above, noncompliance is tantamount to breaking the law (RSA, 2011).

1.2.1 Rationale of the study

At the North West SASSA branch where this research was conducted, over 350 invoices are processed on a monthly basis, involving more than 170 suppliers including doctors, municipalities, Small Medium and Micro-sized Enterprises, to name but a few (RSA, 2013). The fact that official complaints are made in paying suppliers not within 30 days, it creates a negative impact on the operational targets as a Finance Branch in the province. Because of the non-achievement of this operational target, SASSA as a whole, becomes vulnerable to disciplinary action on non-achievement and as such become a serious concern for this researcher.

The researcher, while working as a Manager of Financial Accounting at SASSA, pondered over these challenges in his line of duty and have become the rational for conducting the study in an attempt to investigate reasons for the following predicaments:

- a) Why suppliers trust relationship is broken with the public sector;
- b) This delay as cause for undue hardship in terms of cash flow problems;
- c) Why many suppliers or SMME's opt for loans from financial institutions and why late payment attracts a lot of interest;
- d) Increase in corruption among suppliers which partly contributes to late payments;
- e) Financial crises, to name but a few.

1.3 PROBLEM STATEMENT

The payment of creditors is a kind of payment made by SASSA on behalf of the Ministry of Social Development to members of the community either as individuals like medical doctors or companies like municipalities for services offered to the socially disadvantaged persons of the society (RSA, 2004). This payment system has over the last couple of years been faced with series of challenges such as decline in the achievement of the set target according to the Public Finance Management Act No.1 of 1999 which states that all payments must be made within a period of 30 days (RSA, 1999). This Act in section 385(1) further states that the accounting office must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period. This is equally emphasised by the Treasury Regulations (RSA, 2001) which say that unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice. These are legislative requirements (PFMA, 1999) which clearly have been very

problematic under the current leadership of the Minister of Social Development, where SASSA has timeously failed to meet up with payment dates resulting in the public and members of parliament calling for her impeachment. In this regard, individual investigating bodies, according to SASSA, report that SASSA is currently not meeting its operational target of paying creditors within 30 days. This late payment of creditors is a contravention of the PFMA Regulation Act and hampers service delivery.

The President of the Republic of South Africa, during the State of the Nation address (SONA, 2017), equally mentioned the issue of late payment of suppliers as a matter that requires urgent attention, which to him can be addressed only through a radical economic change. While laying more emphasis on the problem, Ambe and Badenhorst-Weiss (2010:2110), explain that the public sector is being recognised as one of the most important customer groups for many suppliers and service providers because of the volume of public expenditure. The severity of the problem of late payment becomes even more intense as reported by Ambe and Badenhorst-Weiss (2012:11003) that, "in spite of Cabinet intervention launched to ensure that government departments pay contractors within 30 days, many small independently owned businesses, still do not get paid on time". Though with very little or no existing literature regarding the late-payment of creditors by SASSA, in light of the above argument, it seems therefore that the problem to be investigated is the causes of late payment of creditors by SASSA.

1.3.1 Research questions

The research questions of the study are as follows:

- a) How is SASSA structured for the implementation of its programmes?
- b) Who are the creditors of SASSA?
- c) What are the causes of late payment of creditors by SASSA?
- d) What are the consequences of late payment by SASSA to creditors?
- e) How can the problem of late payment be overcome?

1.3.2. Research aim and Objectives

The main aim of the study was to explore the causes of late payment of creditors by SASSA?

Objectives derived from the research question stated above;

- a) To determine how SASSA is structured for implementation of its programmes
- b) To determine who are SASSA creditors
- c) To examine the causes of late payment of creditors
- d) To determine the consequences of late payment by SASSA to creditors
- e) To explore how the problem of late payment can be solved

1.4 DELIMITATIONS AND ASSUMPTIONS

1.4.1 Delimitations



The limitations within which this research is piloted are defined within the purpose of creating a practicable research structure. SASSA has three main programmes namely, administration, benefits administration and support. The administration programme provides leadership as well as support services which include the following sub-programmes: executive management; information; corporate services; financial management; information and communication technology; strategy and business development all of which are available in the Mafikeng SASSA branch.

The entire research is limited to the sub programme where the researcher is attached that is financial management. In more specific terms, the study looks at the entire support staff of SASSA based in all the four districts of the North-West province that are directly or indirectly involved in the payment of creditors through the different branches. These administrative support and finance staff number approximately 60, across the province and form the core population of the study. The four districts involved include Ngaka Modiri Molema, Dr Ruth Segomotsi Mompati, Dr Kenneth Kaunda and Bojanala Platinum District.

1.4.2 Assumptions

The assumptions of the study are highly influenced by the preliminary findings from the main problem of the research which is to determine the causes of late payment. Through content analysis this far, it can be assumed that the main influence on the late payment by SASSA is,

- a) The lack of competent leadership and the high level of corruption in the Social development sector contributes to late-payment of creditors.
- b) Neither leadership nor corruption causes the late payment of creditors.

1.5 LITERATURE REVIEW

In contextualising this study, it is vital to look at the reasons why SASSA is unable to pay creditors on time and within the 30 days of a valid invoice, as well as the effects and benefits of early payment. The PFMA, among other legislative laws, is aimed to encourage and support all business growth and development, as a general rule. This has always not been achieved over the years for reasons which this study seeks to uncover.

1.5.1 Reasons for late payment

The main reasons for the late and/or non-payment of invoices according to PFMA Compliance, (2015) are the following;

- Standard Chart of Accounts (SCOA) related system problems;
- Inadequate internal capacity to process payments timeously;
- Unresolved supply chain management related queries;
- IT system (BAS, LOGIS)and safety Web related queries;
- Delays in the submission of invoices for processing;
- Delays in the timeous approval of payments;
- Inadequate budget/cash flow management;
- Incorrect banking details of suppliers;
- Unresolved invoice discrepancies and Tax clearance issues.

The argument in this regard is that there are numerous effects on other stakeholders as a result of the non-compliance. The effect on paying suppliers late may lead to supplier cash flow being impacted negatively, forcing SMME's to borrow money to meet their contractual obligations which may also lead to retrenchments and forced closures due to the constrained cash flow position. Other effects of late payment are discussed below:

1.5.2 Effects of late payment by SASSA

The problem of late payment has often resulted in negative effects on both persons and the economy. The researcher in his capacity as a branch manager has realised that many small businesses and suppliers were being placed in financial distress, grave jeopardy and prolonged hard times by the late payments for goods and services, especially by government. Also, as part of the effect on small businesses (Ambe and Badenhorst-Weiss, 2012) the non-adherence to PFMA section 38 is unethical and it has a bad effect on the economy of the country in that:

- a) It weakens small businesses as payment on time is essential for their survival;
- b) Late payments damage supply sources in the value chain and strain relationships with suppliers; and
- c) Late payment weakens the economy, both at a macro level as it does too at the micro level, which impacts on growth opportunities

This problem is greater for young business owners compared to more experienced business owners. These young businesses are particularly affected in four areas as follows:

- a) Dampening business growth
- b) Leading to additional borrowing
- c) Restricting productivity
- d) Difficulties in paying staff

For young entrepreneurs therefore, having these difficulties is demoralising and puts a strain on their commitment to running their own businesses. When something as simple as being paid for the goods or services places strain on young business people, for instance paying staff or missing out on growth opportunities, it will lead to the businesses closing.

1.5.3 Benefits of early payment

It is believed that quite a staggering 47% of South Africa's workforce is employed by the small business sector – that is about 7.3 million people. This sector contributes 42% to the country's Gross Domestic Product (GDP). Indeed many strong economies were built on the back of a strong small business sector (Industrial Development Cooperation, 2014). A timely payment of

suppliers can help improve on the economy by creating more employment and support the growth and development of the small business sector as payment is their lifeblood.

Non-adherence to the payment of invoices equally constitutes financial misconduct by staff and is punishable by the law (PFMA, 1999). However, departments seem to be reluctant to enforce this requirement both at the higher and lower levels of the government. The public finance management Act section 38(1) (PFMA, 1999) requires that officials be charged for financial misconduct where late or non-payment of invoices is due to wilful act or negligence and disciplinary actions being taken against officials that contravene the legislation or undermine the system of internal control. Also, the Act requires that the accounting office must settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period.

A complete contextualization of the study is done in the subsequent chapter making use of both primary and secondary sources such as books, newspapers, journals, minutes from meetings, applicable reports including statutory provision in order to analyse the causes of late-payment of suppliers by the South African Social Security Agency in and around the Mafikeng area.

1.6 RESEARCH DESIGN AND RESEARCH METHODOLOGY

The study adopted a non-experimental paradigm guided by the use of a survey research. A survey research, according to Leedy and Ormrod (2010:187), involves acquiring information about one or more groups of people; relating to their character, opinion, attitudes, or previous experiences by questioning them and tabulating their views. The method used was quantitative research approach. According to Clark and Ivankova (2016:61), the term methodology is used to indicate the full process of research from formulating questions to drawing conclusions in a study.

Quantitative methods emphasize objective measurements and the statistical, mathematical or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups or people or to explain a particular phenomenon (Leedy and Ormrod, 2010:188).

1.6.1 Description of overall research method

The research uses a quantitative research approach as indicated earlier involving a structured questionnaire. The research is descriptive in nature with the aim of describing the current state of SASSA with regard to payment of suppliers on time. The analysis is done with the use of SPSS version 24 and an inferential research approach forming a data base characteristics or relationships of variables.

1.6.2 Population/sampling

The population of the study includes all SASSA staff in the finance department in the North-West province, who work either as administrators or finance managers with the responsibility of receiving and facilitating invoices from suppliers. The selection process was guided by a non-probability method known as convenient sampling. Convenient sampling, according to Maree (2014:177), refers to a situation when population elements are selected based on the fact that they are easily and conveniently available. The sample size for the study is 60 respondents that comprise of all the SASSA finance managers and administrators. In SASSA, after receiving the invoices from creditors, they are then forwarded to the district offices and to the Regional offices respectively for payment to be effected. As such, only a limited number of respondents are involved. In this study, all the SASSA employees were shortlisted especially those involved in facilitating invoices (Financial department). It is also important to note that this sample size is over 90% of the total population constitute a representation of the entire population of the study.

1.6.3 Data collection

The main data collection approach of this study was the use of close ended questions. The rationale to this approach is to get answers to questions regarding late-payment of creditors by SASSA. The response type of questions ranges from Yes or No and very important to very unimportant. Also in some questions, respondents are expected to select just one choice, while in others they make one choice from each row in what is known as a multiple response type (see Appendix B). A non-interactive approach was used to administer the questionnaires by sending the questionnaire out through emails and faxes. This was done for convenience and for the fact that respondents are sparsely distributed across the province, thus not easy to be access.

1.6.4 Data analysis

The data analysis process was done through the use of SPSS version 24 software followed by a descriptive analysis of results. To make the transition from questionnaires to data matrix, answers were coded and captured into the SPSS data base. The coding process allowed easy summarising, categorising, and identifying patterns and emerging themes (Collis and Hussey, 2003).

1.6.5 Assessing the quality and rigour of the proposed research design

In assessing the quality and rigour of the study, two quantitative research approaches, namely, validity and reliability were used. Validity, according to Clark and Ivankova (2016:162), is the extent to which inferences can be accurately made based on test scores or other measures while reliability is the extent to which the score produced by a particular measurement procedure is consistent and reproducible. To achieve these objectives the following were ensured;

- a) The researcher ensured that the results are consistent and accurate representation of the total population.
- b) The researcher made sure of high consistency, stability and accuracy of the tests and scores.
- c) The questionnaire aligned with the literature review with a stable measure to assure that the questionnaire was stable with a high degree of stability indicating a high degree or reliability.
- d) The researcher made sure that the research is valid, meaning measurements are accurate and measure what they intend to measure.

1.7 IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

The research study will contribute to the organizational legislative strategies in ensuring that all suppliers and payments are made within 30 days. The proposed study will also assist other departments by using the research outcomes and recommendations to adhere to Treasury regulation 8.2.3, ensuring that creditors are paid within the prescribed time frame of legislation.

One of the Strategic objectives for effective financial management is ensuring that 100% of eligible suppliers are paid within 30 days. All Government departments and agencies must pay

each invoice after the required period of 30 days from receipt thereof and, failing to pay within 30 days is deemed to be non-compliance with laws and regulations. Therefore, the proposed study will give departments recommendations to better their Financial Management strategies.

1.8 DEFINITION OF KEY TERMS

The terms that are defined in this study involve those that speak particularly to the South African Social Security Agency and the payment of creditors in the North-West province of South Africa.

1.8.1 SASSA Creditor

A creditor of SASSA as the case may be is an individual such as a doctor or a company like Cash Pay Master (CPM) that receives or is being paid for services rendered to the public like social grants and health services from the government as guided by the South African Social Security Act No 9 of 2004 and the Public Finance Management Act No 1 of 1999.

1.8.2 Late Payment

According to the PFMA No 1 of 1999, SASSA as an entity of the government is expected to pay all eligible clients within 30 days. This is also supported by the National Treasury (RSA, 2001) which emphasis that one of the Strategic objectives for effective financial management in every sector of government is ensuring that 100% of eligible creditors are paid within 30 days. Unfortunately, over the years, SASSA has been plaque with late-payment as they are often not able to meet up with the date line (Kelly & Ground up staff, 2017)

1.8.3 South African Social Security Agency

SASSA which is an abbreviation for South African Social Security Agency was established in 2004 with the South African Social Security Agency Act (Act No. 9 of 2004) with the objective to manage social security in South Africa (RSA, 2004). The organization is specifically designed for the implementation of a payment system of social grants to variety of people including the elderly and children, to name but a few. Upon the signing of this Act, attention was given to the Australian model of social security, as a foundation for the institution of SASSA in South Africa. Among other aspects of the Act is the legislative framework that oversees the management and payments of creditors, including the different grant types and the eligibility criteria for beneficiaries.

1.8.4 Public Finance Management Act

The Public Finance Management Act (PFMA) is the sector of the government that is responsible for regulating finances in the national and provincial governments and ensures that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively, through providing for the responsibilities of persons entrusted with financial management in those governments.

1.8.5 Treasury

Treasury is generally a place where the funds of the government, or an organisation, are kept for disbursement. In South Africa, it is the responsibility of the treasury to manage all the finances of the government (PMFA, 1999) and distribute them accordingly as required by the Department of Finance. In this regard, the treasury works in close collaboration with the PFMA.

1.9 RESEARCH ETHICS

Issues of ethical considerations are very relevant throughout any research process. Amongst these issues the right of respondents on whether or not to take part in a study. In this regard, all respondents expected to take part in the study are expected to sign a consent form to show that they know what the study objectives are and that their participation is out of free will and not through any form of persuasion (see appendix A). This phrase is supported by Bogdan and Biklen (2003:47) who said that ethics in research are seen as “principles of right and wrong that a particular group accepts at a particular time”. Therefore, an emergent design requires ethical principles to be considered throughout all phases of planning, data collection and analysis. All the ethical aspects such as informed consent, voluntary participation, confidentiality, reliability and validity were respected during this research.

1.10 CHAPTER LAYOUT

The mini-dissertation consist of the following chapters:

1.10.1 Chapter one

The chapter consists of a general orientation of the study with specific emphasis on the background of the study; research problem and questions; objectives of the study; delimitation and assumptions; definition of key terms, summary of literature; research design and methods made up of sampling, data collection and analysis; research ethics and chapters outline of the study.

1.10.2 Chapter two

The chapter involves a detailed literature review for the study through a contextualization and theoretical framework of the core argument which is about the late-payment of customers by SASSA. By approaching the section in this way, both primary and secondary sources of data were utilised in response to the objectives.

1.10.3 Chapter three

The section basically focuses on a thorough research design which is qualitative in nature and methods involving sampling; data collection and data analysis procedures regarding, reliability and validity and all ethical considerations.

1.10.4 Chapter four

This section is made up of the analysis of results through the use of SPSS version 24 and the presentation of findings from the quantitative results. Findings are presented based on the emerging categories and themes identified during the analysis process.

1.10.5 Chapter five

The final chapter of this study is chapter five, made up of discussion from findings, recommendations and conclusion stating whether the research objectives were attained.

1.11. SUMMARY

This chapter provided a general overview of the study, ranging from an introduction, a background to the study, statement of the problem, research questions and objectives of the study, research design and methods ethical considerations and the chapters outline.

The subsequent chapter, provides a detailed literature review regarding all relevant information in relation to SASSA and the processing of invoices from creditors.

CHAPTER TWO

CONTEXTUALISATION OF SOUTH AFRICAN SOCIAL SECURITY AGENCY

2.1. INTRODUCTION

The previous chapter of the study informed the entire study and ranging from the problem to be investigated, the objectives and possible outcome of the study. The South African Social Security Agency (SASSA) was established and designed to implement a payment system for social grants. This body for the last couple of years has been noted for being unable to meet up with the requirements as stipulated by PFMA and the treasury. Factors influencing late-payment of creditors in the South African Social Security Agency in the Mafikeng branch is really a call for concern. This chapter presents the literature review of the study in relation to the objectives which supports the findings of the study. The chapter therefore addressed all the relevant topics related to the contextualization of SASSA and the late-payment of creditors in the North-West province.

2.2 THE SOUTH AFRICAN SOCIAL SECURITY AGENCY

SASSA was set up in terms of the South African Social Security Agency Act (Act No. 9 of 2004) with the aim of overseeing government management of social security in South Africa (Kaseke, 2010:162). Reddy and Sokomani (2008:49) note that the South African Social Security Agency Act (Act No. 9 of 2004) makes arrangement for the foundation of SASSA, the management, administration and payment of social grants to illegible beneficiaries. The main aim of SASSA is to performance as the only agency to ensure the effective and efficient management and payment of social grants. Since the initiation of SASSA, its main business has been to effectively manage and pay social support grants and social insurance does not fall within the sphere of its responsibility (Kaseke, 2010:162).

Since April 2006, the responsibility of management and payment of social support grants was reassigned to SASSA. Reddy and Sokomani (2008: 82) contend that during the 2006/2007 financial year, up to 80% of SASSA's income was spent on the formation of the agency, on operating matters and the incorporation of the social support management and payments. The formation of SASSA was as a result of a recommendation made by the Commission of Inquiry into a Comprehensive Social System of Social Security for South Africa known as "The Taylor

Committee). From April 2006, SASSA was established to act ultimately as the only agent that will ensure the following:

- The effective and efficient administration, management and payment of social support grants
- Serving as an agent for the prospective management and payment of social grants and also rendering services relating to the payments.
- Its major function is to manage social support grant in terms of Chapter Three (3) of the Social Assistance Act (Act No. 13 of 2004), collate, uphold and manage such information or data since it is necessary for the payment of social support grants.
- To be responsible for the principal reconciliation and management of payments and transfers of moneys in a national data base of all applications for the beneficiaries of social support grant.
- To form a compliance and fraud instrument in that would ensure the integrity of the social security system of South.

Section 27 of the South African Constitution, containing the Bill of Rights, contend that every individual has the right to social security with appropriate social support if they are incapable of supporting themselves (SA Constitution and Devenish, 2005). Consequently, the Constitution establishes that social security is one of the socio-economic rights South African citizens enshrined in the Bill of Local, District, Regional and Head Office Rights (Reddy & Sokomani, 2008). They further add that Section 27(2) of the South African Constitution emphasizes that the state must take the necessary steps to realize this right, but concurrently offer for some measure of elasticity in doing so. This section also provides that the state must take reasonable legislative and other measures within its available resources to achieve the progressive accomplishment of each of these rights.

2.3. MANAGEMENT STRUCTURE OF SASSA



SASSA is made up of one national office and nine different regional offices but most important decisions are made at head office in Pretoria and transmitted to the various regional offices. SASSA has a four-level organizational management procedure which are; a head office, the regional offices, the district office and the local offices (SASSA, 2010). However, this four-tier management procedure does not certainly facilitate a smoother, more cost effective and

efficient service delivery of SASSA. Unless the powers to make decisions and the delegation of authority are decentralized to regional, district and local offices, this four-tier management arrangement will still be a major stumbling block in effective and efficient service delivery in the organization because correspondence with head office creates unnecessary bureaucratic bottlenecks and administrative delays (Koma, 2006). Figure 2.1 below is a representation of the national organizational management structure of SASSA.



Figure 2.1: National Organizational Management Structure of SASSA

Source: SASSA (2010)

Figure 2.1 above shows that the Head Office of SASSA is the focal or central point in its national organizational management structure which is situated at national level in Pretoria with a CEO who is in charge of the entity. The figure also illustrates that apart from the head office in Pretoria, SASSA consists of nine different regional offices in the nine provinces of South Africa which are Mpumalanga, Gauteng, North West, Limpopo, the Northern Cape, Western Cape, Eastern Cape, Kwa-Zulu Natal and Free-State regions. According to SASSA report (2010), each of these regions has its own regional office which structurally flows down through the district offices to the local ones. The regional offices are headed by regional executive managers who provide strategic leadership and overall management regarding the administration and payment

of grants in their various regions. The various regions have district offices in each district and the various districts also have local areas with local offices. The various district offices have their own district managers who provide strategic leadership and overall management regarding the administration and payment of grants in the district but not all local offices have local office managers (SASSA, 2010).

2.4. SOCIAL SUPPORT SYSTEM

Social support systems are selective to ensure that assistances are directed to the needy individuals of the society and this is justified on grounds of limited resources of the state. The Social Assistance Act (No 13 of 2004) creates provision for social grants for some categories of children such as child support grant, foster care grant and care dependency grant whereas the grant-in-aid is an innovative development in the South African legislature. The Social Assistance Act (No 13 of 2004) also caters for the war veteran grant, old age grant and disability grant (Kaseke, 2010:164). Rothmann *et al.* state that social grants are subject to means testing which is the assessment of the assets and income of potential applicants of each grant to establish whether the means of the person applying for it are below a stipulated amount. Means tested social support is restricted only to those individuals who qualify for support in terms of the means test. Therefore, the following types of social grants form part of SASSA's mandate: child support grant (CSG), foster child grant (FCG), care dependency grant (CDG), old age grant (OAG), disability grants (DG), war veterans grant (WVG) and grant-in-aid (GIA).

2.5. CREDITORS OF SASSA

Creditors could be suppliers, banks or people that have provided credit to an organization. The organization owes an amount of money to its creditors which are reported on their balance sheet as liabilities. If the creditors need the organization to sign a promissory note for the amount owed, the organization will record and report such amount as notes payable. If the creditors are vendors or suppliers do not require the organization to sign a promissory note, the organization will likely report the amount owed as Accounts Payable. Other examples of creditors include organization's employees who are owed wages and bonuses), governments and customers who made deposits or other prepayments (Pepler, 2014).

Thutshini (2015) states that the creditors of SASSA include medical doctors, churches and community halls used as pay points, cooperatives and Small, Medium and Micro Enterprises (small businesses) as well as the municipalities.

- According to Thutshini (2015) medical doctors assess the recipients of disability grant applicants for SASSA to confirm that they are actually disabled and are illegible for the grant.
- SASSA is currently using various churches and community halls as pay points to pay the beneficiaries of social grants where they pay monthly rentals and these organizations depend heavily on the rental amount for their survival.
- Cooperatives and Small, Medium and Micro Enterprises (small businesses) provide goods and services to SASSA such as supplying school uniforms to beneficiaries and giving beneficiaries food vouchers as well as cleaning SASSA's premises and they depend on the payment for their growth and sustainability.
- Municipalities provide electricity and water at SASSA offices and all pay points and the payment from the organization help the liquidation of these municipalities so that municipal services to the local community can be improved.

2.6. PUBLIC FINANCE MANAGEMENT ACT NO.1 OF 1999 (PFMA) AND SERVICE DELIVERY

The Public Finance Management Act is meant to regulate financial management in the national and all provincial government institutions, to ensure that every expenditure, revenue, assets and liabilities of those institutions are managed efficiently and effectively and to provide for the responsibilities of persons entrusted with financial management in the various institutions (Neves, 2009). Nair (2008) avers that the Public Finance Management Act regulates the managing and supervision of finances in national and provincial governments. The act sets out the procedures for effective and efficient management of all expenditure, income, assets and liabilities. It defines responsibilities or obligations of government officials who oversee public finances with the aim of securing accountability, transparency and sound financial management in all government institutions. Neves (2009) adds that the Public Finance Management Act make clear regulations in relation to the National and Provincial Treasuries, the National and Provincial Revenue Funds, and the National Budgets. It as well governs the managing of finances in departments, government agencies such as SASSA, ESKOM and TELKOM, Parliament and the provincial legislatures, and constitutional institutions such as Human Rights Commission and the Commission on Gender Equality and the Independent Broadcasting Authority. The present management and payment of social support grants are distributed in terms of a four-tier system which is from the head office, to the regional offices, to the district offices and to the local office operations (SASSA, 2010).

Chelechele (2010) argues that with regard to government's critical priority of rural development, SASSA has to ensure that its services are easily accessible by South Africans living in deep rural communities. The main project under this priority is the Integrated Community Registration Outreach Program (ICROP) aim at reaching out to the rural population. Munshedzi (2016) holds that SASSA is also mandated with the responsibility to ensure the delivery of complete social security services to fight against vulnerability and poverty within the constitutional and legislative framework to most recipients of social grants who live in poverty-stricken communities, where there is lack of physical and social infrastructures to cater for the needs of the people. Despite the many challenges, SAASA has stayed the course in delivering quality social support services to its beneficiaries.

In accordance with the general government policy of improving the quality of service delivery, SASSA has initiated new programs to improve on service delivery, over the past four years. These new programs include measures to reduce the turnaround times, the standardization of services and expanding the reach of social grants services to all the beneficiaries of social grants. With this new initiative, services are taken closer to potential applicants and beneficiaries of social grants or services, especially to those living in rural communities, through the integrated community registration outreach program. The integrated community registration outreach program is a joint initiative project involving other governments and community organizations which is designed to enable easy access to all government (SASSA) services by people living in rural and semi-urban communities (Jehoma, 2010).

Chelechele (2010) states that when SASSA was established, the social grants management functions were integrated at both the head office and the regional levels while the strategic leadership and management functions including accountability and reporting competencies were centralized but now, the social support management and payment services are controlled or delivered through various decentralized and centralized systems within the regions. Munshedzi (2016) argue that following the effective consolidation of the regional functions into a single organization, the main objective of SASSA has been to standardize the services to all customers or beneficiaries of social grants. In this regard, SASSA has already achieved a significant reduction in turnaround times in the application management process which has drastically decreased from 21 to only 9 days. The overall goal of SASSA as an agency is to further reduce the turnaround time from the 9 days to only one day. The procedure includes instant capturing and verification of applications on-site, with instantaneous delivery of the letter of outcome before the applicants leaves the building.

2.7. THE PAYMENT SYSTEM OF CREDITORS BY SASSA

A payment system comprises of a distinct set of organizations and a collection of procedures and instruments, which are put in place to ensure the effective flow of money in a geographic area, usually in a country or an economic and monetary organization across national boundaries. The National Payment System therefore is a core component of the wider or larger financial system and should be regarded as the infrastructure that offers the economy with the freeways for handing out payments resulting from various economic activities. The National Payment System supports the full spectrum of financial transactions from the South African businesses conducting in the international market to servicing the specific payment requirements of South African citizens (South African Reserve Bank (SARB, 2005). The National Payment System requires a delicate balance between co-operation, public-good considerations and market driven competition. Financial institutions such as banks and other customer payment service providers compete for payments of customers and businesses whereas the effectiveness of sharing infrastructure require that members co-operate in setting up non-competitive infrastructures. For the interest of the nation, it is important for economies of scale to be achieved and national payment service infrastructure be formed to allow as many members as possible to offer their services to the nation (Qina, 2015).

Mthethwa *et al.* (2016) assert that SASSA is charged with the responsibility to deliver quality service to social grant beneficiaries without system interruptions or delays, hence this agency must follow a systematic process to determine the best solution to its service delivery. Given the nature of the important services that SASSA provides in the nation, there is a necessity for an effective and tested solution and a sizeable, matching human and material investment. It is therefore important for SASSA to always present its plan to the Social Development Portfolio Committee today in Parliament on how social grants will be paid out to the beneficiaries and clarifies all alleged uncertainties. Nevertheless, according to SASSA's report (2017), the agency is expected to be paying social grant to beneficiaries as usual and on time without any disruptions of the system. In this regard, Mthethwa *et al.* (2016) add that SASSA has also warned social grant beneficiaries and keeps warning them that if they are assured anything too good to be true or if they doubt anything as far as their benefits are concern, they should contact the agency on its official social media page or call 0800 60 10 11 for more information and clarity.

Qina (2015) avers that that SASSA has ensured that social grants will be paid to beneficiaries such that they received it uninterrupted as required by the Social Assistance Act. This is because some beneficiaries usually experience unauthorized deductions from dishonest and

corrupt operators within the financial services sector and hence it is important that these unethical practices are eliminated. Vally (2016) SASSA clarified the effectiveness of social grant payment under the new system in two extensive ways. Firstly, in terms of the social grant payment being more efficient for beneficiaries and secondly in terms of the system being more streamlined with regards to cost and payment. According to SASSA, a national system under Cash Paymaster Services (CPS) grant payment system would be cheaper and the biometric registration program would reduce fraudulent access to social grants by dishonest individuals.

The SASSA uses four approaches of payment which include hard cash payments at designated pay points, electronic commercial bank transfers, manual and Postbank accounts as well as vouchers and list. Manual cash payments are payment done by the SASSA to beneficiaries through a third-party agent. Those beneficiaries who receive social grants from designated cash pay points are receiving their monthly social grants on payment day, which are subject to many threats such as inhumane treatment, inadequate infrastructure of pay points, unfavorable weather conditions, fraud and arm robberies. Those social grant beneficiaries who receive their payment from the post-banks and banks are also exposed to these mishaps, the only difference is that they can access their social grants at their own convenient time and on any day of the month (Qina, 2015).

According to the SASSA (2010), there is a need for the introduction and promotion of an electronic payment system, which will help to reduce long queues at pay points on pay days and minimize the inhumane conditions that the beneficiaries of social grants encounter during monthly pay-outs. Beukman (2010) states that, in 2010, the Black Sash made it explicit in its written submission to SASSA on the social support grant payment system that even though the opportunity exists to contribute to the work of the Committee of Enquiry as they investigate and commend a suitable model of payment for social grant, acceptable time for free participation in public hearings must be offered in all provinces.

SASSA (2010:2) state that its slogan is “paying the right social grant, to the right person, at the right time and place”. Triegaardt (2013) contend that social grant payments are known as the only most effective poverty alleviation program of the South African government. However, one of the major problems encountered by SASSA as an agency in charge of managing social grant is the current cash payment model for payment of grants. This payment system which has been inherited from the provinces has come at a huge premium to the fiscus, where the theory of economies of scale has never been realised. The cash payment system fails to make available the integration of social grant beneficiaries into the mainstream economy of the country. Dowman (2014) argues that SASSA need to seek a payment solution that will improve its

services to its beneficiaries, address the existing cash payment problems and improve the quality of the beneficiaries' ugly experiences in receiving the social grant while at the same time decreasing the unsustainable cost of service delivery related to the payment of the social grants. As such, Dowman (2014) thinks that SASSA needs to review its current payment system and develop a new payment strategy to payout social grants to beneficiaries. The payment systems envisaged will decrease the excessive management costs, centralize payment data and move beneficiaries of social grant to an effective electronic payment system and facilitate their integration into the economy of the country

2.8. THE NATIONAL TREASURY

The National Treasury is a department of the South African government that manages national economic policy, prepares government's annual budget and also manages public finances. The National Treasury, Statistics South Africa and the South African Revenue Service, falls within the portfolio of the department of finance. The National Treasury is charged with the responsible to manage South Africa's government finances throughout the nation. Supporting sustainable public financial management is essential to the advancement of social progress, economic development, good governance, and an increasing standard of living of all South African citizens. Chapter 13 of the South African constitution provides that the National Treasury has the responsibility to ensure accountability, transparency and sound financial controls in the management of government finances (National Treasury, 2017). According to South African Reserve Bank (SARB) (2005), the National Treasury's legislative mandate is also prescribed in Chapter 2 of the Public Finance Management Act which authorized the treasury to manage the budget preparation process to coordinate macroeconomic policy, promote government's fiscal policy framework and intergovernmental financial relations, to facilitate the Division of Revenue Act, which requires for equal distribution of nationally raised revenue between national, provincial and local governments and also to monitor the implementation of provincial budgets.

As mandated by the legislative and the executive arms of government, the National Treasury continues to assist the ideal allocation and utilisation of financial resources in all spheres of government to alleviate poverty and vulnerability among South Africa citizens. In this regard, the National Treasury priorities is to increase investment in infrastructure and industrial capital, improve the regulation of markets and public entities, poverty alleviation and to improve education and skills development to raise productivity in the country (Ramos, 2000). Dowman (2014) aver that the National Treasury consist of the department of finance and national departments responsible for financial and fiscal matters, oversees the implementation of the Public Finance Management Act which is basically to promote the national government fiscal

policy framework and manage provincial budgets in government departments and other institutions such as SASSA to which the Act applies. The Treasury prescribes standards and has the authority to inspect any system of financial management in any public entity, department or constitutional institution or agency such as SASSA. The National Treasury also oversees and manage the National Revenue Fund into which money received by any national or public entity must be paid but no unauthorised money may be withdrawn from the fund. Ramos (2000) state that the South Africa Revenue Service (SARS) deposits all, levies, fees, taxes and custom duties collected into the Revenue Fund and may only withdraw money from this fund only to refund an organisation or an individual when there is a need to do so. It is only the National Treasury that can withdraw money from the National Revenue Fund with the authorisation of the Minister of Finance. The Finance Minister may authorise the withdrawal and use of money for emergency purposes in extraordinary and unpredicted circumstances, but these may not exceed two per cent (2%) of the total amount in the National budget.

Nair (2008) says that the provincial treasuries which consist of the MEC for finance and the provincial departments responsible for finance in the provinces, work much like the national treasury at the provincial level. The provincial treasuries are responsible for the preparation and control of the provincial budgets and overseeing the implementation of the Public Finance Management Act in their various provinces. In this light, the provincial treasuries prepare and submit financial statements for their departments, for the provincial legislature and for public entities that fall under their control. According to the National Treasury (2017) report, financial statements are to be made public by the provincial treasuries which are also in charge of the provincial revenue fund of the various provinces, and, as with the national treasury, no unauthorised money may be withdrawn from provincial revenue funds. Unlike the national treasury, only the provincial treasuries can withdraw money but only if such withdrawal is authorised. Like the National Treasury, provincial treasuries are permitted to withdraw funds for emergency situations but such withdrawal may not exceed two per cent of the total amount in the annual provincial budget and such withdrawals must be reported to the Auditor-General and the provincial legislature and they must be attributed to a vote.



Money transfers is a significant part of the geopolitical system in South Africa and many different methods of transfers have been introduced over the years, including those made as transfers to public entities, conditional grants to other spheres of government, constitutional institutions, NGOs and households. In total, these transfers encompass over half the total expenditure on the national Budget (Nair, 2008). The transferring accounting officers must make sure that all funds are deposited in the provincial revenue fund or, in the case of a municipality, into an authorized bank account. In the light, the receiving accounting officer must account for

the money received and the way it is spent. The measures for auditing the beneficiary entity must be well thought-out by the transferring accounting officers, as these may determine the degree of caution and oversight necessary before any funds can be released (National Treasury, 2017).

2.9. CAUSES OF LATE PAYMENT OF CREDITORS BY SASSA

The Treasury Regulation 8.2.3 provides that except determined otherwise in an agreement or contract, all payments due to creditors must be paid within 30 days from receipt of an invoice which is a legislative requirement of the Public Finance Management Act No 1 of 1999. The National Treasury issued an instruction note No. 34 dated 30 November in 2011 which requires government departments to submit monthly report of information by the 7th day of each month relating to the number and value of invoices older than 30 days and not paid, the number and value of invoices paid after 30 days and the reasons for late or non-payment of invoices (Ramos, 2000). Thutshini (2015) states that section 38(1)(f) of the Public Finance Management Act No.1 of 1999 provides that all accounting officers should settle all contractual obligations and pay all money owing within the prescribed period. Pepler (2014) asserts that creditor's payment period is a term that indicates the average time in days during which an organization is to settle its debts with suppliers.

Thutshini (2015) argues that it is a legal requirement for all government agencies to pay their creditors and suppliers on time because non-payment of creditors and suppliers on time is an act of financial misconduct in accordance with clause 38(f) of the Public Finance Management Act, and National Treasury regulation 8.2.3. In terms of the Public Service Act, which provides that heads of national and provincial departments are responsible for ensuring that there are consequences for poor performance by officials. Section 38 (1)(f) of the Public Finance Management Act of 1999 required Accounting Officers of all government entities including SASSA to settle all contractual obligations and pay all money owed to their creditors and suppliers within the prescribed period. Despite the above provisions, SASSA is still not complying with the Public Finance Management Act and the Treasury Regulation and this practice is severely affecting its creditors and suppliers especially the sustainability of businesses involved in outsourcing projects which relied on these contracts as their sole source of income.

The late payment of creditors and suppliers by SASSA is caused by both internal and external factors (Sean, 2012; Pepler, 2014 and. Thutshini, 2015). Sean (2012) state that the internal factors that cause late payment of creditors and suppliers by SASSA are as follows:

- According to Sean (2012), lack of internal capacity and poor financial management is a major cause of late or the non-payment of invoices of creditors and suppliers by SASSA which is attributed to poor budgeting by the agency, lack of alignment between budget and procurement plans as well as inability to adhere to procurement plans by management.
- Integrated technology (IT) systems used by SASSA often crash or breakdown due to system overloading because all government departments and agencies used the same systems which occasional cause service interruptions and this is a major cause of late or the non-payment of invoices of creditors and suppliers by SASSA.
- Another internal cause of late payment of creditors and suppliers by SASSA is that managers do not approve payments timeously due to leave or other commitments, which according to treasury regulations, officials are not supposed to go on leave or vacation with unfinished business.
- The payment of creditors by SASSA often delay because the supply chain management processes in the agency is not being followed. Where there is a legal contract, invoices submitted by SASSA's creditor or suppliers cannot be paid when there is a problem with the supply chain management process.
- Quality assurance of goods and services that takes place after capturing invoices of creditors and suppliers of SASSA, also delays their payment.
- The accumulation of unpaid invoices from one financial year to the next caused cash flow shortfalls which often delay the subsequent payment of creditors and suppliers of SASSA.
- Fraud, corruption and preferential treatment from SASSA's officials result to the late or non-payment of creditors and suppliers of SASSA.
- Bad culture in the public sector in general such as the lack of "sense of urgency" amongst SASSA's officials in particular in expediting payment of invoices on time, is one of the main causes of late payment of creditors and suppliers of SASSA.

Pepler, 2014 contend that the external factors that cause late payment of creditors and suppliers by SASSA are as follows:

- Some creditors and suppliers do not have official purchase orders when they submitted invoices to SASSA offices for payments which sometimes delay their payment by the agency.

- Incomplete suppliers' banking details and non-adherence to the requirements of proper invoicing by creditors and suppliers is one of the external causes of late their payment by SASSA.
- Late submission of invoices and Good Received Voucher (GRV) by suppliers, where services were satisfactorily enjoyed, contribute to the late payment of creditors by SASSA.
- Contractual disagreements such as poor contract drafting, different interpretations of the contract clauses by SASSA and service providers often cause the late payment of SASSA's creditors and suppliers.
- Qina (2015) assert that lack of consequence is also one of the causes of late payment of SASSA's creditors. The non-adherence to the payment of invoices constitute financial misconduct but however, the government seem to be reluctant to enforce this requirement to charge officials for financial misconduct where late or non-payment of invoices is due to wilful act or negligence and disciplinary actions be taken against officials that contravene the legislation or undermine systems of internal control.

2.10. CONSEQUENCES OF LATE PAYMENT OF CREDITORS BY SASSA

According to Du Toit (2017), late payment of suppliers by SASSA is not a new issue. The problem has escalated over the years as a result of financial crisis and this has affected all SASSA creditors especially the small and medium sized enterprises because these small businesses are highly dependent on cash flow. Over the years, SASSA has not been complying with the legislative requirement of the Public Finance Management Act No 1 of 1999 as a public entity to pay all its eligible suppliers within 30 days from receipt of an invoice and this has enormous consequences on creditors, the agency itself and the economy at large.

Jehoma (2010) avers that the late payment of doctors (creditors) by SASSA has affected the assessment of applicants of the disability grant because doctors often refused to conduct these assessments unless their outstanding payments are made. When this assessment of applicants of the disability grant is not done, it impacts negatively on the budget allocation of SASSA for the next financial year because it will be allocated based on the expenditure patterns on the previous financial year.

The late payment of churches and community halls that serve as pay points of social grants where a monthly rent is paid by SASSA, affect the smooth running of these organizations negatively since there are nonprofit making and highly depend on the rental amount from the agency for their existence (Munshedzi, 2016).

The late payment of cooperatives and Small Medium and Micro Enterprises by SASSA affects the supply of goods and provide services to the agency through these small businesses. SASSA procures goods and services from cooperatives and Small Medium and Micro Enterprises and when their payment is delayed, these small businesses often refused to supply their goods and provide their services to the agency unless their outstanding payments are made thereby hampering the smooth functioning of the organisations. The late payment of cooperatives and Small Medium and Micro Enterprises by SASSA also cause the dwindling and winding up of most of these businesses since they depend very much on the timeous payment for their sustainability and growth (Du Toit, 2017).

Du Toit (2017) further note that the late or nonpayment of SASSA's creditors, lessen cash flow which is the lifeblood of any business as well as the economy of the country. Businesses need cash to pay employees, buy supplies, service debt and invest in equipment but nevertheless, when selling to SASSA, businesses usually make sales on credit, receiving payment only after they have supplied goods or provide services and invoiced the agency and payment is supposed to be done within an agreed period or number of days after the invoice date. When a business incurs the cost of providing goods and services upfront, being paid on time is very important. If payment is not received within the agreed payment period, the supplier incurs additional costs chasing payment. Reduced cash flow may mean planned investment in the business cannot go ahead and may prompt the need to borrow more. In extreme cases, late payment of SASSA's creditors, especially cooperative and small businesses can result in a profitable enterprise going bankrupt and this can have a knock-on effect triggering the insolvency of other businesses further down the supply chain, leading to the stagnation of the economy.

2.11. POSSIBLE REMEDIES FOR LATE PAYMENT OF CREDITORS BY SASSA

To remedy the problem of missing files that often delayed the payment process of creditors, Munshedzi (2016) state that the provincial or regional offices of SASSA must not only be responsible for providing information about newly enrolled creditors to the SASSA national office but the regional offices have to be able to complete the whole process within their offices without necessarily extending it to the national office. When the provincial offices obtain information from the district and the local municipal offices, this information ought to already be captured in different SASSA structures within the local offices and only be sent to the regional office to be registered on the system.

Also, to curb the problem of files often go missing, the regional office managers, the district office managers and the local office managers should put systems in place such as a file-

movement registers to record the movement of all files where officials sign the register and the file-movement gets recorded. Furthermore, SASSA staff members who are responsible for missing files should be held accountable and corrective measures such as counselling and disciplinary action be instituted in order to impose greater accountability and sound administration to ensure that creditor is paid on time (Munshedzi, 2016).

Munshedzi (2016) further contends that in order to curb the problem of late submission of invoices and Good Received Voucher (GRV) by cost centres which contribute to the late payment of creditors by SASSA, a group email can be created comprising of units within the Finance Branch and other units within SASSA's offices to ease the submission of invoices and vouchers by creditors.

According to Chelechele (2010), the distribution companies of SASSA must update the transaction payments of creditors on time and these need to be monitored by SASSA within the provincial offices in order to ensure that the payment process is effective. In this regard, he added that the monitoring and evaluation units must be establish in provincial offices as these units will help to improve the management and administration of payment of SASSA creditors. The personnel of these units (the monitoring and evaluation units) should visit different SASSA offices in the local municipalities on a regular basis in order to evaluate the performance of those particular offices so that this will help to monitor the service delivery to the agency's creditors.

There is the need to increase adequately trained staff in SASSA national, regional, district and local offices to administer any new changes in regulations and/or any review process in the payment of creditors. It is the responsibility of SASSA to make creditors aware of any legislative and regulatory changes by communicate the right information to them. In this respect, program managers should put systems in place to ensure that when there are any new policies and regulations changes, they provide clear written documentation immediately to all staff both electronically and in hard-copy format in order for them to execute their duties correctly such that creditor should be paid on time. SASSA and service providers must provide creditors with the option of a receipt for any service rendered which is necessary to ensure that the stated on the receipt is the same as the amount received in hand (Jehoma, 2010).

Munshedzi (2016) asserts that the supervision and support functions of SASSA should form part of the key performance areas of supervisors and team leaders and that it gets incorporated in their work plan such that managers can closely monitor whether supervision and support does take place. The regional office managers, the district office managers and the local office managers, can liaise directly with front-line staff and data-captures from time-to-time in order to

detect possible problems that might cause delay payment of creditors as early as possible. He adds that late payment of SASSA creditors sometimes is due to the fact that staff often experience technical difficulties with computers and sometimes wait days before they are repaired, so permanent computer technicians should be appointed at the national office and at all regional, district and local offices to expedite the fixing of technical problems. This is because according to him, such breakdown computers most often contain creditors' information which need to be access before they can be paid.

2.12. SUMMARY

It is evident through this literature study review that there are gaps in the demand versus supply of service by SASSA, although the provision of a social security system has grown, there is still a large gap that must be addressed. This literature review indicates that, there are few studies that have dealt with the issue of the factors influencing late payment of creditors, assessing the impact of the management and administration in the South African social security agency in the Mafikeng branch. This chapter has traced the management structure of SASSA, creditors of SASSA, Public Finance Management Act No 1 of 1999 and service delivery, the payment system of creditors by SASSA, the national treasury, causes of late payment of creditors by SASSA, consequences of late payment of creditors by SASSA and possible remedies to the late payment of creditors by SASSA. The next chapter will discuss the research design and methodology of this study.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

3.1. INTRODUCTION

The previous chapter gave a detailed review of literature through content analysis in regard to the factors influencing the late-payment of creditors in the South African Social Security Agency (SASSA). These analyses were related to specific research objectives including the causes and the consequences of late payment of creditors by SASSA which is against the stipulated 30 days by the Public Finance Management Act (PFMA) and the treasury.

In pursuit of the aim of the study, a basic or generic quantitative research design that is descriptive in nature was regarded as the most appropriate (Merriam, in Mestry & khumalo 2012:100), as it seeks to discover and understand the phenomenon of late payment of creditors by SASSA, a process or the perspectives and worldviews of the respondents involved. The selected research approach which is quantitative is best to uncover this problem.

3.2. RESEARCH DESIGN

The study adopted a non-experimental paradigm that was descriptive in nature in order to provide an accurate and valid representation of the factors or variables that pertain to the research question, guided by the use of a survey. A survey research, according Leedy and Ormrod (2010:187), involves acquiring information about one or more groups of people; relating to their character, opinion, attitudes, or previous experiences by questioning them and tabulating their views. In this study, different opinions, attitude and character were sampled from various SASSA employees in the finance unit ranging from finance managers, directors, administrative managers and other administrative staff.

3.3. DESCRIPTION OF THE OVERALL RESEARCH METHOD

According to Clark and Ivankova (2016:61), the term methodology is used to indicate the full process of research from formulating questions to drawing conclusions in a study. The method

used in the study for data collection is quantitative research approach. Quantitative methods emphasize the objective measurements of findings and the application of statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Also, quantitative research focuses on gathering numerical data and generalizing it across groups or people or to explain a particular phenomenon (Leedy and Ormrod, 2010:188).

3.3.1 Population and sampling

The population of the study include all the SASSA staff in the finance department in the North-West province, who work either as administrators or finance managers with the responsibility of receiving and facilitating invoices from suppliers. The selection process was guided by a non-probability method known as convenient sampling. Convenient sampling, according to Maree (2014:177), refers to a situation where population elements are selected based on the fact that they are easily and conveniently available. The sample size for the study is made up of 60 respondents that comprise all the SASSA finance managers and administrators. These respondents are distributed across the province as follows

- Dr Kenneth Kaunda district= 10 respondents
- Bojanala District = 11 respondents
- Dr Ruth Momphati District =11
- Ngaka Modiri Molema District=17
- Regional office= 4



In SASSA, after receiving the invoices from the creditors, they are then forwarded to the district offices and to the Regional offices respectively for payment to be effected. As such only a limited number of respondents are involved. In this study, all the SASSA employees were shortlisted but only those involved in facilitating invoices were selected (Financial department) which amount to about 60 personnel. It is also important to note that this sample size which is over 90% of the total population is a representation of the entire population of the study.

3.3.2. Data collection instruments

Data collection processes involve the different techniques that a researcher uses to accumulate information from a sample of people or objects about a particular problem under investigation. According to Creswell (2009:178), data collection steps include setting the boundaries for the study, collecting information through unstructured and semi-structured observations, interviews,

document and visual materials, survey by means of questionnaires as well as establishing the protocol for recording. The planned sequence of data collection, data collection activities and techniques use in this study is demonstrated chronologically as follows to administer the consent form, followed by the questionnaire.

3.3.2.1. Development of questionnaire

When constructing the questionnaire, the researcher ensured that the questions were kept short, respondents tasks were kept simple, that there were clear instructions, simple and clear language, respondents tasks are kept simple (Leedy & Ormrod, 2010:194) and a rationale was provided for every item whose purpose was unclear (see appendix B). The formulated questionnaire, was followed by a Pilot Study Stage (PSS) and the Main Study Stage (MSS). According to Creswell (2014:161), a pilot study can also be referred to as field testing and can be defined as the means of administering sets of questionnaires to respondents in order to establish the content validity of the instrument in an attempt to improve on the questions, formats, and scales (Creswell, 2014:161). The questionnaire was finalized and used for the MSS that comprised of 60 respondents (see 3.3.1) which is the sample size of the study.

The rationale to this approach was to get answers to questions regarding late-payment of creditors by SASSA. The response type of questions range from yes or No; agree or disagree; very important to unimportant. Also, in some questions respondents were expected to select just one choice, while in others made one choice from each row containing a multiple response type. A non-interactive approach was used to administer the questionnaire.

3.3.2.2. Survey

A survey, according to Creswell (2009:12), provides a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population with the intention of objective generalization. After respondents were consulted through gatekeepers in the four district offices, the questionnaires was distributed through personal emails and faxes to the respondents by means of a non-probability sampling as against a face to face self-administered questionnaires. Because the study involves the entire province, some key personalities were used to identify other participants through snowballing. They included the district manager, grant administrative manager, service point supervisor and the administrative manager.

Snowballing in this study was used in identifying the research subjects i.e. one subject gives the researcher the name of another subject, who in turn provides others. As Maree (2014:177)

clearly mentions, it is often used in cases where the population is difficult to find or where the research interest is in an interconnected group of people. In this study, the researcher first identified all the managers and supervisors in the finance department of SASSA who then helped in the distribution of the questionnaires by providing the contact details of other respondents. This process was carried out with ease considering that the researcher expected to be treated as an insider and not someone investigating for private motives.

3.3.2.3. Data analysis

The data analysis process was done through statistical package for social sciences (SPSS) version 24 software followed by a descriptive approach of findings that were represented in the form of two-way frequency tables, charts and figures. To make the transition from questionnaires to data matrix, responses needed to be coded into themes and categories before being captured into the SPSS data base. Measures of frequency and central tendency (mean) were used to describe data obtained from the questionnaire. For the descriptive analysis, meaningful conclusions were derived by means of correlation and associations of findings. The Response rate of returned questionnaires was calculated. Collis and Hussey (2003) in this regard explain that coding during data analysis allows the ease of summarising, categorising, and identifying patterns and emerging themes. Moreover, in dealing with quantitative information, according to Ivankova (2015:219), statistics is one of the greatest tools that can help researchers understand the relationships in their data and communicate the results efficiently. It is in this regard that a descriptive statistic was used during the analysis process of the study, followed by an Inferential research approach because a data base was formed from which the researcher could infer characteristics or relationships of variables.

3.3.2.4. Validity and Reliability

In assessing the quality and rigour of the study, two quantitative approaches namely, validity and reliability were applied.

3.3.2.4.1 Validity

The term validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration (Babbie & Mouton, 2010:122). Also, Validity, as seen by Clark and Ivankova (2016:162), holds that it is the extent to which inferences can be accurately made based on test scores or other measures. To ensure validity in this study,

questionnaires were pilot tested with colleagues at the finance unit to confirm that the questions were appropriate and up to standard. In confirmation of this strategy, Ivankova (2015:260) is of the opinion that validity is the degree to which a test measures what it is supposed to measure and, consequently permit appropriate interpretation of scores.

3.3.2.4.2 Reliability

Reliability is the extent to which the score produced by a particular measurement procedure is consistent and reproducible. Ivankova (2015:260) equally holds that reliability is the extent to which a test measures consistently whatever it is expected to measure with similar if not the same results. Babbie and Mouton (2010:119) further hold that reliability is a matter of whether a particular technique, applied repeatedly to the same object, would yield the same result each time. It must still be taken that not all reliable instruments produce valid data, but a valid instrument must always produce valid data. This was determined during the discussion phase where data were tested for correlation and divergence.

All in all, and from a more practical perspective both validity and reliability were attained through the following means:

- a) All measuring instruments were well constructed and checked by the promoter of the study to ensure that each and every instrument covered a section of the study.
- b) The researcher ensured that the results were consistent and accurate representation of the total population.
- c) The researcher assured high consistency, stability and accuracy of the tests and scores.
- d) The questionnaire aligned with the literature review in dealing with a stable measure and assuring that the questionnaire was stable with a high degree of stability indicating a high degree or reliability.
- e) The researcher assured that the research was valid, meaning measurements were accurate and measured what they intended to measure.

3.4 RESEARCH ETHICS

Issues of ethical considerations are very relevant throughout the research process. Amongst these issues is the right of respondents on whether or not to take part in the study. According to Leedy and Ormrod (2010:101), the use of humans in research is quite a common practice

especially in humanities as opposed to science related research. Because the study involved humans, it was therefore the responsibility of the researcher to ensure that respondents were protected from every form of harm like being expelled for releasing vital information. For this to be achieved the researcher made sure that the identity of respondents was kept anonymous and information gathered, was used only for this study and not shared with other colleagues for any political agenda. Therefore, all data collected were kept safe and secured through the use of hard drives.

Also, all respondents expected to take part in the study signed a consent form to show that they knew what the study objectives were, and that their participation was out of free will and not through any form of persuasion (see appendix A). This phrase is supported by Bogdan and Biklen (2003:47) who said that ethics in research is seen as “principles of right and wrong that a particular group accepts at a particular time”. Therefore, an emergent design requires ethical principles to be considered throughout all phases of planning, data collection and analysis. All the ethical aspects such as informed consent, voluntary participation, confidentiality, reliability and validity were respected during this research.

3.5. SUMMARY

In this chapter, a detailed analysis of the research design and methodology that were utilised by this researcher was provided. The research methodology applied was strictly quantitative and was made up of population and sampling techniques; data collection instrument; reliability and validity as well as ethical considerations. The next chapter deals with data analysis, discussions and presentation of the findings from the empirical study.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 INTRODUCTION

This chapter is made up of the analysis of result through the use of SPSS version 24 and the presentation of findings from the quantitative results. The data were collected using a self-designed structured questionnaire. The questionnaire comprise of two sections, namely, Section A: Demographic information of the respondents and Section B: Task and performance.

4.2 RESPONSE RATE

A total number of 60 questionnaires were administered to the South African Social Security Agency (SASSA) staff in the finance department in the North-West province. Forty-nine of the questionnaires were filled successfully. Therefore, the response rate was 82%. Section 4.3 below presents the reliability analysis of the research instrument as tested using Cronbach's Alpha.

4.3 RELIABILITY TEST

The reliability of the questionnaire which was tested using the Cronbach's alpha test, presented the following result as indicated in Table 4.1.

Data	Cronbach's Alpha	Items	Comments
Section B			
SASSA staff in the finance department in the North-West province	0.735	34	Excellent and consistent

Table 4.1 Reliability analysis results

The Cronbach's alpha value presented in Table 4.1 above is found to be 0.735. The value is greater than the cut-off point of 0.7. This means that the data is excellent and consistent and can be used for further analysis. The subsequent section 4.4, presents the demographic information of the respondents.

4.4 DEMOGRAPHIC INFORMATION

This section presents the results based on the demographic information of the respondents. The demographic information include gender, age group, education level and area of specialisation of the respondents. The analysis is presented in the following figures.

4.4.1. Gender

Gender in the context of this study was basically male and female as indicated in the pie chart below

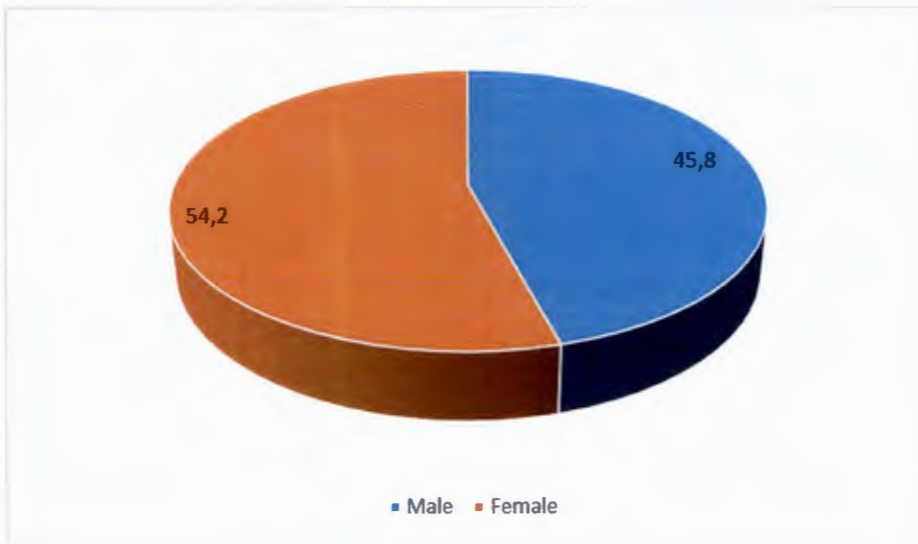


Figure 4.1 Gender



Figure 4.1 portrays that majority (54.2%) of the respondents were females while 45.8% of the respondents were males. This clearly means that the female respondents dominated the gender category. However, note must be taken of the fact that this is not an indication that there are more females involved in the facilitation of invoices but rather that more females attended to the questionnaire than males.

4.4.2. Age Group

The age group in the study ranges from 12 – 59 years, comprising both male and female. They are indicated as follows:

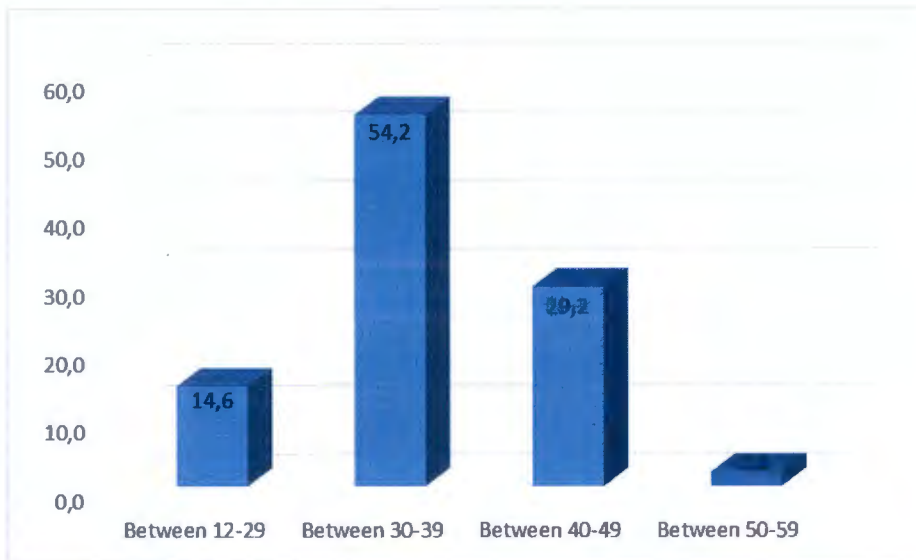


Figure 4.2 Age group

Figure 4.2 depicts that majority (54.2%) of the respondents fall between the age group of 30 - 39 category followed by 40 - 49 with 29.2% and 12 - 29 with 14.6% respectively. The least respondents fall between the age group of 50 - 59 with 2.1%. The results clearly show that the age group of 30 - 39 years dominated the age category of the sampled SASSA staff in the finance department.

4.4.3. Education Level

Like the previous demographic information, the respondents level of education was measured and classified into different categories as follows

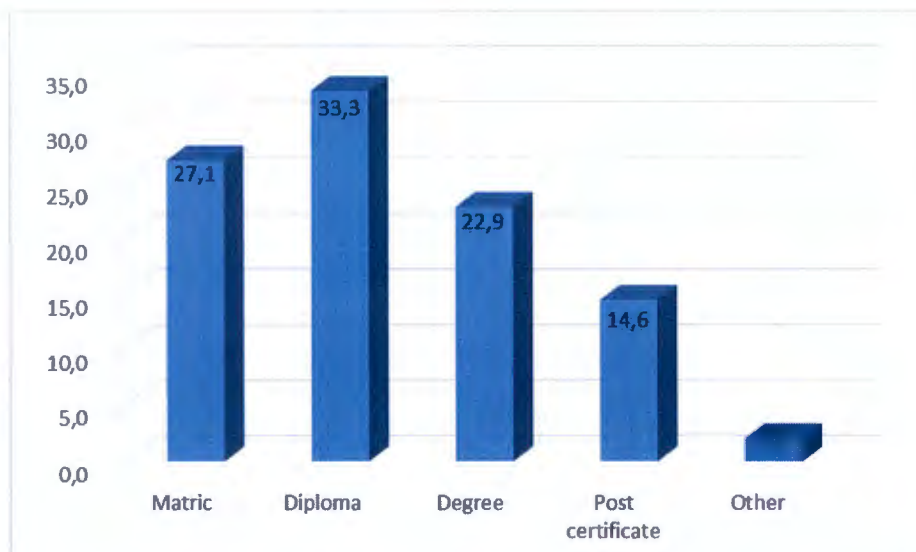


Figure 4.3 Educational level

The results presented in Figure 4.3 above show that 33.3% of the respondents are holders of a Diploma, followed by 27.1% and 22.9% of those who have only Matric and degree respectively while the least is other educational level with 2.1%. This means that the majority of the sampled SASSA staff have diploma as their highest qualification.

4.4.4. Study Area of specialisation

The last and final aspect under demographic data is the area of specialisation with regards to the qualification held by respondents. The section was aimed at identifying the various functions or position held by the SASSA staff in the financial sector in relation to their qualification. The intension was to determine whether they are qualified in their various capacities. Below is an illustration of the area of specialisation of respondents in respect of their qualification.

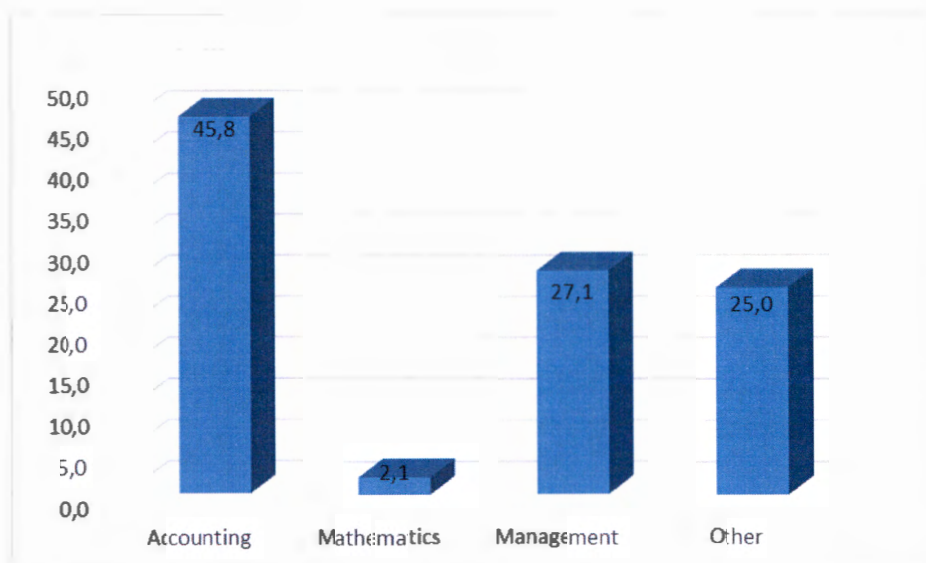


Figure 4.4 Area of specialisation

Figure 4.4 above portrays that the majority (45.8%) of the respondents' area of specialisation is accounting while the least (2.1%) of the respondents specialise in mathematics.

4.5 TASK AND PERFORMANCE

This section of the study which is a representation of section B of the questionnaire, presents the results relating to task and performance of staff at SASSA in the finance department in the North West province.

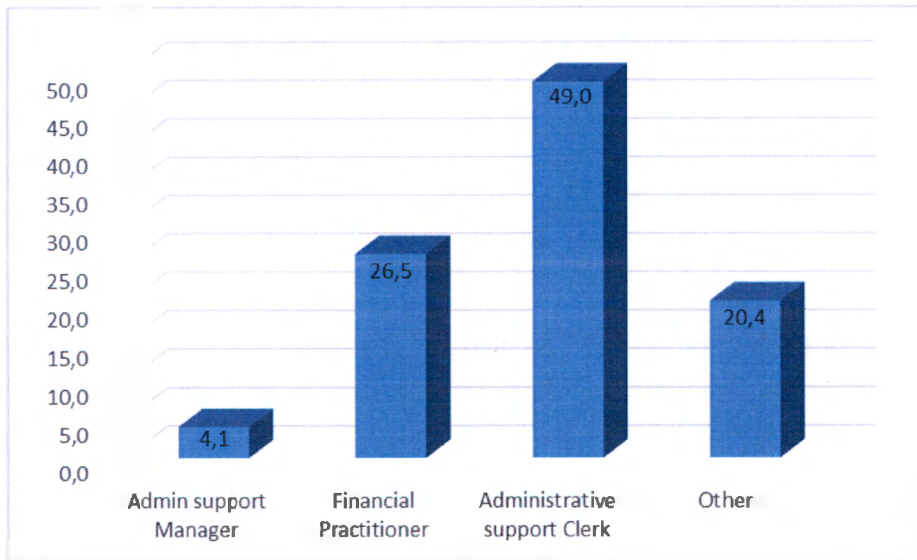


Figure 4.5 Responsibilities of staff in SASSA

Figure 4.5 depicts that majority (49.0%) of the respondents work as administrative support clerk, followed by 26.5% of those who work as financial practitioner. The small proportion of the respondents work as administrative support manager with 4.1%.

4.5.1 Structures of SASSA

SASSA as a body of the government is made up of different structures which aim at facilitating the smooth functioning of the day- to- day business of the organization. The table below represents the respondent's opinion represented in the five likert scale.

Table 4.2 Do you identify the units above as structures of SASSA involved in facilitating payment of creditors?

Items	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Total	Mean
	1	2	3	4	5		
Office administration unit	4(8.3%)	7(14.6%)	6(12.5%)	23(47.5%)	8(16.7%)	48(100%)	3.50
Payment of Creditors department	19(38.8%)	24(49.0%)	2(4.1%)	2(4.1%)	2(4.1%)	49(100%)	1.86
Grant facilitation unit	2(4.2%)	25(52.1%)	4(8.3%)	11(22.9%)	6(12.5%)	48(100%)	2.88
Invoice facilitation unit	18(36.7%)	18(36.7%)	3(6.1%)	3(6.1%)	7(14.3%)	49(100%)	2.24
Finance Unit	19(51.4%)	17(45.9%)	1(2.7%)	0(0.0%)	0(0.0%)	37(100%)	1.51
Overall mean							2.12

Source: Primary data

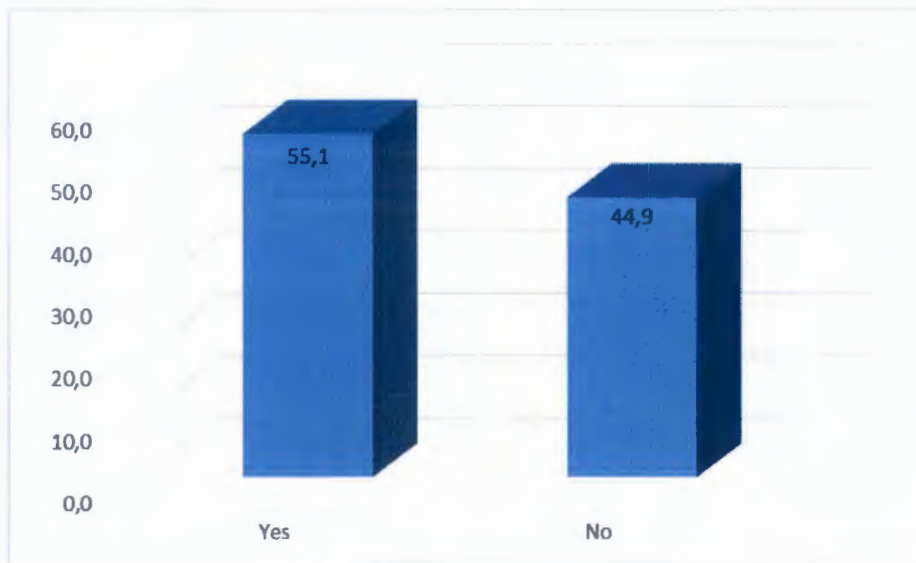
Table 4.2 presents the responses to the statements relating to the structures of SASSA involved in facilitating payment of creditors. The respondents were requested to respond to five items thereof. They were asked to choose from the following description ranges (1 = strongly agree; 2 = agree; 3 = undecided; 4 = strongly disagree and 5 = disagree).

Accordingly, 64.2% (47.5% & 16.7%) of the respondents indicated that the office administration unit of SASSA is not involved in facilitating payment of creditors, 87.8% (38.8% & 49.0%) of the respondents indicated that the payment of Creditors department is involved in facilitating payment of creditors and 56.3% (4.2% & 52.1%) of the respondents indicated that the grant facilitation unit is involved in facilitating payment of creditors. The majority, 73.4% (36.7% & 36.7%) of the respondents indicated that the invoice facilitation unit is involved in facilitating payment of creditors and 97.3% (51.4% & 45.9%) of the respondents indicated that the finance unit is involved in facilitating payment of creditors respectively. The result of respondents in this category produced an overall mean value of 2.12, which indicates an agreement to the structures of SASSA involved in facilitating payment of creditors.

4.5.2. The structure of SASSA involved in facilitating payment.

In every organisation, there is often expected to be some form of distribution of labour through decentralisation of authority and responsibility. This is the case of SASSA where different responsibilities are delegated to different authorities.

Figure 4.6 Do you agree that SASSA is well structured to facilitate payment?



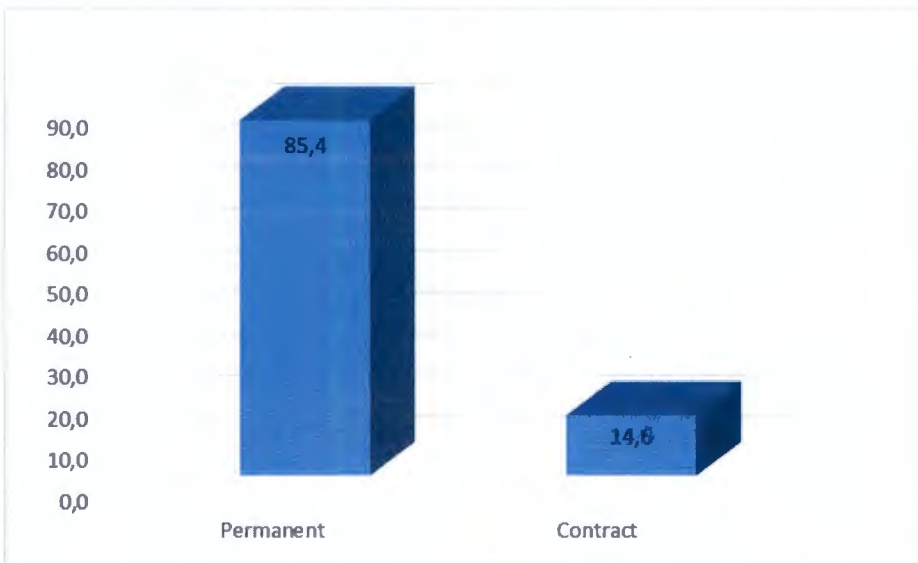
Source: Primary data

In Figure 4.6, majority (55.1%) of the respondents agreed that SASSA is well structured to facilitate payments while 44.9% of the respondents disagreed to the statement.

4.5.3. Employment status

This section is specifically directed as to whether SASSA workers in the finance department are working on a permanent or contract basis.

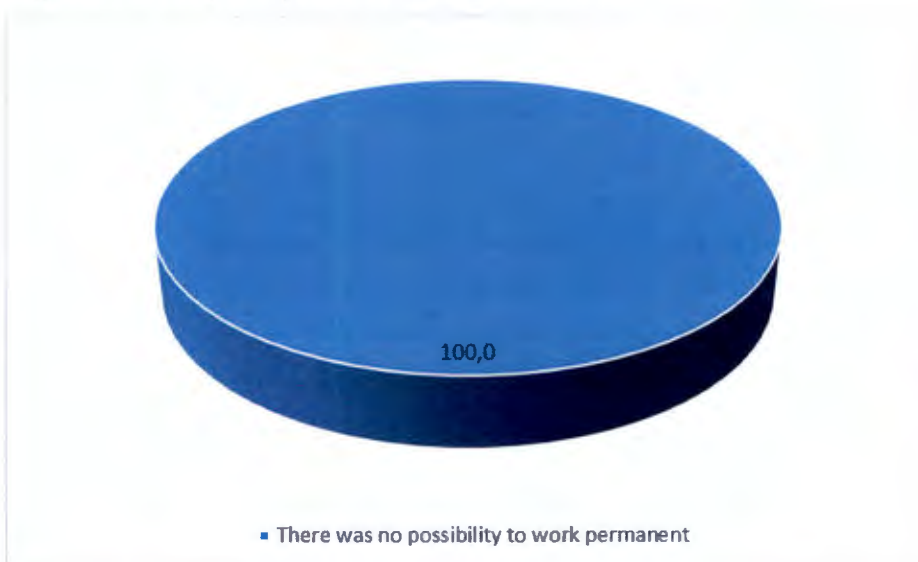
Figure 4.7 What is your current employment status with SASSA?



Source: primary Data

Figure 4.7 depicts that the vast majority (85.4%) of the respondents are permanently employed by SASSA while 14.6% are on contractual basis. This clearly means that majority of the sampled respondents are working on a full-time basis. When probed as to why respondents are working part time, the following opinion was sampled.

Figure 4.8 Why do you work on contract?



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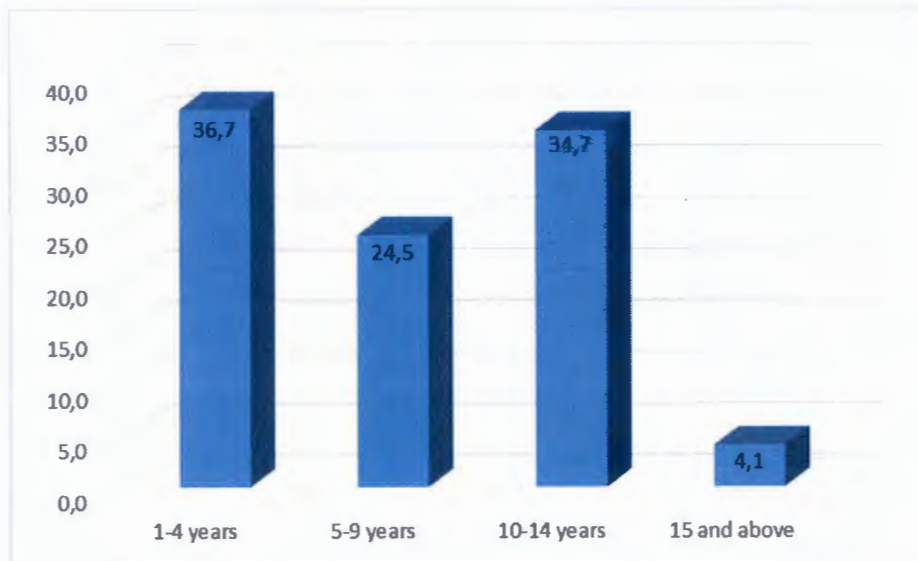
Source: Primary Data

Figure 4.8 depicts that 14.6% of the respondents work on contractual basis because there was no possibility to work permanent.

4.5.4. Years of work experience

The years of working experience by respondents was sampled as follows:

Figure 4.9 How many years of work experience do you have working with SASSA?



Source: Primary Data

The work experience of the respondents is presented in Figure 4.9. The figure depicts that 36.7% of the respondents have been working for SASSA for 1 – 4 years followed by 34.7% of 10 – 14 years’ work experience. The least is 15 years and above with only 4.1%.

4.5.5. Some SASSA Creditors

The table below is an illustration of some of the creditors offering services directly or in directly to SASSA

Table 4.3 To what extent do you agree to the following as SASSA Creditors?

Items	Yes	No	Total
	1	2	
Medical doctors	6(12.2%)	43(87.8%)	49(100%)
Municipalities	48(98.0%)	1(2.0%)	49(100%)
SMME e. g Cash Pay Master	36(75.0%)	12(25.0%)	48(100%)
Churches	46(93.9%)	3(6.1%)	49(100%)
Transport agency	25(52.1%)	23(41.9%)	48(100%)

Source: Primary Data

Table 4.3 presents the responses to the statements relating to the extent to which respondents agree to the above mentioned SASSA Creditors. The results revealed that 87.8% of the respondents indicated that medical doctors are not SASSA creditors, 98% of the respondents

indicated that municipalities are SASSA creditors and 75% of the respondents indicated that SMME's such as Cash Pay Master are SASSA creditors. About 94% of the respondents indicated that churches are SASSA creditors and 52.1% stated that transport agency is one of the SASSA creditors.

4.5.6. Causes of late payment of creditors as inspired by Creditors

The reasons for late payment of creditors include the following:

Table 4.4 What do you find most disturbing on the side of creditors in facilitating invoices?

Items	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Total	Mean
	1	2	3	4	5		
Delay in submission of invoices by creditors	11(22.4%)	24(49.0%)	1(2.0%)	8(16.3%)	5(10.2%)	49(100%)	2.43
Incomplete banking details from creditors	27(55.1%)	20(40.8%)	2(4.1%)	0(0.0%)	0(0.0%)	49(100%)	1.49
Inconsistency with supplied details	15(30.6%)	29(59.2%)	4(8.2%)	0(0.0%)	1(2.0%)	49(100%)	1.84
Unresolved SCM related queries	8(16.3%)	30(61.2%)	9(18.4%)	2(4.1%)	0(0.0%)	49(100%)	2.10
Overall mean							1.96

Source: Primary data

The results in Table 4.4 revealed that 71.4% (22.4% & 49.0%) of the respondents agreed that delay in submission of invoices by creditors is the most disturbing on the side of creditors in facilitating invoices and 95.9% (55.1% & 40.8%) of the respondents agreed that incomplete banking details from creditors is the most disturbing on the side of creditors in facilitating invoices. The majority, 89.9% (30.6% & 59.2%) of the respondents agreed that inconsistency with supplied details is the most disturbing on the side of creditors in facilitating invoices and lastly 77.5% (16.3% & 61.2%) of the respondents agreed that unresolved SCM related queries are the most disturbing on the side of creditors in facilitating invoices. The result for this category produced an overall mean value of 1.96, which means that the respondents are in agreement with the statements/items in this category.

4.5.7. Causes of late payment of creditors as inspired by SASSA

The challenges are demonstrated in the table below as follows:

Table 4.5 What do you find most disturbing with the financial sector of SASSA in facilitating invoices?

ITEMS	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	TOTAL	MEAN
	1	2	3	4	5		
Management irregularities	10(20.8%)	20(41.7%)	7(14.6%)	9(18.8%)	2(4.2%)	48(100%)	2.44
Insufficient staff	31(63.3%)	14(28.6%)	2(4.1%)	2(4.1%)	0(0.0%)	49(100%)	1.49
Incompetent staff	10(20.4%)	15(30.6%)	4(8.2%)	14(28.6%)	6(12.2%)	49(100%)	2.82
Centralise payment system	24(49.0%)	11(22.4%)	4(8.2%)	5(10.2%)	5(10.2%)	49(100%)	2.10
Late submission of invoices by Local/district office	24(49.0%)	15(30.6%)	2(4.1%)	1(2.0%)	7(14.3%)	49(100%)	2.02
Network failure	23(46.9%)	20(40.8%)	5(10.2%)	0(0.0%)	1(2.0%)	49(100%)	1.69
Delay in approval of payment by Regional office	10(20.4%)	24(49.0%)	3(6.1%)	7(14.3%)	5(10.2%)	49(100%)	2.45
Overall mean							2.14

Source: Primary Data

The results in Table 4.5 revealed that majority 62.5% (20.8% & 41.7%) of the respondents agreed that management irregularities is the most disturbing with the financial sector of SASSA in facilitating invoices, 91.9% (63.3% & 28.6%) of the respondents agreed that insufficient staff is the most disturbing with the financial sector of SASSA in facilitating invoices and 51.0% (20.4% & 30.6%) of the respondents agreed that incompetent staff is the most disturbing with the financial sector of SASSA in facilitating invoices.

The majority, 71.4% (49.0% & 22.4%) of the respondents agreed that centralized payment system is the most disturbing with the financial sector of SASSA in facilitating invoices, 79.6% (49.0% & 30.6%) of the respondents agreed that late submission of invoices by Local/district office is the most disturbing with the financial sector of SASSA in facilitating invoices, 87.7% (46.9% & 40.8%) of the respondents agreed that network failure is the most disturbing with the financial sector of SASSA in facilitating invoices and, lastly, 69.4% (20.4% & 49.0%) of the respondents agreed that delay in approval of payment by Regional office is the most disturbing with the financial sector of SASSA in facilitating invoices. The mean score of this category is found to be 2.14. This clearly supports the statements above.

4.5.8. Consequences of late payment

The table below illustrates the different consequences suffered by SASSA as a result of late payment to creditors:

Table 4.6 To what extent do you consider the following factors as consequences of late payment?

Items	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Total	Mean
	1	2	3	4	5		
Affect smooth functioning of the organization	18(36.7%)	24(49.0%)	3(6.1%)	4(8.2%)	0(0.0%)	49(100%)	1.86
Affect the flow in the supply of goods and services	16(32.7%)	22(44.9%)	5(10.2%)	0(0.0%)	6(12.2%)	49(100%)	2.14
Break down in supply chain management	16(32.7%)	20(40.8%)	6(12.2%)	2(4.1%)	5(10.2%)	49(100%)	2.18
Can collapse small and medium size industry	17(34.7%)	16(32.7%)	10(20.4%)	5(10.2%)	1(2.0%)	49(100%)	2.12
Overall mean							2.08

Source: Primary Data

The results in Table 4.6 relate to the factors as consequences of late payment. The results revealed that 85.7% (36.7% & 49.0%) of the respondents agreed that the effect of the smooth functioning of the organisation is a consequence of late payment; 77.6% (32.7% & 44.9%) of the respondents agreed that the effect the flow in the supply of goods and services is a consequence of late payment; 73.5% (32.7% & 40.8%) of the respondents agreed that the break down in supply chain management is considered to be a consequence of late payment and, lastly, 67.4% (34.7% & 32.7%) of the respondents agreed that the late payment can collapse small and medium size industry. The mean score of this category is found to be 2.08. This means that the respondents agree to the statements in this category.

4.5.9. Possible remedies to enhance late payment

Below are remedies identified and concurred or disagreed with by respondents in the financial sector of SASSA

Table 4.7 What systems do you have in place to remedy the problem of late payment in SASSA?

Items	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Total	mean
	1	2	3	4	5		
Workshops	17(34.7%)	16(32.7%)	2(4.1%)	10(20.4%)	4(8.2%)	49(100%)	2.35
Training	15(30.6%)	19(38.8%)	4(8.2%)	9(18.4%)	2(4.1%)	49(100%)	2.27
Circulation of policy document to staffs	19(38.8%)	26(53.1%)	2(4.1%)	0(0.0%)	2(4.1%)	49(100%)	1.78
Calling workers to order	6(12.2%)	29(59.2%)	4(8.2%)	7(14.3%)	3(6.1%)	49(100%)	2.43
Internal control measures	16(32.7%)	29(59.2%)	0(0.0%)	3(6.1%)	1(2.0%)	49(100%)	1.86
Overall mean							2.13

Source: Primary Source

Table 4.7 presents the responses relating to systems in place to remedy the problem of late payment in SASSA. The majority 67.4% (34.7% & 32.7%) of the respondents indicated that having workshops can remedy the problem of late payment in SASSA, 69.4% (30.6% & 38.8%) of the respondents indicated that training of staff can remedy the problem of late payment in SASSA and 69.4% (38.8% & 53.1%) of the respondents indicated that circulation of policy document to staff can remedy the problem of late payment in SASSA. The results further revealed that 71.4% (12.2% & 59.2%) of the respondents indicated that calling workers to order can eliminate the problem of late payment in SASSA and, lastly, 91.9% (32.7% & 59.2%) of the respondents indicated that internal control measures can remedy the problem of late payment in SASSA. The result for this category produced an overall mean value of 2.13, which means that the respondents agree with the statements/items in this category.

4.6 CONCLUSION

Chapter four presented an empirical data analysis and interpretation of results. The data were analysed using quantitative method of data collection. The data that were collected basically by means of structured questionnaire were analysed in order to answer the research questions presented in chapter one. The quantitative data were processed through the SPSS (Statistical

Packaging for Social Science) system and the SPSS output was input into the graphs and tables. The next chapter presents the discussion of results, recommendations and the conclusion of the study.

CHAPTER FIVE
DISCUSSION OF THE FINDINGS, RECOMMENDATIONS
AND CONCLUSION

5.1 INTRODUCTION

Chapter five comprises a discussion relating to the research questions and findings from the empirical study. The discussion is based on the results obtained on each of the research questions in relation to the objectives presented in chapter one. Based on the discussions, conclusion is drawn and recommendations are made.

5.2 DISCUSSION OF FINDINGS

This section presents the discussion of the findings from chapter four and it is structured as per objective as follows.

5.2.1 Research objective 1: To determine how SASSA is structured for the implementation of its programme

The results of the study showed that the payment of creditors department, grant facilitation unit, invoice facilitation unit and finance unit are involved in facilitating payment of creditors by performing different functions while the office administration unit of SASSA is not involved in facilitating payment of creditors. Most of the respondents indicated that SASSA is well structured to facilitate payments had this also motivated by the fact that majority of the employees (84.5) involved in the finance department are permanently employed hence have at least a diploma in Accounting and Management (of over 72.9% :(45.8+27.1) which helps to boost the payment process in the sector.

This category produced an overall mean value of 2.12, which indicates an agreement to the structures of SASSA involved in facilitating payment of creditors. Similarly, and in confirmation with the literature study, SASSA (2010) indicated that there exist four-level organizational management structures which are; the head office, the regional offices, the district offices and the local offices (SASSA, 2010). Based on this report (SASSA 2010) the management structure of SASSA is well structured from national to local levels which ensure a smooth functioning of the payment process.

5.2.2 Research objective 2: To determine who are SASSA creditors

The empirical study found that there are numerous creditors such as municipalities, Small Medium and Micro-sized Enterprises e.g. Cash Pay Master, churches and transport agencies that are under the pay roll of the South African Social Security agency. However, respondents, to a larger extent, discard the idea that medical doctors are creditors of SASSA. From the literature point of view, Pepler (2014) describes a creditor as a person or organization such as a supplier, a bank or persons that have provided credit to an organization or a target group of people (see para. 2.5). This implies that Medical doctors cannot be ruled out of the pay roll of SASSA because they equally render services to the community where necessary when needed by SASSA.

It is in this regard that Thutshini (2015) affirms that the creditors of SASSA include medical doctors, churches and community halls used as pay points, cooperatives and Small, Medium and Micro Enterprises as well as the municipalities. According to Thutshini (2015), medical doctors assess the disability grant applicants for SASSA to confirm that they are actually disabled and are illegible for the grant. This therefore indicates a gap in the findings as up to 87.8% of the respondents indicated that medical doctors are not SASSA creditors. Notwithstanding, the literature is in conformity with the empirical study as it indicated that over 98% of the respondents identified as municipalities are SASSA creditors and over 94% of the respondents equally identified as churches are SASSA creditors (see para 2.2).

5.2.3 Objective 3: To determine the causes of late payment of creditors

The results of the study revealed that delay in the submission of invoices by creditors, incomplete banking details from creditors, inconsistency with supplied details and unresolved SCM related queries are the most disturbing on the side of creditors in facilitating invoices towards their payment. The result of the study also showed that management irregularities, insufficient staff and incompetent staff are the most disturbing of the financial sector of SASSA in facilitating invoices. The study further found that the centralized payment system, late submission of invoices by Local/district office, network failure and delay in approval of payment by Regional offices are the most disturbing with the financial sector of SASSA in facilitating invoices.



Comparatively, according to Koma (2006) there is a high level of centralization that greatly affects the facilitation of invoices. Under such circumstances according to respondents, unless the power to make decisions over the facilitation of invoices are decentralized to regional, district and local offices there will be continued delays in the payment process. As indicated by

Koma (2006), such a trend is a stumbling block in effective and efficient service delivery in the organization because correspondence at the head office creates unnecessary bureaucratic bottlenecks and administrative delays because they are usually the ones to approve every payment that must be made.

In line with the empirical finding, the literature study according to Chelechele (2010), affirms that when SASSA was established, the social grants management functions were integrated at both the head office and the regional levels while the strategic leadership and management functions were centralized. To Chelechele, the social support management and payment services are controlled or delivered through various decentralized and centralized systems within the regions (see para 2.6). This is contrary to the empirical findings where respondents 71.4% (49.0% & 22.4%) agreed that the centralized payment system is the most disturbing with the financial sector of SASSA in facilitating the payment of creditors (see para 4.5.7)

During the empirical study, respondents were asked to briefly describe the steps involved in the payment of creditors. For most of these respondents, a request must first be submitted by the applicant (creditor) within the stipulated time frame. This application that is accompanied by a delivery note will then be issued with an invoice and a statement of the account. If all minimum requirements are met, then the prepared invoices will be sent to the finance unit for payment to be made. In all these, one common thing remains very firm which is the highly centralised system where invoices are move for local and district offices. If no irregularities are encountered, payment will thus be made within 30 working days (NAO, 2015 and PFMA, 1999).

According to PFMA Compliance (2015), the empirical findings align with the literature in various areas such as unresolved supply chain management related queries; delays in the submission of invoices for processing, delays in the timeous approval of payments due to a highly centralised payment system, incorrect banking details of suppliers, to name but a few. It was affirmed during the empirical study that the supply of wrong banking details by creditors contributed greatly (over 95.9%: 55.1% & 40.8%) to late payment.

5.2.4 Research objective 4: To determine the consequences of late payment by SASSA to creditors

The results revealed that the delay in payment of creditors affected the smooth functioning of the organization, specifically the flow in the supply of goods and services and break down in supply chain management are considered as consequences of late payment. The study also found that the other consequence of late payment is that it can collapse small, medium Micro-sized enterprise. This is often the case because SMME often depend solely on this payment as

their only means of income. Hence they allow bigger companies and stakeholders to continue to flourish.

From the literature analysis, it was equally affirmed by Ambe and Badenhorst-Weiss (2012) that the non-adherence to PFMA section 38 which stipulates a maximum of 30 days for payment to be made by SASSA is unethical and it has a bad effect on the economy of the country. This is evident in the following remarks: It weakens small business as payment on time is essential for their survival; late payment damages supply sources in the value chain and strains relationships with suppliers; and late payment weakens the economy, both at a macro level as it does too at a micro level, and this impacts on growth opportunities

According to Ambe and Badenhorst-Weiss (2012), the problem of late payment has often resulted in negative effects on both persons and the economy. Relating this to the empirical study, when the small, medium Micro-sized enterprises collapse persons people are affected resulting in job loss, while the rich get richer and the poor get poorer. For young entrepreneurs therefore, having these difficulties become demoralising and puts a strain on their commitment to running their own businesses.

5.2.4 Research objective 5: To determine how the problem of late payment can be resolved

The study found that having workshops, training of staff and circulation of policy documents to staff can enhance the problem of late payment in SASSA to a greater extent. Empirical findings in fact reveal a higher number of respondent (91.9%: 32.7% & 59.2%) who indicated that amongst other things, internal control measures can enhance the problem of late payment in SASSA. This involves calling workers to order and having internal control measures in place. This is similar to the findings from the literature where Munshedzi (2016) mentions that the supervision and support functions of SASSA should form part of the key performance areas of supervisors and team leaders hence, to get incorporated in their work plan such that managers can closely monitor whether supervision and support do take place. However, the weakness of this measure points to the fact that superiors at the job site cannot, at all times run behind employees to do their job effectively. Therefore, as affirmed by Jehoma (2010), there is the need to increase adequately trained staff in SASSA national, regional, district and local offices to administer any new changes in regulations and/or any review process in the payment of creditors.

5.4. RECOMMENDATIONS

From the empirical findings of this study titled “Factors influencing late-payment of creditors in the South African Social Security Agency in the North-West Province”, the following recommendations from the participants are made:

- In relation to staff shortage, it is hereby recommended that the finance unit at the district offices level be capacitated with more staff while those that are over capacitated be reduced to ensure a smooth and rapid facilitation process. With enough staff at the various district offices, a complete decentralization in the functions (payment system) to local and district levels can be effected avoiding cases of irregularities such as missing files. In this regard, the regional offices may focus on supervising and or monitoring the process.
- In an attempt to deal with the problem of inconsistency and incomplete banking details of the creditors, adequate control system should be put in place where upon submission of invoice and the Goods Received Voucher (GRV) will be prepared with all the relevant documents attached and thorough check to ensure that they are complete. Once this is achieved, the issue of late payment will be partly solved as they can now be submitted to the supply chain management (SCM).
- Lastly, on the side of SASSA officials, more effort must be made to attend training and workshops regularly on invoice management followed by a constant reminder and the circulation of policy document to officials to deal with the problem of incompetency on the side of the staff. It equally follows that during the employment process, the right persons with the right background, experience and qualification be employed instead of relying on the training offered by the department that has timeously proven not to be adequate.

5.5. CONCLUSION

In this chapter, a discussion of findings was made based on the five objectives of the study. With regard to the objectives, the problem of late payment of creditors by SASSA was contextualised and presented by synthesizing data from the content analysis as well as that of the empirical study. This was followed by a recommendation of the study towards improving the facilitation processes of invoice. Thus, it can undeniably be said that the aims and objectives of the study were achieved as they either concurred with the findings from literature of disagree which constitute the contribution of the study.

Finally, it is remarkable to mention that the problem of late payment of creditors more often than not has affected mostly SMME's because under such circumstances they are pushed to borrow in order to complete their tasks while those that cannot do so are forced to close down.

Therefore, there is need for the system to be adequately revised by revisiting the payment process that is characterised by high level of centralization. This of course must be accompanied by monitoring of the local and district offices by the regional office followed by a constant reminder of job requirements by circulating policy documents.

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APPENDIX A: LETTER OF INTRODUCTION AND CONSENT FORM



NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

School of Business and Governance, North-West University

Research conducted by: Mr AH Van Rooyen

Student number: 28333527

Cell: +27 71 604 0501

Email: arthurvanrooyen5@gmail.com

Letter of introduction and Consent form

Dear Respondent,

You are invited to participate in this academic research study conducted by Arthur van Rooyen, owner of the above details. The purpose of the study is to investigate the *factors influencing late-payment of creditors in the South African Social Security Agency in the North-West Province*. When answering these questions, respondents are expected to answer to their best ability where necessary.

Anonymity and Confidentiality

- This is an anonymous study survey as your name will not appear on the questionnaire. The answers you give will be treated as strictly confidential as you cannot be identified in person based on the answers you give.
- Your participation in this study is very important to me. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 15 minutes of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact my supervisor, Prof R Rena, through telephone/cell 0847828059 if you have any questions or comments regarding the study.
- Guidelines for answering the questions are typed in italics. Most questions can be answered by marking the one most appropriate answer. Questions with multiple response type will require the participant to select one choice from each row.

Please indicate that you have read and understood the information provided in this informed consent form and your willingness to participate with a tick followed by a signature.

YES

NO

.....

.....

Signature & date (Respondent)

Signature & date (Researcher)

APPENDIX B: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

These questions are about you, your educational and professional achievements as an employer and the time you have spent in the department. In responding to the questions, please select the appropriate choice(s) as indicated or provide figures/numbers where necessary.

1. Gender?

Male	Female
1	2

2. Age group?

Between 12-29	Between 30-39	Between 40-49	Between 50-59	Between 60-69
1	2	3	4	5

Other (please specify)

3. What is your educational level?

Matric	Diploma	Degree	Post certificate	Other (specify)
1	2	3	4	5

4. What is your area of specialisation

Accounting	1
Mathematics	2
Management	3
Financial Audit	4
Other (specify)	5

SECTION B: TASK AND PERFORMANCE

5. What is your post of responsibility in SASSA?

District Manager	1
Admin support Manager	2
Financial Practitioner	3
Administrative support Clark	4
Other (specify)	5

6. Do you identify the units below as structures of SASSA involved in facilitating payment of creditors?

Please chose one in each row

	Strongly Agree	Agree	Undecided	Strongly disagree	Disagree
Office administration unit	1	2	3	4	5
Payment of Creditors department	1	2	3	4	5
Grant facilitation unit	1	2	3	4	5
Invoice facilitation unit	1	2	3	4	5
Finance Unit					
Others (specify)					

7. Do you agree that SASSA is well structured to facilitate payment?

Yes	No
1	2

If Yes, Why?

If No, Why?

8. What is your current employment status with SASSA? (if permanent move to question 10)

Permanent	Contract
1	2

9. Why do you work on contract?

I chose to work on contract	There was no possibility to work permanent.
1	2

10. How many years of work experience do you have working with SASSA?

Less than 1 year	1-4 years	5-9 years	10-14 years	15 and above
1	2	3	4	5

11. To what extent do you agree to the following as SASSA Creditors?

Please select one choice in each row for question 12 to 13

	Yes	No
Medical doctors	1	2
Municipalities	1	2
SMME e. g Cash pay master	1	2
Churches	1	2
Transport agency	1	2
Others (specify)		

12. What do you find most disturbing on the side of creditors in facilitating invoices?

	Strongly Agree	Agree	Undecided	Strongly disagree	Disagree
Delay in submission of invoices by creditors	1	2	3	4	5
Incomplete banking details from creditors	1	2	3	4	5
Inconsistency with supplied details	1	2	3	4	5
Unresolved SCM related queries	1	2	3	4	5
Others (specify)					

13. What do you find most disturbing with the financial sector of SASSA in facilitating invoices?

	Strongly Agree	Agree	Undecided	Strongly disagree	Disagree
Management irregularities	1	2	3	4	5
Insufficient staff	1	2	3	4	5
Incompetent staff	1	2	3	4	5
Centralise payment system	1	2	3	4	5
Late submission of invoices by district office	1	2	3	4	5
Network failure	1	2	3	4	5
Delay in approval of payment by central office	1	2	3	4	5
Other (specify)					

14. Can you briefly describe the process or steps involved in processing an invoice for payment to be made?

15. To what extent do you consider the following factors as consequences of late payment?

	Strongly agree	Agree	undecided	Strongly Disagree	disagree

Affect smooth functioning of the organisation	1	2	3	4	5
Affect the flow in the supply of goods and services	1	2	3	4	5
Break down in supply chain management	1	2	3	4	5
Can collapse small and medium size industry	1	2	3	4	5
Other (specify):					

16. What systems do you have in place to remedy the problem of late payment in SASSA?

	Strongly agree	Agree	Undecided	Strongly disagree	Disagree
Workshops					
Training					
Circulation of policy document to staffs					
Calling workers to order					
Internal control measures					
Other (specify)					

17. Other comments or way forward

Thanks for your participation!



To: **Mr Arthur van Rooyen**
Email: **ArthurV@sassa.gov.za**

18 October 2017

Re: PERMISSION TO CONDUCT RESEARCH

Sir,

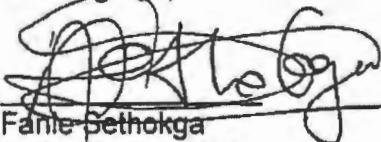
The letter received on 17 October 2017, regarding above, bears reference.

You are hereby given permission to conduct the research project to enable you to finalize your studies, however the following conditions apply:

1. Findings may not to be published or shared with the media without SASSA NW's written consent.
2. Research information/findings may not be sold to any third party.

We kindly request that you share the research outcome with SASSA NW, once you have completed your research project.

Kind regards,



Fanie Bethokga
Acting Regional Executive Manager
SASSA North West

I understand and accept the conditions as stated above:



Mr A van Rooyen

18/10/2017
Date



*paying the right social grant, to the right person,
at the right time and place. N/A!O!*



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NWU School of Business and
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17 October 2017

TO: The Regional Manager (SASSA)

Permission to conduct research – Mr. AH Van Rooyen (MBA Student)

This letter serves to introduce Mr. Van Rooyen who is presently a registered student for Masters of Business Administration (MBA) programme at the North West University School of Business and Governance (Mafikeng Campus). He is conducting a research project on "factors influencing late payment of creditors in the South African Social Security Agency in the North West Province" towards a partial fulfillment of his MBA programme.

Mr. Van Rooyen requires permission to access information, data or even to distribute questionnaires. The research unit of the NWU School of Business and Governance do request your office for assistance to this regard.

Your cooperation will be highly appreciated.

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Dr JN Lekunze
Research Manager
NWU School of Business and Governance

