



**An Analysis of Supply Chain Management System at  
the North West Provincial Legislature  
Tebogo Gaborone**

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

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## DECLARATION

I hereby declare that this dissertation, which is submitted to the North-West University, for the Masters in Business Administration (MBA), is my own work and has not been submitted for a degree in any university.

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Signature

### **ACKNOWLEDGEMENTS**

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## ABSTRACT

The purpose of this mini-dissertation was to analyse the decentralised procurement management function at the North West Provincial Legislature. Procurement has been a major challenge in the North West Provincial legislature as the system had been centralised. This created delays and, in some instances, orders had to be cancelled and relations between the users and suppliers were adversely affected. A decentralised system was thus adopted. One of the rationales for adopting the decentralised system was the assumption that the use of such a state procurement process would lead to better relations between the users and suppliers of goods and services. A quantitative approach was utilised to analyse the decentralised system at the North West Provincial Legislature. Questionnaires were distributed to the employees who are involved in the procurement function at the North West Provincial Legislature. Although the NWPL had introduced a number of policies and guidelines as laid out by the Public Finance Management Act, challenges still existed in the procurement function. Some of the weaknesses of this decentralised system were failure by branches to submit supplier invoices on time, which led to late payment, and failure to monitor the submission of invoices, thus leading to delayed payment to suppliers.

Keywords: Procurement, North West Provincial Legislature, centralised procurement systems, decentralised procurement systems

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## **CHAPTER 1: INTRODUCTION**

### **1.1 Introduction**

This chapter presents the introduction to the study. It contains the background to the study, the objectives of the study, the research questions, significance of the study, research assumptions and the study layout.

### **1.2 Background to the problem**

The purpose of this mini-dissertation is to analyse the decentralised procurement management function at the North West Provincial Legislature. Lambert (2006), as cited in Ambe (2012:133) defines the function of supply chain management (SCM) as “to manage and coordinate all the supply chain activities necessary to support the organisation’s strategy of delivering the right quantity of the product to the right place at the right time.” The SCM entails coordination and collaboration with external role players, notably investors, suppliers, intermediaries, third-party service providers and customers (Ambe, 2012). The public sector SCM differs from that of private sector. In the legislative sector, which is the focus area of this mini-dissertation, the key role of the SCM function is to coordinate all the stakeholders who are involved in the delivery of inputs and outputs (Ambe & Badenhorst-Weiss, 2012 ; Hendriks, 2012; Mbanje and Lunga, 2015). The legislature SCM function is meant to make sure that specified public sector requirements are fulfilled (Ambe, 2012). Larson (2001), as cited in Ambe & Badenhorst-Weiss (2011) describes procurement as activity of planning, implementing and controlling the sourcing and purchasing of tangible or intangible goods.

The SCM function processes and responsibilities in the legislative sector are legislated by the Financial Management of Parliament and Provincial Legislatures Act, 2009 (PFMA). Chapter 6 of the PFMA assigns the SCM function to the public entity’s Executive Authority. The Executive Authority refers to the management of the respective organisation. However, the implementation of the SCM policy is the responsibility of the accounting officer. The accounting officer is required, for example, to:

1. implement the organisation’s supply chain management policy;

2. follow all the legal and procedural steps to eliminate dishonesty, favouritism and unfair and irregular practices;
3. see to it that all contractual matters and documentation for the procurement of goods and services are in place and can be legally enforced.

Research in supply chain management has been undertaken in South Africa by researchers such as Ambe and Badenhorst-Weiss (2011) whose results found numerous examples of irregular spending in the public sector. Other examples of the state of supply chain management in South Africa are described by Mokotedi (2015) who quotes the budget speech, delivered in parliament on 25 February 2015 by the then Minister of Finance Nhlanhla Nene, who had observed that “supply chain management in the government sector is far from perfect”. Mokotedi (2015) adds that there are frequent allegations of corruption and inefficiency that are levelled against the public sector. Olagungu (2012) cites the World Bank (2005) definition which refers to corruption as an instance in which individuals abuse public office for self-gain.

### **1.3 Background of study**

Prior to the 1994 democratic elections, the SCM processes in the South African public sector were characterised by discrimination and prejudices that favoured the white minority and disadvantaged the black majority (Munzhedzi, 2016). To address this problem of inequality in SCM, the then newly-elected democratic government reformed procurement processes. In particular, the reforms included a preferential procurement system that also intended to address the socio-economic objectives. Bolton (2010), as cited in Munzhedzi (2016) adds that public procurement was granted a South African constitutional status in the new constitution in 1996. In addition, it is recognised as a means of addressing past discriminatory policies and practices (Munzhedzi, 2016). This mini-dissertation focuses on procurement practices in the public sector particularly decentralisation in the North West Provincial Legislature. Public procurement is defined as:

the function whereby public sector organisations acquire goods, services and development and construction projects from suppliers in the local and international market, subject to the general principles of fairness, equitability, transparency, competitiveness and cost-effectiveness. It includes many

activities that support the service delivery of government entities, ranging from routine items to complex development (Ambe & Badenhorst-Weiss, 2012a:244).

The centralised and decentralised models of public procurement have been used in South Africa since 1994 (Ambe & Badenhorst-Weiss, 2012a). These two models of public procurement are discussed in Chapter 2. Centralised procurement is whereby the whole procurement process is coordinated by a central agency, which makes all the key decisions that are needful in the purchasing and supply of goods and services as per contractual provision (Sorte, 2013). In essence, this means that the entire procurement process, including the negotiation of prices and selection of suppliers, is administered by a centralised agency.

A decentralised procurement system is whereby the “the power to decide how, what and when to procure” is delegated to the relevant divisions or local administrations (Dimitri, Dini, and Piga, 2006 as cited in Sorte, 2013:61). In 1994 the government SCM process was centralised under one government department, the Department of State Expenditure (Moeti, Khalo & Mafunisa, 2007). According to Moeti *et al* ( 2007), the centralised SCM systems often delay procurement processes as, sometimes, administrative processes make it difficult to get goods or services to the respective users on time. The weakness identified in the centralised government SCM process led to an amendment of the process through the State Tender Board Act, 1968 (Act 86 of 1968). The amendments were also meant to allow the accounting officers (Director Generals, Provincial Heads of Departments, Municipal Managers and Chief Executive Officers of municipal entities) to manage their own procurement processes (Munzhedzi, 2016). The main feature of the amendments brought about by State Tender Board Act was to decentralise the SCM process.

However, there are debates in both literature and practice that decentralising the SCM process may lead to challenges such as lack of skills and capacity, non-compliance with policies and regulations, lack of accountability and corruption (Ambe & Badenhorst-Weiss, 2012:250–251). The centralised SCM process system has numerous benefits for governments, which include bulk buying of some goods. Bulk buying eliminates duplication of processes, for example there would be only one or two bid committees, one bid administration unit and one bid adjudication committee

(Ambe & Badenhorst-Weiss, 2012:250–251). These committees may manage all SCM processes of the region or government in its entirety (Khalo, 2007). These committees are more beneficial in centralised, rather than decentralised systems, although they are applicable in both systems. The adjudication committee reviews recommendations from the bid committee and makes the final award depending on the delegated powers, whilst the bid administrative unit provides administrative support to the bid committee. The administrative support referred to in this instance includes advertisement for bids, opening of bids, announcement of bids and communicating adjudication outcomes (Khalo, 2007).

The rationale for adopting a decentralised system is that it enhances more efficient management of state procurement processes, thus leading to better relations between the users and suppliers (often within arms' reach of the users) of goods and services (Ambe & Badenhorst-Weiss, 2012a). In addition, there was often little communication between decision makers, potential service providers and those in need of the services in a centralised procurement system (Moeti *et al.*, 2007). There are many challenges that can be encountered in government supply chain management, some of which emanate from the fact that “greater accountability problems tend to manifest in the procurement or acquisition section of the supply chain” (Ngwakwe, 2012:318).

The government has enacted laws and legislations, and National Treasury has passed regulations to help government agencies to administer their SCM processes. Bahsheka (Year) as cited in Ngwakwe (2012), argues that public finances are often misused during public procurement, compared to other processes. Examples of the legislation instruments that govern and inform public procurement processes are; the Municipal Financial Management Act No 56 of 2003 (MFMA), Section 76(4) (C) of the Public Finance Management Act No 1 of 1999 (PFMA) and the Preferential Procurement Policy Framework Act No 5 of 2000 (PPPFA).

An analysis of related literature reveals that there are extensive research studies that examine environmental and sustainable SCM in the private sector. However, there have been relatively fewer studies of procurement in the public sector (Walker & Brammer, 2012). This is despite the assertions by researchers such as Ambe (2012), Boshomane (2015) and Moeti *et al.* (2007) who are of the opinion that public sector

procurement is an integral and important component of the government's service delivery plan.

#### **1.4 Problem statement**

One of the objectives of the public sector procurement process is to assist the government in its endeavour to transform its citizens. This can largely be achieved when state procurement processes are compliant with legislated processes. It is, therefore, incumbent upon each public sector accounting officer to ensure that they are adhering to proper procurement procedures, as per PFMA prescripts. The effects of implementing a decentralised procurement management function at the North West Provincial Legislature (NWPL) are unknown. Reports by the Office of the Auditor General of South Africa (AGSA) on the performance of the NWPL in 2013 reveal weaknesses within the legislature's procurement system (Boshomane, 2015). In 2013, the AGSA's report found that 39.9% of the irregular expenditures incurred in that financial year occurred as a result of the contravention of SCM legislation (AGSA, 2013). In 2016, AGSA reported that goods and services of a transaction value above the threshold prescribed by the SCM policy were procured without inviting competitive bids, contrary to the requirements of the SCM regulation 693 and 6 (11) (AGSA, 2016).

Nieuwenhuizen, Badenhorst-Weiss, Rossouw, Brevis and Cant (2008) state that the procurement function which is concerned with buying materials and resources should ensure that the right product is available, at the right time, in the right quantity and the right quality, at the best possible price. As highlighted by the AGSA's Annual Reports (2013, 2015 and 2016), challenges do exist at the NWPL with regards to procurement, which leads to irregular expenditure. Public sector procurement, if undertaken in a proper manner, can be a tool for achieving a range of goals, such as sustainability, promotion of innovation and regional economic growth (Markus, Jens, Michael & Christine, 2014).

The main purpose of this mini-dissertation is to analyse the decentralised procurement management function at the North West Provincial Legislature. The research study further examines the immediate and far-reaching effects of implementing the decentralised procurement management function at the NWPL. In addition, this enquiry intends to add knowledge to the existing body of literature on the use of a decentralised procurement function in the public sector. The mini-dissertation is also intended to further highlight challenges in a decentralised procurement function. Although there are notable researchers such as Ambe and Badenhorst-Weiss (2012a) who have conducted studies on procurement in the public sector, this mini-dissertation intends to make further meaningful contributions, from a provincial legislature perspective.

### **1.6 Objectives**

As hinted earlier, the objective of this mini-dissertation is to analyse the decentralised procurement system which has been adopted at the NWPL. Previously, the institution under review was using a centralised procurement system before discarding it in favour of a decentralised one. Thus, this study sought to analyse how this decentralised system affects the procurement process at the NWPL. The NWPL introduced the decentralised system in 2014 having used the centralised system since 2004.

### **1.7 Research questions**

In order to analyse how the decentralised procurement function has been utilised at the NWPL, the following research questions are answered.

- 1) To what extent has the decentralised procurement function been implemented at the NWPL?
- 2) What are the institutional challenges affecting the decentralised system at the NWPL?
- 3) How do institutional challenges affect the decentralised procurement system?

## **1.8 Significance of the study**

The aim of this mini-dissertation is to increase knowledge about the adoption of a decentralised procurement function in the public sector. An understanding of the decentralised procurement function is important in that it ensures that the NWPL and similar organisations can formulate a procurement function that is effective, efficient and transparent. Sound understanding of decentralised procurement could also help central government in dealing with some of the challenges of irregular spending that are associated with decentralised systems.

Jacobs (2017:402) refers to effectiveness as a quality of being “...more oriented towards target achievement, accurately rather than not”. In the procurement process, Rahayu, et al (2012) as cited in Jacobs (2017) suggest that the efficiency of the process can be perceived on the bases of three key factors namely;

1. the quantum of goods and services procured,
2. time optimality in the procurement process and
3. Interaction opportunities between procurement committees and the potential providers of goods and services.

According to Jacobs (2017), transparency can be benchmarked on criteria such as the security of offering data and the clarity of procurement processes and procedures.

The findings of this mini-dissertation also identify limitations that need to be addressed in a decentralised SCM process in the public sector. Thus, the analysis of the decentralised procurement function is important as it will allow the NWPL to identify the factors that impact on the procurement function and, therefore, come up with policies and procedures that would meet the needs of the organisation.

## **1.9 Research strategy**

A case study approach was employed in this research. McMillan and Schumacher (1993) identify one key advantage that the case study approach wields in the field of research. The case can be subjected to an in-depth study. Cases vary from an individual, a group, an institution, a programme or a concept. In concurrence with McMillan and Schumacher (1993), Denscombe (2003) observes that the case study design derives its strength from its inherent potential to enable researchers to carry out detailed studies of phenomena. This is in sharp contrast to simultaneously studying many different institutions without doing any in-depth analysis. In this mini-dissertation,

the researcher uses the case of the NWPL to explore the decentralised procurement processes. According to Merriam (2001:28-29), case studies are generally chosen because researchers are interested in insight, discovery, and interpretation rather than hypothesis testing. In this case, this researcher is interested in the insights of individual employees at NWPL pertaining to decision making and meanings attached thereto.

According to Reinhardt and Cook (1979), as quoted by Nunan (1992:3), a quantitative design is objective and can be controlled to a certain degree. Babbie (2004:396) adds that the use of a quantitative research design is a technique by which researchers convert datasets into numerical form and subject it to statistical analysis. The results of quantitative research can be regarded as reliable if the appropriate regimen is followed and generalisations can then be deduced from them. Furthermore, McMillan and Schamacher (2006:26) add “quantitative research designs maximise objectivity by using numbers, statistics, structures and control”. The quantitative approach is used in this mini-dissertation, owing to the fact that the objectives of this research are meant to establish the level of compliance with the SCM in the NWPL in a decentralised system, without paying much attention to why there is such compliance.

### **1.10 Research Population**

In this mini-dissertation, the targeted population of the study are all possible respondents at the NWPL offices. In particular, the population are employees that are involved in the procurement process at the NWPL. A total of fifty respondents from the NMPL were surveyed in this mini-dissertation. The choice of such a relatively large sample size was necessitated by the need to mitigate any instances of researcher bias that were likely to arise. Researcher bias refers to the selection of datasets that fit the researcher’s predetermined perceptions, goals or preconceptions, and the selection of data that “stand out” to the researcher (Miles & Huberman 1994 as cited in Maxwell 2013:124). Possible biases include trying to protect fellow colleagues and seeking only data that portray them in a positive light and show that procurement is effective. Such deliberate biases may arise due to fear of repercussions that may arise in case of adverse findings emerging from the research. In this case, the researcher is an employee of NWPL and, thus, there is a theoretical likelihood of being prone to the fear of being redeployed should the findings of the research seem to be skewed against the system under study. For the purpose of this mini-dissertation, the

researcher minimised the biases by ensuring that the research participants represent various levels of management in the legislature.

#### **1.10.1 Sampling technique**

Vos, Strydom, Fouche and Delport (2005:203) describe sampling as “taking a portion of the respondents instead of the entire universe”. Brynard and Hanekom (2008:54) state that researchers are often faced with the dilemma of selecting from the population a small group (sample) for study purposes.

Sample size refers to the total number of sampling units or cases that are selected from the sampling frame (David & Sutton, 2004). As the target for this mini-dissertation is the procurement process, the sampling technique used by the researcher is one which allows respondents to be selected based on their role in the procurement function. The sampling technique that is appropriate for this mini-dissertation is the non-probability judgement sampling technique. Struwig, Struwig and Stead (2001) argue that this technique is useful in guaranteeing to meet a research subject for a specific purpose. Judgement sampling is used as the researcher is experienced in SCM. The researcher is thus able to choose what she believes to be the best sample for this mini-thesis. Respondent selection thus depends on the researcher’s judgement.

In total, fifty questionnaires were distributed to all respondents in the targeted sample population. The justification for selection of such a sample is that it comprises employees who occupy strategic positions in the institution and are, therefore, able to give informed feedback that will give legitimacy to the research process.

#### **1.10.2 Method of data collection**

Generally, research methodology includes the processes, principles and procedures adopted to approach problems and determine solutions (Bogdan & Taylor, 1975). Questionnaires were designed and distributed to the selected population, as part of the process of collecting data for this mini-dissertation. The questionnaires had both open and closed ended questions. The sole aim of each of the questions was to obtain information on the procurement function at the NWPL. Questionnaires are often viewed as quick and easy to do, but it is not always the case (Creswell, 2014). Questionnaires were used because they enable responses to be gathered in a

standardised way, so they are generally regarded as more objective than interviews. In addition, questionnaires allow for relatively quick collection of information. Furthermore, using questionnaires allows for the collection of data from a large portion of the group.

The datasets in qualitative approach are generally collected by observation or unstructured interviews (Creswell, 2014). These datasets are usually in the form of words, phrases and pictures. This mini-dissertation explores the decentralised procurement system at the NWPL and the findings will mainly be presented by means of descriptive statistics. Berenson and Levine (1996:40) state that descriptive statistics describe the phenomena of interest and are used to analyse, classify and summarise numerical data. Descriptive statistics thus incorporate the analysis of data using frequencies, dispersions of independent and dependent variables, and measures of central tendencies.

### **1.10.3 Data analysis method**

The Statistical Package for the Social Sciences (SPSS) software was used to organise and analyse the empirical data in this mini-dissertation. Several methods of empirical data analysis were used to achieve each of the stated research objectives. These methods include descriptive statistics (t-statistics, Analysis of Variance (ANOVA) and a test of correlation using Pearson Chi-Square) and econometric analysis (Principal Component Analysis (PCA), logistic regressions and ordinary least squares regression). This mini-dissertation focused on a singular variable, that is, the perceptions of the NWPL employees.

According to Berenson, Levine, Szabat and Krehbiel (2012), statistical analysis is the culmination of the long process of assumptions formulation, instrument construction and data collection. In order to conduct the research properly, it is necessary to analyse the data so that results can be presented in an understandable form. This mini-dissertation uses the descriptive analysis approach as well as inferential statistics to analyse the data collected.

Berenson *et al.* (2012:40) state that “descriptive statistics describe the phenomena of interest and is used to analyze data for classifying and summarizing numerical data.” Descriptive statistics thus incorporate the analysis of data using frequencies,

dispersions of independent and dependent variables and measures of central tendencies. The use of inferential statistics will be used in this study to present the data in statistical format, so that important patterns, relationships and analysis become meaningful. Frequencies, cumulative frequencies and percentages will be used to describe the sample in terms of relevant biographical aspects and to get results of the participants' responses to the items used in the questionnaire.

### **1.11 Validity and reliability**

Struwig *et al.* (2001) describes validity as instruments scores or observations that are valid if they measure what they are supposed to measure. Yin (2015) describes reliability as the consistency and repeatability of the research procedures used in a study. In this mini-dissertation the primary data are collected via the questionnaires that were distributed to the sampled respondents at the NWPL. Errors do occur due to respondents getting tired or misunderstanding the questions posed. The questionnaire was reviewed by a different and independent researcher (the supervisor) who removed and corrected any potential problems. After this, before copies were then sent to the respondents.

Oluwatayo (2012:395) views "reliability in quantitative research as equal to trustworthiness, stability, reproducibility or explicability over time, over instruments and over groups of respondents." Furthermore, for a research to be reliable, it must demonstrate that if it were to be carried out on a similar group of respondents in a similar context, similar results would be obtained. Reliability indicates that if the same "variable is measured under similar conditions, a reliable measurement would produce the same or nearly the same results at different time of administration of the instrument" (Creswell 2012:159).

The researcher made a conscious effort to ensure that the questionnaires were clearly understood by all the respondents. Further, the relevant instructions were drawn and all the participants were ensured of anonymity. To ensure that internal consistency was observed, Cronbach's Alpha was applied in this study. Cronbach's Alpha is a "measure of internal consistency that indicates the level to which all items in a test measure the same attribute" (Huysamen 2004).

### **1.12 Ethical consideration**

According to Newman, Risch and Kassam-Adams (2006) ethical guidelines serve as the standard and basis upon which researchers ought to evaluate their own conduct. Cooper and Schindler (2003:121), further state that “the design of the research should be in a way that promotes confidentiality, anonymity on the names of the respondents, and respondents should be kept free from intimidation and harm”. In this mini-dissertation, assurance was given to the respondents and participants that they would be treated fairly and always made to feel comfortable to seek clarity. In particular, that the researcher ensured that the respondents were not deceived in any manner. They were well informed and handled in a professional manner. Informed consent was obtained from each of the participants by providing a detailed consent form, which they read and signed before the interviews were conducted. The consent forms outlined the nature of the study and, in particular, informed the participants that their participation was voluntary. The consent forms also clearly articulated the purpose of the study in order to assure that the respondents understood the nature of the study and its impact. In addition, a description of the procedures of the study was also provided so that the participants could anticipate their involvement and be satisfactorily assured of their privacy (Creswell, 2003). All these measures underscore the researcher’s responsibility to respect the “rights, needs, values and desires of the informants” (Creswell 2003: 201). Ethical clearance for the study was obtained from both the North West University and NWPL.

### **1.13 Chapter outline**

Chapter 1: Introduction;

Chapter 2: Literature review;

Chapter 3: Methodology;

Chapter 4: Data presentation and analysis; and

Chapter 5: Conclusion and recommendations

### **1.14 Conclusion**

This chapter gave the background to the study. The next chapter will present a review of the empirical literature with regards to centralised and decentralised procurement systems. It will also present findings of other research studies that have been conducted in the area of decentralised procurement systems.

## **CHAPTER 2: LITERATURE REVIEW**

### **2. 1 Introduction**

In this chapter literature on procurement and its objectives was reviewed. Close attention was paid to research studies on the nature of procurement practices in the public sector. The review of related studies also focused on the constraints that are attended to public sector procurement. Various legislations that are applicable to procurement in South Africa are also provided.

### **2.2 Definition of procurement**

According to Mbanje and Lunga (2015) the term procurement is often used instead of the term purchasing. Procurement is defined as activities of specification development, expediting, supplier quality control and logistic activities. Winser *et al.* (2011), as cited in Mbanje & Lunga (2015:14) state that “procurement is widely used by government agencies due to the types of purchases and frequent service contracting they make with government suppliers”. One of the challenges that affects procurement is that it is difficult to distinguish where purchasing activities end and supply chain management function begins (Mbanje & Lunga, 2015). As a result of this many organisations use the terms procurement and purchasing interchangeably.

Arrowsmith (2003), as cited in Rolfstam (2012), defines procurement as the function of purchasing goods or services from a supplier. The concept of 'procurement' encompasses all the stages of the process of acquiring goods and/or services. The procurement process begins with establishing the need for goods and/or services and ends with contract completion and closeout (Lloyd & McCue, 2004). Lysons and Farrington (Year), as cited in Mbanje and Lunga (2015) add that procurement is a process that spans the whole lifecycle that begins with the identification of needs and ends at the end of the useful life of the acquired product or service. Gonzales and Alam (2016:18) add that the “process [of procurement] comprises planning and processing of a demand of goods and services as well as the end receipt of good and services and approval of payment for the goods and services”.

Lee (2010:405) posits that the goal of procurement is to find “...sources of supplies when they are required at the cheapest potential price and within acceptable limits of quality”. These definitions show that the activities involved in procurement differ as some of the definitions focus on only specific tasks and others look at procurement

holistically from identifying the need to the signing of the contracts, which can be a supply chain function. However, the goal of obtaining the goods and services from the right supplier, at the right price and at the right time.

In the European context, public sector procurement is described as public procurement when it is performed by a public agency. Lloyd and McCue (2004:19) report that nearly all definitions and roles established for public procurement include the following activities or responsibilities:

1. "Planning procurement actions;
2. Publicizing upcoming solicitations;
3. Preparing and issuing solicitations;
4. Evaluating bids, proposals, and quotations;
5. Conducting bid openings or negotiations;
6. Analysing contractor capabilities;
7. Awarding contracts;
8. Monitoring contractor performance;
9. Modifying contracts;
10. Extending or terminating contracts;
11. Closing out completed contracts;
12. Evaluating contractor past performance".

From these above-cited responsibilities it can be noted that there are activities that occur before actual purchasing takes place. As well, there are also other activities that take place after the purchasing is completed. This supports the assertion by Mbanje and Lunga (2015) about the issue of where purchasing and supply chain begin and end. In this mini-dissertation there is a need to identify the activities that are involved in procurement. This study further explores and establishes how procurement is understood at the NWPL. Its findings contribute to the existing knowledge of procurement in the public sector in South Africa. There is a need to identify the activities that are involved in the public sector procurement process, particularly at the NWPL.

The procurement processes in the public sector may be seen as different from those that are followed in the private sector. These differences, as alluded by Lee (2010) are:

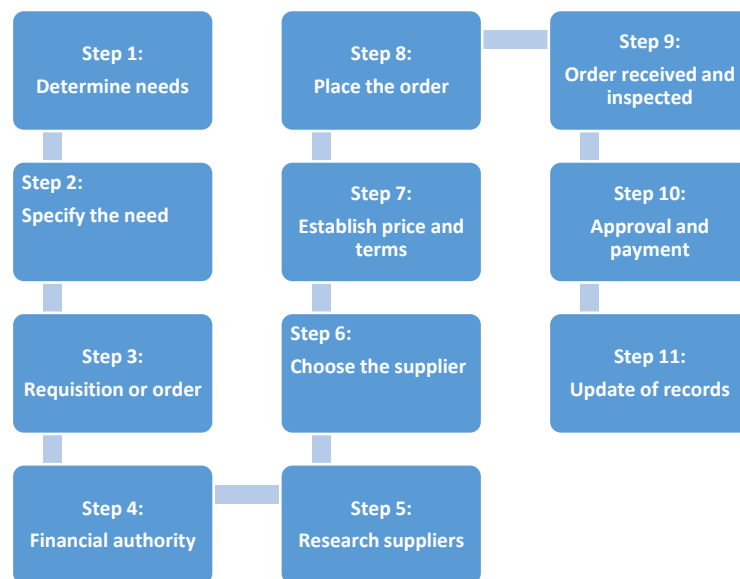
1. The public procurement system uses public funds and these should be used for service delivery for all the citizens in the country. The goal of a public procurement system is thus to improve the lives of the citizens of the country.
2. The public procurement system follows specific prescribed procedures that are derived from laws, directives, directions, judgments, and administrative or political decisions usually from the National Treasury or from the Minister of Finance in a country.
3. There are a variety of products and services required and most of these are required in large quantities. Furthermore, the number of government transactions and registered suppliers in the government database of suppliers is often large.
4. Transparency is key in government procurement as the chief accounting officer for a government agency has to account for how public funds have been utilised.
5. “The unified public procurement plan for all governmental agencies and the information exchange among them is not usual for the private sector” (Lee, 2010:406)

While these exist, it should be noted that in some contexts, the implementation of the procurement plan is left to individual departments, which are required to report in their annual reports on the activities and measures that they have adopted.

### **2.3 Steps in procurement**

As mentioned earlier in this mini-dissertation, the literature uses the words “purchasing” and “procurement” interchangeably. There are specific steps or activities that should be conducted in the procurement cycle. In this mini-dissertation the issue of the procurement cycle is useful as it provides analytical tools of examining the decentralised procurement function. The rationale of this is that there is a need to have lens to examine a system and this procurement cycle provides the researcher with attributes to examine. Procurement cycles differ from organisation to organisation or from author to author (Lee, 2010). The procurement cycle that is cited and used in this study is the one postulated by Mbanje and Lunga (2015), as it closely resembles the system being used at the NWPL. The cycle has eleven steps, which shall be discussed as follows:

*Figure 2.1: Eleven steps in the Procurement Cycle*



#### Step 1: Determine needs

The procurement process begins when someone or a user department within the organisation identifies a need to acquire inputs to update the inventory or stock. Most of the purchases are communicated through computerised systems that monitor inventory levels and reorder points. A clear and precise set of guidelines should be in place to assure consistency in the procurement process. There is need to explore how the NWPL determines needs and the guidelines in place to ensure consistency.

#### Step 2: Specify the need

The user department needs to decide how much and when the product or service must be delivered. This includes making a clear description and stating the specifications of the need to the procurement department.

#### Step 3: Requisition or order

A purchase requisition is used to clearly describe and communicate the need/needs to be sourced. This is when the requisition order is written. The requisition contains information like need description, requisition department, quantity and delivery date.

#### Step 4: Financial authority

As the procurement of the item/need has financial implications for the organisation, an authorising signature is required before the order can be placed. With some large orders, a tendering process might be required.

#### Step 5: Research suppliers

The purchase might be a straight re-buy or routine purchase, or a modified re-buy which requires a change to an existing supplier or input. It may also be a new buy which results from a new user need. For repeat orders, usually a set of suppliers might be available after a supplier evaluation or review of options. Other orders might require tendering or there will be a choice of suppliers.

#### Step 6: Choose the supplier

Supplier selection is the most important step as the procurement manager requires to provide the highest quality service/product at the lowest total cost supported by the best service. This stage also involves the identification of supplier selection criteria. These criteria are also known as the key performance indicators which might include delivery dependability, quality, price, service responsiveness, environmental compliance and financial stability, among others.

#### Step 7: Establish price and terms

The suppliers are contracted with a master agreement where price and terms are set for a defined period. The common approach is to determine price, including competitive bidding and negotiation or use of a list price for lower volumes or lower valued items (Mbanje & Lunga, 2015). Competitive bidding is applied when the dollar value of the purchase is high enough to justify the work needed to run a successful bid. The bidding relies on market forces to get suppliers to offer a low price. Negotiation is used when the dollar value of the purchase is large, or where high uncertainty exists and a long term relationship is desired.

#### Step 8: Place the order

A purchase order, which is a document that specifies the terms and conditions of the purchase agreement, is prepared. A decision should be taken whether the company can use a blanket order which specifies the overall terms of agreement for a given period. At this stage an order is placed and this becomes a contract between the firm and the supplier.

#### Step 9: Order received and inspected

When an order arrives it passes through a receiving process which matches the invoices to the contents, through physical counting and quality assurance. The main

aim is to make sure that the sourced inputs are fit for the purpose or use. The goods at this stage are delivered, checked in the warehouse and stored as inventory. If there are shortages and breakages, they are reported to the supplier. Supplier certification is applied at this stage by approving the supplier's ability to deliver high-quality products and this can eliminate continuous inspection in future if the same supplier delivers the items.

#### Step 10: Approval and payment

Efficient procedures for invoice clearance should be developed. Some organisations use e-procurement programmes to expedite the process of payment to promote invoice-less processing. In general, the invoices are received and paid within 30 days.

#### Step 11: Update of records

The procurement ledger and stock records are revisited and updated.

These steps provide lenses with which to examine the decentralised procurement function at the NWPL. There is need to examine if the steps followed the recommended activities at this stage. However, there is also a need to explore the competencies of those that are involved in the procurement function. This is through determining their awareness of the legislation that has been drafted for procurement in South Africa.

### **2.4 Policies, regulations and legislation applicable to procurement**

Section 217 (1) of the Constitution of South Africa (1996) states that when an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, the process must be done in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. In addition, the government relies on guidelines issued by National Treasury through its Treasury Regulations (South Africa, 2005) and Supply Chain Management Practice Notes. This entails following an open, effective and competitive process that involves inviting all potential service providers to submit their proposals without discrimination. All organisations are thus allowed to become potential suppliers to the government.

The Public Finance Management Act (PFMA) Act 1 of 1999 grants procurement responsibilities to accounting officers within the framework of relevant legislation,

policies, norms and standards. Section 16A of Treasury Regulations (Republic of South Africa) outlines the supply chain management processes. The section stipulates that the accounting officer or accounting authority of an institution to which these regulations apply should develop and implement an effective and efficient supply chain management system in his or her institution for the acquisition of goods and services and the disposal and letting of state assets. Accounting officers are also responsible for the disposal of goods that are no longer required by the institution.

The General Procurement Guidelines, as issued by National Treasury (Republic of South Africa 2005) indicate that open and effective competition requires that:

1. There be a framework of procurement laws, policies, practices and procedures that is transparent;
2. There should be openness in the procurement process;
3. There should be encouragement of effective competition through procurement methods suited to market circumstances;
4. Observance of the provisions of the Preferential Procurement Policy Act must be practised at all times.

Section 16A8 of the Treasury Regulations stipulates that all officials and other role players in a supply chain management system must comply with the highest ethical standards in order to promote (a) mutual trust and respect; and (b) an environment where business can be conducted with integrity and in a fair and reasonable manner. The section also explains that all supply chain management practitioners must sign the National Treasury's code of conduct and that the code must be adhered to. A breach of the code will lead to disciplinary action. In addition, a supply chain management official or any other role player:

1. Must recognise and disclose any conflict of interest that may arise;
2. Must treat all suppliers and potential suppliers equitably;
3. May not use his or her position for private gain or to improperly benefit another person;
4. Must ensure that he or she does not compromise the integrity of the supply chain management system through the acceptance of gifts or hospitality or any other act;
5. Must be scrupulous in the use of public property

6. Must not assist accounting officers or accounting authorities in committing corruption and fraud in the supply chain management system.

The Preferential Procurement Policy Framework Act (PPPFA) of 2000 governs how procurement of goods and services is to be evaluated. It provides formulas and criteria to be used by government departments in all spheres. It further provides for procurement thresholds and percentages of preference within which the award of contracts can be made.

The National Treasury, through its regulations, issues the Practice Note No.8 of 2007/08 which indicates that for all procurement of goods and/or services not exceeding R500 000, at least three quotations must be obtained, and for procurement of goods and services above R500 000, an open competitive bidding process should be followed. The PPPFA gave rise to the Preferential Procurement Regulations of 2011, which prescribes the way in which bids and requests for quotations must be evaluated. The regulations indicate that for procurement of goods not exceeding R1 000 000, the 80/20 preference point system should be applied and for the procurement of goods and services exceeding R1 000 000, the 90/10 preference point system shall be applicable.

Practice Note No.8 of 2007/2008 provides the procurement thresholds within which procurement of goods and services must be made. For petty cash transactions for a rand value of R2000, the relevant line unit may obtain telephonic quotations from the recommended service provider. For request of goods and/or services above R2000 but not exceeding R30 000, the Demand Management Unit must obtain three or more written quotations on receipt of a complete and duly signed request. For the request for goods and/or services above R30 000, but not exceeding R500 000, the demand unit must obtain three or more written quotations on receipt of a complete and duly signed request and, depending on the services or goods required, the request must be advertised to invite potential service providers to submit their quotations. For the request for goods and services above R500 000, the Acquisition Management Unit must, upon receipt of the approved submission, invite potential service providers by publishing the requirement in the State Tender Bulletin.

With regards to government agencies, there are institutional arrangements that need to be implemented. In terms of the institutions, each department should have a trained

Supply Chain Management Unit. The head of the unit must report to the Chief Financial Officer. In addition, each department should have a Departmental Procurement Committee (DPC), which should be chaired by the Chief Financial Officer or accounting officer. The DPC has a collective authority to adjudicate on tenders and its members must be appointed in writing.

In addition, a cross-functional bid adjudication committee should be established. The responsible accounting officer shall appoint a cross-functional bid evaluation committee when more than one department would procure from the same contract. A cross-functional bid evaluation committee is an ad hoc committee composed of members from departments that would procure on the same contract. At least one member of this committee must be from the provincial treasury.

## **2.5 Competencies required in procurement**

The FAI 2003 lists the following “core capabilities” that are required in procurement:

1. Develop, negotiate and manage business deals
2. Communicate effectively
3. Manage and lead change
4. Solve problems in an ambiguous environment
5. Analyse and understand the marketplace
6. Build and manage relationships across functions and organizations
7. Understand and effectively operate in the customer environment
8. Develop and implement outcome oriented solutions
9. Execute

These capabilities can be seen as the key functions and competencies expected from an employee who is involved in procurement. The establishment of the SCM in the public sector is delegated to the chief accounting officer. The chief accounting officer is delegated to establish effective supply chain management systems. In the public sector in South Africa the accounting officer also requires to have core capabilities which ensure that he/she is able to perform the four responsibilities which are listed below:

1. The operation of basic financial systems, including internal controls in departments and any entities they control.

2. To ensure that departments do not overspend their budgets.
3. To report on a monthly and annual basis, including the submission of annual financial statements two months after the end of a financial year.
4. To publish annual reports in a prescribed form which will introduce performance reporting (Mbanje & Lunga, 2015).

## **2.6 Centralised procurement systems**

Centralised procurement occurs when the entire procurement process is coordinated by a central agency. This agency makes all major relevant decisions in product purchasing or service provision contracts (Sorte, 2013). This means that the centralised agency conducts processes such as price negotiation and selection of suppliers. Furthermore, Coulthard and Castleman (2001) posit that the centralisation of procurement allows centralised agencies to determine the whole of government or agency purchasing patterns and to 'bundle' or aggregate these purchases. The centralisation system increases government's purchasing power.

Decentralised procurement refers to the delegation of "the power to decide how, what and when to procure" to divisions or local administrations (Dimitri, Dini and Piga, 2006, as cited in Sorte, 2013:61). In addition, decentralised procurement may also allow for each division to purchase goods or services without the use of a centralised agency.

## **2.7 Advantages and disadvantages of centralized procurement**

The benefits of using a centralised procurement system are that it enables an organisation to:

1. Reduce the cost of procurement through economies of scale;"
2. Product and service standardization;
3. Quality optimization of products and services procured;
4. Knowledge sharing among specialists, resulting in better use of human resources" (Sorte, 2013:58).

Furthermore, centralised procurement tends to benefit smaller organisations (Sorte, 2013:58). Besides the advantage of reduced costs, it allows small organisations to allocate their limited human and financial resources in other areas that match their core competencies (Sorte, 2013).

Ambe and Badenhorst-Weiss (2012a) argue that centralised procurement offers advantages such as leverage due to volumes, which can lead to negotiations for discounts based on volumes purchased. It also reduces duplication of purchasing effort as it is confined to one centralised agency. Furthermore, the system allows for better control and development of specialised expertise of purchasing personnel.

One of the challenges that is faced in South Africa is lack of skills within the public sector, particularly in supply chain management (Ambe & Badenhorst-Weiss (2012a). As a result of this, employees who are not trained or do not have any qualification in SCM are assigned procurement duties. If a centralised system is used it would ensure that people who understand SCM are employed and can be utilised effectively for the benefit of all government departments. However, for a centralised system to be effective, it requires efficient contract and supplier relationship management (Ambe & Badenhorst-Weiss, 2012a).

## **2.8 Advantages and disadvantages of decentralised procurement**

The study by Coulthard and Castleman (2001) found that the decentralised system supports Small and Medium Enterprises (SMEs). In addition, the decentralised approach increases SME access because purchasing officers can work closely with suppliers. In other words, SMEs have better chances of doing business within centralised systems than with centralised agencies which “would aggregate procurement across the whole of government and therefore favour large suppliers” (Coulthard & Castleman, 2001:34).

In South Africa, the decentralised approach would be seen as an enabling platform for meeting the objectives of the Broad-Based Black Economic Empowerment Act (Act 53 of 2003). The South African government introduced the Broad-Based Black Economic Empowerment Act in order to address the discrepancies that existed before 1994, when black-owned companies were not permitted to supply the government due to apartheid laws. One of the aims of the Act is to facilitate broad-based black empowerment by promoting economic transformation in order to enable the participation of black people in the economy. This Act allows for SMEs to bid for government tenders, based on a balanced scorecard.

Handfield *et al*, (2001) as cited in Ambe and Badenhorst-Weiss (2012a:253) posits that a decentralised system “...leads to better responsiveness to purchasing needs,

a better understanding of unique local needs, and is closer to suppliers and taking ownership of decisions that impact on one's own budget". A decentralised system is able to supply the required goods and services quicker; it allows for delivery times to be drawn, based on an understanding of the local suppliers and it enables departments to monitor their budgets and be held accountable for them.

However, a decentralised system can be faulted for failure to provide value for money, as it usually forfeits the benefits obtained from bulk buying. In instances where there are a few suppliers, it can affect the entry of new suppliers as relationships would have developed with existing suppliers. Decentralised procurement may encourage over-reliance on certain suppliers who have better turn around periods as compared to the other suppliers. As has been pointed earlier, there is a lack of skills with regards to SCM in the public sector and this may affect the ability of departments to be able to source the goods at the right price or even fail to effectively execute the entire procurement planning process. The issue of lack of enforcement with regards to existing legislation is more prevalent in decentralised systems than in centralised ones.

The purpose of this study is to add some insights to the existing body of knowledge on decentralised systems. The study seeks to analyse the factors that impact or aid decentralised systems. An analysis of existing literature shows that most of the research done in South Africa focused on the legislation, level of skills in public finance and the PPPFA Act and how it has been implemented. There is, therefore, a knowledge gap in the different types of procurement systems (centralised and decentralised) that have been adopted in South Africa. Furthermore, procurement decentralisation in the South African public sector aims to achieve the government's strategic goals such as fostering policies that promote affirmative procurement, managing life cycle costing and ensuring value for money and appropriate risk management strategies. The main aim of these goals is to indicate the government's commitment to the development of a procurement system that responds to the needs of the country.

The following tables show the advantages of centralisation and decentralisation.

*Table 2. 1 Advantages of Centralisation and Decentralisation*

| <b>Centralisation</b>                     | <b>Decentralisation</b>      |
|-------------------------------------------|------------------------------|
| Economies of scale                        | Autonomy                     |
| Standardisation                           | Variety/diversity            |
| Policy deployment                         | Local prudence               |
| Financial control                         | Local satisfaction           |
| Auditing                                  | Inter-divisional competition |
| Policing                                  | Local Innovation             |
| Common ICT and systems                    |                              |
| Use of specialist skills                  |                              |
| Strong demand 'pull' effect on innovation |                              |

Source: Ambe and Badenhorst-Weiss (2012)

Table 2.1 shows that centralisation ensures that the organisation is able to benefit from economies of scale, accountability, enforcement of legislation and effective use of human and other resources. The advantages of decentralisation are based on satisfying “local conditions”, which may not lead to cost savings but to an increase in costs for an organisation as it seeks local prudence and local satisfaction or variety. However, it can be seen from this table that, in comparison to centralisation, decentralisation is devoid of the policing element. The question to be asked is; “Are factors such as policy deployment, auditing or financial control are found in the decentralised system at the NWPL?”

The disadvantages of decentralised and centralised systems are presented in the table below, which is based on the findings by Uyarra (2010) and Ambe and Badenhorst-Weiss (2012).Table 2.2 Disadvantages of centralised and decentralised systems

| <b>Centralised</b>        | <b>Decentralised</b>            |
|---------------------------|---------------------------------|
| Resentment in the regions | Suppliers 'divide and confuse'  |
| Bucking the system        | Skills shortages/cost anomalies |

|                                            |                           |
|--------------------------------------------|---------------------------|
| Missed opportunities                       | Duplications              |
| 'Overweight' overheads                     | Lack of financial control |
| Slow response                              |                           |
| Less diversity of innovation opportunities |                           |

Sources: Ambe and Badenhorst-Weiss (2012); Uyarra (2010)

From Table 2.2, it is clear that a centralised system does not offer innovation. Moreover, it is hampered by slow response to meeting the needs of the organisation and reacting to an increase in costs. Another disadvantage of a centralised system is that it provides suppliers with an opportunity to manipulate orders, thus leading to duplications. For example, duplications occur in the supply of commonly used products such as stationery. Such loopholes lead to a lack of financial control.

## 2.9 Trends in procurement

One of the trends in procurement is the use of e-procurement, which has been in use from the early 1990s. Schoenherr and Tummala (2007:2) define e-procurement as “the sourcing of goods or services via electronic means, usually through the Internet.”

E-procurement can be described as the use of integrated information technology systems to perform procurement functions (Gunasekaran, McGaughey, Ngai & Rai, 2009). Some of these functions include; sourcing, negotiation, ordering, receipt and post-purchase review. Schoenherr and Tummala (2007) state that e-procurement systems can automate workflows, consolidate or leverage organisational spending power and identify new sourcing opportunities through the Internet. The popular method that is being used is to conduct online e-auctions for an organisation's purchases. The use of e-procurement has the following advantages:

1. cost cutting,
2. real-time bidding and response,
3. transparency of the process,
4. reduced cycle time, and
5. increased geographical outreach (Gunasekaran *et al.*, 2009).

However, an analysis of literature pertaining to procurement reviews indicates that most of it is exploratory and, thus, issues such as constructs of e-procurement are

unknown (Schoenherr & Tummala 2007). In the South African context, little is known about how electronic procurement has been adopted in particular in departments, such as the NWPL. This study will thus seek to ascertain if e-procurement is currently being used in the public sector in general and at the NWPL in particular.

## **2.10 Procurement Research**

Government entities have set procurement targets, appropriate legislation and practices. Given that, this section examines research that has been undertaken with regards to procurement in the public sector, which is the focus of this mini-dissertation.

In Uganda, a study by Agaba and Shipman (2007) found that most of the government ministries and agencies were not following prescribed procurement practices. The reasons for the lack of compliance included inadequate procurement planning. The result of lack of procurement planning was an increase in the use of direct procurement and failure to align procurement with the budgetary process (Agaba & Shipman, 2007). The other factors that contributed to shoddy procurement planning, in the case of Uganda, included; poor record-keeping, contracts not being awarded to the best evaluated bidder, retrospective approvals of contracts, inconsistencies in tender evaluation and interference in the contract awarding process by unauthorised parties, in particular politicians. Furthermore, the enforcement measures for non-compliance with the existing legislation tended to be ignored.

A study by Ambe and Badenhorst-Weiss (2012a) reveals that procurement in South Africa is affected by:

1. "Lack of proper knowledge, skills and capacity
2. non-compliance with SCM policy and regulations
3. inadequate planning and the linking of demand to the budget
4. accountability, fraud and corruption
5. inadequate monitoring and evaluation of SCM
6. unethical behaviour
7. too much decentralisation of the procurement system
8. ineffectiveness of the black economic empowerment (BEE) policy" (Ambe & Badenhorst-Weiss 2012a:249).

The reason why Ambe and Badenhorst-Weiss (2012a) call for a decentralised system is that they had noticed a sharp rise in the number of corruption cases resulting from centralisation. The cited authors support the centralisation of the procurement function because they found that decentralisation resulted in unskilled personnel being tasked with spending public funds, in spite of lacking the necessary know-how and this often led to over-expenditure. The study suggests that high risk–high cost items should be purchased on a centralised basis, whilst low risk-low cost items could be decentralised. However, the challenge associated with this approach is that the problems associated with centralised systems will still persist. For instance, goods or services may not be delivered on time and this could negatively affect service delivery.

There is empirical evidence that public sector buyers prefer to renew a contract rather than issue new contracts (Dlamini & Ambe, 2013). This is evident in the decentralised system as the buyers would have developed a relationship with the suppliers. The other reasons why existing suppliers are preferred ahead of new entrants include reputation of the supplier and the need to avoid retendering, which is seen as being cumbersome and complicated. This shows why the decentralised procurement policy is being disregarded. The system is generally deemed to be inefficient.

George (2008) reports that the procurement constraints that were identified by the Auditor General of South Africa and the Internal Auditors of the North West Provincial Government showed the following characteristics:

1. Lack of adequate inventory control and related manuals. The absence of an inventory control leads to loss or theft or stock due to overstocking or understocking. In addition, cash flow within the government agencies cannot be managed properly as the government departments do not have proper inventory control. This has a negative effect on the performance of the government agency as, at times, it can fail to perform the required tasks.
2. Inadequate re-ordering controls result in irregular orders, fraudulent documentation and corruption within the department. This can be attributed to lack of skills and adherence to the laid down procurement policy, as stipulated in the various National Treasury Regulations.

3. Job cards are not provided for audit purposes. This shows that workers are not monitored properly. Compensating for such jobs cannot be effectively controlled without job cards. Efficiency and value for money cannot be guaranteed in such situations.
4. Inaccuracies on take-on balances. Proper accounting systems are not maintained to ensure that book balances tally with opening balances and stock registers.
5. Inadequate working understanding of the Inventory Management System results in too much reliance on system consultants. This results from failure by Supply Chain units to draw up policies and guidelines to ensure proper internal monitoring within the departments
6. Receipt of goods not acknowledged by recipient/end user. This will result in lack of control of goods issued, stock level, inventory management and other issues.
7. Quantity difference between shelves and records or bin cards. This is a result of poor stock control measures, absence of stock registers and other poor record keeping measures.
8. Stock take-on and valuation reports were not provided for audit purposes. This shows inefficiency in ensuring stock control.
9. Stock value reports for the stationery and maintenance stores at take-on and system purchases printouts are not provided for audit purposes.
10. Receipts of goods were not always acknowledged by the store clerk.
11. Tasks were not delegated in writing. If an accounting officer failed to delegate responsibilities to his subordinate in line with a job description, the Accounting Officer is legally responsible and liable for all actions of such employees in his directorate and the failure of any employees will be the responsibility of the accounting officer.

The above-stated findings show that SCM departments are not complying with the required documentation before approving procurement. There is also lack of

understanding with regards to inventory management. Inventory is defined as the supply of items held by a firm to meet demand. Inventory compensates for inefficient management that includes poor forecasting, haphazard scheduling and inadequate attention to set up and ordering purposes (Mbanje & Lunga, 2015:146).

Naude, Ambe, and King (2013) undertook a study with the aim to examine supplier-related challenges. The findings reveal that the main supplier-related challenges that handicap procurement practices in the public sector in KwaZulu Natal “were a lack of experience, a lack of affirmable suppliers, threats and bribes, a lack of integrity, an inability to meet delivery deadlines and quality issues” (Naude *et al.*, 2013:1). This again shows lack of skills within the public sector with regards to SCM. The question that can be posed is; do the people that are employed in SCM have the necessary skills to perform the tasks that are required? The skills that are required include financial planning, risk forecasting and management, and project management.

Thairu and Chirchir (2016) undertook a study to examine policy implementation of the youth preference and reservations regulations in public procurement and the challenges facing its implementation in Namibia. The results of the study indicate that institutional challenges affect implementation. In order to rectify the system, there was a need to improve the competency of the staff and high level of leadership through training (Thairu & Chirchir 2016).

Tukamuhabwa (2012) undertook a study to investigate the reasons that lead to public sector employees complying with regulations and legislation in Uganda. Some of the reasons that lead to compliance include moral obligation, social influence and the perceived legitimacy of the authorities charged with implementing the regulations. The study also found that effective media exposure raises public awareness of corporate wrongdoing and, therefore, leads to improved compliance. Wanyonyi and Muturi (2015:158) postulate that to enable compliance, there is need for public sector employees to understand:

It is important for a procurement professional to be familiar with the performance indicators which include; implementing regulations that provide defined processes and procedures not included in higher level legislation, model tender documents for goods, works, and services, procedures for

prequalification, procedures suitable for contracting for services or other requirements in which technical capacity is a key criterion.

This shows that there is need to have the right people, with the right qualifications, to be involved in the procurement function, and this is an argument that this dissertation is also making. As part of the public sector reforms, the National Treasury in South Africa launched the Country Procurement Assessment. The aim was to analyse the existing public sector procurement and contract management systems in South Africa and to recommend suitable actions to improve the economy, efficiency, predictability and transparency of procurement and contract management processes. According to Jacobson (2007:18) some of the identified weaknesses in procurement and contract management systems include:

1. **Poor implementation of procurement planning** – Procurement planning linked to the budgeting process was not applied as a matter of principle, which led to the need for recurring contracts, or the extension of existing ones or emergency procurements with the usual cost increases.
2. **The lack of adequate systems to capture procurement data** – This led to challenges in publishing critical statistics on national procurement, including some basic information on the number of contracts executed by the same supplier.
3. **Conflict of interest and political influence through some of the tender committees** – The challenges that were experienced arose due to a number of provincial tender boards whose members were not accountable to the government. This gave rise to conflict of interest in the awarding of contracts. The other problem that was experienced was the practice of councillors participating in the awarding of contracts at government level, which gave rise to undue influence in the awarding of contracts.

## **2.11. Discussion of the literature reviewed**

The reviewed literature shows that governments are drafting and implementing legislation to assist public sector employees to have guidelines to assist them in their day to day operations with regards to the area of procurement. What is emerging from the literature is that there is a challenge with regards to knowledge, skills and

enforcement of legislation. This results in high levels of over-spending, corruption, theft and non-compliance with legislation.

The current focus of the study is to;

1. examine issues on why there is a problem with compliance,
2. identify how compliance can be improved and
3. Provide an analysis of why some of the enacted legislation has not yet been adopted.

Currently there are gaps, especially in South Africa, with regards to the use of centralised or decentralised procurement systems in the public sector in particular. The best practices that can be used to evaluate a procurement system are also not mentioned in the reviewed literature. The issue of e-procurement in South Africa is also an area that has not received much attention, since it will not be explored in this study, but this researcher recommends other researchers to pursue it.

When conducting a study on the implementation of a decentralised procurement function, the researcher needs to take cognisance of, among others, the following variables:

**1. Awareness of the decentralised system** – this refers to the employees' knowledge of the tenets of the decentralised system. This knowledge includes the duties involved, policies, procedures and functions that should be performed.

**2. Enabling environment** – this refers to the existing environment at the organisation. The determinants of an enabling environment include; provision of staff training, allocation of appropriate resources, adherence to laid down policies and procedures as well as the enforcement thereof.

**3. Perceptions** – this is related to how employees see or perceive the decentralised procurement function. There is need to explore the employee perceptions of the procurement function, thus need be explore in order to establish the extent to which the system has improved procurement or created problems.

## **2.12 Conclusion**

This literature review defined the key terms that are important in this mini-dissertation. Some terms, such as procurement, are used interchangeably with terms such as purchasing. The relevant literature, with regards to procurement in South Africa, was examined together with existing published literature on procurement. The next chapter

provides an overview of the research methodology that was used in conducting this study.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research design and methodology that were followed in this study. It will present the research approach and design, as well as the data analysis method that was followed. The ethical considerations will also be presented.

### **3.2 Research Design**

According to Babbie and Mouton (2011:74), a research design is a plan of how the researcher intends to conduct a research and research methodology focuses on the process, the types of tools to be used and the procedure to be followed. They further state that there are two types of research approaches that are available to researchers namely; quantitative and qualitative. The datasets in the quantitative approach are mostly numbers. This approach provides objectivity because the respondents are the ones who provide the numbers (Babbie & Mouton 2011:74). On the other hand, qualitative research tries to understand “how people interpret their experiences, how they construct their worlds and what meaning they attribute to the experiences” (Merriam, 2009: 5). In this regard, this mini-dissertation did not explore the meaning of what the NWPL employees do from their own perspectives. The study neither looked at the employees’ values and beliefs regarding the decentralised system nor gave a detailed analysis of the participants’ socio-cultural contexts. The objective of this mini-dissertation was to explore the decentralised system that was introduced at the North West Provincial Legislature.

### **3.3 Description of overall research design**

Research methodology is defined as a highly intellectual activity used in the investigation of nature and matter and deals specifically with the manner in which data is collected, analysed and interpreted (Vargas-Hernández, Valdez & Los Belenes, 2012:47). On the other hand, Yin (2003:21) defines research methodology as a plan

that guides the investigator in the process of collecting, analysing and interpreting observations. Quantitative research methods were used in this study. The justification for adopting this approach is presented below.

### **3.4 Quantitative research**

According to McMillan and Schamacher (2006:26), quantitative research designs maximise objectivity by using numbers, statistics, structures and control. These designs make use of methods that are distinct from those used in qualitative designs. According to Leedy (2010) the quantitative research design has its origin in science and is sometimes referred to as the 'scientific method'. Thus, quantitative research is based on the collection of facts and observable phenomena, which scientists use to deduce laws or generalisations and establish relationships between variables. This was important in this study as it sought to understand which variables impacted the decentralised procurement system at the North West Provincial Legislative. According to Leedy (2010) quantitative research describes, explains and tests relationships.

According to Babbie and Mouton (2001:74), a research design is a plan of how the researcher intends conducting his or her research. Survey research is a quantitative process of collecting data from a sample of existing large population units with no particular control over factors that may affect the population characteristics of interest in the study. As such, the researchers should plan and conduct the survey in a systematic manner (Saunders *et al.*, 2009). In this study, the researcher employed the survey research design, which entailed collecting data from employees at the NWPL who were part of the decentralised supply chain function. According to Small (2009:7) the survey research may be characterised by selection of different samples from large and small populations in order to obtain empirical knowledge of a contemporary nature. The methods used to obtain survey research data generally consist of a combination of techniques such as mail questionnaires, interviews with respondents and participant-observation. Merriam and Simpson (1995:144) argue that the term survey represents a broad category of techniques that use questioning as a strategy to elicit information. These techniques include questionnaires, which are the written form of survey, and interviews, the oral way of soliciting data from the survey group. A

survey was used in this study as it enabled the researcher to study the research questions in an organised approach, collect generalisable and high-level data.

### **3.5 Sampling**

#### **3.5.1 Population**

The population of a study were all possible respondents. The site of the study will be the NWPL, situated in Mahikeng. The population of the study will employees who are part of the of the procurement process at the NWPL. The total target population was 50 respondents. As alluded to earlier, researchers are susceptible to bias. Researcher bias is linked to the selection of data that fits the researcher's existing theory, goals or preconceptions, and the selection of data that "stand out" to the researcher (Miles & Huberman, 1994, as cited in Maxwell, 2013:124). These two are linked to the subjectivity of the researcher, which is known as bias. Possible biases include trying to protect fellow colleagues and, therefore seek only data that portray them in a positive light and only shows that procurement is effective, due to fear of being redeployed. To deal with bias the researcher exercised extensive reflection and reflexivity in data collection and analysis, which should lead to the researcher's own awareness, however, as the population was too large to be entirely included in the study, a manageable study sample was selected.

#### **3.5.2 Sampling Procedure and Sample**

Vos *et al.* (2005:203) describe sampling as "taking a portion of the respondents instead of the entire universe." Brynard and Hanekom (2008:54) state that researchers are often faced with the dilemma of selecting a small group (sample) from the population for study purposes. Sample size refers to the total number of sampling units, or cases, that are selected from the sampling frame (David & Sutton, 2004). As the target for this study was the procurement process, the sampling technique the researcher was obliged to use one which would allow for respondents to be selected based on the characteristic of dealing directly with the procurement function.

The sampling technique that was appropriate for this study was the non-probability judgement sampling technique. Struwig *et al.* (2001) describes this technique as useful

for guaranteeing that a specific purpose is met. Judgement sampling was used as the researcher was experienced in SCM. Through judgement sampling the researcher was, thus, able to choose what was deemed to be the best sample for this particular study. It can also be deduced that the selection of respondents is wholly dependent on the researcher's judgement.

In total 50 questionnaires were distributed. The justification for selecting these employees was that they occupied strategic positions in the institution and were, therefore, able to give informed feedback that would give legitimacy to the research process.

### **3.6 Data Collection**

#### **3.6.1 Questionnaire**

Generally, research methodology is a sum of the processes, principles and procedures that are adopted to approach problems and determine solutions (Bogdan & Taylor, 1975). The process of collecting data for the study entailed designing and distributing questionnaires to the selected study population. The questionnaire made use of open and closed ended questions that were designed to obtain information on the procurement function at the NWPL. There is a widely held view that questionnaires can be quickly and easily done. However, this is conception is not entirely true, as one needs to pay meticulous attention when designing such research tools. A hastily and shoddily compiled questionnaire certainly does not help the cause of the research.

In this study the questionnaire was adopted because it enabled the researcher to gather responses in a structured and systematic manner. In addition, questionnaires are more objective more than interviews. In addition, using questionnaires is relatively quick to collect information. Furthermore, using questionnaires allows for the collection of data from a large portion of the group. The questionnaire was developed based on previous studies. Such studies include one conducted by Bizana, Naude and Ambe (2015) which examined decentralised supply chain systems.

This study sought to statistically describe how the decentralised system had been implemented, at the NWPL in particular. As a result, a quantitative rather than qualitative research approach was adopted. Berenson and Levine (1996:40) state that descriptive statistics describe the phenomena of interest and are used to analyse, classify and summarise numerical data. Descriptive statistics, thus, incorporate the

analysis of data using frequencies, dispersions of independent and dependent variables and measures of central tendencies. This was achieved through the use of the questionnaire to obtain the data.

Coefficient Alpha was used in this study to measure the additional items included to the EmpAt. Coefficient Alpha measures inter-item consistency, and is mostly used in personality and attitudes scales. “Cronbach’s coefficient alpha is an estimate of consistency of responses to different scale items” (Tredoux and Durrheim, 2002) and “this measure of internal consistency, which varies between 0 and 1, is an index of the extent to which each item on a scale correlates with every other item on the scale” (Devlin, 2006: 94).

### **3.7 Data Analysis**

#### **3.7.1 Data analysis method**

The collected data were analysed manually using tallies and responses of the subjects. These were subsequently categorised in frequency counts and score tables with varying calculated percentages. Furthermore, tabulation method graphs and pie charts were used to present data. Statistics provide a lens through which numerical data can be interpreted. Quantitative data are described as “research that is systematic and objective in its ways of using numerical data from only a selected sub group of a universe or population to generalise the findings to the universe that is being studied” (Maree 2010: 145). Quantitative data can be analysed fast as compared to qualitative data. Once the procedures are established, the researcher is able to evaluate the results.

In order to achieve the research objective of this study, the researcher made use of various methods of empirical data analysis. Some of these methods included descriptive statistics (t-statistics, Analysis of Variance (ANOVA) and a test of correlation using Pearson Chi-Square) and econometric analysis (Principal Component Analysis (PCA). Apart from PCA, econometric analysis also subsumes logistic and ordinary least squares regressions.

#### **3.7.2 Descriptive statistics**

The collected data were analysed by means of descriptive statistics. This entailed the use of frequency tables and cross tabulations. T-statistic and Pearson Chi-Square test were then used to compare the inter-group differentials, especially the significant

levels through the p-values. In addition, the analysis made use of measures such as means, standard errors, standard deviations and percentages to describe the data.

Three (3) key variables that relate to the different aspects of the use of the decentralised procurement system at the NWPL were ranked by employees. Each employee's personal experience at the NWPL was used as the basic criterion for determining the rankings. The employees' responses were ranked on a 5-point Likert scale, whereby the respondents indicated their applicable view of their workplace environment by choosing; strongly disagree, disagree, not sure, agree or strongly agree. The values ranged from 1, if the respondent selected strongly disagrees, to 5 if he/she opted for strongly agrees with the statement. The questionnaires that contain these questions are shown in Appendix B.

**Table 2.3: Description of variables used to identify decentralised procurement functions**

|                                                           | Variable                                             |
|-----------------------------------------------------------|------------------------------------------------------|
| Assess the decentralised system                           | Awareness of the decentralised system                |
| Conditions that foster or hinder the decentralised system | Enabling environment                                 |
| Understanding and views of the decentralised system       | Perceptions of employees involved in the procurement |

### **3.8 Validity and reliability**

Struwig and Stead (2001:246) describe validity as instruments scores, or observations that are valid if they measure what they are supposed to measure. Yin (2015:240) describes reliability as the consistency and repeatability of the research procedures used in a study.

In this study the primary data were collected via questionnaires. Errors may occur due to respondents getting tired or misunderstanding the questions posed. The researcher ensured that the process was free from bias by personally screening the respondents, ensuring that most, if not all, questions were answered. The questionnaire was piloted to three people, comprising one colleague from the NWPL, a colleague from the NWU Graduate School and a doctoral student at the North West University. The reason for this was to ensure that the questions were clear and that participants could verify the relevance of the various items in the questionnaire.

Oluwatayo (2012: 395) identifies four factors of reliability in quantitative research. These factors are; trustworthiness, stability, reproducibility and explicability. What is implied here is that, regardless of the passage of time, when the research instruments and similar groups of respondents are subjected to empirical inquiry, the results should not be significantly disparate. Reliability indicates that if the same variable is measured under similar conditions, a reliable measurement would produce the same or nearly the same results at different times of administration of the instruments (Creswell, 2012: 159).

The questionnaires were structured and had the same format and sequence of questions for each respondent. All respondents were given the same time to answer questionnaires. Instructions were clearly outlined and the participants were ensured of anonymity. When using Likert-type scales, it is imperative to calculate and report for internal consistency and reliability of any scales or subscales used. Cronbach's Alpha is thus a measure of internal consistency that indicates the level to which all items in a test measure the same attribute (Huysaman, 2004:125). This measure was applied in this study.

### **3.9 Research Ethics**

In the case of research that is conducted at an institution, approval to conduct the research is supposed to be obtained prior to data collection (McMillan and Schumacher, 2006:144). The current researcher obtained the permission to carry out this study from the University. The respondents also gave their informed consent to participate in the study. According to McMillan (2006:143), informed consent is achieved by providing the respondents with an explanation of the research and full disclosure of any risks associated with the study. In the explanation, the researcher advises the respondents of their right to terminate their participation at any time, without incurring any penalty. The consent form that was used in this study can be found in the appendices section (see *Appendix A*).

The ethical principles that guided this research are summarised as follows:

1. No respondent was exploited in any way, nor harmed nor even exposed to any discomfort, physically, emotionally or psychologically.
2. No information provided by the respondents was made available to any other person.

3. Full disclosure was given to the respondents on the purpose and objectives of the study.
4. Ethical clearance was sought from the university.

### **3.10 Conclusion**

This chapter presented the research design that was followed in the study. It also presented the research methodology and addressed the issues of reliability and validity. The next chapter shall present the results of the study.

## **Chapter 4: Data Analysis and Interpretation**

### **4.1 Introduction**

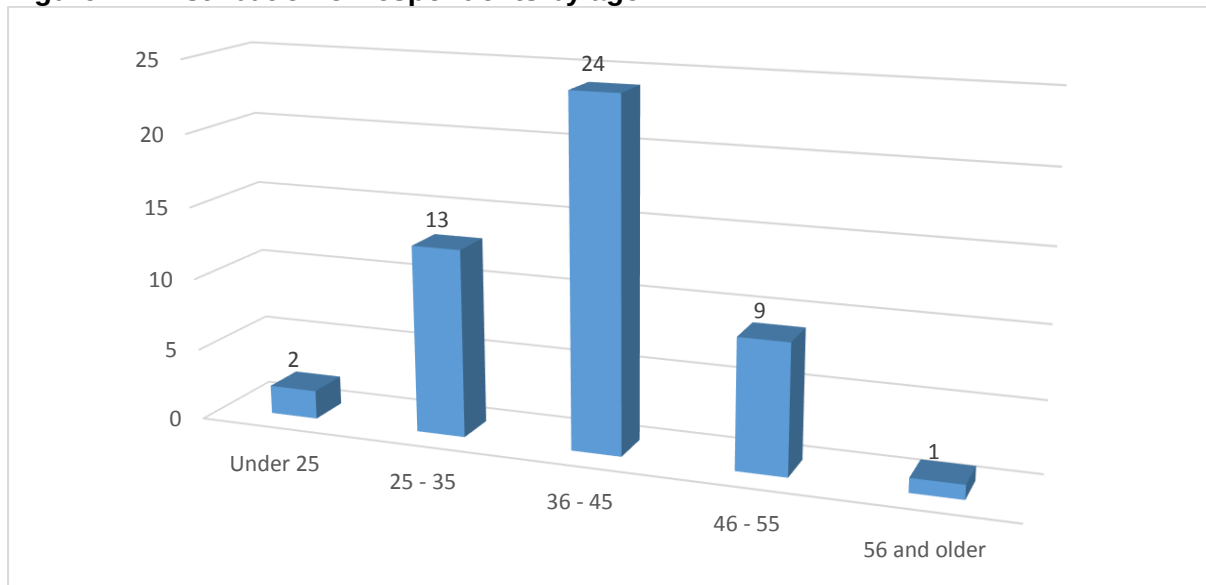
This chapter presents the data that were gathered in the research process. It also provides analysis and interpretation of the results. A simple-random sampling technique, as discussed in Chapter 3 was used. Forty-nine questionnaires were returned and included for analysis. This represented a 98% response rate. The purpose of the quantitative data analysis was to meet the research objectives that are outlined in Chapter 1. The main objective was to examine the decentralised procurement system at the NWPL.

### **4.2 Demographic Information**

A total of forty-nine respondents responded to the questionnaires. Twenty-six (53.1%) of the respondents were female while twenty-two (44.9%) were male. A single respondent (2%) did not disclose gender. An overwhelming majority (73.5%) of the respondents indicated that they worked within the legislature SCM. The sampled employees work in the following departments of the North West Provincial Legislature:

1. Office of the Speaker
2. Office of the secretary
3. Branch: Legislature Operations
4. Branch: Policies, research and committees
5. Branch: Public Participation and petitions
6. Branch: Finance
7. Branch: Corporate Service
8. Branch: Legal and Labour

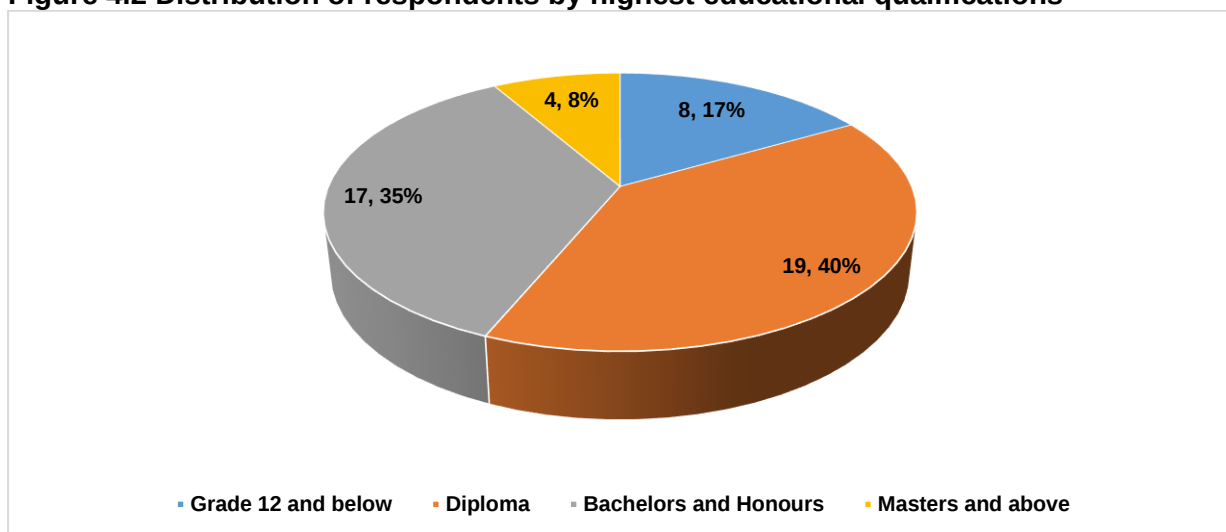
**Figure 4.1 Distribution of respondents by age**



Sources:

Figure 4.1 shows the majority (49%) of the respondents was aged between 36 and 45 years. Thirteen (26.5%) of the respondents were aged between 25 and 35 years. Almost a fifth (18.4%) of the respondents was in the 46 – 55-year bracket. Those aged under 25 and above 55 years constituted 4.1% and 2% respectively. Almost two fifths (39.6%) of the respondents had a diploma while about 35% held bachelors and honours degrees. Those that had Grade 12 and below constituted about 17% of the sample. The remaining eight percent of the respondents had Masters' degrees or higher. The distribution is shown in the pie chart in Figure 4.2 below.

**Figure 4.2 Distribution of respondents by highest educational qualifications**



The above area graph shows that most of the respondents have formal educational qualifications. This phenomenon can be attributed to the national government's efforts to improve SCM in government departments since 2013 (Ambe, 2012).

### 4.3 NWPL SCM System

**Table 4.1: Distribution of responses to statements about the NWPL SCM System**

|                                                                                                                            |       | Frequency | Percentage |
|----------------------------------------------------------------------------------------------------------------------------|-------|-----------|------------|
| The NWPL system has been decentralised since April 2014                                                                    | True  | 42        | 87.5%      |
|                                                                                                                            | False | 6         | 12.5%      |
| Placing an order takes less time under the current system                                                                  | Yes   | 17        | 35.4%      |
|                                                                                                                            | No    | 31        | 64.6%      |
| The decentralised SCM requires less steps                                                                                  | Yes   | 15        | 30.6%      |
|                                                                                                                            | No    | 34        | 69.4%      |
| The CFO approves all SC requests according to the approved SC procedures                                                   | Yes   | 23        | 46.9%      |
|                                                                                                                            | No    | 26        | 53.1%      |
| The CFO's role is in line with the SCM policy                                                                              | True  | 40        | 83.3%      |
|                                                                                                                            | False | 8         | 16.7%      |
| The SCM processes provide for suppliers complaints for delayed payments and other issues                                   | Yes   | 18        | 37.5%      |
|                                                                                                                            | No    | 30        | 62.5%      |
| The number of complaints by suppliers with regards to delayed payments has decreased since adoption of a decentralised SCM | Yes   | 13        | 27.7%      |
|                                                                                                                            | No    | 34        | 72.3%      |
| Steps to create a purchase order were reduced in the current decentralised system                                          | Yes   | 12        | 25.0%      |
|                                                                                                                            | No    | 36        | 75.0%      |
| There is an improvement in the processes                                                                                   | Yes   | 14        | 29.2%      |
|                                                                                                                            | No    | 34        | 70.8%      |

Sources:

Table 4.1 shows that most (87.5%) of the respondents agreed that the NWPL procurement system had been decentralised since April 2007. However, almost 65% respondents indicated that placing an order took more time and 70% affirmed that it required more steps to complete procurement processes in the current system. These respondents' views support the argument by Ambe (2012) that the execution of procurement processes in the government sector remains a challenge as it goes against the benefits of a decentralised system whose aim is to shorten turnaround times. It could also show that the current NWPL procurement system provides additional tasks which may hinder quicker acquisitions. A decentralised system should ensure quicker payments; reduce bureaucracy in, for example, the payment of suppliers and shortens the time for the purchase order to be issued (Ambe, 2012).

The other possible justifications for switching to a more effective procurement system include the lack of technology in the current procurement processes used in South Africa, as reported in a study by Naude (2013). Of concern is that a decentralised system should improve the turnaround of orders (Ambe and Badenhorst-Weiss, 2012:253). However, in this case the process seems to not have improved in spite of decentralisation.

An overwhelming majority, 83.3%, of the respondents agreed that the CFO's role was in line with the SCM policy, while 53.3% disagreed with the statement concerning the CFO's approval of procurement requests. Motuba (2014) is of the opinion that the chief financial officer should supervise the SCM in the government departments. However, in this study it was found that the chief financial officer was not the one tasked with approving the SC requests. This supports the finding by Ambe (2012) who cites lack of compliance with the SCM in government departments as one of the challenges that hinder the CFO from enforcing compliance measures.

Generally, the majority of respondents felt that there were few improvements within the procurement process since the adoption of a decentralised SCM. The study by Ambe and Badenhorst-Weiss (2012:253) found that a decentralised SCM improves responsiveness to purchasing needs and ensures an enhanced understanding of special needs that the department operates in. In the North West Province, for example, there are limited suppliers. A decentralised procurement process will, thus, enable SCM personnel to understand the local environment better and plan accordingly.

The respondents' perceptions of the various aspects of the procurement processes at the NWPL are shown in Table 4.2 below. As stated earlier, of the 50 sampled participants, 49 returned completed questionnaires.

**Table 4.2: Perceptions (n=49)**

| <b>Statement</b>                                                                               | <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Unsure</b> | <b>Agree</b> | <b>Strongly Agree</b> |
|------------------------------------------------------------------------------------------------|--------------------------|-----------------|---------------|--------------|-----------------------|
| Staff members received training prior to the adoption of the decentralised supply chain system | 8(16.3)                  | 15(30.6)        | 18(36.7)      | 8(16.3)      | 0                     |

|                                                                                                                 |         |          |          |          |        |
|-----------------------------------------------------------------------------------------------------------------|---------|----------|----------|----------|--------|
| Adequate staff have been allocated for the decentralised supply chain function                                  | 3(6.3)  | 19(39.6) | 13(27.1) | 13(27.1) | 0      |
| Procurement staff are able to develop plans and execute them accordingly                                        | 5(10.2) | 19(38.8) | 15(30.6) | 10(20.4) | 0      |
| Procurement staff use the inventory management system (IMS) for planning and placing orders                     | 7(14.3) | 22(44.9) | 15(30.6) | 5(10.2)  | 0      |
| The NWPL provides training to new and old SCM team                                                              | 3(6.1)  | 28(57.1) | 6(12.2)  | 12(24.5) | 0      |
| Strategic sourcing practices are employed at the NWPL to ensure compliance with the SCM guidelines              | 3(6.1)  | 15(30.6) | 13(26.5) | 18(36.7) | 0      |
| Monitoring and evaluation of procurement activities is undertaken at the NWPL                                   | 3(6.1)  | 16(32.7) | 17(34.7) | 11(22.4) | 2(4.1) |
| The level of non-compliance to SCM guidelines and practices has decreased as a result of decentralisation       | 7(14.3) | 25(51.0) | 10(20.4) | 7(14.3)  | 0      |
| Ordering small quantities by splitting the orders is a practice used to avoid compliance with the SCM guideline | 3(6.1)  | 9(18.4)  | 27(55.1) | 10(20.4) | 0      |
| Renewing an existing contract is often considered as an option than issuing a new contract                      | 2(4.1)  | 5(10.2)  | 17(34.7) | 23(46.9) | 2(4.1) |

Perceptions about the improvements in NWPL procurement function were assessed using ten items that asked participants to select how much they agreed or disagreed with the listed statements. The 5-point Likert scale ranged from “strongly disagree” (1) to “strongly agree” (5). A Cronbach alpha test was used to measure the reliability of the instrument. The Cronbach alpha value was 0.812, indicating item homogeneity. Table 4.2 above shows the frequency distribution of the responses for each of the statements.

The distribution, based on the respondents’ perceptions of NWPL procurement function was as follows:

1) “Training prior to adoption of system”: agreed (16.3%; n=8), disagreed (46.9%; n=23), unsure (36.7%; n=18);

2). The result can be attributed to the fact the role players had not received any form of training on their new key responsibility areas.

Hendriks (2012) highlights the importance of training when adopting a new system. It can be argued that training helps to minimise resistance to change and ensure that users are confident in what is expected of them. In addition, it encourages team building.

The results of the lack of training are evident as the question with regards to “Staff adequacy” produced the following responses: agreed (27.1%; n=13), disagree (45.8%; n=22), unsure (27.1%; n=13). This shows that many disagreed. The other examples of the effect of lack of training are found in the following statements, to which many respondents disagreed:

1. “Procurement staff’s ability to develop plans and execute them”: agreed (20.4%; n=10), disagreed (49.0%; n=24), unsure (30.6%; n=15); 4)
2. “Use of IMS for planning and placing orders”: agreed (10.2%; n=5), disagreed (59.2%; n=29), unsure (30.6%; n=15); 5)
3. “Provision of training to new and old SCM team”: agreed (24.5%; n=12), disagreed (63.3%; n=31), unsure (12.2%; n=6); 6)

4. "Strategic sourcing practices": agreed (36.7%; n=18), disagreed (36.7%; n=18), unsure (26.5%; n=13); 7)
5. "Monitoring and evaluation of procurement activities": agreed (26.5%; n=13), disagreed (38.8 %; n=19), unsure (34.7%; n=17); 8)
6. "Level of non-compliance to SCM guidelines and practices": agreed (14.3%; n=7), disagreed (65.3%; n=32), unsure (20.4%; n=10); 9)
7. "Ordering small quantities": agreed (20.4%; n=10), disagreed (24.5%; n=12), unsure (55.1%; n=27); 10)
8. "Renewal of existing contract": agreed (51.0%; n=25), disagreed (14.3 %; n=7), unsure (34.7%; n=17).

It is evident from Table 4.2 that the majority of the respondents either disagreed or strongly disagreed with most statements with regards to perceptions. The proportions of respondents that either "agreed" or "disagreed" to strategic sourcing practices were equal. The majority of the respondents were, however, unsure concerning the "ordering of small quantities." This finding is different from Hendriks' (2012), who found that the practice in government departments was to break an order into small quantities. This may indicate that this practice is not followed in the department.

The statement on the "renewal of existing contract" was the only one which had the majority of the respondents agreeing to. There was no association between the perceptions and the respondents' gender. The renewal of a contract supports the findings of Migiro and Ambe (2008) that in government departments there is a tendency to renew contracts at the expense of issuing new ones. This practice promotes corruption and adversely impacts on government departments' abilities to achieve value for money in their procurement function. The two practices that are mentioned relate to small quantities and renewal of existing contracts. The responses generally show that there are deviations in terms of procurement legislation. Lack of enforcement and the limited role that the chief financial officer seems to be performing in terms of procurement in the Department were also highlighted. As highlighted by Hendriks (2012), training should be provided to senior managers, technical staff and

end users. The training should focus on teaching employees to use the new system. In addition, the training should adequately demonstrate how the incoming system will affect business processes.

Table 4: 3 Comparisons of respondents' perceptions by age group

| Statement                                                                                                 | Response | Age Group |          |          |         |              | X <sup>2</sup> (p-value) |
|-----------------------------------------------------------------------------------------------------------|----------|-----------|----------|----------|---------|--------------|--------------------------|
|                                                                                                           |          | Under 25  | 25 - 35  | 36 - 45  | 46 -55  | 56 and above |                          |
| Staff members received training prior to the adoption of the decentralised supply chain system            | Disagree | 2(8.7)    | 3(13.0)  | 13(56.5) | 5(21.7) | 0            | 16.970 (0.03)*           |
|                                                                                                           | Unsure   | 0         | 9(50.0)  | 4(22.2)  | 4(22.2) | 1(5.6)       |                          |
|                                                                                                           | Agree    | 0         | 1(12.5)  | 7(87.5)  | 0       | 0            |                          |
| Adequate staff have been allocated for the decentralised supply chain function                            | Disagree | 1(4.5)    | 5(22.7)  | 11(50.0) | 5(22.7) | 0            | 8.809 (0.359)            |
|                                                                                                           | Unsure   | 1(7.7)    | 4(30.8)  | 4(30.8)  | 3(23.1) | 1(7.7)       |                          |
|                                                                                                           | Agree    | 0         | 4(30.8)  | 9(69.2)  | 0       | 0            |                          |
| Procurement staff are able to develop plans and execute them accordingly                                  | Disagree | 0         | 4(16.7)  | 12(50.0) | 8(33.3) | 0            | 16.471 (0.036)*          |
|                                                                                                           | Unsure   | 2(13.3)   | 6(40.0)  | 7(46.7)  | 0       | 0            |                          |
|                                                                                                           | Agree    | 0         | 3(30.0)  | 5(50.0)  | 1(10.0) | 1(10.0)      |                          |
| Procurement staff use the inventory management system (IMS) for planning and placing orders               | Disagree | 1(3.4)    | 7(24.1)  | 12(41.4) | 9(31.0) | 0            | 16.728 (0.033)*          |
|                                                                                                           | Unsure   | 1(6.7)    | 5(33.3)  | 9(60.0)  | 0       | 0            |                          |
|                                                                                                           | Agree    | 0         | 1(20.0)  | 3(60.0)  | 0       | 1(20.0)      |                          |
| The NWPL provides training to new and old SCM team                                                        | Disagree | 2(6.5)    | 7(22.6)  | 14(45.2) | 8(25.8) | 0            | 12.363 (0.136)           |
|                                                                                                           | Unsure   | 0         | 4(66.7)  | 2(33.3)  | 0       | 0            |                          |
|                                                                                                           | Agree    | 0         | 2(16.7)  | 8(66.7)  | 1(8.3)  | 1(8.3)       |                          |
| Strategic sourcing practices are employed at the NWPL to ensure compliance with the SCM guidelines        | Disagree | 0         | 3(16.7)  | 9(50.0)  | 6(33.3) | 0            | 10.195 (0.252)           |
|                                                                                                           | Unsure   | 0         | 5(38.5)  | 7(53.8)  | 1(7.7)  | 0            |                          |
|                                                                                                           | Agree    | 2(11.1)   | 5(27.8)  | 8(44.4)  | 2(11.1) | 1(5.6)       |                          |
| Monitoring and evaluation of procurement activities is undertaken at the NWPL                             | Disagree | 1(5.3)    | 5(26.3)  | 9(47.4)  | 4(21.1) | 0            | 6.812 (0.557)            |
|                                                                                                           | Unsure   | 0         | 6(35.3)  | 7(41.2)  | 4(23.5) | 0            |                          |
|                                                                                                           | Agree    | 1(7.7)    | 2(15.4)  | 8(61.5)  | 1(7.7)  | 1(7.7)       |                          |
| The level of non-compliance to SCM guidelines and practices has decreased as a result of decentralisation | Disagree | 1(3.1)    | 10(31.3) | 13(40.6) | 7(21.9) | 1(3.1)       | 7.790 (0.454)            |
|                                                                                                           | Unsure   | 1(10.0)   | 3(30.0)  | 6(60.0)  | 0       | 0            |                          |
|                                                                                                           | Agree    | 0         | 0        | 5(71.4)  | 2(28.6) | 0            |                          |

|                                                                                                                 |          |        |          |          |         |        |               |
|-----------------------------------------------------------------------------------------------------------------|----------|--------|----------|----------|---------|--------|---------------|
| Ordering small quantities by splitting the orders is a practice used to avoid compliance with the SCM guideline | Disagree | 0      | 1(8.3)   | 7(58.3)  | 3(25.0) | 1(8.3) | 8.819 (0.358) |
|                                                                                                                 | Unsure   | 2(7.4) | 10(37.0) | 11(40.7) | 4(14.8) | 0      |               |
|                                                                                                                 | Agree    | 0      | 2(20.0)  | 6(60.0)  | 2(20.0) | 0      |               |
| Renewing an existing contract is often considered as an option than issuing a new contract                      | Disagree | 0      | 2(28.6)  | 3(42.9)  | 2(28.6) | 0      | 8.104 (0.423) |
|                                                                                                                 | Unsure   | 1(5.9) | 6(35.3)  | 9(52.9)  | 0       | 1(5.9) |               |
|                                                                                                                 | Agree    | 1(4.0) | 5(20.0)  | 12(48.0) | 7(28.0) | 0      |               |

\*indicates significance  $p < 0.05$

Table 4.3 shows participants' descriptions of the different items assessing their perceptions of the NWPL procurement function. Out of the 10 items assessed, non-significant differences between the different age groups were found in 7 items namely: "Adequate staff have been allocated for the decentralised supply chain function " ( $p = 0.359$ ); "The NWPL provides training to new and old SCM team" ( $p = 0.136$ ); "Strategic sourcing practices are employed at the NWPL to ensure compliance with the SCM guidelines" ( $p\text{-value}=0.252$ ); "Monitoring and evaluation of procurement activities is undertaken at the NWPL" ( $p = 0.557$ ); "The level of non-compliance to SCM guidelines and practices has decreased as a result of decentralisation" ( $p = 0.454$ ); "Ordering small quantities by splitting the orders is a practice used to avoid compliance with the SCM guidelines" ( $p = 0.358$ ); "Renewing an existing contract is often considered as a better option than issuing a new contract" ( $p = 0.423$ ). Older staff members seem to disagree with the statements.

The research results show the existence of significant differences between the different age groups' perceptions, as exemplified by the responses to the following items: "Staff members received training prior to the adoption of the decentralised supply chain system" ( $p = 0.03$ ); "Procurement staff are able to develop plans and execute them accordingly" ( $p = 0.036$ ); "Renewing an existing contract is often considered as an option than issuing a new contract" ( $p\text{-value}=0.033$ ). The reason why older staffers tend to disagree can be attributed to the fact that they have been in the department for longer and have more experience than their younger counterparts. In addition, they may have been using the centralised system and are, thus, able to competently compare the two systems.

#### 4.4 Qualitative responses

Some qualitative questions were appended to the questionnaire. The respondents for this study are involved in the following procurement processes:

**Table 4.4: Roles of the respondents**

|                                                                                     |
|-------------------------------------------------------------------------------------|
| Admin assistant in committees division doing procurement                            |
| Approve in accordance with SCM policies within my division                          |
| Asset management                                                                    |
| Booking reservation for hotels and car rentals for staff and members of parliament. |
| Capture SCM policy on system (Oracle)                                               |
| Check quotations from divisions and process orders                                  |

|                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Check vouchers from divisions (completion for order and payment purposes)                                                                                                                          |
| Ensure procurement of goods and services are in accordance. Implement SCM policy. Draft specifications for the identified commodities                                                              |
| Evaluate the control environment                                                                                                                                                                   |
| Evaluation of the adequacy and effectiveness and control risk management relative to the SCM                                                                                                       |
| Facilitate payment of suppliers                                                                                                                                                                    |
| I create orders. I attach invoices of travel agencies and after reconcile them.                                                                                                                    |
| Management of the SCM functions in the legislature                                                                                                                                                 |
| Payment of suppliers                                                                                                                                                                               |
| Recommend the approval of transactions (Procurement). Approve transactions. Implement and monitor SCM policy in the division.                                                                      |
| Requester                                                                                                                                                                                          |
| Requisition Officer                                                                                                                                                                                |
| Responsible for arranging and booking reservations for travel, hotels and car rentals for staff and members of parliament                                                                          |
| Review the adequacy and effectiveness of controls surrounding supply chain management processes                                                                                                    |
| Risk Management                                                                                                                                                                                    |
| Source quotations, approval on the system, serves also on the bid specification committee                                                                                                          |
| The procurement requests for my division are sent to me for scrutiny before requisitions and purchase orders are approved. After I approve I send the documents to SCM for auto creating an order. |
| To evaluate the adequacy and effectiveness of the control risk management and governance relative to the SCM processes                                                                             |

From the respondents' roles listed in Table 4.3, it could be concluded that there are policies and procedures that are put in place within the SCM department at the NWPL. It is also evident that there are employees who are responsible for implementing SCM Policy. The relationship with the supplier is not mentioned in any of the above roles. There seems to be no supplier/ departmental collaboration oversight.

The questionnaire had one question that sought to establish whether the respondents thought the new procurement function had advantages or disadvantages. In this study the following advantages with regards to a decentralised system were found:

**Table 4.5: Advantages and disadvantages of a decentralised system at NWPL**

| <b>Advantages</b>                                                                                                               | <b>Disadvantages</b>                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| For all procurements, quotations from different suppliers are to be sourced from different units and it takes less time.        | Before quotations were sourced by SCM and now it is sourced by divisions and sometimes they do not submit complete documents and it causes delays |
| In a decentralised system the branch is able to monitor expenditure patterns and follow up on payments outstanding              | Centralised system is a bit slow and in the decentralised system individual units are quick to get suppliers                                      |
| It takes less time to source quotations for themselves than waiting for supply chain to source quotations for all institutions. | In decentralised the quotations are sourced at divisions and sometimes they are returned for correction                                           |
| Less approval chain                                                                                                             | The time for requesting quotes to utilising the services of the service provider is far longer now that it is centralised.                        |
| The previous system was very slow; now I see that things are very quick                                                         | The process happens in different divisions and verifications by SCM takes long before order                                                       |
| The process is shorter as each user is responsible for own procurement and taking it through to final stage.                    | The workload is too much and human capital is less                                                                                                |
| We look for quotations and capture on system. Before SCM used to look for the quotes.                                           | Time consuming                                                                                                                                    |
| We look for quotations and then give SCM to issue orders                                                                        |                                                                                                                                                   |
| We look for quotations within our division than the supply chain for the institutions.                                          |                                                                                                                                                   |

**Sources:**

The above advantages are classified into time related, process related and procurement related categories. However, none of the respondents made mention of the related savings that are made by the departments. The disadvantages mentioned by the respondents can be classified into the following classes; procedural challenges,

staffing, and workload. The laid out procedures seem to hinder SCM as documents are referred back for being incomplete. In addition, verifications tend to take longer and there is an increased workload.

Most of the respondents (98%) agreed that the CFO had developed an SCM unit and established systems for procurement according to the SCM guidelines. 100% of the respondents referred to the existence of the SCM unit and of the SCM policy in the NWPL. This shows that there is greater awareness of the existence of the SCM. Despite the existence of the unit and related policies, the NWPL experiences problems, as found in the study by Cooper (2016), of lack of communication, lack of governance, procedures and skilled people.

In response to the question on whether the decentralised system had improved the procurement system, the majority of the respondents (71%) noted that the new procurement system had exposed some operational weaknesses within the NWPL. The following responses were obtained, ad verbatim:

1. Considering the nature and environment of the institution as well as the human resource shortages, decentralised system does assist in as far as capturing requisitions but the process of finalising the payment is solely the responsibility of finance unit and this still has shortcomings.
2. Created inefficiency due to a lengthy line from requisitions to the final point
3. Decentralisation has resulted in non-compliance to the SCM policy, delayed payment.
4. Decentralisation has spiked the level of non-compliance with SCM regulations, resulting in increased irregular expenditure and late payments.
5. Decentralisation results in late payment to suppliers and non-compliance to SCM policy
6. Decentralised system has not improved the SCM at NWPL because suppliers are not paid within thirty days and thus is non-compliance with the policy and SCM regulations. In addition, payments are made without three quotations and processing of purchase orders stay too long on the system before they can be approved.
7. Decentralised system has not improved the SCM at NWPL. The decentralised system delays BO day payments and SCM and treasury regulations are not

taken to account. The centralised system ends up in Finance making direct payment.

8. Decentralised system has not worked for NWPL and will never work here. The only option NWPL has is to centralise SCM and increase the staff in finance in order to achieve compliance of SCM process. Also to reduce this backlog on irregular and wasteful expenditure incurred in past years and is still being incurred now.
9. Decentralised system will not improve the SCM at NWPL because there is no control on the payment period. Suppliers must be paid within 30 days.
10. Decentralising has not improved SCM, instead it has caused lot of delays. People who are given invoices have other work to do which is their core business and thus tend to forget about invoices that are sent to them. Rather SCM must take charge of fully dealing with procurements
11. Has not improved procurement because sometimes services are provided before orders are issued. Suppliers are paid late.
12. Has not improved. It has increased non-compliance
13. It created inefficiency due to lengthy lines from requisition to the final point of procuring
14. It has not improved as it results in late payment of suppliers and affects the relationship with service providers for future procurements. Increase deviations to the SCM policies
15. There is a lot of non-compliance to SCM guidelines and practices due to decentralised. Late payments of suppliers. Services are provided before order is issued.

Some of the above-cited problems could have been caused by failure by branches to submit supplier invoices on time, leading to late payment, or failure to monitor the submission of invoices. These challenges, in turn, led to delayed payments to suppliers. Despite having been developed to reduce bureaucracy, the decentralised procurement system is seen by 24% of the respondents as having increased it. The Finance Department is seen as the major bureaucratic barrier.

The question with regards to the measures to improve procurement highlighted the following from the respondents:

1. Adequate staff should be provided. Training of staff, especially new employees.
2. Continuous training of personnel. Recruitment of skilled personnel. Develop and update database of suppliers for efficiency. Liaise with other divisions on their projects for planning processes
3. Employ more capable SCM practitioners and train the existing ones that we already have. It (SCM unit) should not favour certain individuals, but it must be competitive for everyone to have a chance.
4. Not sure about the "make measures" but what I do understand is that centralised SCM works better than decentralised SCM.
5. Proper policy procedure should be developed and implemented. Staff should be trained on SCM processes. All requests should be processed at SCM unit. No unit should be allowed to capture/process their own requisitions.
6. Reduce the number of requesters in the Oracle system. Monitor movement of procurement.
7. Support the idea of adopting a centralised SCM.
8. The centralisation system should be implemented.
9. The centralised system would require NWPL to recruit more staff who will be assigned the total responsibility of SCM from specifications through to final payment of services.
10. The NWPL should consider centralising all the SCM processes.
11. Yes, to comply with SCM process.
12. Yes, it reduces the number of people who ought to approve.
13. SCM must be centralised.
14. This will enforce compliance to SCM policies.

Most of the above-stated measures lean towards the centralisation of the procurement function. Thus, the general view is that a centralised system would work better for the NWPL. Centralisation is seen as a solution as it would ensure compliance, increase the number of staff and reduce the number of requesters. Another measure which supports the findings by Hendriks (2012) is that the NWPL should train the staff who are involved in SCM.

#### **4.5 Summary of the chapter**

The foregoing chapter presented the findings of the study. Despite the introduction of numerous policies and guidelines, as laid out by the PFMA, the NWPL still encountered several challenges in the procurement function. Some of the weaknesses of this decentralised system included failure by branches to submit supplier invoices on time, leading to late payment. The other notable challenge was failure to monitor the submission of invoices, which also resulted in payments to suppliers being dispatched late. The next chapter presents the conclusion of the study.

## **CHAPTER 5: DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1. Introduction**

Chapter 5 presents the discussion of findings, conclusion and the recommendations that have been reached in this mini-dissertation. The decentralised procurement system was introduced in 2014 in the NWPL to improve the procurement process in government departments (NWPL, 2014). This chapter focuses on a discussion of the research results and findings and their implications for the NWPL as the focus. It also seeks to highlight the objectives of the research as well as determine if they have been achieved.

### **5.2. Summary of the findings**

The key finding of the mini-dissertation is that the NWPL has fully adopted a decentralised procurement system. This is evident in that the respondents reported that they performed the following roles, which are ideally undertaken in a decentralised system. Below, the responses are presented ad verbatim:

1. Approve all requests, including quotations.
2. Approve requisitions and purchase orders.
3. As corporate governance officer I assist the manager with procurement of services. This entails requesting quotations from SCM, ensuring there are adequate funds, procuring the service and submitting invoices for payment.
4. Call suppliers for quotations when requested.
5. Capture requisitions on system and receive quotations from suppliers for my division.
6. Capturing of quotations on the system; following up with SCM for orders; communicating with suppliers.
7. Ensure that order vouchers are complete for processing and sending to payment.
8. Evaluate the adequacy and effectiveness of the procurement function.
9. Evaluate the adequacy and effectiveness of the procurement functions.
10. Evaluate the SCM control environment including the procurement function.
11. I recommend for approval all requisitions within the division.
12. I request supply chain to assist me with accommodation by following their SCM rules.

13. Monitoring of risk registers.
14. Overseeing implementation of the SCM policies and guidelines and day to day running of Bid Admin, demand and acquisitions, assets management and logistical services to staff and members of legislature.
15. Provide value adding recommendations to improve the supply chain management processes.
16. Recommend the approval of transactions (Procurement). Approve transactions. Implement NWPL SCM policy. Monitor compliance with NWPL SCM policy and FMPPLA regulations.
17. Request quotations for catering for public participation events.

The summary of the decentralised procurement system, as per views of the respondents that were surveyed, shows that record management is regarded as less important. This is due to the fact that the surveyed respondents could not locate record management in their description of the procurement process in the NWPL. As per summary of the procurement process shown in figure 5.1, it would appear that the respondents were mostly concerned about the operational process and failed to consider issues of accountability in the procurement process.

Although the Chief Financial Officer has established a supply chain management unit and relevant policies have been developed, the NWPL still faces challenges in the procurement system. As part of the SCM processes, the payment of suppliers takes more than the prescribed 30-day limit. According to the responses from the surveyed employees, the finance department delays in approving payments. However, this problem is often started by other user departments which fail to submit correct documentations, resulting in an increased workload for those involved in the procurement process compared to what happens in a centralised system. The delays in the procurement processes in a decentralised system in NWPL echo Ambe and Badenhorst-Weiss (2012) concerns that government entities in South Africa are poorly operating the decentralised system, even though a centralised procurement system is seen more open to promoting corruption.

According to surveyed NWPL employees, the renewal of contracts on procurement is more preferable than sourcing new suppliers. The failure of the procurement processes to establish relationships with new suppliers is largely attributable to the

NWPL preference to renew existent contracts. The effect of this is that the NWPL tends to use the same supplier and the value for money benefit may be lost. This can be attributed to the bureaucratic nature of the NWPL. The foregoing finding supports the assertion by Maiketso (2015) and Mafunisa (2014) that the lack of financial management skills in the South African public sector is a barrier to procurement management in institutions.

Further, the NWPL implemented that decentralised system without providing proper training to the employees. Hendrik (2012) supports the need for training, as it was seen as a way of reducing staff resistance to change and allowing for trouble shooting. Staff training was also necessary for team building. Lack of employee training is seen as the key motive for employees' preference of a centralised system. The reasons for such preference can be attributed to lack of understanding of what they should be involved in as well as the increased workload that emerged as a result of the decentralised system. Employees may be of the view that a centralised system would reduce their workload and remove accountability on their part.

The perspectives of the NWPL employees differed in terms of whether or not they required training in the new procurement system. The differing views were based on employees' age groups, with those younger than thirty-five years requiring more training than those older than thirty-five years old. This shows the need for continuous training.

Respondents referred to the issue of non-compliance with the PFMA and the SCM policy of the NWPL. Examples of non-compliance include the non-involvement of the chief financial officer in all procurement transactions, lack of accountability and failure to pay suppliers within a 30-day turnaround period. The main reason that was provided for instances of non-compliance was that verification of orders took too long to be done owing to delays by the Finance Department. At times the aforesaid delays were due to lack of proper and complete documentation from the branches. There is, therefore, need for the enforcement of set out legislation and policies.

### **5.3. Conclusion**

The need for the public organisations to recruit and retain staff in SCM management is evident in this study. The roles and responsibilities of SCM personnel need to be addressed as, without this, it would be difficult to achieve accountability. There is need

to develop mechanisms to ensure that accountability is tied to a job profile. Further, there is need for proper communication structures to be implemented in order to ensure that employees are provided with information that can assist them in their roles and responsibilities so as to ensure that they are aware of the mechanisms that would have been adopted.

#### **5.4. Recommendations**

In considering the overall findings and conclusions of this study, recommendations to enhance and improve future research are listed as follows:

- There is need for regular training in the procurement function.
- Policy makers and management of the NWPL need to re-examine their current policies and, with regards to the areas identified, especially in the area of accountability.
- There is need for target-specific research that focuses on the best practices that should be used in a decentralised procurement system to be undertaken.
- This research adds to the current body of studies on decentralised procurement systems in the public sector. There is need to undertake research to determine if public sector organisations have been able to benefit from decentralised procurement systems.

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## Appendix A: Questionnaire

### APPENDIX A: COVERING LETTER

#### Dear Respondent

You are invited to participate in an academic research study conducted by Ms Tebogo Gaborone, an MBA student from the School of Business and Governance at the North West University. The results of the study will be used for academic purposes only and may be published in an academic journal. A copy of the research outcome and final analysis may be provided to research participants for information purposes upon request. Ethical clearance has been obtained from the North West University as well as the North West Provincial Legislative (NWPL)

The purpose of the study is to analyze the operations of the decentralised supply chain management (SCM), procurement system in particular at the NWPL.

Please note the following:

- The study involves an anonymous survey on various employees and senior managers at the NWPL. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential'. You cannot be identified in person based on the answers you give.
- Your participation in this study is very important to us. You may however, choose not to participate and you may also stop participating at any time without any negative consequence.
- Please answer the questions in the attached questionnaire as completely and as honestly as possible. This could not take more than 10-15 minutes of your time.
- Please contact my supervisor, Dr Dumisani Jantjies email: [drdjantjies@gmail.com](mailto:drdjantjies@gmail.com) if you have any queries or comments regarding the study.

Please sign the form to indicate that:

- You have read and understood the information provided above
- You give your consent to participate in the study on a voluntary basis.

-----

# THE QUESTIONNAIRE

## Section A

## Demographic profile

Job level or grading.....

Race.....

Branch .....

Division within NWPL .....

**What is your gender?**

Please indicate your gender by crossing the relevant box

|      |  |        |  |
|------|--|--------|--|
| Male |  | Female |  |
|------|--|--------|--|

**1. What age group do you belong to?**

|              |  |
|--------------|--|
| Under 25     |  |
| 25 to 35     |  |
| 36 to 45     |  |
| 46 to 55     |  |
| 56 and older |  |

**2. Do you work within Legislature SCM?**

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

**3. Have you worked in other divisions that uses Legislature SCM services?**

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

**4. How long have you worked for the Legislature, in particular within SCM?**

|                    |  |
|--------------------|--|
| Below 3 years      |  |
| 03 to 5 years      |  |
| 5 to 10 years      |  |
| 10 to 15 years     |  |
| 15 years and above |  |

**5. What is your current role or Job description in SCM division? Write in the space below;**

.....

.....

.....

**6. What is your highest qualification?**

|                       |  |
|-----------------------|--|
| Grade 12 and below    |  |
| Grade 12 + Diploma    |  |
| Bachelors and Honours |  |
| Masters and above     |  |
|                       |  |

**7. Which Division are you employed in? Write in the space provided**

.....

**8. In the space provided below indicate the roles that you perform in the procurement function**

.....  
.....  
.....  
.....  
.....  
.....

## Section B

The following section is intended to assess the decentralised procurement system within the NWPL. You are requested to read each statement and indicate the level to which you agree or disagree with the statement.

Please indicate your answer by crossing the relevant box

9. The NWPL SCM system has been decentralised since 2007.

|      |  |       |  |
|------|--|-------|--|
| True |  | False |  |
|------|--|-------|--|

10. Does placing an order takes less time in the current system ( Decentralised SCM) than in a centralised system

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

10.1. If so, what is the difference between the current and previous system?

.....  
.....

10.2 The decentralised SCM requires less steps or signature to create an order

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

11. Does the Chief Financial Officer approve all Supply Chain requests according to the approved Supply Chain Procedures at the NWPL?

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

12.1. This is in line with the decentralised SCM policy or strategy.

|      |  |       |  |
|------|--|-------|--|
| True |  | False |  |
|------|--|-------|--|

12. Has Chief Finance Officer developed a SCM Unit and established systems for procurement according to the SCM guidelines?

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

Could you elaborate your answer?

.....

13. Does the SCM processes provide for suppliers complaints for delayed payments and other issues?

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

14. The number of complaints by suppliers with regards to late payments has decreased since the adoption of a decentralised supply chain system

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

15. Are the steps to create a purchase order reduced in the current decentralised than before?

|            |  |           |  |
|------------|--|-----------|--|
| <u>Yes</u> |  | <u>No</u> |  |
|------------|--|-----------|--|

16. Do you see this as improvement?

|            |  |           |  |
|------------|--|-----------|--|
| <b>Yes</b> |  | <b>No</b> |  |
|------------|--|-----------|--|

Please tick (X) in the appropriate box the statement which best describes the level to which you agree or disagree with the statement. Take note that you may only select one answer.

The responses are categorized on a five-point scale as follows:

- 1. Strongly disagree
- 2. Disagree
- 3. Unsure
- 4. Agree
- 5. Strongly agree

| STATEMENTS AND THEMES                                                                                         | Strongly disagree | Disagree | Unsure | Agree | Strongly agree |
|---------------------------------------------------------------------------------------------------------------|-------------------|----------|--------|-------|----------------|
| 12.1<br>Staff members received training prior to the adoption of the decentralised supply chain system        |                   |          |        |       |                |
| 12.2 Adequate staff have been allocated for the decentralised supply chain function                           |                   |          |        |       |                |
| 12.3 Procurement staff are able to develop plans and execute them accordingly                                 |                   |          |        |       |                |
| 12.4 Procurement staff use the Inventory Management System for planning and placing orders                    |                   |          |        |       |                |
| 12.5 NWPL provide training to new and old SCM team                                                            |                   |          |        |       |                |
| 12.6 Are strategic sourcing practices employed at the NWPL to ensure compliance with the SCM guidelines       |                   |          |        |       |                |
| 12.7 Monitoring and evaluation of procurement activities is undertaken at the NWPL                            |                   |          |        |       |                |
| 12.8 The level of non-compliance to SCM guideline and practices has decreased as a result of decentralisation |                   |          |        |       |                |

|                                                                                                                      |  |  |  |  |  |
|----------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|
| 12.9 Ordering small quantities by splitting the orders is a practice used to avoid compliance with the SCM guideline |  |  |  |  |  |
| 12.10 Renewing an existing contract is often considered as an option than issuing a new contract                     |  |  |  |  |  |

**13.** In your opinion how has the decentralised system improved procurement or not improved the SCM at NWPL? Write in the space provided below.

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**14.** Make measures should be adopted in the centralised supply chain management at the NWPL

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**Thank you very much for participating in this survey**