SUPPLY CHAIN MANAGEMENT FOR SERVICE DELIVERY IN THE LEJWELEPUTSWA MUNICIPAL DISTRICT

BY

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ABSTRACT

The South African government has introduced a number of legislative measures in support of procurement reform with the aim to make procurement more efficient and effective. In order to provide quality basic services, local government needs to procure goods and services. The Policy on the Strategy to Guide Uniformity in Procurement Reform Processes in Government (RSA, 2003) stipulates that supply chain management forms the basis of sound financial management. However, the state of local government finances and financial management in many of South Africa's municipalities is poor and municipalities find it difficult to deliver basic services to their communities. Local government should therefore prioritise the improvement of service delivery to provide for the growing demands of communities.

The aim of this study was to establish an improved framework for supply chain management practices that will enhance service delivery within local and district municipalities. The study used a qualitative research method. A literature study was done on supply chain management, service delivery, and the regulatory framework based on service delivery and supply chain management. Based on the literature review, a questionnaire with open ended questions was developed. Semi-structured interviews were conducted by the researcher in three local municipalities (Matjhabeng, Masilonyana and Tswelopele) and in the Lejweleputswa district municipality. The researcher interviewed supply chain management practitioners, SCM managers, Chief Financial Officers and Municipal Managers. An electronic coding system using Computer Assisted Qualitative Data Analysis Software Atlas.ti was applied to code and analyse all the information provided by the interviewees.

The study revealed that barriers impeding SCM performance can be classified into four categories. The first category is those barriers which municipalities face from the activities of the community, such as non-payment for municipal services, theft of municipal property, and the vandalism of infrastructure. The second category is non-compliance and non-adherence to SCM policies. With regards to this category, the study revealed that SCM practitioners deviate from laid down SCM policies and procedures as a result of undue political interference and acceptance of bribery. The interference of political office bearers shows that there is a violation of the Code of Conduct for Councillors, as stipulated in Schedule 1 of the Municipal Systems Act, 2000 (Act 32 of 2000) and Section 46 (1) of the same Act, which prohibit service providers from providing gifts, favours or hospitality to any role player involved in the SCM process. The third category is deficiencies in human resource capacity. The study revealed that lack of human resource capacity is caused by vacant posts being unfilled and those which

have been filled being filled by personnel who lack the suitable qualifications, skills and experience needed to perform their functions. The fourth category is the organizational structure, which the study revealed to be a barrier that impedes the effective implementation of SCM. The contributing factors within the organization relate to the ethical conduct of SCM practitioners, senior management, and political office bearers. SCM practitioners do not display the required ethical behaviour when dealing with suppliers – their acceptance of bribes indicates that there is a lack of discipline, consequence management and unethical behaviour within SCM units. Senior management is further unresponsive to the requests and recommendations of SCM units and there is a lack of proper financial management.

The research study provided practical recommendations to be taken by municipalities to overcome the identified challenges. If the recommendations were implemented correctly, a positive contribution in the improvement of SCM implementation and the effective provisioning of service delivery would be realised.

Key words: SCM, service delivery, effective, efficient, economical, municipality, role players, accountability, corruption, code of conduct, openness, confidentiality, equity.

Abstrak

Die Suid-Afrikaanse regering het ‘n aantal wetlike maatreëls ingestel met die oogmerk om verkryging (procurement) meer doeltreffend en effektief te maak. Ten einde basiese dienste te lewer, moet plaaslike regerings goedere en dienste aankoop. Die beleidsdokument *Policy on the Strategy to Guide Uniformity in Procurement Reform Processes in Government (RSA, 2003)* beklemtoon dat voorsieningskettingbestuur (VKB) die basis vorm van gesonde finansiële bestuur. Desnieteenstaande is die voorsieningskettingbestuur en finansiële bestuur van vele plaaslike regerings bedenklik en slaag hulle nouliks daarin om basiese dienste te lewer. Plaaslike regerings moet aan dienslewering ‘n hoë prioriteit verleen sodat daar aan die groeiende vereistes van gemeenskappe voldoen kan word.

Die oorkoepelende doel van hierdie studie was om ‘n verbeterde raamwerk vir voorsieningskettingbestuur daar te stel ten einde die effektiwiteit van dienslewering in plaaslike en distriksmunisipaliteite te verhoog. Die studie het ‘n kwalitatiewe benadering gevolg. Die literatuuroorsig het gefokus op voorsieningskettingbestuur, dienslewering, asook die raamwerk wat dienslewering en voorsieningskettingbestuur reguleer. Die literatuuroorsig het gedien as die vertrekpunt vir die ontwikkeling van die vraelys waarin oop-einde vrae gestel word. Die navorser het semi-gestruktureerde onderhoude gevoer in drie plaaslike munisipaliteite (Matjhabeng, Masilonyana en Tswelopele) asook die Lejweleputswa distriksmunisipaliteit.. Die data wat met die onderhoude ingesamel is, is kodeer en ontleed met rekenaarsagteware (*Atlas.ti)*.

Die studie het bevind dat die struikelblokke wat VKB belemmer in vier kategorieë verdeel kan word. Die eerste kategorie hou verband met die optrede van gemeenskappe, byvoorbeeld wanbetaling van munisipale dienste, diefstal van munisipale eiendom en vandalisering van infrastruktuur. Die tweede kategorie het te make met VKB-beleid wat nie nagekom of selfs heeltemal verontagsaam word. Die studie het bevind dat voorsieningskettingpraktisyns afwyk van VKB-beleid weens onbehoorlike politieke inmenging en omkopery. Die politieke inmenging van politieke ampsbeklеders word verbied deur die Gedragskode vir Raadslede soos vervat in Skedule 1 van die *Municipal Systems Act, 2000 (*Wet 32 van 2000) en Afdeling 46(1) van dieselfde wet. Hiervolgens word alle rolspelers in die VKB-proses verbied om geskenke, gunste of ander voordele te gee of te ontvang. Die derde kategorie het te doen met die gebrekkige kapasiteit van menslike hulpbronne. Die studie het bevind dat die gebrekkige kapasiteit die gevolg is van poste wat nie gevul word nie, asook poste wat gevul word met

kandidate wat nie oor die nodige kwalifikasies, ervaring en vaardighede beskik nie. Die vierde kategorie hou verband met organisatoriese strukture wat die effektiewe implementering van VKB belemmer. ‘n Vername bydraende faktor is die onetiese gedrag van VKB-praktisyns, senior bestuurders en politieke ampsdraers. VKB-praktisyns volg nie ‘n etiese gedragskode in hulle onderhandelings met verskaffers nie en hulle aanvaarding van omkoopgeld dui op ‘n gebrek aan dissipline, onvoldoende bestuur en onetiese gedrag. Dit is ook duidelik dat senior bestuur nie reageer op versoeke en aanbevelings van VKB-eenhede nie en daar is verder ook gebrekkige finansiële bestuur.

Hierdie navorsingsprojek het praktiese aanbevelings opgelewer wat munisipaliteite kan gebruik om hulle uitdagings die hoof te bied. Indien munisipaliteite hierdie aanbevelings korrek implementeer, sal dit ‘n positiewe bydrae maak ter verbetering van VKB en dienslewering.

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DECLARATION

I, Sefako Samuel Ramphoma, hereby declare that the thesis **Supply Chain Management for Service Delivery in the Lejweleputswa Municipal District** is my own work and that all sources used or quoted have been acknowledged by means of complete references. This work has not been submitted before for any degree or examination in any other University. This work is submitted in fulfilment of the requirements for the PhD degree in Public Administration and Management at the University of the Free State.

S S Ramphoma
Date: 14 October 2020

TABLE OF CONTENT

CHAPTER 1

INTRODUCTION OF THE STUDY

1.1 INTRODUCTION 2

1.2 BACKROUND TO THE STUDY 4

1.3 PROBLEM STATEMENT AND RATIONALE FOR THE STUDY 15

1.4 RESEARCH QUESTIONS 16

1.5 AIMS AND OBJECTIVES OF THE RESEARCH 16

1.6 THE CONTRIBUTION OF THE STUDY 17

1.7 RESEARCH METHODOLOGY 17

1.7.1 Literature review 17

1.7.2 Research design 18

1.7.3 Population and sample 19

1.7.4 Data collection 20

1.7.5 Data analysis 20

1.7.6 Quality assurance of results 21

1.7.6.1 Validity and reliability *21*

1.8 ETHICAL CONSIDERATION 22

1.9 LAYOUT OF STUDY 22

CHAPTER 2

THEORETICAL FRAMEWORK OF SUPPLY CHAIN MANAGEMENT

2.1 INTRODUCTION 24

2.2 THEORETICAL FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT 25

2.2.1 Heterogeneous Demand (HD) theory 25

2.2.2 Resource Based Theory 25

2.2.2.1 Agency Theory (AT) applicable *26*

2.2.3 Dynamic Capabilities Theory (DC) 29

2.2.3.1 Adaptive Capability 29

2.2.3.2 Absorptive Capability 30
2.2.3.3 Innovation capabilities..... 30
2.2.4 Network theory (NT)..... 32
2.2.5 Stakeholder theory..... 33
2.2.6 Summary of the contribution of theories to SCM 36
2.3 SUPPLY CHAIN MANAGEMENT DEFINED..... 37
2.4 HISTORICAL DEVELOPMENT OF SUPPLY CHAIN MANAGEMENT IN SOUTH AFRICA 39
2.5 DEVELOPMENT AND TRENDS IN GLOBAL PROCUREMENT 42
2.5.1 Public Procurement Regulation..... 47
2.5.2 Corruption in public procurement..... 49
2.6 SOUTH AFRICAN PERSPECTIVE 52
2.7 RISK AND PERFORMANCE MANAGEMENT..... 59
2.8 BENEFITS OF PUBLIC SECTOR SCM 64
2.9 NON-COMPLIANCE WITH SCM PROCESSES 65
2.10 SUMMARY..... 66

CHAPTER 3

THEORETICAL BACKGROUND: SERVICE DELIVERY

3.1 INTRODUCTION..... 68
3.2 SERVICE DELIVERY DEFINED..... 69
3.4 LOCAL GOVERNMENT SERVICE DELIVERY IN THE GLOBAL ARENA..... 70
3.4 SERVICE DELIVERY MODELS 73
3.4.1 Intermunicipal Cooperation Model 73
3.4.2 Modified Quantitative Service Delivery Model..... 74
3.4.3 Service and corporate models 75
3.4.4 Perceived Service Quality and Gap model..... 76
3.5 LOCAL GOVERNMENT SERVICE DELIVERY IN SOUTH AFRICA..... 78
3.6 MUNICIPAL SERVICES 82
3.7 PRINCIPLES AND APPROACHES ON EFFECTIVE SERVICE DELIVERY..... 86

3.8 STATE OF SERVICE DELIVERY IN SOUTH AFRICA 91
3.8.1 Water services 92
3.8.2 Sanitation services 92
3.8.3 Solid waste removal services 93
3.8.4 Electricity services 93
3.9 SERVICE DELIVERY PROBLEMS EXPERIENCED BY HOUSEHOLDS 94
3.10 STATE OF SERVICE DELIVERY IN FREE STATE PROVINCE 95
3.11 PAYMENT FOR SERVICES 100
3.11.1 Non-payment of municipal services 102
3.12 SERVICE DELIVERY PROTESTS 103
3.12.1 Reasons for service delivery protests 105
3.12 CHALLENGES FACING EFFECTIVE SERVICE DELIVERY 106
3.14 ACTIONS TAKEN TO IMPROVE THE CHALLENGE OF SERVICE DELIVERY 108
3.15 SUMMARY 110

CHAPTER 4

LEGISLATIVE FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT AND SERVICE DELIVERY

4.1 INTRODUCTION 112
4.2 REGULATORY FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT 112
4.2.1 The Constitution of the Republic of South Africa, 1996 112
4.2.2 Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA) 113
4.2.3 Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) 113
4.2.4 Construction Industry Development Board Act, 2000 (Act 38 of 2000) (CIDB) 114
4.2.5 Promotion of Access to Information Act, 2000 (Act 2 of 2000) (PAIA) 114
4.2.6 Promotion of Administration Justice Act, 2000 (Act 3 of2000) (PAJA) 115
4.2.7 Competition Amendment Act, 2009 (Act 1 of 2009) (CA) 115
4.2.8 Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) 115
4.2.9 Public Audit Act, 2004 (Act 25 of 2004) 116
4.2.10 Public Protector Act, 1994 (Act 23 of 1994) 116

4.2.11 Broad Based Black Economic Empowerment Act 53 of 2003 (BBBEE) 116
4.2.12 Municipal Supply Chain Management Regulations 32 of 2005 118
4.3 ELEMENTS OF SUPPLY CHAIN MANAGEMENT 119
4.3.1 Demand management 120
4.3.2 Acquisition management 124
4.3.2.1 Procuring of goods and services 124
4.3.3 Bidding methods 128
4.3.4 Bidding process 128
4.4 ROLE PLAYERS IN SCM 131
4.5 SUPPLY CHAIN MANAGEMENT PRINCIPLES 132
4.5.1 Value for money 133
4.5.2 Open and effective competition 134
4.5.3 Ethics and fairness 134
4.5.4 Accountability and reporting 135
4.5.5 Equity 135
4.6 CODE OF CONDUCT OF SCM PRACTITIONERS 136
4.6.1 General principles 137
4.6.2 Conflict of interest 137
4.6.3 Accountability 137
4.6.4 Openness 137
4.6.6 Confidentiality 138
4.6.6 Combative practices 138
4.7 REGULATORY FRAMEWORK FOR SERVICE DELIVERY 138
4.7.1 Constitution of the Republic of South Africa, 1996 138
4.7.2 The White Paper on Transforming Public Service Delivery (Batho Pele) 1997 140
4.7.3 The White Paper on local Government 1998 141
4.7.4 Municipal Structures Act, 1998 (Act 117 of 1998) 141
4.7.5 Municipal Systems Act , 2000 (Act 32 of 2000) 142
4.7.6 Municipal Finance Management Act, 2003 (Act 56 of 2003) 143
4.8 SUMMARY 143

CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION 145

5.2 CHARACTERISTICS OF RESEARCH 145

5.3 RESEARCH PHILOSOPHIES 148

5.3.1 Positivism 151

5.3.2 Interpretivism 151

5.4 APPROACHES OF RESEARCH 153

5.4.1 Deductive approach 153

5.4.2 Inductive approach 154

5.5 METHODOLOGICAL CHOICE 154

5.5.1 Qualitative research method 155

5.6 RESEARCH DESIGN 155

5.6.1 Purpose of the study 157

5.6.2 Research strategy 157

5.6.3 Time horizon 160

5.7 SAMPLING METHODS 160

5.7.1 Non-probability sampling 162

5.8 DATA COLLECTION 163

5.8.1 Interview guide 163

5.9 DATA ANALYSIS 164

5.9.1 Qualitative data analysis 164

5.9.1.1 Thematic analysis 165

5.9.1.2 Strategies of qualitative data analysis 165

5.9.1.3 Basic operations in qualitative data analysis 169

5.9.1.4 Narrative analysis 170

5.9.1.5 Content analysis 171

5.9.2 Computer software 172

5.9.2.1 CAQDAS ATLAS.TI *172*

5.10 VALIDITY AND RELIABILITY 173

5.10.1 Validity **173**
5.10.2 Reliability **174**
5.11 ETHICAL CONSIDERATIONS **176**
5.12 SUMMARY **177**

CHAPTER 6

DATA ANALYSIS AND INTEPRETATION

6.1 INTRODUCTION **178**
6.1.1 Data cleaning process **178**
6.1.1.1 Computer-assisted qualitative data analysis software (CAQDAS) *178*
6.2 DEMOGRAPHIC PROFILE AND INTERVIEWEES' CONTRIBUTION TO THE STUDY **179**
6.2.1 Coding process **181**
6.2.2 Main themes generated **182**
6.3 DISCUSSION OF THE THEMES DEVELOPED ACCORDING TO THE RESEARCH QUESTIONS OF THE STUDY **183**
6.3.1 Barriers Impeding Supply Chain Management (SCM) Performance **183**
6.3.2 Challenges emanating from the communities **184**
6.3.3 Human resource challenges **188**
6.3.4 Organisational culture factors **190**
6.4 BARRIERS ARISING FROM NON-COMPLIANCE TO LEGISLATION **196**
6.5 KNOWLEDGE OF SCM POLICIES **199**
6.6 PERCEPTIONS ON SCM POLICY EFFECTIVENESS **202**
6.7 IMPACT OF SCM POLICIES ON SERVICE DELIVERY **204**
6.8 ACTIONS TO MINIMISE SCM CHALLENGES AND IMPROVE SCM PERFORMANCE. **206**
6.9 SUMMARY **218**

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION **220**

7.2 A REVISIT OF THE RESEARCH QUESTIONS 220
7.2.1 What are the barriers that impede SCM performance in the Lejweleputswa municipal district? 220
7.2.2 Are SCM officials equipped with the necessary knowledge and skills regarding SCM legislation? 222
7.2.3 Are local authorities in the Lejweleputswa municipal district complying with SCM legislation? 222
7.2.4 What challenges are faced by Lejweleputswa municipal district for the effective implementation of service delivery? 223
7.2.5 How are SCM policies and legislation affecting the provisioning of service delivery in the Lejweleputswa municipal district? 224
7.3 SUMMARY OF THE STUDY 224
7.4 RECOMMENDATIONS 228
7.5 A FRAMEWORK FOR IMPROVED SCM AND SERVICE DELIVERY 235
7.5.1 Human resources 236
7.5.2 Organizational structure 236
7.5.3 Compliance 237
7.5.4 Community 237
7.5.5 Service providers 238
7.5.6 Community 239
7.5.7 Institutions of higher education 239
7.5.8 Selection panel (committee) 239
7.5.9 Municipal council 239
7.5.10 Municipal Senior management 240
7.5.11 SCM staff 240
7.5.12 Internal audit unit and Internal audit committee 240
7.5.13 Council for Public Sector Supply Chain Management (CPSSCM) 241
7.6 LIMITATIONS 241
7.6 CONCLUSION 241
BIBLIOGRAPHY 242

LIST OF FIGURES

FIGURE 1.1: INTERVENTIONS IN ADDRESSING MUNICIPAL PROBLEMS 10

FIGURE 1.2: TOTAL NUMBER OF PROTESTS PER YEAR 11

FIGURE 1.3: PROTESTS PER PROVINCE 12

FIGURE 1.4: GEOGRAPHICAL AREA OF LEJWELEPUTSWA MUNICIPAL DISTRICT... 14

FIGURE 2.1 AN ILLUSTRATION OF INNOVATION MODEL 31

FIGURE 2.2: THE EFFECT OF CENTRALITY ON COMPETITIVE ADVANTAGE..... 33

FIGURE 2.3: BASIC STAKEHOLDER MAP..... 35

FIGURE 2.4: PUBLIC PROCUREMENT TRADE-OFFS 46

FIGURE 2.5: PUBLIC PROCUREMENT REGULATORY THEORY 48

FIGURE 2.6: PUBLIC PROCUREMENT: CHALLENGES OF GOVERNMENTS..... 51

FIGURE 2.7: RELATIONSHIP BETWEEN EFFICIENCY AND EFFECTIVENESS 533

FIGURE 2.8: STAGES OF E-PROCUREMENT..... 58

FIGURE 3.1: THE 3ES 72

FIGURE 3.2: MEASURING INTERMUNICIPAL COOPERATION 73

FIGURE 3.3: MODIFIED QUANTITATIVE SERVICE DELIVERY MODEL 74

FIGURE 3.4: PSQ MODEL..... 77

FIGURE 3.5: GAP MODEL..... 78

FIGURE 3.6: MUNICIPAL SERVICE PROVISIONING 90

FIGURE 3.7: DWELLING TYPE OF FREE STATE HOUSEHOLDS..... 95

FIGURE 3.8: SAFE DRINKING WATER IN LEJWELEPUTSWA DISTRICT MUNICIPALITY 96

FIGURE 3.9: ACCESS TO ELECTRICITY IN LEJWELEPUTSWA DISTRICT MUNIPALITY 97

FIGURE 3.10: ACCESS TO FLUSH TOILETS IN LEJWELEPUTSWA DISTRICT MUNIPALITY 98

FIGURE 3.11: MAIN CHALLENGES FACING MUNICIPALITIES IN THE FREE STATE... 99

FIGURE 3.12: ABILITY OF LEJWELEPUTSWA DISTRICT MUNICIPALITY TO SOLVE PROBLEMS 100
FIGURE 3.13: MAJOR SERVICE DELIVERY PROTESTS 2005 – 30 JUNE 2018 104
FIGURE 3.14: SERVICE DELIVERY PROTESTS BY PROVINCE 105
FIGURE 3.15: INTERVENTIONS IN ADDRESSING MUNICIPAL PROBLEMS 110
FIGURE 4.1: ELEMENTS OF GOVERNMENT SUPPLY CHAIN MANAGEMENT PROCESS 120
FIGURE 4.2: DEMAND MANAGEMENT PROCESS 123
FIGURE 4.3: STAGES OF BIDDING PROCESS 129
FIGURE 4.4: SUPPLY CHAIN MANAGEMENT PRINCIPLES 133
FIGURE 5.1: CHARACTERISTICS OF RESEARCH 147
FIGURE 5.2: RESEARCH ONION 148
FIGURE 5.3: COMPONENTS OF QUALITATIVE RESEARCH DESIGN 156
FIGURE 5.4: TYPES OF SAMPLING 161
FIGURE 5.5: ANALYTIC INDUCTION 166
FIGURE 5.6: GROUNDED THEORY PROCESS 168
FIGURE 5.7: QUALITATIVE DATA ANALYSIS 170
FIGURE 5.8: NARRATIVE ANALYSIS PROCESS 171
FIGURE 6.1: MAIN THEMES 183
FIGURE 6.2: BARRIERS TO SUPPLY CHAIN MANAGEMENT 184
FIGURE 6.3: COMMUNITY CHALLENGES 185
FIGURE 6.4: HUMAN RESOURCE FACTORS THAT UNDERMINE SCM PERFORMANCE 188
FIGURE 6.5: ORGANISATIONAL FACTORS THAT UNDERMINE SCM PERFORMANCE AND THE PROVISIONING OF SERVICE DELIVERY 191
FIGURE 6.6: COMPLIANCE WITH LEGISLATION 197
FIGURE 6.7: KNOLEDGE OF SCM POLICIES 199
FIGURE 6.8: PERCEPTIONS ON SCM POLICY 202

FIGURE 6.9: IMPACT OF SCM ON SERVICE DELIVERY 205

FIGURE 6.10: ACTIONS TO MINIMISE SCM CHALLENGES 207

FIGURE 6.11: RECOMMENDATIONS FOR IMPROVED SCM 212

FIGURE 7.1: A FRAMEWORK FOR IMPROVED SCM AND SERVICE DELIVERY WITHIN LOCAL MUNICIPALITIES 238

LIST OF TABLES

TABLE 1.1: SERVICE LEVEL 7

TABLE 1.2: TOP FIVE MOTIVATORS OF SERVICE DELIVERY PROTESTS 13

TABLE 1.3: POPULATION PER LOCAL MUNICIPALITY 15

TABLE 2.1: SOURCES AND FORMS OF TRANSACTION COSTS 28

TABLE 2.2: RELEVANCY OF THEORIES TO SCM 36

TABLE 2.3: A SAMPLE OF DEFINITIONS OF SUPPLY CHAIN MANAGEMENT 38

TABLE 2.4 KEY EVENTS IN TRANSFORMING PROCUREMENT 41

TABLE 2.5: MARKET DIALOGUE OF PUBLIC PROCUREMENT 43

TABLE 2.6: TYPES OF MARKET DIALOGUE PROCEDURES 44

TABLE 2.7: PUBLIC VERSUS PRIVATE SECTOR SUPPLY CHAINS 55

TABLE 2.8 SUPPLY POSITIONING MATRIX 56

TABLE 2.9: TYPES OF MUNICIPAL SCM RISKS 61

TABLE 2.10: TYPES OF RISKS 63

TABLE 3.1: CHARACTERISTICS OF THE INTRA SERVICE, SERVICE, CORPORATE AND SUPRA MODELS 76

TABLE 3.2: SERVICE LEVEL 82

TABLE 3.3: ORGANOGRAM OF A TYPICAL MUNICIPALITY 85

TABLE 3.4: SERVICE DELIVERY PROBLEMS PER MUNICIPAL CATEGORY 94

TABLE 3.5: DWELLING TYPE WITHIN LEJWELEPUTSWA DISTRICT MUNICIPALITY .. 96

TABLE 3.6: REASONS FOR COMMUNITY PROTESTS 106

TABLE 4.1: ELEMENTS AND PILLARS OF THE GENERIC BBBEE SCORECARD 118

TABLE 4.2: STEPS IN THE DEMAND PLANNING PROCESS 122

TABLE 4.3: SOURCING METHOD 126

TABLE 4.4: BID COMMITTEES 127

TABLE 4.5: KEY ROLE PLAYERS IN SCM 131

TABLE 4.6: ACCOUNTABILITY IN PUBLIC PROCUREMENT 135

TABLE 5.1: COMPARISON BETWEEN POSITIVISM AND INTERPRETIVISM RESEARCH PHILOSOPHIES 152

TABLE 5.2: MAJOR DIFFERENCES BETWEEN DEDUCTIVE AND INDUCTIVE APPROACHES 154

TABLE 5.3: INTRODUCTION OF BIAS DURING INTERVIEWS 158

TABLE 5.4 GUIDELINES FOR INTERVIEWS 159

TABLE 5.5: TYPES OF INTERVIEW AND RESEARCH PURPOSE 164

TABLE 5.6: INTERNAL VALIDITY THREATS 174

TABLE 5.7: TYPES OF RELIABILITY 175

TABLE 6.1: DEMOGRAPHIC PROFILE AND PARTICIPANTS' CONTRIBUTION TO THE STUDY 180

TABLE 6.2: CODING EXAMPLES 182

TABLE 6.3: CROSS-TABULATION ANALYSIS OF DEFICIENCIES OF HUMAN RESOURCES 189

TABLE 6.4: CROSS-TABULATION ANALYSIS OF ISSUES ARISING DUE TO ORGANISATIONAL STRUCTURE 192

TABLE 6.5: CROSS-TABULATION ANALYSIS OF COMPLIANCE TO LEGISLATION 198

TABLE 6.6: POLICIES THAT GUIDE HOW SUPPLY CHAIN MANAGEMENT OFFICIALS EXECUTE THEIR DUTIES 200

TABLE 6.7: PERCEPTION ON SCM POLICY 203

TABLE 6.8: CROSS-TABULATION OF IMPACTS OF SCM ON SERVICE DELIVERY 205

TABLE 6.9: CROSS-TABULATION ANALYSIS OF ACTIONS TO MINIMISE SCM CHALLENGES 208

TABLE 6.10: CROSS TABULATION ANALYSIS OF RECOMMENDATIONS TO MINIMISE SCM CHALLENGES 213

TABLE 7.1: FACTORS THAT HAVE AN EFFECT ON SCM AND SERVICE DELIVERY 236

LIST OF ABBREVIATIONS

ANC	African National Congress
AG	Auditor General
AT	Agency Theory
BEE	Black Economic Empowerment
BBBEEA	Broad Based Black Economic Empowerment Act
BBBEE	Broad Based Black Economic Empowerment
CA	Competition Amendment
CAQDAS	Computer Assisted Qualitative Data Analysis Software
CASA	Computer Assisted Context Analysis
CFO	Chief Financial Officer
CIPS	Chatered Institute of Procurement and Supply
CIDB	Construction Industry Development Board
COGTA	Government and Traditional Affairs
CPAR	Country Procurement Assessment Review
CPSSCM	Council for Public Sector Supply Chain Management
CS	Community Survey
DEIC	Dutch East India Company
DPLG	Department of Provincial and Local Government
DRU	Dispute Resolution Unit
DSU	Dispute Settlement Unit
ESCOM	Electricity Supply Commission
FS	Free State
GDP	Gross Domestic Product
GPA	Government Procurement Agreement
GST	General Systems
GRAP	Generally Recognised Accounting Practices

HDI	Historically Disadvantaged Individuals
HSRC	Human Sciences Research Council
IDASA	Institute for Democratic Alternatives in South Africa
IMTT	Inter-Ministerial Task Team
IS	Information System
IT	Information Technology
LDM	Lejweleputswa District Municipality
LGTAS	Local Government Turnaround Strategy
MFMA	Municipal Finance Management Act
MEC	Member of the Executive Council
MIIF	Municipal Infrastructure Investment Framework
MLGI	Multilevel Governance Initiative
MM	Municipal Manager
MSP	Municipal Service Partner
MQSDM	Modified Quantitative Service Delivery Model
NT	Network Theory
OECD	Organisation for Economic Co-operation and Development
OST	Open Systems Theory
PACAP	Potential Absorptive Capacity
PAIA	Promotion of Information Act
PAJA	Promotion of Administration Justice Act
PA	Principal Agent
PETS	Public Expenditure Tracking Survey
PFMA	Procurement Financial Management Act
PPPFA	Preferential Procurement Policy Framework Act
PPS	Preference Point System
PSQ	Perceived Service Quality

QSDS	Quantitative Service Delivery Model
RACAP	Realised Absorptive Capacity
RBT	Resource Based Theory
RDP	Reconstruction Development Programme
RSA	Republic of South Africa
SALGA	South African Local Government Association
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SEVQUAL	Service Quality Model
SME	Small Medium Enterprises
SMME	Small Medium and Micro Enterprises
STATS SA	Statistics South Africa
TCE	Transaction Cost Economics
UK	United Kingdom
VSA	Variable System Approach
VSM	Variable System Model
UNCITRAL	United Nations Commission on International Trade Unions
WHO	World Health Organisation
WTO	World Trade Organization

CHAPTER 1

INTRODUCTION OF THE STUDY

1.1 INTRODUCTION

"*The Wealth of Nations"* by Adam Smith published in 1776 is considered to have laid the foundation for economic science. According to Smith, there are three basic responsibilities of government, namely, to administer justice, economic development and to provide socially desirable services (Horn, Badenhorst-Weiss, Cook, Heckroodt, Howell, Phume and Strydom, 2014: 210). Socially desirable services include infrastructure in the form of health care, roads, education, culture and sports and telecommunication (Mohr and Fourie, 2011: 26). In order to provide the services, government needs to procure goods and services.

Government procurement is a process that governs the purchasing of public goods and services using public funds. The public office has to be accountable in order to satisfy good governance. Internationally, government procurement practices date to the late 1960s and early 1970s, firstly with the European Union directives and the inclusion of the Agreement on Government Procurement (GPA). During the Tokyo Round that lasted from 1973 to 1979, procurement practices were negotiated under the guidance of the General Agreement on Government Procurement (Georgopoulos, Hoekman and Mavroidis, 2017: 1). This was followed by the World Trade Organization's (WTO) agreement on GPA which focuses on the discriminatory laws and practices between domestic and foreign goods, services, and suppliers (Davies, 2017: 23).

The United Nations Commission on International Trade introduced the Model Law on Procurement in 1994 which is used by several international governments (United Nations Commission on International Trade Law, 2014: 1). The Model Law explains the procedures that aim at realising competition, fairness, transparency, efficiency, effectiveness, and economic processes in procurement. The United Nations Commission on International Trade Law updated the 1994 Model Law on Procurement in 2011. The aim of the update was to align the Model Law with new technological developments. Internationally, the objectivity, implementation and adoption of the framework concentrate on maximising the economy, effectiveness, and efficiency of procurement (United Nations Commission on International Trade Law, 2014: 1 – 3).

The South African government commenced with procurement reforms in 1995. A number of legislative measures have since been introduced, such as the Public Finance Management Act, 1999, (No1 of 1999), the Municipal Finance Management Act, 2003 (No 56 of 2003) and the Preferential Procurement Policy Framework Act, 2000 (No 5 of 2000) in order to support the procurement reform processes. The Policy on the Strategy to Guide Uniformity in Procurement Reform Processes in Government (2003) further stipulates that supply chain management (SCM) should form the basis of sound financial management, which aims at establishing international best practice. The aim of SCM is to ensure fair, equitable, competitive, transparent and cost-effective procurement by concentrating on two broad areas, namely the promotion of good governance and introduction of a preference system to achieve socio-economic objectives (Horn *et al,* 2014: 211).

According to Ambe (2009: 427 – 435), the South African public sector introduced the supply chain management framework as a new concept in 2003. Supply chain management is a key mechanism aiming at enabling government to implement its procurement policies in a fair, equitable and cost-effective manner. However, the strategic importance of supply chain management through SCM officials who are not capacitated (National Treasury, 2015b: 1) has not yet been considered. Supply Chain Management has long been employed internationally, where international governments use it as a guiding policy to manage processes that give clear explanations about the procedures to be followed for the procurement of goods and services by the public sector. However, according to the Auditor General's Report (2013 – 14), ten years after the introduction of the SCM policy, municipalities still do not adhere to the policy. The non-adherence to the policy might be due to misunderstanding of the policy or to corrupt activities within a municipality.

According to Horn *et* al (2014: 210), public supply in South Africa, prior to the full democratic dispensation, was mainly undertaken by large and well-established contractors, making it difficult for small and previously disadvantaged individuals to be awarded public procurement contracts. The newly elected democratic government of 1994 therefore reviewed the public procurement system that was used and announced a series of reforms on public procurement, such as introducing the supply chain management system and decentralising and delegating authority for procurement to public institutions (National Treasury, 2008: 31). The ultimate goal of this research is to establish an improved framework for Supply Chain Management practices that will enhance service delivery within local and district municipalities.

1.2 BACKROUND TO THE STUDY

Researchers interpret and understand supply chain management differently. Therefore, there are several meanings attached to the concept of supply chain management. Although supply chain management is gaining importance and popularity it is constrained due to the lack of a universally accepted definition, as well as several different and sometimes competing frameworks. Definitions of SCM seem to depend on individual opinions, where the terms supply chain management and procurement are used interchangeably (Naslund and Williamson, 2010: 11).

This study will make use of the definition of Vanichinchai and Ige (2009: 251), as it defines Supply Chain Management in terms of the efficiency, effectiveness, and cost effectiveness on which this research concentrates. In the South African public sector context supply chain management consists of four distinctive management processes that form the supply chain, namely demand management, acquisition management, logistics management and disposal management (National Treasury 2004a). It is important to note, therefore, that although supply chain management includes procurement or acquisition, there are other important processes in the supply chain as well.

In South Africa, the public sector refers to the national, provincial, and local spheres of government. Chapter 3, Section 40 of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as the Constitution) states that these three spheres of government are distinctive, interdependent, and interrelated. The local sphere of government refers to municipalities which are established for the whole geographical area of the Republic of South Africa. Chapter 7, Section 151(3) of the Constitution provides municipalities with the right to govern local government affairs in compliance with national and provincial legislation. Section 154 of the Constitution states that the national and provincial spheres of government must support and strengthen the capacity of municipalities to manage their affairs. The establishment of local government institutions such as district and local municipalities is evidence of government's intent to implement service delivery. According to section 152 of the Constitution 6, the objectives of the local sphere of government are to:

- provide democratic and accountable government for local communities;
- ensure the provision of services to communities in a sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment; and

- encourage the involvement of communities and community organisations in the matters of local government.

The developmental role of a municipality is further emphasised by section 153 of the Constitution which outlines the following duties of a municipality:

(a) to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community; and

(b) participate in national and provincial development programmes.

According to chapter 11, section 111 of the Municipal Finance Management Act, 2003 (No 56 of 2003) (hereinafter referred to as the MFMA), each municipality or municipal entity must have and implement a supply chain management policy. Furthermore, section 112 states that the supply chain management (SCM) policy of a municipality or municipal entity must be fair, equitable, transparent, competitive, and cost effective and comply with a prescribed regulatory framework for municipal supply chain management. Once the municipality has been established, the municipality has to deliver on what it was established for (Cloete, 1998: 1). To add to this, government is obliged by the Constitution to provide basic goods and services to the citizens of the country (RSA, 1999). The local government, as the sphere of government nearest to the community, is the one that must provide basic services to the community.

The basis for the establishment of supply chain management in government is laid down by chapter 13, section 217(1) of the Constitution which 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 and services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective”. According to Section 62 and 95 of the MFMA, accounting officers of municipalities are responsible and accountable for expenditures related to SCM within their line of responsibility. This expenditure must be subjected to appropriate regulation and accounting officers’ directives and procedures. Furthermore, Sections 111 and 112 of the MFMA give the municipal council the responsibility of establishing a SCM unit and developing and adopting a SCM policy that will give guidance with respect to the management of finances. Ambe and Badenhorst (2012a: 246) state that the public sector SCM operates within a SCM policy framework. The SCM framework introduces internationally accepted best practices for the management of government finances.

The regulations on supply chain management for public sector procurement of goods and services have improved the transparency of the procurement process, increased opportunities for small and previously disadvantaged suppliers and reduced opportunities for corruption (Wall, Watermeyer and Pirie, 2013: 44). Based on a report of the Auditor General for the financial year 2013/14 (Auditor General 2015: 33 – 37), it is evident from the service delivery protests that have been experienced recently, that these regulations are not implemented effectively. In some instances, the SCM process causes delays in the appointment of suppliers and thus leads to service delivery delays.

A further concern relating to SCM is the underspending on infrastructure projects, as is evident from the capital budgets of local governments. According to the National Treasury (2011: 15), the following reasons are attached to this underspending:

- unrealistic budget targets, resulting in funding shortfalls due to low levels of funding from internally generated funds;
- inefficient supply chain management; and
- lack of capacity to plan and fulfil grant conditions.

Local government obtains goods from suppliers in the private sector and uses these goods to provide services to the community. South Africa, as a developing country, has high levels of social inequality and needs to improve its service delivery more than is the case with developed countries which have a large number of self-reliant citizens (Bizana, Naude and Ambe, 2015: 665). Municipalities are constitutionally mandated to provide basic services such as water, electricity and sanitation services to their citizens (RSA, 1996: 1331). Service delivery consists of activities that aim at promoting the welfare of the community (Mfene, 2009: 210).

The provision of basic services has a direct impact on the quality of the lives of people – for example, failure to remove refuse and poor quality of water may lead to an unhealthy and unsafe living environment (Ambe and Badenhorst, 2012a: 248). The municipality, in consultation with the community, may consider certain important factors before deciding on service delivery options, such as the type of service and the level at which the service is to be provided. The decision about the level must be influenced by affordability, community needs and long-term viability of providing the services at that level (Department of Provincial and Local Government (DPLG), 2005g). The provisioning of a higher-level service will increase the costs and thus lead to higher rates that citizens have to pay. Table 1.2 lists the service levels of the most important service.

TABLE 1.1: SERVICE LEVEL

Service	Level 1: Basic	Level 2: Intermediate	Level 3: Full
Sanitation	Sewerage collection / disposal	VIP latrine Septic tanks	Full Water borne
Electricity	5 – 8 Amp or non – grid electricity	20 Amps	60 Amps
Roads	Graded	Gravel	Paved / tarred and kerbs
Storm water drainage	Earth lined open channel	Open channel lined	Piped system
Solid Waste disposal	Communal (residents)	Communal (contractors)	kerbside
Water	Communal standpipes	Yard taps, Yard tanks	In house water

Source: DPLG, 2005g

Municipalities have different options regarding provision of services to the community. The first option is for a municipality to use its own resources to provide the services. Situations may arise where a municipality realises that other institutions, or private service providers are better resourced with the appropriate skills to provide the required service. Based on this, the municipality may then contract a Municipal Service Partner (MSP) to provide the service. According to the Municipal Systems Act, 2000 (No 32 of 2000) the three main MSP options are as follows:

- service contract: an agreement between a municipality and service provider to provide the municipality with a service for a period not exceeding two years.

- lease contract: an agreement between a municipality and service provider where it is the responsibility of the service provider to manage and deliver a service to the municipality. The contractor hires the operating assets of the council in order to enable them to provide the service.
- concessions: an agreement between the municipality and service provider where the responsibility of the service provider is the management, repair, operation and maintenance of a particular service (RSA, 2000a).

In the provisioning of service delivery through a service provider, it is the responsibility of the municipality to ensure that good quality services are rendered within the allocated budget. For this purpose, constant monitoring and evaluation of the activities and performance of the service provider must be performed. (DPLG, 2005g). After the municipality has decided on the method of provisioning of a service delivery, the elements of government's supply chain management as stated above should be followed (RSA,2003c).

The provision of basic services, especially free basic services, can be used to alleviate poverty. During the inauguration of the Executive Mayor of Tshwane on 10 February 2001, the then President of South Africa, Mr Thabo Mbeki, stated that "The provision of free basic electricity and water for our people will alleviate the plight of the poorest among us, while plans for the stimulation of the local economy should lead to the creation of new jobs and reduction of poverty". Failure to provide services such as free basic services may increase unemployment and poverty, thus leading to service delivery protests. Booysen (2007: 21) reiterates that poor service delivery at local government level will fuel poverty and unemployment. Failure of the local government to provide services to the community may further result in community protests. Boateng (2010: 1) and Ambe and Badenhorst-Weiss (2011b: 88) link service delivery to supply chain management, and state that supply chain management is used by the public sector in order to improve the delivery of quality services to the community. Thus, an ineffective supply chain management will result in poor service delivery to the community.

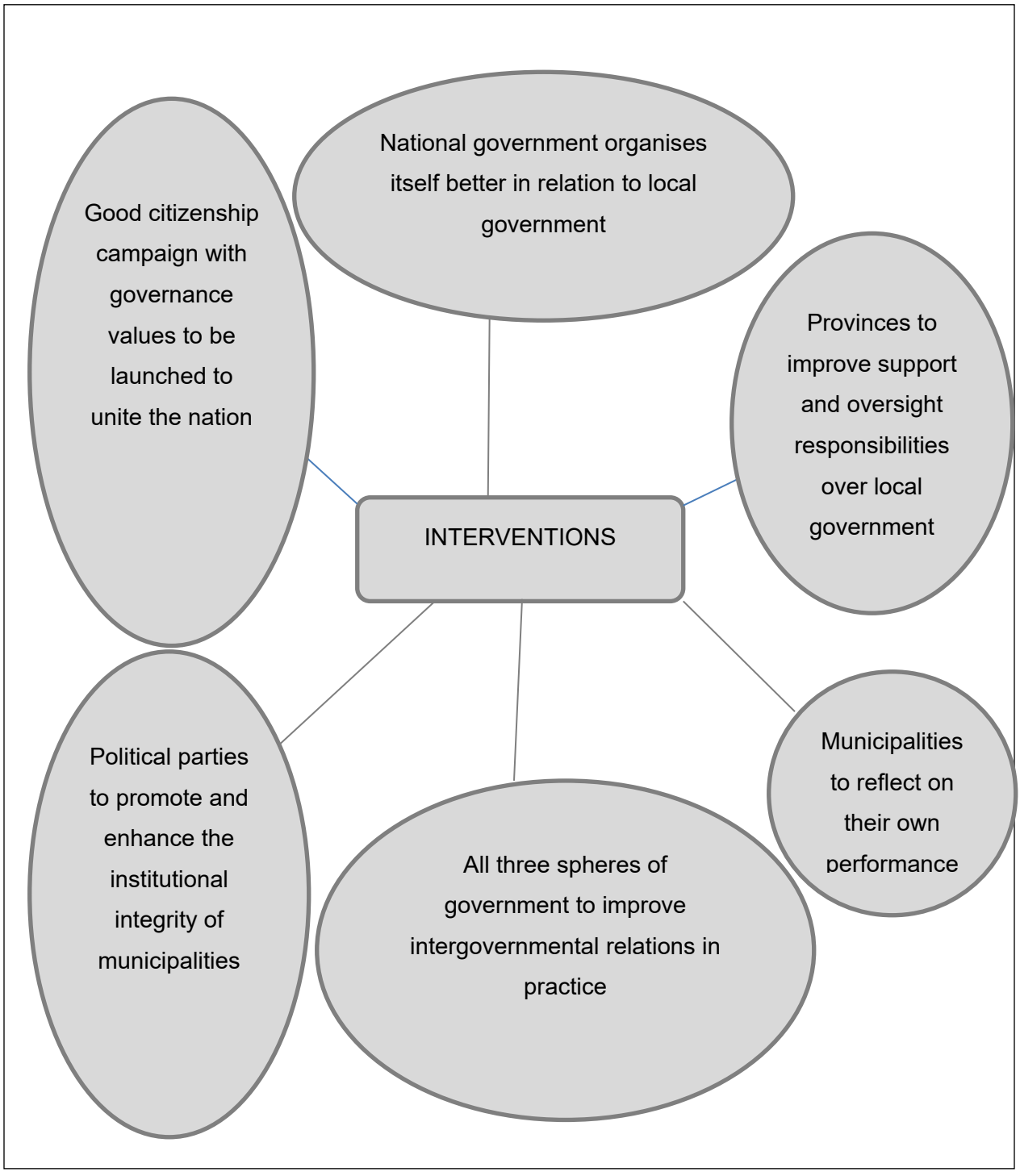
The Local Government Turnaround Strategy (LGTAS) was proposed and tabled for discussion by cabinet on 3 December 2009 (Cabinet report: 3 December 2009) by the Department of Cooperative Governance and Traditional Affairs. The LGTAS identified the following root problems as causes of service delivery failures by municipalities:

- systemic factors such as limited revenue base; demarcation;
- legislative factors such as inappropriate legislation; over and under regulation;

- political factors like inter and intra political conflicts and polarisation;
- accountability systems such as lack of performance management systems, poor oversight and community participation mechanism;
- capacity and skills such as lack of capacity in small and rural municipalities;
- intergovernmental relations support and oversight such as fragmented national and provincial support; weak oversight; and
- intergovernmental fiscal regime such as poor grant design and limited impact; grant dependency (Cabinet Report: 3 December 2009).

During the meeting where the proposals were tabled, the cabinet adopted the proposal and identified the following interventions as stated in Figure 1.1.

FIGURE 1.1: INTERVENTIONS IN ADDRESSING MUNICIPAL PROBLEMS

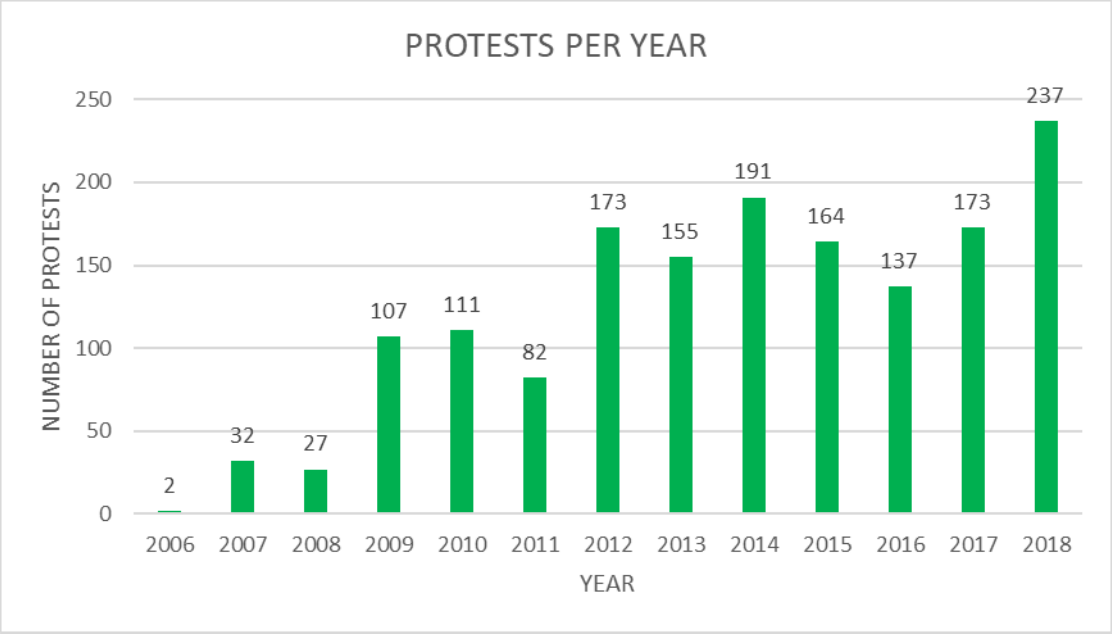


Source (Cabinet Report: 3 December 2009)

It is evident from the root causes and interventions that there is a requirement for an intergovernmental approach due to the overlapping causes within the three spheres of government.

South Africa has experienced a rapid increase in violent and destructive service-delivery protests. Poor and marginalised communities are increasingly disgruntled, due to lack of access to services, growing corruption and the unresponsiveness of government to the needs of communities. Looking at two case studies, Isaac Khambule, Amarone Nomdo and Babalwa Siswana consider the potential social cost of protests in which essential public infrastructure is destroyed. The high levels of service delivery protests by local communities is depicted in Figure 1.2 below. These protests have shown an increase since 2009, where they increased by 80 from 27 in 2008. According to municipal IQ (2019), 2018 recorded 237 service delivery protests, this number beating the previous highest record of 191 protests in 2014.

FIGURE 1.2: TOTAL NUMBER OF PROTESTS PER YEAR

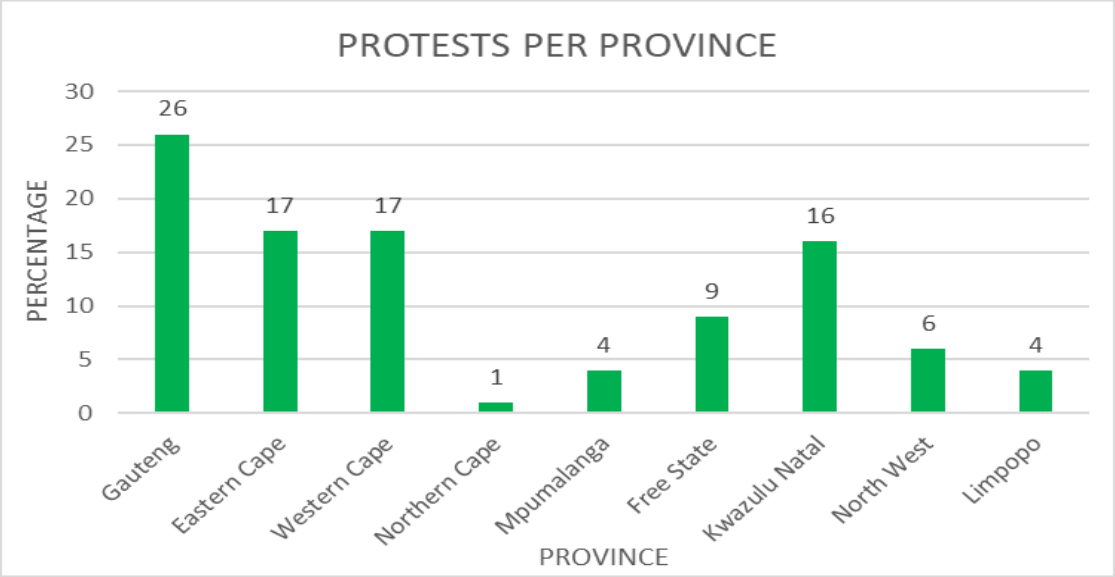


Source: SALGA (2019: 4)

The majority of the service delivery protests took place in Gauteng, followed by Eastern Cape and the Western Eastern Cape, accounting for 26%, 17% and 17% respectively. The Northern Cape encountered the lowest level of service delivery protest, accounting for only one percent. The Free State falls within ranks number five with a contribution of 9%. The economic status of protesters showed that 71% of protesters were unemployed, while most protesters were

young people aged between 18 and 35 (Human Sciences Research Council (HSRC), 2016: 2). Figure 1.3 depicts the protests per province.

FIGURE 1.3: PROTESTS PER PROVINCE



Source: SALGA (2019: 4)

The Multilevel Governance Initiative (MLGI) based at the University of the Western Cape provided information on top protests grievances from 2013 to 2018. Poor service delivery and land and housing were found to be the biggest motivators of service delivery protests, as is indicated in the table below (Salga, 2019: 24).

TABLE 1.2: TOP FIVE MOTIVATORS OF SERVICE DELIVERY PROTESTS

2013	2014	2015	2016	2017	2018
Poor Service Delivery	Land and Housing	Land and Housing	Land and Housing	Electricity	Land and Housing
Land and Housing	Electricity	Poor Service Delivery	Poor Service Delivery	Political Party	Water / Poor Service Delivery
Water	Poor Service Delivery	Corruption / Nepotism	Water	Land and Housing	Electricity
Electricity	Water	Electricity	Electricity	Water	Ignored Grievances
Party Political	Sanitation / Water	Sanitation / Waste	Sanitation / Water	Sanitation / Water	Infrastructure

Source: Salga (2019: 25)

Both the Auditor General report dated 1 July 2019, as well as the National Treasury report dated 15 October 2019, reported an underspending within municipalities due to ineffective and inefficient SCM practices, which impacted on service delivery. South Africa experienced rising service delivery protests due to increasing levels of dissatisfaction with the performance of municipalities (Municipal IQ, 2019: 3). During 2014 (January to November), 185 service delivery protests were recorded. According to this record, 52% of the grievances raised by protesters were directly related to municipal services (Wray and Katumba, 2015: 1).

According to Part B of Schedule 5 of the Constitution, the provision of the following constitutes basic services: sanitation, refuse removal, water, electricity and other services. Boateng (2010: 1) concludes that there is an association between supply chain management and the

delivery of every product, whether tangible or not. Thus, there is a link between service delivery and supply chain management. Ambe and Badenhorst-Weiss (2011b: 88) regard supply chain management as an instrument that is used in the public sector to enhance quality service delivery to the community. Poor service delivery has been stated as among the common motivators of service delivery protests (Salga, 2016: 24).

Lejweleputswa district municipality is one of the five municipal districts of the Free State Province and is rich in gold prospecting and mining. The 'golden' qualities of the area extend to the municipality also being a major producer of maize and sunflowers (municipalities.co.za/Lejweleputswa: 2020). The Lejweleputswa District Municipality consists of five local municipalities, namely Masilonyana, Matjhabeng, Nala, Tokologo and Tswelopele, as depicted in Figure 1.4.

FIGURE 1.4: GEOGRAPHICAL AREA OF LEJWELEPUTSWA MUNICIPAL DISTRICT

Source: municipalities.co.za/Lejweleputswa: 2020

The geographical area of the district is 31 930 square kilometres with a total population of 649 964, made up as follows:

TABLE 1.3: POPULATION PER LOCAL MUNICIPALITY

Local Municipality	Population	Percentage
Matjhabeng	428 843	65.98%
Nala	78 515	12.08%
Masilonyana	66 084	10.17%
Tswelopele	47 373	7.29%
Tokologo	29 149	4.48%

Source: Statistics South Africa (2016)

Matjhabeng local municipality has the highest population of the five municipalities, followed by Nala. The third largest is Masilonyana local municipality. Both Matjhabeng and Masilonyana specialise in mining and maize, whilst Masilonyana, Tswelopele and Tokologo local municipalities specialise in maize and sunflowers (municipalities.co.za/Lejweleputswa: 2020).

1.3 PROBLEM STATEMENT AND RATIONALE FOR THE STUDY

South Africa is experiencing rising service delivery protests in communities due to increasing levels of dissatisfaction with the performance of municipalities (Bond and Mottiar, 2013: 284). In order to provide basic services to their communities, local governments make use of the supply chain management system to procure goods and services (Sebake and Sebola,2014: 747). Supply chain management in the public sector is regulated by various Acts, as well as guideline documents issued by the National Treasury. The most important of these Acts are the Public Finance Management Act (1 of 1999), the Municipal Finance Management Act (Act 56 of 2003) and the Supply Chain Management guide for Accounting Officers of municipalities and municipal entities. Despite the legal prescripts and the significant investment made in supply chain management, time and resources, implementation of supply chain management remains a challenge in the local government sphere (Ambe, 2017: 364). In this regard, the Auditor General reports that many municipalities are implementing SCM policies and

regulations inefficiently and ineffectively (Auditor General, 2016: 2). This results in wastage of money and resources which impacts negatively on government's provision of services. Wall *et al* (2013: 44), as well as the National Treasury (2015a: 10), are in agreement with this, stating that there is continuity with regard to poor policy implementation and operational flaws in SCM processes resulting in delays in the appointment of suppliers, thus leading to delays in the delivery of services. Poor service delivery in turn impacts negatively on the wellbeing of the people of the community (Reddy, 2016: 2). Limited information exists as to why supply chain management is ineffective in the local government sphere. The need therefore arises to investigate the reasons that result in local governments having an ineffective supply chain management system. This study will provide an opportunity to better understand how supply chain management can contribute to better service delivery by local governments.

1.4 RESEARCH QUESTIONS

Research questions are questions that the researcher aims to answer in addressing the research problem (Dominguez and Hollstein, 2014: 84; Lindlof and Taylor, 2011: 130). This study will attempt to answer the following research questions:

- What are the barriers that impede SCM performance in local authorities in the Lejweleputswa municipal district?
- Are SCM officials equipped with the necessary knowledge and skills regarding SCM legislation?
- Are local authorities in the Lejweleputswa municipal district complying with SCM legislation?
- What challenges are faced by the Lejweleputswa municipal district regarding effective provisioning of service delivery?
- How do SCM policies, legislations and Acts affect the provisioning of service delivery in the Lejweleputswa municipal district?

1.5 AIMS AND OBJECTIVES OF THE RESEARCH

This study aims to establish a framework for improved supply chain management practices that will enhance service delivery in the Lejweleputswa Municipal District.

The primary objective of the study resulted in the following secondary objectives:

- To determine the barriers impeding SCM performance in the local authorities in the Lejweleputswa Municipal District.
- To establish whether SCM officials are capacitated with relevant skills and knowledge.
- To establish whether local authorities in the Lejweleputswa municipal district are complying with SCM legislation.
- To determine what challenges the Lejweleputswa municipal district faces in providing basic service to the communities.
- To ascertain how effective the Lejweleputswa municipal district is in the implementation of supply chain management.
- To provide solutions to challenges impeding supply chain management and service delivery in the Lejweleputswa municipal district.
- To establish whether SCM policies, legislations and Acts are impeding SCM performance.

1.6 THE CONTRIBUTION OF THE STUDY

It is anticipated that the findings of the study will provide the Lejweleputswa Municipal District with a management framework to improve supply chain management practices which result in improved service delivery. The research will also provide knowledge which can be incorporated in the supply chain strategies of municipalities in order to ensure that value for money is achieved. Ultimately, it is anticipated that the community of the Lejweleputswa Municipal District will benefit through improved service delivery.

1.7 RESEARCH METHODOLOGY

Research methodology explained how the study will be conducted in order to realise the aims and objectives of the study. In order to achieve the objectives of the study, both primary and secondary sources of information were used. The information that has already been gathered and is relevant to the study is referred to as secondary data, while primary data are surveys, observation and data collected to solve the problem (Ambe and Badenhorst-Weiss, 2012b: 11010). This study was descriptive and exploratory in nature and contained both quantitative and qualitative elements. The study was also conducted in two phases, namely literature review and empirical research.

1.7.1 Literature review

Gasa, Mafora and Maphalala (2015: 133) define a literature review as a critical review of the existing knowledge on theories, critiques, methodologies, research findings, assessment and

evaluation of a topic. The literature review focused on the theory from textbooks and articles, as well as previous research, which provided a background for the proposed study. Furthermore, the Constitution, policy documents, documents issued by the National Treasury and AG reports were reviewed and provided an in-depth background of supply chain management.

Secondary data, which is also called existing data or already available data, are data that were previously collected and recorded by another person. The data was collected and recorded for a different purpose and not for the current research. Personal and official documents are types of secondary data. Also considered as secondary data are physical and archived research data. Secondary data is used in research because of its cost effectiveness, convenience and because it can be gathered within a short period of time. Secondary data is important because it helps to clarify and provide solutions to the problem and the research method alternatives, and alerts the researcher to potential problems, background information and sample frame (Johnson and Chistensen, 2008: 217).

The literature review should be conducted before empirical research is conducted. The main purpose is to gain an understanding of the current state of knowledge about the topic. The following objectives of the literature review were identified:

- to determine whether the topic has been researched, whether there is a need for further research or not;
- to assist with the compilation of research questions and questionnaires;
- to give ideas on how to design the study under consideration;
- to assist in pointing out methodological problems specific to research questions; and
- to identify appropriate data collection instruments to be used.

A comprehensive literature review can help even during data analysis, discussing results in terms of whether they support or do not support prior studies (Johnson and Christensen, 2014: 88).

1.7.2 Research design

Research design directs the researcher in finding a way of designing the research methodology plan.

The research design is a plan which ensures that the evidence obtained will enable the researcher to address the research problem unambiguously and logically (Creswell, 2013: 11;

Schumacher and McMillan, 1993: 31). Van Wyk and Taole (2015: 166) identified three types of research approaches, namely quantitative, qualitative and mixed method research.

The researcher employed a qualitative approach in this study. A qualitative approach is used when the researcher conducts interviews with participants and receives verbal responses (Crewell, 2013: 13). The municipal managers, chief financial officers, supply chain management managers, and SCM practitioners were interviewed. A quantitative data analysis method, namely Computer Assisted Qualitative Data Analysis Software (CAQDAS) Atla.ti, version 8, was used to analyse data obtained from individual interviews.

1.7.3 Population and sample

Wegner (2016: 214) define a population as the entire group of people from which a researcher is interested in gathering its information. The population for this study was all personnel working in the Supply Chain Management units of the five local municipalities (including the SCM managers), the Chief Financial Officers and the Municipal Managers. Lumadi (2015: 226) define a sample as a set of respondents selected from a population in order to conduct research. The researcher has to ensure that the sample is representative of the population so as to generalise the findings from a sample to the whole population. Researchers such as Wegner (2016: 216) and Rubin (2013: 334) distinguish between two basic sampling techniques, namely non-probability and probability sampling. Non-probability sampling is where sampling is not random. In non-probability sampling every member of the population does not have an equal probability of being part of the sample (Saunders and Lewis, 2012: 137). Probability sampling is a sampling method where every member of the population has an equal probability of being included in the sample (Wegner, 2016: 216 and Rubin, 2013: 334 and 336).

A purposive non-probability sampling technique was used to obtain the sample of the study. Purposive non-probability sampling takes place when the researcher's judgement is used to select the best sample (Wegner, 2016: 161 – 165 and Dominquez and Hollstein, 2014: 187). The Lejweleputswa district municipality and three local municipalities within LDM were sampled using purposive non-probability sampling method. LDM was included in the sample based on its consideration of being an economic hub in the Free State. Matjhabeng as the biggest local municipality and among the top ten wasteful, unauthorised and irregular spending municipalities in South Africa according to AG report of 2017/18, Masilonyana as the middle-sized, and Tokolo as the smallest municipalty in the Lejweleputswa district municipality were included in the sample. The district municipality gives support to local municipalities – if a

local municipality does not have funds to finance a service, the district municipality will either procure the service or give the local municipality funds to fund such a service.

1.7.4 Data collection

Data collection is the process whereby information is gathered and measured systematically on targeted variables, which will enable the researcher to answer the research questions and evaluate the outcomes (Welman, Kruger and Mitchell, 2010: 207).

The study employed an open-ended interview guide to collect data. An interview is a data collection method in which the researcher asks questions and the research participants give answers (Johnson and Christensen, 2014: 228). Interviews can be done face to face (in person interviews) or over the telephone (telephone interviews). Semi-structured face to face interviews were conducted with supply chain management practitioners, managers, CFO's, and municipal managers to obtain in-depth knowledge and understanding on the research questions.

1.7.5 Data analysis

Data analysis is the step in which the researcher analyses data that was gathered during the data collection stage. The main purpose of data analysis is to see if the initially generated research questions are answered (Saunders and Lewis, 2012: 165). Data analysis is a component of data management and consists of two major activities, namely data processing and analysis (Bakkabulindi, 2015: 32). Data processing is the preparation of data for analysis, and consists of the following activities:

- data editing,
- data coding,
- entering of data into the computer program, and
- presenting of data in the form of tables and graphs (Bakkabulindi, 2015: 32).

Gay, Mills and Airasian (2011: 7) define qualitative research as the collection, analysis and interpretation of narrative and visual data to gain insight into the phenomenon of interest. Saldaņ̃a (2015: 3) identifies various statistical software to be used to analyse data in qualitative research, namely AtlasTi, CAT, Dedoose, HyperRESEARCH, MAXQDA, NVivo, GDA Miner, Quirkos and Transana. The researcher made use of AtlasTi to analyse the data of this research.

1.7.6 Quality assurance of results

The research results must demonstrate quality, which is proved by the validity and reliability of the study (Savin-Bade and Major, 2013: 473).

1.7.6.1 Validity and reliability

Fraenkel and Wallen (2009: 147) describe validity as referring to the correctness, appropriateness, meaningfulness and usefulness of the inference made by the researcher. Mertler (2017: 154) defines validity as an important quality in quantitative research data that focuses on whether collected data is measuring what it is supposed to measure. Validity does not characterize tests themselves but may test the scores which have been interpreted. It is important to note that validity refers to how supportive evidence is to any inferences made by the researcher based on collected data using a certain instrument. The inferences are about the uses of the instrument and not the instrument itself. An appropriate inference relates to the purpose of the research study, the meaning of obtained information with the aid of the instrument and the relationship the researcher is trying to determine (Fraenkel and Wallen, 2009: 148).

Reliability refers to the extent that the measuring instrument produces consistent results. Reliability ensures that repeated experiments will accurately measure variables (Savin-Baden and Major, 2013: 473). A reliability coefficient indicates the relationship between scores of the same individuals at two different times using the same instrument (Fraenkel and Wallen, 2009: 155).

There is an important relationship between validity and reliability. There is a possibility that reliable scores can be obtained from an instrument, but that the score is not valid. This means that the instrument is yielding consistent results that are not measuring what is intended to be measured. The score cannot be both valid and unreliable – that is, a score that measures what is intended to be measured is always consistent (Mertler, 2017: 157). In order to ensure that reliability and validity are maintained, the researcher will first make sure that different questionnaires are compiled for different interviewees and that every interviewee understands the purpose of the research. During interviews, the researcher will give clear explanation of the questions so that questions are meaningful to interviewees. The recorded interviews will be transcribed verbatim to avoid the possibility of misquoting the interviewees.

1.8 ETHICAL CONSIDERATION

Research ethics are a fundamental concern to the researcher when planning, designing, implementing and reporting research with human participants. A researcher must protect research participants and develop a mutual trust (Drake, 2015: 98). The researcher obtained the necessary ethical approval from the University of the Free State and approval from the local municipalities to conduct the research. The researcher conducted himself with integrity. The participants remained anonymous and their confidentiality was ensured. No subject was forced to take part; thus, the participation was on a voluntary basis. The researcher explained the purpose of the study to the participants.

1.9 LAYOUT OF STUDY

The study is divided into the following seven chapters. The content of each is as follows:

Chapter one

Chapter one introduces the study and includes the background and theoretical framework to the study, problem statement and aims and objectives of the study. The chapter concludes with the research methodology, ethical considerations and chapter summary.

Chapter two

This chapter provides a theoretical explanation of supply chain, supply chain management, procurement, aims and objectives of supply chain. The chapter concentrates on supply chain management in the government environment according to published textbooks and journals.

Chapter three

This chapter provides a theoretical explanation of service delivery, local government service delivery globally and locally. The chapter concludes by explaining the state of service delivery in South Africa, challenges and improvement needed. The chapter concentrates on service delivery in the government environment according to published textbooks and journals.

Chapter four

This chapter explains the existing supply chain management framework according to legislation, national treasury guidelines, and other government policies in a municipal environment.

Chapter five

This chapter explains the research methodology as a whole and methodology to be used in the empirical study. The design of the research and questionnaire, sampling methods and data collection and analysis are discussed.

Chapter six

This chapter summarises, evaluates, and analyses the results obtained during the survey. Information received from the literature study is compared with information from the empirical study.

Chapter seven

The results from both the literature and empirical study are summarised. A conclusion and recommendations are made. A management framework to enhance supply chain management is developed and proposed.

CHAPTER 2

THEORETICAL FRAMEWORK OF SUPPLY CHAIN MANAGEMENT

2.1 INTRODUCTION

Little research has been done on public sector supply chain management compared to research regarding the private sector. The public sector is faced with massive challenges concerning the implementation of SCM (Ambe, 2017: 364). This chapter explores the fundamentals of public sector supply chain management (SCM) by defining SCM and discussing the theories associated with supply chain management. The historical development of supply chain management in South Africa is explored, as well as the development and recent trends in global procurement. The chapter concludes with a discussion of the South African perspective, e-procurement, and non-compliance with SCM policies.

Procurement in the public sector originated from the legal obligation of government to provide its citizens with public goods and services. Government procures goods and services, like stationery and medicine, from the private sector so that it may in turn provide services for educational and health services to the citizens. The financing of goods and services and assets constitutes on average 40% of the annual budget of public institutions. As these institutions are rendering services to the society, sound procurement systems are critical (Odhiambo and Kamau, 2003: 10). In ensuring the proper institutionalisation of best procurement practices, a supply chain management policy was adopted by the South African National Treasury in 2003 (Pooe, Mafini and Makhubele, 2015: 67). Supply chain management plays an important role in both the public and private sector, but with different objectives. The objective of the public sector is to satisfy the community through the provisioning of quality public goods and services, while the objective of the private sector is to make a profit from the provisioning of goods and services. The sources of revenue in the private sector are sales of goods and services, while the public sector derives its revenue from taxes and fees (Ambe and Bardernhorst-Weiss, 2011b: 75).

Developed countries such as the United States, the United Kingdom and Canada commenced using Supply Chain Management in their logistics and procurement as early as the beginning of the twentieth century (Ambe, 2009: 427). In the US, the employment of SCM best practices in the management of logistics by the Department of Defence minimised the costs (Amber and Badenhorst-Weiss, 2011b: 74). The year on year updates about SCM best practices in the

United Kingdom (UK) by the Government of Commerce Office indicates that it resulted in substantial cost savings (Gansler, Luby and Kornberg, 2004: 4).

The next section will briefly discuss different theories identified in literature that relate to supply chain management.

2.2 THEORETICAL FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

Supply chain management in the international context can be analysed by means of several theories, such as the heterogeneous demand theory, the resource-based theory, dynamic capabilities theories, network theories, general systems theories and stakeholder theories. The aim of this section is to contextualise the concept of supply chain management in terms of different existing theories.

2.2.1 Heterogeneous Demand (HD) theory

Demand can be described as various amounts of product that consumers are willing to buy at a given price (van Rensburg, McConnel and Brue, 2015: 54). Demand is effective when the buyer is willing and able to pay for the goods or service (Mohr and Associates, 2015: 61). The size of the demand of a product depends on the determinants of demand. According to Callari, Ruiz and Valente (2016: 19) these determinants are divided into two groups, namely price and non-price determinants. Price determinants relate to the price of the product in demand and the price of other related products. Related products can either be substitutes or complements. Non-price determinants consist of the quality of both goods in demand and the related income, expectations, tastes, and preferences of the consumer (van Rensburg *et al,* 2015: 56 – 57). Thus, the heterogeneous demand theory states that the volume of demand is a function of the price and quality of all goods, income of consumers, tastes, preferences, conditions of consumption and consumer expectations (Safiullin, Oduntsova and Safiullin, 2015: 290).

2.2.2 Resource Based Theory

The dominant paradigm's belief of the Resource Based Theory is that an organisation's potential profit is determined by organisational resources (Holdford, 2018: 2). Scholars such as Halldorsson, Kotzab, Mikkola (2007) and Skjott-Larsen, Schary, Mikkola and Kotzab (2007) argue that the profit of the organisation is determined by internal factors such as resources and capabilities. This gave rise to the resources-based view which was later transformed into a fully-fledged resource-based theory (RBT) (Kozlenkova, Samaha and Palmatier, 2013: 3 of

21). Resources are assets, both tangible and intangible, of an organisation, while capabilities are subsets of resources and are used to improve the productivity of an organisation. A competitive advantage in production is achieved by the organisation when it can produce more economic value than competitors (Halldorsson *et al,* 2007: 288 and Skjott-Larsen *et al*, 2007: 286). Holdford (2018: 1) added that through the RBT, the internal resources offered by the organisation, together with its capabilities to use the available resources, enable the organisation to gain a competitive advantage over competitors. According to Kozlenkova *et al* (2013: 15 of 21), RBT is often coupled with other theories in order to explain the success and failure of the activities of the organisation and its ability to unify the related activities. The efficient and effective acquisition of resources through SCM can help municipalities achieve sustainable competition by the accumulation and the usage of resources that will best service the interest of the community. The following theories have a complementary effect when used in conjunction with Resource Based Theory – Resource Advantage, Agency and Transaction Cost Economics.

2.2.2.1 Agency Theory (AT) applicable

The Agency theory is often referred to as the Principal Agent (PA) Theory since the theory explains the relationship that exists between the principal and the agent in terms of goals and objectives (Hallordson *et al,* 2007: 287). In the private sector, the principal is the shareholders, while the agents are the managers of the organisation. The agents, as employees, are obliged by conditions of employment to maximise the interests of the principal. However, in some instances, agents perform their business to protect or promote their own interests and not the interests of the principal which creates conflict in the principal-agency relationship (Firer, Roos, Westerfield and Jordan, 2012: 9). According to Wildmalm (2016: 135), there are two options that the principal can follow to prevent conflict, namely:

- the implementation of a variable remuneration scheme for the agent, which considers the objectives of the principal; and
- should the remuneration scheme be insufficient, the principal can exert strong monitoring of the agent.

In the public sector, the citizens are the principal which elects politicians (agents) to perform functions on their behalf (Malmir, Shirvani, Rashdpour and Soltani, 2014: 86). The principal-agent problem in the public sector (Government) occurs when elected politicians, due to their opportunistic nature, are serving their own interest rather than that of the voters (principal) when executing their duties (Wlidmalm, 2016: 132 – 133). Although the citizens have

Accounting Officers or an Ombudsman to deal with the agency problem, these are politically appointed which makes it difficult for them to act against the agent (politicians). Thus, the alignment of the interest of citizens with that of politicians becomes impossible (Malmir *et al*, 2014: 86). The principal agent problem in the public sector SCM exists when the SCM personnel satisfy their interest and not the interest of the community when awarding bids to the service providers.

The Transaction Cost Theory is an Economic theory which provides a logical framework for investigating the governance structure of contractual relations in the supply chain (Garfamy, 2012: 139). Bremen, Oehmen, Alard and Schonleben (2010: 20) defines a transaction in SCM as the transfer of a semi-manufactured product or service from upstream through certain processes to the downstream manufacturing stage. The types of costs incurred during the process are information, communication and coordination. Transaction costs are incurred during the following processes – creating, maintaining, using, charging and governing an organization during an economic activity (Hallordson *et al*, 2007: 287). According to Garfamy (2012: 141), transaction costs are divided into marketing, management and political, which includes legal, information gathering and administrative costs. Schwabe (2013: 3) identifies the following types of costs, their origin and the tangible forms, as depicted in Table 2.1.

TABLE 2.1: SOURCES AND FORMS OF TRANSACTION COSTS

Transaction cost type	Source of cost	Tangible transaction cost form
Search	• Insufficient knowledge about opportunities i.e. prices, products, market outlets.	• Traveling, communication and advertising costs.
Screening	• Reliability of potential suppliers. • Uncertainty about quality of goods and services offered.	• Consulting and service fees.
Bargaining	• Conflict of interest and unwillingness of suppliers on trade terms. • Rights and obligations of the transacting parties.	• Licensing and insurance premium fees
Transfer	• Legal constraints based on movement of goods.	• Storage and transport costs. • Bribery and corruption expenses.
Monitoring	• Compliance of transacting parties to terms and quality of goods and services.	• Auditing fees • Product inspection costs
Enforcement	• Level of damages arising from non-compliance to contractual agreement. • Implementation of penalties due to non-compliance.	• Arbitration and court fees. • Social pressure costs.

Adapted from Schwabe (2013: 3)

Bremen *et al* (2010: 20) identify two modes of transaction governance that differ in terms of transaction costs characteristics, namely market and firm. Schwabe (2013: 5) identifies three modes of transaction governance, namely market governance (market), non-market governance (hierarchy), and hybrid governance. According to the Transaction Costs Theory, organizations tend to favour market governance (that is, purchasing from suppliers when costs are low) and hierarchal governance (that is, manufacturing products in-house when transaction costs are high). Hybrid governance is found between the two modes and thus will be favoured when the transaction costs are medium (Schwabe, 2013: 5 - 6 and Garfamy, 2012: 144). The Transaction Cost Theory is influenced by three independent variables, namely asset specificity, uncertainty and frequency. Asset specificity refers to the transfer of assets that support a given transaction, while uncertainty relates to changes in transactions that are unanticipated, and lastly the frequency relates to the number of times of the recurrence of the transactions (Bremen *et al,* 2010: 21). Bremen *et al* (2010: 22) further add that there are three variables based on three behavioural dimensions, namely bounded rationality, opportunism, and risk neutrality. Bounded rationality and opportunism tend to increase the transaction costs. Both the transaction costs and the coordination costs influence

the governance structure (Schwabe, 2013: 6). The Transaction Costs Theory realises that self-seeking interest of managers may lead to the failure of using resources to the fullest and requires the efficient deployment of resources (Kozlenkova *et al*, 2013: 18).

2.2.3 Dynamic Capabilities Theory (DC)

According to Bleady, Ali and Ibrahim (2018: 2), the Resource Based Theory does not consider the dynamics of the environment and fails to explain why and how some organisations have a competitive advantage in some situations (Bleady *et al*, 2018: 2). The Dynamic Capabilities Theory originated to solve the weaknesses of the Resource Based Theory, implying that it is an extension and reaction to the Resource Based Theory (Furlan, Angnes and Morozini, 2018: 104). Dynamic Capabilities are defined as the ability of the organisation to integrate, construct and reconfigure both internal and external skills in adjusting the changing environment (Chukwuemeka and Onuoha, 2018: 8). Pervan, Curak and Kramaric (2017: 5 of 19) identify three components of Dynamic Capabilities, namely the capacity to sense and shape opportunities and threats, the capability to get hold of opportunities and the capability to keep competition. According to Biedenbach and Muller (2012: 624), three factors link internal resources with the competitive advantage of the organisation. These three factors are adaptive capability, absorptive capability and innovative capability, which must be combined to realise the desired effect (Biedenbach and Muller, 2012: 624).

2.2.3.1 Adaptive Capability

Adaptive capability is the organisation's ability to identify and make use of opportunities of emerging markets (Biedenbach and Muller, 2012: 625). Through adaptive capability, the organisation can combine both internal and external knowledge in order to develop a new product or service. Adaptive capability is having characteristics of both the individual and the organisation because both are striving for the improvement and directing of knowledge towards the realisation of the goals and objectives of the organisation (Rotundo and Arias, 2018: 120). Biedenbach and Muller (2012: 625) discovered that a positive relationship exists between project portfolio performance and success with adaptive capability.

Adaptive capability is related to inherent flexibility based on the availability and application of resources in the organisation (Engle, 2011: 648). The operation of the organisation depends on the inherent flexibilities of the resources which are in the resource base and decision makers' ability to coordinate the available resources (Idestrom, 2002: 10). Buchel and Sorell (2012: 3) further emphasise that adaptive capability does not mean that organisations must

only be able to discover complex and new information, but must also be able to integrate this knowledge and produce new ideas and services faster than their competitors.

2.2.3.2 Absorptive Capability

Absorptive capability is the ability of the organisation to identify, assimilate, transform and apply new external knowledge (Furlan, Agnes and Morozini, 2018: 304). The Absorptive Capability Theory concentrates on how organisations value new external knowledge, as an organisation needs a knowledge base in order to absorb and use new knowledge (Rotundo and Biedenbach, 2018: 122). Miles (2012: 17) identifies four sources of knowledge available to the organisation, namely research and development conducted by the organisation, borrowing new knowledge from another organisation, purchasing of new knowledge and buying new equipment.

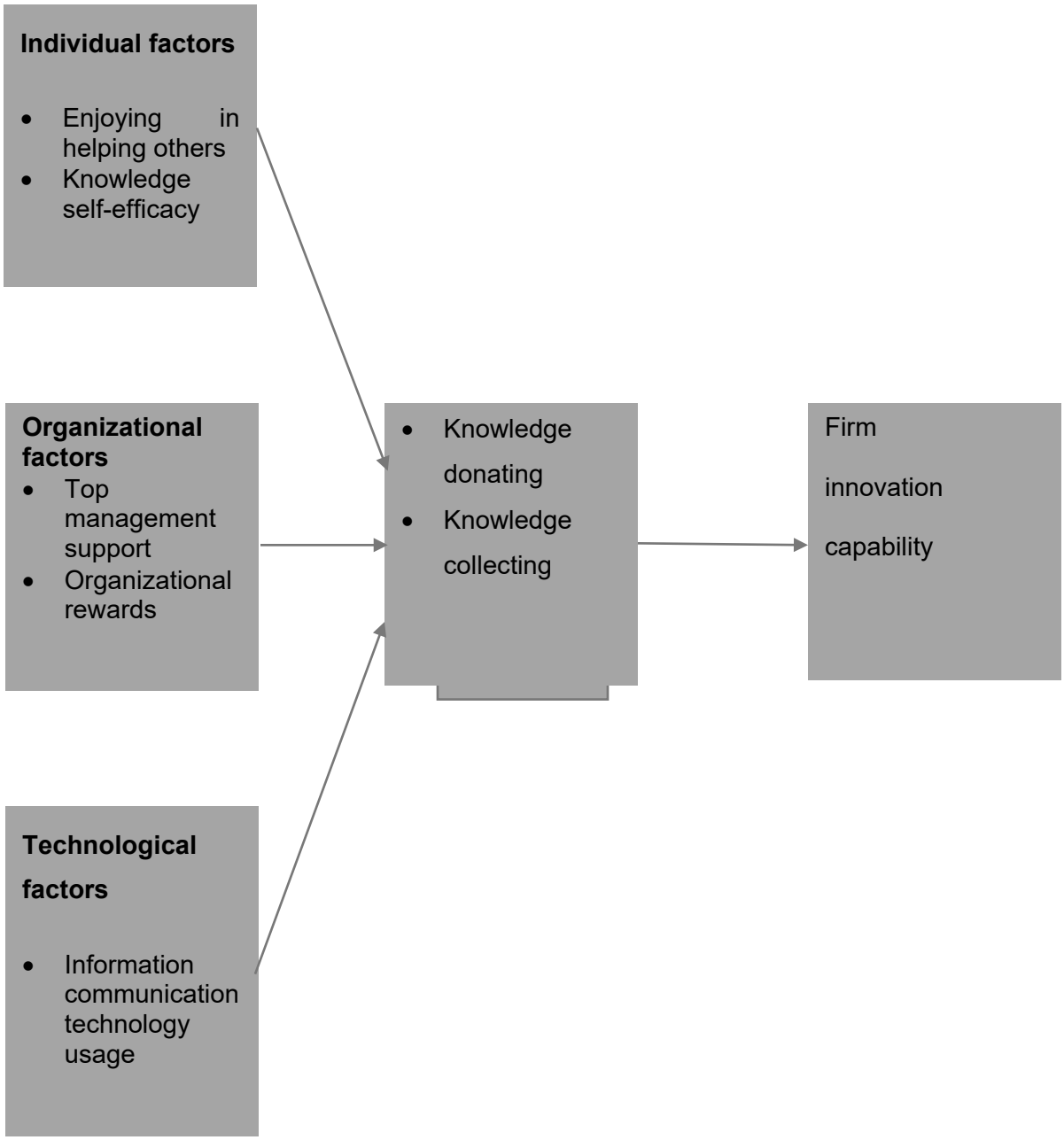
According to Miles (2012: 19), there are two kinds of absorptive capability, namely demand pull and science push capacity. In demand pull absorptive capacity, the market is the source of new knowledge – that is, customers, suppliers, and competitors. Science push absorptive capacity derives new knowledge from research and scientific sources such as academic journals and books (Miles 2012: 19). New knowledge must be assimilated via both sources for the organisation to be effective and innovative. According to Furlan *et al* (2018: 306), Absorptive Capabilities have four dimensions, namely acquisitions, assimilation, transformation and application. The four dimensions can be grouped into two main categories – that is, potential absorptive capacity (PACAP) and realised absorptive capacity (RACAP). PACAP is concerned with the absorption of external knowledge through acquisition and assimilation, while RACAP is concerned with the incorporation processes that are using the new knowledge (Rotunda and Arias 2018: 126; Idestrom, 2002: 6). Biedenbach and Muller (2012: 624) find that adaptive capacity is positively correlated to project portfolio performance and success.

2.2.3.3 Innovation capabilities

Absorptive capability forms the basis of innovative capacity, irrespective of the size and resource level of the organisation (Nazari, Khoswa and Babalhavaeji, 2013: 27). Innovative capability is the ability to generate, accept and implement new ideas, services and products (Biedenbach and Muller, 2012: 624). Calantone, Cavusgil and Zhao (2002: 518) find that there is a positive correlation between the degree of innovativeness and the organisation's project

performance and success. Lin (2007: 318) identifies several factors that affect the organisation's innovation capability as indicated in Figure 2.1.

FIGURE 2.1 AN ILLUSTRATION OF INNOVATION MODEL



Adapted from Lin (2007: 318)

According to Lin (2007: 318), the two individual factors that determine knowledge sharing are knowledge donating and knowledge collecting. Both factors positively influence the employee's willingness to donate and collect knowledge. The organisational support and rewards given to employees provides a positive influence on knowledge donating and

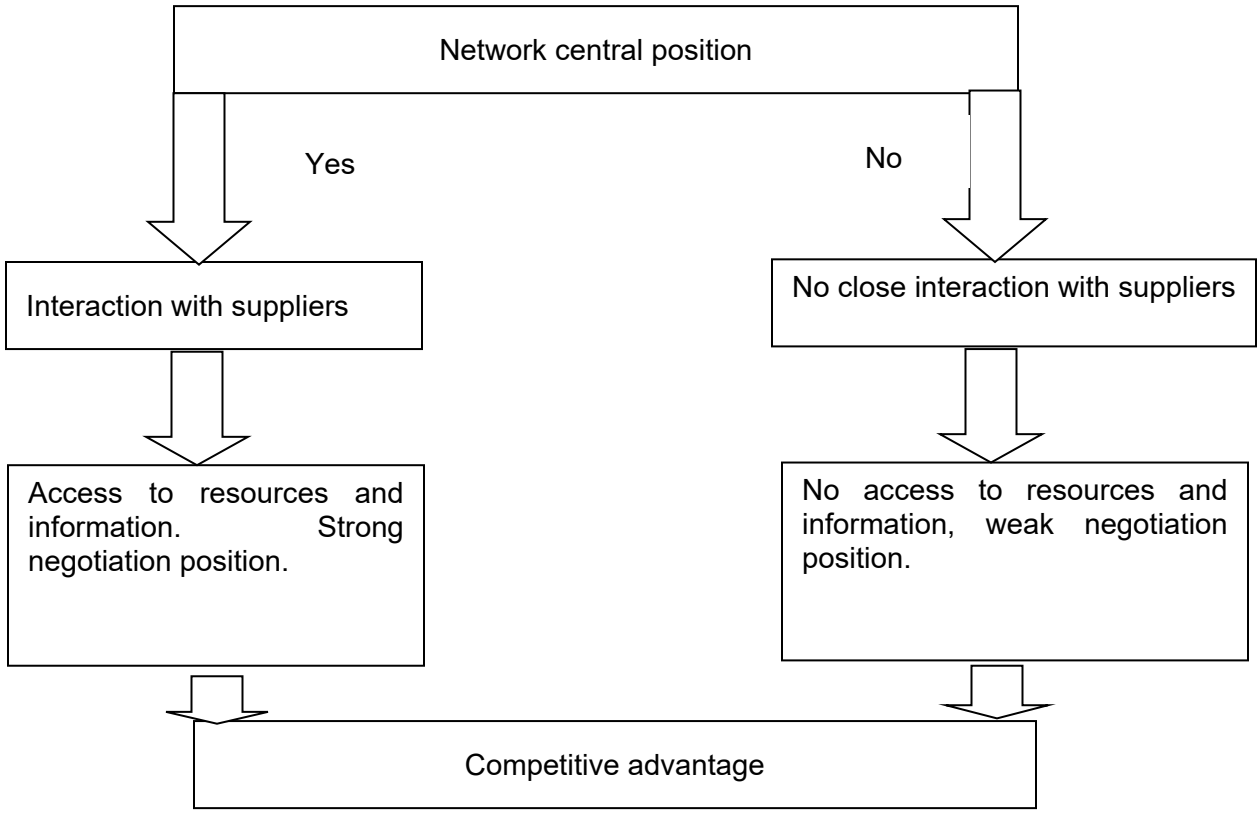
collecting (Lawson and Samson, 2001: 379). Technological innovation plays an important role in donation and collection of knowledge, in as far as it enables an organisation to obtain knowledge, define, store, link, search and identify related information (Nazari *et al*, 2013: 28). According to Lin (2007: 318), the usage of information communication technology contributes to employees' willingness to collect and donate knowledge, which enables the organisation to become more innovative.

2.2.4 Network theory (NT)

Performance of the supply chain does not only depend on efficient cooperation of the organisation with direct partners, it also depends on how these partners cooperate with other partners (Wellenbrock, 2013: 3). The Network Theory contributes to the building of trust, mutual adaptation and competitive advantage (Sarkis, Zhu and Lai, 2011: 19). The Network theory was introduced in research during the 1970s and 1980s and focused on the relationship between two entities, from where it later developed to entail a multiple relationship throughout the supply chain (Wellenbrock, 2013: 3). As a theory the Network Theory links people, objects and organizations through a long-term relationship. The SCM units of municipalities must have a long-term relationship with competent service providers – that is why it is important for municipalities to keep a data base of service providers.

Hallodorsson *et al* (2007: 287) identify two types of interaction that link organisations, namely the exchange processes and adaptation processes. The exchange processes concentrate on goods and services, information, and social processes, while adaptation processes concentrate on administrative, technical, logistics, personal and legal elements of the organisation (Wellenbrock, 2013: 4). According to Sarkis *et al* (2011: 9), there are two main elements that have an influence on the network, namely density and centrality. Density measures the number of ties that link organizations together in the network, whilst centrality refers to the position of the organization in the network and its ability to control information flow. Wellenbrock (2013: 5) states that the element of centrality is the most important element that could lead to a competitive advantage as shown in Figure 2.2.

FIGURE 2.2: THE EFFECT OF CENTRALITY ON COMPETITIVE ADVANTAGE



Source: Wellenbrock (2013: 5 of 12)

Centrality is a key factor in the network theory and is dependent on the position of the organisation in the network (Baez, Coya and Rebro, 2018: 728). Effective management of supplier relationships in the network will enable the organisation to increase its operational efficiency (Sarkis *et al,* 2011: 9).

However, according to Wellenbrock (2013: 5), the costs and the methods of retrieving the best resources are not shared through the network because organisations fear that competitors might use the information for their advantage. The sharing of information about unique products and production resources may lead to the production of imitation by competitors (Wellenbrock, 2013: 5)

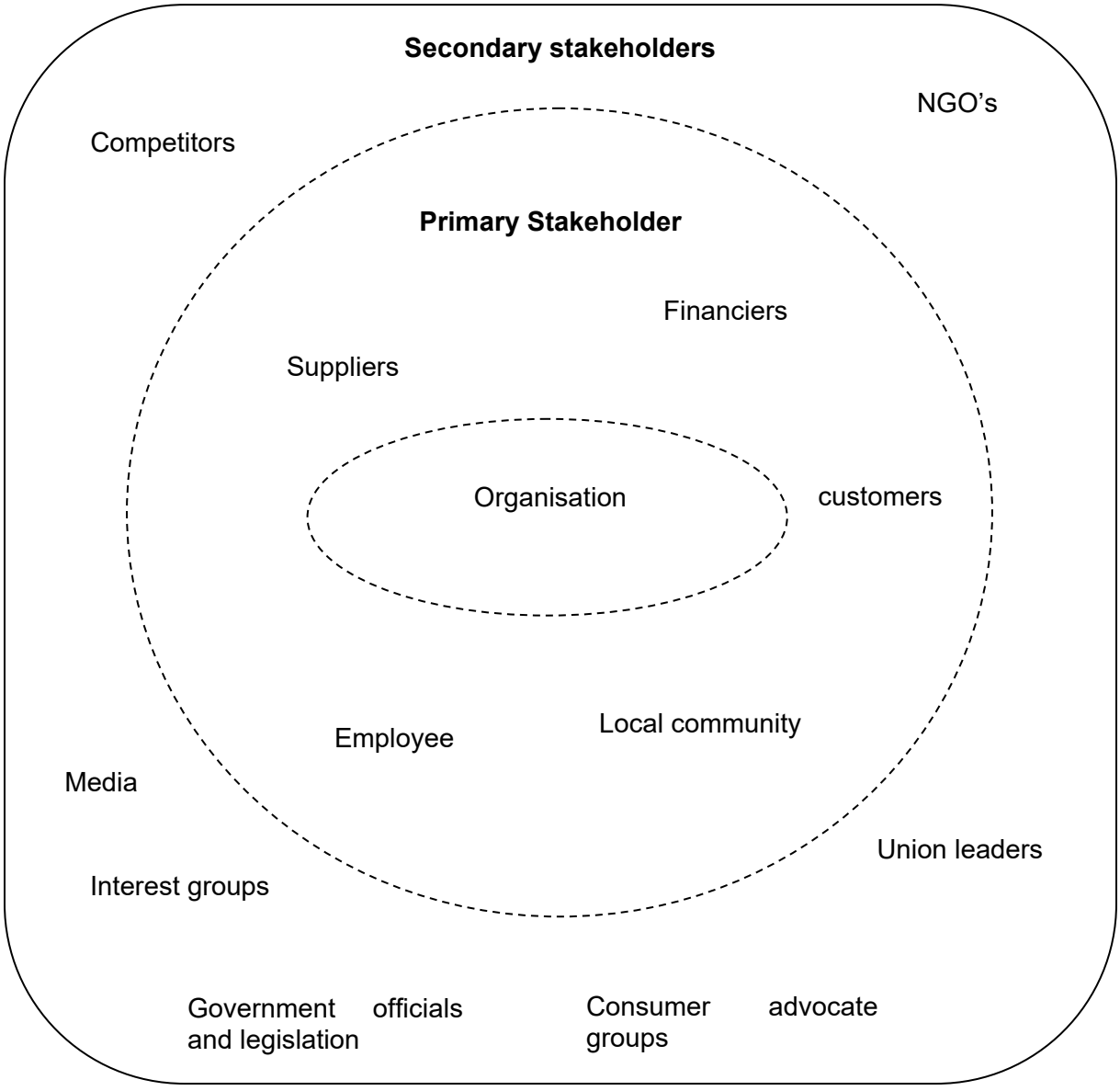
2.2.5 Stakeholder theory

Firer *et al* (2012: 11) define a stakeholder as an individual or a group of people who affect or are affected by the actions and results of the organisation. Freeman and Dmytriyev (2017: 9) agree with this and view a stakeholder as a group or an individual having interest in the activities and outcomes of the organisation and who is affecting the achievement of the

objectives of the organisation. The stakeholder theory is an organisational management and business theory that addresses values and morals in the management of the organisation by concentrating on the interest of the stakeholders and not only of shareholders (Miles, 2012: 305).

According to Freeman, Harisson and Zyglidopoulos (2018: 15), there are primary and secondary stakeholders as shown in figure 2.3 below. The primary stakeholders are involved in the day to day running of the organisation.

FIGURE 2.3: BASIC STAKEHOLDER MAP



Source: Freeman *et al* (2018: 16)

Stakeholders are directly involved and benefit economically and emotionally from the activities of the organisation (Freeman, Martin and Pamar, 2007: 307). Primary stakeholders create value and in return the organisation provides knowledge, respect, security, and political influence. There is therefore a two-way relationship between the organisation and its primary stakeholders (Freeman *et al,* 2018: 16). Secondary stakeholders are not directly involved in the value creating process but have legitimate interest in the organisation. The influence of the secondary stakeholders can help or destroy the organisation's ability to achieve the objectives

of creating value (Freeman *et al*, 2007: 307). The effective implementation of SCM is dependent on the involvement of all the stakeholders, namely SCM unit, community and service providers.

2.2.6 Summary of the contribution of theories to SCM

TABLE 2.2: RELEVANCY OF THEORIES TO SCM

Theory	Relevancy in public sector SCM
Heterogeneous Demand	Government institution should satisfy the demand of the citizens. When doing so, consideration should be given to both price and non-price determinants of demand.
Resource Advantage	The appointment of capable managers may avoid failure to use available resources.
Agency	The public sector can use rewards and thorough monitoring to see to it that the public servants' interests are in line with those of the citizens.
Transaction Cost Theory	In deciding whether to buy or make, focus should be on total costs to be incurred.
Dynamic Capabilities	Government institution should also consider and be able to control the effects of both external and internal environment.
Adaptive Capability	Government institution should also consider and be able to control the effects of both external and internal environment.
Absorptive Capability	Government institution must have the ability to absorb the new information from private companies and other government institution.
Innovative Capabilities	The externally acquired knowledge together with the existing knowledge is used to generate, accept, and implement new ideas.
Network	Strong ties with private suppliers, citizens and other government entities can improve the provision of goods and services.
Stakeholder	Stakeholders, like businesses within the municipality, are very important because, except for paying for services, they also contribute positively towards local economic growth and employment.

Source: own construction

2.3 SUPPLY CHAIN MANAGEMENT DEFINED

Supply chain management (SCM) is a process which consists of five stages, namely identification of the required item or service to meet the needs of an organisation, identification of the service provider, establishment of a fair and reasonable price for the item or service, enforcing an agreement with the service provider, and managing the relationship to ensure timeous delivery which is in accordance with the agreed standards (Burt, Petcavage and Pinkerton, 2020: 6). Therefore, SCM covers the planning and all management activities engaged in sourcing and procurement, including logistics management activities. SCM also encompasses the coordination and collaboration with partners that are intermediaries, suppliers, third party service providers and customers (Mholi and Kahilu, 2016: 518). Public sector SCM is the coordination of all involved parties in meeting a specified public sector requirement by bringing together the combination of inputs, outputs, and outcomes (Ambe and Badenhorst-Weiss, 2011b: 74). Involved parties are partner organisations, external suppliers and both internal and external corporate service units of the organisation.

Bolseth, Sletten and Solem, (2011: 3) identified the following characteristics of a supply chain:

- the process of providing goods and services including procurement, production and distribution;
- involvement of several role players, from suppliers to end users;
- a common accessible information system which makes coordination of all components possible; and
- achievement of organisational objectives through supply chain performance.

In consideration of the above characteristics emphasis is put on the integration of different business units within the supply chain. The goal is to view supply chain members equally in an internal SCM unit and information management to achieve transparency (Bolseth *et al*, 2011: 3 – 4).

According to SAMDI (2004: 9), by adopting the supply chain management policy in 2003, the South African Cabinet adopted four major objectives namely:

- to transform Government procurement and provisioning practices into an integrated SCM function;
- to introduce a systematic approach for the appointment of consultants;
- to create a common understanding and interpretation of the preferential procurement policy; and

- to promote the consistent application of best practices throughout government's supply chain.

The literature research for the study identified a number of definitions for supply chain management. Some of the most applicable to this research are discussed below:

TABLE 2.3: A SAMPLE OF DEFINITIONS OF SUPPLY CHAIN MANAGEMENT

Author	Definition
Burt, Petcavage and Pinkerton, 2010: 6	A process that involves the following steps: Identify what is required in order to fulfil the organisational need; Identify the service provider that is suitable to provide the service or item in order to satisfy the need; Establish a price that is fair and reasonable for the required goods or service; Enforce purchasing agreement; Manage the relationship in order to ensure timely delivery and agreed standards.
RSA, 2003b: 1	It is a collaborative strategy which is aiming at eliminating non-value-added costs, infrastructure, time, and activities to serve customers better through the integration of procurement and provisioning process.
Sanders and Lewis, 2012: 3	"Managing supply and demand, sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory track, order entry and management, distribution across all channels, and delivery to the customer".
Gianakis and McCue, 2012: 11	It is the management of a value chain that includes purchasing, contract management and continues with other activities with the aim of ensuring the delivery of quality good or service to the customer.
Vanichinchai and Ige, 2009: 251	A process where goods and services are supplied to the customer in an efficient and effective way and at a cost-effective price.

Adapted from different authors

The concept of SCM has recently been gaining popularity and importance, though it lacks a universally accepted definition as authors interpret and understand SCM differently. According to Hugo (2006: 4) and Hines (2013: 17), the management of a supply chain encompasses the coordination of production, inventory, location and transportation among all organisations

within the supply chain to meet the requirements of customers in an efficient way. Simchi-Levi, Kaminsky and Simchi-Levi (2004: 2) view supply chain management as a set of approaches used to effectively and efficiently acquire goods and services at the lowest possible cost. The definition by Hugo (2006) and Hines (2013) shows similarities to the South African accepted public sector SCM definition. National Treasury defines SCM as a process whereby all involved, internally and externally, are brought together to deliver inputs, outputs, or outcomes to meet a specified public-sector requirement (National Treasury, 2005b: 5). The Policy to Guide Uniformity in Procurement Reform Processes in Government (National Treasury 2003: 19) further defines supply chain management as an integral part of financial management that seeks to introduce internationally accepted best practices. In addition, Khalo (2014: 226) defines SCM as a process of managing the procurement and asset disposal system to enable public institutions to provide public goods and services. Vanichinchai and Ige (2009: 251) view SCM as a process of delivering goods and services to the customer in an efficient and effective way that is cost effective.

The above definitions reveal that public sector SCM is a system that manages distinctive management processes such as demand management, acquisition management, logistics management, disposal management and risk management. The management of the different processes aims at delivering goods and services in an effective, efficient, and cost-effective manner. Procurement is the basis of supply chain management; therefore, it will be in the best interest of this research that developments and trends in global procurement are explained. The next section will discuss the historical development of supply chain management in South Africa.

2.4 HISTORICAL DEVELOPMENT OF SUPPLY CHAIN MANAGEMENT IN SOUTH AFRICA

The socio, economic and environmental challenges facing South Africa have led government to give priority to SCM and public procurement specifically (Ambe, 2012: 133). South African public procurement represents 29% of the Gross Domestic Product (GDP) (National Treasury, 2004a: 3). The importance of efficient public procurement for government was reviewed by the first democratically elected government of 1994 (National Treasury, 2003c: 2). A Task Force headed by the then State Tender Board was established, with technical and financial support from the World Bank. The transformation of the South African public sector SCM started in 1995 with the introduction of procurement reform. Procurement reform was needed in order to replace the old outdated procurement practices (Ambe, 2017: 365). The purpose of the Task

Force was to review government procurement, with the focus mainly on two areas, namely the promotion of principles of good governance and the introduction of a preferential procurement system that would address socio-economic objectives (National Treasury, 2003c: 4). Table 2.4 below summarises the events that took place in the transformation of public sector procurement:

TABLE 2.4 KEY EVENTS IN TRANSFORMING PROCUREMENT

YEAR	KEY EVENTS
1994	Democratic government of South Africa elected.
1995	Identification of focus areas and the creation of a Task Force.
1996	Determination of a "10-point interim strategy" including principles and policies for equitable and transparent public procurement and procedures by the Task Force.
1996	Adoption of the Constitution of the Republic of South Africa, 1996.
1997	The Green Paper on Public Sector Procurement Reform in South Africa compiled for public discussion.
1999	Promulgation of the Public Finance Management Act,1999 (1 of 1999).
2000	Endorsement of The Report on Opportunities for Reform of Government Procurement in South Africa for implementation in November.
2000	Promulgation of the Preferential Procurement Policy Framework Act, 2000 (5 of 2000) (PPPFA).
2001	Preferential Procurement Regulations, 2001 in terms of S5 of the PPPFA gazetted which incorporated the 80/20 and 90/10 preference point system.
2001/2	Government and World Bank undertook Joint Country Procurement Assessment Review (CPAR)
2003	CPAR Report on Refining the Public Procurement System: Summary of Findings and Recommendations was presented in February 2003.
2003	Hearings conducted by National Council of Provinces in assessing the success of the PPPFA.
2003	Approval of Policy to Guide Uniformity in Procurement Reform Processes in Government on 10 September 2003.
2003	5 Pillars of Procurement issued by the National Treasury.
2003	National Treasury issued Amendment to Regulations of the State Tender Board Act,1986 (86 of 1968) and Regulations in terms of the PFMA, 1999: Framework for Supply Chain Management.
2003/4	Promulgation of Broad Based Black Economic Empowerment Act, 2003 (53 of 2003)
2003/4	Promulgation of Municipal Finance Management Act, 2003 (56 of 2003)
2004	National Treasury issued Supply Chain Management Guide for Accounting Officers/Authorities in February.

2005	Local Government MFMA: Municipal Supply Chain Management Regulations gazetted on 30 May 2005.
2005	Supply Chain Management Guidelines for Accounting Officers of Municipalities and Municipal Entities issued by National Treasury in October 2005.
2005 – 7	MFMA circulars issued on SCM topics to assist with implementation.

Adapted from (RSA 2005f)

The critical work of procurement reform took place between 1995 and 1999. Apart from the Constitution, other legislative measures such as the Preferential Public Policy Framework Act (PPPFA), the Public Finance Management Act (PFMA), and MFMA laid the foundation for the implementation of SCM. The objectives of the Policy to Guide Uniformity in Procurement Process in Government issued by the National Treasury (2003/04/07) were to repeal the previous tender board legislation, promote uniformity, and to replace the outdated procurement and provisioning practices in government with the supply chain management system (RSA, 2003c: 3). The following section will concentrate on South African perception of SCM.

2.5 DEVELOPMENT AND TRENDS IN GLOBAL PROCUREMENT

The 1994 agreement on Government Procurement (GPA) by the World Trade Organization (WTO) is one of the most significant international instruments for government procurement. According to Davies (2017: 23), the primary focus of the GPA is to eliminate discriminatory laws and practices that divide procurement markets into sections. The GPA concentrates on trade liberalization, market access and avoidance of protectionism. The conceptual and organizational evolution of public procurement accelerated during the 1990s when different levels of government came under pressure to do more with less. Government entities in both rich and poor countries struggle as they are faced with strong budget constraints and the concern of the public regarding efficiency, transparency, fairness, and equity in the public procurement domain (Thai, 2017: 1). Table 2.5 below illustrates the market dialogue within public procurement. The dialogue takes place between the procurement unit, potential suppliers, and stakeholders.

TABLE 2.5: MARKET DIALOGUE OF PUBLIC PROCUREMENT

Dimensions	Market Dialogue
Procuring Unit ∩ Potential Suppliers	Procurement Process and effective contract.
Procuring Unit ∩ Stakeholders	Needs analysis and ideas for improved public services.
Stakeholders ∩ Potential Suppliers	Research and development innovative eco-efficient solutions.
Procuring Unit ∩ Potential Suppliers ∩ Stakeholders	Market research, Technical dialogue, needs analysis, negotiations, consultancy, co-creation, learning and support.

Adapted from Thai (2017: 69)

Table 2.5 indicates that there are three dimensions and diverse procedures and communication methods taking place during market dialogue. Market dialogue is a process in which the procurer and potential service provider communicate before competitive tendering (Burnett, 2001: 8). During this process, the potential service provider provides expertise and the procurement unit takes the decision. The first dialogue is between the potential service provider and the procurer, the contract notice is then issued, and a decision is taken. The second dialogue is between the stakeholders and the procurer. During this stage, the procurer's needs are analysed, thus assisting in keeping the final contract within the budget frame. The third dialogue is between potential suppliers and stakeholders. During this stage, potential bidders communicate with industries, universities, and research institutions to meet the needs of the procurer. The tender process is competitive in nature and the dialogue between public procurers and potential suppliers is carried out (Alhola, Salo, Antikainen and Berg; 2017: 63 and 68 – 69).

The following types of market dialogue procedures were identified, as stipulated in Table 2.6:

TABLE 2.6: TYPES OF MARKET DIALOGUE PROCEDURES

Procedure	Examples
Continuous face-to-face dialogue between procurer and stakeholders	Used by city of Jyvaskyla to share needs and requirements of forthcoming procurement.
Procurement forum	Established by Rauma city as a direct communication between procurer and companies.
Matchmaking	An event referred to as pitch and match, providing bidders an opportunity to meet public procurers in an organized event. An opportunity established by BusinessOulu, with the aim to share information between procurers and bidders.
Organized 'buyer-supplier' event	Bringing suppliers and procurers together to discuss challenges and best practices faced in the effective completion of contracts.
Research projects, pilots	The new dialogue format was tested by InnProBio project in exploring possibilities of biobased procurement.
Networks	Sustainable city networks help municipalities by providing various tools on Public Procurement Innovation. Helsinki region used the Clentech procurement network to meet regularly and share experiences on Clentech procurement. Motiva of Finland established a National network on GPP for 30 procuring units to share best practices on Public Procurement Innovation.
Collaborative platforms	Innovillage is a web service that provides an environment for co-preparing and co-designing public procurement and for collaboration during the contract period. It is a procurement forum which brings together international stakeholders to share, discuss and learn about improving public procurement practices.

Adapted from Thai (2017: 71)

The Government Procurement Agreement is a multilateral agreement within the World Trade Organisation (WTO), implying that not all members of the WTO are part of the agreement (UNCITRAL, 2014: 9). The basic aim of GPA is to open government procurement markets to the members of the agreement. The first GPA was signed in 1979, became effective in 1981, was amended in 1987, and came into effect in 1988. Based on the negotiations between the parties involved, a new GPA (1994) was signed in Marakesh on the 15 April 1994 which became operational on 1 January 1996 (Davies, 2017: 23)

Based on the focus of the WTO, the objectives of GPA are trade liberalization, non-discrimination, good governance, integrity, and efficiency (UNCITRAL, 2014: 9). The general principles and transparency rules make discrimination more difficult, safeguard against corruption and lead towards the achievement of value for money. Pursuing the objective of value for money is directly related to efficient and effective management of public resources (Davies, 2017: 26). Public procurement officials are faced with unexpectedly emerging technologies, concerns about the environment, product choice, and complex international and regional agreements (Turley and Perera,2014: 6).

According to Thai, (2017: 1) the increased complexity in public procurement has led public procurement officials to deal with a broad range of issues such as:

- balancing the powerful tension between national economic interests and competing socio-economic objectives;
- global competition as stipulated in both regional and international agreements;
- utilization of new technology to improve efficiency in procurement and e-procurement;
- satisfaction of the requirements of transparency, equity and fairness; and
- concentrating on maximising competition.

Trade liberalization enhances the achievement of value for money through increased competition among local and foreign suppliers (UNCITRAL, 2014: 10). In trade liberalization, local contracts are allocated to foreign suppliers since local suppliers might not exist. In such a scenario, small local suppliers can benefit through subcontracting and transfer of technology (Davies, 2017: 30).

According to UNCITRAL (2014: 10), suppliers must meet certain criteria to participate in procurement proceedings. The supplier must meet at least the following criteria:

- possess the relevant professional and technical qualifications;
- be able to enter legally into a procurement contract;
- not be insolvent, bankrupt, or have business activities currently suspended;
- be tax compliant and have fulfilled social security obligations; and
- not have directors or officers convicted of any criminal offence related to their professional conduct.

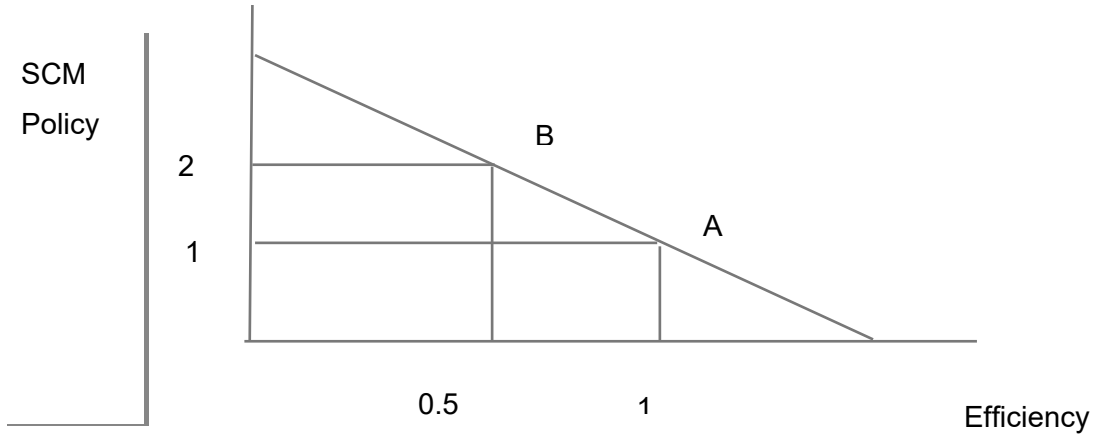
The procuring entity shall base its evaluation of suppliers according to the qualification criteria and may not discriminate in any form (Davies, 2017: 37). Incorrect information about the supplier may lead to the disqualification of the supplier by the procuring entity. The procuring entity may not disqualify a supplier based on incomplete information (UNCITRAL: 2014: 11).

According to National Public Procurement Policy Framework (National Treasury, 2005d), the suppliers of public goods and services should tender unconditionally for goods and services. National policies which are intended to support local SMEs owned by historically disadvantaged individuals (HDI) are viewed as discriminatory (RSA, 2003b). However, according to Davies (2017: 37) there are two opposing viewpoints on this – discrimination is being counter-productive and must be removed, or it is a justifiable, inflexible aspect of social policy which must be accommodated.

Should there be an improper implementation of the GPA by the supplier, the procuring entity has the right to make a request for the review of the procedure. The procuring entity can also ask for a resolution of the complaint via a dispute settlement unit (DSU) (UNCITRAL 2014: 23).

According to Thai (2017: 5), it is difficult in public procurement decisions to satisfy all procurement objectives as required. This is due to trade-offs between procurement objectives, such as cost, economy, competition, time, quality and risk. The use of small contracts in which procurement preference is given to small and medium-sized enterprises (SMMEs) results in inefficiency – for example, increasing transactions leading to increase in costs (Thai, 2017: 5). The transaction costs as explained by the Transaction Cost Theory should therefore be monitored and compared with the benefits to be derived (Schwabe, 2013: 3). Figure 2.4 illustrates the different procurement trade-offs in public procurement.

FIGURE 2.4: PUBLIC PROCUREMENT TRADE-OFFS



Adapted from Thai (2017: 6)

As is depicted in figure 2.4, efficiency is at its highest when SCM preferential procurement is at its lowest. As preferential procurement increases efficiency decreases. When SMEs preference policy is at point 1, efficiency is at point A. However, when the SCM preference

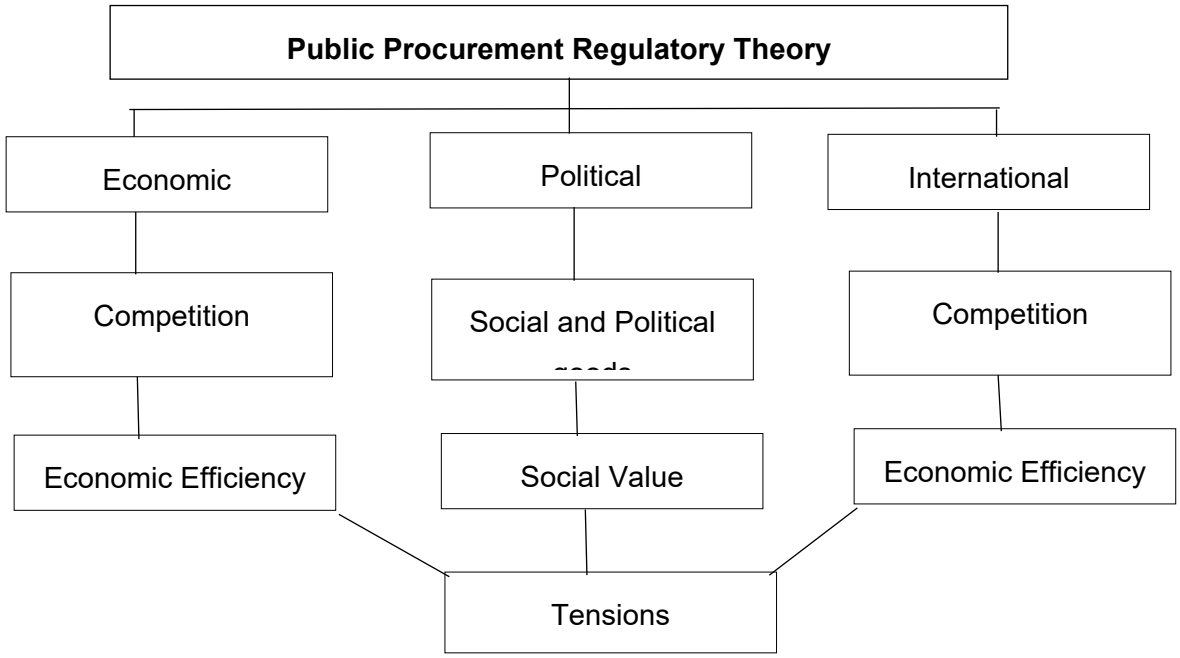
policy increases to 2, efficiency decreases to point B. It is therefore evident from the figure that there is a negative relationship between SMEs participation and efficiency (Thai, 2017: 6).

According to the National Public Procurement Policy Framework (National Treasury, 2005d), the procuring unit should consider the following when contracting for goods and services: fairness, equity, transparency, competition, and cost effectiveness. The procedure in public procurement is fair if there is a fair relationship between the procurer and all potential suppliers (Thai, 2017: 3). For fairness to prevail, information about tenders and the qualifying criteria should be made available to the public (Obrien, Meulen and Mehra, 2016: 18 – 20). Equity in public procurement must be substantive, meaning that the socio-economic conditions of contractors should be considered when awarding contracts (Thai, 2017: 6). A transparent system is open when the procurer is obliged to make tender information available to the public and may only accept potential suppliers that comply with the criteria (National Treasury, 2005c). The parties to the procurement process are also required to disclose conflict of interest, in the interest of transparency (Turley and Perera, 2014: 7). Quinot and Arrowsmith (2013: 17) identify four elements of transparency: contract opportunities and rules-governing procedure are publicised; there is a principle of rule-based decision making to limit the discretion of the procuring entity; there is verification that the rules have been followed; and there is enforcement if the rules are not followed. Competition in procurement involves selecting the best viable offer from different options (Thai, 2017: 6). Cost effectiveness resembles the realisation of value for money. To ensure the attainment of value for money, the following factors should be considered, namely nature and quality of goods or services, capacity and track record of potential suppliers, price knowledge and track record of potential suppliers, price knowledge and whole life cost (Anthony, 2017: 43).

2.5.1 Public Procurement Regulation

According to Halloran (2017: 43) the regulation of public procurement can be divided into three objectives, namely political, economic, and international, which can be used as an abstracted regulatory model depicted in Figure 2.5.

FIGURE 2.5: PUBLIC PROCUREMENT REGULATORY THEORY



Adapted from Halloran (2017: 43)

The economic objective refers to a free market theory in which competition positively contributes towards economic efficiency. The political objective refers to the procurement policy as a government instrument used to realise political or social objectives. The international objective refers to the International trade model and reflects governments' obligation to international treaties and trade agreements. Government's purchasing decisions are influenced by the desire to foster competition in the global economy, thus fuelling economic efficiency (Halloran, 2017: 43).

According to the 1994 Model Law, adopted by the United Nations Commission of International Trade Law (UNCITRAL) on 21 June 1985, the status of suppliers or contractors must be ascertained by the procuring entity during the procurement proceedings (UNCITRAL, 2014: 14). It is expected of suppliers to meet the following criteria to take part in procurement proceedings (UNCITRAL, 2014: 9 – 11):

- they possess professional and technical qualifications, professional and technical competence, financial resources, equipment and other physical facilities, management

capabilities, reliability, experience, reputation and personnel to perform procurement contracts;

- they gave the legal capability to enter into a procurement contract;
- they are not insolvent, bankrupt, in receivership or being wound up, not under administration by a court or judicial officer, their business activities are not suspended and not subject to legal proceedings; and
- have fulfilled tax obligations and social security contribution.

According to the 1994 Model Law (UNCITRAL, 2014: 18 - 22) and Carbon and Arrowsmith (2013: 273-275), there are four procurement methods. These methods are open tendering, which allows everyone to submit a tender and requires a public notice to invite tenders; restricted tendering, which allows a limited number of potential suppliers used, when cost of and time for evaluating is not available; the request for quotation, which the procuring entity uses if goods or services are readily available within established markets; and single source procurement, in which a price quotation is requested from a single supplier. This last method is applied to a supplier when urgent needs, defence items, security contracts, or the requirements for standardisation, exclusive rights, research, and developments are needed.

The formulation of the procurement methods above was intended to remove corrupt activities within the public procurement. However, despite their formulation and implementation, corruption is still a challenge in public procurement (Ambe, 2012: 133).

2.5.2 Corruption in public procurement

According to Mafunsia and Sebola (2014: 3), public procurement corruption is one of the biggest challenges in the world, and in developing countries. Corruption and unethical behaviour in the public sector are common and may thus be regarded as a challenge to public service delivery. Corruption in the public sector is realised when public officials act dishonestly when executing professional duties for personal advantage (Ambe and Badenhorst-Weiss, 2011b: 75). Corruption undermines development and growth by diverting resources from development programmes and undermines the credibility and authority of government and its employees (Mafunsia and Sebola, 2014: 3 and Munzhedzi, 2016: 2 of 11). According to Cantore and Togan (2017: 152), corruption can be regarded as a main contributor to the principal agent problems in which government officials accept bribes as a reward for influencing the procurement process or for manipulating tender documents to favour a specific bidder. By so doing, corruption endangers the integrity of the procurement process.

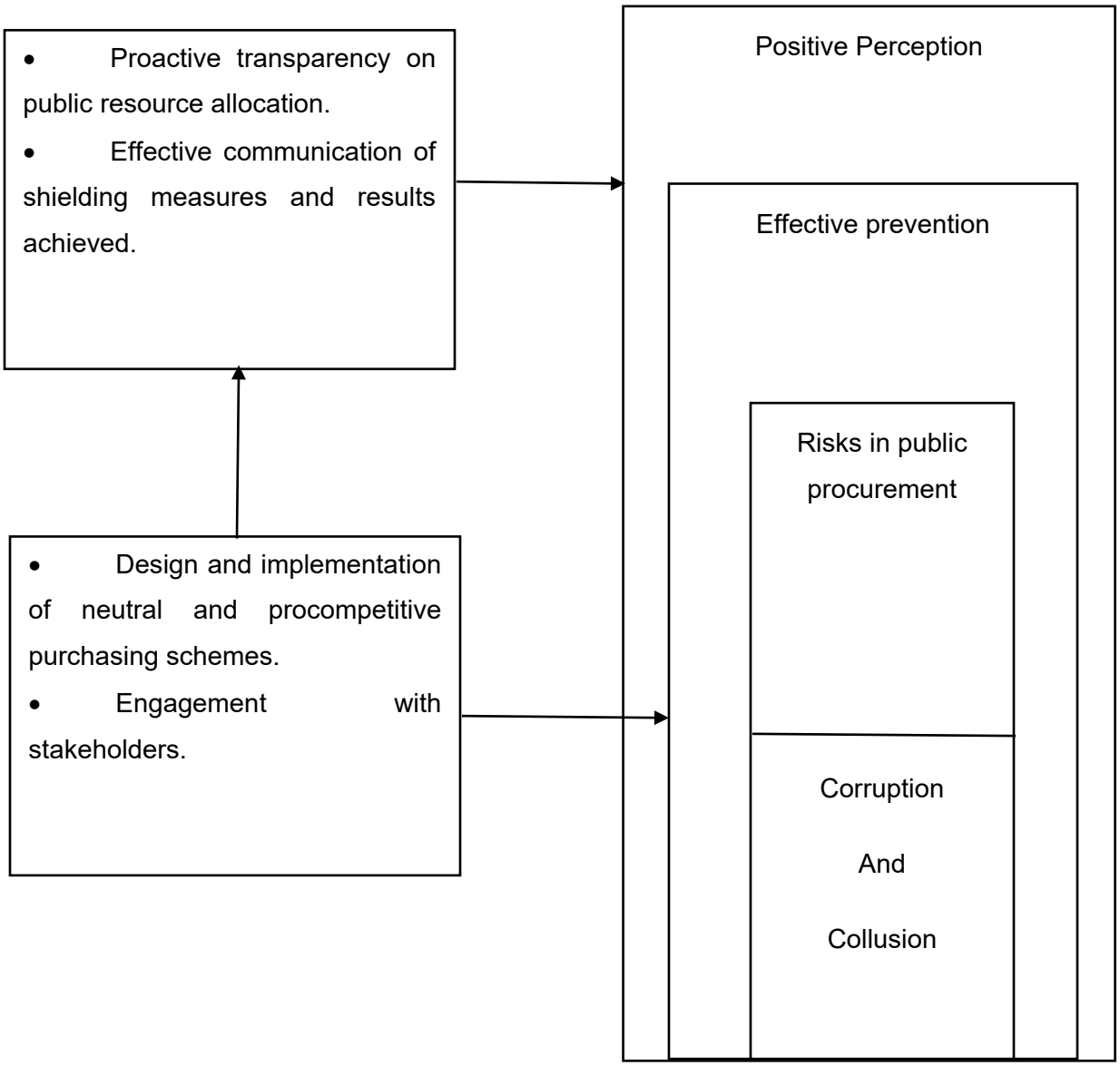
According to Mahmood (2010: 102), the design of public procurement regulation should be such that it ensures transparent and competitive processes and procedures for the acquisitioning of goods and services. International best practices to address corruption require proper maintenance of transparency, competition, and effective and efficient procurement systems (Mafunisa and Sebola, 2014: 4). Public procurement is responsive to corruption due to the following reasons (Mahmood, 2010: 102):

- bureaucratic rules;
- contracting entities being of a non-commercial nature;
- vast amounts of money being involved;
- non-market related pay; and
- the type of relationship between public institution and service providers.

Asymmetric information is regarded as a core component of the Principal Agent Theory (Hallordson *et al,* 2007: 287). Asymmetric information can lead to corruption when officials with knowledge regarding procurement and markets create the opportunity to manipulate the procurement process (Mahmood, 2010: 102). Williams-Elegbe, (2013: 344-346) further identify three methods that expose public procurement to corruption, namely private, public or auto-corruption. Private corruption is committed by suppliers through the demonstration of collusion, price fixing and other non-competitive practices. Public corruption exists between public officials and private individuals and include practices such as bribery or non-monetary advantages for officials in order to influence the procurement decision. Auto-corruption takes place when public officials have a conflict of interest and do not disclose such interest.

The nature of public procurement makes it vulnerable to corruption and collusion and this may distort the effective functioning of procurement. Most governments aim at shielding public procurement processes from corruption and collusion as shown in figure 2.6 (Motta and Valladares, 2017: 332):

FIGURE 2.6: PUBLIC PROCUREMENT: CHALLENGES OF GOVERNMENTS



Adapted from Motta and Valladares (2017: 332)

In order to shield public procurement from risk, government has to design and implement legal and institutional frameworks to ensure that public money is ethically, efficiently, transparently and fairly spent (Shingal, 2017: 405).

The next section will briefly explain the development of SCM in South Africa.

2.6 SOUTH AFRICAN PERSPECTIVE

The South African National Treasury published the guidelines, requirements and policy objectives of supply chain management policy in 2003 (National Treasury, 2003c). The policy document aimed to address the lack of standardisation of procurement processes within organs of state (Dube, Johannes and Lewis, 2017: 435). South African municipalities, as organs of state closest to the community, are required to provide basic services to their respective communities through the procurement of goods and services (Khalo, 2014: 226). The main objective of approving Supply Chain Management Regulations is to regulate the financial management in government departments, thus ensuring that departmental revenue, expenditure, assets, and liabilities are effectively and efficiently managed (National Treasury, 2003c: 1).

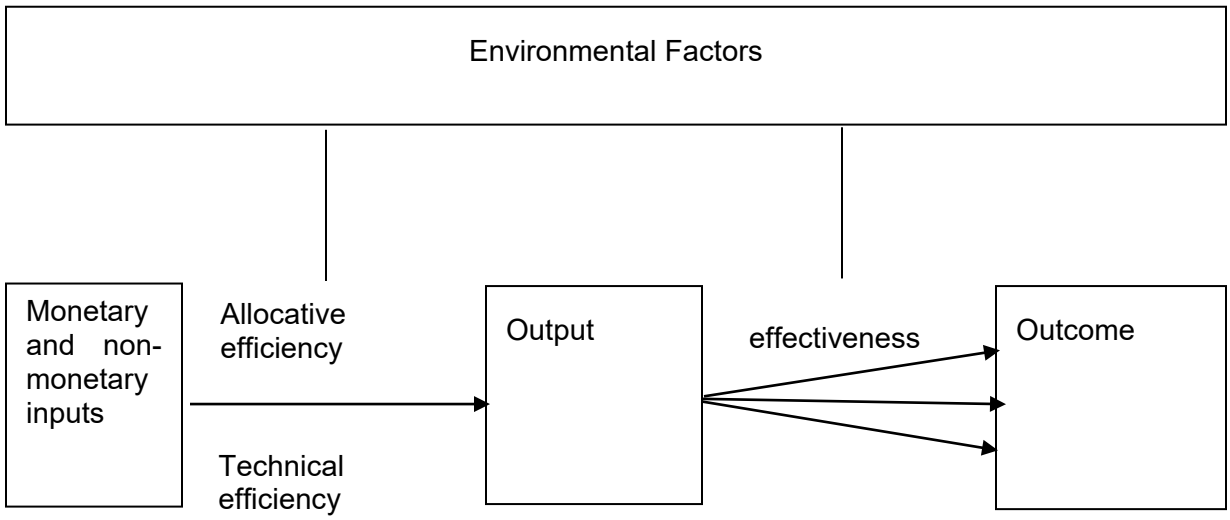
The National Treasury performes a vital role in the introduction of financial management and public procurement reforms. The main reforms are listed in Table 2.4. The integrated SCM policy document termed “Supply Chain Management: A guide for accounting officers of municipalities and municipal entities” was issued in October 2005 to guide accounting officers of municipalities in the adoption of an integrated SCM function with responsibilities related to accounting officers. This policy document replaced the procurement and provisioning practices of the past (Horn *et* al, 2014: 210).

As part of the public sector procurement reforms the South African government has legislated Acts, such as the MFMA, to ensure that public money is used efficiently, effectively, and economically (RSA 2003b):

- Being economical can be associated with the measurement of inputs (Van der Waldt, 2004: 70). Economical has to do with least cost, that is whether the realised benefits have been achieved at the lowest costs. The achievement of set objectives must be less costly, meaning more satisfaction in an economical way (National Treasury 2003c: 13 and Rampedi, 2010: 2).
- Efficiency refers to the ability of producing the desired output with the available inputs (Florina 2017: 314). An activity is efficient if benefits are more than costs, or fewer inputs result in greater output. According to Afonso, Schuknecht and Tanzi (2006: 9), public sector expenditure is efficient when it produces the largest possible benefits for the citizens at the least costs.
- Effectiveness is expressed by the ratio between the result achieved and the programmed one, and shows the success acquired by using the resources to accomplish the proposed

objectives (Florina, 2017: 314; Mandl, Dierx and Ilzkovitz, 2008: 3). According to Ketchen and Hult (2007: 574), effectiveness in SCM depends on agility, adaptability, and alignment. Agility refers to supply chains' ability to react to changes in supply and demand and is based on competitiveness. Adaptability refers to the willingness of supply chains to reshape based on the identified marked shifts. Alignment refers to consistently ensuring the interest of participants. It can be concluded that, when the wrong or no objectives are met, effectiveness cannot be demonstrated. Both effectiveness and efficiency are based on inputs, outputs and outcome as depicted in Figure 2.6 below.

FIGURE 2.7: RELATIONSHIP BETWEEN EFFICIENCY AND EFFECTIVENESS



Source: Mandl, Dierx and Ilzkovitz (2008: 3)

Figure 2.3 illustrates the relationship between efficiency and effectiveness. Efficiency can either be allocative or technical; allocative efficiency compares costs and benefits, while technical efficiency compares inputs and outputs (Mandl *et al,* 2008: 3). Effectiveness is concerned with the relationship between outputs and outcomes. Both efficiency and effectiveness are affected by environmental factors, such as corruption and quality of public administration (Mihaiu, Opereana and Christescu, 2010: 135 – 137).

According to the MFMA, public money must be managed appropriately and cautiously. Public money is inappropriately managed when there are instances of unauthorised expenditure, fruitless and wasteful expenditure, and / or irregular expenditure (RSA 2003b).

According to (Pauw, Woods, van der Linde, Fourie and Visser, 2009: 15):

- Unauthorised expenditure is regarded as overspending or spending not according to the mandated purpose of appropriated funds.
- Fruitless and wasteful expenditure is unnecessary expenditure that could have been avoided had reasonable care been implemented.
- Irregular expenditure is expenditure which is in contravention of applicable legislation.

As there is public and private money, so there is a public and private supply chain. The public supply chain is governed by legislation, while the supply chain in the private sector is governed by boards of directors and business directives (Ambe*,* 2017: 394). Government makes use of revenue received from taxes and fees to finance the public-sector supply chain, while revenue generated from the sale of goods and services is used in the private sector. According to McCue and Pitzer (2005: 8), the motive of the private sector is profit orientated, while that of the public sector is the provisioning of services. Public and private sector SCM practitioners have different goals and practices. In the application of supply chain management there are minor differences between how it is applied in the public and in the private sector. However, the public sector still faces major challenges, including risk, irrespective of the implementation of comprehensive supply chain management legislation and procedures (Zeller, 2005: 26). Table 2.7 shows the differences between public and private sector supply chains.

TABLE 2.7: PUBLIC VERSUS PRIVATE SECTOR SUPPLY CHAINS

	PRIVATE SECTOR	PUBLIC SECTOR
Goal	Profit making from customers.	Quality service delivery to citizens.
SCM perspective	Procurement is viewed as an element of SCM.	SCM is viewed as a procurement tool.
Sources of revenue	Sales of goods and services.	Taxes and fees.
Skills	Has highly skilled actors.	Has less skilled actors.
Receptiveness	Emphasis on innovation and entrepreneurship.	Emphasis on accountability and transparency.
Organisational structures	Firms of many sizes with room for new entrants.	Highly complex system of organisations with various tasks.
Competencies	Very high	Low
Confidentiality	Very high	Low
Degree of collaboration	Very high	Low
Degree of integration	Very high	Low
Strategic partnership	Very high	Low
Degree of implementation	High	Low
Technological application	High application	Low application
Governance	Guided by board of directors and business plans.	Legislative bodies, laws and regulations.

Source: Adapted from Ambe (2012: 138 – 139)

Although each supply chain has its own unique operating challenges based on market demands, there is a basic pattern on how supply chain management should be practised (Simchi-Levi *et al*, 2004: 2). According to National Treasury Instruction no. 4 of 2015/16 (National Treasury, 2015a: 2), there are five areas that must be considered by public

institutions when designing a procurement system that will deliver value for money and minimise corruption. The areas are stated below:

- differentiation of different types of procurement;
- adoption of a strategic approach to procurement;
- building the relationships of understanding and trust with private sector;
- development of professional SCM capacity; and
- incorporation of functions to assess value for money.

According to the National Public Procurement Policy Unit (National Treasury, 2005c: 10), a thorough understanding of purchasing expenditure and the risk level associated with the acquisition of goods and services is needed in the facilitation of the development of a corporate procurement plan. The procurement plan is influenced by two factors, which form the basis of using supply positioning. These factors are (National Treasury, 2005d: 9 of 17):

- difficulty of securing suppliers of goods and services; and
- relative expenditure for the goods and services.

These two factors can be combined as either high or low, as depicted in Table 2.8 below, with each quadrant having different characteristics requiring specific strategies.

TABLE 2.8 SUPPLY POSITIONING MATRIX

Difficulty to secure supply and low relative expenditure.	Difficulty to secure supply and high relative expenditure.
Easy to secure supply and low relative expenditure.	Easy to secure supply and high relative expenditure.

Adapted from: National Public Procurement Policy Unit (National Treasury 2005d: 11)

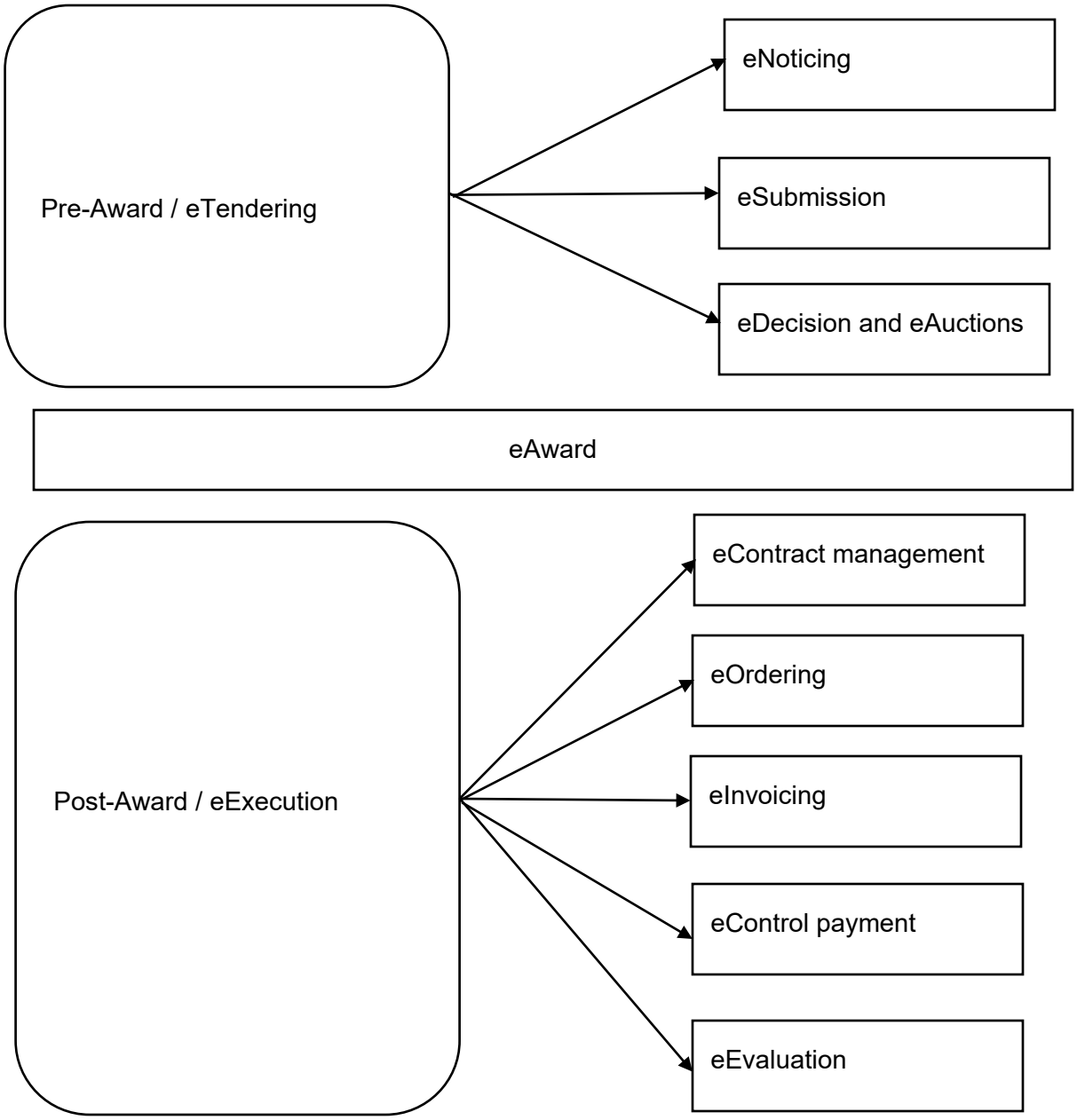
According to the National Public Procurement Policy Unit (RSA 2005d: 11), easy to secure supply and low relative spends include ad hoc purchases like publications or subscriptions. Total expenditure is less than 10%, as suggested by international experience, and the purchasing strategy is to reduce transaction costs. Easy to secure supply and high relative spends include goods like fuel, electricity, or telecommunications (National Treasury, 2005d: 10). Total expenditure is often between 20% and 30%, as suggested by international experience. The purchasing strategy is to reduce unit costs through purchasing more and

reducing the costs of transactions. High relative spends and difficult to secure supply include critical goods and services, such as major construction projects or development systems related to information technology (Bremen *et al*, 2010: 23). International experience suggests that total expenditure is usually between 50% and 60%. The purchasing strategy is to achieve value for money through effective selection of supplier and management of a strong relationship. Low relative spend and difficult to secure supply include specialised and technical goods, and services such as unique chemicals or specialised information technology consultancy. International experience suggests that total expenditure is often less than 1%. The purchasing strategy is to reduce risk through changing of demand attributes and improving market position (National Treasury, 2005d: 10 - 11 and Bremen *et al*, 2010: 23).

In an attempt to improve service delivery, governments view electronic procurement (e-procurement) as a key strategy (Henriksen, Kerstens and Andersen, 2004: 2). E-procurement in SCM is a process in which prospective service providers submit proposals to bid electronically (internet). According to Fernandes and Vieira (2015: 590), e-procurement enhances competitiveness, makes procurement more cost-effective, and improves accountability and transparency. In the modern era, the functionality of SCM is dependent on Information Systems (IS) and Information Technology (IT). Information technology is specifically efficiency and effectiveness orientated (Bidgoli, 2010: 54). Efficiency orientation of SCM tends to the competitive advantage of supply chains, which adds value to SCM activities (Waters, 2007: 179). The development of electronic data interchange during the 1970s led to the introduction of a more flexible Internet based e-procurement system. The main aim of the development of electronic data interchange was to improve the process of procurement (Bidgoli, 2010: 54).

Public sector e-procurement is divided into two stages, namely pre-award or e-tendering, and post-award or e-execution, as shown in Figure 2.8. The pre-award stage applies the principles of strategic performance and includes tasks related to planning, invitation of bids, certification, and qualification of competitors (Tavares, 2010: 6). The post-award stage focuses on operational issues such as cost and time reduction due to better management and contractual control (Fernandes and Vieira, 2015: 590).

FIGURE 2.8: STAGES OF E-PROCUREMENT



Source: Fernandes and Vieira (2015: 590)

Waters (2007: 179) emphasises that traditional manual procurement systems are not only time consuming, but also more labour intensive. E-procurement on the other hand, despite high start-up costs, is less labour-intensive, saves time and has solved major problems relating to traditional manual procurement systems. The benefits derived from the implementation of an e-procurement system as identified by Mahdillou and Akbary (2014), Tavares (2010), Bidgoli (2010) and Jooste and van Schoor (2003) are briefly discussed below:

- **time saving:** it is more efficient for the selection and maintenance of a list of potential suppliers, quotation and purchase orders, requests processing, and the repetition of purchases;
- **cost saving**: more purchases can be handled by buyers and the task of manually matching bids during the requisition purchase is reduced;
- **accuracy**: it improves accurate communication between the buyer and the supplier. The double key inputs (keying inputs by both material users and buyers) are removed;
- **real time**: the supplier can bid instantly after the processing of the purchase requisition, instead of waiting for the purchasing department to contact them;
- **mobility**: it allows the buyer a smooth communication with the supplier, irrespective of the geographical location and time of the day;
- **track ability**: it allows an electronic tracking of each purchase requisition from submission, approval and finally purchasing;
- **management**: it caters for the storage of important supplier information, such as the characteristics which help the buyer when choosing the type of business to be supported; and
- **benefits** to the supplier: it reduces entry barriers and transaction cost, which give access to more buyers.

Fernandes and Vieira (2015: 593) identify reduction of transaction costs and time, increased transparency, competitiveness and tender value, and the integration of higher information systems as the major benefits of public sector e-procurement.

The implementation of an e-procurement system enables government institutions to be more efficient, as it decreases the costs and time of acquisition, reduces costs of inventory storage and creates value in the supply chain (Mahdillou and Akbary, 2014: 54 - 55).

2.7 RISK AND PERFORMANCE MANAGEMENT

Risk management is a systematic process to identify, evaluate and address risk continuously before it affects the municipal service delivery negatively. Risk management makes provision for the SCM process to effectively identify, consider, and avoid potential risk in the SCM system (Musa, 2012: 35 and Ambe, 2017: 373). Risk can be an unforeseen, unintended, or unexpected outcome resulting from a decision or action taken (Popa and Manea, 2010: 392). Risk management in SCM is a process of effectively identifying, considering and avoiding potential risks. The Risk Management Framework of the National Treasury (23 June 2017)

defines risk management as “a continuous, proactive and systematic process effected by the political leadership, accounting officer, management and other personnel, applied in strategic planning and across the municipality, designed to identify potential events that may affect the municipality, and manage risks to be within the municipality’s risk tolerance, to provide reasonable assurance regarding the achievement of the municipality’s objectives” (SALGA, 2017: 15). According to Section 62(1)(c)(i) of the MFMA, each municipality must ensure the maintenance of an efficient, effective and transparent system of financial and risk management (National Treasury, 2009a: 2). Included in risk management are the following (National Treasury, 2005c: 30):

- identifying risk on a case by case basis;
- the person or department to be allocated the risk in order to manage it;
- accepting a risk, depending on whether the costs of retaining it are less than those of transferring it;
- managing risk in a pro-active manner and adequately providing cover for residual risk;
- relative risk being assigned to contracting parties through explicit and precise contract documentation.

When undertaking the risk assessment, the accounting officer must consider the components of risk management. The risk assessment process consists of the following key steps, namely objective setting, risk identification, risk assessment and risk management strategy (Musa, 2012: 35). The risk management process must continuously assess, review, and improve the environment through open communication and the provision and assessment of information. Regular updates such as monitoring and evaluation are critical as they ensure that the risk management system continues to remain a valid and efficient intervention (National Treasury, 2005c: 30).

Table 2.9 depicts the difference between two categories of risks, namely failure to follow procedures, and policies and inadequate quantification of needs in a SCM environment.

TABLE 2.9: TYPES OF MUNICIPAL SCM RISKS

Type of risk	Associated risk	Description
Failure to follow procedures and policies	Municipal risk	Municipality's inability to cover operating costs in a supply chain process.
	Liquidity risk	Capital or operating expenditure not being liquidated at a reasonable price in a supply chain process.
	Tax risk	Unfavourable changes in tax laws affect the supply chain process.
Inadequate quantification of needs	Purchasing power risk	Changing price levels due to inflation or deflation in the economy affect cash flow or value of municipality or investment.
	Event risk	Totally unexpected events have a significant effect on the value of the municipality or investment.

Adapted from Ambe (2006: 52 – 53)

According to van Rooyen (2007: 219), the two categories of risks mentioned above can further be divided into the various types of risks that SCM encounters within a municipality. Table 2.9 indicates the various risks which should influence SCM contracts to address risk areas by means of common interventions such as insurance, guarantees, ethics and fair dealings, and risk monitoring and evaluation. Once the potential SCM risk has been identified and prioritised, measures must be put in place to reduce or prevent the occurrence of the risk (Van Rooyen, 2007 219). The following common intervention measures have been identified (RSA, 2004b: 31):

- insurance: decisions to be taken on whether to insure related risk, establish risk management programme or provide for associated loss;
- guarantees:
  - ❖ measure performance guarantees against the degree of contractual risk;

- ❖ spread the cost of risk in the case of failure between contracting parties;
- ❖ retain money to ensure that defects are rectified if there are any;

- ethics and fair dealings: supply chain processes require all parties to comply with ethical standards to ensure the existence of mutual trust, respect, and integrity.

According to van Rooyen (2007: 219) and Natesh, (2018: 4), organisations are faced with several risks which should be mitigated in order for them to reach their objectives. Table 2.9 depicts the major risks in the supply chain.

TABLE 2.10: TYPES OF RISKS

Risk	Description
Capacity constraints	Inability of suppliers to produce output in a period.
Changes in technological process	The frequency of new ideas and emerging technology, and the possibility that suppliers may be technologically behind suppliers.
Cost reduction capabilities	Inability to reduce excessively priced goods or services.
Compatibility and sophistication of information system	Inability of suppliers to transfer accurate, relevant information on time to buyers.
Cycle time	Time between purchase request and receipt.
Disasters	Occurrence that causes great harm.
Environmental performance	Selected material used, design and improvement processes which affect the environment.
Inaccurate shipment quantity	Gap between demand requested and quantity shipped.
Legal liabilities	Legally enforceable restrictions or commitments related to material, product, or service to be used.
Management of Inventory	Supplier inability to manage raw material, work in progress and finished goods and inventories.
Management vision	Supplier management attitude and ability to foresee market and industry changes.
Market price increases	Development, events, or trends that may increase prices.
Number of available suppliers	Existence of oligopoly or monopoly in the supply market.
Product design changes	Unpredictable changes in product technology.
Quality	Suppliers' inability to conform to specifications.
Suppliers' financial health	Cash flow trends and loss.
Transportation	Distribution methods, handling, and transport inputs.
Vision of management	Supplier management attitude and ability to foresee market and industry changes.
Volume and mix requirements change	Demand fluctuations in quantity and type of service.

Adapted from Van Rooyen (2007: 219).

SCM Risk Monitoring and Evaluating: In order to avoid or minimise risk, continuous assessment of SCM and environmental control should be done (National Treasury, 2005d). When identified, suitable interventions should be implemented to reduce the risk and ensure

that SCM operations are effective, efficient, and economical (Ambe, 2006: 53). The goal of risk monitoring is to find ways of reducing or eliminating the negative effects and strengthening the positive outcome of the process (Musa, 2012: 36).

Supply chain performance is a monitoring process that determines whether a proper SCM process was followed, and the desired objectives were achieved. It involves the monitoring and retrospective analysis of the SCM system to determine the process followed in the achievement of desired objectives (Badenhorst-Weiss *et al*, 2017: 373). The process should review the following issues: compliance to norms and standards, achievement of goals, a savings generated, efficiency of stores, consistency with government's policy, cost efficiency of the process, breach of contract, reduction of regional economic disparities, comparison of standards of construction material used, and the support of international best practices (National Treasury, 2005c: 30). For local government to realise the constitutional requirements of an equitable, accountable, cost effective, fair, and transparent SCM system, there must be adherence to five pillars of procurement, namely value for money, open and effective competition, ethics and fair dealings, accountability and reporting, and equity (Ambe and Badenhorst-Weiss, 2012b: 244).

2.8 BENEFITS OF PUBLIC SECTOR SCM

The main objective for the introduction of SCM by the South African government was an improved procurement process (Ambe, 2012: 133). Ambe (2017: 365) identify the following benefits of public sector SCM:

- risk is effectively allocated to the party with the ability to manage it and understand the delivery way;
- enhancing greater opportunities for the supplier for innovation which positively contributes to reduced costs, faster and quality delivery;
- requirements are clearly and better defined, due to a close relationship and open communication between the supplier and the procurer;
- outsourcing or subcontracting opportunities for organisations lead to increased competition and bring skills to the public sector; and
- early identification of risks and bottlenecks improves, thus creating awareness for the correct implementation of a contract.

Effective application of public sector SCM contributes towards improving value for money and efficiency. Also, efficient management of suppliers and realisation of effective service delivery is encouraged.

2.9 NON-COMPLIANCE WITH SCM PROCESSES

Section 217(1) of the Constitution regulates public procurement in South Africa (RSA 1996), implying that the procuring entity should abide by the Constitution when contracting for goods and services. According to Section 217(1), of the Constitution, procurement should comply with the principles of fairness, equity, transparency, competitiveness, and cost-effectiveness. Any deviation from the principles constitutes non-compliance and is unconstitutional, and unsuccessful bidders can challenge the procurement decision in a court of law (Bolton, 2014: 2320). The procuring entity has the right to reject without further consideration any bid that does not meet the minimum requirements as specified in the bid documents (National Treasury, 2005d). However, according to Volmink (2014: 42), some procuring entities apply this rule in a rigid way as a means of manipulating the outcome of the tender process.

Reports from the Auditor General indicate that Municipalities regularly do not comply with SCM regulations (Auditor General 2015/16). This means that Municipalities are not procuring goods and services in a manner that is fair, competitive, transparent, equitable and cost effective. The following non-compliance issues were found in most of the annual reports of the Auditor General (Auditor General, 2015/16):

- failure to use competitive processes for bids and quotations;
- lack of qualified and skilled bid committees;
- extension of validity periods;
- inadequate procedures and controls for handling bids;
- insufficient motivation for deviating from SCM procedures;
- non-adherence to policy requirements when appointing bid committees;
- incorrect usage of limited bidding process;
- invalid reasons for passing over bids;
- unqualified suppliers used;
- preference point system incorrectly used;
- non-tax compliant suppliers used; and
- procurement processes incorrectly used in relation to threshold values for competitive bidding and quotations.

The above-mentioned non-compliance issues are experienced in municipalities, despite several Acts that have been legislated to prevent such practices in procurement processes. Dysfunctional bid committees, unskilled SCM practitioners, poor contract and supplier management, lack of procurement planning, failure to recommend bidders before award, deviations from procurement processes without valid reasons have all resulted in fraudulent activities such as forgery, non-disclosure of conflicts of interest, collusion, tender splitting, nepotism and bribery (Zitha, Sebola and Mamabolo, 2016: 66 – 68).

Non-compliance regarding procurement has a negative effect on service delivery, in the sense that service delivery of poor quality is rendered (Bolton, 2014: 2318). Poor quality is a waste of taxpayers' money, as poor-quality services rendered will have to be repeated (Boris, 2015: 17). Bolton (2014: 2336) also identifies several court cases that were lodged by unsuccessful bidders against municipalities in which rulings were made against the municipalities, resulting in further waste of taxpayers' money. The inefficiency and financial loss that resulted from poor quality of services rendered causes dissatisfaction within the community, thus leading to violent protests (SALGA, 2019: 4). Non-compliance to procurement processes undermines the Constitution, disrespects governance, and negatively affects the citizens' trust in the State's authority. It also destroys the Municipality's ability to deliver services and negatively affects employment (Zitha *et al,* 2016: 69 – 70).

2.10 SUMMARY

This chapter presented the theoretical background of supply chain management. Supply chain management is better understood when theories are used to analyse it. There are several theories related to SCM such as heterogeneous, demand, resource based, dynamic capability, network, general systems, and stakeholder. Resource based theories consists of the agency theory and transaction cost, while dynamic capability theory consists of adaptive capability, absorptive capability, and innovative capability.

There are several definitions attached to SCM. Explanations of these definitions include efficient and effective acquiring of goods and services at the lowest possible cost. In South Africa, SCM was developed as early as 1994, after the first democratic election of the government. The National Treasury has legislated several Acts for the proper implementation of the supply chain within municipalities. Globally, the first Government Procurement Agreement was signed in 1979 and amended in 1987. The 1994 revised GPA by the WTO

covered many aspects, such as the elimination of discriminatory laws and practices that divide procurement markets into sections.

Public procurement has been faced with challenges since its development and implementation. Corruption has been found to be the biggest challenge, with three types of corruption identified, namely public, private and auto corruption. Corruption can be avoided through proper maintenance of transparency, competition, effective and efficient procurement systems. Public sector e-procurement consists of two stages, namely pre-award and post award. E-procurement can be advantageous in the sense that it is time and cost saving, accurate, mobile, and easily trackable.

Risk management provides SCM with the ability to avoid the potential risk to which it might be exposed. Risk management must be a continuous, proactive, and systematic process. There are two types of municipal SCM risks, namely failure to follow the procedure and policies, and inadequate quantification of needs. When public sector SCM is effective and efficient, many benefits can be realised. Failure to comply to SCM processes will work against these benefits.

The next chapter will concentrate on service delivery globally and in South Africa.

CHAPTER 3

THEORETICAL BACKGROUND: SERVICE DELIVERY

3.1 INTRODUCTION

This chapter analyses the basics of service delivery by first defining service delivery and thereafter explaining the relationship between citizens and the government. The chapter discusses service delivery globally and locally, explores service delivery models, and the formation of municipalities, service delivery options, municipal services and principles, and approaches on effective service delivery. The chapter will also analyse the state of service delivery in South Africa and the Free State Province, payment for services, service delivery protests and challenges to service delivery.

The State of Local Government Finances and Financial Management, as at 30 June 2017, revealed that almost half of South Africa's Municipalities are in poor financial health and struggle to deliver public services to residents (Ndaba and Mkhwanazi, 2018: 1). The deputy President of South Africa, Mr Mabuza, in his Human Rights speech, urged for the improvement of service delivery to better the improvement of growing demands of communities (Staff Reporter, 2018: 7). Matjhabeng local Municipality in Welkom is among the top 10 contributors to fruitless and wasteful expenditure in the country, with R818m of wasteful expenditure in 2014/15 - 2016/17 (Fengu, 2018: 1).

Boateng (2010: 1), as well as Ambe and Badenhorst-Weiss (2011b: 88), link service delivery to supply chain management, stating that supply chain management is used by the public sector to improve the delivery of services to the community. Thus, an ineffective supply chain management can result in poor service delivery to the community. Livhuwani (2012: 62) concludes that lack of identification of SCM risks impacts negatively on service delivery. To improve service delivery, risks must be identified and addressed throughout the duration of a contract, and even before the contract commences. Bizana *et al* (2015: 681) further associates poor management of risks with poor service delivery. The awarding of contracts using a trial and error approach results in poor workmanship which negatively affects service delivery. Proper mentorship of emerging suppliers will help in the reduction of poor workmanship risk, thus reducing service delivery backlogs (Boateng, 2010: 4).

The public sector is constituted by national, provincial and local governments, its entities, and public funded agencies which have been established in accordance with an Act of Parliament,

reporting to organs of state (RSA 1996). The principal function of the public sector is to deliver public programmes, goods, and services in different kinds of models referred to as public services (Sithole and Mathonsi, 2012: 8). According to section 40(1) of the Constitution, the three spheres of government are distinctive, interdependent, and interrelated (RSA 1996). Each sphere of government may establish agencies or entities according to legislation of Parliament to assist in the performance of their Constitutional mandates (RSA, 1996).

Bolton (2006: 193) views public supply chain management as operating in an intense environment which is driven by programme reviews, technology, and public and political expectations for improvement of service delivery. Supply chain management concentrates on the government's service delivery system and promotes the objectives of social, industrial, and environmental policies (Ambe and Badenhorst-Weiss, 2012a: 242). Effective service delivery involves the provisioning of services to the community in such a manner that the expectations of the community are met or exceeded (Majekodumni, 2012: 87).

The South African Constitution commits local governments to the provisioning and delivering of basic services to their communities (RSA, 1996: 1293). However, although service delivery is a Constitutional requirement in South Africa, it is not provided as expected and many communities lack clean water, electricity, basic shelter, proper sanitation, and safe and affordable transport (Sebake and Sebola, 2014: 747).

3.2 SERVICE DELIVERY DEFINED

The existence of local government as a separate sphere of government can be grounded on four theories, namely the democratic participatory theory, the efficiency service theory, the effectiveness theory, and the developmental theory. The beforementioned theories are relevant to the performance, existence, and functioning of local governments. Local governments must enhance the achievement of political participation, democratic ideals, and must provide basic services, such as the provisioning of water, electricity, and sanitation in an effective and efficient manner (Venter, 2014: 88 – 89). This research is based on the efficiency and effectiveness of service delivery theories, which require the provisioning of services of a specific standard by local governments to the community. The focus point is that service delivery is the primary purpose of local government to provide social services like law and order, local roads, housing, sanitation, potable water, and electricity (Boris, 2015: 14).

The concept of service delivery can be explained by analysing its two root words, namely service and delivery. A service can be described as the achievement of an agreed upon

performance to beneficiaries and is the amount of work done in terms of compliance, expectation and goals set (Nealer,2014: 164). According to Mabitsela (2012: 4), delivery is the benefit derived from the achievement of a service, and includes targets, resources, time taken and the meeting of specific goals. It is therefore the stage where goods and services are provided according to the agreed standards. According to Nealer (2014: 164), service delivery refers to the provisioning of public goods and services that will enhance the socio-economic wellbeing of the citizens. Service delivery can be in the form of intangible or tangible services. An intangible service is a service that cannot be touched, such as electricity, while tangible services can be touched or seen, as in the case of water (Mohr and associates, 2015: 7). Sithole and Mathonsi (2015: 7) define service delivery as a vehicle used by government to deliver goods and services to citizens. The basics of service delivery are the set standards, policies, principles, and restrictions that are used to guide the development, deployment, design, operation and retirement of services to be delivered (Mabitsela, 2012: 5).

3.4 LOCAL GOVERNMENT SERVICE DELIVERY IN THE GLOBAL ARENA

The improvement of public service delivery around the world is the concern of many countries, despite the introduction of sophisticated technical solutions which have been found to be lacking in terms of improvement of public service delivery for the poor (Khalil and Salihu, 2012: 86). Bellver (2015: 1) suggests that the improvement of public service delivery needs the engagement of the administrative, political, and local community. Thus, the improvement of public service delivery is dependent on making public servants, policy makers and service providers accountable to the community, and includes the promotion of community engagement and the building of trust in public institutions.

In England, local government faced huge service delivery challenges when entering the twenty first century. In 1977, the Labour Government decided to renew the public service with considerable energy. This led to a reinvention of local government that gave high priority to the needs of communities, concentrating on making services effective and efficient (Tomkison, 2007: 1). A shared services model was the mechanism followed to improve service delivery. Shared service exists when a municipality has an agreement with another municipality or municipalities to provide or receive a service to or from a municipality empowered to provide such a service (Boris, 2015: 23).

Shared services enable municipalities to operate efficiently and effectively, as they are expected to produce economies of scale and eliminate duplication of efforts (Dollery, Kortt and

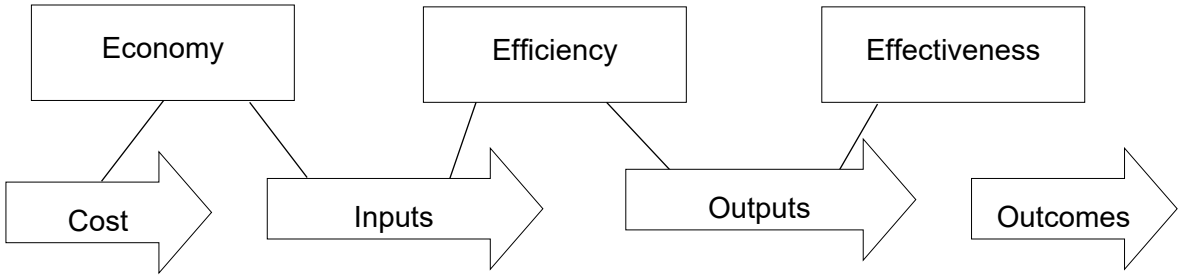
Drew, 2016: 226). Sharing encourages visible and accountable delivery arrangements that are familiar to councils. However, sharing can also be disadvantageous, in the sense that it might take time to establish and deliver improvements and a lack of municipal independence might develop. The conflict of interest and cultural clashes might have a negative impact on political control of the two councils (Tomkinson, 2007: 33-34). In a shared service model, the cost of the shared service should not exceed the combined cost of each municipality to provide the service (Dollery *et al,* 2016: 227).

Before deciding on a shared service model, the following benefits should be considered in order to save money (Van der Waldt, 2004: 179):

- focus on shared services: a win/win situation should exist for all participating municipalities;
- cost avoidance: municipalities must reduce cost at the present or in the future. It may originally be expensive to introduce a shared service, although it can result in future savings;
- secondary impacts: the impact of a shared service on revenues or expenditures should be considered;
- shared total costs: the total costs associated must be identified and shared; even hidden costs that may curve in, in future must be shared.

Municipalities should volunteer to participate in the shared service. To ensure that the arrangement meets the objectives of a shared service, the “3Es” must be tested. Firstly, – whether the cost has been reduced now or for the future; secondly, efficiency – whether the output is realised in accordance with inputs; and lastly, effectiveness – whether there is qualitative improvement in terms of service delivery in partnered local governments (DiNapoli, 2009: 7-15). Figure 3.1 shows the relationship of the 3E’s as explained by van der Waldt (2004):

FIGURE 3.1: THE 3ES



Adapted from Van der Waldt (2004: 180)

According to Omar (2009: 73), poor service delivery in Nigerian cities was found to be due to poor planning. In some cases, good urban planning policies were undermined by poor implementation. Delayed implementation of the master plan on land use in Abuja, for instance, had resulted in a situation where people built dwellings close to the sewer line and water pipes on land reserved for other infrastructure development like schools and roads (Hymer and Tellman, 2014: 3). Failure to address the situation led to an "Urban Ataxia", a situation where the Municipality lost control of the situation. The out of control Abuja Municipality experienced inefficiencies and corruption, and was unable to collect refuse and offer adequate public services, resulting in the community reacting by dumping refuse in open spaces, along the streets and in streams (Omar, 2009: 73 – 74).

In Zimbabwe, areas such as the Vungu district faced high concentrations of people due to the land support it provided, a support not provided by other districts (Mutopo, 2014: 11). This concentration in one district led to poor service delivery in that district. In some instances, males and females shared the same toilet facilities and old farmhouses were used as learning centres (Muchadenyika, 2017: 182). Odert, Stewart and Desderio find that residents were queuing for borehole water, there were broken sewer pipes and blockages, a miserable state of public toilets, and uncollected garbage at open spaces and on the verges of the roads.

According to Doh (2017: 13), human resource quality has impacted negatively on the delivery of services in Ghana. The poor quality of human resources was mainly due to human resource deployment. The accessibility of the public sector to the community would make it more attractive and encourage community participation (David, Amo and Derrick, 2018: 7). David *et al* (2018: 8) further add that in order to improve and promote community involvement, e-procurement and social media should be used in the decision-making process.

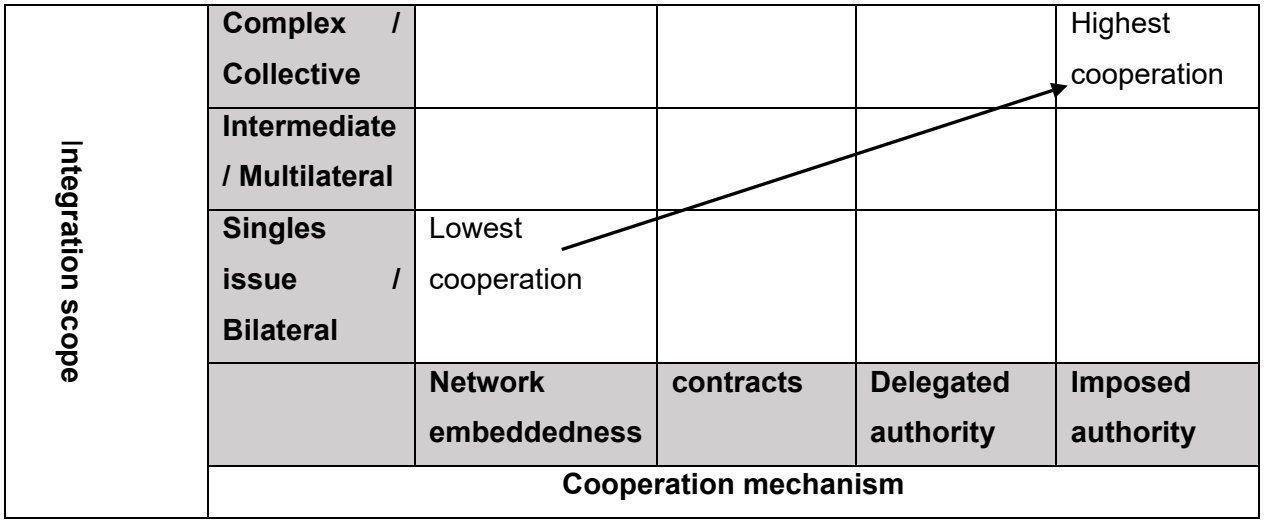
3.4 SERVICE DELIVERY MODELS

The objectives of governance tend towards effective and efficient service delivery. However, variables such as corruption, insufficient funding, government policies, lack of prudence, probity and accountability, leadership quality and government instability counteract effective and efficient service delivery in the public sector (Majekodumni, 2012: 92 and Van Antwerpen and Ferreira, 2016: 86). Research by authors such as Salant (1991), Berman (1993) and Park (1996) determine that there is a need for service delivery models in order to improve the effectiveness and efficiency of service delivery (Khalil and Salihu, 2012: 86). The different models identified to improve service delivery are discussed in the next paragraphs.

3.4.1 Intermunicipal Cooperation Model

Intermunicipal cooperation is when a number of municipalities work together in the development and management of service delivery in order to better respond to the needs of the community (Cardos, 2016: 2198). Spicer and Found (2016: 6) identify a model that measures the effectiveness of intermunicipal cooperation as shown below:

FIGURE 3.2: MEASURING INTERMUNICIPAL COOPERATION



Adapted from Spicer and Found (2016: 6)

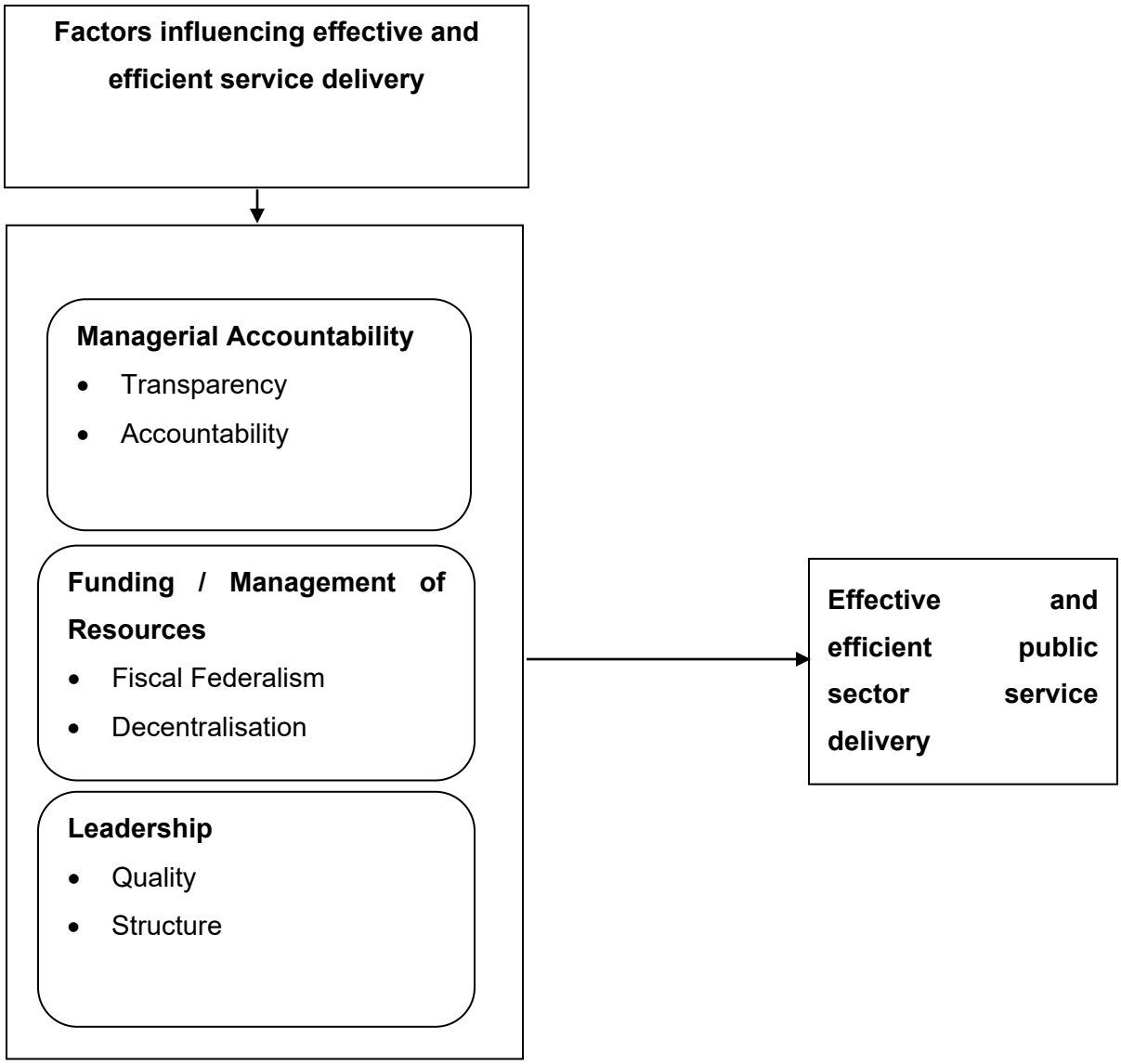
Figure 3.2 depicts how a municipality engages in intermunicipal cooperation with other municipalities. Intermunicipal cooperation ranges in complexity from simple information sharing to integrated joint service delivery. The degree of cooperation within municipalities is dependent on the combination of integration scope and mechanism (Spicer and Found, 2016: 6). Municipalities will learn from other municipalities regarding how to handle projects which

have already been completed at other municipalities. This will also help with planning based on the knowledge of the difficulties encountered by other municipalities.

3.4.2 Modified Quantitative Service Delivery Model

Khalil and Salihu (2012: 89) propose a model referred to as the Modified Quantitative Service Delivery Model (MQSDM) for improved service delivery. The authors realised that several models, such as the Quantitative Service Delivery Survey (QSDS), Public Expenditure Tracking Survey (PETS) and Expenditure Service Delivery Survey (ESDS), focus on funding and management of resources and neglect prudential management, leadership structure and quality and managerial accountability (Dollery *et al,* 2016: 4). The proposed model was developed in order to address those deficiencies and to improve effective and efficient service delivery. According to Salihu and Khalil (2011: 7), institutional reforms can only be realised through the integration of funding, managerial leadership quality and accountability in producing effective and efficient public sector service delivery. Therefore, the three factors considered to be influential for the effective and efficient provisioning of public sector service delivery are managerial accountability, management resources and management leadership (Carr and Sisova, 2010: 10). Figure 3.3 shows the elements of the MQSDM model.

FIGURE 3.3: MODIFIED QUANTITATIVE SERVICE DELIVERY MODEL



Source: Khalil and Salihu (2012: 89)

3.4.3 Service and corporate models

Tomkinson (2007: 30) identified four models, namely intra-service, service, corporate and supra-corporate as shown in table 3.1. The characteristics of each model are explained based on the degree of formality or informality and the type of agreement between the service provider and the end user. Also explained is the legality of the model, risk transfer and management arrangement. A brief description is also included. The aims and objectives of the municipal council determine the best model to be used.

TABLE 3.1: CHARACTERISTICS OF THE INTRA SERVICE, SERVICE, CORPORATE AND SUPRA MODELS

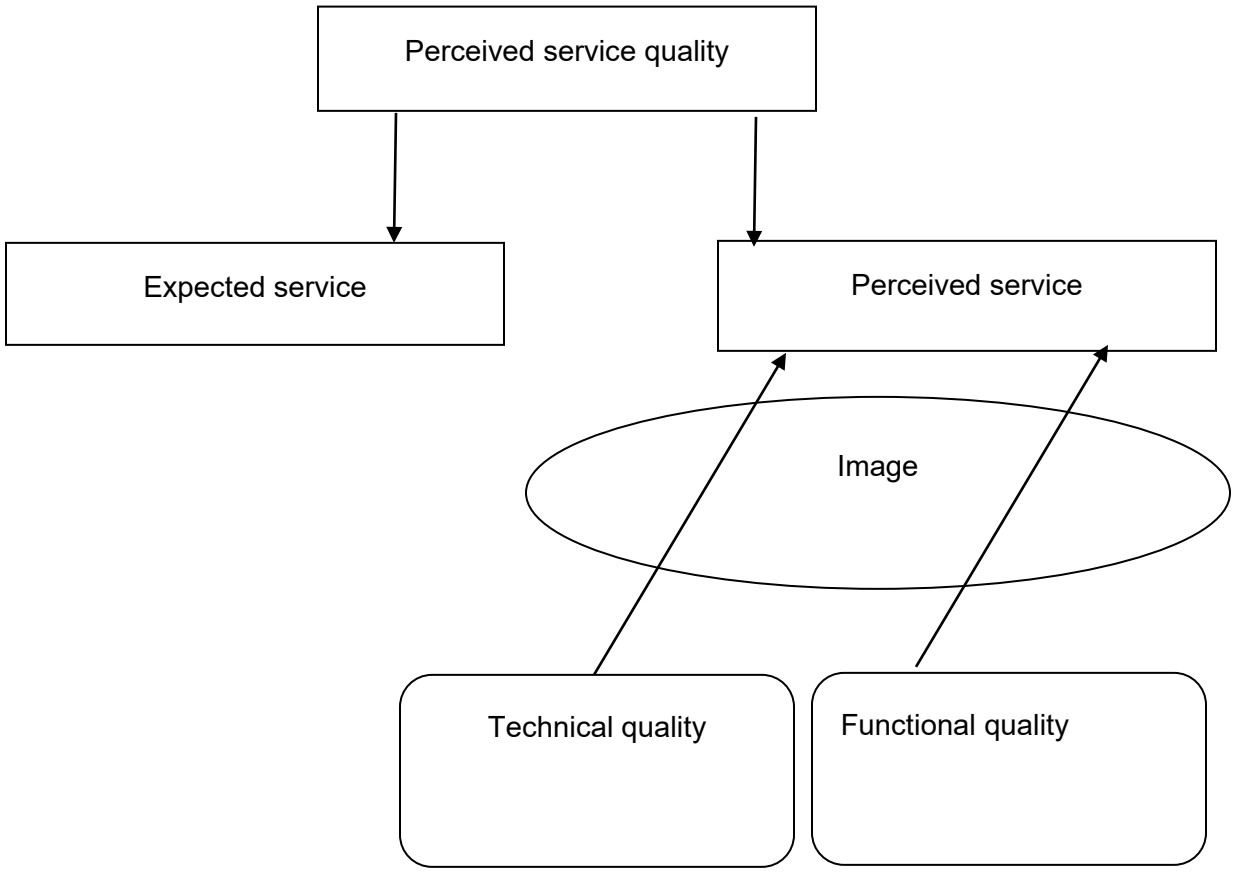
CHARACTERISTICS	INTRA-SERVICE MODEL	SERVICE MODEL	CORPORATE MODEL	SUPRA-CORPORATE MODEL
Degree of informality arrangement	Informal/ formal	Informal/ formal	Formal	Formal
Type of agreement	None	Service level agreement	Contract agreement	Contract agreement
Legal basis	Local Government Act	Local Government Act	Local Government Act	Local Government Act
Risk transfer	None	Limited	Limited/ moderate	Substation
Management arrangement	Normal management	Normal Management	Supervisory joint committee	Special purpose vehicle
Description	One part of a service is shared.	Complete service is shared.	Change of a local council's organisation.	New organisation created to provide a shared service.

Adapted from Tomkinson (2007: 30)

3.4.4 Perceived Service Quality and Gap model

Draai (2016: 155) further identifies two service quality models, namely the Perceived Service Quality (PSQ) and the Gap model (SERVQUAL). The Perceived Service Model is used to understand the relationship between experienced and expected service quality, while the Gap model measures the gap between the experienced and the expected service quality.

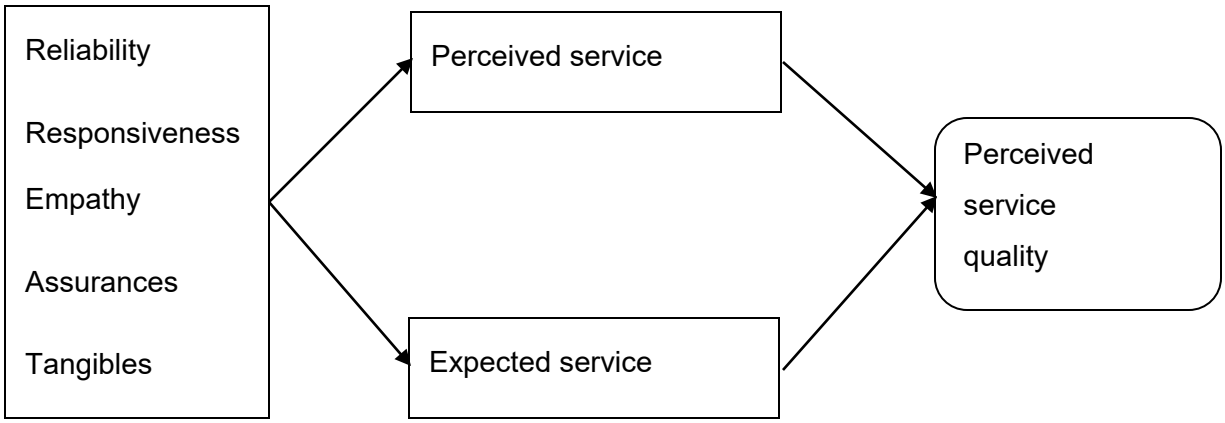
FIGURE 3.4: PSQ MODEL



Source: Polyakova and Mirza (2015: 65)

The perceived service quality model consists of expected service and perceived service (Shahin, 2006: 2). There are two dimensions of perceived service, namely technical and functional. Technical quality is concerned with what is received by consumers from the interaction with the service organisation (Gronroos, 2001: 151). Functional quality focuses on how services are received by consumers. Image focuses on the projection of the anticipated quality, the strategic, operational, and annual performance plans (Polyakova, and Mirza, 2015: 65).

FIGURE 3.5: GAP MODEL



Source: Polyakova and Mirza, (2015: 65)

The GAP model consists of ten components altogether, which are reduced to five most important ones. These are reliability, responsiveness, empathy, assurances, and tangibles (Polyakova and Mirza, 2015: 66). The expected service represents what consumers are expecting regarding the provision of the service, while the perceived service represents the perceptions of the expectations of consumers by management (Guerguis, 2018: 4). Draai (2016: 157) identifies five gaps of the model, namely:

- expected versus management perception;
- management perception versus service design;
- service design versus service delivery;
- service delivery versus communication; and
- expected service versus perceived service;

The first four gaps focus on the way service is delivered, while the last gap focuses on measuring service quality received by the customer (Draai, 2016: 157).

3.5 LOCAL GOVERNMENT SERVICE DELIVERY IN SOUTH AFRICA

With the transition to a full democracy in 1994, a concern arises regarding service delivery which originates in the promise made by the newly elected government of a better life for all (Mabitsela, 2012: 4). Public institutions such as municipalities are regarded as critical by government in order to realise its promise to citizens. The struggle for better service delivery dates back to 1994, with the unbanning of restrictive orders and allowing Blacks freedom of movement and settlement (Powel, 2012: 14). The Reconstruction and Development

Programme (RDP) White Paper on housing (1994) and the Transformation of the Public Service White Paper (1995) respectively were adopted by the newly elected government and stated the role of public service (Kanyane, 2014: 10). The white papers emphasised public service that is responsive and relevant to the needs of the citizens, makes effective and efficient use of public resources and is representative of the diversity and needs of all citizens (Van der Waldt, 2004: 84). The RDP formed the basic policy framework for transformation in South Africa and the institution of the programme in 1996 served as one of the initiatives to redress the inequalities of the past in terms of development of communities (Mabitsela, 2012: 4).

The transition of local government in South Africa occurred in three phases. The first phase came before the occurrence of the first local government elections, when a negotiating forum was established and the Local Government Transition Act, 1993(Act 209 of 1993) (LGTA) came into effect. The second phase started during the first local elections of 1995/6 and the last phase commenced with the local government elections which were held on 5 December 2000 (Sithole and Mathonsi, 2015: 13). The period between 1998 and November 2000, before the second local democratic elections of December 2000, introduced several changes to the local government sphere. These included the re-demarcation of local government to address constraints of rural areas and reduce the number of municipalities (RSA, 1998a: 12). The process merged several rural and urban councils. The Municipal Structures Act, 1998 (Act 117 of 1998) establishes the functions and powers of both local and district municipalities. The formalisation of processes which municipalities must follow when delivering services to the community is set out in the Municipal Systems Act, 2000 (Act 32 of 2000), which requires that a municipality authorises the provision of a service through an analysis, step-by-step, of various service delivery options (National Treasury, 2005a: 16). The following Acts of Parliament provide a legislative framework to local government in South Africa:

- Constitution of the Republic of South Africa, 1996;
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);
- Municipal Demarcation Act, 1998 (Act 27 of 1998);
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
- Traditional Leadership and Governance Framework Act, 2003 (Act 41 of 2003);
- Municipal Finance Management Act, 2003 (Act 56 of 2003); and
- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) (Sithole and Mathonsi, 2015: 13).

The Local government, which is the sphere of government closest to the community, consists of different municipalities. A municipality has the right to govern the affairs of its community as prescribed by Chapter 7 of the Constitution. Chapter 7 further divides the local sphere of government into three categories: Category A (Metropolitan) “Large urban complexes with exclusive municipal executive and legislative authority in its area” (RSA, 1996, s. 155(1)(a); Category B (Local municipality) “Local municipality that shares municipal executive and legislative authority in its area with the Category C municipality within whose area it falls” (RSA, 1996, s. 155(1)(b)) and (RSA, 1996: 1331(3)); and Category C (District municipality) “A District municipality has municipal executive and legislative authority in an area that includes more than one municipality” (RSA, 1996, s. 155(1)(c)). The Municipal Infrastructure Investment Framework (MIIF7) (National Treasury, 2011b: 16) further divides local municipalities (Category B) into four sub-categories, namely:

- Category B1 (Secondary cities).
- Category B2 (Large towns).
- Category B3 (Small towns); and
- Category B4 (Rural municipalities).

Category A municipalities (metros) have exclusive municipal executive and legislative authority in their area and perform the functions of a municipality in cities. A category B municipality serves as a third tier of local government and is governed by a municipal council. The local municipality area is divided into wards, the size of the population determining the number of wards (van der Waldt, 2014a: 53). District Municipalities must administer and make the rules for local Municipalities falling under their jurisdiction. The district municipalities share responsibilities of local government with local municipalities. This sharing of responsibilities ensures that all communities have equal access to resources and public services. This also benefits Municipalities that lack capacity in providing public services to communities (RSA, 1998a: 58).

Service delivery in developing countries is under stress due to a large non-self-reliant population, when compared to developed countries, which needs the provisioning of more services (Gauteng Department of Agriculture and Rural Development, 2010: 34).

According to the Constitution the three spheres of government in South Africa are distinctive, interdependent and interrelated (RSA 1996). The local sphere of government refers to municipalities and is established for the whole territory of the Republic of South Africa. Chapter 7, Section 151(3) of the Constitution provides municipalities with the right to govern

local government affairs in compliance with national and provincial legislation. Section 154 of the Constitution states that the national and provincial spheres of government must support and strengthen the capacity of municipalities to manage their affairs. The establishment of local government institutions such as district and local municipalities is evidence of government's intent to improve service delivery. According to section 152 of the Constitution of the Republic of South Africa, 1996, the objectives of the local sphere of government are to (RSA 1996):

- provide democratic and accountable government for local communities;
- ensure the provision of services to communities in a sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The developmental role of a municipality is further emphasised by section 153 of the Constitution which outlines the following duties of a municipality (RSA 1996):

(a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and promote the social and economic development of the community; and

(b) participate in national and provincial development programmes.

Local governments obtain goods from suppliers in the private sector and use these goods to provide services to the community (Mfene, 2009: 210). South Africa, as a developing country, has high levels of social inequality and needs to improve its service delivery more than is the case with developed countries with large numbers of self-reliant citizens (Bizana *et al*, 2015; 680 and Ambe, 2017: 365). Municipalities are constitutionally mandated to provide basic services such as water, electricity, and sanitation services to their citizens (RSA, 1996: 1331). Service delivery consists of activities that aim at promoting the welfare of the community (Mfene, 2009: 210).

The provision of basic services has a direct impact on the quality of the lives of people – for example, failure to remove refuse and poor quality of water may lead to an unhealthy and unsafe living environment (Ambe and Badenhorst, 2012a: 248). A municipality, in consultation with the community, may consider some important factors before deciding on service delivery options, such as the type of service and the level at which the service is to be provided. The

decision about the level must be influenced by affordability, community needs and long-term viability of providing the services at that level (Education and Training Unit of democracy and development, 2016: 3 of 6). The provisioning of a higher-level service will increase the costs and thus lead to higher rates that citizens must pay. Table 3.2 below lists the service levels of the most important services provided by municipalities.

TABLE 3.2: SERVICE LEVEL

Service	**Level 1: Basic**	**Level 2: Intermediate**	**Level 3: Full**
Sanitation	Sewerage collection / disposal	VIP latrine Septic tanks	Full Water borne
Electricity	5 – 8 Amp or non – grid electricity	20 Amps	60 Amps
Roads	Graded	Gravel	Paved / tarred and kerbs
Storm water drainage	Earth lined open channel	Open channel lined	Piped system
Solid Waste disposal	Communal (residents)	Communal (contractors)	Kerbside
Water	Communal standpipes	Yard taps, Yard tanks	In house water

Source: RSA (2005g)

When making the decision about the level of service, municipalities should consider long term viability of service provision, taking into consideration that the higher the standard of service, the higher the costs of providing the service. Higher costs imply that communities have to pay more, since a municipality's income is received from users, and should the community fail to pay, it will result in a loss and the service will have to be discontinued (Fourie and Opperman, 2018: 252).

3.6 MUNICIPAL SERVICES

A municipality must ensure that the services provided to the community are equitable and accessible, and are provided economically, efficiently, and effectively with the optimum usage

of available resources (Bekink, 2006: 10). In addition, a municipality must ensure financial and environmental sustainability in the provision of services and there must be regular review of services rendered, with the aim of upgrading and improving the quality of existing services (Bizana *et al*, 2015: 665). Municipalities must thoroughly review the provisioning mechanism before deciding which to be used, especially when preparing or reviewing the IDP, providing the new municipal service for the first time or upgrading, extending or improving the existing municipal services (National Treasury, 1998b).

According to Nealer (2014: 169-171) South African municipalities must provide the following basic services in their geographically demarcated municipal areas:

- cemeteries: establish and maintain according to the provision of provincial legislation;
- cleansing: protect the environment and communities from the effects of poor waste management;
- community service: provision of sporting and recreational activities, arts and cultural facilities that are accessible and affordable to community members;
- electricity: provision of electricity as a means of improving the quality of life of the community;
- engineering: provision of infrastructure and building services to residents, businesses and council management for social and economic activities;
- health Services: provide primary and auxiliary health care services that are both curative and preventive in nature;
- housing: facilitate and actively participate in effective and efficient housing delivery, also create human settlement that is sustainable;
- markets: improve the quality of life through the collection of and distribution of fresh products in a cost-effective manner;
- public safety: provide crime prevention and traffic safety services, protection of council assets fire and rescue services including disaster management services;
- roads and storm water: maintenance of roads and storm water systems;
- transport: the establishment of transport authorities to implement and monitor public transport plans as provided by the National Land and Transport Transition Act, 2000 (Act 22 of 2000); and
- water and sanitation: administration of potable water and suitable sanitation service, also, the management and control of water, wastewater operations and service.

Mutopo (2014: 8) classify local government services as follows:

- commercial services which are rendered according to business principles with a profit-making motive;
- security services which are aiming at protecting the community;
- economic services which are provided on a cost-effective basis without profit motive;
- environmental services which are essential for the protection of the environment;
- community services which are provided without charging the consumers directly;
- subsidized services which are provided on behalf of government as agency services; and
- convenience services which are rendered for convenient purposes such as recreational facilities.

According to Nealer (2014: 167), the above services are linked to different departments within municipalities. The organogram of a municipality as depicted below details responsibility for the services mentioned above.

TABLE 3.3: ORGANOGRAM OF A TYPICAL MUNICIPALITY

Municipal Manager				
Marketing and communications (Director)	***Shared services (Director)***	***Infrastructure (Executive director)***	***Socio economic development (Executive director)***	***Strategic services (Director)***
• Promotion of the vision and mission of municipality.	Corporate services (Director) • Legal and properties • Information technology • Administration	Housing and land (Director) • Housing provision • Projects	Local economic development (Director) • Urban • SMME	• Risk management • Promotion and implementation of IDP
• Promotion and encouragement of public participation.	Human resource management (Director) • Human resources • Occupational development and training	Water and sanitation (Director) • Water and sanitation • Wastewater • Scientific services	Community services (Director) • Social development • Health management • Sports and recreation	• Gathering of information on policies, strategies and programs
• Coordination of municipality's internal and external communication.	Financial services (Director) • Financial management • Treasury and assets • Revenue and valuables • SCM	Integrated environmental management (Director) • Parks management • Integrated waste Environmental	Rural development and tourism • Tourism • Rural development	• Ensuring of alignment of IDP and budgeting during planning
• Improvement of stakeholder relations		Infrastructure management (Director) • Fleet management • Electricity • Building maintenance • Roads	Public safety (Director) • Crime prevention • Law enforcement • VIP and secretarial services • Traffic	• Coordination of the implementation of performance management systems

Source: Nealer (2014: 167)

The municipality organogram details the different responsibilities which have the common objective of providing public services to the community using limited resources in line with the Integrated Development Plan (IDP) of the municipality. The main service charges charged by municipalities include levies charged on the selling of electricity and water, and levies for sewerage and refuse removal, on the principle that users must pay for using this service (Van der Waldt, 2014a: 138). All public services offered by the municipality fall under a certain directorship as depicted in table 3.3. The executive directors of shared services, infrastructure, socio-economic development, strategic services, and marketing and communications report to the municipal manager. Strategic services and marketing and communications are stand-alone directorates (Nealer, 2014: 167). DiNapoli (2009: 3) divides shared services into corporate services, human resource management and financial services; and further divides infrastructure into integrated environmental management, housing and land, water and sanitation, and infrastructure management, whilst socio-economic development is divided into community services, local economic development, rural development and tourism, and public safety. These departments are all headed by directors who are accountable to the executive directors. Each directorate is responsible for the provision of public services mentioned above (Nealer, 2014: 167).

3.7 PRINCIPLES AND APPROACHES ON EFFECTIVE SERVICE DELIVERY

Achieving effective service delivery requires that a municipality must choose the delivery system that will take into consideration the special needs of the community (Nealer, 2014: 162). Bekink (2006: 3 – 5 of 65) identifies the following basic principles that should be considered by municipalities before deciding on a delivery system to be used:

- affordability: all community members should be able to afford the service to be provided;
- accessibility: members of the community must have a minimum level of access to the service;
- quality: the service to be provided should be of acceptable quality. A good quality service is provided on time, safely and is continuously accessible;
- integration: it is a Constitutional requirement that municipalities provide services in a sustainable manner. A municipal institution, which is both financially and administratively properly managed, ensures an ongoing service provision;
- accountability: the municipality should be able to account for all activities related to service provisioning and the assurance of an acceptable quality service should be included;

- value for money: the municipality should provide value for money to all service users. Value for money and affordability are two sides of the same coin. If a community member can afford a service, he / she must also realise the value for money when paying for the service;
- promotion of competitiveness: the creation of competitiveness among investors and businesses will enhance job creation. Charging high rates to businesses might discourage businesses and investors, which may cause some to reduce employment while others might move away to other municipalities; and
- promotion of constitutional values: municipal administrations must fulfil and promote the democratic values and principles as stated in the Constitution (Bekink, 2006: 3 – 5).

Municipalities have different options when providing services to the community. The first option is for a municipality to use its own resources to provide the services. However, situations may arise where a municipality may realise that other institutions or private service providers are better resourced and with appropriate skills to provide the required service (Nealer, 2014: 163). Based on this, the municipality may then contract a Municipal Service Partner (MSP) to provide the service. The three main MSP options are listed below (van der Waldt, 2004: 114 - 115):

- service contract: an agreement between a municipality and service provider to provide the municipality with a service for a period not exceeding three years; a contractor receives a fee for performing the service and the service is normally technical in nature;
- management contract: an agreement to provide a service to the municipality, for a medium term that is three to eight years; the fee for the service is performance based; the service provider operates the service of the municipality;
- lease contract: an agreement between a municipality and service provider where it is the responsibility of the service provider to manage and deliver a service to the municipality; the contractor hires the operating assets of the council to enable them to provide the service; it is normally a long-term contract that lasts for eight to fifteen years; the service provider maintains, operates, repairs and manages a municipal service; and
- build-operate transfer: the municipality pays the service provider per unit; the service provider constructs and operates according to specified standards and outputs; the contract is usually on long-term basis, namely fifteen to twenty-five years;

  concessions: an agreement between the municipality and service provider in which the responsibility of the service provider is the management, repair, operation and

maintenance of a service; the provider pays a concession fee to the municipality and may assume existing debt; it is also a long-term contract (National Treasury, 2000e: 76).

In the provisioning of service delivery through a service provider, it is the responsibility of the municipality to ensure that good quality services are rendered within the allocated budget (Van der Waldt, 2004: 115). For this purpose, constant monitoring and evaluation of the activities and performance of the service provider must be performed (Education and Training Unit of democracy and development, 2016: 4 – 5).

A municipality may also make use of the private sector to provide service to the community. Ketchen and Hult (2007: 578) identified the following private sector delivery options:

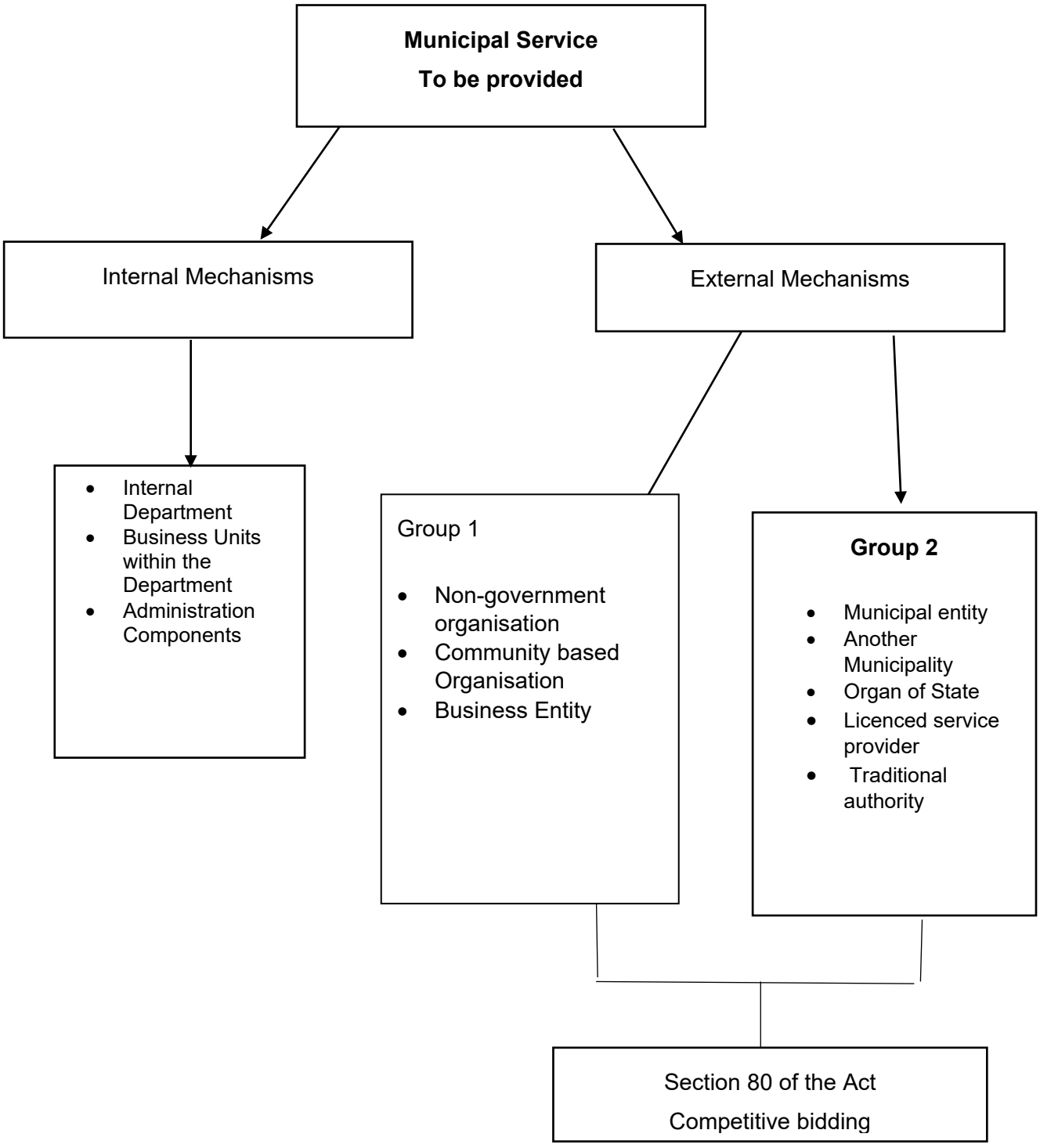
- **contracting out:** the Municipality contracts a private supplier through a process of competitive bidding for the provisioning of a Municipal service;
- **Franchising:** the Municipality decides to choose private operators to offer a service; the provisioning, financing and production is entirely for the private sector;
- **Vouchers:** the municipality provides subsidised users of a service by means of a voucher in order to pay for privately produced service;
- **Volunteers:** the municipality allows non-profit organizations to provide a public service free of charge; and
- **Self-Help:** closely related to volunteering and designed in such a way that the community provides services for themselves (Johnston and Seidenstat, 2007: 233 – 235).

According to section 76 of the Municipal Systems Act, 2000 (Act 32 of 2000), a municipality can provide services using either internal or external mechanisms. Internal mechanisms imply that a municipality uses a department within its administration – a business unit devised by the municipality within the administration or any other component of its administration. An external mechanism is used when the municipality enters into an agreement with a municipal entity – another municipality, an organ of state, a community-based organisation or any other institution, entity, or person legally competent to operate a business activity as depicted in Figure 3.6 (RSA, 2000b: 37). A municipality must review and decide on mechanisms to provide municipal services. After deciding on a mechanism to provide a service, the mechanism to be used must be assessed in terms of:

- the costs and benefits related to the project;
- the municipality's capacity and potential future capacity to furnish the skills, expertise, and resources to provide the service using an internal mechanism;

- the extent of reorganisation and development of human resources capacity required to provide a service through an internal mechanism;
- the impact on job creation, development, and employment patterns in the municipality; and
- the views of organised labour (National Treasury, 2000e: 72).

FIGURE 3.6: MUNICIPAL SERVICE PROVISIONING



Source: Adapted from RSA (2000b: 37)

Municipalities can enhance service delivery through the implementation of delivery mechanisms (Bizana, 2013: 27). A significant capacity is needed by local governments in order to meet the present and future needs of communities. The following mechanisms can be used to mobilise capacity:

- public delivery: municipality identifies critical tasks and channels resources towards addressing and fulfilling these tasks;
- public–public partnerships: cooperation between municipalities to provide service to communities;
- public–private partnerships: combination of public and private sector skills and assets in fulfilling the needs of the community;
- public–community partnerships: infrastructure maintenance is done by members of the community (Bizana, 2013: 27) (National Treasury, 2000a: 72);
- corporatisation: government organisations are re-organised along business lines; the organisation pays taxes, raises capital and operates according to commercial principles;
- out-sourcing: contracting services to specialists due to lack of internal staff, and lack of financial and other capacities; and
- privatisation: the sale of municipal assets, together with the transfer of responsibilities for the management of the service (Bekink, 2006: 7 and 8 and Van der Waldt, 2004: 111 - 113).

To ensure effective and efficient service delivery, which is responsive to the needs of the community, the municipality must take note of urgent challenges and overcome them in a co-ordinated proactive manner (Nealer, 2014: 46). After a municipality has decided on the method of provisioning a service delivery, the supply chain management principles should be followed.

3.8 STATE OF SERVICE DELIVERY IN SOUTH AFRICA

The state of service delivery in a country has an impact on business and growth. This section will discuss the access South Africans have to basic services, such as water, sanitation, solid waste removal, and electricity, and will briefly discuss service delivery problems experienced by households.

3.8.1 Water services

The provisioning of enough safe water is essential in ensuring the health and wellbeing of the community (Cogta, 2011b: 125). Municipalities need to abide by Section 27 of the Bill of Rights which states that ‘’everyone has the right of access to safe and sufficient water’’ and that ‘’the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights’’ (RSA, 1996: 1255). The South African water sector is divided into two main sub-sectors, namely water resource management and water services provision. Water resource management is guided by the National Water Act (1998) and water service provision is guided by the Water Services Act (1997). The water services sector refers to water supply and sanitation, which are provided by Department of Water and Sanitation, water boards and municipalities (Cogta, 2011b: 125).

According to a community survey of 2016, conducted by Statistics SA, 74.4% of households’ sources of drinking water is piped inside the dwelling and yard. The remaining 25.6% receive water from a communal tap or stand, a borehole inside or outside the yard, rivers or other sources. The backlog of households without access to water supply was found to be 1.7 million households (8.8% of households) in South Africa (National Treasury, 2017a: 17). According to the minutes of the meeting of the Inter-Ministerial Task Team dated 14 November 2018, the non-payment of water boards by municipalities has a negative impact on the financial stability of the municipalities because of the incurrence of interest which is also increasing debt (COGTA, 2018: 1).

3.8.2 Sanitation services

The provision of basic household sanitation focuses on the safe disposal of human waste in conjunction with health and hygiene practices (RSA, 1996). According to the Strategic Framework for Water Services (2003), the provision of basic sanitation facilities should be safe, reliable, private, protected from weather and ventilation, minimise bad smells, easy to keep clean, minimise the spread of sanitation related diseases and enable safe and appropriate treatment. The framework aims at ensuring easy, accessible, and sustainable sanitation to households. Sanitation services should advance communication of good sanitation, hygiene and related practices (RSA, 1996 : 1255).

The community survey (2016) conducted by Statistics SA, reveals that 63.3% of households used flush toilets, 12.2% used pit toilets with ventilation pipes, 2.2% used the bucket system and 2.4% did not have access to sanitation. The bucket system is not only unhygienic and

expensive to maintain but violates the human dignity of users and those responsible for collection and disposal of human waste (National Treasury, 2017b: 36).

3.8.3 Solid waste removal services

Section 156(1)(a) of the Constitution (1996) assigns the function of management of solid waste to local government. Solid waste management includes responsibilities such as refuse dumps, refuse removal, waste removal and cleansing. Effective solid waste management services are important as they enhance environmental quality and preserve public health through prevention of littering and illegal dumping and supervision of recycling or disposal of solid waste (National Treasury: 2017b: 53).

Nationally, 63.9% of household waste is removed once per week or less regularly, while 30.1% lack any kind of refuse facilities. In addition, 33% of households in rural municipalities use their own refuse dumps (National Treasury: 2017a: 17).

3.8.4 Electricity services

Although the Electricity Supplier Commission (ESKOM) generates and supplies electricity to municipalities, schedule 4B of the Constitution assigns the function of electricity distribution to municipalities**.** According to the Electricity Regulation Act, 2006 (Act no. 4 of 2006), the distributors of electricity must be licensed to do so. The National Energy Regulator of South Africa (NERSA) is tasked with the function of issuing such licenses. NERSA has issued a total of 187 licenses to distributors, including 164 local municipalities. Effective electricity provisioning contributes positively towards the improvement of quality of human life (National Treasury, 2017b: 70).

Nationally, 87.6% of households had access to electricity in 2016 (STATS SA, 2016: 65). Urban municipalities experience a higher access to electricity than rural municipalities. Municipalities are slow to extend electricity services to rural municipalities due to an inability to generate revenue from poor areas (National Treasury, 2017b: 79). There are also power and supply interruptions due to non-payment to Eskom, which further increases the debt municipalities have with Eskom (COGTA, 2017: 1).

3.9 SERVICE DELIVERY PROBLEMS EXPERIENCED BY HOUSEHOLDS

The basic goal in a democratic country is citizen satisfaction (Boris, 2015: 12). Local municipalities experience challenges relating to the provisioning of services that will satisfy the community (Ambe and Badenhorst, 2012b: 246). Community satisfaction is realised when the community experiences outcomes that fulfil their expectation and is a good measurement of municipal performance (National Treasury, 2017b: 82). Table 3.4 displays a list of common service delivery problems encountered by citizens per municipal category.

TABLE 3.4: SERVICE DELIVERY PROBLEMS PER MUNICIPAL CATEGORY

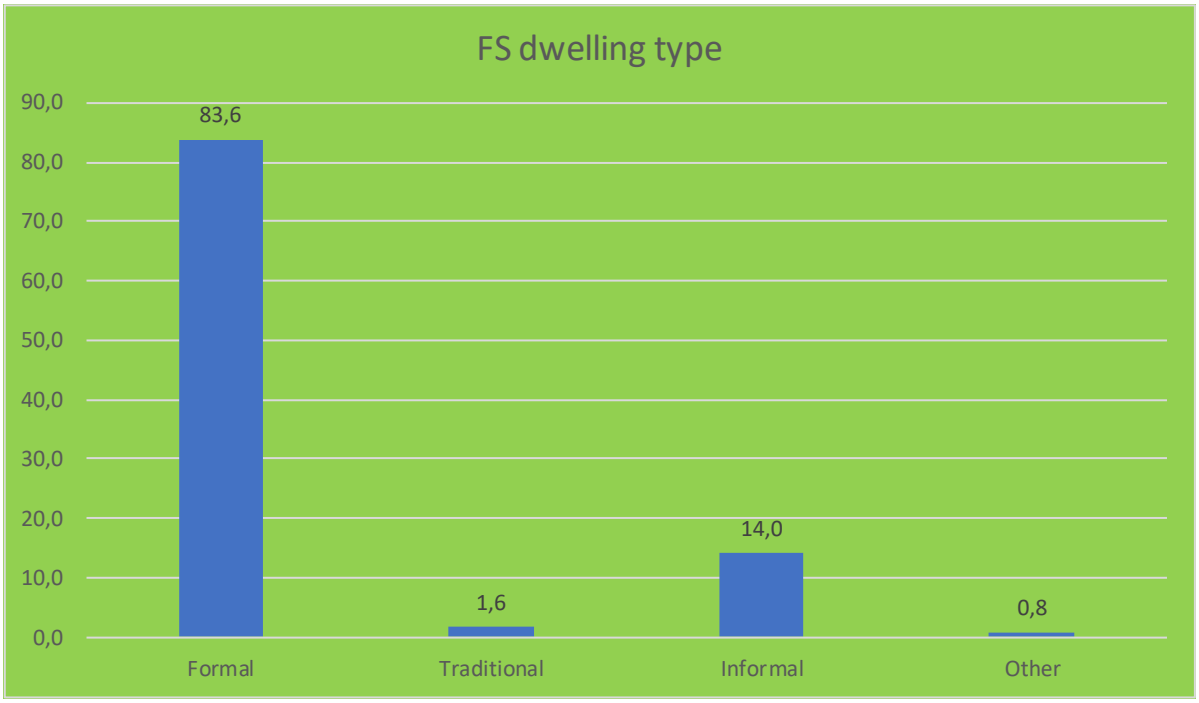
Problems in the Municipality	**(A)**	**(B1)**	**(B2)**	**(B3)**	**(B4)**
Lack of safe and reliable water supply	5,6	15,5	18,8	23,9	43,2
Cost of water	5,8	6,6	5,4	4,9	4,8
Lack of reliable electricity supply	6,1	5,8	6,1	5,2	5,9
Cost of electricity	15,7	10,7	9,2	6,9	3,0
Inadequate sanitation/ sewerage/ toilet services	4,5	4,9	3,5	4,6	3,0
Inadequate refuse / waste removal	2,7	2,3	1,3	1,9	2,9
Inadequate housing	8,6	6,5	10,0	8,7	0,6
Inadequate roads	5,4	10,1	9,2	9,3	7,2
Inadequate streetlights	1,3	2,2	1,6	1,5	11,3
Lack of / inadequate employment opportunities	11,4	12,4	12,4	11,4	1,2
Lack of / inadequate educational facilities	0,6	0,7	0,6	0,6	11,2
Violence and crime	10,2	5,5	4,7	2,2	0,7
Drug abuse	4,1	2,2	1,7	1,4	1,7
Alcohol abuse	1,0	0,7	0,7	0,7	0,4
Gangsterism	1,5	0,1	0,5	0,3	0,1
Lack of/ inadequate parks and recreational facilities	0,6	0,5	0,4	0,4	0,2
Lack of/ inadequate healthcare services	0,7	0,8	0,6	0,8	1,1
Lack of/ inadequate public transport	0,5	0,4	0,4	0,4	0,4
Corruption	2,9	2,4	2,0	2,0	0,8
Other	1,7	1,3	1,8	1,9	0,7
None	8,9	7,6	9,4	11,2	2,1
Total	**100**	**100**	**100**	**100**	**100**

Source: STATS SA (2016: 83)

3.10 STATE OF SERVICE DELIVERY IN FREE STATE PROVINCE

This section will discuss the status of service delivery in the Free State Province. The main service delivery aspects to be discussed are the type of dwelling, access to safe drinking water, electricity, and flush toilets.

FIGURE 3.7: DWELLING TYPE OF FREE STATE HOUSEHOLDS



Source: STATS SA (2016: 46)

Figure 3.7 above shows the type of dwellings used by Free State (FS) households. The figure shows that 16.4% of households were not living in formal dwellings – 155 249 households were not staying in formal dwellings (STATS SA, 2016). Lejweleputswa district municipality is the second largest district municipality with the highest percentage of households with inadequate housing after Thabo Mofutsanyana with 16.8% and 22.3% respectively – this percentage indicates that 36 609 households in the Lejweleputswa district municipality were not living in formal dwellings. The percentage and number of households not living in a formal dwelling in local municipalities within the Lejweleputswa district municipality are shown in Table 3.5 below (STATS SA, 2016: 46):

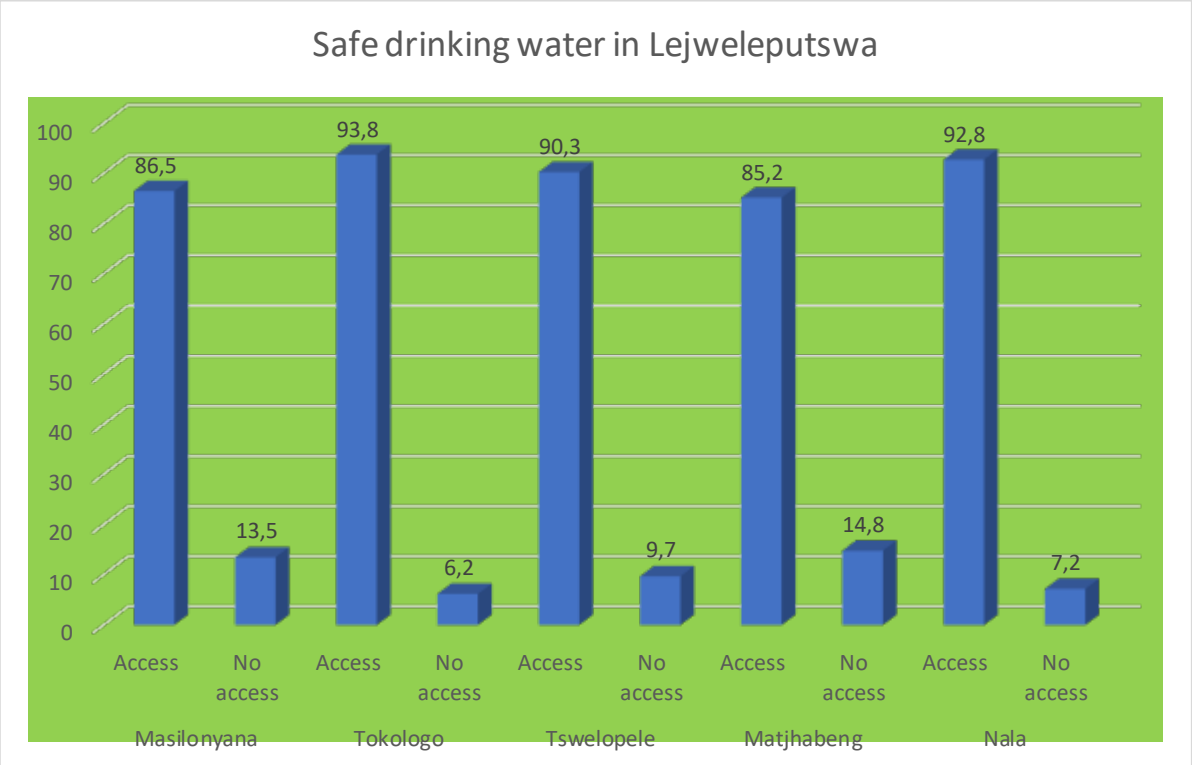
TABLE 3.5: DWELLING TYPE WITHIN LEJWELEPUTSWA DISTRICT MUNICIPALITY

Local municipality	Percentage	Number
Masilonyana	16	21 558
Tokologo	19,1	1 878
Tswelopele	19,9	2 727
Matjhabeng	15,5	23 167
Nala	22,8	5 393

Source: STATS SA (2016: 46)

The table shows that, although the Matjhabeng local municipality is the second largest in terms of percentage and was the local municipality with the highest number of households without adequate housing (STATS SA, 2016: 46).

FIGURE 3.8: SAFE DRINKING WATER IN LEJWELEPUTSWA DISTRICT MUNICIPALITY

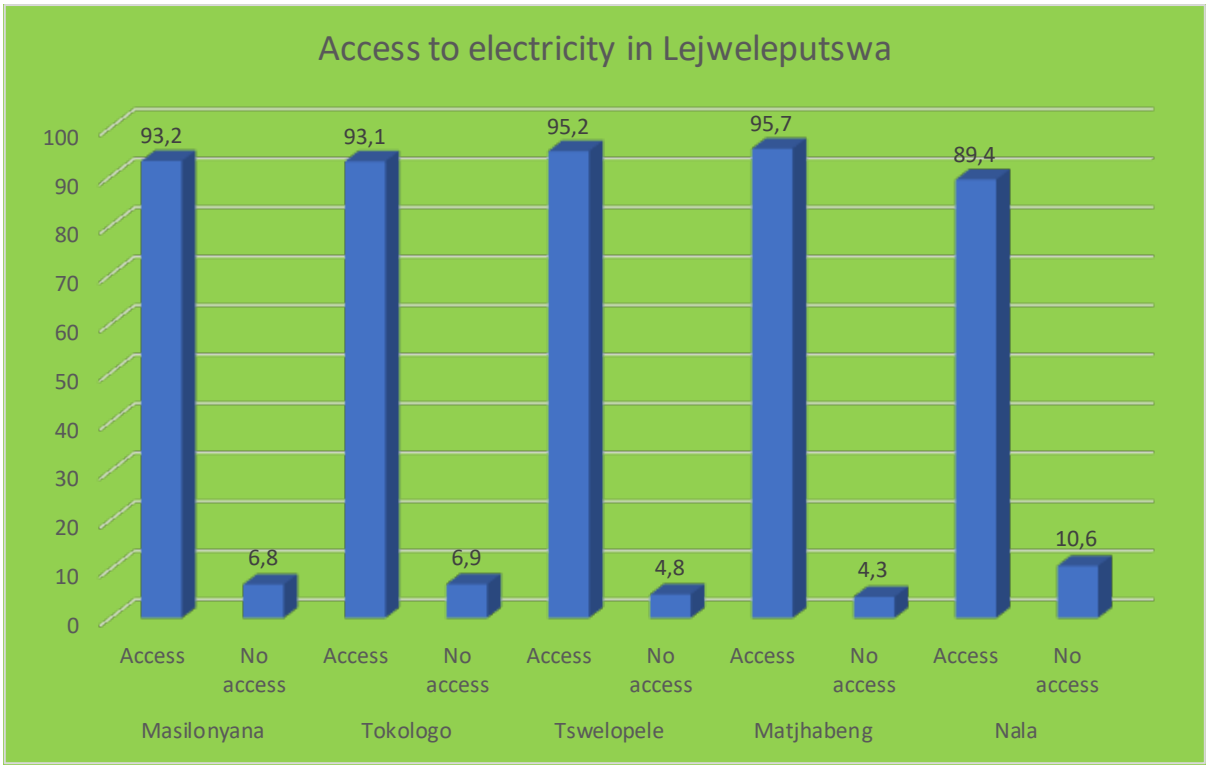


Source: STATS SA (2016: 51)

According to Statistics South Africa (2016), 15 out of 100 households in the Free State do not have access to safe drinking water. Variations at district level show that the Lejweleputswa

District Municipality is the third largest district municipality in terms of percentage of households without access to safe drinking water. At local level, within the Lejweleputswa district municipality, Matjhabeng local municipality is the municipality with the highest percentage (14,8%) of households without access to safe drinking water, as is shown in figure 3.8 (STATS SA, 2016: 51).

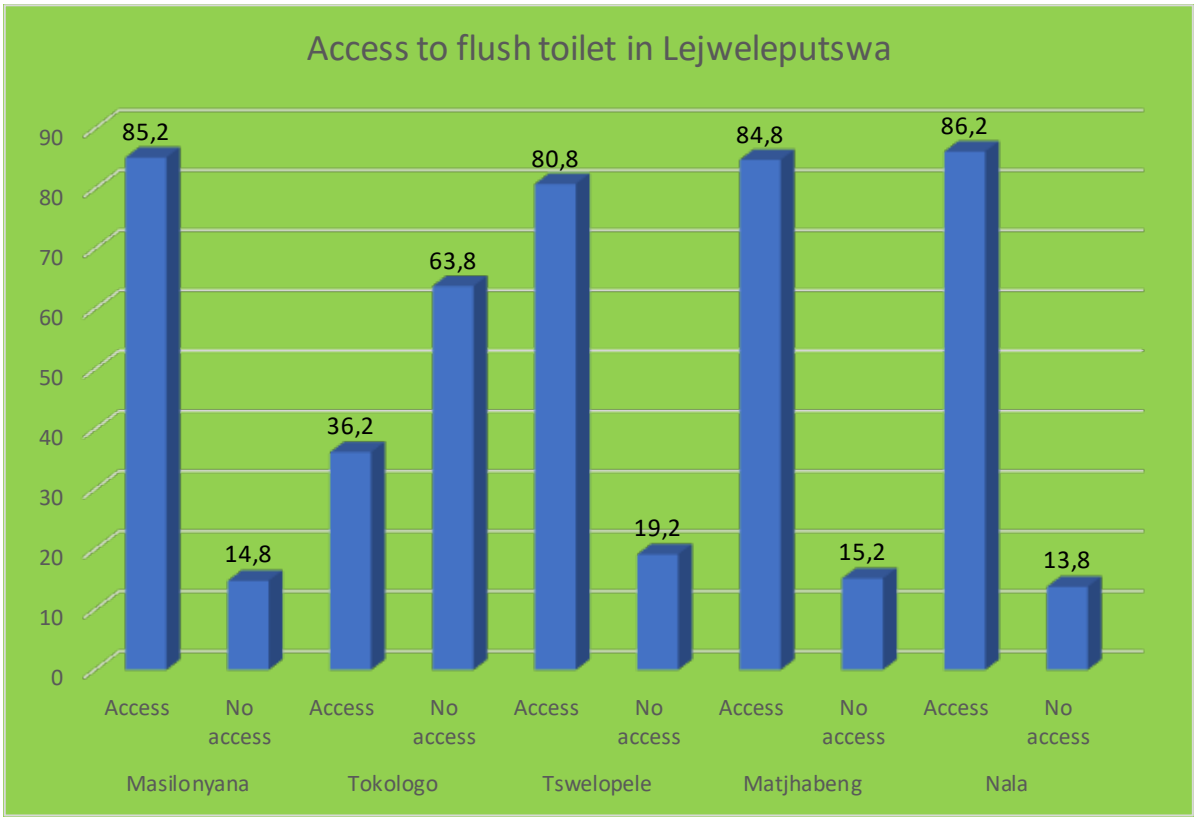
FIGURE 3.9: ACCESS TO ELECTRICITY IN LEJWELEPUTSWA DISTRICT MUNICIPALITY



Source: STATS SA (2016: 58)

The number of Free State households without electricity is 56 798, with Lejweleputswa district municipality having the third highest percentage with 5.4% (11 676 households). The Nala, Tokologo and Masilonyana local Municipalities were the three municipalities with the highest number of households without access to electricity as shown in Figure 3.9. Although Matjhabeng was the lowest in terms of percentage, it has the highest number of households (752) without access to electricity (STATS SA, 2016: 58).

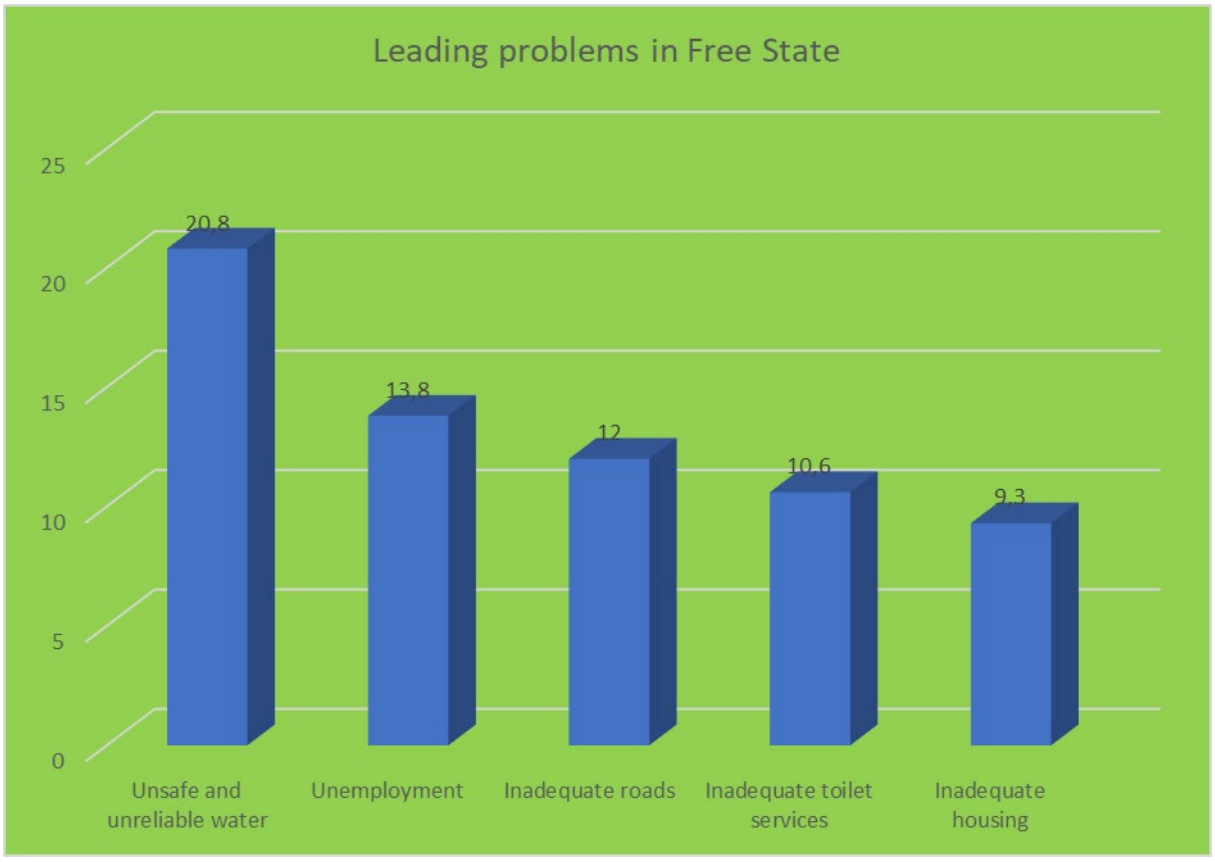
FIGURE 3.10: ACCESS TO FLUSH TOILETS IN LEJWELEPUTSWA DISTRICT MUNIPALITY



Source: STATS SA, (2016: 56)

A total of 263 166 households in the Free State do not have access to flush toilets, with Thabo Mofutsanyana having the highest percentage (with 42,3% of households) followed by Mangaung with 31,4% of households. Lejweleputswa is the district with the second lowest percentage of households without access to flush toilets (17,4%) – meaning that 37 917 of households in the Lejweleputswa district municipality do not have access to flush toilets. The three local municipalities of Tokologo, Tswelopele and Matjhabeng have the highest numbers of households in the Lejweleputswa district without access to flush toilets, as is shown in figure 3.10 above. Although Matjhabeng is the lowest of the three, it is the highest in terms of the actual number of households (3105) without access to flush toilets (STATS SA, 2016: 56).

FIGURE 3.11: MAIN CHALLENGES FACING MUNICIPALITIES IN THE FREE STATE



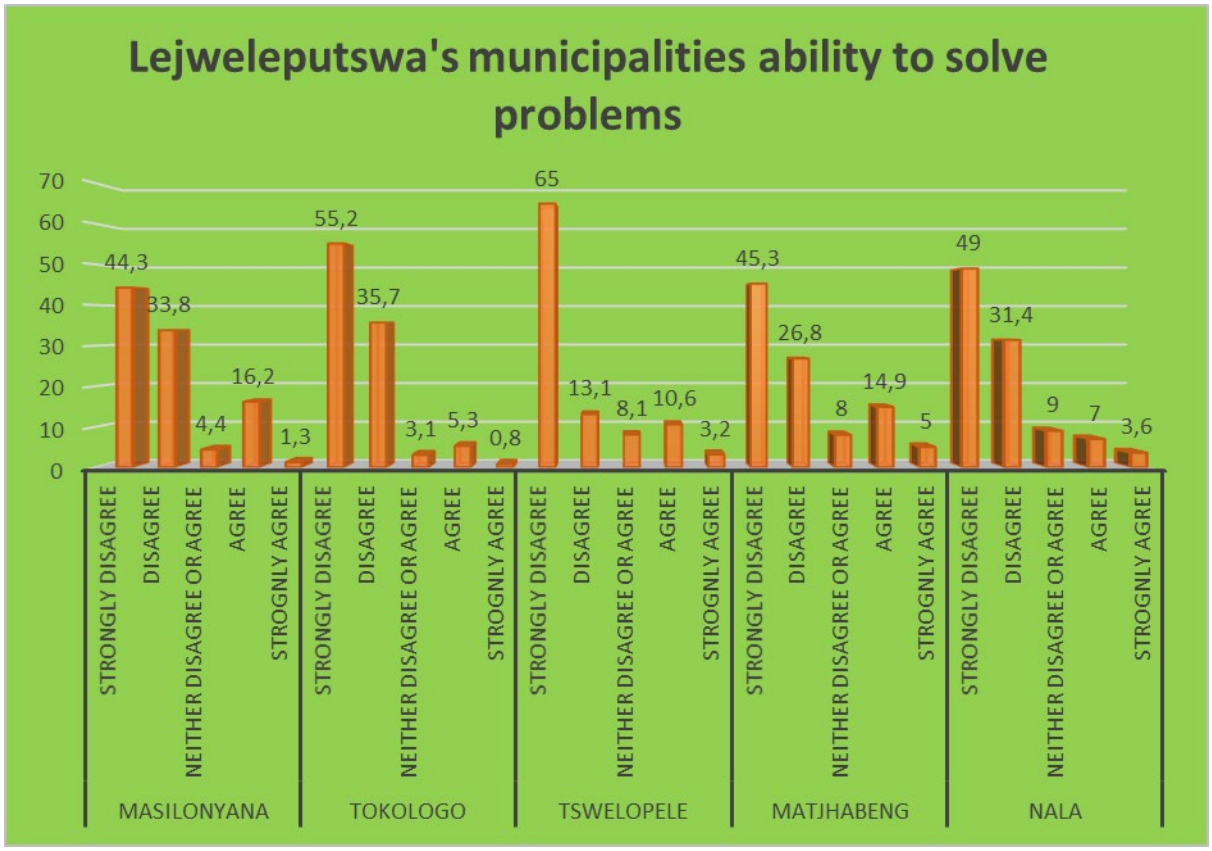
Source: STATS SA, (2016: 80)

Figure 3.11 above indicates that unsafe and unreliable water and unemployment are considered the main challenges, with 20,8% and 13,8% respectively experienced by households in the Free State. These are followed by roads, inadequate toilet services and houses (STATS SA, 2016: 80).

The majority of households in the Free State are not satisfied with how their municipalities resolved challenges faced by their communities, as 46,5% strongly disagreed while 27,6% disagreed whether their municipalities could resolve challenges. All district municipalities were rated higher than 70% with respect to their inability to resolve the challenges faced by the communities, with the top three leading districts being Fezile Dabi, Xhariep and Lejweleputswa with 79,6%, 75,8% and 74,6% respectively. A similar trend is experienced as far as local municipalities in the Lejweleputswa district is concerned, where 90,9% of residents in the Tokologo Municipality and 80,4% residents in the Nala Municipality are of the opinion that their municipality is unable to resolve the communities' problems. Figure 3.12 depicts the

ability of municipalities to resolve problems, according to their communities (STATS SA, 2016: 82).

FIGURE 3.12: ABILITY OF LEJWELEPUTSWA DISTRICT MUNICIPALITY TO SOLVE PROBLEMS



Source: RSA (2016: 82)

The above discussion on the status of service delivery in SA and the FS shows that municipalities need to improve their service delivery in order to meet their constitutional mandate.

3.11 PAYMENT FOR SERVICES

Municipalities need reliable sources of revenue to provide basic community services and to perform other functions (RSA, 2000a: 88). Reddy (2016: 11) points out that municipalities tend to blame lack of revenue as the main reason for poor service delivery. Revenue is collected by municipalities from the payment for services provided by the municipality in the form of levies and charges, from property rates and taxes, and from transfers from the national government (Fourie and Opperman, 2018: 252).

According to chapter 7, section 160 (2) of the Constitution, local governments can impose rates and taxes, levies and duties, and raise loans to fund service delivery (RSA1996). In addition, local governments receive grants from the national government to provide services to the community (RSA, 1996). Section 74 of the Municipal Systems Act, 2000 allows a municipality to adopt and implement a tariff policy on the levying of fees for funding services provided by the municipality. The following principles must be reflected in the tariff policy (RSA 2000):

- users of municipal services should be treated equitably in the application of tariffs;
- the amount individual users pay should generally be in proportion to their use of that service;
- poor households must have access to basic services through:
    - ❖ tariffs that cover operating and maintenance costs only;
    - ❖ special tariffs for low levels of consumption of services; or
    - ❖ any other direct or indirect method of subsidisation of tariffs for poor households;
- tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs and interest charges;
- tariffs must be set at levels that facilitate the financial sustainability of the service, considering subsidisation from sources other than the service concerned;
- provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged; and
- the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

The tariff policy must differentiate between different categories of users, debtors and service providers, and should be applied in such a manner that unfair discrimination is avoided (RSA, 2000a: 36).

3.11.1 Non-payment of municipal services

According to Fourie and Opperman (2018: 265), the provision of public services by municipalities depends on the payment by residents for services and taxes levied by the municipality. In this regard, section 96(a) of the Municipal Systems Act allows a Municipality the right to collect money that is owed by users for services. It is therefore important that a Municipality adopts and implements a credit control and debt collection policy (RSA, 2000b: 65). The credit control and debt collection policy must be consistent with the rates and taxes policy and comply with provisions as contemplated in the Municipal Systems Act 32 (Khalo, 2014: 205). Section 97(2) of the Municipal Systems Act, 2000 (Act 32 of 2000) allows the municipality to fairly differentiate between different categories of rate payers, debtors, taxes, users of services, services, service standards, and any other matters. Section 97(1) of the Municipal Systems Act, 2000 stipulates that the contents of a credit control and debt collection policy must at least include the following (RSA, 2000a: 266):

- procedures and mechanisms of controlling credit and collecting debt;
- charging of interest on arrears;
- non-provision of services or termination of services for non-payment of services;
- handling of unauthorised consumption of theft, services and damages;
- provision for indigent debtors in line with the national policy on indigents;
- granting of extension for account payments; and
- any other prescribed matter.

South African Municipalities experience inadequate and generally low levels of revenue collection due to non-payment by residents and businesses (Mavhungu, 2011: 29). The main reasons cited for non-payment of services are unwillingness to pay because of poor service delivery, inability to pay due to poverty and unemployment, and lack of trust due to mismanagement of funds in local governments (Ringane, 2013: 31 - 33). Mavhungu (2011: 40 and 41) adds a culture of non-payment and opportunism as additional reasons. The culture of non-payment for services stems from a claim by consumers that poverty and unemployment are responsible for non-payment of services. Opportunism as a reason for non-payment of services stems from the 1995 writing off of bad debts that were accumulated by historically black arrears; thus, some businesses also expect their debts or part thereof to be written off (Jain, 2010: 194).

Municipalities become financially unviable and economically inactive due to non-payment of services, which impacts negatively on public service delivery (Khalo, 2014: 205). Local

governments therefore have to ensure that measures are in place to encourage the payment for municipal services in order to improve the financial viability of municipalities (Fourie and Opperman, 2018: 264).

Municipalities have the right of access to the premises of users of public services, therefore any authorised municipal representative or service provider must be allowed to access the premise to disconnect the provision of a service at all reasonable times (RSA, 2000b: 66). A municipality may further consider legal action against users who fail to pay their accounts due, if disconnection has not yielded satisfactory results in the past, or where disconnection is not possible, or when arrears have exceeded 90 days (Ringane, 2013: 39). Section 104(f) of the Municipal Systems Act further gives a Municipality the right to attach rent payable on a property or to seize the property (National Treasury, 2000a: 68).

3.12 SERVICE DELIVERY PROTESTS

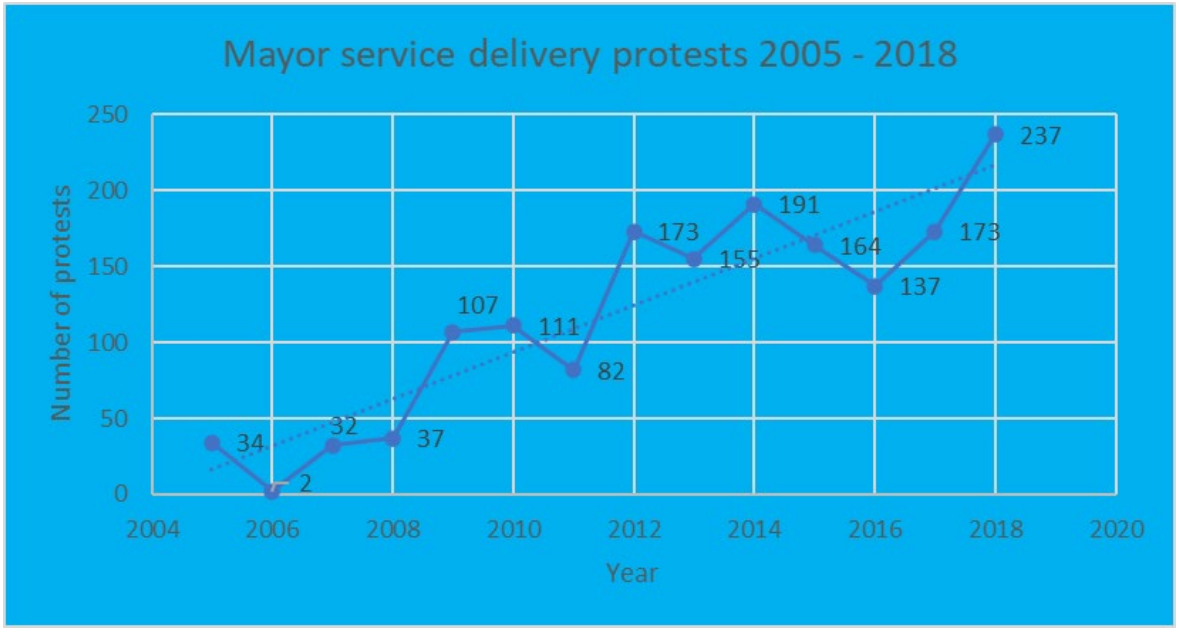
Poor service delivery results in community dissatisfaction which manifests in the form of petitions, demonstrations or mass protests (Akinboade, Mokwena and Kinfack, 2013: 465). Morudu (2017: 13) suggests that there is a negative relationship between service delivery protests and the provisioning of basic services. Service delivery protests increase when the provision of basic services, such as refuse removal, sewerage and sanitation, electricity, housing, schools and hospitals, is poor. Various authors such as Mpehle (2012), Banjo and Jili (2013) and Breakfast (2016) note that service delivery protests in South African Municipalities have been one of the main concerns of government. South African Municipalities have been experiencing protest actions across all provinces (Breakfast, Bradshaw and Nomarwayi, 2016: 409). Some of these protests have turned into violent actions in which properties were destroyed, and people injured and killed, while in other instances, criminals exploited the situation and attacked foreigners, especially those with small businesses, thus resulting in major economic loss to affected regions (Mufamadi, 2002: 11).

Jain (2010: 31) defines service delivery protest as a “natural and probable consequence of systematic institutional problems that exist in the provision of basic services to the most poverty-stricken members of the South African society”. When community members are not satisfied with the provision of public services by a municipality, they make use of service delivery protests to demonstrate this dissatisfaction. There are three ways of voicing dissatisfaction with poor service delivery, namely individuals voicing dissatisfaction directly to the municipality, collective voice voting, and collective voice pressure politics (Akinboade,

Mokwena and Kinfack, 2013: 465). Service delivery protest is a popular form of public participation used as an attempt to change the status quo (Royeppen, 2016: 341). In South Africa, service delivery protests are used as a medium of communication caused by lack of consultation by political leaders and decision makers.

Figure 3.13 below shows the number of protests experienced in South Africa from 2005 to 2018. Figure 3.13 demonstrates that the number of protests in South Africa has increased since 2016. In 2018, it exceeded 191, the highest that was realised in 2014 (Municipal IQ, 2019: 1).

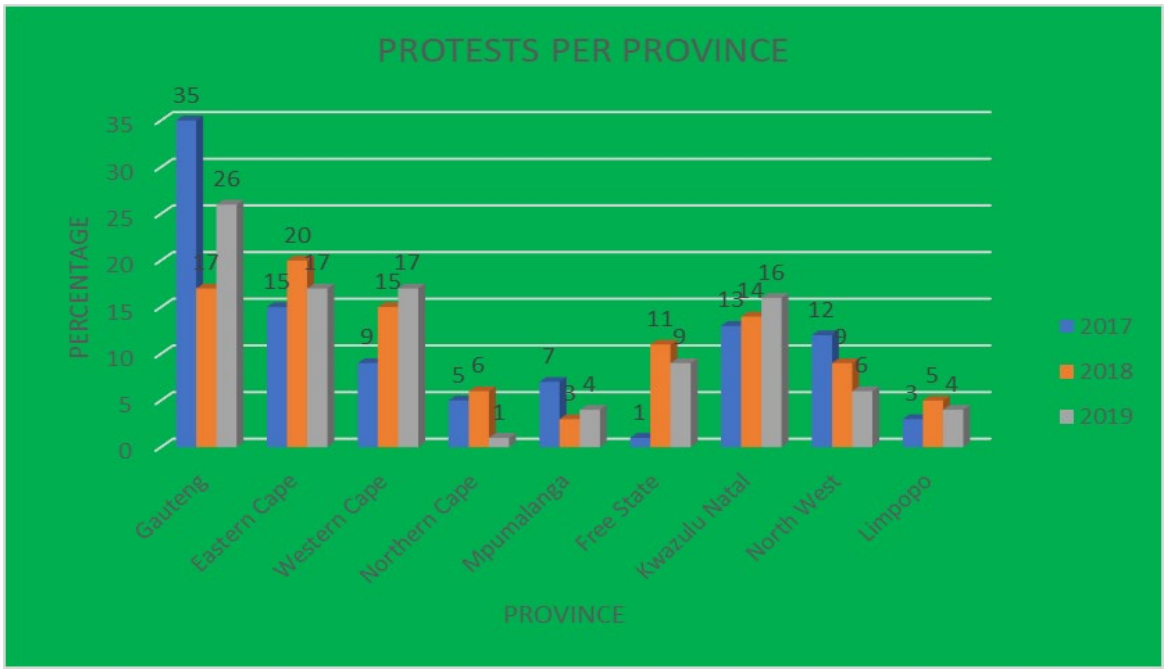
FIGURE 3.13: MAJOR SERVICE DELIVERY PROTESTS 2005 – 30 JUNE 2018



Source: Adapted from Municipal IQ (2019)

Figure 3.14 compares percentages of service delivery protests by province, as at September 2017 and 2018. Two provinces, Western Cape and Kwazulu Natal, have been experiencing increases in protests for the last three years. Gauteng province, despite a decrease, is still the province with the highest number of protests in the last three years. The North West province has been experiencing decreasing protests since 2017 until 2019. The top four provinces in term of protests are Gauteng, Eastern Cape, Western Cape and Kwazulu Natal (Municipal IQ, 2018/9: 1).

FIGURE 3.14: SERVICE DELIVERY PROTESTS BY PROVINCE



Source: Municipal IQ (2017, 2018 and 2019)

As is shown in table 3.14 service delivery in South African municipalities remains a challenge with which municipalities have to deal. The next section will discuss the reasons attached to service delivery protests.

3.12.1 Reasons for service delivery protests

According to the literature researched, there are several reasons that lead to service delivery protests. Table 3.6 shows the main reasons as identified by authors such as Atikinson (2007), Mufamadi (2002), Steyn (2016) and Bizana (2013).

TABLE 3.6: REASONS FOR COMMUNITY PROTESTS

Atikinson (2007: 58)	Mufamadi (2002: 11)	Steyn (2016: 14)	Bizana (2013: 33)
Perceived corruption and individual enrichment.	Dissatisfaction with the delivery of basic Municipal services.	Lack of employment opportunities.	Poor service delivery.
Financial mismanagement, corruption and fraud.	Unemployment, high levels of poverty.	Poor roads and maintenance.	Corruption and financial mismanagement.
Undemocratic and unresponsive decisions to the needs of the community.	Lack of houses.	Lack of communication.	Lack of housing.
Inadequate provision of public services.	Poor infrastructure.	Low quality of services and poor service delivery.	Undemocratic decision-making.

Source: Author's own synthesis from different authors

The common denominator in all reasons cited by the authors is lack or non-existence of public service delivery.

3.12 CHALLENGES FACING EFFECTIVE SERVICE DELIVERY

Majekodunmi (2012: 92) and Boris (2015: 17 and 18) identify the following challenges faced by local governments in providing quality social services to the communities:

- limited capacity;
- lack of funds;
- undue political interference; and
- corruption.

According to Van Antwerpen and Ferreira (2016: 83), mistakes by officials, shortage of skills and poor implementation of policies contribute towards poor service delivery in local governments. Ambe and Badenhorst-Weiss (2012a: 258 and 259) and Van Antewerpen and Ferreira (2016: 83 – 86) identify the following challenges as faced by local governments in South Africa in providing quality social services to communities:

- job satisfaction;
- job involvement;
- motivation;
- productivity;
- skills and knowledge;
- non-compliance with SCM policies;
- accountability, fraud and corruption;
- inadequate planning and linking of demand to the budget;
- lack of proper skills;
- unethical behaviour; and
- ineffectiveness of BEE policy.

Van der Waldt (2002: 2) further identifies the following as challenges for local government's service delivery:

- infrastructure backlog which is estimated to be R10.6 billion annually for the last ten years;
- inefficient use of funds;
- inability to respond to processes and policies when detecting problems;
- insufficient use of technology to supply services;
- confusion and frustration because of overlapping jurisdiction; and
- improvement of staff capacity in dealing with complicated environments like AIDS and poverty.

Omar (2009: 74) identifies the lack of governance and transparency, inadequate skilled and professional manpower within the local government, and a weak relationship between the residents and the local government as the main reasons for inefficient service delivery. Lack of funding can also be regarded as a contributing factor to inefficient service delivery, but not a key constraint as local governments get an allocation from the National government (Boris, 2015: 17).

Municipalities are faced with challenges that impact negatively on the provision of service delivery to their communities. Most challenges are common to all municipalities, while others are unique to certain municipalities. The Parliamentary Research Unit (2002, IV), as cited in Bizana (2013), identified the following challenges:

- lack of internal control and poor governance;
- lack of capacity;
- deviations from MFMA and SCM prescriptions;

- lack of supervision, monitoring and performance management;
- skewed recruitment, selection and appointment culture;
- lack of accountability; and
- growing political interference (Bizana, 2013: 34-35).

3.14 ACTIONS TAKEN TO IMPROVE THE CHALLENGE OF SERVICE DELIVERY

The Local Government Turnaround Strategy (LGTAS) was proposed and tabled for discussion by Cabinet on 3 December 2009 (Cabinet report: 3 December 2009) by the Department of Cooperative Governance and Traditional Affairs (LGTA: 2009). The reasons behind the introduction of the LGTAS was to find solutions for the weaknesses of policy and legislative implementation. LGTAS identified external and internal factors causing problems to municipalities for the implementation of effective service delivery (Cabinet Report, 3 December 2009). Meyer (2014: 85) describes internal factors as factors within the control of the municipality, while external factors as those factors outside the control of the municipality. The internal factors include the quality of decision-making by municipal councillors, quality of appointments, transparency within the procurement and tender system, and the quality of financial management and accountability. The external factors include revenue base, generation of income, inappropriate legislation and regulation, political interference, demarcation, intergovernmental relations, fragmented national and provincial support, and macro and micro economic conditions (Meyer, 2014: 86 and Cabinet Report, 3 December 2009).

The Department of Cooperative Governance and Traditional Affairs (2009b: 42) identifies service delivery and governance as the key intervention focus areas of concern. LGTAS argues that the realisation of the following objectives will address challenges facing service delivery (Cabinet Report, 3 December 2009):

- ensuring that municipalities provide the basic needs of communities;
- the building of municipalities which are clean, accountable and responsive to the community;
- improvement of national and provincial support to municipalities;
- improvement of performance, professionalism and functionality in municipalities; and
- strengthened partnerships between the civil society, communities and municipalities (Cabinet Report: 3 December 2009).

The Afrikaanse Handel Instituut (AHI) submitted a report in 2008 to the (then) National Department of Provincial and Local Government which alerted the department to service delivery problems throughout South African municipalities. The following problems were identified and highlighted in the report of van der Mescht and van der Jaarsveld (2012: 1):

- procedures followed in the filling of vacancies;
- deficiencies and irregularities in procurement procedures;
- challenges facing the rendering of services to the community;
- water leakages and overflowing of sewerage systems; and
- lack of consultation and cooperation between municipalities and the business community.

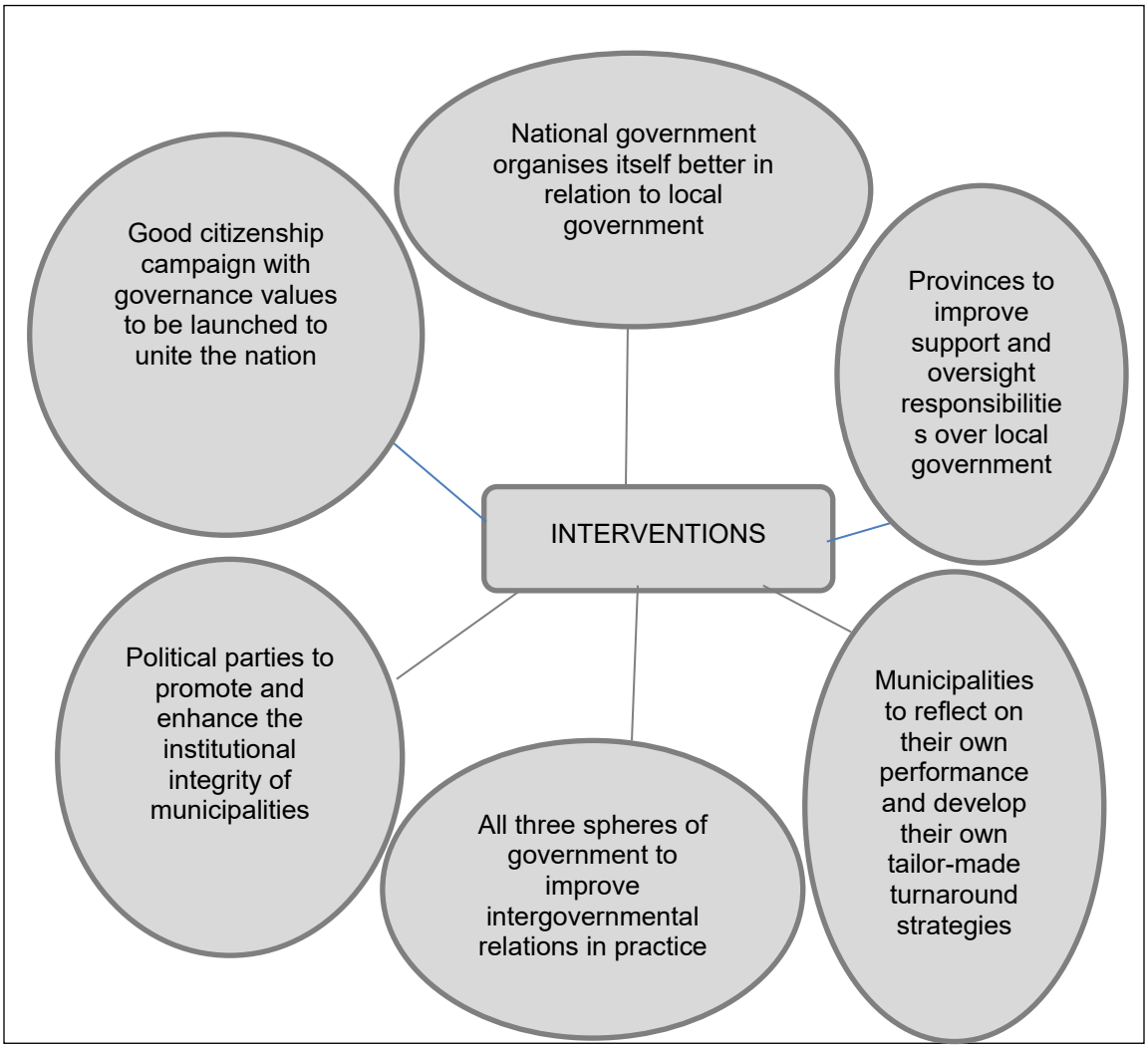
The existence of government is rooted primarily in the provision of services to improve the general welfare of the community. Local government plays an important role in ensuring effectiveness in the provisioning of public goods and services to the community. Local governments were created worldwide to facilitate development at the lowest levels of society, which is the objective of all political systems (Boris, 2015: 12).

The South African Constitution mandates municipalities to prioritise the fulfilment of the basic needs of the community, as they are the closet sphere of government to the community. Municipalities must ensure that the delivery of services is both financially and environmentally sustainable (Van der Walt, 2014: 50). The use of resources in the provision of services must be economic, efficient and effective, and ultimately lead to the improvement of the living standards of the community (RSA, 2000a: 68 and 70)

During the Cabinet meeting of 3 December 2009 in which the Local Government Turnaround Strategy (LGTAS) was tabled, the Cabinet adopted the proposal and identified the following interventions as stated in Figure 3.15:

The effective supply chain management is positively related to delivery of quality services to the community. There is an inseparable link between SCM and socio-economic growth, human capital development and long-term quality service delivery (Boateng, 2010: 1).

FIGURE 3.15: INTERVENTIONS IN ADDRESSING MUNICIPAL PROBLEMS



Source: Adapted from Cabinet Report: 3 December 2009

It is evident from the root causes and interventions that there is a requirement for an intergovernmental approach because of overlapping of causes within the three spheres of government. Also, to minimise community service delivery protests, Municipalities must accelerate the provision of basic services.

3.15 SUMMARY

This chapter presented the theoretical background of service delivery. The introduction of local government by the South African government is to provide public services to the community. Service delivery can either be tangible or intangible. Service delivery is used by local government as a means of delivering public goods and services to the community.

Globally, service delivery faces huge challenges, such as poor planning, poor implementation, corruption, insufficient funding, government policies, accountability and poor leadership. The shared service model was used to reduce the challenges faced by local governments. Also, four models can be used to improve service delivery, namely the intra-service, service, corporate and supra-corporate models.

Service delivery in South Africa originated from the democratic government promising a better life for all. Several Papers and Acts were legislated for the government to realise this promise made to citizens. Three phases occurred before the local government was firmly established, namely, pre local government elections, 1995/6 local government elections of transitional local government, and 5 December 2000 local government elections. Local government is divided into four categories, namely B1 to B4. The 1996 Constitution of the Republic of South Africa states that the main purpose of the establishment of local government is to provide services to the community. Local government services are classified as commercial, security, economic, environmental, subsidized and convenience. To achieve effective service delivery, the following basic principles must be adhered to, namely affordability, accessibility, quality, integration, accountability, value for money, promotion of competitiveness, and promotion of constitutional values. Local governments should also consider external and internal mechanisms, especially partnering with other local governments, for effective provisioning of service delivery.

The following challenges were found to be working against the promise of the government, namely lack of internal control and poor governance, lack of capacity, deviations from MFMA and SCM prescriptions, lack of supervision, monitoring and performance management, skewed recruitment, selection and appointment culture, lack of accountability and growing political interference.

CHAPTER 4

LEGISLATIVE FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT AND SERVICE DELIVERY

4.1 INTRODUCTION

Globally, public procurement and service delivery are considerable subjects that need legal treatment (Baeyens, 2017: 99). Public officials are pressurised by the expectation from public stakeholders and role players to improve the performance of municipalities in terms of service delivery (van der Waldt, 2004: 82). The Constitution of the RSA (1996) established a framework for the development of local government that is effective, efficient and sustainable. The need for Acts that guide the activities of local government arose. These Acts must reflect the values of the constitution (van der Waldt, 2004: 52). Van der Walt (2014: 52) emphasises that these Acts must include strategies that address the serious challenges faced by municipalities.

This chapter explores the regulatory framework for SCM, elements of SCM, role players in SCM, SCM principles, the code of conduct of SCM practitioners, and the regulatory framework of service delivery.

4.2 REGULATORY FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

To regulate SCM processes in government, the South African government has enacted several Acts. The following are viewed as the most important pieces of enacted legislation which regulate supply chain management in the public sector.

4.2.1 The Constitution of the Republic of South Africa, 1996

The Constitution is the supreme law of the country. Any law or conduct which is not consistent with it is invalid and the obligation of the constitution must always be fulfilled. Chapter 7, section 153(a) of the Constitution requires municipalities to structure and manage their administration, budgeting and planning processes in such a manner that they give priority to the basic needs of the community, and promote the social and economic development of the community (RSA, 1996).

Chapter 13, section 217(1) further states that when contracting for goods and services, an organ of state must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective (RSA 1996). Section 217(2) allows an organ of state to implement a preferential procurement policy that provides for categories of preference in the allocation of contracts, and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination (RSA 1996).

Municipalities are expected to adhere to the Constitutional requirements when developing their own supply chain management policies. To give effect to the Constitutional requirements stated in section 153 and 217, the National Government further enacted the following Acts that are applicable to the municipal sphere of government:

4.2.2 Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA)

The PPPFA was enacted on 2 February 2000 and commenced on 3 February 2000. The Act gives effect to section 217(3) of the Constitution as it provides a framework to implement a procurement policy as contemplated by section 217(2) of the Constitution. Chapter 1 of the PPPFA states that each municipality and municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that is fair, equitable, transparent, competitive and cost effective (RSA 2000c). The policy must also be consistent with all applicable legislations. Preferential Procurement Regulations were issued in 2001 in terms in terms of the PPPFA prescribing a preference point system and formula to be used to calculate points for awarding contracts (RSA 2000c).

4.2.3 Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)

The MFMA commenced in 2003 with its main objective to ensure that the fiscal and financial affairs of municipalities were managed effectively in a sustainable manner (RSA 2003b). Section 111 of the MFMA requires the implementation of SCM by a municipality in accordance with Section 217 of the Constitution. In this regard, Section 112 of the MFMA states that the supply chain management policy of a municipality must be fair, equitable, transparent, competitive and cost effective and comply with the prescribed framework. The SCM policy must sufficiently describe in detail the supply chain management system and the effective systems for demand, acquisition, logistics, disposal, and risk and performance management. The MFMA serves four purposes, namely (RSA 2003b: 111):

- regulation of financial management;

- setting of requirements for effective and efficient management of expenditure, revenue, assets and liabilities;
- definition of responsibilities; and
- determining a governance framework of financial management.

Section 43(1) allows the national and provincial governments to assist municipalities to manage their finances effectively, efficiently and in a transparent manner. National and provincial government must in addition support municipalities in identifying and solving their financial problems. The MFMA through section 78 further allocates responsibilities to senior officials of a municipality to ensure that management is diligent, efficient and effective (RSA 2003b).

4.2.4 Construction Industry Development Board Act, 2000 (Act 38 of 2000) (CIDB)

The CIDB Act was published on 17 November 2000 in Government Gazette number 21755 for public information and was accepted on 23 November 2000. According to section 16(3) of chapter 2 of the Construction Industry Development Board Act, the Minister of Public Works must prescribe the procedure for the invitation, awarding and management of public-sector construction procurement. In doing so, the Minister must adhere to chapter 13, section 217 of the Constitution (RSA 2000b). Section 16(1) of the CIDB Act allows for the establishment of a national register of contractors. The register must categorise contractors in such a way that it facilitates public sector procurement and promotes contractor development. The CIDB Board must ensure that it exercises its powers, functions and duties related to SCM matters as contemplated in section 5 of the CIDB Act, which requires the Board to provide strategic leadership in construction related procurement. The manner in which construction contracts are invited, awarded and managed must be prescribed by the Minister responsible for Public Works through the policy on procurement. All government institutions must abide by such a procurement policy during their procurement processes.

4.2.5 Promotion of Access to Information Act, 2000 (Act 2 of 2000) (PAIA)

PAIA was accepted on 2 February 2000 and commenced on 9 March 2001. The Act gives effect to section 32(1a) of the Constitution and states that everyone has the right to access to any information held by the state (RSA 2000f). Service providers are therefore entitled to any information about any tender that they find useful. In this regard, section 11 states that a requester must be given access to a record of a public institution if that requester complies with all the procedural requirements in the Act relating to a request for access to that record.

PAIA emphasizes the objectives of section 217(1) of the Constitution by ensuring that tender processes take place in a transparent manner.

4.2.6 Promotion of Administration Justice Act, 2000 (Act 3 of2000) (PAJA)

PAJA was accepted on 3 February 2000 and became operational on 30 November 2000. The Act gives effect to section 33(1) of the Constitution and determines that anyone has the right to administrative action that is lawful, reasonable, and procedurally fair (RSA 2000d). PAJA also supports the objectives of section 217(1) of the Constitution and, should there be any suspicion that the tendering procedure is flawed, bidders may use both the PAIA and PAJA Acts to access bid documents. Section 3(3) of the PAJA Act provides a person who feels that his / her rights have been adversely affected an opportunity to obtain assistance of any type and to present his / her argument. Section 4 and 5 of the Act further determines the procedure to be followed by an institution or official when executing administrative action that materially and adversely affects the rights of the public.

4.2.7 Competition Amendment Act, 2009 (Act 1 of 2009) (CA)

The Competition Amendment Act was enacted on 26 August 2009 and aims to promote competition within South Africa (RSA 2009c). Municipalities should therefore strive to achieve effective competition during the procurement process by adhering to the objectives of section 217(1) of the Constitution which require procurement practices to be competitive. Chapter 2, section 22 of the Constitution (1996) allows every citizen the right to choose trade, occupation, or profession freely, which may be regulated by law. Adhering to the principles of the Competition Act allows municipalities to promote and maintain competition during the procurement process.

4.2.8 Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)

The Act was enacted on 27 April 2004. The aim of the Act is to strengthen measures of preventing and combating corruption and corrupt activities and to provide investigative measures for offences of corruption and corrupt activities (RSA 2004b). Part 3 of the Prevention and Combating of Corrupt Activities Act defines offences in respect of corrupt activities relating to receiving or offering of unauthorized gratification. The Act supports the objectives of section 217(1) of the Constitution, promotes fairness, and discourages the non-disclosure conflict of interest by officials who administer the bid process. The Act empowers municipalities to combat corruption and protect employees who make disclosures regarding

an employer. Chapter 2 of the Act describes the offences which are regarded as corrupt activities in the public sector.

4.2.9 Public Audit Act, 2004 (Act 25 of 2004)

The Act was enacted on 14 of December 2004 and is supported by Section 188 of the Constitution. According to chapter 2, section 3 of the Public Audit Act, the Auditor General is the only recognised supreme audit accountable to the National Assembly. The AG must be impartial and carry out his or her official duties without favour, fear, and prejudice. Section 4 gives effect to the Auditor General and mandates the office of the Auditor General to audit and report on the accounts, financial statements and financial management of all organs of state, namely the national and provincial departments, municipalities and any other institution required by legislation, including institutions receiving money for public purpose by the National or Provincial Revenue Fund or a municipality (RSA 2004c). The Public Audit Act also supports Section 217(1) of the Constitution in terms of a procurement system that is fair, competitive, cost effective, equitable and transparent.

4.2.10 Public Protector Act, 1994 (Act 23 of 1994)

The Act was accepted on 7 January 2004 and commenced on 21 April 2004. Chapter 9, section 192 of the Constitution gives effect to the appointment of the Public Protector. The purpose of the Act is "to investigate matters and to protect the public against matters such as maladministration in connection with the affairs of government, improper conduct by a person performing a public function, improper acts with respect to public money, improper or unlawful enrichment of a person performing a public function and an act or omission by a person performing a public function resulting in improper prejudice to another person". Section 182 of the Constitution mandates the Public Protector to investigate any conduct in State affairs, or in the public administration in any sphere of government, that is alleged or suspected to be improper (RSA 1996). The Public Protector is legislated to promote transparency and accountability of financial management in the public sector and support the Constitutional prescripts on public sector procurement (RSA 1994).

4.2.11 Broad Based Black Economic Empowerment Act 53 of 2003 (BBBEE)

Ambe (2017: 230) defined BBBEE as a socioeconomic process that provides disadvantaged people with an opportunity to participate in the economy of the country, thus contributing towards economic transformation and reducing income inequality. The BBBEE Act was enacted on 26 November 1994 and establishes a code of good practice by ensuring the

development and implementation of a preferential procurement policy (RSA 2003a). The BBBEE Act followed the promulgation and implementation of the PPPFA and regulations supporting the preference point system strategy. The Act also aims at empowering local and rural communities through access to economic activities by introducing a scorecard for BBBEE status. In determining BBEEE status, the core elements to be considered are ownership, management control, skills development, new enterprise, supplier development and socio-economic development (Dube *et al*, 2017: 436). The objectives of the BBBEE Act are to (RSA, 2003a: 4 of 14):

- enable participation of Black people in the economy;
- change racial composition of ownership and management structures of existing and new enterprises;
- promote access to finance for black economic empowerment;
- promote investment programmes that will enable the economic participation of black people;
- increase the extent of ownership management of black women in existing and new enterprises; and
- empower rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills.

The code of good practice for BBBEE, created by legislation, gives a detailed explanation of the framework, measurement of ownership and the evaluation of the generic scorecard. The scorecard consists of seven elements which are used to explain the measurement of the indicators (Ambe,2017: 381). Table 4.1 below indicates the pillars and elements of BBBEE.

TABLE 4.1: ELEMENTS AND PILLARS OF THE GENERIC BBBEE SCORECARD

Pilar		Elements	Weighting	Objective
Direct empowerment		ownership	20%	To increase black people and black women with voting rights.
		Management	10%	To increase senior black decision making in senior management and at executive board level.
Employment equity		Employment equity	15%	Encouraging companies to increase the employment of black people at lower, middle and top management positions.
		Skills development	15%	To encourage companies to invest in skills development and learnerships of black people.
Indirect empowerment		Preferential procurement	20%	To develop and expand black small and medium enterprises.
		Enterprise development	15%	To encourage spending on SMMEs and black owned companies.
Residual		Socioeconomic	5%	To provide black people with means to generate income.

Source: Department of Trade and Industry (2013: 10)

4.2.12 Municipal Supply Chain Management Regulations 32 of 2005

The Minister of Finance issued the Municipal Supply Chain Management Regulations on 30 May 2005 in terms of section 160 of the MFMA (National Treasury, 2005e). The SCM regulations prescribe the processes to be followed by a municipality within the policy

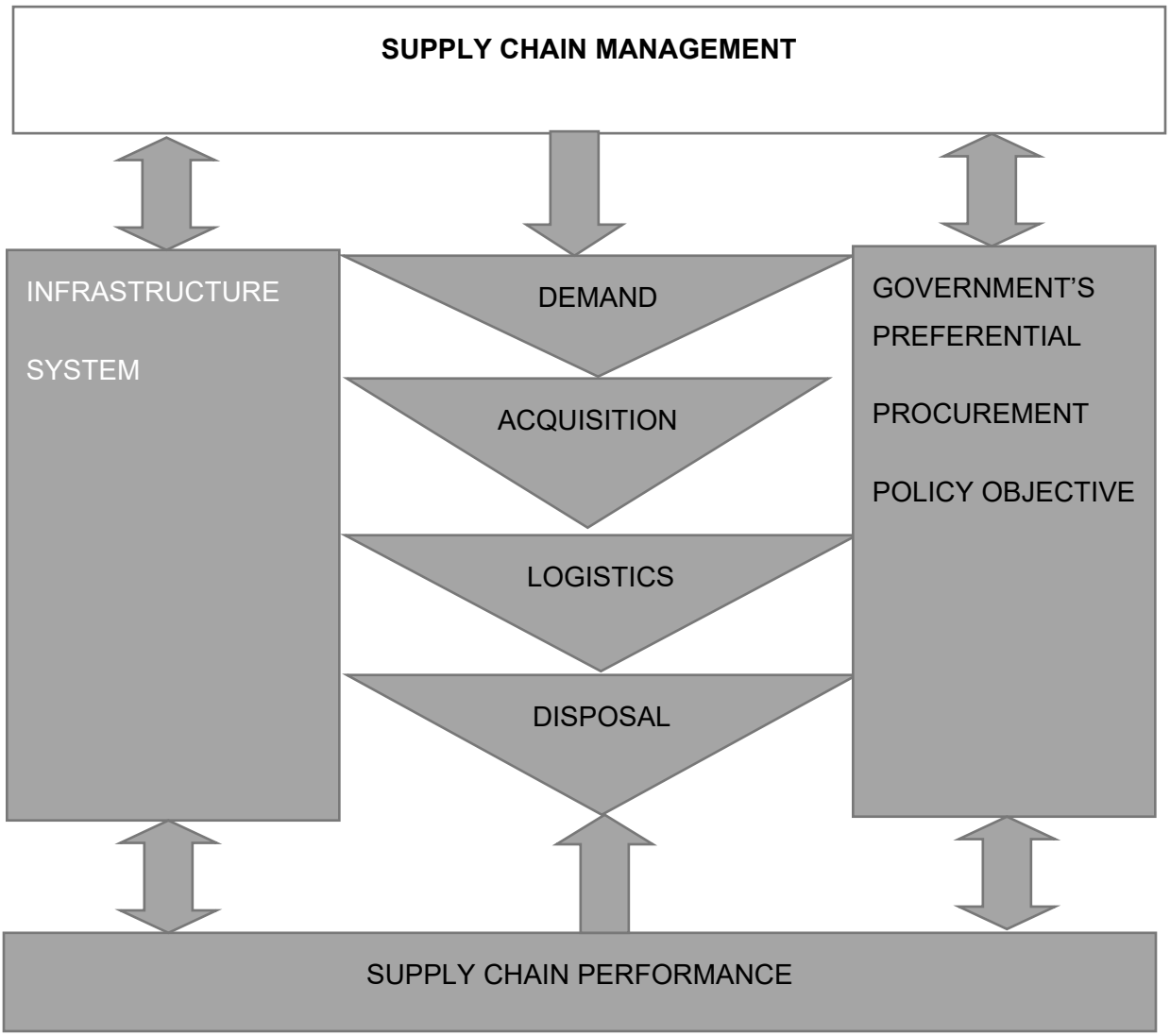
framework of that municipality and the proper management of the different elements of SCM. Procedures within the supply chain management framework and the management of the elements of the SCM framework must be in accordance with the objectives of section 217(1) of the Constitution, which are fair, competitive, cost effective, equitable and transparent.

In ensuring that these Acts and the regulations are properly implemented, four elements of supply chain management were identified and will be discussed in the next section.

4.3 ELEMENTS OF SUPPLY CHAIN MANAGEMENT

Supply Chain Management ensures that public money is invested in public goods and services with the objective of providing service delivery to the community. Improper implementation of the supply chain will affect service delivery (National Treasury, 2015a: 15). The activities involved include the planning of the budgeting phase, product and service selection, supply selection and management, bidding, requisition, catalogue management, ordering, invoicing and payment, customer service and asset management (RSA, 2003c: 19). Based on the objectives of SCM, which add value to each stage of the procurement process, the government, through its legislative framework, introduced the SCM Guideline to Accounting Officers during February 2004. This consists of four key elements of SCM as depicted in Figure 4.1 (Bizana *et al*, 2015: 669).

FIGURE 4.1: ELEMENTS OF GOVERNMENT SUPPLY CHAIN MANAGEMENT PROCESS



Source: Adapted from RSA (2003c: 20) and RSA (2004a: 10)

4.3.1 Demand management

Demand management ensures that resources necessary to satisfy the needs are identified in the strategic planning process, have been budgeted for, and are delivered in correct quantity and quality at the right time, place and price (Horn et al, 2014: 216 and National Treasury, 2005d: 25). The accounting officer of the municipality is responsible for the establishment and implementation of a demand management system. The demand management process should ensure that the required resources support the operational commitments and strategic goals as outlined by the Integrated Development Plan of the municipality, and must (RSA, 2003b: 21):

- include timeous planning and management processes to ensure that the required goods and services are quantified, budgeted for and timeously and effectively delivered to the right place, and are of the desired quality and quantity;
- consider the benefits of economies of scale;
- include the appropriate industry analysis and research; and
- make provision for the compilation of the required specification.

In addition, Horn et al (2014: 216) state that demand management must assess whether there is a need for the required goods or services; determine whether the need is in line with strategic objectives or the Integrated Development Plan; determine whether a need has been catered for in the budget; and determine the fulfilment method, namely whether it can be procured from other government institutions or departments or organs of state, via contracts, or via written price quotes or competitive bidding.

Ambe (2017: 370) states that during the process of demand management, accounting officers of government institutions or departments must:

- link the strategic plan with the budget;
- analyse current and previous expenditures;
- identify the critical delivery and lead dates accurately;
- understand the current and the future needs;
- determine the best methods for consideration;
- determine both upper and lower limits levels of inventory; and
- calculate the economic order quantity.

During the process of demand management, the bid specification committee must be established and should consists of four officials and the departmental manager in need of a good or service (Salga, 2017: 20).

Table 4.2 indicates the steps to be taken during the demand planning process and the contribution of supply chain throughout the process. The process requires planning, and the following key steps are critical in the process:

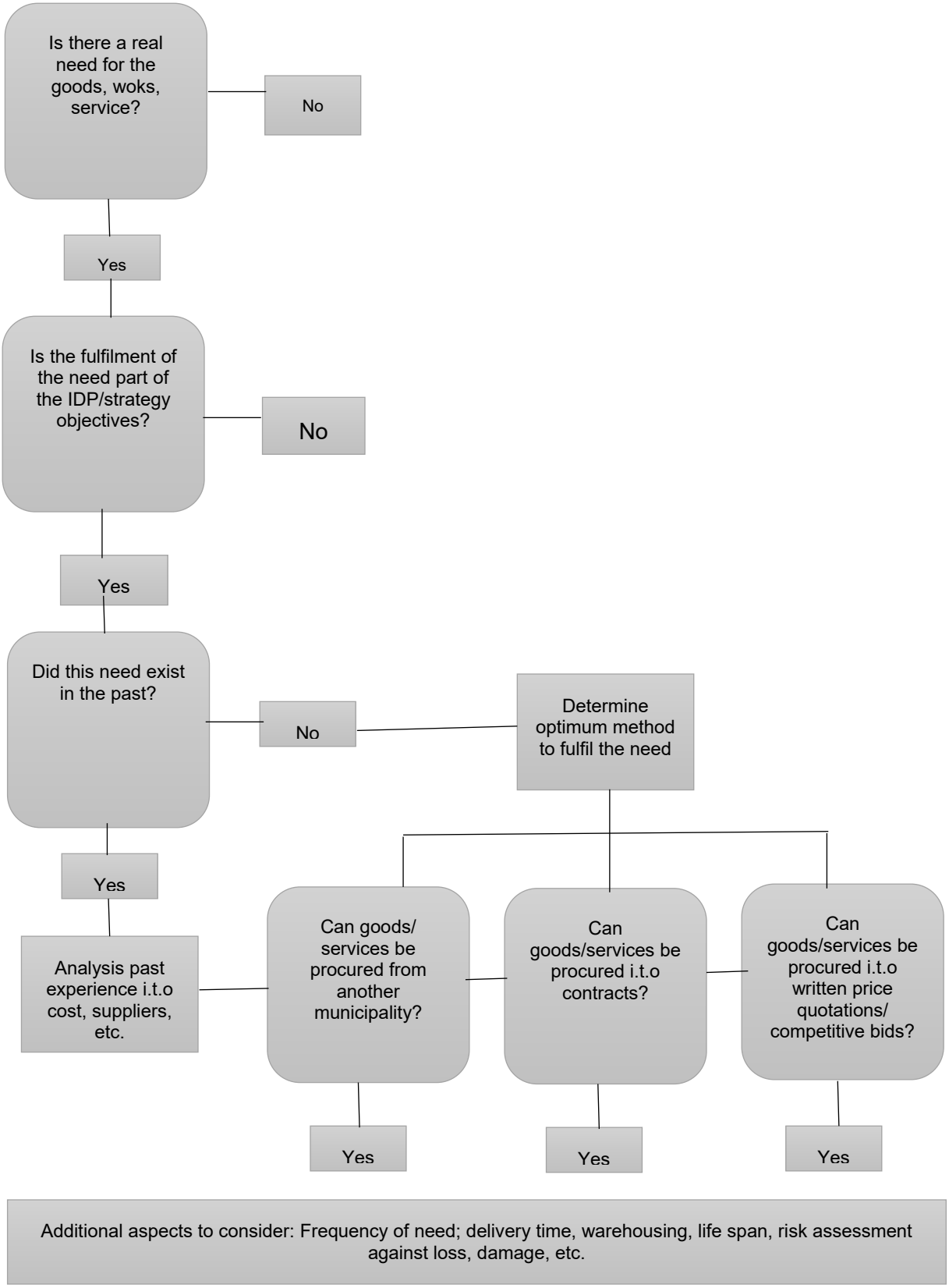
TABLE 4.2: STEPS IN THE DEMAND PLANNING PROCESS

Planning process step	Organisational considerations	Supply chain management considerations
Mission statement: Why?	Why the municipality exists.	SCM's role in assisting the municipality with its reason for existence.
Integrated development plan: What?	Outline the goals of the municipality.	Ensure implementation of strategic objectives by identifying how. key projects should be procured and the interventions required to ensure that services and products are available to execute them.
Operational plan: How?	Detailed objectives and descriptions of operational activities. Procurement plans of different departments. Identification of future needs of goods and services.	Ensuring the establishment and efficient and effective operation of committees. Consolidation of procurement plans. Preparation of bid/ quotations for appropriate quality and quantity of goods and services. Calculation of economic quantities and delivery times.
Service delivery and budget implementation plan: What and How much?	Resources are delivered at the correct time, at the right price and location. Also, resources are of satisfactory quality and in required quantity.	Alignment of operational plan with the approved budget's demand management considerations.

Adapted from Pauw, 2002: 93

Figure 4.2 below is a flowchart used to explain the process to be followed in planning and managing the demand. The figure also shows the link between implementation of supply chain, the strategic plan, and the budget of the municipality.

FIGURE 4.2: DEMAND MANAGEMENT PROCESS



Adapted from National Treasury (2004a: 26)

4.3.2 Acquisition management

Public procurement and inventory management are linked to each other and closely related. Inventory management includes the maintenance of proper storage accounting systems for acquired goods, determining the amount of goods to be stored, minimum and maximum levels to be ordered and disposal of items (Khalo, 2014: 228). The combination of public procurement and inventory management into one seamless and integrated process leads to the existence of supply chain management (Ambe, 2017: 369). Therefore, supply chain management is mainly concerned with the maximisation of affordability and value for money during procurement, logistics and disposal of assets of institutions (Moeti, 2007: 123).

Acquisition management is the second step in the SCM process, and it concentrates on the management of procurement by the government institution or department. During this step, the procuring department must ensure that procurement of goods or services is in line with the authorised process and does not exceed the approved budget. Acquisition management consists of the following steps (Horn *et al*, 2014: 216 and National Treasury, 2005c: 12):

- initiation;
- completion of bid documentation and evaluation criteria;
- assessing and awarding by bid adjudication committee;
- evaluation of bids in line with the criteria published; and
- ensuring the signing of proper contract documents.

Acquisition management ensures that the procurement of goods and services is done according to authorised processes and the expenditure is in line with the approved budget. Acquisition management also ensures adherence of threshold values for different procurement processes (Khalo, 2014: 228). According to Ambe (2017: 371), this is the process that ensures bid documentation, evaluation and adjudication criteria and that general conditions of contract are in line with treasury regulations and guidelines.

4.3.2.1 Procuring of goods and services

According to Ambe (2017: 371), procurement commences with market research, which includes benchmarking, industry analysis, and total cost of ownership analysis. The main purpose of the investigation is to establish a balanced approach by keeping pace with modern technology and developments.

The municipality must further select a sourcing strategy to acquire the goods or services that will be able to satisfy the requirements at the best price and with the required quality (Ambe, 2017: 371). Public procurement requires public institutions to use one of five methods for the acquisition of goods and services. The five sourcing strategies are competitive tendering, tendering process, two-stage tendering, single-source procurement, and request for quotations (National Treasury, 2004a: 32 – 34). Competitive tendering involves the participation of all service providers who are eligible to tender, meaning it is open to all prospective bidders (Cantore and Togan, 2017: 145). The tendering process as determined through the demand management process can either be open or closed. The open tender allows any qualified bidder to tender, and selection of the successful bidder is based on achieving the highest points. Closed tendering allows for a limited number of bidders to tender and bid invitations are sent to only a selected few. This tendering process reduces the risk of appointing unqualified contractors and subcontractors (Uher and Davenport, 2009: 196). Two-stage tendering is divided into two stages, the first stage being when bidders are requested to submit proposals specifying how they are going to fulfil the requirement. The proposals will be evaluated, and the highest-ranking proposal will be invited for further discussion and conclusion of an agreement. During the second stage, the highest-ranking bidder is requested to submit a financial proposal based on the agreed technical solution (RSA, 2004a: 33). A restricted tender process is used when goods or services are provided by a limited number of prospective tenderers (Kumar and Carbon, 2013: 69). A single source procurement is used when there is only one prospective tenderer and open bidding would not contribute to the aims of a procurements system. A request for quotations is used when the amounts are small and goods or services are readily available (Dagbanja, 2013: 92 – 93 and Carbon and Arrowsmith, 2013: 275).

According to the National Treasury supported by the MFMA, a municipality should follow the guideline in Table 4.3 when determining the sourcing method that should be followed:

TABLE 4.3: SOURCING METHOD

Method of acquisition	Value (VAT included)	Process required
Petty cash purchases	Up to R2 000	Petty cash usage in line with internal procedures: • Limiting purchases • Limiting certain expenditures • Monthly reconciliations.
Verbal or written price quotation	Over R2 000 but less than R10 000	Three verbal or written price quotations from accredited listed service providers. • Non-listed providers must have met minimum requirements if invited to bid. • Less than three quotations must be accompanied by reasons.
Formal written price quotations	Over R10 000 but less than R200 000	Three written price quotations from accredited listed service providers. • Non-listed providers must have met minimum requirements if invited to bid. • Less than three quotations must be accompanied by reasons.
	Procurement above R30 000 but less than R200 000	In addition to the above: • In line with PPPFA • Advertised at least 7 days before closing date.
Competitive bidding	Procurement above R200 000 Procurement of long contracts	Open, transparent, competitive bidding.

Adapted from National Treasury (2005c: 12)

According to the SCM Guide for Accounting Officers (National Treasury, 2004a: 13), accounting officers have the responsibility to ensure:

- the establishment, composition and functioning of bid committees;
- the selection of bid committees;
- the adjudication of bids by bid committees;
- the adjustment of bids by bid committees; and
- the approval of the recommendations of the bid committees.

It is the responsibility of the accounting officer to ensure that the bid committee documents, and contract conditions are in line with the National Treasury instructions (Khalo, 2014: 229).

TABLE 4.4: BID COMMITTEES

Committee	Composition	Functions
Bid specification	Four officials including the departmental manager in need of a good or service.	Compilation of technical specification, evaluation criteria and procurement methods.
Bid evaluation	Four officials including the departmental manager in need of a good or service.	Compilation of a report for the adjudication committee. The report must provide a list of service providers who meet the minimum requirements.
Bid adjudication	Senior officials of the municipality including SCM practitioner who acts as a chairperson or the Chief Financial Officer who can act as a chairperson.	Consideration of shortlisted service providers by the evaluation committee. To award a contract, it utilises two indicators, namely price and Broad Based Black Economic Empowerment (BBBEE) formula.

Source: Salga (2013: 20)

The South African Local Government Association (SALGA) emphasises the importance of the establishment of independent bid committees by the municipal accounting officer for the effective functioning of the acquisition process (Salga 2013: 12). The Guide for Accounting Officers of Municipalities and Municipal entities (National Treasury: 2005b) stipulates that in the competitive bidding process for transactions above R200 000 three committees should be

involved, namely the bid specification committee, bid evaluation committee and bid adjudication committee. Table 4.4 above provides a brief explanation of the composition and functions of the committees.

The purpose of the MFMA is *inter alia* to regulate the financial management of local governments, and furthermore to ensure that accounting officers are adhering to an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective (RSA,2003b: 75).

4.3.3 Bidding methods

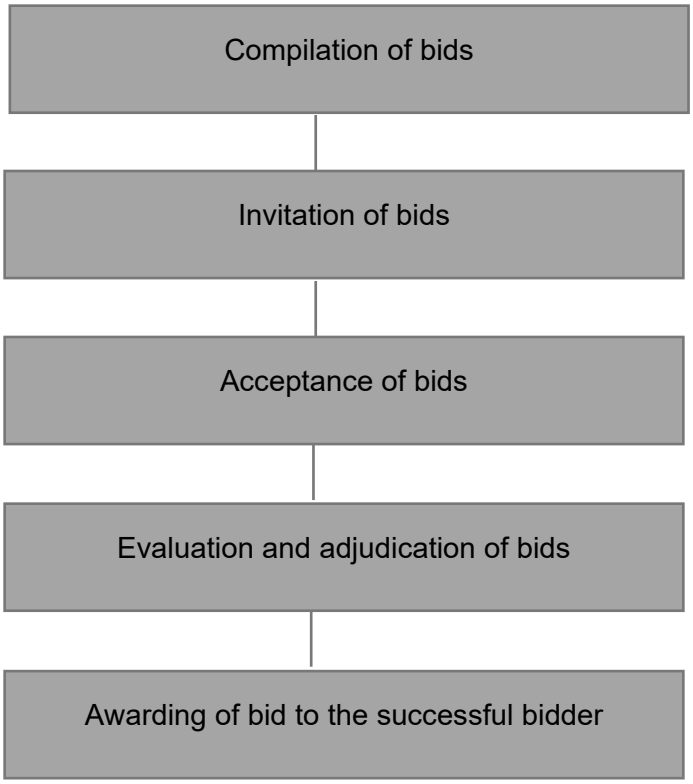
The outcome of the demand management phase determines the bidding method to be applied. There are two types of bidding, namely competitive and limited. Both types are applied when the procurement value is above R200 000. If below R200 000, the applicable method will either be petty cash, verbal or written price quotations, or formal written price quotation (National Treasury, 2015a: 23). Competitive bidding is applied when there are enough bidders in the market from which to obtain bids. The bid must be officially advertised to provide every prospective bidder with an opportunity to make an offer and compete with others. Limited bidding is used when there are not enough bidders to bid for the contract (Khalo, 2014: 234). Limited bidding involves three variations. Firstly, multiple source bidding, which allows a few prospective bidders to make proposals. In the second instance, single source bidding, where one bidder from the prospective bidders is requested to submit a proposal. This should be preceded by a fair and transparent pre-selection process. Thirdly, sole source bidding, which is used when there is only one bidder able to provide the product or service, for instance when the sole source bidder has the patent rights or sole distribution rights (National Treasury, 2005b: 13).

4.3.4 Bidding process

The procurement of goods and services in the public sector which are in excess of the amounts required for written quotations requires the arrangement of formal tenders. Local government procurement above R200 000 must follow a competitive bidding process (Khalo: 2014: 233). The main objective of competitive bidding is to avoid irregularities in procurement and to make public procurement competitive. Competitive bidding ensures high quality of goods and services at a reasonable cost, thus the achievement of value for money (Ambe, 2017: 371 - 372).

Municipalities are constitutionally obliged to draft and adopt supply chain management policies. The policies must be in line with national legislation and must also cover effective systems for demand, acquisition, logistics, disposal, risk and performance management (Wall *et al*, 2013: 46). The bidding process should be consistent with the PPPF Act and Preferential Procurement Regulations. The bidding process of a Municipality consists of three phases, namely preparation and invitation of bids, evaluation, and finally approval or adjudication of bids. The bidding process starts when the procuring department within the government institution makes a request to the SCM unit for goods or service required (Khalo, 2014: 233 - 234). The five stages of the bidding process are set out in figure 4.3:

FIGURE 4.3: STAGES OF BIDDING PROCESS



Source: National Treasury (2005c: 19 and 20)

The bid committees – namely bid specification, bid evaluation and bid adjudication – in consultation with the SCM unit will oversee the bidding process. Before commencement of the bidding process, the accounting officer must first plan the provisioning of the goods or service. The planning will help to identify whether the provision is in line with the strategic plan. Through planning, the accounting officer will see to it that the required goods or service satisfy the quantity and quality needed and will be delivered at the correct time, price and place (Ambe, 2017: 377).

Compiling bid documents is the most important stage, as it forms the basis of the bidding process (Khalo, 2014: 233). The bid documents must be prepared in English and include at least the delivery address, for both postage and hand delivery, closing time and date – usually more than 30 days for procurement above R10 million and 14 days for procurement below R10 million – and the validity period. The documentation must also specify that emailed or faxed bids must also be accompanied by a hard copy. Special requirements such as site inspection by potential bidders must be specified. The bid specification committee is responsible for compiling the bid specifications (National Treasury, 2005c). The compilation of the bid should be unbiased and allow all potential bidders equality to bid (Ambe, 2013: 19).

The invitation of bids should be accessible to all potential bidders. The bid must be advertised in the Government Bulletin and in both local and national newspapers and the website of the government institution. The publication means should be economical and ensure a transparent, fair, competitive and equitable bidding process (Khalo, 2014: 234). The bid box must be placed at the government institution where bidders can deposit the bids should they wish to hand deliver their bids; also, bids received through post should be recorded and deposited into the box. All bids submitted on time should proceed to the next stage. Late bids should be disqualified and returned unopened via registered mail. Disqualified bids without an address on the envelope can be opened in order to get a delivery address (Khalo, 2014: 235). The qualifying bids should be opened in public at the same time. The names of all bidders and their bidding price should be announced to the public if requested by the bidder and if this is practical. The accounting officer must record all bids in a register which must be available for public view. Also, the register, together with the results, must be published on the government institution's website (National Treasury, 2005c: 19 – 20).

The next stage will evaluate the qualifying bids in terms of meeting the closing date. The bid evaluation committee must perform its role in accordance with policies and regulations of SCM (Ambe, 2017: 374). Khalo (2014: 235) emphasises that the bid evaluation committee should evaluate the bids according to specified evaluation criteria, as in the bid documentation and in line with the preference point system. The bid evaluation committee must verify that bidders satisfy the following conditions:

- there is compliance with specifications and conditions of the bid;
- the bid offers value for money;
- the bidder has not already been awarded contracts within a year;
- reference points have been allocated;
- the bid forms are completed and signed;

- previous performance in the execution of awarded contracts has been adequate;
- tax certificate and clearance forms have been included; and
- there is the capability and ability to fulfil the contract.

If the above conditions are satisfied, the bid evaluation committee can evaluate and send the report to the bid adjudication committee (Ambe, 2017: 374).

The bid adjudication committee will make a final award, or recommend to the accounting officer for final award, or how to proceed with the procurement. The accounting officer must appoint the chairperson of the committee who must call the meeting. The bid adjudication committee must, before making any recommendation, ensure that:

- all bid documents have been submitted;
- disqualifications of bids have been justified;
- passing over of bids has been valid and accountable;
- application of scoring has been consistent and fair and correctly calculated; and
- declaration of interest has been considered (Khalo, 2014: 235).

The preference point system as prescribed by PPPFA should be used when evaluating bids. According to section 2(a) of PPPFA, the procuring government institution must determine and implement the preferential procurement policy (Khalo, 2014: 233). There are two preference point systems to apply for bids exceeding R30 000, namely the 80/20 and the 90/10. There are two stages to follow in the evaluation of accepted bids: firstly, the evaluation based on the minimum threshold regarding local production and content, and secondly, evaluation based on the preference point system. Bids that fail to satisfy the first stage and fail to submit a Declaration Certificate should be disqualified (Ambe, 2017: 383).

4.4 ROLE PLAYERS IN SCM

Ensuring that there is a proper implementation of the elements of SCM, as discussed above, are certain role players who must see to these elements being carried out. National Treasury prescribes to role players by means of a guide for accounting officers and municipal entities, as outlined in Table 4.5. The role players are there to implement the SCM policy and to implement the related legislation. According to chapter 11 of MFMA, each municipality or municipal entity must establish a SCM unit that will implement the SCM policy (RSA, 2003b: 111).

TABLE 4.5: KEY ROLE PLAYERS IN SCM

Key role player	Functions
National Treasury	Develops and oversees the implementation of SCM policy in all Government entities.
Provincial Treasury	Supports local, district and metropolitan municipalities with the implementation of SCM policy and also assists with capacity building.
Municipal Council	Approves the structure of the SCM unit within the municipality and ensures that the SCM policy is executed accordingly by accounting officers.
Accounting Officers	Establishes an effective SCM unit and ensures that the unit is capacitated.
SCM Unit	Ensures the proper implementation of SCM policy and also the principles of fair dealing, competition and transparency in acquisition. Implements the SCM policy and carries out operational activities.

Adapted from National Treasury (2005a)

The abovementioned role players should adhere to high levels of ethical conduct guided by official codes of conduct and should follow certain principles. The adherence to ethics and codes of conduct depends on the pillars of SCM.

4.5 SUPPLY CHAIN MANAGEMENT PRINCIPLES

In ensuring effective and efficient SCM practices, it is necessary that officials involved in SCM must adhere to specific principles. These principles are often referred to as pillars of SCM. All principles support effective and efficient SCM and should one of them be neglected the implementation and function of the whole supply chain may collapse (National Treasury, 2005a: 9). Figure 4.4 depicts the five principles applicable to supply chain management.

FIGURE 4.4: SUPPLY CHAIN MANAGEMENT PRINCIPLES

Adapted from RSA (2005a: 9)

4.5.1 Value for money

Value for money can be described as a test used by an organ of state to justify a specific procurement outcome (Ambe, 2017: 367). The acceptance of a bid influenced by the lowest price need not necessarily constitute value for money because lower prices can be associated with an inferior product (Matjhabeng, 2013: 20). Value for money means obtaining the best available outcome when relevant costs and benefits have been considered (National Treasury: 2005a: 9). The procurement function must provide value for money in a manner that is cost effective throughout (National Treasury, 2004a: 17):

- avoiding unnecessary costs and delays;
- monitoring the supply arrangements and reconsidering if expected benefits can be attained; and
- ensuring continuous improvement in the efficiency of internal systems and processes.

The municipality must use essential tests to justify the outcome of a procurement. The use of price as the only reliable indicator should be avoided, as should value for money obtained by accepting the lowest price offer that meets the required specification. It is for this reason that

proper and correct specifications are so important. Included in the best value for money is quality, cost and flexibility (Ambe, 2006: 27).

4.5.2 Open and effective competition

The procurement process must be transparent in providing every prospective bidder ample opportunity to compete (Khalo, 2014: 228). The laws, practices, policies and procedures according to which procurement takes place must be accessible to all prospective bidders and should be transparent and fair to all involved parties. Advertisement of bids and the procurement methods followed should encourage effective competition amongst the bidders and favouritism towards any bidder must be avoided (National Treasury, 2004a: 18). The procurement process should be open, and the costs of bidding should not discourage competent suppliers from partaking in the bidding process. Ambe (2017: 367) emphasises that government officials must ensure that:

- potential suppliers have ample access to procurement opportunities;
- there is no favouritism and bias;
- bidding costs should not prohibit potential bidders from the opportunity of bidding; and
- costs of promoting competition should be equivalent to benefits.

Open and effective competition ensures that the procurement is understandable, transparent, and does not favour any bidder at the expense of others (Khalo, 2014: 227). Unlawful and unethical behaviour by officials should be avoided and the provisions of the PPPF should be observed (RSA, 2005a: 10).

4.5.3 Ethics and fairness

Fairness in procurement is realised when all prospective bidders who submitted bids on time are considered and the chosen bidder qualifies according to the requirements of the bid documents (Ambe and Badenhorst-Weiss, 2011a: 1105). In addition, when dealing with one another, all parties must comply with ethical standards based on trust and respect and business should be conducted in a fair and reasonable manner (Bolton, 2014: 2320). Ambe (2006: 29; and 2017: 367) identifies the following requirements to be considered by procurement practitioners when carrying out the procurement process:

- they deal with conflict of interest if it exists;
- they even-handedly deal with suppliers;

- they ensure that the image of government is not compromised through acceptance of gifts, bribes or hospitality;
- they use public property with respect; and
- they avoid and eliminate fraud and corruption

Supply chain management practitioners must comply with ethical standards to ensure that their integrity is not compromised. For this reason, the acceptance of bribes and any gifts from prospective suppliers should be avoided, as this may compromise the integrity of officials involved in the procurement process (Khalo, 2014: 227).

4.5.4 Accountability and reporting

Accountability is a Constitutional requirement in all public institutions. Van der Waldt, (2004: 14) states that officials who abide by the required ethical standards and deal with the procurement process in a fair manner find it easy to account for their actions. Accountability can be used as a criterion which measures the performance of public officials by accounting for their plans, actions, and outcomes (National Treasury, 2005c: 7 and National Treasury, 2004a: 1). The accountability within a municipality procurement framework is summarised in Table 4.8.

4.5.5 Equity

When advertising the bid, all bidders must be awarded equal opportunity to submit bids. When submitted bids are considered, equity should be ensured. According to Ambe (2017: 368), equity in the procurement process implies the application and observing of government policies which aim at advancing historically disadvantaged individuals. Table 4.6 shows SCM role player's accountability.

TABLE 4.6: ACCOUNTABILITY IN PUBLIC PROCUREMENT

Reporter	To	On what
Municipal Manager	Municipal Council	Management of procurement committees
Chief Financial Officer	Municipal Manager	Management of procurement activities
SCM Manager	Chief Financial Officer	Management and coordination of activities
SCM Practitioners	SCM Manager	Service providers

Source: RSA, 2005c

Small, medium, and micro enterprises, together with historically disadvantaged individuals, must play a bigger role in the development of the economy of South Africa. The implementation of PPPFA by the government has laid the foundation which forms the basics of all procurement activities (National Treasury, 2005c). According to Khalo, (2014: 227) equity in procurement will ensure that small, medium, and micro enterprises and previously disadvantaged individuals play a vital role in the economy. The requirements of the PPPFA are vital in ensuring equity and aims, in order to (Khalo, 2014: 227 and National Treasury, 2005c: 7):

- Advance SMME's and HDI's development;
- promote physically handicapped people and women;
- create new jobs;
- promote local enterprises in provinces, regions, local authorities or rural areas; and
- support local products.

Should the SCM unit fail to adhere to one of these elements, the procurement system may fail. The abovementioned elements should therefore exist during the public procurement process (Horn *et al*, 2014: 214).

Procurement activities are guided by a code of conduct, which aims to ensure that SCM adheres to ethical principles.

4.6 CODE OF CONDUCT OF SCM PRACTITIONERS

The Accounting Officer should provide, through an SCM policy, measures to prevent abuse of the SCM system, investigate allegations against role players of fraud and corruption, and ensure that neither the recommended bidder nor any of the directors of the company are listed as restricted to do business with the municipality (National Treasury, 2015a). The key role players in SCM are guided by a code of conduct when performing their functions. The code of conduct promotes mutual trust and respect and creates a business environment that is fair and reasonable (National Treasury, 2003c). The main principles of the Code of Conduct are discussed below:

4.6.1 General principles

The South African government has committed itself to fair dealings and integrity when practising business (Bolton, 2014: 2320). Supply chain management practitioners must therefore perform their duties in a manner that is in line with this commitment. Any form of payment, compensation, or personal gain in an unlawful manner from anyone who is doing business with government must be avoided. Duties should be executed effectively, efficiently and with integrity to ensure the responsible administration of resources, and fairness and impartiality should be maintained at all times (National Treasury, 2003c).

4.6.2 Conflict of interest

According to National Treasury (2003c), conflict of interest takes place when a person benefits from decisions made in their official capacity. Practitioners are therefore expected to declare their business, commercial and financial interests or activities that may result in conflict of interest and should avoid taking improper advantage of their official employment position (RSA, 2004b: 57).

4.6.3 Accountability

Van der Waldt (2004: 46) defines accountability as a process through which public officials can be held answerable for their conduct. Accountability enables municipal officials to improve financial management, hence the MFMA defines the discretion to perform activities to particular officials at different levels in a municipality. SCM practitioners therefore report to supervisors and are accountable for their actions. Practitioners should record and account through an appropriate accounting system, and misleading or false entries into the system should be avoided (RSA, 2004b: 8).

4.6.4 Openness

According to Pribadi (2018: 561), openness is characterised by an emphasis on transparency and free access to information. Practitioners should act openly in all decisions and actions taken and reasons should be provided for such decisions and actions. Openness will ensure that bidders have equal and free access to information about the tendering process and warrants transparency and reduces favouritism towards any bidder (National Treasury, 2003c).

4.6.6 Confidentiality

Practitioners work with bidders' confidential information and should therefore avoid disclosing any information about the bid or bidder, especially when such information will violate the personal rights of the bidder (National Treasury, 2006). Practitioners should only disclose information when required to do so by legislation, or within the provisions of the law. A practitioner may not disclose without permission any information about the tendering process to an unauthorised person. Confidentiality in the procurement process will reduce cases of dissatisfaction by bidders who have not been awarded a tender (National Treasury, 2003c).

4.6.6 Combative practices

According to Bolton (2014: 2322), combative practices are unethical and illegal and should be avoided at all costs. Combative practices include activities like cover quoting, suggestions to fictitiously lower quotation amounts, exploring errors in bids, or soliciting bids of restricted bidders. A practitioner cannot accept or request a gift or reward or favour for carrying out his or her responsibility (National Treasury, 2003c).

4.7 REGULATORY FRAMEWORK FOR SERVICE DELIVERY

The South African government legislated various Acts to ensure the provision of services by municipalities. The aim of these Acts is to ensure that services are provided in an economical, efficient, effective, transparent, and accountable manner (Mfene, 2009: 210). The following are the most important Acts that are applicable to local government.

4.7.1 Constitution of the Republic of South Africa, 1996

The provision of public services to local communities in a sustainable manner is a constitutional imperative for all municipal governments (Mholi and Kahilu, 2016: 518). According to Bolton (2014: 2322), section 24 gives every citizen the right to an environment that is not harmful and that is protected from pollution. Every citizen has a right to access adequate housing according to section 26, while section 27 gives the citizens the right to access health care services, safe water, and social security. The right to access basic and further education is contained in section 29.

Section 2, chapter 1 stipulates that "This Constitution is the supreme law of the Republic; law or conduct inconsistent with it is invalid, and the obligation imposed by it must be fulfilled". This means that there are no legal norms in the State above the Constitution. The Constitution

regulates all components of the government and related norms. Municipalities must function and be structured according to national legislation, execute the policies of the government loyally and lawfully, and have the contents of the Bill of Rights when executing their responsibility. Chapter 10, section 195(1) gives guidance to the conduct of public officials when executing their duties. The principles that guide the provision of services entrust all spheres of government with the responsibility of delivering public service in an effective and efficient manner, and the following provisions are included:

- public participation must be encouraged;
- the provision of services must be fair, impartial, equitable and unbiased;
- economical and effective responses must be made to the needs of the citizens;
- an accountable, transparent, and developmental public service must be built; and
- the promotion and maintenance of high professional standard of ethics must be guaranteed.

Section 3(2), chapter 1 stipulates that all citizens are equally entitled to the rights, privileges and benefits of citizenship and equally subject to the duties and responsibilities of citizenship. This implies that it is the duty of a municipality to ensure that citizens receive the rights, benefits, and privileges they are entitled to.

Section 153 of chapter 7 allows a municipality to structure and manage its administration, budgeting, and planning processes to give priority to the basic needs of the community and to promote both social and economic development of the community. Section 154 states that the National and Provincial governments must support and strengthen the capacity of municipalities to manage their own affairs, exercise their own powers and perform their functions. Section 155(7) empowers both the national and provincial governments to establish a municipality, regulate how the municipality performs its functions, as listed in schedules 4B and 5B of the constitution, mentors and supports the municipality, and intervenes in the affairs of the municipality (Van der Waldt, 2004: 85). According to Section 214 of chapter 13, Parliament must divide the accumulated revenue among the National, Provincial and Local spheres of government. Section 229 allows a Municipality to impose rates on property and fees for services provided by or on behalf of the Municipality through partnerships. Municipalities can also impose appropriate taxes, levies, and duties. Section 230A allows the municipal council to raise loans for current and capital expenditure. Current expenditure loans can only be raised for bridging purposes. The Municipal budget and budgetary process must concentrate on the promotion of accountability, transparency and effective financial management of the economy, debt and the public sector. Section 139 allows for provincial

intervention if the municipality fails to fulfil its constitutional obligation, especially that of meeting the minimum standards for the rendering of basic municipal services (van der Waldt, 2014b: 54).

4.7.2 The White Paper on Transforming Public Service Delivery (Batho Pele) 1997

The basic principles of service delivery, as outlined by the White Paper on transforming public service delivery, provide a framework as a base of municipal service delivery. These services must be accessible, affordable and of an acceptable quality and the providers and implementers must be accountable for the provisioning and delivery (Van der Waldt, 2004: 319). In addition, services must be sustainable, of good value for money, and the provisioning should ensure and promote competitiveness and democracy to local industry and economy (RSA, 1998a: 77 and 98). The purpose of the White Paper 1997 is to provide a policy framework and a practical implementation strategy for the transformation of public service delivery. The transformation of public service delivery introduced an approach called Batho Pele (People First) to ensure the active participation of the community through the development of a service orientated culture. The emphasis is on how public service should be provided and not on what services must be provided (Van der Waldt, 2004: 87). The policy of Batho Pele identifies eight service delivery principles which are discussed below.

- Consultation: The municipality should consult the community about the level and quality of public services they receive. Consultation will minimise resistance to policy and add legitimacy to it.
- Service standards: The municipality must inform the community about the level and quality of services that will be delivered in order for the community to know what they are expecting. Service standards should clearly indicate quantity, quality, and timeliness.
- Access: All community members should have equal access to the services. Increasing access will give effect to the Constitutional principle of a public service that is offered fairly, equitably, impartially and without bias.
- Courtesy: Municipal employees have been employed to help the community to access public services. In their endeavour, they must always be helpful and courteous. Ensuring courtesy gives effect to the Constitutional principle of human dignity.
- Information: All community members should be provided with full and correct information about the public service they are entitled to. Provision of more and accurate information will strengthen the climate of public accountability and openness.

- Openness and transparency: Community members should be informed about how the municipality is run and the costs involved. Increasing openness and transparency imply letting the community know how the municipality is achieving its promised standards of service delivery and how non-delivery will be addressed.
- Redress: Community members should receive an apology for non-delivery followed by an explanation of how the non-delivery will be addressed. A mechanism should be put in place to record public dissatisfactions and complaints must be addressed efficiently.
- Value for money: The provision of public service should be efficient and economical so that community members can get the best possible value for money (Van der Waldt, 2014: 46).

4.7.3 The White Paper on local Government 1998

The White Paper on Local Government introduced performance management as a system to ensure the implementation of plans, that efforts will have the desired development impact, and that resources are utilised efficiently (Van der Waldt, 2014: 46). Review of the performance of the municipality is important to improve the economy, efficiency, and effectiveness of its functioning (RSA, 1998b: 32). The White Paper on Local Government further instructs municipalities to conform to basic principles when delivering services to the community. The services of the municipality should be:

- easy and convenient to use;
- affordable;
- accessible and community members should have at least a minimum level of services as obliged by the Constitution; and
- of a predetermined standard that is safe, timeously provided and continuously available (National Treasury, 2011b: 42).

The White Paper on local government paved the way for the Municipality Structures Act 117 of 1998.

4.7.4 Municipal Structures Act, 1998 (Act 117 of 1998)

The Municipal Structures Act allows municipalities to develop the means to consult the community when performing their functions and exercising their powers. The Act also states that a municipality should review its performance annually and prioritise the delivery means for meeting the community needs (RSA, 1998c: 92).

The Act gives the Member of Executive Council (MEC) for local government the powers to establish the Municipality and to change the Municipality type from one to another (RSA, 1996: 13 of 63). Each Municipality must have an established municipal council which must meet at least once a quarter. The municipal council must strive for the fulfilment of its objectives as set out in Section 152 of chapter 7 of the Constitution and the objectives of the Constitution of the Republic of SA. To fulfil those objectives, the municipal council must annually review the needs of the community, priorities to meet the reviewed community needs, strategies to involve the community, the mechanism to be implemented to meet community needs, and the performance in achieving the objectives of the Constitution of the Republic of SA (RSA, 1998c: 14).

4.7.5 Municipal Systems Act , 2000 (Act 32 of 2000)

Chapter 2, Section 3 of the Municipal Systems Act compels a Municipality to exercise its legislative and executive authority as stipulated in Section 41 of the Constitution. Section 41 is based on the principles of co-operative government and intergovernmental relations. To ensure effective co-operative government, local government must enhance co-operation and mutual assistance, and share resources with other municipalities. In addition, local government must seek to find general solutions related to problems faced by local government (RSA, 2000a: 18). Section 51 states that a municipality should establish and organise its administration in such a manner that it is responsive to community needs, facilitates accountability, is performance orientated and focuses on the objectives of a municipality as stated in section 152 of the Constitution, facilitates co-operation and communication with communities, and provides communities with full and accurate information. In fostering community participation, the Municipality must encourage and create conducive conditions for the community to participate in the affairs of the municipality (RSA, 2000a: 22 and 70). Chapter 6, section 38 of the Act requires the municipality firstly to establish a performance management system that is commensurate of its resources, suits the circumstances, and is in line with objectives of the integrated development plan. Secondly, it must promote a culture of performance management among its personnel and, thirdly, it must administer affairs in an economical, efficient, effective, and accountable manner. A mayoral committee or executive committee or a mayor of the municipality must finance the development of a performance management system (RSA, 2000a: 30). According to Section 152(1) of the Constitution, municipalities are mandated to provide democratic and accountable governance to local communities, to ensure the provision of services to local communities in a sustainable manner, and encourage communities and community organisation to be involved in local

government matters. The municipality must attempt to achieve its objectives within its financial and administrative capacity (RSA, 1996: 1331).

4.7.6 Municipal Finance Management Act, 2003 (Act 56 of 2003)

Section 38(1)(a) of MFMA gives powers to the national as well as the provincial government to stop the allocation of revenue to the municipality allocated in terms of section 214(1)(a) of the Constitution. According to section 38(3), the provincial government must ensure smooth provision of basic municipal services when the stopping of revenue allocation affects service delivery. The stopping of revenue allocation is in line with section 139 of the Constitution, which allows for provincial intervention if the municipality cannot fulfil its constitutional obligation. Section 41(1)(a) allows the National Treasury to monitor the pricing of water, electricity or bulk resources prescribed to municipality for the provisioning of these basic municipal services. An executive authority or regulatory agency should first be consulted for approval of any price increase of water, electricity or bulk resources provided by national or provincial government for the provisioning of a municipal service.

4.8 SUMMARY

This chapter presented the legislative framework of service delivery and supply chain management. Chapters 7 and 13 of the Constitution direct local government on how to manage and contract for goods and services. The PPPFA Act 5 of 2000 prescribes to municipalities how to implement SCM policy and that they must have the policy. MFMA Act 56 of 2003 helps municipalities to ensure that their fiscal and financial affairs are managed effectively and in a sustainable manner. CIBD Act 38 of 2000 prescribes the procedure for the invitation, awarding and management of public sector construction procurement within the procurement policy. PAIA Act 2 of 2000 gives everyone the right to access any information held by the State; therefore, service providers are entitled to any information about tenders. PAJA Act 3 of 2000 gives everyone the right to administrative action that is lawful, reasonable, and procedurally fair. CA Act 1 of 2009 promotes a healthy competition, especially within the procurement process. Prevention and Combating of Corrupt Activities Act 12 of 2004 strengthens measures of preventing and combating corruption and corrupt activities and provides for measures and offenses of corruption and corrupt activities. Public Audit Act 25 of 2004 gives the AG the mandate to audit and report on the accounts, financial statements, and financial management of all organs of State. Public Protector Act 23 of 1994 gives the Public Protector the right to investigate matters and to protect the public against maladministration.

BBBEE Act 53 of 2003 provides black people with an opportunity to own and control the economy of the country.

The Municipal Supply Chain Management Regulations 32 of 2005 clearly explain the processes to be followed within its framework and the proper management of the elements of SCM. The elements of SCM are demand management, acquisition management, logistics management, disposal management, risk management and performance management. Acquisition management prescribes to the municipality the appointment of three bid committees. Competitive and limited are the two methods of bidding – outcome demand management will determine which method to use. The five stages of the bidding process are compilation of bids, invitation of bids, acceptance of bids, and evaluation and awarding of bids to the successful bidder. One of the two preference point systems, namely 80/20 and 90/10, must be applied for procurement between R30 000 and R 1million and above R1million respectively. Payment to service providers after the submission of invoice and a proof that goods have been delivered or services have been rendered should be made within 30 days. Overdue accounts should be avoided as they attract interest, and payment of interest on an overdue account is regarded as fruitless and wasteful expenditure and mismanagement of public funds. The accounting officer can deviate from the formal process only in an emergency and a report should be compiled in that regard. Unsolicited bids can only be considered if they are to the benefit of the municipality. The acquired goods must be kept safely, and their movement must be monitored. Sound asset management is critical, as it provides the foundation for economic activity in service delivery. There must be a unit within the municipality that manages contract related issues and also develops performance and project management performance. The municipality must follow the GRAP of December 2015 when getting rid of obsolete, unserviceable, and redundant movable assets.

The role players in SCM are National and Provincial Treasury, the municipal council, the accounting officer and the SCM unit. The principles that the role players must adhere to are value for money, openness and effectiveness, ethics and fair dealings, accountability, and equity. The National treasury issued a code of conduct on the 5 of December 2003 that the SCM practitioners must abide by. The municipality must form public-private partnerships to enhance the provisioning of services to the community.

CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

The main purpose of research is to contribute new knowledge in a certain field of study by first informing the action and then proving the theory (Bryman and Bell, 2014: 5). Research methodology involves the collection of information and data for the purpose of making informed decisions. The researcher collects information from published research, surveys and interviews and can include both historical and present information (Bless, Higson-Smith and Sethole, 2013: 15). The purpose of this study is to develop a framework for improved supply chain management practices that will enhance service delivery in the Lejweleputswa District Municipality. The applicable theories and legislated framework related to supply chain management and service delivery have been discussed in the previous chapters. Research has been defined differently by different authors. Sekaran and Bougie (2013: 2) define research as a process through which the researcher finds solutions to a problem after a thorough study and analysis of issues involved in research activity. According to Bless *et al* (2013: 15), the research process commences with a question, and is then followed by the application of systematic and scientific research methods with the aim of finding answers to the question. Salkind (2012: 3) defines research as a systematic approach towards purpose investigation. This research study attempts to establish familiarity of an occurrence, determination of the causal relationship between variables and characteristics, and frequency of occurrence.

This chapter provides the research methodology that was employed in the study. The research onion as adopted from Saunders, Lewis and Thornhill (2012: 103) will be used to explain the research methodology that was employed during the empirical study.

5.2 CHARACTERISTICS OF RESEARCH

Research is an activity which is searching for the truth in order to contribute to a body of knowledge on a topic (Antwi and Hanza, 2015: 221). Three well defined and equally important parts are recognised in the definition: firstly, the research attempts to determine the truth, secondly, the research explains or describes the truth in order to provide reasons for the cause, and finally, the two parts together contribute to the body of knowledge.

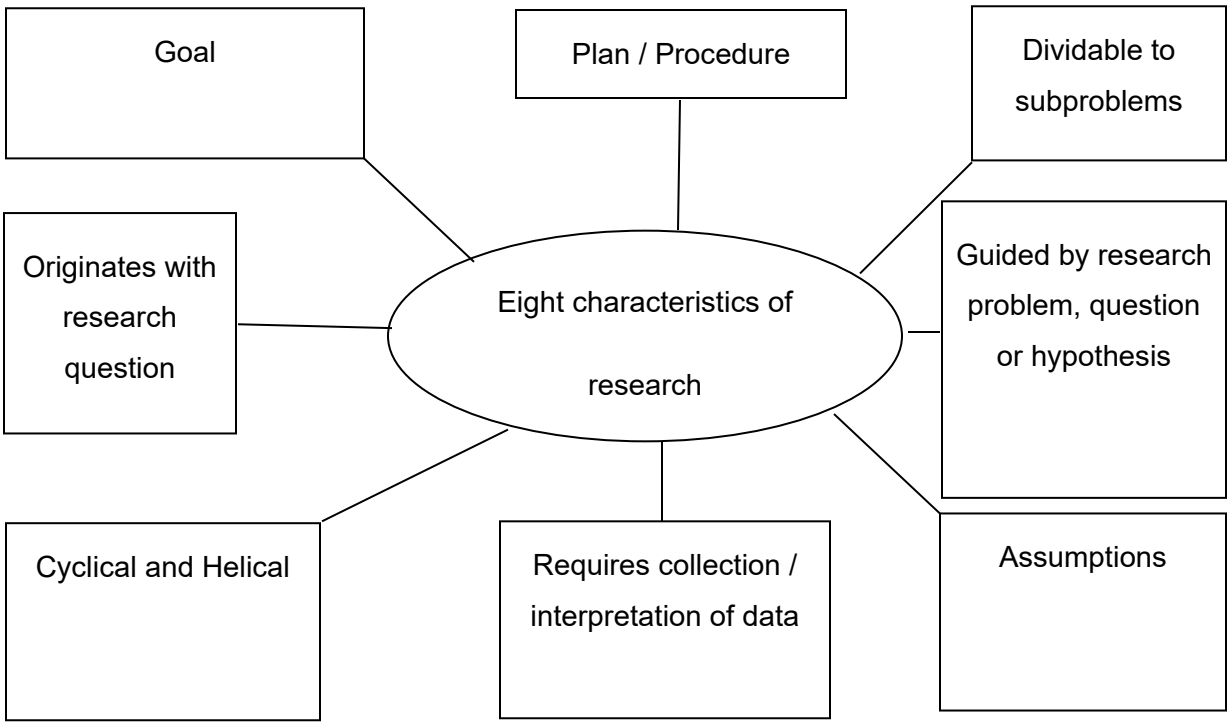
According to Bryman (2012: 12 – 13), the research process has to possess the following characteristics:

- objectivity: in order for the research study to realizes its objectives, the congruency between research questions and hypothesis is important;
- control: ensuring adequate control over the independent variables, care being taken when selecting participants and sample size;
- general stability: the results from the research study must be able to be applied in similar situations;
- freedom from personal biases: the research should not be biased and subjective, but objective;
- systematic: the research should consist of well-planned steps and there must be a relationship between the steps; and
- reproducible: an identical research method must be able to produce the same results when applied to another population with identical characteristics.

In carrying out a research study, the researcher has to ensure a detailed purpose, planned research design, application of high ethical standards, frankly revealed limitations, proper and complete analysis, presentation of unambiguous findings and conclusions based on decisions (Bryman, 2016: 13).

Sailkind (2012: 30) identified eight distinct research characteristics as shown in figure 5.1.

FIGURE 5.1: CHARACTERISTICS OF RESEARCH

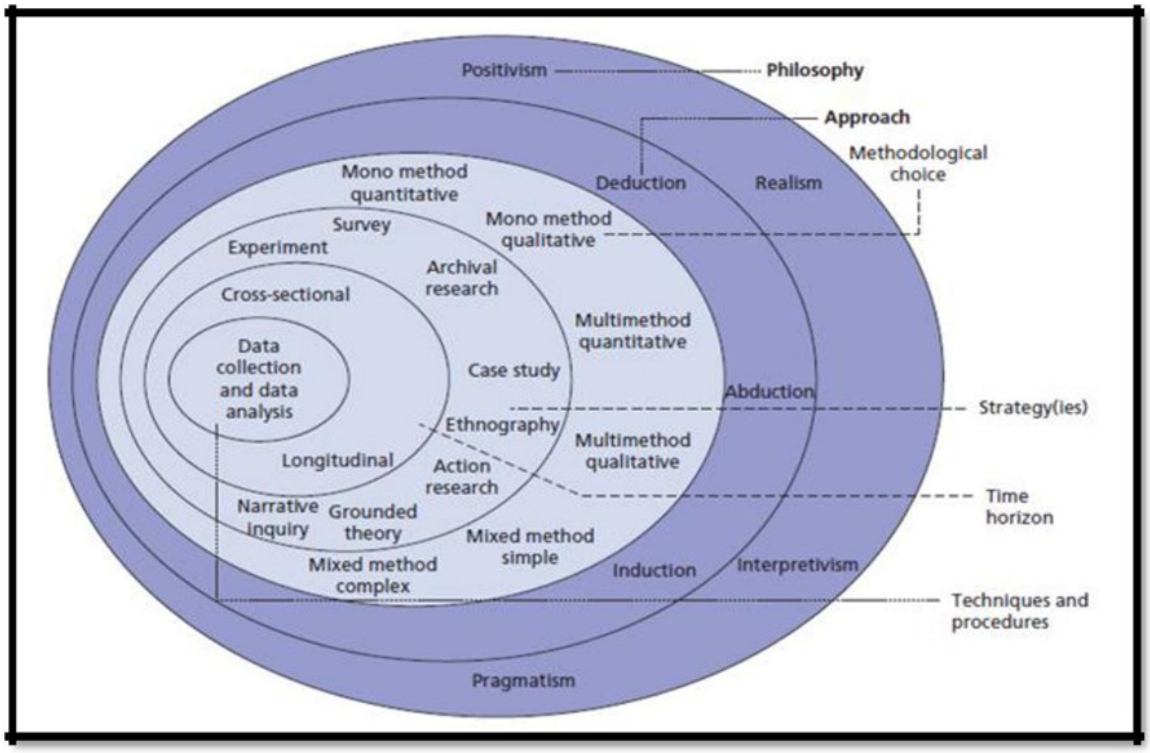


Source: Sailkind (2012: 30)

Two main types of research methods which may be used are quantitative and qualitative research methods. A mixed method research makes use of both quantitative and qualitative methods (Bryman, 2012: 30).

This study will use a qualitative research method as it reinforces understanding and interprets the meaning and intentions of human intervention. Metzler (2014: 11) acknowledges that a qualitative approach is useful if a study describes the interaction of people and explains the cause of things. Figure 5.2 below shows that research methodology consists of stages or steps, namely research philosophies, approaches to research, research methods, research strategies, time horizon and techniques, and procedures in research.

FIGURE 5.2: RESEARCH ONION



Source: Saunder, Lewis and Thornhill (2012: 160)

5.3 RESEARCH PHILOSOPHIES

Research philosophy is a research belief on how data about circumstances should be collected, analysed and used. The researcher uses the research philosophy to decide which research approach to adopt in a study (Mkansi and Acheampong, 2012: 133). Saunders *et al* (2012: 127) define research philosophy as a system of beliefs and assumptions about knowledge developments. Literature distinguishes between four main philosophical approaches – epistemology, ontology, axiology, and methodology. These four approaches will therefore be discussed next.

Epistemology originates from the Greek in which the meaning of the word episteme is knowledge (Bryman, 2012: 23). Epistemology is used to describe the way researchers acquire knowledge of something and how the legality or truth is revealed. It is mainly concerned with the basics of nature and forms of knowledge, and the way knowledge is acquired and communicated to others (Kivunja and Kuyini, 2017: 27). According to Bryman (2012: 23), epistemology is a theory of knowledge. Bryman further emphasises that issues of epistemology are concerned with what or what must be regarded as acceptable information in a study or research project. Scotland (2012: 9) emphasises that epistemology concentrates on

the nature and forms of knowledge. The concern of epistemological assumptions is the creation, acquiring and communication of knowledge (Scotland, 2012: 9). Kivunja and Kiyini (2017: 27) identify three types of epistemology: firstly, grounded epistemology in which the researcher gathers data from knowledgeable people, leaders in organisations and from books; secondly, rationalist epistemology in which the researcher emphasises his reasoning as the surest path knowing the truth; and lastly, empirical epistemology in which the researcher emphasises knowledge being derived from experiences and truth. Bryman and Bell (2014: 12) identify three primary positions of epistemology, namely positivism, realism and interpretivism. Positivism is a process of reasoning in order to gain knowledge from observation in order to gain facts. Realism involves an expert documentation of reality from the empirical study. Interpretivism involves the mutual recognition and use of signs and symbols in the construction of reality (Scotland, 2012: 10 - 11). The researcher will make use of epistemology in which the empirical data is interpreted abstractly using the existing theories of knowledge.

Ontology studies the being (Scotland, 2012: 9; Mouton, 2014: 46). Kivunja and Kuyini (2017: 27) describe ontology as a research philosophy that is concerned with the assumption made by the researcher that the situation under investigation is real or it makes sense. The philosophical assumptions of ontology are concerned with what forms reality: the main concern is centred around “what is” (Scotland, 2012: 9). The understanding of philosophical assumptions about the nature of reality are important for the interpretation of gathered data (Kivunja and Kuyini, 2017: 27). Ontology helps the researcher to have a rigid position about the perception of how things really are and how things are working. The importance of ontology to a paradigm is that it aids in the provisioning of an understanding of the things that constitute the world, and determines the real nature or concepts that the researcher analyses to make sense from (Bryman and Bell 2014: 16). Kivunja and Kuyini (2017: 27) also emphasise the importance of ontology by stating that propositions, concepts and assumptions help the researcher to orientate his thinking about the research problem, its importance and how to approach answers to research questions. Bryman and Bell (2014: 16) identify two primary positions of ontology, namely objectivism and constructionism. Ontology will be used by the researcher in assuming how supply chain management operations perform, based on literature and face-to-face interviews.

The term axiology originates from the Greek, aksia, meaning value. Axiology is a research philosophy that studies values and is referred to as the philosophy of value. The basic meaning of value includes positive judgement, how things are supposed to be, consideration of good things and what fulfils certain needs (Dzeedziak, 2015: 49). According to Kivuni and

Kuyini (2017: 28), axiology refers to consideration of ethical issues during the planning phase of the study. Axiology is concerned with defining, evaluating and understanding of the right and wrong behaviour concepts in research (Kivuni and Kuyini, 2017: 28). Greaves and Ord (2017: 136) identify the concern of axiology as the values that guide the researcher when conducting research, respect to be given to participants' rights, consideration of the moral issues and characteristic avoidance of physical, economic, social, legal or psychological risk of harm to the participants, and conducting research in a peaceful and respectful manner. Kivuni and Kuyini (2017: 28) identify the four criteria that guide ethical conduct as:

- teleology: the theory of morality which assumes that the researcher is morally obliged to do what is intrinsically good or desirable of the researcher;
- deontology: the understanding that every action taken by the researcher has to benefit the researcher, participants, academic community and the public;
- moral criterion: which refers to the built-in moral values of the researcher to be applied during the research process; and
- fairness: in which the researcher has to understand the need for fairness to be applied to all research participants and ensure that the rights of the participants are maintained.

The researcher will make use of axiology by requesting the participants' written consent and conducting interviews in a respectful manner in consideration of the participants' rights.

Methodology refers to the use of research design, methods, approaches and procedures with the purpose of finding the results in an investigation (Kivuni and Kuyini, 2017: 28). Saunders *et al* (2012: 131) refer to methodology as a philosophy that explains how research should be undertaken, which includes both theoretical and philosophical assumptions that form the basis of research and the implications of the method to be adopted. Methodology gives clarity about the flow and logic of the process that is followed when the researcher conducts research to realise the solution to the research problem (Kivuni and Kuyini, 2017: 28). Methodology also takes into consideration the limitations that were faced and how they were minimised or relieved (Scotland, 2012: 14). The researcher makes use of a qualitative study to collect answers to the research question.

The four philosophical assumptions discussed above form the starting point of the paradigm of the study. A number of paradigms exist in the social sciences, namely positivism, objectivism, subjectivism, interpretivism and realism (Bryman, 2012; Saunders *et al*, 2012). Only two

paradigms which are considered to be dominant and relevant to the study will be discussed in the next sub-section, namely positivism and interpretivism.

5.3.1 Positivism

The French philosopher Auguste Comte (1853) was the first to express the essential features of positivism (Sacks, 2017: 2). Comte argued that intellects have stated repeatedly that there is no real information other than that based on facts. The statement of Comte consists of two assumptions: that reality is external and objective and, secondly, that knowledge is meaningful only when it is based on observable facts (Mack, 2010: 6). The key principle of positivism is that there exists an external social world with its properties that should not be measured by subjective inference through reflection, intuition, or sensation, but by objective methods (Kivuni and Kuyini, 2017: 30). The positivist researcher is characterised by scientific method, statistical analysis and findings that can be generalised. There is also a control and an experimental group and a pre/ post-test method in positivist research (Mack, 2010: 6). Bryman and Bell (2014: 12) define positivism as an epistemological approach advocating the application of natural science methods when studying and understanding social reality. Bryman and Bell (2014: 12) further identify the following principles of positivism:

- only observed phenomenon can be verified as objects and sources of knowledge;
- theory is used to generate the hypothesis to be tested in order to assess the validity of propositions;
- gathering of facts provides the basics for arriving at the required knowledge;
- science must be conducted in a value free manner; and
- there is a difference between scientific statement and normative statement.

The principles of positivism show that it consists of both elements of deductive and inductive approaches to research, and that there is a distinction between research and theory.

5.3.2 Interpretivism

The work of Max Weber (1864 – 1920) and Alfred Schultz form the foundations of interpretivism, as they attempt to establish an objective science of the objective (Pulla and Carter, 2018: 10). The development of interpretivism is a reaction to positivism. It is often referred to as constructivism, due to its emphasis on the individual's ability to construct meaning (Mack, 2010: 7). Pulla and Carter (2018: 10) recognise the roles that individuals play in determining social actions and argue that these roles must be considered when theory is produced. The development of interpretivism is influenced by hermeneutics and

phenomenology. According to (Mack, 2010: 7), hermeneutics is the study of meaning and interpretation of historical texts, and phenomenology refers to the way individuals make sense of the world around them. Bryman (2012: 546) defines interpretivism as a position of epistemology that requires researchers to master the subjective meaning of social action.

Table 5.1 provides an explanation of positivism and interpretivism.

TABLE 5.1: COMPARISON BETWEEN POSITIVISM AND INTERPRETIVISM RESEARCH PHILOSOPHIES

	Positivism	**Interpretivism**
Ontology: The researcher's view of the nature of reality or being.	External reality to researcher. Objects have meaning. Reality captured through senses.	Indirect reality. People interpret meaning. No generalization. Causation determined interpretation of meaning and symbols.
Epistemology: The researcher's view regarding what constitutes acceptable knowledge.	Natural science study of social reality. Truth realised from individual beliefs. Deductive generation of knowledge. Objective knowledge.	Knowledge is gained through interaction with people. Knowledge to create theory is inductively gained. Knowledge is gained through personal experience.
Axiology: The researcher's view of the role of values in research.	Research is undertaken in a value-free way. Researcher is independent of the data and maintains an objective stance.	Research is value bound. Researcher is part of what is being researched and may be subjective.
Data collection techniques most often used.	Highly structured. Large samples. Quantitative, but can use qualitative method.	In-depth investigations. Small samples. Qualitative.

Source: Adapted from Saunders *et al.* (2012: 140)

In the context of achieving the aim and objectives of this study, coupled with the discussion on philosophical stances, it is evident from Table 5.1 that Interpretivism comfortably fits in with

qualitative research, particularly with methods such as grounded theory, ethnography, narrative analysis, and phenomenological approaches. This is contrary to a positivist paradigm which consists of both inductive and deductive approaches and is mostly dominated by quantitative analysis (Saunders *et al*, 2012). Guided by the interpretivist paradigm, the research approach will firstly be identified, then the research design strategy will be outlined in subsequent sections.

5.4 APPROACHES OF RESEARCH

The purpose of research study is to examine the existing theories, add additional knowledge to existing theories or develop new theories depending on the findings (Saunders and Lewis, 2012: 104). A thorough understanding of approaches to research is essential because it helps the researcher to focus the research and approach the research problem with an in-depth investigation, so as to make an informed decision on how to name, approach and solve the research problem (Sekaran and Bougie, 2013: 23). Bryman and Bell (2014: 8) identify two research approaches, namely deductive and inductive approaches.

5.4.1 Deductive approach

Deductive research is an approach in which the researcher draws from what is known in theory and deduces a hypothesis that needs to be empirically scrutinised (Bryman, 2012: 20). The deduced hypothesis must then be translated into operational terms. This means that the researcher will have to specify the data collection method to be employed and the relationship between concepts contained in the hypothesis (Bryman and Bell, 2014: 9). Bryman (2012: 20) and Saunders and Lewis (2012: 108) introduce the five stages to be followed in a deductive approach:

- hypothesis is deduced from existing theory;
- hypothesis is expressed in operational terms;
- operational hypothesis is tested;
- specific outcome of the inquiry is examined; and
- modification of theory if this is necessary.

The deductive approach proceeds from theory to data. It is a version of scientific approach and is thus suitable for the quantitative research method.

5.4.2 Inductive approach

Inductive research is an approach that works in the opposite direction of deductive research (Bryman, 2012: 22). Sekaran and Bougie (2013: 26) describe an inductive approach as a process where the researcher observes the phenomenon under study and draws a conclusion. In contrast to the deductive approach, an inductive approach is related to phenomenological research and thus is applied in qualitative research (Mouton, 2014: 86). Table 5.3 compares these two approaches to research.

TABLE 5.2: MAJOR DIFFERENCES BETWEEN DEDUCTIVE AND INDUCTIVE APPROACHES

Deductive	**Inductive**
From theory to data	From data to theory
Natural science	Social science
Highly structured approach	Flexible structure to allow changes
Explains relationships between variables	Understands meanings attached to events
Generalises conclusion	Less concern with generalisation

Source: Bryman, Mouton, Sekaran and Bougie

Based on the Table 5.2, this research study follows an inductive approach because the researcher collected empirical data in a social world, interviewed participants, and understood the meanings attached to events, which imply that the researcher worked from data to theory. As a method of research must be applied in order to realise the purpose of the research, the next section will discuss the research methods.

5.5 METHODOLOGICAL CHOICE

A technique and procedure to be followed to gather and analyse research data is referred to as research method (Saunders *et al*, 2012: 674). The research method involves data gathering, analysis and interpretation to be proposed by the researcher (Sekaran and Bougie, 2013: 276). The researcher will either talk to people and/ or count things, that is why there are three methods of research – qualitative, quantitative and a mixed method. This study will make use of a qualitative research methodology, therefore only the qualitative method will be discussed.

5.5.1 Qualitative research method

Qualitative research is concerned with the quality of data. Common questions are “How do you feel about?” or “Are there strategies in place to solve this?” or “What do you think has to be done?”. In qualitative methods, individuals interpret their experiences and the researcher gains an understanding of the underlying reasons and motivations for actions (Rahman, 2017: 104). Qualitative research is based on the collection of qualitative data, namely nonnumerical data which is in the form of pictures and words and is used when primary data is to be generated from a small sample size (Johnson and Christensen, 2008: 48). The researcher will follow a qualitative research method because the answers expected from the interviewees will not be in numbers and will be expressed in words. By making use of open-ended questions, the researcher will obtain in-depth information which is not possible with a quantitative approach. The researcher will record the interviews using a voice recorder and analyse and interpret the empirical data, which will ensure that the real data will lead to the findings.

5.6 RESEARCH DESIGN

Research design is a basic plan that guides the researcher on how to answer the research question and realise the research objectives. The guidance provided includes how to collect and analyse data. Research design specifies the type of information that needs to be collected, sources to be used and procedure to be followed. A good research design will ensure consistent information gathering according to the objectives of the study and accurate and economical procedures to be employed during data collection (Saunders *et al*, 2012: 159). Bless *et al* (2013: 131) identify the following major functions of research design:

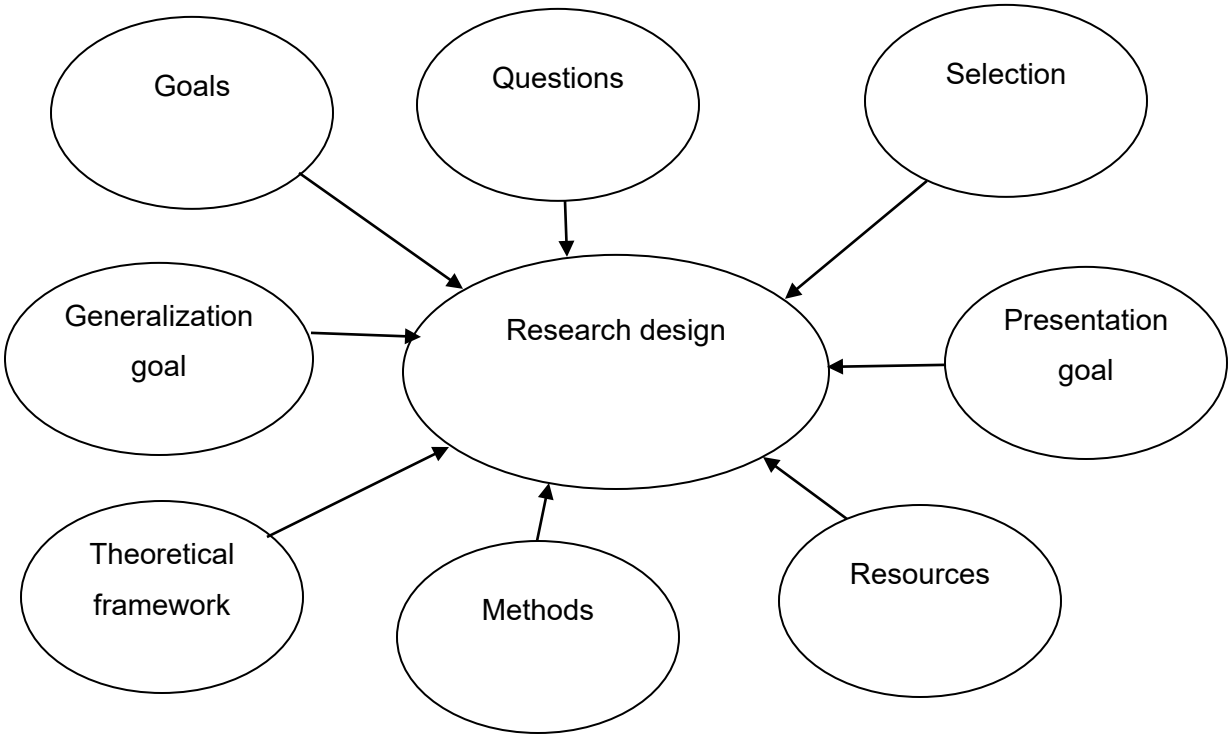
- provides the researcher with a blueprint to address the research topics;
- sets boundaries of research and enables the researcher to direct his efforts in a specific direction; and
- enables the researcher to anticipate the possible problems to be encountered during the implementation of the research process.

The main purpose of a research design is to help the researcher to achieve research objectives and answer research questions. Research design also ensures high internal validity, which is concerned with the effect of an independent variable on the dependent variable. The achievement of the purpose of the research design depends on the influential factors and decisions that will determine the formulation of the research design (Bless *et al*, 2013: 133).

Bryman and Bell (2014: 100) and Bryman (2012: 42) identify the following research designs, namely experimental, cross-sectional, longitudinal, case study, and comparative. Other authors, such as Babie and Mouton (2014), Sekaran and Bougie (2013) and Saunders *et al* (2012), divide research design into three components. The first is the purpose of the study, which can be exploratory, descriptive, casual, explanatory, predictive, evaluative, or historical. The second component is the research strategy, namely the experiments, surveys, interviews, case studies, ethnography, grounded theory, and narrative inquiry. Finally, there is the time horizon, which may either be cross sectional or longitudinal. This section will discuss the three components as stated above and related to the study. The research adopted is an exploratory case study design within the Lejweleputswa district municipality.

Figure 5.3 shows the components of qualitative research design. This research study is a snapshot, that is to say that it was taken once during a certain period.

FIGURE 5.3: COMPONENTS OF QUALITATIVE RESEARCH DESIGN



Source: Metzler (2014: 116)

5.6.1 Purpose of the study

There are four relevant and mostly used purposes in qualitative research, namely explanatory study, exploratory study, descriptive study and casual study (Saunders and Lewis, 2012: 110 – 113). This study will make use of exploratory research, which will be discussed next.

According to Sekaran and Bougie (2013: 96), the researcher will choose an exploratory research study when there is little known about the situation or there is no information available or no similar research undertaken previously. An exploratory study depends on secondary research and / or a qualitative approach to collecting data. A qualitative research design asks open questions to gain and discover insights. The main purpose of an exploratory study is to gain a broad understanding about the situation (Bless *et al*, 2013: 60). As such, this study will explore the relationship between supply chain management and service delivery in the Lejweleputswa District Municipality.

5.6.2 Research strategy

A variety of research strategies have been identified, such as experiments, surveys, interviews, case studies, ethnography, grounded theory and narrative inquiry (Babie and Mouton (2014), Sekaran and Bougie (2013) and Saunders *et al* (2012). This study makes use of interviews as a strategy to collect data, which will be discussed next.

An interview is a data collection method in which the interviewer asks the interviewee questions. The interviewer is the researcher, who is prompting the interviewee, who is a research participant who gives information. It can either be face to face or telephonic (Johnson and Christensen, 2008: 203). Interviews are classified as structured interviews, semi-structured interviews, open-ended interviews, or unstructured interviews (Saunders *et al*, 2012: 381). Structured interviews consist of a predetermined set of questions, semi structured interviews consist of predetermined questions with an option of a follow up or a clarification question, an open-ended interview is broad in nature, and an unstructured interview has no predetermined questions, but the interviewee has a clear idea about the aspect that has to be explored (Bryman and Bell, 2014: 216 and Mertler,2017: 134).

An effective interview is one without bias and it is therefore important that researchers avoid any form of bias. Table 5.3 summarises the actions and situations that can lead to bias during the interview sessions. The researcher has to deal with the actions and the situation to reduce bias.

TABLE 5.3: INTRODUCTION OF BIAS DURING INTERVIEWS

Introducer	**How is it introduced**
Interviewer	• Proper trust and rapport not established. • Misinterpretation of responses. • Unintentionally encouraging or discouraging certain types of responses through facial expressions or gestures.
Interviewees	• Providing information he/she thinks is expected by the interviewer and not true opinions. • Feels indifferent to seek clarification if they do not understand the question. • Disregards the importance of responses when answering questions. • Unwillingness to reveal and discuss sensitive aspects.
Situations	• Unwillingness or inability of the interviewee to participate in the study. • Different levels of trust and rapport is established by different interviewers with their interviewees. • Interview setting may result in unfrank and dishonest responses.

Adapted from Saunders *et al* (2012: 382)

Validity and reliability of the results can be ensured if the above bias can be avoided or minimised. Designing perfect interviews depends on several factors like, type of questions asked, the ability of the interviewer and avoiding situations that can create biasness (Saunders and Lewis, 2012: 127).

Table 5.4 analyses the guidelines that have to be followed by the researcher when conducting interviews. An effective interview will depend on accurate implementation of the guidelines.

TABLE 5.4 GUIDELINES FOR INTERVIEWS

Sekaran and Bougie (2013: 121)	Johnson and Christensen (2008: 204)
• Attentive listening to the interviewee. • Show interest towards what the respondent is saying. • Repeat and clarify questions directed to interviewee. • Accurate recording of responses. • Display professionalism enthusiasm and confidence. • Establish rapport and trust with interviewee. • State the purpose of the session and assure guaranteed confidentiality.	• Train interviewers. • Search for interviewed background to have knowledge about people who will be interviewed. • Establish trust and rapport with interviewee. • Be impressive and neutral towards what is said. • Show interest towards what is said by using gentle non-verbal nods. • Self-monitoring. • Interviewee must be allowed to talk. • Sensitivity to age, gender and cultural differences between interviewer and interviewee. • Interviewee must understand the questions. • Enough time for the answering of questions must be provided. • Maintenance of interview control and keeping the interview focused. • In order to clarify and obtain indepth responses, use probes and follow up questions. • Respect the interviewee's valuable time. • Record the interview. • Verify recordings and notes after the session to ensure completeness.

Source: Sekaran and Bougie (2013: 121) and Johnson and Christensen (2008: 204)

The application of the above will lead to good quality and unbiased data for the research study under consideration. It is the responsibility of the researcher to ensure the use of the interview guide.

Fraenkel and Wallen (2009: 448) identified six types of questions to be considered during the interview session as:

- demographic questions: based on the characteristic background of the respondents;

- knowledge questions: seeking information possessed by respondents;
- experience: focusing on what the respondent is currently doing or has done in the past;
- opinion: focus on obtaining what the respondents think about the topic;
- feeling questions: focus on respondent's emotional response about past experiences; and
- sensory questions: focus on what the respondent has smelled, heard, seen, touched, or tasted.
- The interviewer may use all or some of the above types of questions in an interview, depending on the type of research study.

Fraenkel and Wallen (2009: 119) identify the major advantage of interviews as the clarification of questions due to the presence of the researcher. They are disadvantageous in the sense that they are time consuming and the presence of the researcher might influence responses, as respondents might not say what they really think (Johnson and Christensen, 2008: 204).

5.6.3 Time horizon

A research study can either be a snapshot, that is taken once off at a particular time, or taken through a series of snapshots which study a phenomenon over a period of time. The time horizon of a research is divided into cross-sectional and longitudinal (Saunders *et al*, 2012: 190).

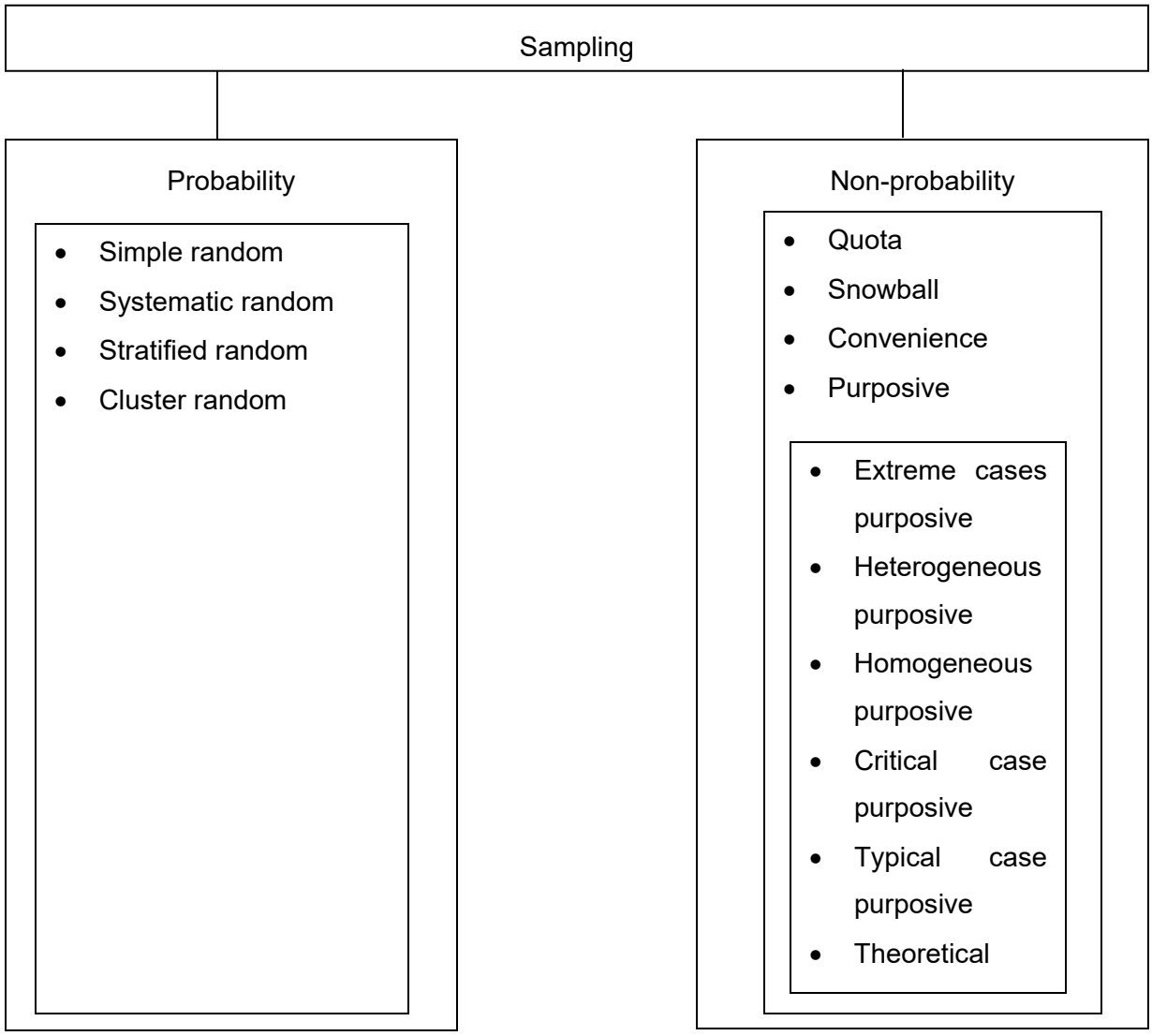
Cross sectional design requires data collection on a sample of cases at a single point in time to collect data in connection with variables that are examined to establish the relationship of the pattern (Bryman, 2012: 49). The cross-sectional design describes the incidence of a phenomenon or explains the relationship between variables in an organisation and can either be quantitative or qualitative. This study is a cross-sectional qualitative case study which collects data from employees in the Lejweleputswa district municipality in a single time period (Saunders *et al*, 2012: 190).

5.7 SAMPLING METHODS

This section discusses the different methods of selecting samples and the specific method that is used in this study.

A sample is a subgroup of the whole population where a population is the group of all possible data values under study (Saunders and Lewis, 2012: 132). Sampling is the strategy employed to select a sample from the population (Wegner, 2012: 5). There are two main types of sampling techniques, namely probability and non-probability sampling techniques, as depicted in Figure 5.4. Probability sampling is a sampling method in which sample units are randomly selected from the target population. Probability sampling gives every member of the target population equal opportunity of becoming part of the sample (Sekaran and Bougie, 2013: 245). Non-probability sampling is a sampling method in which every member of the population does not have equal probability of being selected; that is, sample members are not randomly selected (Saunders and Lewis, 2012: 137).

FIGURE 5.4: TYPES OF SAMPLING



Source: Saunders *et al* (2012: 261)

5.7.1 Non-probability sampling

The next paragraph discusses nonprobability sampling, which will be employed in the study.

There are four main types of non-probability sampling techniques, namely:

- quota sampling: the researcher will choose a quota to be sampled from a certain category of members, for example, interviewing lecturers who are less than 40 years old, which excludes those who are above 40 years (Sekaran and Bougie, 2013: 253); the researcher decides on a number from a quota to interview – the sample size is met in a subgroup and there is no more sampling from that subgroup for interviews (Wegner, 2012: 154);
  purposive sampling: the researcher uses personal judgement to decide the composition of the sample; the judgement may be based on the required information, so the researcher selects only those who are in the best position to provide the required information (Metzler, 2014: 175);
- convenience sampling: the researcher uses the sample that is available by virtue of accessibility; this is applied when data collection is costly, difficult, and timeous, and resources limited (Bryman and Bell, 2014: 178).
- snowball sampling: this is a non-probability sampling method in which it is not easy for the researcher to identify members of the population because of confidentiality or sensitivity; after identifying and interviewing the first member, the researcher will then ask the member to identify others who fall in the same category (Wegner, 2012: 154 and Bryman and Bell, 2014: 179).
- Purposive sampling: this is often considered relevant in qualitative research. The goal of purposive sampling is to strategically sample participants who are relevant to the research questions. It is usually used when the researcher is working with a small sample (Bryman and Bell, 2014: 186).

Lejweleputswa District Municipality is the economic hub of the Free State and Matjhabeng is the largest municipality in the district and among the top ten wasteful, unauthorised and irregular spending municipalities in South Africa (Auditor General, 2017-18). Purposive sampling was used to select a sample from the Lejweleputswa district municipality. Interviewees were selected based on their subject matter knowledge, involvement, experience and expertise relating to SCM. The sample chosen provides valuable data to the researcher. The data collection method will be discussed in the next section.

5.8 DATA COLLECTION

The previous section discussed important aspects of research design, especially the selection of a sample from which data has to be collected. This section will discuss the methods to be applied in order to collect data from the sample. There are three important data collection methods, namely observation, interviews, and administration of questionnaires (Sekaran and Bougie, 2013: 112). The study makes use of interviews as a method of collecting data, which was discussed as a research strategy in section 5.6.2. The next section will discuss the interview guide as an instrument to collect data.

5.8.1 Interview guide

The interview guide is often used and is an important instrument in collecting data in a research setting (Kallio, Pietila, Johnson and Kangosniemi, 2016: 11 of 30). Bryman and Bell (2014: 229) define the interview guide as a list of questions that will direct the interview discussion between the interviewer and the interviewee towards the topic that is being researched.

Bryman (2012: 442) identifies the following important aspects to be considered when formulating an interview session:

- formulate the research problem and research questions;
- create the order of the questions;
- use comprehensive and relevant language;
- avoid asking leading questions;
- start with the main question; and
- obtain interviewee's signed consent including for recording.

Face to face interviews may be formalised and structured, or informal and unstructured. Structured interviews make use of interview guides based on standardised questions, semi-structured interviews make use of a list of themes and key questions to be covered (Saunders *et al*, 2012: 374). Unstructured interviews do not make use of predetermined questions, but only an idea about the aspects to be explored – the interviewee will freely talk about beliefs, events and behaviours related to the idea about the aspects to be explored (Saunders and Lewis, 2012: 152). The research purpose of the interview will determine its structure and

whether it must be highly structured or semi-structured (Bryman, 2012: 372). Table 5.5 below summarises the type of interview in relation to the research purpose.

TABLE 5.5: TYPES OF INTERVIEW AND RESEARCH PURPOSE

	Exploratory	**Descriptive**	**Explanatory**
Structured		√√	√
Semi-structured	√		√√
Unstructured	√√		

√ = less frequently used, √√ = more frequently used

Source: Saunders *et al* (2012: 377)

In an exploratory study, both structured and semi structured interviews are used, especially when the research design adopted is inductive. Structured interviews, which are used to identify a general pattern, are relevant in a descriptive study in which the deductive research design is in use. Semi-structured interviews are used to understand the relationship between variables and consist of two levels of questions, namely main and follow up themes. Main themes concentrate on the main content of the research, while follow up themes are used to make main themes easier to understand for the interviewee (Kallio *et al,* 2016: 14). Structured and semi-structured interviews can be used in an explanatory study where the research design is either inductive or deductive or both (Saunders *et al*, 2012: 377). As an exploratory study, this study makes use of semi structured interviews to understand the relationship between supply chain management and service delivery.

5.9 DATA ANALYSIS

Data analysis is the differentiation and combination of data followed by the reflection of data by the researcher (Saunders, 2012: 165). Data analysis is the stage where the researcher processes the raw data to make it useful (Sekaran and Bougie, 2013: 274). In section 5.4, data was divided into two types, namely quantitative and qualitative data. Quantitative data is either numerical or measured, while qualitative is in text or non-text format. This section will discuss qualitative data analysis as it is applied to this study.

5.9.1 Qualitative data analysis

Qualitative data collection generates a large database in the form of interview recordings and transcripts, documents and field notes, which must be transformed into meaningful information

(Bryman and Bell, 2014: 336). Qualitative research is flexible and iterative. This means that the researcher can simultaneously analyse and collect data. The results discovered from the initial analysis might change some aspects of data collection, as the researcher might decide to change the data collection or sampling strategy or modify the research questions (Bless *et al*, 2013: 341). Metzler (2014: 370) defines qualitative data analysis as the process whereby collected data is interpreted and classified in order to make explicit and implicit statements about the dimensions and structures of the material.

Several qualitative data analysis methods can be identified in literature. This section will discuss qualitative data analysis and conclude by discussing the computer software available to analyse qualitative data.

5.9.1.1 Thematic analysis

Thematic analysis is a data analysis method that is not related to any philosophy. It compares groups after case analysis in relation to an issue at hand (Bryman, 2012: 454). The goal of thematic analysis is to identify, analyse, and describe theories based on the collected data and to interpret the characteristics of the topic (Metzler, 2014: 378). Braun and Clarke (cited in Bryman and Bell, 2013: 351) divide the thematic analysis process into six phases:

- researcher becoming familiar with data;
- generation of initial codes;
- reviewing of themes in relation to coded extracts and data set;
- defining theories based on the story;
- naming of theories based on the story; and
- producing the final report.

Thematic analysis can be applied in both inductive and deductive research. The choice of the approach depends on the theoretical framework of the researcher (Bryman and Bell, 2014: 351).

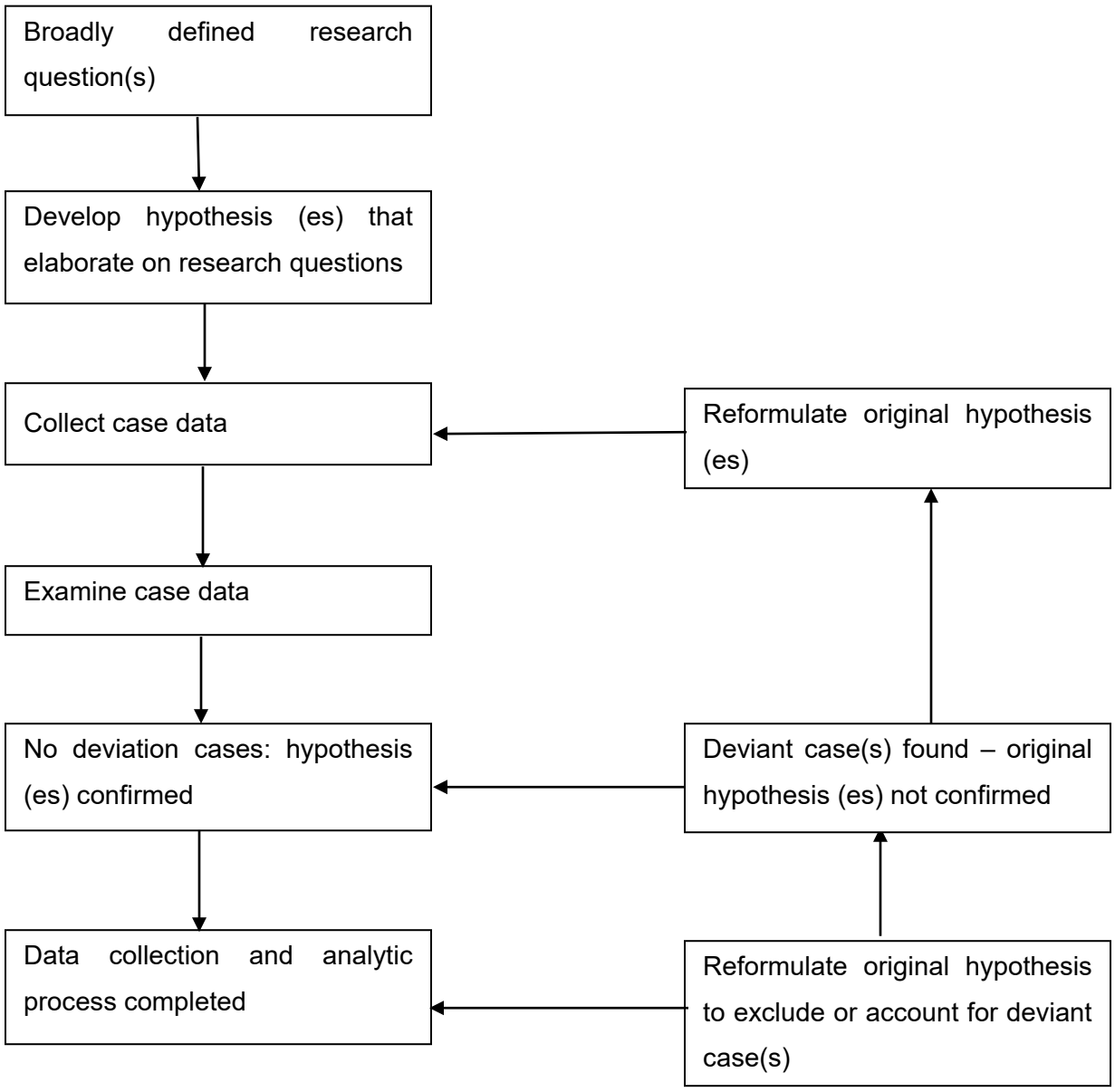
5.9.1.2 Strategies of qualitative data analysis

The two types of strategies to analyse qualitative data that were used in the study – namely, analytic induction and grounded theory – will be discussed in the next paragraphs.

- Analytic induction: an analysis of data in which the researcher considers explanation of a phenomenon by pursuing data collection without deviant or negative cases which are

inconsistent with the phenomenal hypothesis (Sekaran and Bougie, 2013: 352). Figure 5.5 outlines the steps to be taken until there are no deviant cases.

FIGURE 5.5: ANALYTIC INDUCTION



Source: Bryman and Bell (2014: 343)

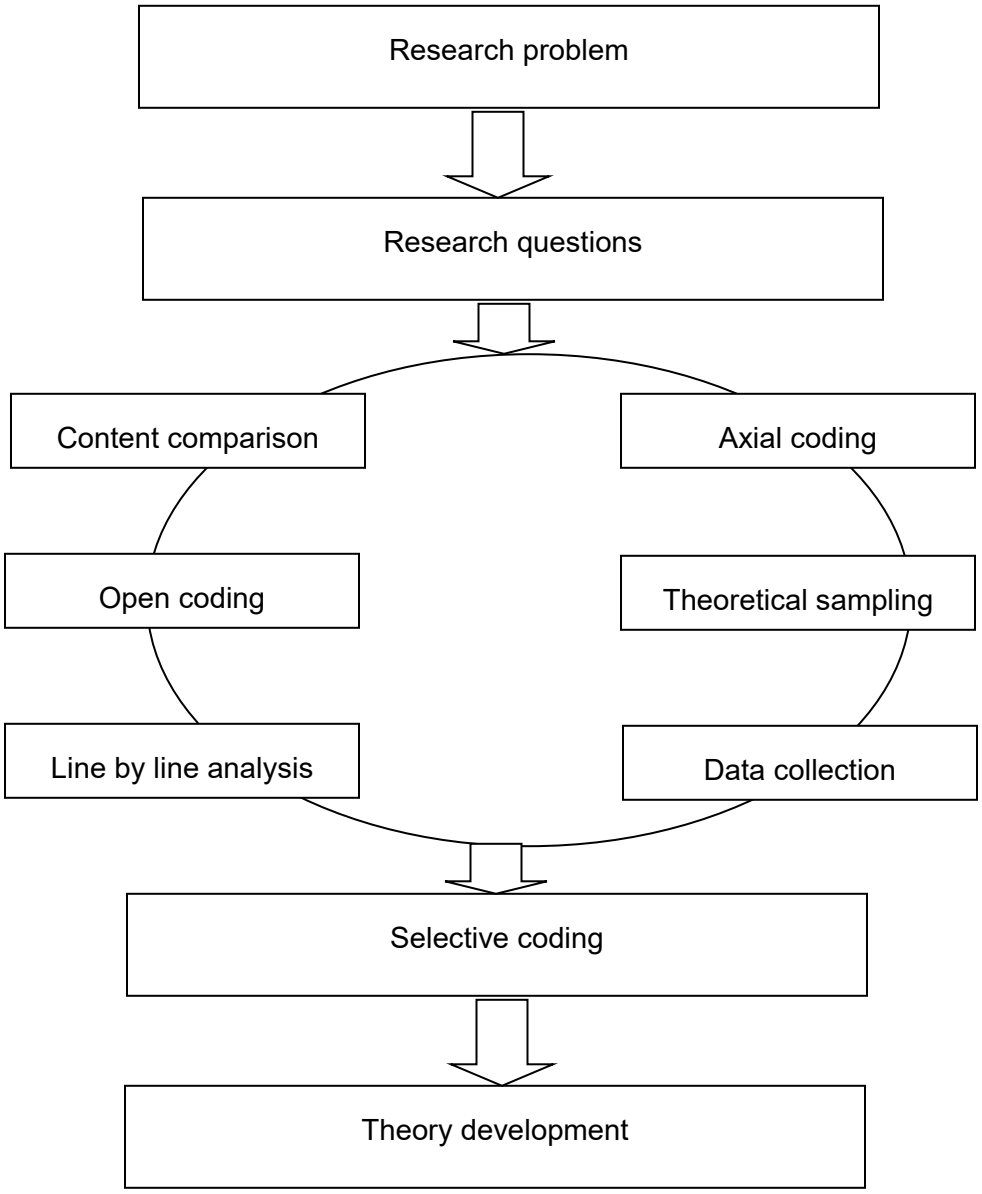
The researcher commences by defining the research question(s) and then develops the research objectives in line with the research questions(s), the research questions assisting to

provide answers to the objectives and aim of the study. The data is collected and examined for possible deviant case(s); if detected, the hypothesis(es) is reformulated to exclude the deviant case(s) or the original hypothesis(es) are reformulated and the data recollected. The process will continue until there is no deviant case, then the data collection and analytical process is completed (Bryman, 2014: 343).

- Grounded theory: the researcher generates and develop theory from the data collected in a research study. Grounded theory is based on concepts generated directly from the collected data and not on reasoning (Johnson and Christensen, 2008: 411). Khan (2014: 226) defines grounded theory as a theory that is derived from qualitative data that has been gathered and analysed systematically through research process. Figure 5.6 shows the grounded theory process.

The purpose of grounded theory is to generate theory from data. The researcher collects, codes and analyses data and decides whether there is a need for more data to be collected in order to finalise the development of the theory being investigated (Sekaran and Bougie, 2013: 103). Grounded theory is used as the researcher is developing the theory based on the data collected through interviews. Figure 5.6 displays how the process of grounded theory takes place.

FIGURE 5.6: GROUNDED THEORY PROCESS



Adapted from Sekaran and Bougie (2013: 103)

Chong and Geo (2015: 260) identify the following six major characteristics of grounded theory:

- process approach: a series of interactions and outcomes within a group of people regarding the phenomenon under study;
- theoretical sampling: a continuous process of data coding, comparing and grouping of similar data to build categories and core categories;
- constant comparative: a process of comparing similar situations to attribute the emerging pattern and theory;

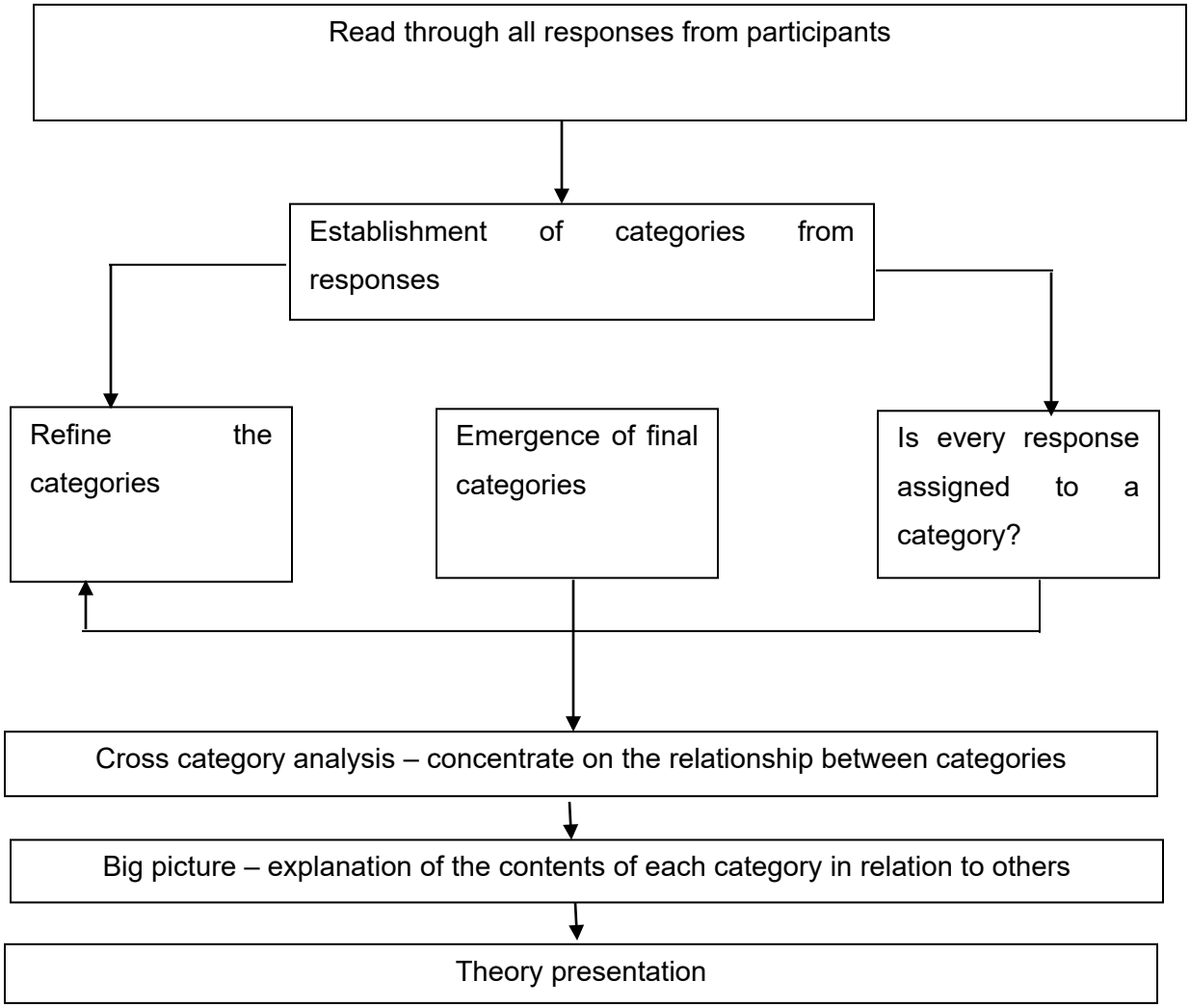
- core category: integration of major derived categories into a theory that is supported by collected data;
- Theory generation: the construction of theory that explains the phenomenon under study from data collected; and
- memo: create memos about collected data as a means of recording emergent ideas throughout the research process.

Bryman (2012: 444) identifies theoretical sampling, coding, theoretical saturation, and constant comparison as the instruments of grounded theory. Theoretical sampling involves simultaneous collection and analysis of data. Coding is the key instrument, as it is breaking data into parts and is applied directly after collecting initial data (Bryman and Bell, 2014: 345).

5.9.1.3 Basic operations in qualitative data analysis

Figure 5.7 shows an outline of the basic process that must be followed when the researcher analyses qualitative data. The first process, reading all the responses of the interviewees, commences after data has been transcribed.

FIGURE 5.7: QUALITATIVE DATA ANALYSIS



Adapted from (Quinlan, Babin, Carr, Griffin and Zikmund, 2015: 333)

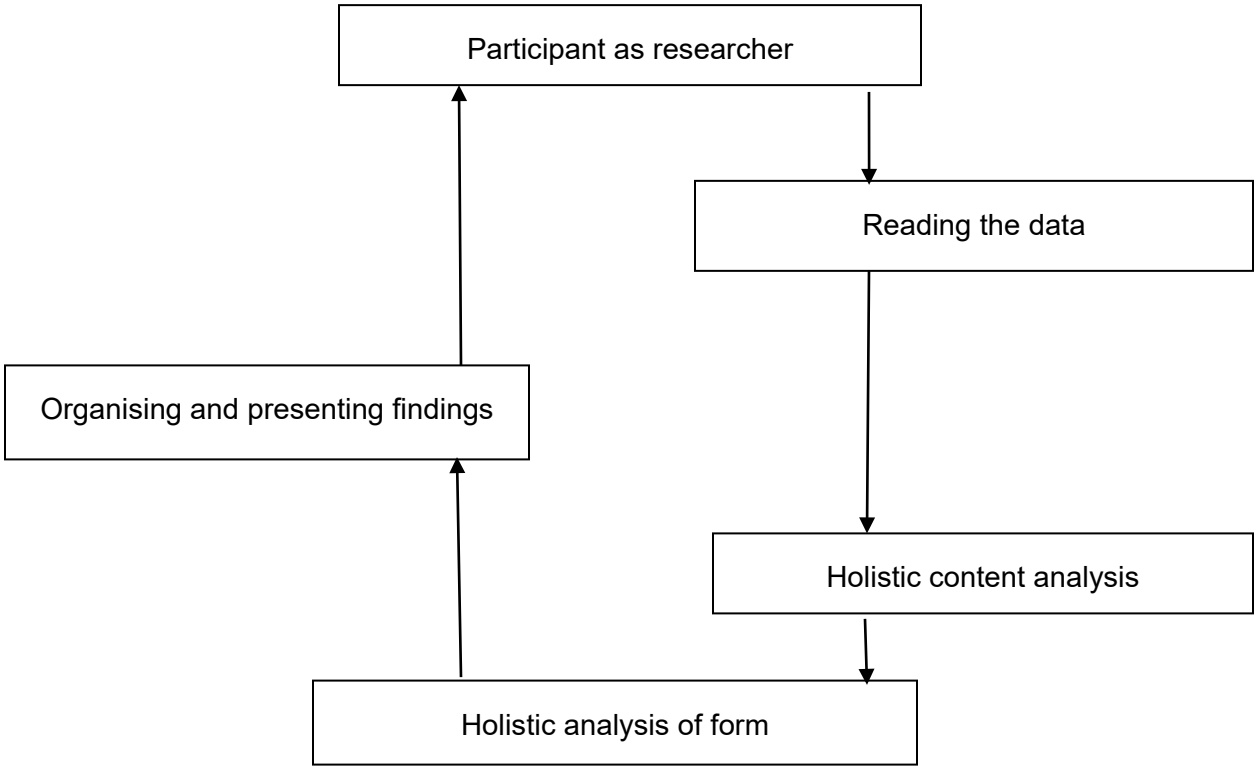
According to Quinla *et al* (2015: 334), the researcher should code as soon as initial data is collected and should not be discouraged if coding needs to be repeated several times. The theoretical ideas should be considered in relation to codes and data. A slice of data can be coded more than once and the researcher should not be concerned about what seems like too many generations of codes (Bryman, 2012: 452 – 453).

5.9.1.4 Narrative analysis

Narratives are stimulated and collected from interviews and are used to construct the hypothesis(es). Narrative analysis results from interviews and is a method of analysis where the researcher aims to obtain and scrutinise stories as told by participants about themselves and life implications on them (Sekaran and Bougie, 2013: 352). Quinlan *et al* (2015: 332)

define narrative analysis as the analysis of data through the use of narratives. Figure 5.9 below explains the narrative process.

FIGURE 5.8: NARRATIVE ANALYSIS PROCESS



Source: Quinlan *et al* (2015: 333)

Narrative analysis focuses on the process of retrieving information from the interviewee and the effects of certain incidents in order to relate to other incidents. Narrative analysis must be followed by a narrative review – in this case, the researcher reviews literature that can be appropriate to the incident (Bryman and Bell, 2014: 380).

5.9.1.5 Content analysis

Content analysis is an analysis method which involves the objective and systematic analysis of documents and texts in order to quantify the content (Quinlan *et al*, 2015: 157). The definition includes objectivity and is systematic which ensures minimisation and avoidance of researcher bias. Objectivity ensures unbiases through transparent procedures of assigning raw material to categories, while a systematic process is realised through consistent application of the rules of research questions (Bryman, 2012: 231). In content analysis, significant actors and words are to be counted, and referred to as unit of analysis dependable

regarding the research questions. A sampling technique has to be applied on units of analysis before content analysis is applied (Mouton, 2014: 385). According to Bryman (2012: 236), computer-assisted context analysis (CASA) can be used for electronic documents. CASA uses two types of computer software – DICTION and Sentiment Analysis. CASA is able to remove certain concerns attached to human bias and cognitive limitations associated with manual content analysis (Bryman, 2012: 236).

5.9.2 Computer software

Qualitative data is making more and more use of computer software to analyse the data. Since the mid-1980s, computer software has become the practice for qualitative data analysis (Metzler, 2014: 462). Computer programs are found to be helpful in the sense that they can store and manage a large data set safely and securely (Quinlan *et al*, 2015: 330). The computer-aided qualitative data analysis software (CAQDAS) sometimes referred to as qualitative data analysis (QDA) is a computer programme which consists of software packages designed to analyse data (Mouton, 2014: 503). CAQDAS consists of a number of software packages such as WinMAX, HyperQual2, QUALPRO, ATLAS.ti, NVivo, HyperRESEARCH, and others (Mouton, 2014: 510). The following section will discuss CAQDAS Atlas.ti version 8 software, as it was used to analyse data.

5.9.2.1 CAQDAS ATLAS.ti

An electronic coding using Computer Assisted Qualitative Data Analysis Software Atlas.ti version 8 software to code and analyse data was used to analyse the data for this research. The advantage of the software is that it acts like a “container” that keeps all the data, codes, memos and findings from the same project in a single environment. This helps to manage, extract, compare and explore the data within the texts and ease and facilitate the analysis process (Ngalande and Mkwinda, 2014). Furthermore, the software assists in building networks and relationships, resulting in creating a graphical view of the data (Ngalande and Mkwinda, 2014). Although the software allows for organising transcript data in preparation for analysis, it does not analyse the data, as the analytic part remains the responsibility of the researcher. ATLAS.ti allows for various ways of coding such as open and auto coding. ATLAS.ti further allows the researcher to create visual images of data in relation to each other (Woods, Paulus, Atkins and Macklin, 2015: 3). ATLAS.ti is able to keep a list of texts, memos and codes simultaneously visible on the screen throughout the data analysis phase. It allows for the creation of memos about theory at any time. Boolean, semantic and proximity operators are used to search for data (Quinlan *et al*, 2015: 342). ATLAS.ti is able to link one

segment of text to another without coding through a hypertext link. Two hypertext links exist – star structure which links texts to original text and chain structure where each link naturally follows the previous one (Woods *et al*, 2015: 3).

5.10 VALIDITY AND RELIABILITY

A prerequisite of research results is that they must demonstrate quality, through validity and reliability (Savin-Baden and Major;2013: 473)

5.10.1 Validity

Fraenkel and Wallen (2009; 147) describe validity as referring to the correctness, appropriateness, meaningfulness and usefulness of the inference made by the researcher. Mentler (2017: 154) defines validity as an important quality in qualitative research data which concentrates on whether the collected data is measuring what it is supposed to measure.

Validity does not characterize tests themselves, but the way test scores are interpreted. It is important to note that validity refers to how supportive evidence is to any inferences made by the researcher based on collected data using a certain instrument (Sekaran and Bougie 2013: 226). The inferences are about the uses of the instrument and not the instrument itself. An appropriate inference relates to the purpose of the research study, a meaningful inference explains the meaning of obtained information with the aid of the instrument, and a useful inference helps a researcher to determine the relationships that the study intends to find (Fraenkel and Wallen, 2009: 148). Validity, therefore, depends on the amount and type of evidence available to support interpretation made by the researcher concerning the collected data. There are three main types of evidence a researcher might collect, namely content-related evidence of validity, criterion-related evidence of validity, and construct-related evidence of validity (Mentler, 2017: 154).

- Content-related evidence of validity refers to the content and format of the instrument. It concentrates on the extent to which tests measure the content they are supposed to measure.
- Criterion related evidence of validity refers to the extent of relationship of test scores obtained using different instruments (Springer, 2010: 153-155). Two types of criterion related validity are identified, namely concurrent validity and predictive validity. Concurrent validity is the correlation of test scores on a similar, previously validated measure administered simultaneously. Predictive validity refers to the extent of relationship of test scores to a variable that will be measured in future (Sekaran and Bougie, 2013: 226).

Construct-related evidence refers to how extensively a test measures the intended construct of an unobservable psychological entity proposed to account for observable behaviour. It testifies whether the obtained results fit the theories that the test was designed to measure (Springer, 2010: 153-155 and Fraenkel and Wallen, 2009: 148). Sekaran and Bougie (2013: 227) identify two types of construct validity. Convergent validity is established when there is a correlation between scores obtained from the use of two different instruments. Discriminant validity is established when theory finds two variables to be uncorrelated and the obtained scores verify that there is no correlation (Mentler, 2017: 154).

Flaws in research design may be due to findings affected by factors not related to the research. Internal validity can be threatened by factors or reasons as stipulated in table 5.6 below:

TABLE 5.6: INTERNAL VALIDITY THREATS

Threat	**Definition and explanation**
Past or recent events	Events that affect the perception of the participants.
Testing	The impact of testing on views and actions of the participants.
Information	The effect of incorrect information on the responses of participants.
Instrumentation	The impact of changing the instrument during the process will affect the comparability of results.
Mortality	The impact of participants withdrawing from study.
Maturation	The impact of a change in the maturity of participants can affect their responses.
Ambiguity about casual direction	Lack of clarity about the cause and effect.

Source: Saunders *et al* (2012: 193)

The above forms of validity can be established through correlational analysis, factor analysis and multimethod matrix of correlation (Saunders *et al*, 2012: 193). It has to be noted that validity is a necessity, but not sufficient condition to measure a test of goodness. A measure should be valid and reliable in order to provide consistent results. The next section will discuss reliability.

5.10.2 Reliability

Reliability refers to the measurement of consistency (Springer, 2010: 165). Reliability of a test depends on the extent to which it produces consistent results and that repeated experiments

will accurately measure variables (Savin-Baden and Major, 2013: 473). Results are reliable if the same results are replicated by a different researcher, which confirms that the data collection techniques and procedures are considered to be consistent. Reliability is also exposed to threats, such as bias and participant and researcher error. Participant error refers to any factor that will affect the performance of the participant, while researcher error affects the researcher's interpretation (Saunders *et al*, 2012: 194).

A reliability coefficient shows the relationship between scores of the same individuals at two different times using the same instrument (Fraenkel and Wallen, 2009: 155). Springer (2010: 165) summarizes the six major types of reliability in Table 5.7.

TABLE 5.7: TYPES OF RELIABILITY

Type	**Dimension measured**
Test- retest	Consistency across time: a good test-retest reliability of a measurement is attained if same results are obtained when repeated measurement is administered.
Equivalence and stability	Consistency across forms of test over time: consistency is realized when equivalent forms of the same measurement given to the same group on different occasions, shows correlation of scores.
Internal consistency	Consistency across items of a test or subtest: the extent of observed consistency on a test in response to related items.
Interrater	Consistency across raters: extent of consistency of two or more observers of the same variable, also referred to as scorer agreement.
Standard error of measurement	Consistency of individual responses explains the difference between the individual score obtained and the true score of the individual.

Source: Springer (2010: 165)

There is an important relationship between validity and reliability. There is a possibility that reliable scores can be obtained from an instrument, but that the score is not valid. This means that the instrument is yielding consistent results that are not measuring what is intended to be measured. The score cannot be both valid and unreliable: that is, the score that measures what is intended to be measured should always be consistent (Mentler, 2016: 157).

5.11 ETHICAL CONSIDERATIONS

Ethical issues are important in both primary and secondary data collection. The effects of the actions of the researcher can cause damage to the participants and also on the researcher and the research findings (Rahman, 2017: 107). Ethics start and end with the researcher, and it is therefore the responsibility of the researcher to ensure that research ethics receive the consideration they deserve. The researcher is the first person to be aware of the benefits and the losses of the proposed research process (Khan, 2014: 231). Saunders and Lewis (2012: 74) define research ethics as the appropriate moral behaviour of the researcher in relation to the rights of the participants. The aim of ethics is to give guidance to the moral behaviour of the researcher (Mouton, 2009: 10).

Ethical issues are important in qualitative research because the researcher is directly involved with the participant and may intrude in the life of participants (Metzler, 2014: 49). Several ethical issues have to be considered when the researcher conducts research. Saunders and Lewis (2012: 75) identify the following ethical principles to be considered by the researcher:

- no harm to the participant;
- advance communication with potential participants;
- participants must give informed consent and must be willing to participate in the research process;
- honest should prevail between the researcher, participants and representatives of the organization;
- confidentiality and anonymity of participants should be maintained;
- compliance with confidentiality during data collection and storage; and
- research findings should be made available to concerned parties.

Chong and Yeo (2015: 263) suggest the use of nicknames when audio-recorded interviews are transcribed. Data should be kept in a safe place and electronically stored on a laptop or computer protected by a password as a measure of ensuring the protection of identities of the participants.

Ethical conduct by the researcher should not only be reflected in the behaviour of the researcher, but also in the behaviour of participants who provide data, data analysts, and those who interpret the results and suggest alternative solutions (Sekaran and Bougie, 2013: 13).

5.12 SUMMARY

This chapter explained the research methodology as applied in the study. Research is defined differently by different authors – what is important about the definitions is that all defined research as a process to find answers to research questions. The main purpose of research is to contribute new knowledge. The characteristics of research are objectivity, control, general stability, being systematic, being free from personal bias, and being reproducible.

Research can be approached deductively or inductively. Deductive approach is where the researcher draws from what is known in theory and deduces a hypothesis; while, in inductive approach, the researcher deduces a hypothesis and draws theory from it. The research method involves data gathering, analysis and interpretation to be proposed by the researcher. There are two types of research method, namely quantitative and qualitative. Quantitative is used when the researcher is working with numbers, while qualitative is used when working with words.

The study employs a qualitative research method because the interviewees provide the researcher with verbal data. The research study also follows the inductive approach since the researcher generates theory from the data received from the interviewees. Purposive non-probability sampling method is used to choose the sample and Atlas.ti is used to analyse data.

CHAPTER 6

DATA ANALYSIS AND INTEPRETATION

6.1 INTRODUCTION

The study makes use of a qualitative method to collect data in the form of interviews. The collected data is analysed using the Computer Assisted Qualitative Data Analysis Software (CAQDAS) Atlas.ti version 8, through which different quotations are analysed and interpreted with the aim of obtaining answers to the research questions. This chapter presents the analysis of the data collected from the interviews. Data analysis is the stage where the researcher processes the raw data to make it valuable (Sekaran and Bougie, 2013: 274). The researcher conducted face to face interviews with municipal managers (MMs), Chief Financial Officers (CFOs), SCM managers, and municipal practitioners from Lejweleputswa district municipality and three local municipalities, namely Matjhabeng, Masilonyana and Tokologo. Interview guides were formulated in such a manner that every different job title had its own set of questions since their responsibilities differ. The researcher also prepared the interview guide in such a manner that research questions could be answered comprehensively. This chapter will present the analysis of the raw data in order to achieve the research objectives and answer the research questions. In addition, the data analysis process will be briefly discussed.

6.1.1 Data cleaning process

The recorded interviews were transcribed verbatim to avoid the possibility of misquoting the interviewees. The cleaning process and preparation of the interviews for coding included a thorough review of the transcripts. Thereafter, both the researcher and the coders discarded the typographical errors and missing words. At the preliminary reading stage, relevant paragraphs were highlighted to ease the data analysis process (Creswell 2013: 205).

6.1.1.1 Computer-assisted qualitative data analysis software (CAQDAS)

An electronic coding system using Computer Assisted Qualitative Data Analysis Software Atlas.ti version 8 was applied to code and analyse all the information provided by the interviewees. The rationale for using CAQDAS is that the software acts like a “container” that keeps all the data, codes, memos, and findings from the same project in a single environment. This helps to manage, extract, compare and explore the data within the texts to ease and

facilitate the analysis process. The software (Atlas.ti) assists in building networks and relationships, resulting in creating a graphical view of the data (Ngalande and Mkwinda, 2014: 246). However, although the software allows organising transcripted data in preparation for analysis, it does not analyse the data, as the analytic part remains the responsibility of the researcher.

6.2 DEMOGRAPHIC PROFILE AND INTERVIEWEES' CONTRIBUTION TO THE STUDY

In total, twenty-three interviews were conducted in the Lejweleputswa municipal district. Interviewees included three municipal managers, four Chief Financial Officers (CFO), four Supply Chain Managers (SCM), and twelve supply chain management practitioners. The reason why only three municipal managers were interviewed is that the fourth one passed away during the research process.

TABLE 6.1: DEMOGRAPHIC PROFILE AND PARTICIPANTS' CONTRIBUTION TO THE STUDY

Name	Position	References
Interviewee 1	CFO	85
Interviewee 2	SCM Practitioner	37
Interviewee 3	SCM Practitioner	27
Interviewee 4	SCM Practitioner	23
Interviewee 5	Supply Chain Manager	38
Interviewee 6	CFO	24
Interviewee 7	MM	48
Interviewee 8	Supply Chain Manager	17
Interviewee 9	CFO	42
Interviewee 10	SCM Practitioner	14
Interviewee 11	SCM Practitioner	34
Interviewee 12	SCM Practitioner	26
Interviewee 13	SCM Practitioner	19
Interviewee 14	SCM Practitioner	19
Interviewee 15	CFO	42
Interviewee 16	SCM Practitioner	21
Interviewee 17	Supply Chain Manager	35
Interviewee 18	MM	53
Interviewee 19	MM	41
Interviewee 20	Supply Chain Manager	34
Interviewee 21	SCM Practitioner	31
Interviewee 22	SCM Practitioner	50
Interviewee 23	SCM Practitioner	20

Source: Survey data

Table 6.1 shows the different interviewees, their job titles in the municipalities and the contribution in number of references which they made. Each interviewee's responses contributed differently to the coding process which was used to generate the references. References indicate the number of quotations generated from each transcript (interviewees in this case). The references were obtained using Atlas.ti, as depicted in Table 6.1. As shown in Table 6.1, interviewee 1 contributed the most meaningful contributions to the study with 85, in comparison to other interviewees. The reason for this may be that interviewee 1, who is the

CFO of a municipality, is responsible for *inter alia* the management of supply chain management within the municipality and has therefore more insight into the research questions. Table 6.1 also shows that interviewee 11, who is a practitioner, contributed the least insight to the study.

6.2.1 Coding process

The first stage of qualitative data analysis is coding of the data. Coding takes place when the researcher interprets and represent the original data in another format. According to Malhotra and Birks (2017: 246), coding is a process that enables researchers to identify what they see as meaningful and to set the stage to draw conclusions, as well as interpret the meaning. The coding process of the study was guided and framed by the research questions and objectives of the study. The following were the research questions for the study:

- What are the barriers that impede SCM performance in the Lejweleputswa municipal district?
- Are SCM officials equipped with the necessary knowledge and skills regarding SCM legislation?
- Are local authorities in the Lejweleputswa municipal district complying with SCM legislation?
- What challenges are faced by Lejweleputswa municipal district for the effective implementation of service delivery?
- How are SCM policies, legislations and Acts affecting the provisioning of service delivery in the Lejweleputswa municipal district?

The researcher compares and consolidates codes in progressing towards a theme. Several codes are clustered to form themes. Table 6.2 serves as an example of the coding process and how codes and themes are created. As an example, based on the *information from the transcripts*, two codes – *illegal electricity installation* and *refusal of payment enforcements* – were identified to give meaning to the information in the transcripts. These codes were then used to identify the theme community challenges.

TABLE 6.2: CODING EXAMPLES

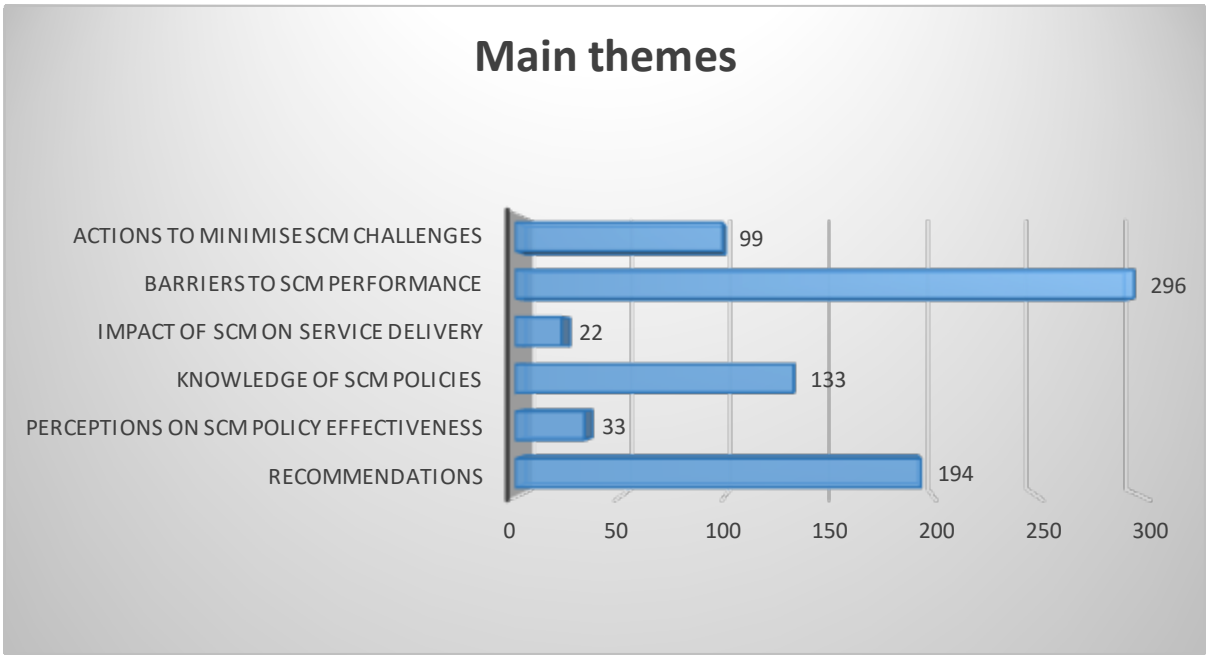
Theme	code	Information from the transcript
Challenges from communities	Illegal electricity installation	"I think from the experience of what municipalities have undergone in communities you will find communities that have bridged electricity meters and that on its own it can't pass revenue either by Eskom or municipality" (Interviewee 18)
	Refusal of payment enforcements	"So, in the townships they don't enforce anything because people buy from Eskom. And when the municipality then go and cuts water in the location the people get chased away. So, in the locations, there is no enforcement that's been done" (Interviewee 20).

Source: Survey data

6.2.2 Main themes generated

The main themes that emerged from the data analysis process are presented in Figure 6.1. Figure 6.1 highlights the number of quotations for each theme. From the figure below, the most discussed theme was "barriers to SCM performance" with 296 numbers of references. Recommendations on how to improve the performance of SCM in municipalities was the second most discussed theme with 194 references, followed by "knowledge of SCM policies" and "actions to minimise SCM challenges" with 133 and 99 references, respectively. Perceptions on SCM policy effectiveness, reasons for non-payment and the impact of SCM on service delivery were the least discussed themes with references of less than 40 each. However, although the references are low, they are still meaningful for the study, as they are themes that were identified through the research.

FIGURE 6.1: MAIN THEMES



Source: Survey data

6.3 DISCUSSION OF THE THEMES DEVELOPED ACCORDING TO THE RESEARCH QUESTIONS OF THE STUDY

From the data analysis process, six themes were developed that relate to supply chain management performance and service delivery as shown in Figure 6.1. Each of the identified themes will be discussed in the following sections.

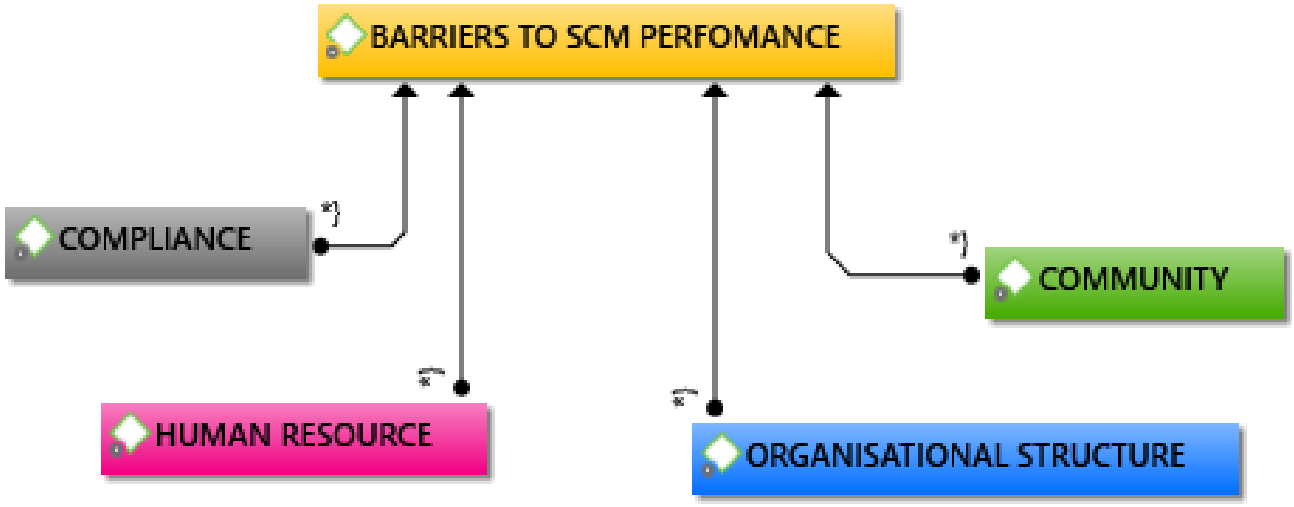
6.3.1 Barriers Impeding Supply Chain Management (SCM) Performance

Data analysis revealed that barriers impeding supply chain management was the most discussed theme by interviewees. The barriers that impede the performance of supply chain management in municipalities as identified by interviewees can be categorised into four main categories:

- community challenges;
- non-compliance to policies and laid down legislations;
- deficiencies in human resources; and
- challenges arising from the organisational structure.

These barriers are depicted in Figure 6.2 and will be discussed in the next section.

FIGURE 6.2: BARRIERS TO SUPPLY CHAIN MANAGEMENT

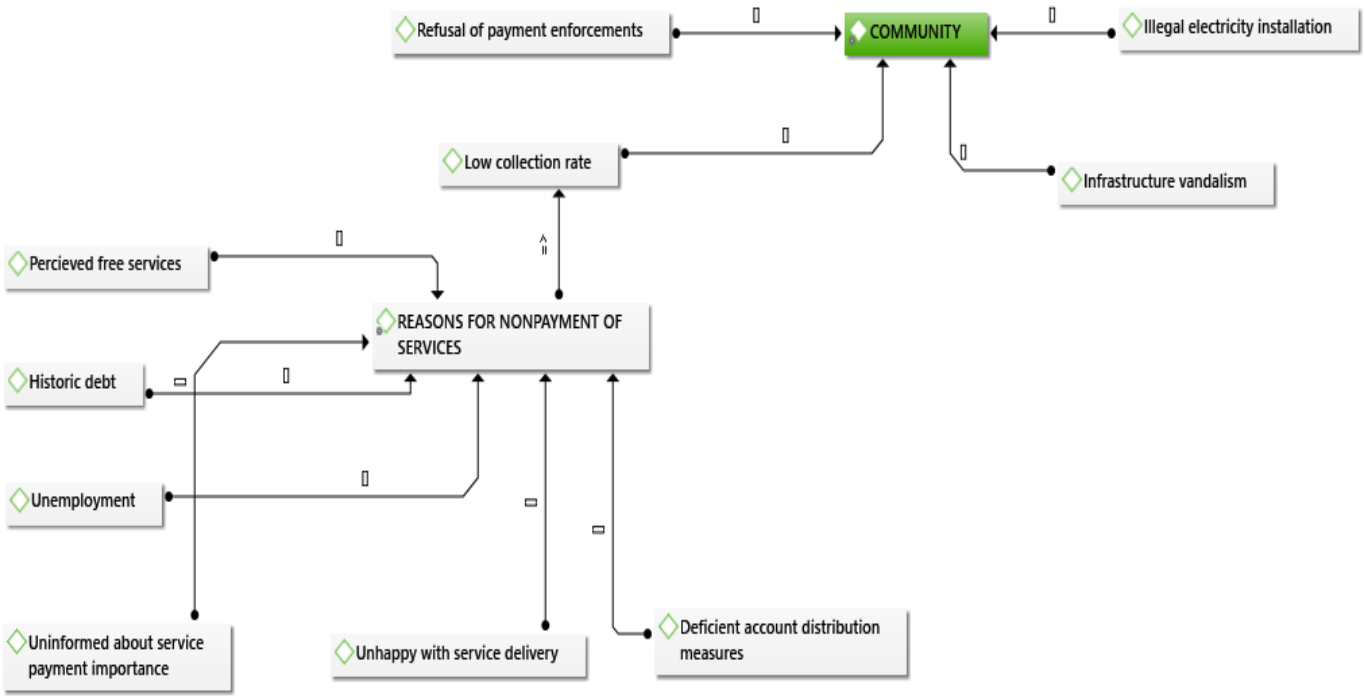


Source: Survey data

6.3.2 Challenges emanating from the communities

A number of activities identified by the interviewees relate to the community, as depicted in Figure 6.3. According to the analysed data, the challenges experienced by local municipalities emanating from the communities are the low collection rate, refusal of payment enforcements, vandalism of infrastructure, illegal installation of electricity, and non-payment for services. Interviewees indicated that there are several reasons that led to non-payment for services, such as the perception of free services, historical debt, unemployment, unhappiness with service delivery, being uninformed regarding the importance of payment, and deficient account distribution measures, as shown in Figure 6.3 below. The specified reasons for non-payment of services contribute towards a low collection rate and revenue of the municipality. Communities make it very difficult for the municipalities to perform their duties effectively because they do not pay for services provided and are illegally connecting electricity for free.

FIGURE 6.3: COMMUNITY CHALLENGES



Source: Survey data

To substantiate the above argument, interviewee 18 indicated that community members bridge the electricity meters, which is reducing municipalities' income and thus affects payment to Eskom and increases the prevailing debt. Also, members of the community are failing the municipalities by not reporting those activities.

Interviewees revealed that infrastructure vandalism is a serious problem caused by communities. One of the main reasons resulting in lack of service delivery is communities not protecting the infrastructure of their municipalities, which affects service delivery negatively. Instead, community members destroy and steal infrastructure material that is meant to provide services. Consequently, the municipalities must make provision to replace stolen property and repair the vandalised infrastructure. Supporting the above statement, interviewee 10 said the biggest challenge is stealing of electrical cables and equipment which is hindering the provision of basic services to communities by municipalities.

The majority of the interviewees indicated that communities do not pay for municipal services. As a result, the local municipalities face a problem of a low revenue collection rate. The services they render to communities do not amount to what municipalities receive in return. In this regard, interviewee 1 highlighted that the service rendered, and the income received do

not correspond, meaning that municipalities spend more than they receive from the community. Supporting the low collection rate, interviewee 6 indicated that the municipality's collection rate is about 39% and that this is negatively affecting service delivery.

The credit-control policy allows municipalities to enforce payment measures such as disconnecting services when communities do not pay for municipal services rendered to them. However, municipalities have difficulties enforcing payment measures in townships because communities chase away municipality officials in charge of disconnecting services when municipal officials attempt to implement credit control policy such as disconnecting services. Interviewee 20 indicated that in the township, municipalities cannot enforce disconnection as people also buy electricity units directly from Eskom, which also results in a loss of revenue as municipalities normally buy in bulk from Eskom and add a levy to the sale of electricity.

Figure 6.3 provides a graphic illustration of the factors resulting in non-payment of services rendered by the municipalities. The data analysis process reveals reasons why communities do not pay services rendered by municipalities. Interviewees indicated that one of the main reasons is that communities are dissatisfied with service delivery from the municipalities. Interviewee 10 argued that the level of dissatisfaction about service delivery is high among the communities and that this results in frustration, confusion and not realising the importance of paying for services. Interviewee 22 reiterated by saying "…the truth is that one cannot pay while experiencing potholes, blocked sewerages and streetlights which are not in working condition. It is a fact that darkness contributes to housebreaking and robbing of people".

Sharing the same sentiment, interviewee 14 alluded to municipal political office bearers deceiving communities by giving them false hope and ending up not delivering what had been promised to be delivered and also giving them the impression during election campaigns that municipal services were free. Political office bearers did not go back after being elected to explain to the community why it was important to pay for the services rendered by the municipality.

Interviewees 2, 4 and 13 stated that unemployment was also linked to the non-payment of services. In this regard, interviewee 2 stated that the unemployment rate was very high in the townships. In addition, the burden of historical debt contributed to non-payment for services. Interviewee 10 stated that historical debt contributes to the non-payment of services as some community members find it unfair to be paying for inherited debt. Interviewee 10 was of the opinion that, if parents had passed on, their debt should be written off and that the new owner

should start paying for current services rendered. Interviewee 10 was of the opinion that it was an unfair practice for the new owner to be expected to pay up the debt of the parents.

The data analysis process also revealed that most community members perceived municipal services as free services that they are entitled to, which is often a result of promises during election campaigns. Interviewee 10 linked the non-payment of services to people who feel it is what they are entitled to after voting. In this regard, interviewee 10 stated that black people are of the idea that they need not pay for services, that only white people and those staying in suburbs should pay because they could afford to pay. Interviewee 16, however, shared a different perspective that challenged the notion that black people are unwilling to pay for services. The problem, as revealed by interviewee 16, is that during election campaigns, people were promised free services, and this led to people not paying for the services.

In the context of the indigent policy, interviewee 21 revealed that municipalities do not provide citizens with a full explanation about what the policy entails and how it is implemented. As a result, citizens lack an understanding of the need to pay for services rendered to them. Community members from townships believe that since they are from previously disadvantaged communities, they do not have to pay.

The data further revealed that communities do not pay for services because they do not receive their accounts on time, due to the deficient account distribution system used by the municipalities. Supporting the above argument, interviewee 1 blamed the postal service saying it takes a long time to deliver mail.

Interviewees revealed that there are corrupt practices taking place in the SCM process relating to the selection of service providers, non-compliance to SCM policies by SCM officials, and service providers bribing SCM officials. For instance, interviewee 19 highlighted a lack of internal control systems in SCM. As a result, there are discrepancies when it comes to pricing of services. Thus, services are overpriced, to the benefit of some SCM officials and service providers. As explained by interviewee 19, there is a lack of management of costing and service providers charge prices that are far above the market framework. Sometimes a service that is supposed to cost R100 may be priced at R250, which shows that there is a lack of internal control in terms of evaluating costs. Interviewee 23 said that there are corrupt activities initiated by service providers – the interviewee mentioned that some suppliers, especially those that do not qualify, bribe officials in order to do business with the municipality. Interviewee 22 supported the latter by reiterating that corruption always starts from outside.

6.3.3 Human resource challenges

Interviewees identify human resource deficiencies as one of the main barriers to SCM performance. Lack of training and unqualified SCM officials are regarded as the main challenges by interviewees. According to the interviewees, the SCM staff employed at municipalities are not qualified to carry out duties related to SCM: they need to be trained in SCM job related activities and also display a poor work ethic when attending to their work, for instance when communicating with service providers. In addition to the before mentioned, municipalities do not have sufficient human resource capacity, which can be seen in the vacant posts in the SCM unit. Figure 6.4 depicts the human resource factors that undermine SCM performance.

FIGURE 6.4: HUMAN RESOURCE FACTORS THAT UNDERMINE SCM PERFORMANCE

Source; Survey data

Table 6.3 below illustrates that chief financial officers shared more concerns (29 quotations) with regards to human resource related challenges, whereas municipal managers shared only 10 quotations. This might be because CFOs work directly with SCM personnel on a daily basis. Figure 6.4 and Table 6.3 show that municipalities experience insufficient capacity as far as SCM personnel is concerned.

TABLE 6.3: CROSS-TABULATION ANALYSIS OF DEFICIENCIES OF HUMAN RESOURCES

	Municipal manager	Chief financial officer	Supply chain manager	Supply Chain Management practitioner	Totals
Insufficient capacity	4	15	1	3	23
Lack of training	0	1	1	4	6
Poor work ethic	5	2	2	4	13
Unqualified staff	1	11	1	1	14
Totals	10	29	5	12	56

Source: Survey data

To support the above statements, interviewee 1 highlighted that the municipality recently adopted a strategy of letter distribution by using meter readers to deliver the letters, only to find out that these letters had been thrown into dustbins instead of being delivered. According to interviewee 18, poor work ethic of SCM officials impedes performance of supply chain management in municipalities. The interviewee shared that municipal officials lack commitment and knowledge of their work, resulting in poor performance.

The data analysis process revealed that there is a high level of unqualified staff within local municipalities. Interviewee 1 indicated that there are few individuals who have the necessary qualifications, with the majority only having grade 12. The interviewee further clarified that in the Supply Chain Management Unit, one expects staff with BCom degrees, only to find a few staff with BCom degrees, whilst the rest are in possession of only a matric certificate. In addition to the information above, interviewee 1 further alluded to municipalities not utilising available institutions, such as not offering SCM programmes like the Chartered Institute of Procurement and Supply (CIPS). Rather, the interviewee continued, they employ people who do not even have the skills to perform SCM duties. The interviewee revealed that municipalities do not consider people with experience in supply chain management when making appointments, but rather appoint those who will learn as they work, which is a risky process.

Interviewee 1 also stated lack of training as a factor that disables effective SCM performance. For instance, the interviewee indicated that the municipality does not monitor the skill base of

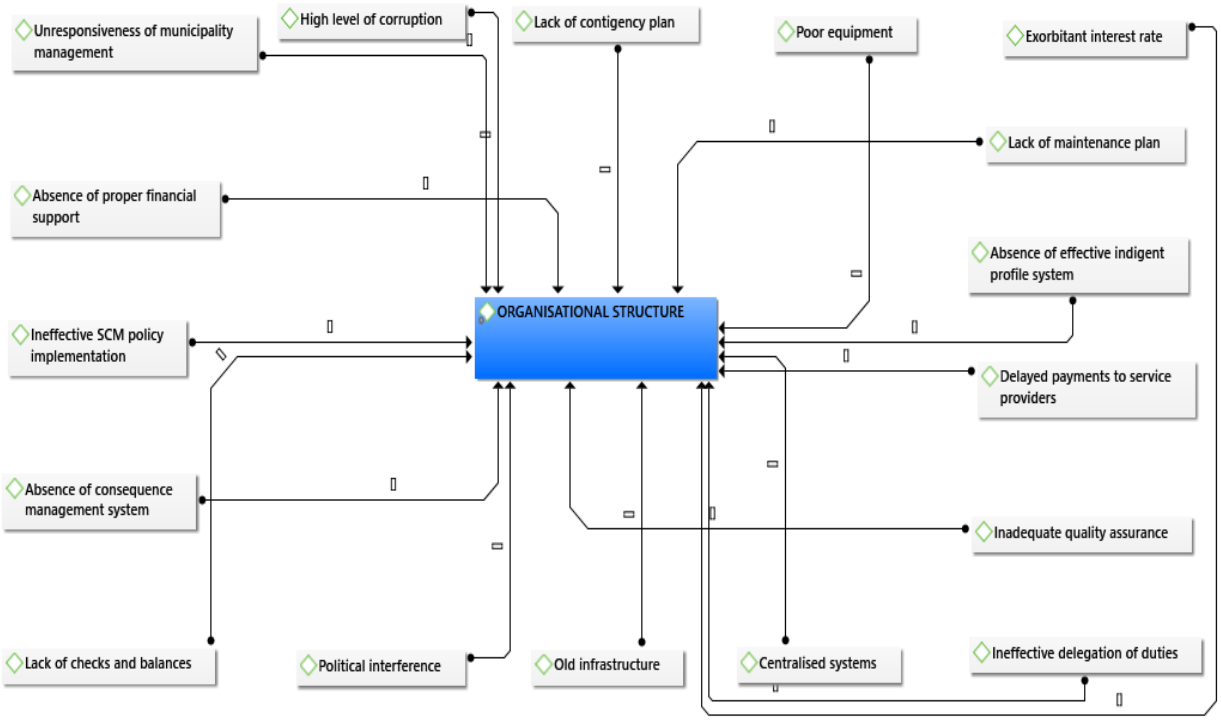
officials, especially with the ever-changing SCM legislations. To substantiate this point, interviewee 21, who is a municipal practitioner, revealed that training was never provided to him in the SCM field. According to interviewee 4, the municipality is in a process of providing SCM training to municipal officials. However, the practitioners only received an induction course. Sharing the same viewpoint, interviewee 20 emphasised that the biggest need is training and equipping SCM officials with the right skills to perform their duties.

In the context of insufficient capacity, the majority of the interviewees emphasised that it has a direct impact on SCM performance in municipalities. For this study, insufficient capacity refers to a shortage of practitioners (not enough posts) or the existence of vacant posts that need to be filled to perform SCM duties effectively. Interviewees maintained that there are not enough skilled people to perform SCM duties effectively. For instance, interviewee 6 stated that the SCM unit does not have enough employees and that there exist vacant posts that need to be filled. Interviewee 19 also indicated that they perform their duties without a Supply Chain Manager in the municipality and there are only two officials in the SCM unit.

6.3.4 Organisational culture factors

Figure 6.5 provides a graphic illustration of the various organisational culture factors that undermine SCM performance in the local municipalities and the Lejweleputswa municipal district. The interviewees revealed that within the organisational structure, the following are regarded as the most critical factors undermining SCM performance, namely political interference, absence of proper financial support, lack of a contingency plan, lack of a maintenance plan, old infrastructure, and unresponsiveness of municipal management.

FIGURE 6.5: ORGANISATIONAL FACTORS THAT UNDERMINE SCM PERFORMANCE AND THE PROVISIONING OF SERVICE DELIVERY



Source: Survey data

Table 6.4 reveals that municipal practitioners reported more challenges within the organisational structure (64 quotations), followed by the CFOs (43 quotations). The table also highlights that the municipal managers and SCM managers shared the least concerns regarding organisational structure challenges.

TABLE 6.4: CROSS-TABULATION ANALYSIS OF ISSUES ARISING DUE TO ORGANISATIONAL STRUCTURE

	Chief Financial Officer	Municipal Manager	Municipal Practitioner	SCM Manager	Totals
Absence of consequence management system	0	0	3	0	3
Absence of effective indigent profile system	2	0	1	0	3
Absence of proper financial support	5	4	7	1	17
Centralised systems	0	0	0	3	3
Delayed payments to service providers	0	0	4	0	4
Exorbitant interest rate	4	1	0	1	6
High level of corruption	0	5	5	0	10
Inadequate quality assurance	2	1	4	2	9
Ineffective delegation of duties	4	1	4	0	9
Ineffective SCM policy implementation	0	1	0	1	2
Lack of checks and balances	0	6	1	0	7
Lack of contingency plan	7	2	6	1	16
Lack of maintenance plan	4	1	5	4	14
Old infrastructure	6	1	3	1	11
Political interference	4	6	12	2	24
Poor equipment	2	3	2	2	9
Unresponsiveness of municipality management	3	1	7	0	11
Totals	43	33	64	18	158

Source: Survey data

It is noteworthy that despite the provision in legislation that prevents political interference (MFMA 2003), the data reveals that this is viewed as the main factor that affects SCM performance. This is due to political office bearers who have high authority demanding employees to deviate from following the laid-down regulations and processes. Interviewee 2 stated that political interference is the cause of non adherence to supply chain processes which leads to lack of competition and unfairness in the adjudication of bids. Adding to the

challenge of political interference, interviewee 15 claimed that political office bearers obstruct SCM processes, especially when political office bearers become aware of organisations or suppliers that may benefit from doing business with municipalities. As a result, political office bearers neglect the regulations and take over the work of SCM. For instance, one CFO stated that political office bearers can easily hamper the supply chain management process when projects are viewed from a perspective of who the beneficiaries are that are going to benefit from the procurement process.

Absence of proper financial support was identified as the second main challenge affecting poor supply chain performance. Interviewees highlighted that service delivery fails due to insufficient financial support from management to perform municipal activities, which, in turn, results in SCM failing to deliver. Resonating with the above statement, interviewee 6 highlighted that the unavailability of funds affects the SCM department because they cannot source what is needed. This leads to failure to render the required services. Service providers request to be paid upfront before providing services, due to the culture of delaying payments by municipalites. This is in contrast to the MFMA which requires payments within 30 days (RSA 2003). Interviewee 15, in reinforcing the above statements, revealed that even when officials plan for projects diligently, the unavailability of financial support prevents them from implementing those projects. Against this background, interviewee 15, a CFO, stated that municipalities are facing a cash flow problem which is affecting the completion of some projects.

Interviewees mentioned the lack of a contingency plan as the third major challenge in the municipality because it undermines the procurement department's ability to provide services for items budgeted for. Interviewees 1 and 7 stated that emergencies usually lead to deviation from the procurement plan because of lack of contigency planning. Adding to the above statement, interviewee 21 highlighted that lack of a contingency plan causes SCM units not to follow the procurement process because one cannot leave an emergency unattended just to stick to the budget. Interviewees further stated that official approval in the form of obtaining the necessary signatures is often neglected during emergency procurement.

The data analysis shows interviewees are of the opinion that maintenance plans are lacking within municipalities. For instance, interviewee 1 contended that if there is a problem regarding the infrastructure, such as a broken water pipe, the municipality does not have a plan to solve that problem – a small section of the pipe would be fixed and when, within a week, there was another burst in the pipe close to the previous one, that section would be fixed. If there had been a maintenance plan, the whole length of pipe could have been

replaced. Furthermore, Interviewee 9 indicated that lack of maintenance plans does not only refer to the maintenance of the infrastructure, but also to the equipment and assets which ensure that services are delivered. Interviewee 8 stated that refuse trucks are not well maintained and regularly serviced. Fleet mismanagement occurs: in some cases, a truck used for electricity purposes (jarred picker) may be used to collect refuse with the result that, when a complaint is received regarding electricity, personnel from the Electrical Department have to use a car for the purpose, which is ineffective if the problem is at the top an electricity pole. The viewpoint of interviewee 19 resonated with the above statement, when he explained that they do not have enough equipment to operate at the office and highlighted the fact that there is no telephone at the office of the municipal manager.

Interviewees pointed out that old infrastructure is a serious challenge faced by municipalities. Interviewee 1, for example, indicated that the municipalities have to rely on old infrastructure which leads to ineffective supply chain management. Interviewee 1 added that this impacts on the budget implementation plan of the municipality, as the failure of old infrastructure might redirect the budget to repairs and maintenance rather than the procurement of new assets. Interviewees 7 and 20 supported the notion of old infrastructure, such as decayed water pipes and sewer pipes which often failed, not being in the procurement plan. “One has to urgently obtain quotations, which is where service providers will overprice for work”. Interviewees also stated that municipal vehicles are often not in working condition and affect services, such as timely refuse removal, repairs of leaking sewerage and water, and electricity problems.

The data extracted from the study indicated that management is negligent regarding the requisitions made by SCM officials. Interviewees stated that the unresponsiveness of management caused delays, which impeded the effectiveness of operations. For instance, interviewee 1 pointed out that the municipality takes time to approve a vacancy. Interviewee 11, in agreement with the view of interviewee 1, argued that management delays the processes and so it is difficult to obtain authorisation in the form of a signature, especially from the municipal manager. Supporting the aforementioned, interviewee 14 said that even when the SCM unit presents a report on the challenges encountered, the management do not brief them on the actions to be taken to address those issues. The interviewee further stated that even making suggestions on how to solve problems was a waste of time because it would not be implemented, and no reasons would be forwarded why proposals were not accepted.

The data extracted from the study revealed that SCM units of municipalities are understaffed, thereby resulting in ineffective delegation of duties**.** Interviewee 6, for example, argued that due to insufficient capacity, one official can be a member of more than one bid committee (bid evaluation or bid adjudication committee) for the same procurement, which is not in line with the SCM policy as that official becomes both a player and a referee. Ineffective delegation of duties was also highlighted, due to municipalities not having sufficient personnel in the SCM units. “Thus, when you entrust people to handle certain tasks, they end up doing unjust things, and as a municipal manager, one ends up being in trouble because as a municipal manager you were supposed to oversee”. Interviewee 5 (also a SCM Manager) revealed that the centralisation of SCM causes unprecedented delays in the functionality of operations because in the past departments had procured for themselves which had speeded up the procurement process. “During that era, whatever is procured was stored at the warehouse, where the procuring department will collect from when there is a need”.

Ineffective SCM policy implementation appears amongst the other challenges identified. Interviewees highlighted that the lack of SCM policy implementation is the result of SCM failure. For instance, interviewee 7 indicated that the SCM unit is using a draft policy which has not been adopted by council. Substantiating the above point, interviewee 20 mentioned that, although policies and regulations are drafted as a guide for the municipality to operate effectively, the lack of implementation makes things difficult. In this regard, the interviewee categorically stated that while well drafted policies and legislations were “making jobs easier, the problem is the people who have to implement them”.

Municipalities are also delaying payments to service providers which undermines supply chain performance. Interviewee 2 highlighted that in some cases, a well performing service provider would perform efficiently and effectively but was not paid in time. Interviewee 4 revealed that suppliers usually complained about late payments, which discouraged good suppliers from doing business with the municipality. In addition, the SCM experiences incompetent service providers, who are unable to deliver or are not committed and need to be monitored.

Interviewees indicated that there are ambiguities within the indigent policy system. They vociferously stated that there is an absence of an effective indigent profile system. Consequently, municipalities cannot identify those residing with households that have been registered as indigent. Citizens who are employed, but stay with pensioners, apply as indigents, using the names of parents, and in some cases are advised by municipal officials on the process to be followed, as substantiated by interviewee 1. Interviewee 12 and Interviewee 15, for example, highlighted people abusing the indigent policy. Even those who

can afford to pay for the services claimed to be indigents. Interviewee 15 shared further information on this, stating that there is no monitoring of the indigent register and that most beneficiaries are people who are able to pay for the services.

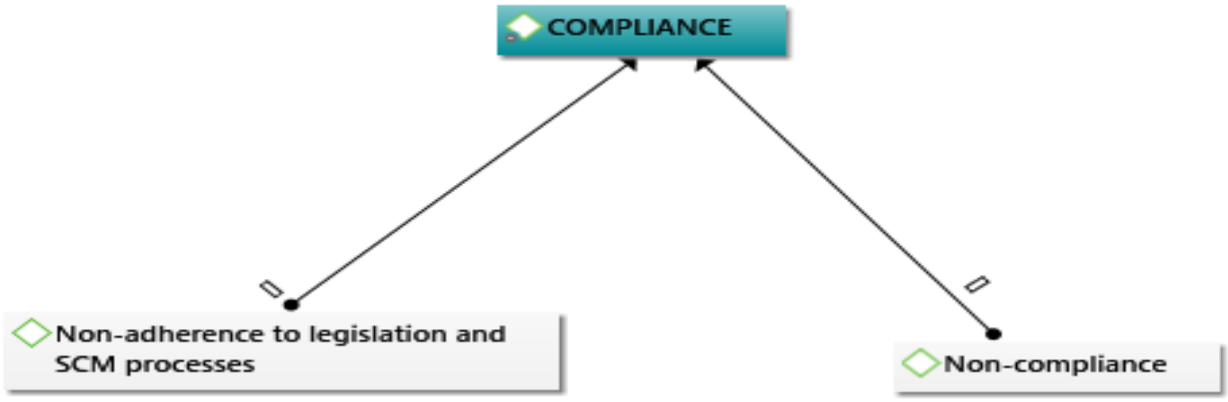
Lack of checks and balances was revealed to be another challenge that affects SCM negatively. Interviewees argued that there are no procedures in place to curb mistakes or prevent uncouth behaviour, and that they often experience the issue of receiving items they did not procure. The procuring department often signs invoices without checking whether the goods received are of the expected quality and quantity. Interviewee 7 added that they sign off documents without perusing them or checking the legitimacy of the document. Later, during the audit process, when it is determined that there are discrepensies, only then is it realised that individuals who manipulate the system have been trusted.

Interviewees pointed out that there is inadequate quality assurance in municipalities. The performance of service providers is not monitored or evaluated after completion to ascertain whether work was performed according to the agreed specification. Interviewee 4 stated that SCM practitioners are not verifying whether the procuring department is satisfied, and that the procuring department does not report whether it is satisfied after the service or the goods have been provided. Interviewees 9 and 20 blamed the SCM officials for failing to assess the quality of the performance and mentioned that the municipality encounters problems afterwards with the services provided.

6.4 BARRIERS ARISING FROM NON-COMPLIANCE TO LEGISLATION

This section discusses interviewees' perception of whether municipalities are complying with SCM legislation. Non-compliance with legislation and prescribed procedures is a barrier to SCM performance because, if there is non-compliance, SCM processes will not be effective and efficient (Auditor General report, 2015/16). Non-compliance with policies and regulations is also an indicator of corruption (Ambe and Badenhorst-Weiss, 2011b: 75).

FIGURE 6.6: COMPLIANCE WITH LEGISLATION



Source: Survey data

From Table 6.5, it can be noted that municipal practitioners had a higher frequency of responses regarding non-adherence and non-compliance to legislation and SCM processes than CFOs, municipal managers, and SCM managers. Responses from interviewees showed that non-compliance with planning is one of the major challenges impeding SCM performance in municipalities. Data analysis revealed that thirty-five quotations indicated noncompliance with planning, while thirty showed that there is noncompliance with legislation and SCM processes. A total of thirty-nine quotations regarding noncompliance and nonadherence were from SCM practitioners, which is the career group directly involved on a day to day basis with SCM processes. In addition, municipal managers contributed the second most, which can be viewed against the background that accounting officers must approve or disapprove recommendations made by the bid adjudication committees and will eventually be held accountable for all operational matters.

TABLE 6.5: CROSS-TABULATION ANALYSIS OF COMPLIANCE TO LEGISLATION

	Municipal Manager	Chief Financial Officer	SCM Manager	Municipal Practitioner	Totals
Non-adherence to legislation and SCM processes	5	2	4	19	30
Non-compliance to planning	11	2	2	20	35
Totals	16	4	6	39	65

Source: Survey data

Supporting this argument, interviewee 1 indicated that irregular, fruitless and wasteful expenditures result from noncompliance due to practitioners not having the required expertise – thus poor planning prevailed. Interviewee 21 pointed out that poor planning was evident from the fact that SCM submissions do not have time frames linked to the provision of services or goods delivered.

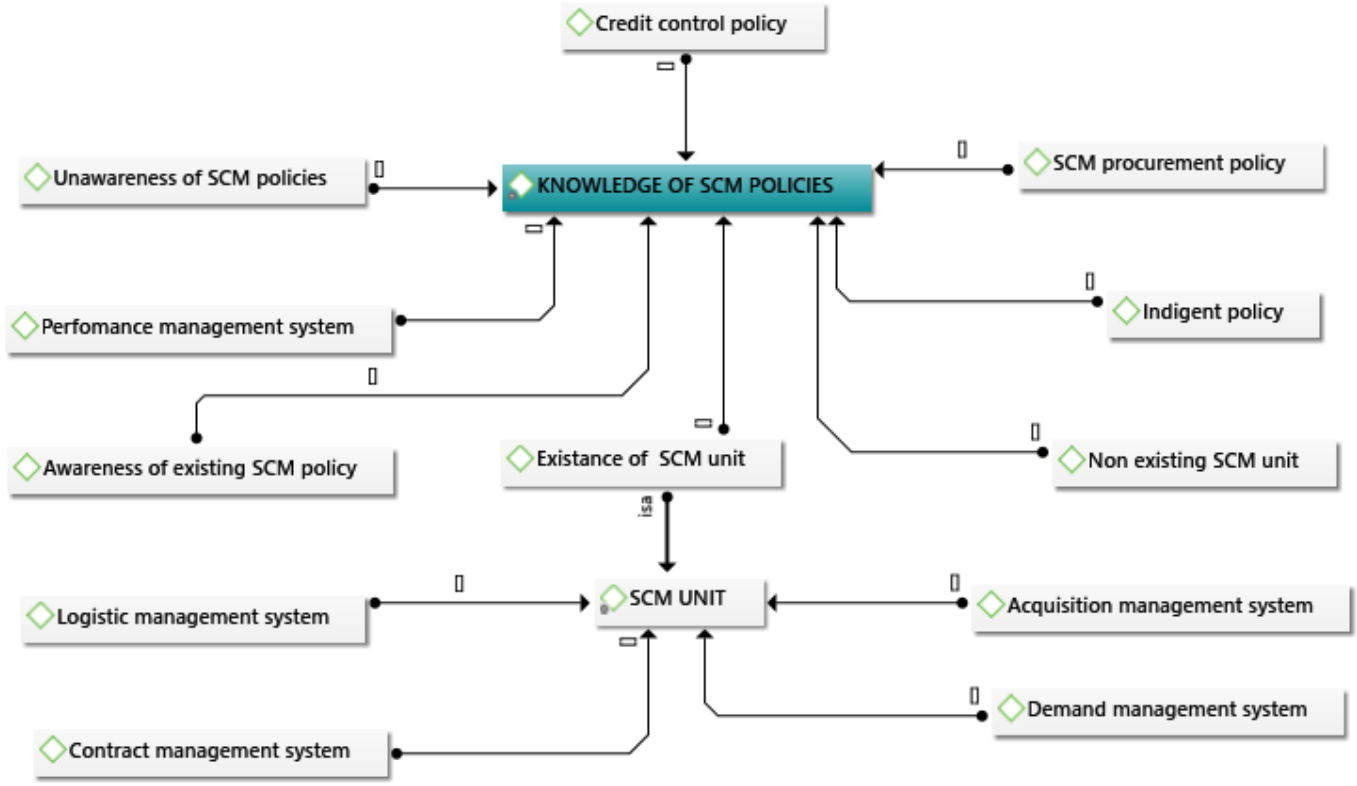
In the context of non-adherence to legislation and SCM processes, interviewees emphasised that they do not comply with the SCM policy. In this regard, interviewee 4 argued that municipal officials work according to their knowledge and not according to what the policy implies. In addition, interviewee 2 indicated that, “when things are not planned properly, they lead to non-adherence to the SCM processes or legislation”. The interviewee revealed that in some cases, non-adherence is due to the fact that procuring departments usually procure at the 11th hour and request that the order must be treated as an emergency.

Interviewees further stated that exorbitant interest rates from service providers and suppliers negatively impact on the financial sustainability of municipalities. Interviewees indicated that the interest rates affect the provision of services because they reduce the municipality’s cash flow. Interviewee 1 commented that fruitless expenditure is often caused not by corruption but by high-interest rates. The interviewee made mention of Eskom, which is charging municipalities interest on millions of rands owed, which is regarded as fruitless expenditure.

6.5 KNOWLEDGE OF SCM POLICIES

The interviewees revealed several policies that they are familiar with and have knowledge about, as depicted in Figure 6.7 below. However, interviewees were unable to explain some systems such as logistics management, demand management, acquisition management and contract management, although they are aware of their existence. Insufficient knowledge of SCM policies was also identified as a challenge for effective performance of supply chain management activities.

FIGURE 6.7: KNOLEDGE OF SCM POLICIES



Source: Survey data

Table 6.6 confirms that interviewees are aware of the existence of SCM procurement policies, the logistics management system, the demand management system, the contract management system, and the acquisition management system. However, there are interviewees who are not aware of the existence of the following policies: credit control, indigent policy, SCM policy, and the performance management system. Six out of 10 quotations show that most interviewees are not aware of the existence of the SCM unit.

TABLE 6.6: POLICIES THAT GUIDE HOW SUPPLY CHAIN MANAGEMENT OFFICIALS EXECUTE THEIR DUTIES

	Chief financial officer	Municipal manager	Municipal practitioner	SCM manager	Total number of quotations
Acquisition management system	0	0	11	1	12
Awareness of existing SCM policy	13	4	4	6	27
Contract management system	0	0	10	2	12
Credit control policy	2	1	0	1	4
Demand management system	0	0	11	2	13
Existence of SCM unit	2	3	1	0	6
Indigent policy	5	0	0	0	5
Logistic management system	0	0	12	1	13
Non existing SCM unit	2	1	0	1	4
Performance management system	0	0	2	1	3
SCM procurement policy	4	11	1	14	30
Unaware of SCM policies	1	0	3	0	4
Total number of quotations	**29**	**20**	**55**	**29**	**133**

Source: Survey data

Divergent views persisted regarding the awareness of the existence of a SCM policy in the municipality. Interviewee 7, for example, stated that the policy had not been implemented, but is still in the draft stages. However, interviewees 9 and 19, stated that the SCM policy had been recently adopted by the council in June 2019. According to the CFOs and municipal managers, there is an existing SCM policy. This firm awareness of SCM policy stemmed from the fact that the policy gets reviewed and updated annually (interviewees1 and18), as well as frequent engagements with the policy when officials perform their duties. In Tswelopele and Masilonyana municipalities, there was no existing SCM policy in place, which is confirmed by

statements that they do not have one or are unaware of it. Interviewee 7 claimed that it is in an implementation phase. With regard to the manner in which some interviewees engage with the SCM policy, both interviewees 6 and 15 indicated that in every aspect that concerns procurement the SCM policy is consulted because it is regarded as a document that officials work with and live with. Indeed, this bible analogy clearly exemplifies the potency of the SCM policy to provide a roadmap which guides the everyday duties of procurement practitioners, CFOs and municipal managers. It also includes strategies on how to avoid unauthorised expenditures in the execution of projects such as the fixing of water pipes and electricity lines. Nonetheless, not all interviewees were knowledgeable concerning how to engage with the policy when performing their required duties. In this regard, interviewee 21 stated that supply chain seems to be something new in the municipality, because officials do not understand the policies and even personnel in the supply chain are not familiar with SCM policies. In a related way, interviewee 15 highlighted the challenge that faces supply chain management as being a lack of understanding of the regulations and Acts governing SCM.

It is argued that employees' knowledgeability regarding the SCM policy of a municipality is crucial to ensuring optimal and efficient functionality of a municipality (Doh, 2017: 14). Overall, responses from interviewees suggested a good level of awareness of the SCM policies. Interviewees were most knowledgeable specifically regarding the procurement policy of the procurement plan, which guides departmental decisions on the items to purchase, the budgeted amounts, and where the budgeted items will be purchased from. In the context of the Preference Point System (PPS), interviewees were well-informed on the policy as it applies to procurement above the threshold value of R 30 000. For instance, most interviewees explicitly stated that procurement above R 30, 000 is normally advertised on the municipality's website and the notice board in the respective municipal office.

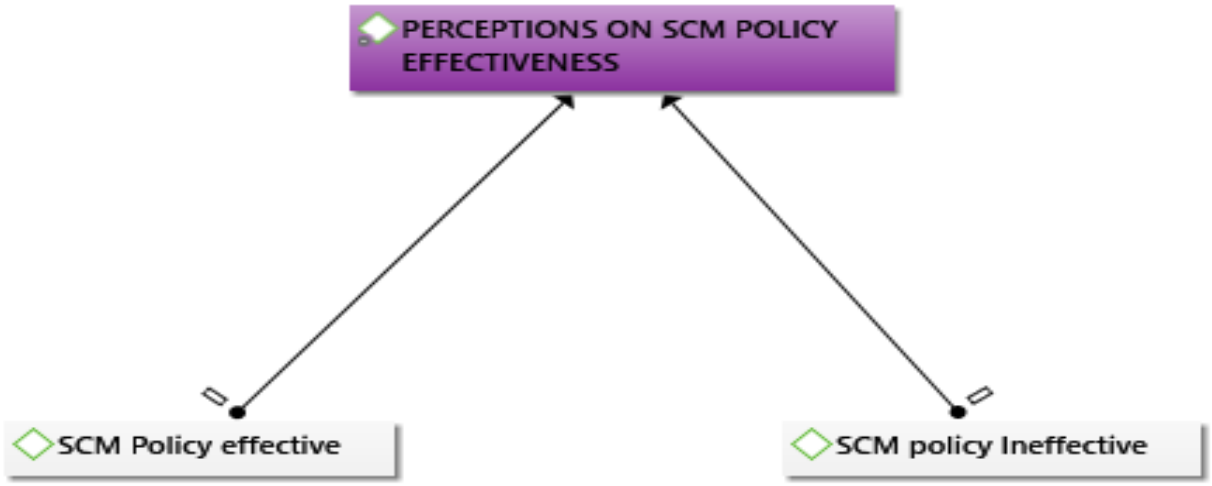
In identifying a successful bidder, municipal managers and CFOs referred to laid down policies and legislation as the framework which informs the final decision, such as having their details in the municipal database and having submitted a tax clearance certificate (interviewee 18). In terms of complying with the Broad Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) (BBBEE), most interviewees were knowledgeable on the policy, especially as it relates to the application of the PPS for procurement above R 30 000. The preference point system is applied together with the BBBEE certificate which bidders must submit with their bid documents. With regards to how the preference point system for procurement above R 30 000 is applied, interviewees confirmed that the municipality apply the 80% to 20% principle or the 90% to 10% principle, depending on the rand value of the tender. However, before a

contractor can execute his/her duties, a contract management system must be put in place. Interviewees explained that contract management is a binding document between the municipality and the supplier or contractor. Regarding the municipality and contractor, it stipulates the terms and conditions that must be adhered to, the time frame involved, and whether the contractor will either be providing services or delivering goods to the municipality.

6.6 PERCEPTIONS ON SCM POLICY EFFECTIVENESS

This section analyzes how interviewees perceived the effectiveness of supply chain management policies, legislation, and Acts. It further explains whether these policies, legislation, and Acts support the SCM process.

FIGURE 6.8: PERCEPTIONS ON SCM POLICY



Source: Survey data

Table 6.7 indicates that Municipal practitioners and CFOs had greater insight regarding the effectiveness of SCM policies, with respectively 11 and 10 quotations. The majority of the quotations from interviewees, that is 19 out of 26 quotations, indicate that the SCM policy is effective, while 7 regard SCM policies as ineffective.

TABLE 6.7: PERCEPTION ON SCM POLICY

	Municipal manager	Chief financial officer	SCM manager	Municipal practitioner	Total number of quotations
Ineffective SCM policy	0	5	0	2	7
Effective SCM policy	1	5	4	9	19
Total number of quotations	**1**	**10**	**4**	**11**	**26**

Source: Survey data

Interviewees (1, 5, 6, 10, 14, 18 and 20) considered the legislative framework guiding SCM operations effective. Interviewee 10 strongly stated that Acts, policies and legislation have been designed to help and are accommodative. The above sentiment was shared by interviewee 18, who equally strongly stated that the objective of the legislative framework is to ensure that processes are followed so as to avoid unwanted or undesirable results. Other reasons interviewees introduced were that the legislation is well-crafted because it aims to ensure fairness, equitability and transparency (interviewees 6 and 20).

However, issues often arise when practitioners do not adhere to the laid-down legislation, a viewpoint alluded to by interviewees 4 and 20. In this regard, interviewee 20 commented that it is easy to follow the policy in terms of regulations as well as internal control system, but that the problem is the personnel who must abide by these but are not doing so, and that this causes SCM policy to look ineffective.

Some of the interviewees (6, 15 and 23) believed that the SCM policy is ineffective and brings confusion. Interviewee 6 revealed that, because a supply chain management practitioner must “do everything alone”, the result is to make the official in charge of the supply chain overburdened, which renders the supply chain management policy ineffective. Interviewee 1, however, shared a different perspective, insisting that people do not interpret the policy correctly. The interviewee maintained that this is due to a lack of clarity regarding preferences which should be given to local businesses during the procurement of goods and services. In this regard, interviewee 1 stated that according to the supply chain management policy preference must be given to local suppliers but noted that this is against Treasury Guidelines which do not make provision for local preferences. It is therefore either a wrong understanding

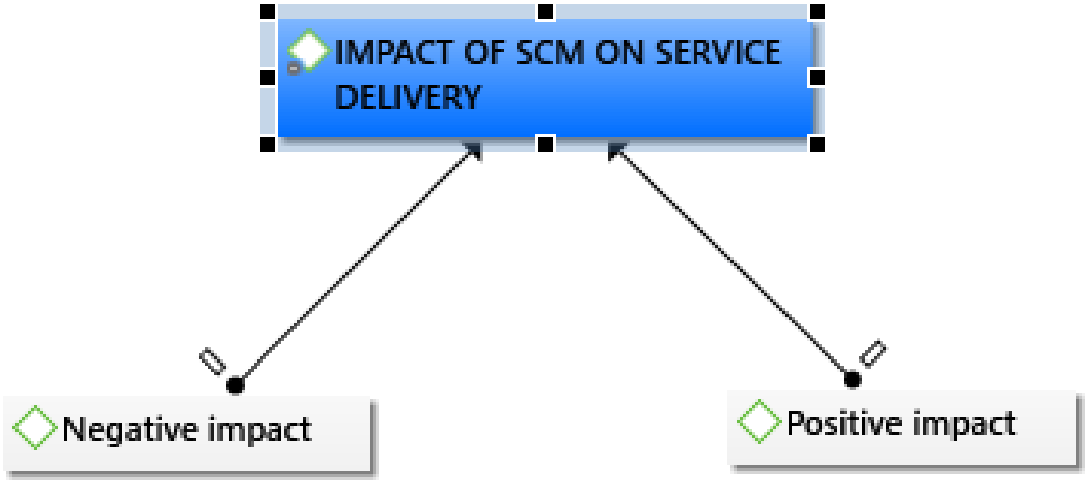
or a policy which is wrong that local business should be given preferences when procurement of goods and services are done. The National Treasury guideline on supply chain management states that there must be equal treatment for all South African citizens irrespective of the jurisdiction in the procurement process. Local businesses are often unhappy when a business from outside the municipal jurisdiction (such as Johannesburg) is awarded a bid to provide goods and services for the local municipality. However, local business does not have to calculate additional costs such as transport costs into their prices and therefore should be able to bid at a more competitive price. If local prices are higher, it is often due to local suppliers who see municipal contracts as an opportunity to make undue profits, ultimately at the expense of ratepayers. Such occurrences are often linked to corruption, in which businesses bribe municipal officials to advantageously adjudicate bids in exchange for some form of favour.

The initiative to support the local economy, as stipulated in the SCM policy of the municipality, makes supply chain management challenging, since officials are constrained (as interviewee 15 put it) “to work with service providers who, for some, may not have any experience and lack capacity to render services”, yet the supply chain needs to make use of them. In addition, the numerous legislations, including the rapid changes in legislation, were a factor underlined by interviewee 15, who suggested that this places CFOs in a quagmire, especially when they attempt to adhere strictly to the legislations. The interviewee categorically stated that there are several legislations, such as the PPPFA, BBBEE, MFMA, the Constitution and others that refer to fair practices, which are amended frequently and which in turn create confusion within SCM processes.

6.7 IMPACT OF SCM POLICIES ON SERVICE DELIVERY

This section analyzes how interviewees perceived the impact of supply chain management on service delivery. According to interviewees, there is a strong relationship between supply chain management and the provisioning of service delivery as shown in Figure 6.9.

FIGURE 6.9: IMPACT OF SCM ON SERVICE DELIVERY



Source: Survey data

Table 6.8 indicates that municipal practitioners were most vocal on whether SCM has a negative or positive impact on service delivery, with a total of 10 quotations. Seven quotations supported negative impact, while 3 supported positive impact. Regarding SCM managers, a total of 5 quotations were contributed, 4 supporting negative impact and only one supporting positive impact. Chief Financial Officers made a small contribution with two quotations, one for each impact, while municipal managers advocated SCM having a positive impact towards service delivery with 3 quotations.

TABLE 6.8: CROSS-TABULATION OF IMPACTS OF SCM ON SERVICE DELIVERY

	Chief Financial Officer	*Municipal Manager*	*Municipal Practitioner*	*SCM Manager*	*Totals*
Negative impact	1	0	7	4	12
Positive impact	1	3	3	1	8
Totals	2	3	10	5	20

Source: Survey data

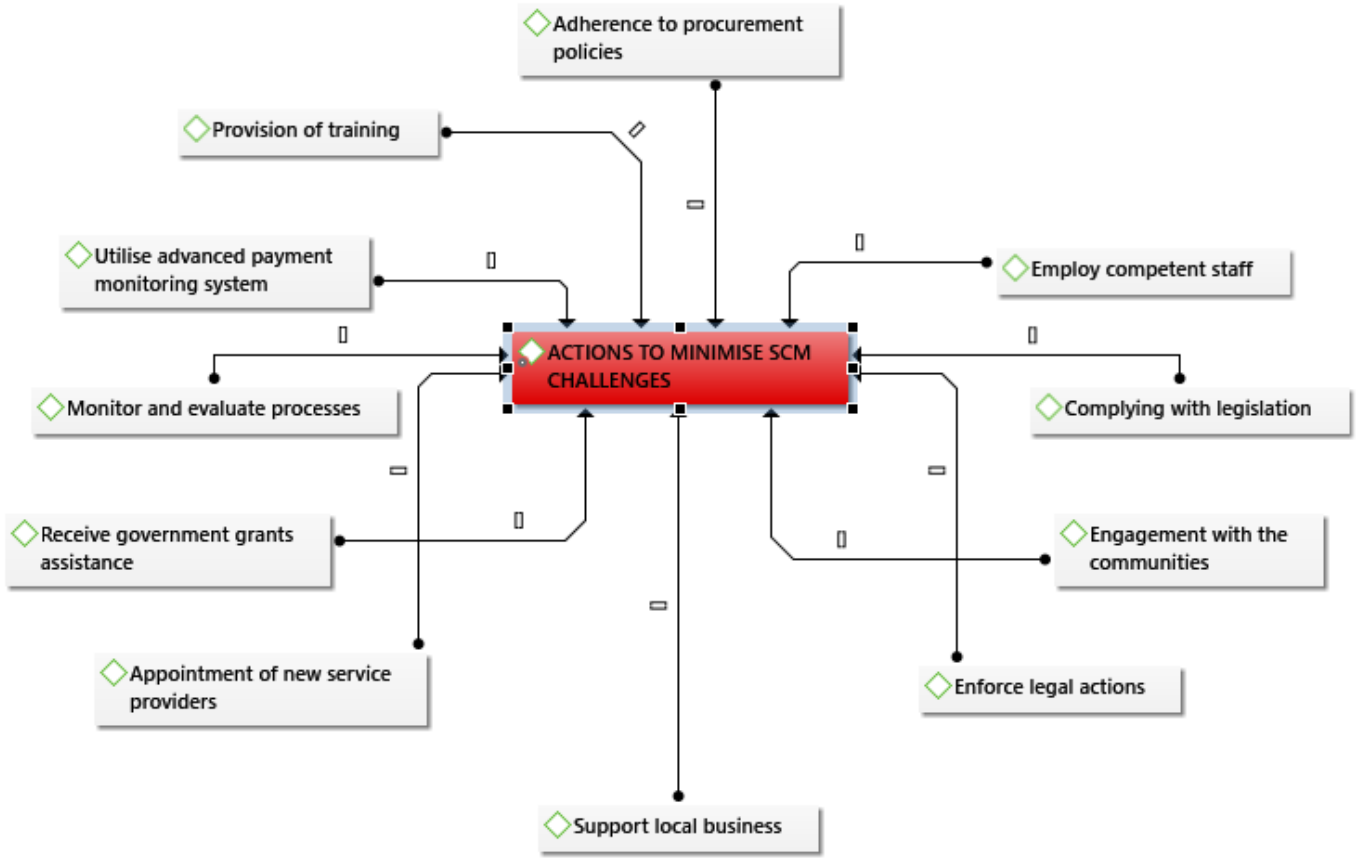
The majority of the interviewees who participated in the study concluded that SCM does have an impact on service delivery. However, inadequate equipment sabotages the supply chain, thus negatively affecting service delivery, while adequate equipment has a positive impact on service delivery. Interviewees were of the opinion that if the SCM processes were effective, there would be a positive impact on service delivery. Interviewee 22 stated that, when the policies and Acts are implemented correctly, SCM impacts positively on service delivery.

However, other interviewees were of the opinion that SCM impacts negatively on service delivery. Interviewee 4 stated that the supply chain processes are too long, and that delivery is needed in a short space of time, while interviewee 20 claimed that lack of compliance is the cause of the negative impact of SCM on service delivery. The interviewees agreed that there is either a positive or a negative relationship between SCM and service delivery. It is clear from the interviewees that, if SCM processes are applied correctly, the impact is more positive than when processes are applied incorrectly.

6.8 ACTIONS TO MINIMISE SCM CHALLENGES AND IMPROVE SCM PERFORMANCE

This section analyses the actions needed in order to minimise the challenges faced by SCM within local authorities, as shown in Figure 6.10. In order to minimise the challenges facing SCM, the most important action is to comply with procurement policies and legislation, monitor and evaluate SCM processes, and monitor an advanced payment system. Management at municipalities must employ competent and qualified staff, provide training to existing staff, and make use of legal actions to retrieve payments from the community in order to increase cash flows of their municipality. Municipalities must also improve engagement with communities, support local businesses, get rid of incompetent service providers, and appoint new competent service providers, and apply for and use government grants, all in the best interest of the municipality.

FIGURE 6.10: ACTIONS TO MINIMISE SCM CHALLENGES



Source: Survey data

Figure 6.10 and Table 6.9 represent the actions needed to be taken to minimise SCM challenges, as well as the number of quotations extracted from the study. Table 6.9 shows that monitoring and evaluation of processes was the mostly discussed theme, with 28 quotations, followed by provision of training to existing staff with 19 quotations. These are considered to be the most important actions needed to minimise challenges faced by SCM units. The appointment of new service providers and engagement with communities were the least discussed, with three quotations each; therefore, they are the least considered actions to minimise challenges facing SCM units in municipalities. Complying with SCM legislation, employment of competent staff and the use of an advanced payment monitoring system are also considered by interviewees as the actions needed to minimise challenges faced by SCM units in municipalities.

TABLE 6.9: CROSS-TABULATION ANALYSIS OF ACTIONS TO MINIMISE SCM CHALLENGES

	Chief financial officer	Municipal manager	Municipal practitioner	SCM manager	Totals
Adherence to procurement policies	1	4	0	0	5
Appointment of new service providers	1	0	1	1	3
Complying with legislation	1	2	0	3	6
Employing competent staff	3	4	0	0	7
Enforcing legal actions	2	0	2	0	4
Engagement with the communities	3	0	0	0	3
Monitoring and evaluating processes	1	5	13	9	28
Provision of training	2	3	12	2	19
Receiving government grants assistance	2	2	0	0	4
Supporting local business	5	1	0	0	6
Utilising advanced payment monitoring system	9	2	0	4	15
Totals	**30**	**23**	**28**	**19**	**100**

Source: Survey data

In support of the above, interviewees mentioned that, with regards to awarding of bids, there should be strict adherence to the procurement policy. Both interviewees 15 and 18 indicated that following the procurement policy in the adjudication of bids and following proper planning and implementation would reduce challenges experienced in SCM.

Based on the data analysis, interviewees mentioned the appointment of new service providers as reducing SCM challenges. Interviewees stated that when service providers are

incompetent and do not render the required service, they have to be dismissed and replaced by other service providers who will do what is expected of them. Interviewees 5 and 9 emphasised that the municipality must not keep on appointing incompetent service providers and must terminate agreements when they realise that the service providers are not performing.

In addition, based on the coding process of the study conducted, interviewees mentioned complying with legislation as an action to be considered to minimise the challenges facing SCM in municipalities. Interviewees maintained that abiding by the rules and regulations drastically reduces challenges and improves operations. Interviewees 7, 9 and 18 stated that following supply chain policy and the prescripts of the law would reduce the financial burden and ensure smooth running of the SCM processes within municipalities.

Interviewees also indicated that, in order to ensure the effective functionality of the municipality, it is necessary to enforce legal actions on those who are not paying for municipal services, as well as on those municipal officials who are not complying with the policies and legislation. Interviewee 23 indicated that disciplinary measures regarding non-compliance and incompetent municipal officials must be applied in order to bring stability to the municipal environment.

To address the issue of human resource deficiencies, the municipality must employ competent and qualified staff, as they will improve SCM performance. Alarming comments were received from interviewees 7 and 15 who stated that posts are created to employ only certain people and not to address the need in the SCM unit. Posts must be advertised, and fair procedures must be followed to ensure qualified and competent staff are appointed. Municipalities must also consider providing existing staff with the necessary skills. Interviewee 19 stated that the municipality must assess whether employees perform according to the required standard and must devise interventions if necessary. The interviewee added that assessment of employee's performance would also help to identify the required assistance, motivation or training needed. Interviewees 7, 9 and 13 emphasised that constant and consistent training of staff would reduce challenges faced by municipalities.

Interviewees highlighted monitoring and evaluation of processes as an action needed to ensure the tailoring of services according to the requests of the requesting department, hence avoiding discrepancies. Interviewee 17 stated that the bid specification committee must determine what exactly is needed by the department, as well as the quantity and quality thereof.

The coding process of the study revealed that interviewees believe that government grants are received to assist the municipality to cope with the ordeal of residents not paying for services rendered. For example, interviewee 7 believed that as the result of a low collection rate, the municipality receives both conditional and non-conditional grants. In support of interviewee 7, interviewee 9 maintained that the national government is providing grants for rural infrastructure and water infrastructure as a method of assisting municipalities to provide services and distribute water to community members. In a similar regard, interviewee 19 stated that the National Government supports the municipality with different grants, such as conditional grants, water grants, and the indigent grants to qualifying residents, in order to reduce the effects of non-payment of services.

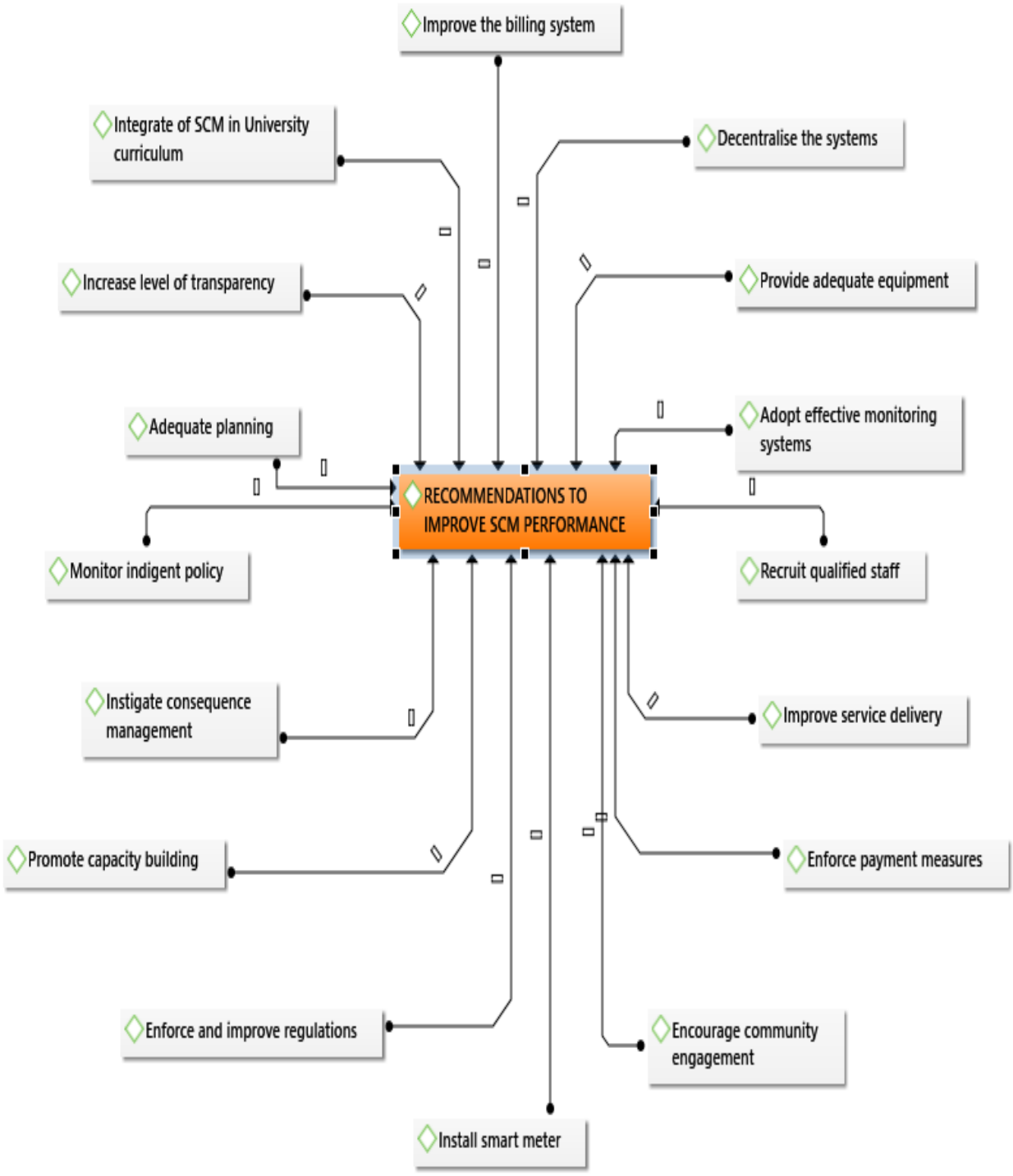
Interviewees mentioned that the municipality supports local business to assist in the reduction of unemployment, as well as to enable enhancement of small business to contribute to the economy. Interviewees 1 and 9 stated that, even if some bids are awarded to businesses outside the municipality, municipalities must ensure that 50% of the amount spent on bids is allocated to local SMMEs. Interviewee 15 agreed in supporting local SMMEs, stating that awareness programs such as tender briefings should be provided for owners of local businesses. The interviewee added that local business must be provided with bidding information in general; for example, how to comply with regulations, the rights of bidders, actions to be taken against non-competent service providers, how to use the legislation, how to submit bids or quotations, and when to apply for bids.

Interviewees who took part in the study highlighted that the utilisation of an advanced payment monitoring system should be considered in order to minimise SCM challenges. Interviewee 1 suggested that the municipality must link accounts with the identity number, email address and cell phone number of the consumer. This would enable accounts to be sent via MMS or SMS and email. Interviewee 6 mentioned that a system which verified who had paid and who had not paid could also be used, so that the municipality could take follow up actions towards those residents who did not make monthly payments. Similarly, interviewee 17 pointed out that, although there are payment monitoring systems, the municipality should employ additional mechanisms to encourage residents to pay, such as discounts for those who made arrangements to pay a debt.

Interviewees made several recommendations to improve supply chain management in municipalities. The promotion of capacity building, recruitment of qualified staff, and enforcement of payment measures were recommendations that were considered most important by interviewees. Moderately important recommendations were enforcement and

improvement of regulations, encouragement of community engagement, and adoption of an effective monitoring system. Least quoted recommendations were adequate planning, decentralised SCM activities, improvement of service delivery, increased level of transparency, integration of supply chain management in the curriculum of higher institutions of learning which would increase the number of graduates qualified to be employed in SCM, monitoring of indigent policy, and provisioning of adequate quality equipment. Figure 6.11 shows the recommendations as suggested by interviewees.

FIGURE 6.11: RECOMMENDATIONS FOR IMPROVED SCM



Source: Survey data

Table 6.10 illustrates municipal practitioners' belief that there should be a promotion of capacity building. This is evident in 16 quotations, of which CFOs contributed 13. SCM

managers contributed most to the enforcement and improvement of regulations theme, with 7 quotations.

TABLE 6.10: CROSS TABULATION ANALYSIS OF RECOMMENDATIONS TO MINIMISE SCM CHALLENGES

	Chief financial officer	Municipal manager	Municipal practitioner	SCM manager	Totals
Adequate planning	1	2	4	0	7
Adopting effective monitoring systems	1	2	14	0	17
Decentralising the system	0	0	3	2	5
Encouraging community engagement	0	8	6	1	15
Enforcing and improving regulations	6	3	3	7	19
Enforcing payment measures	2	5	13	3	23
Improving service delivery	0	2	3	1	6
Improving the billing system	1	7	13	0	21
Increasing level of transparency	0	0	3	0	3
Instigating consequence management	0	4	1	1	6
Integrating supply chain management in University curriculum	1	0	1	0	2
Monitoring indigent policy	5	0	1	0	6
Promoting capacity building	13	4	16	7	40
Providing adequate equipment	1	1	2	0	4
Recruiting qualified staff	14	6	1	3	24
Totals	**45**	**44**	**84**	**25**	**198**

Source: Survey data

Information extracted from the study indicated the promotion of capacity building, with 40 quotations, as the most important recommendation to improve the supply chain in

municipalities. The majority of the quotations were from SCM practitioners and CFOs, with 16 and 13 quotations respectively. The recruitement of qualified staff is the second most important recommendation, with 24 quotations, with the majority of the quotations from CFOs and MMs (14 and 6 quotations respectively). The third most important recommendation was to enforce payment for services, with 23 quotations, for which the majority of the contributions were from SCM practitioners and MMs (13 and 5 quotations respectively). Improvement of the billing system was the fourth most quoted recommendation with 21 quotations, 13 from SCM practitioners and seven from Municipal Managers.

Interviewees argued that promoting capacity building could enable the municipality to improve customer satisfaction through a more effective SCM system. Interviewees 4, 6 and 11 stated that, as the legislation changes, there is a need to upskill the current work force to be familiar with amendments, and capacity building in the form of training is required. The interviewees also stated that trained officials would enhance the work performance and assist employees with career advancement. Shortage of competent staff is one of the major challenges that obstructs productivity in supply chain management. Therefore, interviewees recommended that management should make it a priority to recruit qualified staff. Interview 1 highlighted the need for qualified human resources, as there are very few officials in the SCM unit with the right qualification. Interviewees 15 and 17 added that the correct procedure must be followed when employing officials – corrupt activities should be avoided to ensure that the correct and needed skills are employed. In addition, employing qualified staff would be a solution in having the department operate effectively.

Interviewees highlighted the need for the municipality to enforce payment measures. Interviewees argued that this would prevent residents from avoiding not paying for municipal services and would increase the municipality's cash flow. Interviewee 4 suggested a consequential plan for those who refuse to pay for services, insisting that those who are not paying must not receive electricity. Reinforcing the above statement, interviewees 8 and 20 supported the idea, adding that if a resident refused to pay the municipality should disconnect electricity for that individual.

A further recommendation suggested by interviewees was to improve the billing system for people staying in suburbs. The interviewees recommended that residents in townships should pay a flat rate, depending on the area they reside in, as this would help the municipality to sustain the services they provide. Interviewee 10 further suggested that the municipality should clear all debts to allow all residents to start with a clean slate. As a result, citizens would be motivated to pay for the services they receive. Interviewee 14 recommended that the

municipality's by-laws should be employed; small shop owners in townships could thus also be required to pay for services, instead of the requirement being only for residents. The interviewee, a municipal manager, pointed out that there are many shops which are not paying for services, and in those case the services should be disconnected.

According to the interviewees, management should provide quality and adequate equipment. As interviewee 1 strongly put forward, there is a need for new electricity and water meters. In addition, interviewee 2 suggested that management could make use of numerous service providers, so as to avoid unnecessary delays in the eventuality of an unprecedented equipment breakdown regarding one service provider. Interviewee 18 further indicated that there is a need to ensure that employees have adequate equipment that would assist them to work efficiently.

The analysed data revealed the need to monitor the indigent policy of the municipality. This, as some interviewees (6 and 15) argued, is crucial to determine who qualifies under the indigent policy scheme, as well as improving the scheme by tailoring it to the needs of child-headed families. In this regard, interviewee 6 stressed that the municipality should go to the extent of randomly verifying a household's income and the work status of citizens staying in the house so as to avoid misuse of the indigent policy. In support of the above, interviewee 15 agreed that the development of an indigent policy that is inclusive for child-headed households would be beneficial.

One of the recommendations suggested was to integrate supply chain management into the curriculum of all universities. Interviewee 1 pointed out that few universities offer supply chain management qualifications and that it would be appreciated if these were introduced and taught at universities to equip individuals with the prerequisite skills to become effective supply chain practitioners. Interviewee 3 concurred with this, pointing out that staff need a full comprehension and understanding of SCM and that the basics are insufficient to avoid strategic mix-ups. The interviewee strongly believed that it is through formal education that leaders can acquire an understanding of the key components needed in supply chain management roles.

Data provided through the study indicated that if management could entrench consequence management, the level of irresponsibility among heads of departments would be reduced and accountability would be improved. Interviewee 7 stated that if top management were accountable for their departments, then managers would start to control and monitor their departments effectively. Interviewee 10 supported the above, stating that officials in higher

positions often disregarded policies and procedures and it is this which leads to irregularities and carelessness in the workplace. Hence the interviewee strongly advocated for consequence management as a solution to the challenge.

Improved infrastructure equipment such as smart meter installation was a further recommendation made by interviewees. Smart meters would encourage payment for services, as pre-paid meters forced residents to pay for services beforehand. Interviewee 6 stated that the municipality should be able to determine if bypassed meters exist and be able to identify those responsible. Interviewee 15 supported interviewee 6, saying that meters should have a monitoring system to avoid the possibility of incorrect meter readings. According to interviewee 18, upon installation of meters, the municipality should employ a system that would detect overbilling, so that residents only pay their exact bill and nothing more.

The eminent need to improve service delivery was brought to the fore as a recommendation. Interviewees highlighted the unwillingness of households to pay for services because the municipality was not rendering the required services. Interviewee 12 stated that municipalities could not expect residents to pay when refuse is not collected and when there are potholes in the roads. Interviewee 23 agreed, arguing that “the only thing that would motivate residents to pay is if the municipality delivers services effectively and efficiently”.

Interviewees identified the enforcement and improvement of regulations by officials as a recommendation to improve supply chain management. Interviewees argued that employees should comply and adhere strictly to policy regulations and supply chain processes, and that procedures should be followed accordingly. In support of the compliance and adherence statement, interviewee 8 agreed that neglecting processes and regulations resulted in inefficiency in the workplace, which has severe implications for supply chain management. Interviewee 15 shared the same viewpoint as interviewee 8, but further believed that the legislation should also be improved to fit new developments and should be applied accordingly.

The data provided for the study indicated that a further recommendation that could motivate residents to pay is to encourage community engagement. Interviewees mentioned that enlightening the community about the challenges that municipalities face is crucial in making residents realise the dangers of not paying for services. Interviewee 13 suggested that political office bearers and municipal management should hold meetings with the community to explain to the community the importance of paying for services. In line with the above statement, interviewee 14 maintained that keeping the community abreast about developments in the

municipality, including changes in the municipality, would make the residents feel more involved and hence increase their cooperativeness.

Interviewees of the study recommended decentralisation of systems, arguing that having more operating departments would assist the efficiency of operations and would bridge the gap between service providers and users of goods and services. Furthermore, interviewee 16 pointed out that the statement regarding decentralisation of systems is important because the delegation of work prevents unnecessary delays when officials are sometimes forced to wait for only one person before they can execute their duties.

Interviewees recommended that the adoption of an effective monitoring system would enhance work performance. Interviewees argued that employing a system that would evaluate employees' performances would reveal the non-performers and, consequently, employees would become more dedicated to their work. In this regard, interviewee 3 stated that assessment was important for employees to be effective and efficient. Interviewee 12 reinforced the above statement, stating that evaluation should be done specifically for each procurement and should even go as far as to evaluate whether the product procured matched the department's request. Following this, the SCM unit should be commended and this should be considered when evaluating employees, implying that poor procurement practices should affect the assessment of the responsible official.

Adequate planning was brought to the fore as an important solution that can reduce the number of delays and the failures of service delivery. Interviewees argued that before undertaking any project, proper planning should be done so as to determine how to approach the project. In this regard, interviewee 10 emphasised that planning would help the municipality to prioritise the project and concentrate on those aspects that affected service delivery. In this regard, interviewee 15 added that there should be proper planning in place to improve collaboration among departments so as to carry out services effectively. Reinforcing the above viewpoint, interviewee 23 stressed that, for a project to be completed properly, adherence to processes and alignment of all aspects to the budget are important because these prevent unnecessary irregularities.

The increase in transparency of decisions and actions was identified as a main challenge that desperately needs intervention. Interviewees explained that within the organisation, there should be no hidden agendas, and items should be procured in accordance with the laid down policy and legislation. Interviewee 10 stated that transparency with regard to the procurement

processes is a Constitutional matter – it should not be debated and the SCM unit must abide by it.

6.9 SUMMARY

This chapter analysed and interpreted the data that was collected through face to face interviews. The interviewees highlighted community, human resources, compliance, and organizational structure as barriers contributing towards inefficient and ineffective performance of SCM. Challenges faced by municipalities which are caused by the communities were identified to be non-payment of services offered by municipalities, illegal connection of electricity, and vandalism of infrastructure. However, there are reasons for the non-payment of services by the community, such as historical debt, unemployment, unhappiness with service delivery, perceived free services and deficient account distribution by the municipality.

The interviewees indicated that SCM practitioners need job related training and formal education. Management also needs qualified SCM practitioners with acceptable work ethics to support them. Poor work ethics indicate that SCM practitioners need to be motivated and be trained on the ethical behaviour that is required at work. The interviewees revealed that lack of management support, poor equipment, lack of financial support, lack of a maintenance plan, ineffective SCM policy implementation, and high levels of corruption are negatively affecting the effective performance of SCM. Actions such as acceptance of bribes from service providers by municipal officials contribute towards ineffective performance of supply chain management.

The study revealed that there is non-compliance and non-adherence to legislation, which is either intentional or due to poor planning by those involved in the supply chain. The delayed payment to service providers also shows non-compliance, as the MFMA specifies that payment should be made within 30 days. Municipalities experience difficulty in having a valid indigent register due to some indigents not qualifying but claiming to be qualified. By law, the municipality must keep an updated indigent register which municipalities are not always keeping. Data analysis revealed that SCM officials are aware of the existence of SCM policies but lack understanding of the contents of the policies and regulations. On average, SCM officials are aware that the municipality's SCM policy has to be reviewed annually and adopted by the council. The interviewees also seemed to be more knowledgeable about the procurement policy, especially the section explaining the preference point system.

Data analysis revealed that interviewees view the policies and legislation as efficient and effective because of the support they render to the SCM processes. However, some interviewees stated that policies are ineffective, delay the process, and raise the wrong expectations with local businesses in terms of the awarding of tenders. From the analysis, it is evident that supply chain management encounters various challenges at the municipalities, which have an effect on service delivery. Interviewees made several recommendations in order to improve the implementation of a effective SCM.

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

The analysis of the data collected in Chapter 6 forms the basis of Chapter 7, which will revisit the research questions formulated in Chapter 1. This chapter also summarises the first six chapters, formulates the recommendations of the study, revisits the primary objective and goals, presents the limitations of the study, and concludes the study. Chapter 7 presents recommendations for improved supply chain management practices that will enhance service delivery in municipalities in the Lejweleputswa municipal district. In addition, the chapter aims to make recommendations to both district and local municipalities and the Free State Provincial Department of Cooperative Governance and Traditional Affairs on the formulation of policies that will improve service delivery.

7.2 A REVISIT OF THE RESEARCH QUESTIONS

This section will revisit and review the research questions as formulated in chapter one and present the findings of the study.

7.2.1 What are the barriers that impede SCM performance in the Lejweleputswa municipal district?

Reports by the Auditor General (AG) on Local Government for the 2015/16, 2016/17, 2017/18, and 2018/19 financial years reported that there is non-compliance to SCM processes and procedures (Auditor General 2015/16 - 2018/19). This non-compliance is a barrier that impedes SCM performance within municipalities. The 2014 United Nations Commission on International Trade Law also found that Government entities in both rich and poor countries are faced with strong budget constraints, compounded by government policies and instability (United Nations Commission on International Trade Law, 2014: 1). Authors such as Mafunisa and Sebola (2014) and Mahmood (2010) list the management of SCM contracts and suppliers by unskilled SCM practitioners as barriers impeding SCM performance in municipalities. Ambe (2017) regards residents who do not pay for municipal services as an important impediment

on the performance of SCM. The study revealed that barriers that impede SCM performance in the Lejweleputswa municipal district can be classified into four categories. These categories are as follows.

- Barriers which municipalities are facing from the activities of the community, such as non-payment for municipal services, theft of municipal property, and the vandalism of infrastructure. These have a negative effect on the supply chain performance, as infrastructure is needed to be replaced whilst the revenue needed for such replacements is not collected. This results in revenue that should be used for service delivery having to be used to replace the vandalised infrastructure or stolen property.

- Non-compliance and non-adherence to SCM policies. The study revealed that SCM practitioners deviate from laid down SCM policies and procedures due to undue political interference and acceptance of bribery. The interference of political office bearers shows that there is a violation of the Code of Conduct for Councillors, as stipulated in Schedule 1 of the Municipal Systems Act, 2000 (Act 32 of 2000) and Section 46 (1) of the same Act, that prohibits service providers from providing gifts, favour or hospitality to any role player involved in the SCM process. Section 46(1) of the Systems Act further prohibits service providers from bribing SCM practitioners. In addition, Section 118 of the Municipal Finance Management Act, 2003, (56 of 2003) (MFMA), prohibits any interference from councillors in the supply chain management of a municipality.

- Deficiencies in human resource capacity. The study finds that lack of human resource capacity is due to unfilled vacant posts, whilst posts that have been filled are filled by personnel who lack the suitable qualifications, skills and experience needed to perform their functions.

- The fourth barrier identified by the study relates to the structure of the organization. The contributing factors within the organization relate to the ethical conduct of SCM practitioners, senior management, and political office bearers. SCM practitioners do not display the required ethical behaviour when dealing with suppliers and accept bribes which indicates that there is a lack of discipline, consequence management and unethical behaviour within SCM units. Senior management is further unresponsive to the requests and recommendations of SCM units and there is absence of proper financial management.

7.2.2 Are SCM officials equipped with the necessary knowledge and skills regarding SCM legislation?

The study reveals that although SCM personnel are aware of the existence of SCM policies they lack knowledge thereof. This is shown by the inability of the interviewees to explain SCM functions, such as demand management, acquisition management, logistics management, performance management, and contract management. The study also reveals that there are municipalities who have not yet adopted an SCM policy as required by the Municipal Finance Management Act, 2003 (Act 56 of 2003), which might have been caused by the drafting or amending of the existing SCM policy. Lack of skills with regard to SCM policies and processes was identified as a serious shortcoming among SCM practitioners.

7.2.3 Are local authorities in the Lejweleputswa municipal district complying with SCM legislation?

According to the literature review, the AG reported that municipalities are not complying with SCM legislation. The main findings of the Auditor General are that municipalities fail to use competitive processes for bids and quotations, lack qualified and skilled bid committees, follow inadequate procedures and controls during handling of bids, do not adhere to policy requirements when appointing bid committees, use unqualified suppliers who do not have valid tax certificates, incorrectly apply preference point systems and do not give sufficient motivation for deviating from SCM procedures (Auditor General 2014/15).

The study finds that irregular, fruitless and wasteful expenditure within municipalities results from non-compliance with SCM legislation. Delayed payments to service providers entail fruitless and wasteful expenditure, due to the incurrence of interest paid on overdue invoices. According to Section 65(2) of the MFMA, payment to service providers must be done within 30 days of receiving the relevant invoice, which municipalities fail to comply with. The study revealed that, in some instances, residents are not paying for services provided by municipalities, due to deficiencies in the account management system. Deficient distribution of accounts shows that the municipalities are not complying with Section 96(e) of the Municipal Systems Act, 2000 (Act 32 of 2000), which states that a municipality must ensure that persons liable for payments must receive regular and accurate accounts that indicate the basis for calculation of the amounts due. The acceptance of bribes by SCM practitioners also shows that practitioners are not complying with the code of conduct for supply chain management practitioners and key role players, as issued by the National Treasury (National Treasury 2005).

7.2.4 What challenges are faced by Lejweleputswa municipal district for the effective implementation of service delivery?

Authors such as Mafunisa and Sebola (2014), Zeller (2005), Boris (2015), and Ambe and Badenhorst (2012) identified several challenges facing municipalities that relate to SCM and effective service delivery. The following can be regarded as the most common challenges:

- unethical behaviour;
- lack of accountability, fraud, and corruption;
- limited capacity;
- lack of funds;
- undue political interference;
- lack of job satisfaction and involvement and motivation;
- lack of skills and knowledge;
- inadequate planning and the linking of demand to the budget;
- lack of transparency;
- weak relationship between residents and municipalities;
- insufficient use of technology to supply services;
- confusion and frustration because of overlapping jurisdiction;
- lack of supervision, monitoring, and performance management; and
- deviation from MFMA and SCM perspectives.

The study revealed a number of challenges facing municipalities in the Lejweleputswa district municipality, namely:

- non-compliance and non-adherence with SCM processes, and policies;
- Unqualified and unskilled personnel;
- service providers that are not monitored and evaluated;
- incompetent personnel and service providers;
- non-payment for services by the community;
- corrupt service providers, political office bearers and SCM officials;
- lack of engagement with communities; and
- lack of application of a credit control policy.

The identified challenges from the empirical study confirm the findings of the literature.

7.2.5 How are SCM policies and legislation affecting the provisioning of service delivery in the Lejweleputswa municipal district?

The study identified a strong relationship between SCM and the provisioning of service delivery. The empirical part of the study reveals that the manner in which legislation and policies are applied often results in delays in the SCM processes. Examples of this are senior management taking too long to approve documents and bid committees that are not meeting regularly, resulting in the adjudication of bids not being done. Both these delays in the acquisition process of goods and services affect the service delivery potential of the municipality. In addition, SCM policies engender false beliefs in local SMMEs that bids must be awarded to local businesses, whereas the legislation allows everyone irrespective of place of residence to bid and be eligible to be awarded a bid if they qualify. The study revealed that SCM policies give clear direction on the SCM processes to be followed when awarding a bid. The non-compliance of SCM officials with correct implementation of SCM policies negatively impacts the provisioning of services to the communities. Therefore, if the SCM policies and legislations were correctly implemented, the result would be positive for the provisioning of services to the communities.

7.3 SUMMARY OF THE STUDY

The transition of local government in South Africa occurred in three stages, the first stage being before the first democratic local government elections, the second stage being during the first local government election of 1995/6, and the last stage being the local government election of 5 December 2000. A number of Acts were legislated to govern the activities of municipalities in terms of SCM. Municipalities consists of three categories, namely category A (metropolitan municipalities), category B (local municipalities), and category C (district municipalities). Local municipalities are further divided into four sub-categories, namely B1 (secondary cities), B2 (large cities), B3 (small towns), and B4 (rural municipalities) (National Treasury, 2011b).

The research study took place in the Lejweleputswa municipal district. Lejweleputswa district municipality is situated in the heart of the Free State province, surrounded by Dr Kenneth Kaunda and Dr Ruth Mompati district municipalities of the North West province, Frances Baard district municipality of the Northern Cape province, and Fezile Dabi, Motheo and Xhariep district municipalities of the Free State province. Lejweleputswa district municipality is regarded as the economic hub of the Free State because of the existence in it of the mining

sector. The Lejweleputswa district municipality consists of five local municipalities, namely Matjhabeng, Nala, Masiloyana, Tswelopele and Tokologo. Of these, Matjhabeng has the highest population and Tokologo the smallest (STAS SA,2016).

The research study was based on the performance of supply chain management within the local municipalities of the Lejweleputswa district and informed by the occurrence of several community protests which were mainly the result of dissatisfaction concerning service delivery. The research study concentrated on the challenges faced by municipalities in the effective implementation of SCM and how these challenges affect the provisioning of service delivery.

Service delivery protests in the researched municipalities listed above increased as the result of the high level of dissatisfaction of citizens with the performance of municipalities. The performance of municipalities in turn was influenced by the poor performance of the supply chain, which is responsible for the procurement of goods and services for the community. Even though there is existing legislation which is further complimented by directives and guidelines of the National Treasury, municipalities still fail in their implementation of SCM and consequently service delivery. Public money is owned by the people, according to Pauw et al (2005), and therefore government must use this money (on behalf of the people) to satisfy the needs of the people. For citizens of municipalities to benefit from the utilisation of public money, spending must be economical, efficient, and effective, thus ensuring value for money. Municipalities are the sphere of government closest to the people and constitutionally mandated to provide basic services, such as water, electricity, and sanitation (RSA 196: 1331). Instead of viewing SCM as a stumbling block, municipalities must use it as an enabling mechanism to adhere to this constitutional mandate. However, this will only be achieved once SCM is fully implemented and the processes correctly applied by capacitated practitioners who have the necessary skills and expertise. The best system will fail if those responsible for using it are not well equipped with the necessary knowledge to do so.

Municipalities need sufficient resources, linked to sound financial management principles, in order to provide basic services to the community. That is why municipalities must have and apply a rate and tariff policy that will enable a municipality to collect revenue from the community (Majikilela, 2007). Municipalities must also adopt a credit control and debt collection policy to reduce the non-payment of services by communities (RSA, 2000: 65). The study reveals that the main reasons for non-payment for services by citizens are unwillingness to pay due to poor service delivery, inability to pay due to unemployment and poverty, lack of trust due to financial mismanagement of funds, and perceived free services. When

municipalities become financially unviable and economically inactive due to a low collection rate, the results impact on service delivery. An exceptionally low collection rate results in municipalities facing several challenges, such as limited capacity, lack of job satisfaction, lack of proper skills, lack of accountability, fraud, and corruption.

A number of theories such as the heterogeneous, demand, resource based, dynamic abilities, transaction cost economics, network, general systems and stakeholder were identified from the literature which are relevant to the study. Supply chain management is a five stage process, namely the identification of a good or service to be needed, the identification of the service provider, the establishment of a fair and reasonable price for the good or service, the enforcement of the agreement with the service provider, and the management of the relationship to ensure timeous delivery according to the agreed standards (Khalo, 2014). The effective implementation of SCM will not be realised if one of the stages is neglected or not carried out. The research findings in the Lejweleputswa district confirm the literature from Antewerpen and Ferreira (2016), Boris (2015), and Ambe and Badenhorst-Weiss (2012) by identifying a number of challenges faced by municipalities for the effective implementation of SCM. These challenges include unethical behaviour, lack of funds, political interference, lack of accountability, fraud, and corruption. In order to be able to provide their mandated services, municipalities must overcome these challenges; however, this will require effective implementation and management of the supply chain, adherence to procurement policies, appointment of honest, competent service providers, employment of competent staff, engagement with communities, and monitoring and evaluation of both service providers and employees.

Supply chain management affects the provisioning of service delivery by municipalities. The existence of municipalities is grounded in the following theories: democratic, participatory, efficiency service, effectiveness, and developmental. These theories are relevant to the performance, existence, and functionality of municipalities to realise effective provisioning of services. The primary purpose of a municipality is to provide basic social services such as roads, housing, sanitation, water, and electricity. The provisioning of these social services needs the engagement of the administrative, political, and local community.

The improvement of service delivery depends on accountable public servants, policy makers, and service providers. A shared service delivery model was identified as a mechanism that can improve service delivery. Shared services exist when a municipality has an agreement with another municipality or municipalities to provide or receive a service or offer a service to another municipality or municipalities (Boris, 2015: 23). Also considered to be a relevant

mechanism to improve service delivery is public private partnerships. A Public-Private Partnership exists when a private organisation performs a function on behalf of the public sector or uses municipal property according to an agreement in the contract when performing the function (Ntshangase, 2002: 23).

The MFMA explains the different elements of SCM, as demand management, acquisition management, logistics management, and disposal management (Bizana, Naude and Ambe, 2015). The Act puts emphasis on contract management, performance and risk management, and the key role players. The most important key role players in SCM identified by the Act are the National and Provincial Treasuries, municipal council, accounting officers, and the SCM unit. These key role players must abide by the sound principles of SCM, namely value for money, openness and effectiveness, ethics and fair dealings, accountability, reporting, and equity. The key role players are guided by a code of conduct when performing their functions. The code of conduct promotes mutual trust and respect, and also creates a business environment that is fair, competitive, and reasonable. The key role players must ensure responsible administration of resources by executing their duties in a manner that is effective, efficient, and fair (RSA, 2003c).

The empirical study revealed that the barriers impeding the performance of SCM can be classified into four categories, namely community challenges, non-compliance to SCM policies and laid down legislation, deficiency in human resources, and challenges arising from the organizational structure. The interviewees have limited knowledge regarding SCM policies, and legislation. The majority of the personnel is unqualified, unskilled and needs training in Supply Chain Management. The interviewees regard the SCM policy and legislation as being effective, however implementation remains a challenge. The implementation of SCM policies and legislation are related to the provisioning of service delivery to the communities. The relationship can either be negative or positive, depending on how the SCM policies and legislations are applied; meaning, if correctly applied, that the relationship will be positive, otherwise it will be negative. Interviewees highlighted a number of actions needed to solve the problems of both SCM and service delivery, such as the appointment of qualified staff and new service providers, adherence and compliance to SCM policies and procedures, enforcement of legal action to non-payers of municipal services, and utilisation of an advanced payment system.

7.4 RECOMMENDATIONS

The research recommendations as stated in this study are based on the background and limitations of the study, and the empirical research findings. Both the literature review and the empirical study form the basis of the recommendations.

Recommendation 1: Appointment of qualified staff and training of existing staff

The study revealed that managers, as well as SCM practitioners, are unqualified and unskilled with regard to supply chain policies and procedures. The appointment of qualified staff and the reskilling of the existing staff have been found to be necessary for an efficient and effective supply chain in local municipalities. The Auditor General regularly states in audit reports that lack of appropriate competencies caused poor audit outcomes in the supply chain within municipalities (Auditor General, 2017/18). According to the Municipal Systems Act, 2000 (Act 32 of 2000), Section 54A and 56, the municipal council is responsible for the recruitment, selection and appointment of municipal managers and for municipal managers to be accountable to Council. Municipal managers are appointed on fixed term contracts up to a maximum of five years. Section 67(1) of the Municipal Systems Act also gives the municipal council the responsibility to recruit, select, and appoint junior staff members accountable to managers.

According to Section 68, of municipal Systems Act, 2000 (Act 32 of 2000), a municipality must develop human resource capacity in such a manner that it is able to perform its duties and responsibilities in an effective, efficient, economical, and accountable manner. Since the appointment of staff members of municipalities is the responsibility of the municipal council, the relationship between municipal personnel and political office bearers can have an impact on the performance of municipalities. If personnel are unduly influenced by members of council, it can have a negative impact. This study revealed that personnel often perform their duties according to the directives of the council and not according to laid down policies and procedures. This makes employees vulnerable to the wishes of political office bearers and may lead to corrupt activities directed by the political office bearers. Senior management is responsive to councillors' corrupt activities because they were appointed by council and depend on the council for reappointment.

The research study recommends that municipalities should employ suitably qualified personnel, and that measures should be taken to prevent political influence in the appointment

of senior management. The recruitment, selection, and appointment of senior management should be done in consultation with the Provincial Department of Cooperative Government and Traditional Affairs (Cogta) and the South African Local Government Association (SALGA). The renewal of contracts of municipal managers after the expiry of the fixed term should be based on the performance of the municipality and be confirmed by both the provincial COGTA and SALGA. Performance assessment of middle and senior management must be taken into consideration and remedial action carried out if performance is not according to standard.

It is recommended that both COGTA and SALGA become permanent members on selection panels (committees) responsible for the appointment of middle and junior staff to ensure newly appointed staff are appointed on merit with the required knowledge and skills. This may curb corrupt practices, such as nepotism and extortion. The staff establishment, after being proposed by the municipal manager, must be submitted to COGTA and SALGA for evaluation before submitting to council, especially if there is an expansion on the job establishment. This will ensure that only needed posts be created, ones which can be motivated and funded.

The municipality must further make provision in the budget for funds in the form of bursaries for staff development, especially for junior staff members, and the implementation of training programmes. In-service training programmes must be provided at least once per year to keep staff abreast with the latest developments, processes, and changes in prescripts and legislation.

Recommendation 2: Compliance and adherence to SCM policies and legislation

The study revealed that non-compliance with SCM policies is rife within municipalities, and the end product is irregular, fruitless, and wasteful expenditure. The existence of undue political interference shows that councillors are not complying with the code of conduct of councillors, as stipulated in Schedule 1 of the Municipal Systems Act, 2000 (Act 32 of 2000). Furthermore, Section 117 and 118 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) prohibit councillors from serving on SCM committees and interfering in the activities of the SCM system of a municipality.

The study determined that requisition departments do not adhere to demand plans, and at the 11th hour place a requisition and ask for the requisition to be considered as an emergency. If these requests cannot be met in time, the supply chain is blamed for not proper planning and the late requisition. Municipalities are also not complying with section 65(2) of the MFMA as

there are delays to payment of service providers. The Auditor General has stated regularly in reports that municipalities are not complying with SCM processes and procedures which results in irregular, unauthorised, and wasteful expenditures (Auditor General, 2016/16).

The research study recommends that disciplinary actions be taken against political office bearers and accounting officers who allow councillors to be part of bid committees or interfere with SCM processes, as well as political office bearers who become involved in SCM processes or the financial matters of municipalities. By law, as indicated in Section 103 of the Municipal Systems Act, 2000 (Act 32 of 2000), accounting officers are expected to report to the Speaker of the Council regarding any interference by members of council in the financial activities of the municipality. Therefore, the accounting officers are also at fault if the interference of political office bearers is not reported.

The internal audit unit within the municipality which reports to the municipal audit committees must be tasked with continuous auditing of SCM processes. The internal audit unit must be knowledgeable concerning supply chain management and bids adjudicated should be audited quarterly. Quarterly reports should be presented to the audit committees of the municipality and be used to advise the municipality so as to improve performance in terms of supply chain management. The quarterly auditing can help reduce delayed payment, interference of politicians, and other non-compliance related issues in SCM activities during the financial year under consideration. Should there be no quarterly improvement within the municipality's supply chain, the intervention of the Provincial Treasury Department must be considered. Disciplinary measures should also be taken against officials who are involved in corrupt activities or who are not complying to SCM processes and regulations.

The establishment of a Council for Public Sector Supply Chain Management (CPSSCM) will help the SCM sector by ensuring a code of conduct for its members, organising meetings, activities, and research to develop theory and better understanding of SCM processes, policies, and legislation. If such a council were established membership thereof could be a prerequisite for consideration of appointment as a SCM practitioner. The inclusion of municipalities in memberships of such a Council would allow junior staff members to attend conferences so as to improve their expertise in SCM.

Municipal managers are according to the Constitution required to procure goods and services according to a system which is fair, equitable, transparent, competitive, and cost-effective. For this purpose, it is deemed necessary that council exercise its oversight function through an

oversight committee that focuses on SCM. As accounting officer, the municipal manager must therefore submit a comprehensive monthly report, not only on new bids adjudicated, but also on the performance of existing suppliers of goods and services.

Recommendation 3: Improve financial status of municipalities

According to chapter 8 of the Municipal Systems Act, a municipality must adopt and implement a rate and tariff policy to guide municipalities in terms of levying fees for services provided by municipalities. The study found that when municipal representatives tried to apply the policy by disconnecting supply to non-payers, they were threatened by the community and prevented from doing so. Municipalities buy electricity from Eskom in bulk and sell it to citizens residing in suburbs whose services are disconnected if they are in arrears. This compels citizens who owe municipalities money to pay for their services. However, citizens from the townships buy electricity units directly from Eskom and, if they owe municipalities for other services such as sanitation fees or property rates and taxes, it is not possible for municipalities to disconnect electricity supply to enforce payment. According to chapter 9 of the Municipal Systems Act, 2000 (Act 32 of 2000), municipalities must collect all revenue due to the municipality. In the process of revenue collection, a credit control and debt collection policy must be followed. Both credit control and debt collection procedures must be provided for in the policy and the policy may differentiate between different categories of services, rate payers, users of services, taxes, and debtors. The policy must be consistent with rates as contained in the tariffs policy and a provision for indigent residents must be catered for in the credit control and debt collection policy.

Municipalities are expected to adopt and implement an indigent policy. Communities must be requested to complete the required documents in order to be considered indigent and the indigent register must be reviewed annually. According to interviewees, the indigent policy is misused by residents with the assistance of municipal officials. Community members who are able to pay hide behind pensioners and apply for indigence in the name of a pensioner or a disabled person. Municipalities further experience challenges in delivering accounts to residents and the study revealed that when municipal employees or people designated to take meter readings are given accounts to distribute accounts have ended up in dustbins.

The study revealed that vandalism, theft, and illegal connection of electricity are serious challenges faced by municipalities in the Lejweleputswa district. Citizens in the study further stated that citizens refrain from paying for services rendered due to perceived free services,

historic debt, deficient account distribution, unhappiness with service delivery, unemployment, and being uninformed regarding the importance of payment.

Literature identified a shared service delivery model as a mechanism that can improve service delivery. Shared services exist when a municipality has an agreement with another municipality or municipalities to provide or receive or offer a service to another municipality or municipalities. The main benefit of a shared service is that services can be rendered on a more cost-effective base. The use of a Public Private Partnership is a further relevant mechanism to improve service delivery. Private-Public Partnership exists when a private institution performs a function on behalf of the public sector such as a municipality or uses municipal property according to the agreement in the contract when performing the function.

In order to improve the collection rate of municipalities, it is recommended that community involvement must be improved. Communities must be given the opportunity to be part of the drafting of policies such as debt control and debt collection, tariffs, and indigence. In so doing, communities will be aware of policies and the consequences of not abiding with them.

An important requirement of any billing system is that users (the community) must be informed about the status of their accounts. The aforementioned can be done via emails, short message services (SMS) or multimedia messaging services (MMS). Communities should be asked to update their contact details or meter readers could be tasked to update information. Alternatively, the municipal account section could contact residents to update the information. Electronic communication with residents regarding the status of their accounts would be paperless, reliable, and cost effective. Political office bearers, such as ward councillors, accompanied by the municipal manager or a representative of top management, should conduct information sessions to make communities aware of the effects of theft, vandalism of infrastructure, by-passing electricity and water meters, and non-payment of service fees on the provision of service delivery.

Municipalities must be encouraged to hand over residents and businesses who fail to pay accounts as a mechanism to recover debt. Random assessments should be carried out to determine if there are illegal connections of both water and electricity, and municipalities should consider the installation of prepaid meters. Applications for indigency should be made well in advance to provide municipalities ample time for verification. A unit within the municipalities should be established which should verify the approved indigent register by visiting indigent beneficiaries. Discount on historic debt should be considered if the owner of

the house has passed away and the house is inherited by a close relative (spouse or child), provided the relative takes serious steps in meeting the commitment. The effective completion of infrastructure as promised, and the provisioning of quality service delivery would build community confidence in the municipality and thus improve the collection rate.

To encourage regular payment of services, an incentive such as an annual relief on service fees could be considered. This is similar to insurance companies granting relief to clients who do not claim. Relief can be based on the annual payments made for services, provided that the payments are up to date. Built-in sensors in traffic lights should be installed to detect motorists who are not obeying the traffic lights or who are exceeding the speed limit. This would not only reduce accidents but would also add additional revenue to municipalities.

Shared services should be implemented by the district municipality for local municipalities. The district municipality should in consultation with local municipalities determine which municipality has absolute or comparative advantage in the production of which goods or provision of which services. The district municipality should also coordinate meetings where municipalities' SCM units discuss problems encountered and how they were solved if solved. During these meetings, municipalities would gain knowledge and problem-solving skills from one another. Municipalities must also be encouraged to consider Public Private Partnerships which can reduce the cost of services for a municipality.

Recommendation 4: Monitoring the performance of service providers

Contract management is regarded as of critical importance in the supply chain, as it helps to measure and monitor both contract and project management performance. Contracts between the municipalities and service providers should be clear on which goods must be delivered or which service has to be provided and should be inclusive of the quality, quantity and time constraint. Accounting officers of municipalities should ensure that contracts or agreements of procurement are properly enforced. Reviewing the performance of service providers on a continuous basis would ensure effective and efficient delivery of a service or goods. According to the SCM policy of the Matjhabeng municipality, the SCM manager must monitor the progress of the suppliers and the service provider reliability, so that the delivery is on time, with the specified quality and quantity (Matjhabeng: 2013: 22). The study revealed that service providers are not monitored and that even the procuring department does not report after goods have been delivered or a service has been provided.

The study therefore recommends that the SCM manger should monitor the performance of service providers continuously. The procuring department, after receiving the goods or after a service has been provided should send a written report to the SCM manager through the SCM unit within seven days. The SCM manager should continuously remind the procuring department about the report and no department should be allowed to make a further requisition with an outstanding report. The municipal manager should further not allow payment of an invoice without the report of the procuring department. Action should be taken against service providers who do not perform according to the required standard. The SCM manager should compile a comprehensive report to the Chief Financial Officer about SCM performance in general, including the performance of service providers.

Recommendation 5: Delegation of duties and performance management

According to Section 59 (1) of the Municipal Systems Act, 2000 (Act 32 of 2000), the municipal council and municipal manager must delegate duties in such a manner that administration and operational efficiency is achieved (RSA 2000). Section 67 of the Act requires municipalities to monitor, measure and evaluate the performance of staff members (RSA 2000). Municipal managers must approve a staff establishment with job descriptions for each post and review the delegation of duties regularly. The research shows that local municipalities do not adhere to the requirements of performance appraisals and that the delegation of duties is ineffective.

The study recommends that staff establishments should be prepared per department by the departmental manager. The SCM manager therefore determines the staff establishment of the SCM department, according to the exact needs of the department. The staff establishment should only be approved by the municipal manager in consultation with a departmental manager such as the SCM manager. In the determination and approval of the staff establishment, managers and the municipal manager should adhere to the principles of effective and efficient administration in a cost-effective manner. This may reduce the creation of posts for which there is no need or the appointment of new staff in non-existing posts.

A performance appraisal instrument should be developed by top management in consultation with labour unions and approved by the municipal council, and a performance appraisal system should be implemented. The system must make provision for the annual evaluation of all personnel in the municipality on the basis of the immediate supervisor or manager evaluating subordinate personnel. For instance, the SCM manager would evaluate the

performance of SCM practitioners. Each practitioner would be evaluated according to his or her performance and should provide a portfolio of evidence. The Chief Financial Officer should evaluate the performance of the SCM manager and the CFO would be evaluated by the municipal manager. The performance of municipal managers should be done by the council. Salary progression should be based on performance appraisals and if an employee performs below the norm, no salary adjustment should be allowed.

Recommendation 6: E-procurement

Electronic procurement in a municipal SCM is a process by which a prospective service provider submits a bid proposal electronically. E-procurement keeps communication lines open with prospective service providers and keeps information neatly organized and time stamped. E-procurement is accurate, trackable, and saves time and costs. According to Fernandes and Vieira (2015: 593) e-procurement reduces entry barriers and transaction cost, simplifies the management of prospective service providers, and gives more buyers access to municipal procurement.

The study recommends that municipalities should implement e-procurement in SCM processes. E-procurement will increase competitiveness and reduce the costs of acquisition.

Recommendation 7: Maintenance plan

According to both the MFMA and the Municipal Structures Act, 1998 (Act 117 of 1998), municipalities must have maintenance plans for infrastructure and assets (RSA 1998; RSA 2003). The research recommends that municipalities should budget for the proper maintenance of infrastructure and assets and implement maintenance plans.

7.5 A FRAMEWORK FOR IMPROVED SCM AND SERVICE DELIVERY

The primary aim of the research study was to establish a framework for improved supply chain management practices that would enhance service delivery in the Lejweleputswa District Municipality. This section will first discuss factors that can improve SCM and service delivery separately as shown in Table 7.2, and then discuss a framework for improved SCM and thus service delivery.

TABLE 7.1: FACTORS THAT HAVE AN EFFECT ON SCM AND SERVICE DELIVERY

	Supply Chain Management	**Service Delivery**
Human Resource	• Work ethics • Qualified staff • Provision of training	• Sufficient capacity • Delivery of accounts
Organizational structure	• Effective Contract and performance management • Political interference • Corruption • Responsive municipal management	• Quality equipment • Timeous payments to service providers • Effective delegation of duties
Compliance	• Knowledge of SCM policy and processes • Compliance to SCM legislation	Service delivery standards Legal compliance
Community	• Community engagement • Competent service providers	• Illegal electricity connection • Infrastructure vandalism • Theft of municipality property • Payment for municipal services

Source: Own construction

7.5.1 Human resources

The provision for training and appointment of qualified staff will enhance the effective implementation of SCM. Personnel must display good work ethics when dealing with service providers. In order to provide services effectively human resources should be at full capacity. Posts should be filled with competent staff with the required knowledge and skills.

7.5.2 Organizational structure

Senior management of the municipality should ensure that contracts and agreements between the municipality and service providers are signed and adhered to. Management should

monitor and evaluate the performance of service providers and implement remedial action such as suspension of services, payments, or cancellation of contracts if service providers do not comply with contractual obligations Senior management should be responsive to the needs of the SCM unit. Both corruption and political interference are harmful for effective supply chain management practices and affect service delivery and the Municipal Manager should guard against undue interference in the supply chain, as well as acts of corruption by personnel. Poor quality equipment results in poor service provisioning, therefore quality equipment is needed in order to provide good quality services. Municipalities should therefore not only invest in quality equipment, but also protect and safeguard existing equipment. Timeous payments to service providers may encourage service providers to provide goods and services at the right time in the right quantity and quality. In addition, the delegation of duties should clearly state the job description and responsibilities of each staff member.

7.5.3 Compliance

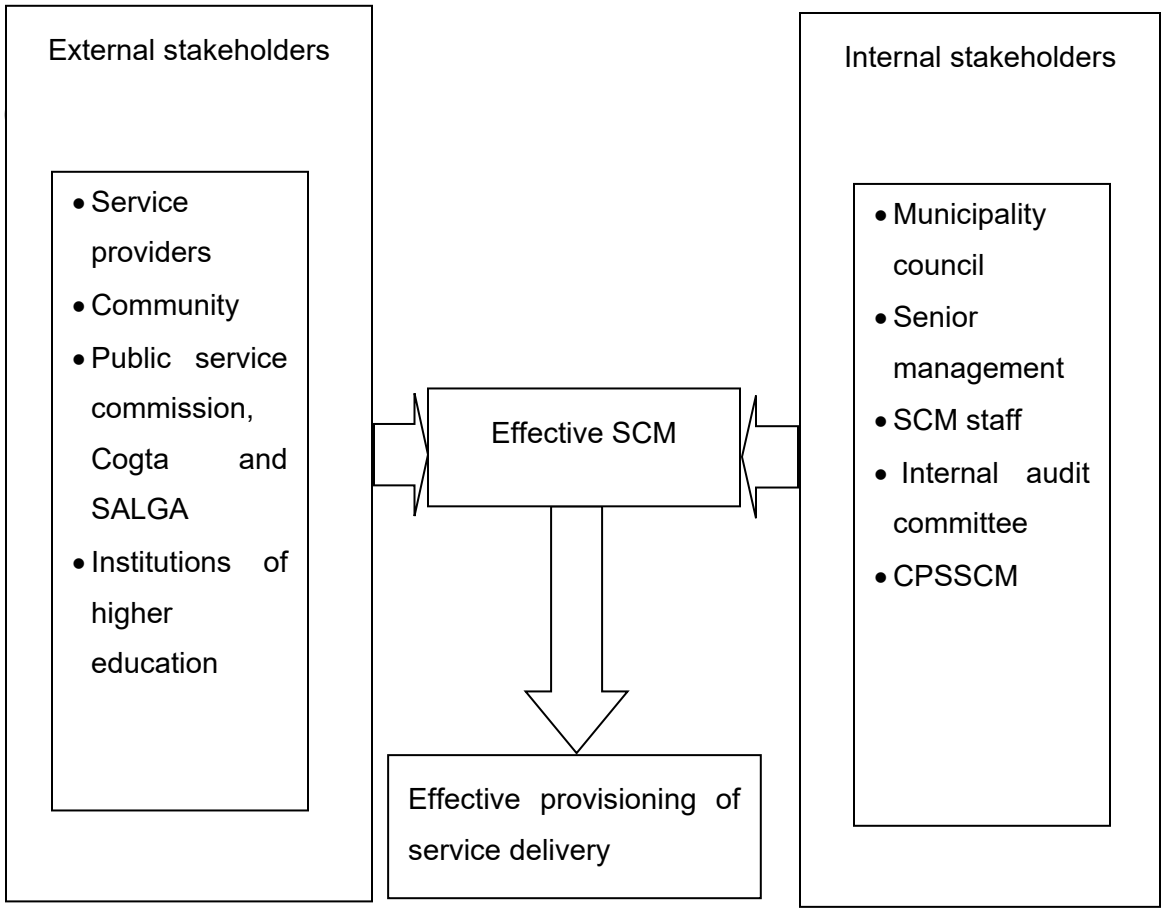
The municipal Manager in consultation with the SCM Manager should ensure that SCM staff have sufficient knowledge of SCM policies and processes. Adequate knowledge of SCM policies and processes would ensure the improvement of compliance to prescripts. However, the municipal manager should ensure that in gross instances of non-compliance an investigation is carried out to determine if the non-compliance was due to lack of knowledge or other factors such as corruption. Municipalities should adhere to the constitutional requirements of service provisioning, which has to meet the acceptable standards. In providing standardised services to the community, municipalities will be legally complying with the Constitution of the Republic of South Africa.

7.5.4 Community

The study revealed that effective and efficient supply chain management is influenced by community factors such as vandalism, theft, and non-payment for services. The municipality should therefore engage with the community by making them aware of the importance of payment for services and the effect of vandalism and theft on service delivery. In addition, efforts should be employed to make the community aware of tenders through community workshops and open briefing sessions.

Based on the above discussion, the framework for improved SCM and service delivery is depicted in Figure 7.1.

FIGURE 7.1: A FRAMEWORK FOR IMPROVED SCM AND SERVICE DELIVERY WITHIN LOCAL MUNICIPALITIES



Source: Own construction

The study revealed that effective implementation of municipal supply chain management is dependent on both external and internal stakeholders. The identified external stakeholders are service providers, the community, institutions of higher education, and selection panels (committees) provided by Cogta and SALGA. The internal stakeholders are the Municipal council, Senior management, SCM staff, Internal audit committee, and a Council for Public Sector Supply Chain Management (CPSSCM).

7.5.5 Service providers

There is a need for service providers who are competent, free of corruption, who abide by their contracts, and who deliver what has been agreed upon. Service providers should therefore be qualified and competent to perform and execute their duties according to the specifications of the contract. In order to do business with a municipality, service providers should meet criteria such as having a valid tax clearance certificate, tax number, and VAT

registration number, and having no outstanding accounts with the municipality It is expected that a qualified and competent service provider would not bribe the SCM staff or top management to adjudicate a bid.

7.5.6 Community

An effective and efficient supply chain that can provide services as required is dependent on a community that is not characterised by theft and vandalism of municipal property. The community should be engaged in the activities of the municipality and become an active participant in the drafting of municipal policies such as indigence, tariffs, credit control, and debt collection. Community involvement can be enhanced through ward committee workshops and meetings and information sessions conducted by councillors and senior management of the municipality. These would enable individual members of the community to have a better understanding of these policies and their implications.

7.5.7 Institutions of higher education

Institutions of higher education should present online, as well as contact and distance training courses in SCM for SCM practitioners and management. Specialists at these institutions should be used by municipalities to serve on their internal audit and risk committees. Through involvement in research activities and workshops organised by the Council for Public Sector Supply Chain Management a municipality could improve the performance of the supply chain by becoming more innovative.

7.5.8 Selection panel (committee)

An employment committee should be established which is responsible for the recruitment, selection, and appointment of qualified and competent staff for municipalities in a manner that if fair to every applicant. It is recommended that registration with a professional institution such as the Institute for Logistics and Supply Chain Management could serve as a prerequisite for applicants applying for vacancies in the SCM Department.

7.5.9 Municipal council

The municipality council should support Senior Management and the municipal administration. Council should therefore adopt policies in time and should refrain from interference in the administration of the municipality. To be specific, council should not interfere in the SCM processes and financial matters of the municipality. The council should take corrective actions and disciplinary measures in instances where staff are involved in corruption, or political office

bearers interfere in the adjudication process of bids. The municipal council should critically analyse the staff establishment to guard against the duplication of duties which results in increasing salary costs. The councillors must involve the community and educate their wards regarding the importance of payment of service fees and the disadvantages of vandalising and theft of municipal property.

7.5.10 Municipal Senior management

Senior management responsible for SCM should manage finances of the municipality according to legislation, support the SCM processes, and respond to the requests of the SCM unit. Regular monitoring and evaluation by senior management should be conducted to ensure that the SCM unit is complying with SCM processes and legislation, and practitioners are trained and competent to perform the duties prescribed to them. Senior management should further ensure that a valid signed contract exists between service providers and the municipality before a service provider commences work. Progress should be monitored regularly, and payment should not be done before an invoice accompanied by a signed report from the procuring department and the SCM manager is received. The senior management of municipalities should see to it that residents are provided with statements of accounts in order to be able to pay.

7.5.11 SCM staff

The SCM unit should comply with SCM policies and legislation and should not become involved in corrupt activities. It is the responsibility of individual staff members to become development orientated and to improve their knowledge by being engaged training courses, workshops, and seminars. It is expected of all staff to be competent, to perform their duties diligently, and to attend to queries of prospective bidders and service providers in an effective and efficient manner. In order to prevent and avoid corruption and fraud, SCM staff should avoid being responsive to the involvement of council members and senior officials who should not be involved in the procurement process.

7.5.12 Internal audit unit and Internal audit committee

The internal audit unit should audit the SCM processes on a quarterly basis and report to management and the municipal audit committee their findings and recommendations. The municipal audit committee should then assess and endorse the recommendations, which should then be reported to the municipality council.

7.5.13 Council for Public Sector Supply Chain Management (CPSSCM)

The Council for Public Sector Supply Chain Management should set standards for its members, take disciplinary actions against members who do not comply or are involved in corrupt activities, organise workshops, and research seminars for the improvement of SCM processes and legislation. The council can assist to bridge the gap between citizens' expectations of supply chain management and their experience of it in the public sector environment by means of regular engagement with public institutions. The CPSSCM can also develop a strategy for SCM training and accreditation of its members. For this purpose, the CPSSCM has to coordinate and establish communication lines between the public and the private sector on matters related to the professionalization of SCM practitioners.

7.6 LIMITATIONS

Several limitations were experienced in this study. Although the researcher had obtained permission from both the provincial HOD of Cogta and the Lejweleputswa district municipality, municipal managers and CFOs were reluctant to be interviewed and to allow SCM practitioners to be interviewed. The researcher had to consult with Mayors of both Lejweleputswa District municipality and Matjhabeng local municipality and had to send the questionnaires in advance to gain access. The busy schedule of CFOs and MMs was the second limitation faced by the researcher, and the researcher had to make several attempts to meet them. In addition, some SCM practitioners were reluctant to be interviewed, due to fear that information they provided might come to the knowledge of management.

7.6 CONCLUSION

The National Government has legislated important legislation, supported by National Treasury policies, for the effective implementation of SCM and the provisioning of service delivery to the community. However, due to non-compliance, incompetent staff, and corrupt activities, these policies are rendered ineffective, inefficient, and uneconomical. The research study has identified the main challenges faced by municipalities in the implementation of SCM and the provisioning of services. The research study has also provided practical recommendations to be taken by municipalities to overcome challenges. If implemented by the Lejweleputswa District Municipality and local municipalities in the district, the recommendations could contribute in the improvement of SCM and the provisioning of services.

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APPENDIX A

DEFINITION OF KEY TERMS

Accountability: those involved in procurement processes are held answerable for their actions and decisions with respect to public procurement processes (National Treasury, 2005: 7).

Basic Municipal service: a municipal service that is ensuring an acceptable and reasonable quality of life, may endanger public health or safety or environment if not provided (RSA, 2003: 15).

Corruption: is a situation where a person(s) directly or indirectly accepts or give or agree to accept or give any gratification from or to any other person for the benefit of himself or herself or any other person (RSA, 2004: 10).

Cost effectiveness: concentrates on the relationship between outcomes and the cost of producing the outcomes (Van der Walt, 2014: 121).

Effectiveness: is the achievement of objectives specified per service delivery output (Van der Walt, 2014: 121).

Efficiency: is concerned with the cost per unit output (Van der Walt, 2014: 121).

Proposal: a written exposition of a service to be rendered to the Municipality in response to an invitation to submit an offer (Matjhabeng, 2013: 7).

Service contract: is an agreement between a municipality and service provider to provide a particular aspect of a municipal service on a short-term basis (National Training Unit, 2016: 4/6).

Service provider: a person or institution which provide a municipality with a service (RSA, 2000: 18).

APPENDIX B

Central University of Technology
Faculty of Economic and Management Sciences
Department of Government Management
Tel no: 057 910 3580 / Cell no: 083 404 4193

01 March 2019

Mayor
Lejweleputswa District Municipality: Free State
PO Box 2169
Welkom
9460

RE: REQUEST FOR APPROVAL TO UNDERTAKE AN ACADEMIC SURVEY ON FACTORS AFFECTING THE EFFICTIVENESS AND EFFECIENCY OF SUPPLY CHAIN MANAGEMENT IN THE LEJWELEPUTSWA MUNICIPAL DISTRICT: FREE STATE.

The Mayor

Student : Sefako Samuel Ramphoma
Student number: 2009174380
Degree: Post Graduate Degree (PhD) in Public Administration

Purpose of research: To determine the problems encountered by municipalities in terms of SCM and service delivery and how to solve the identified problems related to SCM and service delivery.

Participants:

- **Municipal Manager**
- **CFO**
- **SCM Manager and Practitioners**

I wish to request approval to undertake a survey in analysing the factors affecting the effectiveness and efficiency of supply chain in the Lejweleputswa District Municipality: Free State. Due to sample size, the survey will also be undertaken in local municipalities falling under the district municipality.

The survey consists of an interview's questions that needs to be answered by the identified target group. It will take approximately 45 minutes to complete the session. The research findings will be treated with utmost confidentiality, anonymity and will not prejudice the District Municipality and its local municipalities in any way. A copy of the thesis will be made available to the Lejweleputswa District Municipality and its local municipalities. Since the content of the thesis may provide useful information to enhance the efficiency and effectiveness of supply chain management and service delivery in South Africa, there is a possibility that the findings will be published by means of an article in an accredited academic journal.

Your approval of this request will be highly appreciated.

Kind Regards

Yours sincerely

APPENDIX C

Central University of Technology
Faculty of Economic and Management Sciences
Department of Government Management
Tel no: 057 910 3580 / Cell no: 083 404 4193

01 March 2019

HOD
COGTA Free State Province

RE: REQUEST FOR APPROVAL TO UNDERTAKE AN ACADEMIC SURVEY ON FACTORS AFFECTING THE EFFICTIVENESS AND EFFECIENCY OF SUPPLY CHAIN MANAGEMENT IN THE LEJWELEPUTSWA MUNICIPAL DISTRICT: FREE STATE.

The HOD

Student : Sefako Samuel Ramphoma
Student number: 2009174380
Degree: Post Graduate Degree (PhD) in Public Administration

Purpose of research: To determine the problems encountered by municipalities in terms of SCM and service delivery and how to solve the identified problems related to SCM and service delivery.

Participants:

- **Municipal Manager**
- **CFO**
- **SCM Manager and Practitioners**

I wish to request approval to undertake a survey in analysing the factors affecting the effectiveness and efficiency of supply chain in the Lejweleputswa District Municipality: Free State. Due to sample size, the survey will also be undertaken in local municipalities falling under the district municipality.

The survey consists of an interview's questions that needs to be answered by the identified target group. It will take approximately 45 minutes to complete the session. The research

findings will be treated with utmost confidentiality, anonymity and will not prejudice the District Municipality and its local municipalities in any way. A copy of the thesis will be made available to the Lejweleputswa District Municipality and its local municipalities. Since the content of the thesis may provide useful information to enhance the efficiency and effectiveness of supply chain management and service delivery in South Africa, there is a possibility that the findings will be published by means of an article in an accredited academic journal.

Your approval of this request will be highly appreciated.

Kind Regards

Yours sincerely

APPENDIX D

Office of the Municipal Manager
Physical Address: Corner Jan Hofmeyer and Tempest Road
P.o. Box 2163
Welkom9460 Lejweleputswa
Tel: 057 391 8906 DISTRICT MUNICIPALITY
Fax: 086 547 8092
e-mail:jane@lejwe.co.za

Ref: 8/1/3
27 March 2019

Mr. SS Ramphoma
Central University Of Technology
Faculty Of Economic & Management Sciences
Department Of Government Management
Welkom
9563

Dear Sir,

REQUEST FOR APPROVAL TO UNDERTAKE AN ACADEMIC SURVEY ON FACTORS AFFECUNG THE EFFICTIVENESS AND EFFICIENCY OF SUPPLY CHAIN MANAGEMENT IN THE LEJWELEPUTSWA MUNICIPAL DISTRICT

Your letter dated 01 March 2019 has reference.

Permission is hereby granted to Mr. SS Ramphoma to conduct a survey in analysing the factors affecting the effectiveness and efficiency of supply chain that will contribute towards his pursued studies, Postgraduate Degree (PHD) with the University of the Free State.

Mr. SS Ramphoma has made and undertaking that he will share the copy of thesis with the municipality.

I therefore, request the Supply Chain Management officers that will be earmarked to give their full cooperation.

Kind Regards,

PME KAOTA
MUNICIPAL M NAGER

APPENDIX E

cooperative governar
and traditional affairs
Department of Cooperative Gove
and Traditional Affairs
FREE STATE PROVINCE

Enquiries. : Lindi Lingani
Office of The HOD CoGTA
Lindiwe.lingani@fscogta.gov.za
051 -405 5719

THE MUNICIPAL MANAGER
LEJWELEPUTSWA DISTRICT MUNICIPALITY WELKOM

Dear Ms P Kaota

REQUEST TO UNDERTAKE ACADEMIC SURVEY FACTORS AFFECTING THE EFFECTIVENESS AND EFFICIANCY OF SUPLLY CHAIN MANAGEMENT IN LEJWELEPUTSWA MUNICIPAL DISTRICT

The above matter refers.

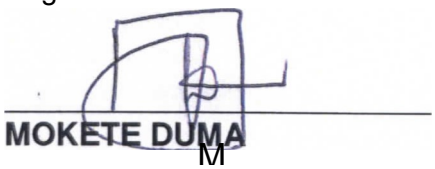
We have been requested by Mr Sefako Samuel Ramphoma who is a PHD student in Public Administration at Central Uniciversity of Technology. He is intrested in conducting a survey at the District Municipality and Local Municipalities in the District.

Kindly accommodate his request as the research might help the District and Local Munipalities with their supply chain policies and processes.

Your coopertion will be appreciated in this regard.

Hope you find the above in order.

Regards



MOKETE DUMA
M
HEAD: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

P.O Box 211, Bloemfontein, 9300
O.R Tambo Building, 7th Floor, cnr St Andrew and Markgraaff Streets, Bloemfontein, 9301

APPENDIX F

UNIVERSITY OF
THE FREE STATE
UNIVERSITEIT VAN
DIE VRYSTAAT
YUNIVESITHI

YA
FREISTATA

GENERAL/HUMAN RESEARCH ETHICS COMMITTEE (GHREC)

14-Aug-2019

Dear Mr Ramphoma, Sefako SS

Application Approved

Research Project Title:
SUPPLY CHAIN MANAGEMENT FOR SERVICE DELIVERY IN THE LEJWELEPUTSWA MUNICIPAL DISTRICT

Ethical Clearance number: UFS-HSD2019/0691

We are pleased to inform you that your application for ethical clearance has been approved. Your ethical clearance is valid for twelve (12) months from the date of issue. We request that any changes that may take place during the course of your study/research project be submitted to the ethics office to ensure ethical transparency. furthermore, you are requested to submit the final report of your study/research project to the ethics office. Should you require more time to complete this research, please apply for an extension. Thank you for submitting your proposal for ethical clearance; we wish you the best of luck and success with your research.

Yours sincerely

Prof Derek Litthauer
Chairperson: General/Human Research Ethics Committee

Digitally signed by
Derek Litthauer
Date:2019.08.14
South

par
lelson Mandela Drive/Rylaan
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APPENDIX G

Participant 1

Audio Title: B Mun CFO

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
36:29	**IV**	**The first question would be; what are the major Supply Chain Management challenges faced by the municipality, especially infrastructure development projects?**
	IE	The major supply chain challenges that are faced by municipalities especially for infrastructure development, number one: it's the old infrastructure. We are currently operating with a very old infrastructure that leads us to have problems in supply chain in which sense, for example, we would do a procurement plan, a plan that shows us that these are the things that we'll procure for this financial year, but that plan, even if we have done it, sometimes it's limited because there are those things that will come that are outside of that particular plan. Let's say, for example, typical example, you can plan to say in terms of my maintenance budget on infrastructure I'm saying I'm budgeting 5% or 15% of my total budget is for the maintenance, but because the infrastructure is so old. You end up having to maintain way beyond what you have budgeted for. Now, how does that affect the supply chain? In the sense that some of the processes must be done as a matter of urgency and some of them must be done even if they are above or they exceed the budget because if there's a big pipe that has burst or there's a sewer that is running all over. You have to fit in and see to it that you address those particular issues and it affects our planning as far as the supply chain processes are concerned.

	IV	**Thank you. What are the current needs of supply chain management officials in the municipality? When I talk about needs, maybe the training needs or educational needs.**
	IE	I think, first of all, when you talk about needs, there's quite a vast number of needs on the supply chain. I'm going to mention first, before we even talk about the training, before you even talk about the capacity building. The first need within the supply chain unit is the human capital. The human capital that we have in the supply chain does not measure the needs that we have in terms of the supply chain. So, we need to, firstly look at the structural issues of supply chain. We've got a lot of vacancies, over and above that, our supply chain as the municipality is not responsive, it's not fully responsive to the type of challenges that we have. So, the first point that we need is more human capital because the level of skills bank within our supply chain I think, if my memory serves me well, within supply chain maybe we have very few postgraduates, that is, officials with postgraduate qualifications. It's not about necessarily the level but I'm trying to show that if you have a municipality of this size procuring more than a billion rand per year, you need very highly skilled types of individuals so our skills bank does not talk to our processes. That's the first challenge, the second challenge even the few human capitals that we have, needs a lot of capacitation because, within our supply chain units, you will find out perhaps you have very few officials with relevantly qualified or relevant degrees. Let's say your BCom degrees, either BCom in Accounting, we've got few of them, less than 5, not more than 5, just for supply chain unit only. The rest of your buyers or what, most of them have got matric. They have been with the municipality for many years, they might have matric and maybe there's a program that national treasury

		offered. They call it LFMP, in the past they would call it CPMD which means it's a municipal finance program, it's more like your skills program but it does not necessarily close the whole gap of supply chain, which means now even with the current personnel that we have, there is a huge demand of capacity building and training as far as supply chain is concerned especially with a lot of legislation that is changing every now and again. The legislation changes but the municipality does not buy the new skill or upskill the current workforce to talk to the changes in the legislation. So there are those three categories of changes, I mean of needs. One: human capital, buying skills all the way from the outside either the private sector or public sector. People with the necessary qualifications and expertise, not just filling the position for the sake of filling them. With relevantly qualified and experienced supply chain practitioners, there is a need for that, we lack that. Number two: the current that we have, there is a need for serious capacity building in a form of training and so forth and so on.
	IV	**Thank you, Sir, does the municipality have a Supply Chain Management policy?**
	IE	Yes, we do have a Supply Chain Management policy.
	IV	**How well do you know the management policy, the Supply Chain Management policy of your municipality?**
	IE	I know it very well because I work with it on a daily basis.
	IV	**Alright, do you think it is effective?**
	IE	Look, the policy is effective, it is efficient because it gets reviewed on an annual basis. it is effective and efficient but like I say; the problem is not with the policy; the problem is with people towards the implementation of the policy.
	IV	**How do perceive the legislation framework for supply chain management?**
	IE	Look, I think the legislation framework for the supply chain

		is reasonably well. The only area that I feel that is a loophole that causes problems for us. Remember, our Supply Chain Management policy is informed by the prescripts that are prepared by the national treasury in a form of regulations is coming from NFMA, the Act and then the Supply Chain Management regulation, then out of that we build the supply chain policies. Now, the supply chain policy you will find that in many instances, it's very silent on certain critical areas that normally made us as the officials of government to be at log ahead with the localities. What do I mean by that? For example, supply chain, obviously to talk about fairness, equitability just to everybody and you will have your local people having expectations that they must be given preference when it comes to the procurement of goods and services that are taking place locally, right? Our supply chain policy does not talk to that. It is generic to say there must be treatment, fair equal treatment of all South Africans irrespective of which area of the jurisdiction where they reside from because our supply chain gives equal opportunity to a person who's coming from Joburg, who's coming from Limpopo, equal to the who is in Welkom. Some would they I have a feeling now that there's a grey, I wish it could be more specific, yes I know we talk about 30% set aside but I think it could be more explicit and more specific in terms of biasness to say give the locals first and when you do not have that skill at a local then you can go and buy that skill, maybe from a company that is coming from the Gauteng province or that is coming from Western Cape, Eastern Cape, whatever the case might be but if it can categorize how to prioritize opportunities to our SMMEs and so forth and so on.
	IV	**Thanks. Is there a Supply Chain Management unit?**
	IE	Yes, we do have a unit but it was the one that I was referring to, to say the unit is there but it is not fully complemented. You've got a unit with a lot of vacancies

		which is a challenge for the unit of the supply chain.
	IV	**How do you ensure that there are no unauthorized, fruitless and irregular expenditures?**
	IE	It's a very challenging one, that one. Let me talk about the unauthorized first before I go to the other sections of fruitless and wasteful expenditure. When you talk about the unauthorized expenditure, remember unauthorized means it's an expenditure that has been incurred which is not budgeted for. That's a definition of unauthorized expenditure. You incur an expenditure but this expenditure is not necessarily into your budget then we regard such expenditures as unauthorized, that's number one, meaning if you are dealing with any unfunded mandates. those unfunded mandates are regarded as unauthorized. Now I see that we must implement what we have budgeted for. There's absolutely no argument about that one. If we have proper systems in place, in fact, they are even supposed to kick out anything that we try to procure through the system that is not linked to the budget. Our systems must be able to kick such out. But then you have historical issues that in many instances pushes you to situations of unauthorized, I'm going to make an example, the boardroom that we are seated at here, in terms of our budgeting processes, we must make provision for depreciation of the chair that we are seated in and the table that we are seated in. To say if these tables and chairs, we bought them for a value of, for example, of R10000, every year, we must put aside to say we are putting R2000 aside just for this boardroom, table and chairs to say, should they reduce we must be able to replace them, Now this is just the tip of the iceberg that I'm telling you. if you look at our infrastructure, the entire infrastructure of the municipality takes the assets from underground, your pipes that are running underground, either they are water pipes, either they are sewerage pipes, your lines, your electricity lines, your pump stations, your

buildings, everything. When you look at that, you're talking of something like 6 billion worth of asset value, 6 billion and more. Now, the Municipal Finance Management act grap 17, generally recognized accounting practice demands us that, for that 6 billion rands, we must have a percentage of those assets budgeted for aside for any replacement. Let me take an example, if we talk about 10% of 6 billion, that is 600 million, meaning in your budget, you must have a portion that we call non-cash items of 600 million that we must put into the budget. Should you not do that and then when they audit your books the following year, they realize that you have not made that provision, immediately, you have an unauthorized expenditure of 600 million for failure to make provision for such unforeseen expenses that might be incurred or not incurred. So when you talk about unauthorized expenditure, sometimes I'm of the view that in as much as there is an unauthorized expenditure that is due to incompetency, poor planning and what but there is that unauthorized expenditure that I believe that is beyond the control of us because how can I put aside money of 600 million and say I'm budgeting for infrastructure that is underground which currently I don't have money to do just the surface of service delivery, it's not possible. The level of collection of money that we receive versus these provisions that we are talking about, they are not merging, they are not talking to each other, so we have unauthorized, there are those challenges. Irregular, fruitless and wasteful, let's talk about irregular, in many instances is as a result of poor planning in the side of municipalities, even us here, that's what I always emphasize to members of management, it's poor planning. That is why I need to have a fully-fledged supply chain management processes whereby I will have men and women of stature and expertise who will block anything that comes in a form of an irregular towards their table. That's why now when you have

people, your institution with a majority of people who are not fully qualified and competent. Remember, if you put a person to deal with public funds, who is not necessarily extremely qualified, you are standing a risk because in many instances, let me take you as a professional, if you can work at a municipal environment as a professional before you do anything, you always make sure that you do things right the first time because with all the hard work you have done to be where you are academically. Should you do things wrong, you know you have got a lot to lose but if you take a person, with all due respect, who has matric, who has been with the municipality for many years, they don't have much to lose, they don't have the fear of saying, if I do this thing in a wrong way, they will scrap off my qualification. Henceforth I'm saying, we need to beef up our supply chain management unit so that we have people who will close the doors for any non-compliances whatsoever. Remember, as a CFO, I can do that but I'm limited because this municipality is big. Look at today for example, where was I for the rest of the day. From 8 o' clock up until half-past three in a meeting but operations are taking place. So once I'm busy sitting in meetings, there are a lot of wrong things and the right things that are taking place and unfortunately, I cannot be able to monitor all of them, hence you need properly qualified people at middle management and also at a lower level. Irregular, that's how we can resolve. the issue of the fruitless, the bigger portion of the fruitless expenditure is as a result of the interests that we incur, those interests are regarded as fruitless. Let me give you an example, we owe Eskom billions of rands, about 2 billion or so. We owe Sedibeng about 1.5 billion. now those institutions, on a monthly basis they are charging us interest on interest. Just for this year alone, our interest for Eskom was about 255 million, just interest. Now, in accounting terms that interest is regarded as fruitless and wasteful. The

		person who reads the report on the street to say Machabeng has got a fruitless and wasteful expenditure of 255 million, what does he think? Corruption, which is not always necessarily the case because in this case. this interest alone, that 255 million is just as a result of the interest that we are being charged by Eskom but we are working on those things because some of the interest we believe are charged unfairly because these are the legacy matters on transaction that took place 20 years ago, around year 2000 or so but we've got a court matter with Eskom that is currently taking place to try and resolve some of those things. So that is basically the case with irregular, fruitless and unauthorized.
	IV	**Is the participation of political office bearers affecting the performance of Supply Chain Management?**
	IE	Yes, in a way because sometimes the political office bearers, if there is something, let's say, for example, they are coming from a committee meeting and committee members are complaining about service delivery. Sometimes for them, they want things to be done now and, unfortunately, some of the things, yes, they can be done now like for example, if you talk about refuse removal, you have no excuse not to go and collect refuse. if you talk about having a truck for refuse removal, that can be a process. it's not something you can just take the municipal money then go to any garage and buy a refuse truck. There must be certain processes that get followed so it affects sometimes the politics because of some, due to pressure also on the side of councilors of service delivery. They might end up demanding things to be done with immediate effect, not taking into consideration the processes that have to be followed.
	IV	**What do you think can be done to ensure efficient and effective Supply Chain Management performance?**
	IE	First things first; structure. Have a proper structure that talks

		to the needs of the municipality, that's the first thing, your structure must be filled with a competent and qualified supply chain practitioner. You see, supply chain is a specialized skill. Even if you go to university, very few universities offer supply chain as a qualification. It's only now that others are coming on board. You've got institute that specializes in qualifications on supply chain but in many instances, what do we do? What does the municipality do? When they appoint people, as long as the person has got a BCom or what. Whether that person has got the experience, they take such an individual, they say run the supply chain. So, they learn as they go which is a risk. So how to solve that is by appointing competently and qualified individuals and also skill, reskill and reskill again your currently existing officials.
	IV	**Is the municipality endorsing the participation of SMMEs in procurement?**
	IE	It's like what I was referring to, remember I had made mention of the importance of the SMMEs in the cycle of the supply chain is key. It will be of no use for me if I need to procure a TLB. I can't go and procure a TLB to a company in Kroonstad. I need to look around my SMMEs, which people own TLBs and then I must start at home and appoint them. We do, we really make provision for our locals, almost more than 50% of the budget of Machabeng goes back to the local SMMEs.
	IV	**What are the major service delivery challenges faced by the municipality?**
	IE	One: Aged infrastructure, we still are seated with the pipes underground which are Asbestos pipes. The infrastructure that you have here just in towns, let alone the townships are a little bit better. All the different towns Welkom, Virginia, you name them. The infrastructure that we have here was the infrastructure that was put ages ago when the mines were starting to develop these towns. Now there was never

		a maintenance plan in the side of the municipality to say every 10 years we do an overhaul change of a particular infrastructure. What we do, if there's a pipe burst where we are now, we cut the pipe we fix this piece. We haven't solved the problem and then 5, 10 kilometers another burst, we fix that piece. So, our biggest challenge of infrastructure is the old infrastructure that we are currently utilizing both water infrastructure, sewerage infrastructure as well as the roads. So those are the 3 major infrastructure problems that we are currently faced with.
	IV	**What actions of public officials and service providers are contributing towards poor service delivery?**
	IE	The actions of public officials?
	IV	**Yes, officials in the offices and service providers that contributing towards poor service delivery.**
	IE	Number one: On the side of officials, the problem is number one; poor planning to address service delivery issues. When there is no proper planning, you end up finding yourself in the situation whereby you are switching off fires because you had failed to plan for proper service delivery. Number two; if you appoint service providers who are incompetent to deal with some of the service delivery issues, you will have a problem because such service providers will not be able to deliver as per expectations and then you end up having a poor product of service delivery. So, this is how the two officials together with service providers affect service delivery negatively.
	IV	**How is supply chain management affecting the provisioning of service delivery? Not poor now, any service delivery. How is it affecting Supply chain Management?**
	IE	Supply Chain Management will always affect service delivery, either positively or negatively. If, for example, we go, we plan. We do our things as per procurement plan and we procure services on time, at an efficient price, value-

		wise and there is always value for money and quality work. That means now as supply chain we support service delivery positively.
	IV	**What measures are in place to handle residents who do not pay their bills?**
	IE	We've got our credit control policy which states categorically different instances that must happen when residents are not paying their services. Either writing them-giving them accounts, number one. Writing them letters of demand, taking litigations against them. Disconnecting their services like electricity and so forth and so on. Those are all the initiatives in terms of our credit control policy that try to push those that are not paying or not willing to pay for their service to come forth and be able to pay for their services through our credit control policy.
	IV	**When you come to that one of giving them accounts. How regularly do you supply them with accounts?**
	IE	Currently, we are supplying accounts on a monthly basis but still, there are people who cry here and there saying I'm not receiving my accounts and so forth and so on. There were two challenges that we're experiencing, number one; we will take accounts and print them and take them to the post office for distribution then you'll find out that if I send an account now in October to post office for distribution, someone else gets that account in February next year. We can test that, even on your own write a letter, even if you write a letter to me being here in Welkom and take it to the post office. You'll find out that you might not receive that letter the following week. That letter rotates, we did a test. We wrote each other letters. It took us 3 months for those letters to be delivered, so we realize that what made us fight with our communities for not dishing out the accounts, one of area was the Post Office which was beyond our control. In the past, we tried an exercise of giving people who are reading our meters to also distribute the letters. We'll find

		some of the letters in the dustbins. So, where there is human capital, where there is human, there's always challenges but now what we have been doing for the past I think it's almost 6, 7 months now. For every time people come to our office is in fact, we appointed a company they took a database, they took our accounts and then they linked the accounts with the IDs of the account owners together with the cell numbers. We managed to build up a database through the account name, address and the ID number to curve as much cell phone numbers of our residence. Then now, we are moving, we are sending MMS type of accounts people who are sending the accounts through the SMS we even request them when they come to pay, give us your cell number I mean your cell number give us your email address. We are also starting to send email address but at this stage, I will not say to you no we are giving all our clients100% of them are receiving. In as much as we have started that drive but we are not yet at 100% to say all of them are receiving their accounts.
	IV	**I agree with you, not 100% I think I've got about five stands but four at least the majority. Four I'm receiving every month.**
	IE	Then there's one you're not receiving?
	IV	**Only One.**
	IE	We still have to improve on that one.
	IV	**Yes, do you think the installation of water and electricity meters can be advantageous to the municipality?**
	IE	A lot, especially these days if you talk about smart meters, prepaid meters. Today's technology, you have got meters that are smart, say for example if I install that meter in your household, I don't even have to send people there to do the meter reading. Even yourself, today's meters you can read your meter on your own or the smart meter gives an option of you rather paying prepaid then you know you can budget

		your electricity better to say I know my usage per month is R1000. then you know if you have bought your R1000, you will skip buying electricity for the following month so in our municipality, we are still using in other areas conventional meters whereby somebody must go and read. Now people temper with those meters, they do all funny things and those meters are old, sometimes they don't calculate the values accurately so there is a need. It's a drive, in fact that I'm pushing for a new infrastructure when it comes to meters, either electricity together with water.
	IV	**Which means you can save even more electricity. It will be better if all the residents, maybe all in town we have prepaid.**
	IE	It will be much more better. It will be less headache for the residents it will be less headache for the municipality as well. That is the direction that we are moving towards.
	IV	**While just on that one, just a follow-up question. Don't you think well to enforce payment from residents because well maybe I'm wrong? According to me, it is very difficult to enforce payments in townships. In towns, you can say you can block my meter so that I cannot buy water if we have water meters or electricity but in towns, it's very difficult because they are buying from Eskom. Is it not possible for the municipality to also take those ones in townships?**
	IE	That is the discussion that we have with Eskom on the table currently to say, look you are running after us to pay your bulk electricity but we are unable to collect because majority of our citizens are not staying in town, they are staying in the townships and because of electricity like you correctly stated is done by Eskom in the township. We are unable to collect money in the townships. It's like free for all. People are using water for free; they are not paying their rates and taxes but you can't, remember, legislative you can’t switch off water because water is life, it's a basic need but

		electricity you can but that electricity you don't have authority over it. Those are the discussions we currently have with Eskom to say...
	IV	**Or else Eskom if given the lead from the municipality they can say no you are not allowed to buy until you have paid but I think the best one, according to me, it will be if the municipality can be the one selling the electricity. Eskom may generate electricity, sell it to Machabeng and Machabeng must sell it to everybody.**
	IE	I think that will work very much better. Can I take this? My preparers of financial statements, I'm sure they might have a crisis. [speaking on the phone]
	IV	**Can you describe the most important aspects of the indigent policy?**
	IE	I think the most important aspect of the indigent policy first is the criteria to say who becomes indigent, who does not become indigent. For example, what we have in our definition of indigent, it says; anybody who is earning a particular amount of money, say for example R2500 less is indigent, we also make a provision for pensioners. If it's two families, they are both pensioners, let's say it's an old lady and an old man, they are both pensioners we still identify them as indigent but anybody now who has an income of R3500 and above is no longer regarded as indigent, that person is expected to pay his or her portion or those who are indigent after they've received those kiloliters of water and a portion of electricity for free beyond that they still also have to pay. So basically, talking about indigent, that is that.
	IV	**Those who are abusing the indigent policy, maybe I'm staying with an old lady. Don't you have any other method that those people can...?**
	IE	At this stage, we are struggling because, say for example I'm staying in my parents' house and my parents both of them are pensioners, they applied for indigent and they qualify but I'm staying there as their son either I've got a

		backroom or what there. We are not yet at the stage where we have a system that can zoom in to the household profile and say no there are two old people, they are indigent but you have got a son who's working then this household cannot be indigent. That is still a weakness within our system of indigent.
	IV	**But I think sometimes it will be solved, this technology might be able to pick up such information or else we must have at the municipality just a little, a small Statistics South Africa. Something like that, I know that they have offices, well those who can just visit houses, interview people "how many people are staying here?" The old lady: "I'm staying with who and who and my son", "where is the son working?" and so on, things like these and you compare with indigent register**
	IE	I think that will really work
	IV	**Maybe it will help. Thank you, Sir.**
	IE	The pleasure is all mine.

Participant 2

Audio Title: B Mun Pract 4

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
20:38	**IV**	**The first question would be what are the major supply chain challenges faced by the Municipality.**
	IE	Proper planning, lack of relevant equipment and lack of funds, non-payment to service providers.

	IV	**Do you think there are ACTs and other policies that are causing delays in the efficient performance of Supply Chain?**
	IE	Yes, the process is tiring something that is over 200000 must go to the notice board for 7 days. Supply chain becomes really slow
	IV	**Try to stick to English, the person who is going to analyse this is from Zimbabwe, have you ever been trained in Supply Chain Management?**
	IE	Yes, I have been trained
	IV	**In which field?**
	IE	Supply Chain Management, bid committees, from forensic supply chain. As part of the things that we want. but now the problem with training of Supply Chain Officials we need to go further because there are new things that are coming in and we are always left behind. Some of the things we just hear this has changed, we do not do this anymore. There must be regular training and it's not happening any more, it used to happen but not anymore. Things are changing very fast; the legislation is changing.
	IE	**But I think if the legislation change the Supply Chain Manager needs to call and say this has changed, that the emergency for now but you still need to go for training. Can you describe a Contract Management system?**
	IV	I Think it's a relationship between the Supply and the Municipality, can I give an example, for instance where their Supplier has a contract with the Municipality and the Municipality places all what is needed when the goods and services need to delivered, at what time the specific time. It's a contract between the service provider and the

		Municipality.
	IE	**What is Demand Management?**
	IV	Demand Management its, the thing is I think we are procuring, we are using Supply Chain Management processes to procure goods and services. So, a plan needs to be done, when something needs to be procured there must be proper planning to know where and how many quantities is there a budget for this service, the allocation for the budget has been made that is a serious problem. That is what I was saying the challenge of Supply Chain is planning and revenue.
	IE	**Sometimes it is not budgeted for.**
	IV	It is not budgeted for, most of the time that is why you see the person who works for the in the budget department is always trying taking the money from that role and again taking time, taking longer because it must go through the office.
	IE	**Then you will need the MM to approve that this was not budgeted for but it's an emergency.**
	IV	Formally the director needs to sign for such things
	IE	**Can you describe acquisition Management?**
	IV	Acquisition, I think it's to ensure that goods and services must be procured by the Municipality need to be delivered effectively and efficiently, at the right place, the right quantity something like that.
	IE	**Can you also describe the logistics Management?**
	IV	That is the part I am not sure, I have an idea but am not sure because I think logistics it has to do with transport and logistics, loading of items. Am not sure maybe you can assist. Can you assist me on that one?
	IE	**Well don't know the logistics, I think the logistics is in**

		the logistics department?
	IV	Here we don't have, but I have seen at SAPS they the logistics department where they transport goods and they must be delivered.
	IE	**If we were having a store room. That you deliver to local offices.**
	IV	A warehouse, because here I think it used to be like that not long ago.
	IE	**I thought it is like that, when I heard from someone that there is nothing like that anymore.**
	IV	For me it is better to have a warehouse.
	IE	**Yes its better, What do you think contributes towards inefficient and in effective procurement?**
	IV	Because you know what, I think the problem with the Municipality its Politically, of course there is that Political interference in Supply Chain and I thinks that's why Supply Chain processes are not being followed all the time. So, meaning that there is no competition, there is no fairness
	IE	**Is the Municipality engaged in Supply Chain performance Management? To make an example when we are giving you a contract during the process when you are delivering are we measuring that performance and even after are we saying this Supplier has given us the right quality, at the right time.**
	IV	You know what is happening, when a service provider has delivered the goods and services. At the requesting department where they have requested the goods and services there is a person there who will check and sign the invoice. Then Supply Chain will get confirmation from the requesting department that they have received all the goods and services. I know there are big projects like construction, water there is a steering committee that is formed to ensure that the service providers are performing.
	IE	**What actions are taken by Municipality to combat the**

		abuse of SCM process? Just like the one that you have specified that there is political interference, is there anything that can be done to take them out of the Supply Chain Management Process.
	IV	I think there is because we have in place the policy that says Councillors or political figures must not interfere with Supply Chain processes, but you know how people are, there is a policy and we know and we have been taught about it but still.
	IE	**How is Supply Chain Management process affecting service delivery?**
	IV	They are affecting service delivery in a way that service providers will do a job, will finish on time do a beautiful job but they are not getting paid on time and that is a problem. It creates a problem for our people.
	IE	**Even if you join you have to do something for the Municipality and then they say let them pay 50% which is not according to the law. But because the Policy is not paying in time.**
	IV	And you must understand when it comes to, it's happening and it a reality and I will mention it. It's a problem because white people do not just give service they will tell you I want 50% or they will tell you they want first before I do the job because they know the status of the Municipality. So, our people, those who were previously disadvantaged it will be difficult for them to say give me the money first because they are desperate they want the job. They will do the job and then they are not paid on time. It's really a problem.
	IE	**What can you suggest regarding the improvement of Supply Chain Management? You said they are no timeous payments, planning**
	IV	Necessary equipment, training the officials of Supply Chain and you know what when am saying proper training that will improve the service delivery, because if you plan on time this will be required at such time that you may want the

		budget, when there is need for a budget allocated for that service. Because when you do things on time, it goes to the notice board on time, now everything is an emergency. You do things and sometimes you don't follow the processes, something was not planned on time and at the 11th hour its urgent, then obviously you are going to deviate from the normal processes of supply chain which is not according to the law. That is why we are having so many litigations, that can be avoided you cannot be having so many litigations that we have because we have no proper planning.
	IE	**What are the major areas in the Municipality were the Municipality finds it difficult to supply this service?**
	IV	I Think infrastructure is a problem. The roads it is a serious problem, the sewage
	IE	**Why is it a problem is it because of old maybe.**
	IV	They are saying most of the pipes are very old so there is no money to replace a big pipe that is in the City. There is no money. The problem again were we are failing as the Municipality to provide the basic services delivery such as to collect refuse bags that are lying on the streets. I don't understand why is that a problem. Where are you staying are you staying around here?
	IE	**Right here next to Virgin active.**
	IV	You have seen refusal is not collected they take too long,
	IE	**I think maybe it's because the trucks are broken.**
	IV	but you know the trucks are broken and what is the Municipality doing about it. And now am talking as a resident. If things are being planned such things will not happen
	IE	**I think to avoid a broken truck, we must have extra lorries.**
	IV	Because you know what if we advertise to say that we need trucks let's make a tender lets buy new trucks. So, we know that there is not going to be a delay. There are people who

		will be not 1 service provider or even 5, maybe 6 of them, you know that we have different service providers we will not struggle. We will not be delayed we just take the appointment letter we attach to the requisition, we just do the service on time.
	IE	**What are the Major reasons that causes non-payment of services by residents? They are not paying, why?**
	IV	You know what to tell you the truth we don't have money especially in locations people are not working, its unemployment. Why don't we make the standard rate a flat payment, flat rate? Let's say to the location pay at least 500, we go by areas, honey park nearly 200 every household every month that will make a difference. Come to town maybe let's say 600 or 700 people will pay depending on the section but Gimforshere maybe 1000 let it be a flat rate at least you know 200 rand is better than nothing.
	IE	**How can Municipality improve the payment of services by residents, I think that is what you have alluded to the flat rate, but on the previous one do you not think the residents also they are not satisfied with service delivery.**
	IV	Of course, they are not satisfied and I think I blame management of the Municipality, if we appoint people let's say the MM we appoint the MM and mustn't be because deployment. Let's appoint people by their merit or qualifications. Maybe you are around the community, you are deeply rooted here, this is my parent city, this is where I come from, not taking someone from Joburg and appointing them for 5 years. When you take someone from Joburg and appoint them for five years what do you think is going to happen?
	IE	**It's not going to help that in 5 years' time I want Matshabela to here because it doesn't help them. Secondly, I think the contract thing if they employ**

		within the contract thing must be gotten rid of. They can maybe, if I understand what they are saying, they can say we have a new rule its performance based. So that I can have that plan to say in 10 years' time I want Matshabela to have a revenue base. It must be review about 10000 from this investment and so on.
	IV	If you appoint that kind of person you will see new buildings, you will like it, you will see growth in Matshabela.
	IE	**Thank you, mam, that one is a fact I understand it. Thank you we have come to the end.**

Participant 3

Audio Title: B Mun Pract1

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
16:42	**IV**	**Good morning Ma'am?**
	IE	Morning.
	IV	**What are the major SCM challenges faced by your municipality?**
	IE	SCM challenges that I do have here is customer service. Supply Chain Management is all about providing the right product in the right quantity to the right place and at the right time. It seems simple but it can get complicated quickly, then the other one is Cost Control. Operating costs are under extreme pressure by rising energy for fuel and freight costs, a greater number of global customers, technology, increasing labour rates and more regulations and rising commodity prices and the other one I said is Planning and Risk Management. In order to stay as efficient and effective as possible, periodic assessments and (redesign) are needed. These adjustments are in response to change in the market. Changes such as new product launches, global sourcing, credit ... and the need to protect intellectual property. This risk must be identified in

		quantity in order to control the mitigation. The other one I said Supplier or Partner Relationship Management. It is important to create, understand and follow mutually agreed-upon standards to better understand current performance and opportunities to improvement, having two different methods for measure and communicating, performances and results with time and effort and trust. The system that was put in place to ... results as better supply or partner relationship. The other one I said is talent. This was touched on in a previous post. It is becoming increasingly more difficult to find qualified and interesting talent. ... leaders need an extensive and understanding of the key components which is due for supply chain management roles and the ability to affect sources, specific skill sets, and methods for future leaders.
	IV	**Thank you. Do you think Acts or other policies are causing delays in efficient and effective supply chain management?**
	IE	I say yes and no.
	IV	**You can say yes and sometimes you say no?**
	IE	I can’t say no.
	IV	**You can say yes.**
	IE	Sometimes it's no.
	IV	**Sometimes you are working fine?**
	IE	Yes.
	IV	**How is it? if yes, how?**
	IE	When it comes to- let me say, normal one. Let's say with policy, we are working with RFQs. If something that you said you are going to take it to the website. There is a quote that is above R30,000. So, it's going to take 7 days on the website. Sometimes it's urgently.
	IV	**Urgently.**
	IE	Urgently, so that's the delay.

	IV	**Alright.**
	IE	But you must follow the policy.
	IV	**Have you ever been trained in supply chain management?**
	IE	In supply chain management, we have been going for a course, I wouldn't say 1 course but now we are still waiting for the training course that we have been appointed to. We're still waiting.
	IV	**You're still, waiting?**
	IE	Yes, I'm still waiting for the training.
	IV	**Can you describe the Contract Management?**
	IE	Contract management manage the production and management of contracts, Service Level Agreements (SLA) and provident master agreements, a core workflow management system to facilitate and manage the drawing up and execution of new contracts.
	IV	**What is Demand Management?**
	IE	Demand Management is a planning methodology used to forecast, plan for and manage the demand for products and services. This can be at a macro level as in Economics and micro levels within individual organizations.
	IV	**Can you describe Acquisition Management?**
	IE	Acquisition Management is a process of inviting, evaluating and awarding of bids. This process is critically part of the SM system as it involves direct contact with private partners whose rights are protected by various laws.
	IV	**Can you describe Logistics Management?**
	IE	Logistics Management is a Supply Chain Management component that is used to meet customer demand through the planning, control and implementation of the effective movement and storage of related information, goods, and services from original destination. That's how I describe it.
	IV	**What do you think contributes towards inefficient and ineffective procurement?**

	IE	When you're not given correct specifications, I think so, from the requesting department.
	IV	**The requesting department is given that?**
	IE	Sometimes they do that.
	IV	**They are not specific?**
	IE	Yes, they can only say a pen. When I go and want a quotation.
	IV	**You have to specify which type of a pen, whether it is black or blue, then they don't specify sometimes?**
	IE	Yes.
	IV	**... and that is causing problems.**
	IE	Yes.
	IV	**Is the municipality engaged in Supply Performance Management?**
	IE	Municipality?
	IV	**Yes. Which means if the suppliers supplied. Do they measure that performance or check whether that is the right quality, the right product?**
	IE	Yes, that part is there but the wrong department. The requesting department is supposed to do that so that they can sign invoices, they just only sign the invoice without checking the stock whether it is the thing that they wanted. So, I think yes.
	IV	**What actions are taken by the municipality to combat the use of SCM processes?**
	IE	Can you elaborate that one for me?
	IV	**If, I am making an example, the supplier supplied low quality or the politician has involved himself in the process of appointing or the person who has supplied for the tender did not disclose, yes maybe something like that. how do they try to combat those things, that they must not happen?**
	IE	I'm going to say through the challenge that I do have sometimes. The only thing that they always do, is to blame

		the supply chain as if we are the ones that do wrong sometimes.
	IV	**All the time?**
	IE	Yes.
	IV	**But if you tell them that you could've done this and that or I'm suggesting that this must be done, do they do that?**
	IE	No, they never listen to us.
	IV	**They never listen.**
	IE	Especially when it comes to the politicians, they just say their things and you do whatever they want you to do.
	IV	**Alright.**
	IE	Yes.
	IV	**How is the Supply Chain Management process affecting service delivery?**
	IE	The only thing that I can say about this one, for me, it's vice versa. I don't think supply chain affects service delivery according to the challenge that we met as the SCM practitioners. As I was saying earlier with the department, they will give you the wrong spec. It's not us, because I must go back to the department and it's a waste of time. Going back to us again about solving the specs. Normally what we do, we give us 3 days for the person for the quotes. If let's say you are late and then let me say during the week, the week has 5 days and I'm going to try to do 3 days I must find the quotations so that at day 5, the submission is no longer with us.
	IV	**It is out of your office?**
	IE	Yes. We are trying our best.
	IV	**Which means you can say, if the procuring department there is a delay then it is going to affect service delivery?**
	IE	Yes.
	IV	**Maybe the transport ones for taking the rubbish if they**

		are having truck failures and they didn't report in time then it is going to affect?
	IE	Yes.
	IV	**What can you suggest regarding the improvement of Supply Chain Management process?**
	IE	I think in this, the department should give authorization to SCM to utilize their position so that we can be able to source for the correct items.
	IV	**What are the main areas in which the municipalities find it difficult to provide services?**
	IE	Like?
	IV	**For example, the municipality is trying to put robots to avoid accidents and always these people are stealing cables, then it is difficult to provide a service. Maybe these rubbish lorries, they are always broken. The municipality does not buy the new one, they are always outsourcing and if there's a problem with that, it takes too long for the supply chain to- things like that.**
	IE	In the case of the robots, we do have that accident. I think there's supposed to be security and in case of the small equipment, the parts that can be used to fix. I think there are supposed to be stores so that we can buy things in bulk
	IV	**Which means you just get to the store when you have a problem?**
	IE	Yes.
	IV	**When it is a little bit down then you …**
	IE	and they still need the security there to secure.
	IV	**Alright. Then you need storage, you don't have storage at Machabeng?**
	IE	No.
	IV	**I thought Machabeng, Welkom, they might have that storage so that Venter, when they have a problem, they can just collect.**

	IE	It's going to cut costs.
	IV	**Yes, if you buy bulk you save.**
	IE	What do you think are the major reasons that cause non-payment of services by residents?
	IV	**Where are we now? Number 14?**
	IE	For the service of residents. I think the municipality doesn't give people the service delivery well enough. People are not happy.
	IV	**People are not happy about service delivery?**
	IE	Yes.
	IV	**That's why they don't want to pay?**
	IE	Yes, they are not happy.
	IV	**Some are still happy but they don't want to pay. There is that culture of non-payment.**
	IE	Yes, I think municipalities are supposed to do-maybe something, change the ways on how people can come and pay. They must just change the ways.
	IV	**How can municipalities improve the permits of services by residences?**
	IE	Let me make an example about Thabong. There are many people at Thabong. They can hire people to go and check every house.
	IV	**Yes. They must check every house that they are paying. They must make residents aware that, make sure that you keep your receipts. We might send people to check and also the illegal connection of electricity. They must also check it.**
	IE	Yes, because if they do that then people will get scared and come and pay.
	IV	**What about cutoffs?**
	IE	It's very painful.
	IV	**You need money to provide those services.**

	IE	Even though it's painful but yes.
	IV	**Thank you, Ma'am. We are at the end.**
	IE	Okay.
	IV	**Thank you very much.**
	IE	Thank you.

Participant 4

Audio Title: B Mun Pract6

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
18:31	**IV**	**Then the first question is what are the major supply chain management challenges that are faced by a Municipality**
	IE	Our Major SCM challenge is that the suppliers complain about their payments, it's the first thing, late payments. The other thing is the department submit the quotes to the supply chain then we as the supply chain buyers we look for the quotations then the problem is that the relevant person who is supposed to sign they take to sign the quotes. Then it takes time for the department to receive their orders. So, they keep on complaining about supply chain is not doing things on time, but the problem is that maybe the MM they are the ones that take time to send the submissions
	IV	**Do you think they are ACTs and other policies that are causing delays in efficient and effective performance of supply chain management.**
	IE	Yes there is because most of the time truly speaking we don't follow the policy of Supply chain, people are just doing the way they think they know things in supply chain. That's the main problem that we have, because now we don't follow the policies.
	IV	**So, the policies and the ACTs are okay but the problem**

		is that we don't follow
	IE	Yes they are Okay, we don't follow the policy and the ACT
	IV	**Have you ever been trained in Supply Chain Management.**
	IE	We are still looking for one, like they said we are suppose to go to the Supply Chain learnership, but we are still looking for one. They said we are suppose to go to the supply chain learnership, so we are still waiting for the National treasure. Yes I think they are busy with some of the documentations that are being compiled.
	IE	**But you are coping**
	IV	Yes, for the work that I am doing we are coping, the main problem that we have is that when I am capturing an order. Since I came in Supply chain I have captured only orders, we don't rotate to know the whole supply chain as it is. That is the main problem that we have.
	IE	**Can you describe the Contract Management system/**
	IV	The Contract Management system is whereby the contractors, the apointed contractors are the contact, maybe 3 year contract, and the legal department which are the ones signing the agreement.
	IE	**Then Demand Management?**
	IV	Demand Management, if I can say demand Management is the department, the other department. Those who are requesting the goods or services.
	IE	**Can you describe acquisition Management?**
	IV	The acquisition management according to my knowledge is the procurement plan from the department.
	IE	**Then Logistics Management?**
	IV	Logistics Management now am speaking my knowledge, because here in the Municipality we don't have it. So, it's about transportation.
	IE	**Why do you think contributes towards inefficient and ineffective procurement?**

	IV	Lack of plan, because the other departments they don't know the procedure and the policy of the supply chain, because they just do things according to their knowledge whereas we have to follow the procedure and the policy of the Supply Chain Management.
	IE	**In each department we can have someone trained about the procedure how do you submit to supply chain management?**
	IV	It was early this year, we had a meeting with the CFO. CFO said he is going to call the head of other departments so that we can and give them a presentation of how Supply Chain works and as a department how they are supposed to do things when coming to supply chain policies but till now nothing we are still waiting for those meetings that the CFO said there are going to arrange with the other meetings.
	IE	**Is the Municipality engaged in Supply performance Management which means you monitor the way suppliers perform.**
	IV	The department
	IE	**Either the department or the Municipality or is there anyone who is doing that?**
	IV	I don't know the other departments like Infrastructure, because its where the most, or let me say the big projects are happening there. Like maybe putting the infrastructure the ordering department they are the ones, but as supply chain we don't have performance management.
	IE	**What actions are taken by Municipality to combat the abuse of SCM? As you said mostly the problem is with people who are misusing, how is it combatted to maybe to say these people must not do this? Are there any measures that have been put in place?**
	IV	According to my Knowledge or my experience I didn't see any actions being taken for someone who is abusing the SCM process. Unless what I know is that the Supply Chain

		practitioners we have, for instance lets say a supplier was supposed to maintain the air conditioners. As supply chain practitioners we are supposed to go to the department to make a follow up whether they are happy about the maintenance of the air conditioner. Whether the supplier did deliver the services that they were supposed to do deliver, that's our major issue.
	IE	**And if they have not done so?**
	IV	Some of them they don't deliver then the Municipality take actions for them, to pay but I don't see them paying. Some they will just disappear not to work with the same Municipality anymore. Because that's the main problem that we have some of the suppliers they don't deliver.
	IE	**How does the Supply Chain Management process affect service delivery?**
	IV	The SCM process, I don't see the SCM process affecting service delivery because why am saying am not seeing. You mean the service delivery outside. Its when maybe they don't
	IE	**Am saying service delivery by the Municipality to the Community?**
	IV	Yes, I was coming to that. Maybe, let me say supply chain takes time before they can appoint the service provider to go and do the work, taking advertisements, the tender.
	IE	**The Tender can affect service delivery because it affects Supply Chain**
	IV	Yes, because sometimes they don't follow the LED where they take the resolutions at LED and into IDP. That's were they take the resolutions to say maybe next year we want to do this and that and that to speed up the service delivery
	IE	**But they don't plan to do that?**
	IV	They plan there sometimes.
	IE	**What can you suggest regarding the improvement of SCM process?**

	IV	It's to train their officials that the main issue. The officials must be trained and get a good training,
	IE	**what about maybe getting bezeris to study further**
	IV	That I know they do have.
	IE	**Then you must also study the field of Supply chain.**
	IV	No, we did apply to the other Universities as some of us.
	IE	**Especially UCT they are having it online, you don't have to go to UCT.**
	IV	Or UNISA, but like I said we are four, we were supposed to go to the SCM learnership for 18 months. So we don't know when are they going to start because we are still waiting for them. We did go for induction in Bloomfontein.
	IE	**The that will improve supply chain a lot**
	IV	Because they said that the program is no going to be easy for someone who is not having it from outside and come and enter again into supply chain.
	IE	**You have to follow that clause first before you can be employed in supply chain**
	IV	Exactly
	IE	**What are the main areas in which Municipality finds it difficult to provide services?**
	IV	The community doesn't pay their services, so if the Municipality can force or have tough measures to the community to pay their services. For instance I was talking this morning to say if the Municipality like other, if our Municipality in Matshabela can say to the community if you don't pay your services you are not going to get the electricity because some other Municipalities are doing that?
	IE	**Then at the location how are you going to do it, the electricity is being sold by Eskom.**
	IV	So if its Eskom you can say if you are not going to pay the services you are not going to get the free electricity because there are some people like the indigenous.

	IE	**Then they must be a communication between Municipality and Eskom that this is the list they are paying so don't sell them electricity?**
	IV	Yes, something like that, so those payments the community is going to pay the services for the Municipality. Because if the community does not pay for their electricity, there is no services that's going to happen because the Municipality is depending on the payment.
	IE	**What do you think are the major reasons that causes non-payment of services by residents**
	IV	Some of them unemployment, there are people who are not paying their services but are still working
	IE	**Those who qualify? Why are they not paying for electricity? Why are they not paying the Municipality? they qualify and they came to me….. some of them**
	IV	Because some of them when I used to be a community member they were complaining what does the Municipality do for us, look your location is dirty.
	IE	**They want to hide behind service delivery, saying the service delivery is poor why do I have to pay.**
	IV	Yes, exactly, look at our location it is dirty like in the townships or in the suburbs.
	IE	**How can the Municipality improve the payment of services by residents?**
	IV	Like I said on the previous question. For them it is not giving them Electricity. In townships if they can communicate, I know its going to take many years for them to do that. If they can communicate with Eskom and say that here is the list of the communities who do not pay their services, so when they come to buy electricity then you do not sell them electricity you are owing the Municipality
	IE	**Any Other thing? To improve the payment.**
	IV	To improve the payment, because I don't know our people are starving. Because always there is Imbizo, the Mayor

		sometimes goes to Imbizo for the payment, for them to pay the services but you know people.
	IE	**This is just out of interest, don't you think initially before democracy people went to health checks through Swata camps and so on. They boycotted the rent, don't you think that laxity is still there that we don't have to pay.They don't now say this is the government that we have appointed now then we can pay.**
	IV	Everything must be free
	IE	**Thank you, mam.**

Participant 5

Audio Title: B Mun SCM Manager

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
20:38	**IV**	**Then we can continue, now the first question. How are political office bearers and supervisors contributing towards poor performance of supply chain management.**
	IE	Can I or it's the first one, the question is how is the political office involved?
	IV	**No how are they affecting it, affecting the performance of Supply Chain or the office bearers. Maybe the people who are above you like the CFO maybe the Municipal Manager.**
	IE	I don't understand, their?
	IV	**Their contribution towards supply chain management to perform poorly.**

	IE	It depends others they don't normally interfere as such, it depends on the department because most of them they don't normally get too much involved in the administration part, but by are those that want to be involved and they want thing to be done their way as they are political. They want things to be done the way they see things, they don't want to do things the way you explain to them that according to the policy or according to the regulations this is how things should be done. There are those that want to follow the procedures whilst others do things politically.
	IV	**What are the main challenges faced by your Municipality on demand, acquisition, control and disposal management. What are the challenges faced?**
	IE	Firstly or previously we used to have different departments, since supply chain is different departments but now supply chain is now centralised we are doing things on our own but firstly we used to have the stores, The department would buy and then the stuff would be delivered at the stores, if the department requesting whatever they want from the respective department they would go to the stores, but now supply chain has been centralised all of the procurement is done through supply chain. Whatever you are requesting it is supply chain that is procuring everything that they need from different departments.
	IE	**What challenges does the Municipality face when dealing with service providers? We have some challenges or problems that you encounter with service providers.**
	IV	''I would say Yes, I would say No'', my answer would be others, normally with supply chain they are processes that needs to be followed and then even with the paperwork everything that is done in supply chain, everything should be done according to the policy, procedures and processes. There are those service providers that don't understand what is expected from them but then there are

		those that know that they need to prepare one, two, in order for them to get the job they need to follow certain processes in order for them to comply. Another thing I would answer, other challenges would be like delivery. The other challenge might be that you'll find the service provider has been given an order when he or she is supposed to deliver he doesn't deliver, others they will request an upfront payment knowing that, they will request an upfront payment so that they can go buy the goods so that they can deliver, others will just disappear, the others they won't deliver at all they will get an order just disappear. If you call them asking when are they going to deliver they will give you days, days, days, other you will ask them what if you just write a letter of cancellation to them it's a problem also they don't write a cancellation letter.
	IE	**Is the existing policies or legislation impacting negatively on efficient and effective performance of supply chain Management?**
	IV	No
	IE	**Which means the policies are 100%?**
	IV	Yes, because whatever that we are doing we are doing based on the policy the regulations and the legislation based in supply chain.
	IE	**What are the current needs of Supply chain Management officials in the Municipality, which means those practitioners do they have specific needs that you know? Maybe training needs or additional needs.**
	IV	At the moment they did, the majority of them there was a training that we did 3 years back for the Municipal, that minimum requirements, the minimum competence skills of which we need to have an SSCM practitioners and others are still continuing with their studies, the Diplomas they are now busy with that even though National Treasurer is offering us some of the trainings, now there are those that are studying further to improve on their studies.

	IE	**How does the Municipality deal with supplier non-conformance? Which means suppliers who doesn't deliver what they have promised to deliver, like we need this type of paper, this quantity and so on. They deliver the paper but it is not the quality that we wanted even the quantity as well.**
	IV	Normally when the request is made we get the requisition from the requesting department explaining to us exactly what is it that they need. Because there is different products, there is the quality and there is other ones that are not quality. The specifications should, normally the specification should specify what quality is needed. Normally the service provider also when we source quotations to them we explain to them we need this kind of paper, this quality, this colour because they are able to deliver something like that. Because they are times whereby you find some of the service provider you request something like this then they deliver something that is similar to what you have requested, especially with papers there are papers that are not like that quality paper and others they would want just a mark-up but when it comes to delivery. I believe when we are dealing with service delivery both parties should be satisfied. If I place an order saying I need this type of paper the same as I have requested so that when I am satisfied with the order I can be able to pay you back. So it depends, we are facing some of those challenges at some point others they do rectify them, others they will rectify, others they will disappear, others they will write the cancellation explaining they made a mistake and then they cancel. It depends on the service provider.
	IE	**Then is there no such a thing like, maybe we take you out of our registrar if you have done this?**
	IV	Yes, it happens, normally if you have requested something

		from the service provider and they don't deliver what the specifications explains. Normally if there is another request, most probably happening you cannot just appoint someone that you know that previously when you appointed him or her they did not deliver, you cannot just give another job to him or her because definitely whatever that he or she did previously will probably do it in the near future. So we don't normally give people work that didn't deliver.
	IE	**Can we skip to number 7 its similar to number 4 as you said, the policies and the legislation is perfect? Has the Municipality appointed pre-bid committees? Can you describe the composition of each?**
	IV	Its 3 committees, bid specification, bid evaluation and bid adjudication committee. Must I explain. Bid specification normally given the Municipalities different directorate, its infrastructure, finance community service and strategic support. You'll find with Infrastructure they want to an advert on pipes or construction of Roads or whatever, in order for that project to be approved the specification committee should normally have 5 members, maybe 2 senior managers, 1 manager and 1 member who is dealing with technical issues and then one member from supply chain. Because that one member from supply chain should help them with compliance issues. So, I want to explain when it comes to specification, it's the committee that normally deals with, that explains further what it is needed for the municipality to advertise that certain project that needs to be advertised. If the committee agrees then the minutes or whatever is approved and then they will agree and if they approve they will write the minutes and then the MM must approve them and it goes on advert. It goes on advert and after it goes on advert there is a date, it depends on how much the project will be. It will go on advert normally it takes 30 days, local newspaper and the national newspaper. It depends that kind of project does it

need to have a briefing session so that the bidders can be able to come and hear what is it that is needed for that project, they need to know that for a certain type of pipes or roads what is it that is needed. If there is a briefing session, then on that advert there is a briefing session date and time. If it goes on advert and there is a briefing session and we invite all the bidders so that they can be able to hear what is it that the Municipality needs, so that is they have questions then they will be able to raise questions and what is important when it comes to briefing sessions. Whether supply chain comes on board to explain about compliance issues. As I was explaining to you, it depends on the projects, they are some of the projects that need the grading, so that we are able to explain to them that we need this type of grading, that if there is a certain type of road we need this grading and if there is a certain type of pipes we need a certain type of grading. So specification it is for them to understand what is expected from them and then after the closing date we will hear from the MM when is the evaluation should sit. So evaluations is the second committee were we have to evaluate all the bidders that submitted their tenders, so that if its 5 or 10 bidders that submitted their projects so all 10 of them should evaluated based on functionality, experience and administrative work, we check those things up until we reach, up until there is one that has been appointed. So, it will depend upon how big is the project. Immediately after evaluating those documentation whoever who will be awarded the committee after agreeing after the committee has sited we write the minutes of which the MM must also approve those minutes. After Evaluation committee has sited and agreed upon the minutes and whatever the MM must approve from there the adjudication committee is the third committee. That committee is the committee that takes decisions, but even if it takes decisions the MM has the final say of

		whatever that was discussed in these 3 committees. With adjudication committee we go through the same route that evaluation committee did, the same applies with adjudication committee, they will evaluate all the tender documents up until they reach to whoever that would have won. In order for us to thoroughly that whoever who got the job they did that correctly by checking everything. The members of the adjudication committee will agree and after they have agreed with whatever decisions they have made from the evaluation, they will prepare the minutes then they will go through the Municipal Manager and the Municipal Manager will go also go through and check and then he will approve them and then he will tell us the appointment later will be prepared for whoever has been awarded the job.
	IE	**Do you know of any payments to service providers who did not complete the project?**
	IV	No
	IE	**Does the Municipality have a Supply Chain Management sub unit such as the Month acquisition Management, logistic performance management and transport asset management?**
	IV	No, this question I think is the same as the one I have answered where I explained to you that supply chain is now centralised were we are now doing everything in one unit.
	IE	**What can be done to ensure efficient and effective supply chain management process? What are your suggestions there, if this can be done and we can run the SCM processes?**
	IV	I think for me it will be efficient for me if all the departments to be opened, the logistics department, the stores, so that everything could be run smoothly, so that when the stores open we know, so that all these departments can go straight to the stores and are able to request whatever they are requesting from their department, so that things become easier. At the moment like the department as a

		whole is doing everything, like here in the main building there is the department that deals with quotations, after receiving quotations it must go for the signatures, after receiving signatures the order, for me it would be much easier if those departments that were closed should be opened so that everything could be able to run smoothly. So that each department is able to do its own duties.
	IE	**Is there a database registrar in Municipality**
	IV	Yes,
	IE	**How often is it revised?**
	IV	Every year.
	IE	**Annually, Is the Municipality applying the preference point system for procurement above 30000?**
	IV	Yes all the requests that are above 30000 they normally go on the notice board for 7 days, like this envelope that you are saying we advertised date was today. These are all the requests that are above 30000.
	IE	**What are the Major service delivery challenges that are faced by the Municipality?**
	IV	I Think its those service providers that don't deliver on time.
	IE	**How is poor performance of Supply Chain Management contributing towards service delivery?**
	IV	Poor performance as in the staff.
	IE	**No the performance, if maybe you have to repair a truck for refuse removal but it takes time and that is going to impact on the removal of refuse bags.**
	IV	It depends on, let me give the example of the workshop, It will depend with the mechanics that are available there or the equipment that is available. Because if the equipment is available I don't see any reason for a delay, if everything is there then if there is a problem and they need to fix the trucks so that service delivery can run.
	IE	**Do you know of any measure that Municipality is implementing in order to maintain the payment of**

		services? How are they forcing us to pay?
	IV	Service providers.
	IE	**No, the residents, how are they forcing us to pay the services rendered by the Municipality.**
	IV	To tell the truth in order for the Municipality to run smoothly, the residents need to pay their services, in order for the Municipality to fix whatever, there is a problem of pipes, potholes, there is a lot of problems, this illegal dumping and whatever. If there are able to pay for their services, it will be much easier for the Municipality to render their services to the community so that everything can be like
	IE	**Then how do they force us to pay.**
	IV	Normally there is road shows, its road shows that the office of the Mayor is always doing around the Units, because its 6 units. There are those that cannot afford to pay they will normally explain to them that If there is a family that is earning this much they need to register as Indigenes in order for them to pay low or there is no such way for those people to not pay because to tell the truth they are using water, they are using the lights, they also need to pay because some of the people are always paying I think it will be best if all of them pay. All these potholes and whatever will be.

Participant 6

Audio Title: C Mun CFO-Copy

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
11:45	**IV**	**My first question will be what are the major supply chain management challenges faced by the municipality, especially infrastructure development**

		projects?
	IE	The main challenges that we are facing, specifically the infrastructure projects I think currently I can say it's we not having enough employees in the in the supply chain section. So, it means now we have to sit the three committees. We don't have enough people can actually sit on different committees from some reason supply chain. So, we end up having to have a person on the one person that was at the supply chain, she just sits on adjudication and only on the evaluation. She's the same person with lack of independence.
	IV	**What are the needs of supply chain management officials in the municipality? By needs maybe training needs or educational needs.**
	IE	I think if we can have a manager in that office, that's one, the office itself, that's what it needs. And then once we have that person warm body there, then we can start looking at what are the problems, which is be the training and maybe stuffing that department so that for the five what you call them, the supply chain officials in each district five officials so that each division deals with its own responsibilities independently.
	IV	**Then did you take any actions maybe to address those needs?**
	IE	Yeah, currently we have an advert to get a manager in that office internally. So, with the whole at once it closes, people with potential within each division can apply if not, then we take it outside.
	IV	**How well do you know the supply chain management**

		policy of your municipality?
	IE	It's a document that one is to work and live with, so it's like a bible, you know you must carry your bible everywhere you go.
	IV	**Do you believe it is effective?**
	IE	Currently its' not effective. Like I said, because of the warm bodies that we need in that department. The dependency of the supply chain officer that is currently there she cannot do everything alone.
	IV	**How do you perceive the legislative framework for supply chain management? Maybe according to you there are some of the legislation that we think they are not effective in supply chain, or they need to be revised.**
	IE	The legislation in supply chain the whole legislation, the whole framework there's nothing wrong with the framework
	IV	**Oh, is hundred percent fine.**
	IE	It's fine, it's just us a taking it from work and putting it into application.
	IV	**Does the municipality have a supply chain management position?**
	IE	Yeah, we do have a management position
	IV	**Is there a supply chain management unit?**
	IE	We don't have a unit at the moment like I said, we only

		have one person, so soon as we get a manager, they then will have a manager and then obviously, also recommend also to say these are the bodies that I need within this department so that this department can be effective.
	IV	**How do you ensure that there are no unauthorized, fruitless and irregular expenditures in supply chain management?**
	IE	We have developed a checklist on the payments section. Actually to see if at least one person, only one person exist that can also assist to see that we have all the documents that I needed there so there's a checklist that we've developed so that this payment is being loaded on the municipal system , at least those ticks are done.
	IV	**And then also maybe the service providers' supply, he is not paid, he or she is not paid when he has not done the job.**
	IE	And then also maybe the service providers' supply, he is not paid, he or she is not paid when he has not done the job.
	IV	**Is the participation of political office bearers affecting performance of supply chain management?**
	IE	No, politics they do their own political things, supply chain is within the administration
	IV	**Which means councillors are not involved in supply chain management. What do you think can be done to ensure effective and efficient Supply Chain Management performance?**

	IE	I think it's like we going back to the same thing over and over, but I believe if we can have a manager in that in that section, because at least it will also me as a acting, CFO give me relief, so that I can also focus on giving direction into the department. So, a manager will be there. That will assist us to decrease the unauthorized irregular expenditure that we are seeing in supply chain management.
	IV	**Is the municipality endorsing the participation of SMMEs in procurement?**
	IE	Yeah, we do have SMMEs that we do business with. So yeah.
	IV	**Then mostly in which field**
	IE	Currently we have one guy, normally its transport and also security that we ensure that the local SMMEs they also participate.
	IV	**What are the major service delivery challenges faced by the municipality? You cannot provide.**
	IE	Efficiently we can provide it efficiently so.
	IV	**What are the most important aspects that causes poor service delivery?**
	IE	At the moment as a municipality, we have a problem with the cash flow. Our debt collection is very low, it's hanging at about 39%. So, if we can you improve that then we will be able to do better service delivery.
	IV	**What actions of public officials and service providers**

		are contributing towards poor service delivery?
	IE	What actions? I don't know
	IV	**Which means you as public officials and some those who are waking, not the political, those who are working and those who are providing the services to the municipality contributing towards poor service delivery.**
	IE	Internally as public officials, I think in terms of general workers I can take it specifically to say in terms of our general workers we don't have enough feet for them to carry some of the responsibilities that they have to carry. And because of cash flow, you find that we have problems with being able to purchase a thing or two. And then service providers, they leave because of, they know about the financial situation, they will want you to pay up front before they can deliver whatever you buy. So that a service can be provided to the community.
	IV	**Which means sometimes they are not paid in time. That's why they say pay before time. How is the supply chain management affecting the provisioning of service delivery?**
	IE	Like I said, Because of one person in the supply chain division, sometimes you find that you sometimes people come directly to me to say CFO, we've submitted a requisition in supply chain and yet we have not received anything in the past seven days and the problem is getting bigger at the location.
	IV	**Then there is delays because of understaff. What measures are in place to handle the residents who do not pay their bills?**

	IE	Currently, we've just employed one company that is going to assist us with debt recovery because we didn't want to call it, what you call I just forgot the name. But they assist with debt recovery currently, so we've just started I think last week with them, so yeah.
	IV	**Do you think the installation of water and electricity meters will be advantageous?**
	IE	Definitely. I agree, and I think if we can have that, it will assist. If we could know which meters are bypassed in when they are bypassed and if we can measure which people are buying regularly, which ones are not buying regularly, it will at least eliminate bypasses.
	IV	**Can you describe the most important aspects of the indigent policies?**
	IE	Yoh, and you know, I did a study on indigent policies long ago. On indigent policies I think one of the critical things which is one of the reasons why we have such a low, people are registering for indigence in Child headed households. I think if we can maybe try and put something that can talk to that within the policy, I think that will assist us in improving a number of registrations on indigents. But if you look at the policy, everything is there I mean council has improved in terms of their moms qualification. It has they've improved it but now the one expected we need to look at like I'd say, it's kind of child headed households, which it's very difficult to put them on the indigent And so I think if we can put that into policy it will assist us.
	IV	**Thank you, sir, we have now reached the end of the interview.**

Participant 7

Audio Title: C Mun MM

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
27:48	**IV**	**The third question is; what are the major supply chain management challenges faced by your municipality especially infrastructure development?**
	IE	Infrastructure, you mean unit or?
	IV	**Big projects when you have to carry them out, do you face some challenges?**
	IE	Yes, because at times we find that some other service providers or contractors, they will challenge the outcome saying that we couldn't follow up the correct processes and end up being having gone to court, to courts of law, that's the first one. The second one is that in the past, you'll find that, maybe because of the duration, the timeframes. If you don't have a very honest official who's dealing at the technical department, you will get misled in terms of Section 32. Section 32 is a system where you don't advertise. Say you, Ndodana Ramphoma, you are working at much having as the MM or CFO you have done a similar process of SCM and now to shortcut the process of advertising because the law says; if it's the time now for ... millions of whatever, you must advertise for 30 days. I wouldn't say Ndodana Mphoma from Machabeng, give me all the documents because you have followed the processes. Only to find that if I take that process, if I take those documents, it means I must apply it as is at the municipality. If the tender, say it's for 20 million Rands then that other 20 million I must implement as the 20 million Rands. You will find that sometimes you are being misled

		either by the CFO when he is not honest or by the technical director and you as the MM, you rely on their technical expertise, you will sign off. That is why for example if you have seen sometimes in the news that a ... MM was arrested in Motlatla, Kroonstad exactly because he has taken that document that thing in as it is but when it gets to him, he finds that they changed things, they made deviations. They go beyond the price, the prescripts of the price like what's said there.
	IV	**What are the current needs of supply chain management officials in the municipality, by needs maybe training needs or educational needs?**
	IE	Supply chain management involves constant and consistent training will assist them but also as an individual, they need to self-capacitate in terms of academic qualifications so that they don't sit there but also, they need to register with the National Treasury on some smaller issues. National operational treasury is giving training and so forth.
	IV	**If you say educationally, do you give them bursaries or assistance as the municipality?**
	IE	Yes, currently we are assisting our staff component with regard to their education if they study.
	IV	**Does your municipality have a supply chain management policy?**
	IE	It is a draft, which I was just even surprised now but it hasn't been adopted by the council which I think it's one of the lacks of deficiency from our side as management because they are supposed to have been adopted. It's still on a draft level.
	IV	**How do perceive the legislative framework for supply chain management? Is it fair? Does it need to be improved or there are some that you think have to be taken off?**
	IE	For me, I think it needs to be improved. Look you end up

		owning as an accounting officer the baggage of the people who are there, remember, that's my thinking. You can't be everywhere as an MM. You lie and trust an individual, a homebody but whatever that person does at the end of the day, you must sign off that report which says that there's an irregular expenditure. Now whether I know what happened, I must just sign it off. So I think if they can say both the MM and the supply chain and the CFO and managers, they bear the consequences of whatever is happening then people will begin to work coherently because as it stands now people say I'm not accountable, the MM is accountable so you end up being accountable for everything even something that you are not aware of.
	IV	**Actions of other people.**
	IE	Yes.
	IV	**How knowledgeable are supply chain management officials with regard to the applicable legislation. Do they know the legislation?**
	IE	Knowing is something else. The thing is, is an individual determined to say no, is an individual determined to say yes, I will assist you as I'm working in this department. They might know but because there are some of the challenges where there will be a lot of political interference. Remember, the supply chain manager is junior to the CFO. Now if the CFO comes with something and says "do this thing' because it's a junior and he or she reports to the CFO, he ends up doing that thing but who owns that report? It's myself and the CFO.
	IV	**Is there a supply chain management unit in the department, in the municipality?**
	IE	No, we don't have. It's only now that we have other ties for the position of a manager because the person who has been there has just been acting.
	IV	**What is your procurement policy state regarding procurements for triple BEE?**

	IE	It accepts that but it goes to the issue where for instance there are levels. If, say there's a transaction, we apply the 80-20-point system. We apply the 90-10-point system and anything that goes beyond R30 000 it must be advertised on the municipal website but anything that goes beyond R200 000, it must be advertised for 14 days or whatever but anything which goes beyond less than R200 000 then equal for quotations.
	IV	**What practical actions have been implemented in your municipality to comply with supply chain management legislation?**
	IE	It's a difficult one. In trying to comply with the supply chain managerial relations. There was no manager before there, there was no one who was acting. It was only an officer, then I said no, now you're going to act and then added someone there. Apart from that, I have then realized that this person who is acting, doesn't do things with authority, she's not decisive. I then said let me advertise a post and get someone who will take a decision and say no, to hell with you, I'm not going to do it. It goes again with your personality character because if they didn't come to you and say Mr. Ramphoma, tomorrow I want you to go to Cape Town without you planning, you're going to deliver a paper there. You should be able to say no tomorrow is too soon, I must be able to prepare a paper, I must make research because I'm going to many academics, I can't just go there now.
	IV	**What do you think can be done to improve effective and efficient supply chain management?**
	IE	On paper, it is said that there's no political interference but there is political interference. That is the biggest challenge that we're having because now a politician will call supply chain and say "We want 3 buses, make quotations" and when it comes, it comes as a report and I must take responsibility. So, in trying to curb that, I think, one: there

		should be clear lines and consequence management. I know that they are saying we should implement it but we need to have clear evidence to say that this person has done 1-2-3 like now the irregular. If there is no consequence on irregular. Irregular means; instead of you advertising, you just source quotations and you don't even take to the website and then you give the quotations. It is still irregular but there might be value for money in terms of that thing but many people are not given that opportunity so unless we implement consequence management regardless of whether you are the MM or whether you are the CFO or what, that is the only thing that will assist and it needs a collective effort in terms of the political principle and the administrative head because if I am doing it this way and then you as the political head you feel that no, don't worry. I am the one who is going to recommend for your appointment as a Section 36, then it's a problem.
	IV	**What aspects of supply chain management hinder service delivery?**
	IE	Some of the things that hinder service delivery, although they say we should have a procurement plan. If you can say no if you say this thing is an emergency where's your procurement plan? In smaller municipalities like us where we don't have a (deep) store, you don't have your goods being stored somewhere is difficult because when an emergency like a pipe burst happens now, you go for deviation. Now the challenge is if I go continuously on deviations on the same line item then it's like no, there is something wrong. These guys knew that the pipes which are there are old, what does the plan say? but remember I wouldn't know because of the capacity of the municipality that we are having and all the financial constraints because if you have a procurement plan, you are able to say in terms of our procurement plan, for the next 3 years or so we are going to revamp the pipelines, I'm just making an

		example; in Loc 7 there are pipe decays and everything when it's within your procurement plan but now if you have that plan but don't have money, it's a problem. Sometimes in small towns like you are having if you call ... and say you want a quotation there's an emergency. It's either you buy from us or you don't. We don't have many suppliers, that's one of the challenges.
	IV	**which receiving revenue is a problem and it hinders service delivery.**
	IE	... and one of the issues, if a tractor breaks down now, like this morning, one of our supervisors came to me and said MM our truck for electricity has been in repairs for almost 3 weeks or a month now. what is the problem? Now there is a monopoly over what we have because there's no competition, This guy can hold a ... and say no this part is not there, give me so much deposit and everything and so forth, remember if the engine is your problem you can't say you want a quotation for the gearbox, it's ... quote. The person must see it first and then he can be able to say no this is what I could do.
	IV	**Is the municipality applying the preference point system for procurement above R30 000?**
	IE	Come again?
	IV	**Is the municipality applying the procurement point system for procurement above R30 000?**
	IE	Yes.
	IV	**How is it applied?**
	IE	Remember you look at whether the person is a black person, whether the person is residing locally, you look at that. You look at the third person set aside which we're struggling to implement because now if you say a tender is for 30 million Rands, you should be able to say what is 30% of 10 million Rands, is it 300 000? now you must do it put it in big quantities so that whoever you're appointing because what they have been doing, they would say okay 30% but it

		would be subcontracting, two different things. That is how we are trying to apply it and also in terms of doing that we follow our own supply chain policy and also the prescripts of the law and apart from that what we do we are also having a ... education committee, a ... evaluation committee to evaluate the documents and say this person is 1-2-3. Although what I have discovered is that if you don't have a checklist as a municipality when there's a tender, there are already some talks, some agreements somewhere from your officials, you might not know and they come into quibbles and what happens is that they say put your tax clearance certificate, put your what what and then they just take it out and based on that, sometimes you find that a document which was qualifying becomes disqualified because documents are not sufficient.
	IV	**What are the most important aspects that cause poor service delivery?**
	IE	One of the issues, cause of poor service delivery; one is that you would give someone who has underquoted, say we want someone who is going to make a reseal or filling of potholes. we say give us quotations, it's for 3 towns. You appoint different people because you want to empower people from local. You will get a person who will just do that thing and after 3 months, capacity. People want to do everything within their power.
	IV	**Are the actions of municipal officials contributing towards poor service delivery?**
	IE	Yes, there might be a lack of discipline, those who are playing .... ncy because sometimes you don't have enough capacity, it's not because of them. At times it's lack of capacity. Lack of fleet, like we have this challenge we don't have the yellow fleet and now it has a negative impact on service delivery.
	IV	**Even though it's actions of taking some of the certificates?**

	IE	Yes.
	IV	**They are the actions of the officials?**
	IE	Yes.
	IV	**In your opinion, has the current implementation of SCM affected service delivery in your municipality?**
	IE	It's two-fold. I think yes or no. yes because like I have said earlier that sometimes it's us officials who are contributing with-- I want to be professional. It's us because like I have said, it's underhand issues, irrespective of capacity and everything and skills for that thing. Mr. Ramphoma there's underhand dealings and that thing can have negative impacts.
	IV	**Which means you can say bribery?**
	IE	Yes, but it’s difficult to prove it. you will only realize that after some time when there's a challenge maybe these people are now coming at loggerheads and it becomes difficult because it takes two to tango in terms of trying to dealing with that.
	IV	**What measures does the municipality apply to force payments of services by the residents?**
	IE	We have appointed a service provider in trying to address the nonpayment of services. We are going to have an audit, audit in terms of your prepaid electrical meters in areas where municipalities are in charge like most towns. Number two also on prepaid electrical meters and then from there, we will provide the data and a solution to say we have discovered that say for argument's sake, out of 400 houses, 300 houses it's a free flow and then we'll differ those people and say we give you 30 days to go to ... come back to us failing which we'll do 1-2-3 so that is the process now but still it also needs a political will because even if you take a decision as administration and say we are cutting off for the people who are not paying particularly electricity. Politicians should intervene and give an instruction and say no, go and do ... again. So, where you are seated as management, we

		believe that we are cutting and everything but you have an impact one or two days after a week you could see that the mood goes back to the same situation again.
	IV	**Which means you have to consult with the councilors, they must know that you're going to close and they must not interfere?**
	IE	The thing in politics is that for them to be there, they are put there by the branches, they have got a commitment, they have got promises to people. Now they don't care because they are not accountable, everything that we do revenue enhancement comes to you as an accountant to say like we are asking what have you tried, what have you done? In terms of the law, I can't hold a public meeting. It's councilors who must call a meeting and if though we don't sing from the same hymn, that it's a problem but that is what we have done now. Although in this instance, the councilors from the ruling party, I think 2 or 3 months back they gave us a mandate to say go ahead before the elections start so that we try to put our house in order, so we're working on that.
	IV	**What do you think can be done to improve service delivery?**
	IE	There is so little that the municipality is getting. We've got conditional grants. Conditional grants deal with your infrastructure and some other issues and we've got nonconditional grants. Nonconditional grants it's like your equitable share. It's a grant that comes to the municipality to assist with those who are unemployed. I mean indigent but only if they are registered, So the only thing that will assist, if for argument's sake we have a population of ... of 55 000, is it 55? no, 28 something I'm not sure maybe I'm confusing it with R... I think it's R29000 I mean 29000 population of people. So, let's say roughly we have 10 000 households here. Now on the 10 000 households if you can have each and every household paying R500 we'll go see

		but the challenge is nothing has been paid. For water to come here although it's borehole water, we still have to buy chemicals to purify the water, for electricity, for services refuse removal, we still have to pay diesel and employees to remove those things but now if you don't have money, it's difficult but politicians don't see that, they say no people are complaining saying there's no this but there's nothing that's coming to the ...
	IV	**Which means the main thing is revenue, we need revenue?**
	IE	I will make an example if you buy from Eskom electricity of say, maybe let's be conservative R500 000 electricity that we buy. The revenue from that exchange, from that electricity we only get R300 000. Are you going to sustain yourself? never. It means you are losing R200 000. Ok, let's say for argument's sake as a municipality we are behind in terms of our own meters which indicates what is our own usage in the buildings. Those are your municipalities here per the month they are using 2 megawatts or whatever but are we spending R200 000? Can it be worth R200 000? So, it means, therefore, we are losing, the total loss is R200 000 for us. It equates to R200 000 monetary wise because people are getting free flow, they don't care. When it's winter it's stoves and heaters.
	IV	**Okay, thank you. We are at the end and have concluded.**
	IE	Thank you

Participant 8

Audio Title: C Mun SCM Manager

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
16:03	**IV**	**Good morning Ma'am?**
	IE	Good morning.

	IV	**As a supply chain practitioner here while I will refer to you as the supply chain manager. I would like to ask you a few questions and as I have explained, these are for research purposes only.**
	IE	Understood.
	IV	**Yes, Ma'am. How are political office bearers and supervisors contributing towards poor performance of supply chain management?**
	IE	Well, I would say they are affecting it negatively or actually in some instances responsible in a way for the poor performance of supply chain management because you're finding instances where the very political bearers or the leadership or the managers per se would be the ones who would contravene the policies. Most especially the policies of the municipality of which they are the ones who approved them so I feel that there are sometimes when they just don't regard the policies that they have approved in the councils that they set.
	IV	**Thank you. What are the major challenges faced by your municipality on demand, acquisition, control logistics and disposal management?**
	IE	The major challenges?
	IV	**Yes.**
	IE	Can we get back to that one first?
	IV	**Okay. Then what challenges does the municipality face when dealing with service providers?**
	IE	When dealing with service providers. Sometimes the service providers are a bit reluctant to comply with the laws, for instance, there is this new secular that the national treasury took out back then in 2015 I think for CSD. Most of the suppliers, they see that if they have to register on the CSD, it's like you are forcing them to pay taxes. So especially in our municipality, it's a bit of a challenge because most of the people just feel that I am an individual I know I can cook, for instance, I am a caterer but now as to

		getting to the point where they have to register their businesses and stuff and put them on the CSD, it seems like they feel that we are pressurizing them in having to comply with paying taxes. So, it's a bit of reluctance when it comes to that one.
	IV	**Okay Ma'am, is the existing legislation or policies impacting negatively on the efficient and effective performance of Supply Chain Management?**
	IE	I wouldn't really say it is, the only thing is just that I feel that we're over-regulated. There are just too many regulations in SCM and they keep on coming. There's forever a new regulation, for instance, the one that was a bit of- I don't know if I can put it like- it was a thorn somehow in the flesh of most of the people was that cost containment regulation. They put it out in June, the first week in June all the council meetings where the policies were approved for the municipalities have set already and they say that the municipalities must implement in July. So, I feel that we are over-regulated, there are just too many laws and regulations that keep on changing on a daily basis or most.
	IV	**What are the current needs of supply chain management officials in the department, their needs?**
	IE	Currently, the biggest need or the biggest challenge that we have I think it's filling up of posts. There's been vacancies in the supply chain ever since the beginning of time.
	IV	**Alright, how does the municipality deal with supplier non-conformance?**
	IE	Supplier non-conformance. I can't think of a situation where we have had something like that in the past.
	IV	**Which means your suppliers are always supplying on-time, the right quality, right quantity?**
	IE	Not necessarily always on time. I think that it's just that we haven't got to a point where it is something that we have to go the legal route to saying that you supplier A, we have sourced this from you and we've paid you for this and you

		didn't...
	IV	**Which sometimes they don't confirm to what they are supposed to do but up to so far, you don't know of any legal steps or any treatment to cure that?**
	IE	No, I don't know of any at this stage.
	IV	**How do you perceive the legislative framework for Supply Chain Management?**
	IE	As I stated earlier on, we are over-regulated.
	IV	**Which means there are some that you think have to be taken?**
	IE	They have to be taken out or even if it's not taken out, to be amended in some way because you find that as much as they have been giving us regulations, they have not amended the actual Act, the MFMA, for instance, the MFMA would say that the municipal manager with accounting officials see that they advertise annual leave for the registration of- on the supplier database. It is in the Act; however, we have a regulation now for the CSD, the CSD precedes all databases. So, they put in the CSD but they have not amended the actual Act and according to my understanding, the Act precedes all the regulations.
	IV	**Has the municipality appointed 3 bid committees?**
	IE	Yes.
	IV	**Can you describe the compositions and functions of each?**
	IE	The specification bid committee, there are 5 members per committee. In all of these committees, there's at least one official representing Supply Chain. So, what the specifications committee would do is just to set the specifications for procurement per se for instance, in the case of a tender they need to do the specifications of the tender. In our area, here in our municipality, it's not done that way because in a more especially in the part of the tenders you will get that the consultant does the

		specification. So then when the advert goes out and only then will the specification committee sit so it's supposed to be the other way around. They should do the specification, we go out and tender, we get back the responses then the evaluation committee sits and evaluates on the responses that we got and then goes to the adjudication committee which then recommends to the municipal manager which of the companies they would recommend to do the work.
	IV	**Do you know of any payment to service providers who did not complete their projects?**
	IE	Yes, I do.
	IV	**Okay, is the municipality having Supply Chain Management subunits such as Demand, Acquisition Management, Logistics Performance Management, and Transport Asset Management?**
	IE	Like I said earlier on, our biggest need in the Supply Chain Management office is the filling up of vacancies. So, there are no subunits in our municipality.
	IV	**What can be done to ensure an efficient and effective Supply Chain Management process?**
	IE	Just compliance, if everybody would just comply. You get instances where things don't go through supply chain processes and I always put emphasis on the fact that when it's time for an audit. The auditors don't go to Mr. Ramphuma and say we see that you procured this, they are going to go to the supply chain office and say your procurement was not done in a correct way. If only people could stick to the rules, just comply.
	IV	**Because after all non-compliance comes to your office?**
	IE	Non-compliance comes to the SCM office.
	IV	**Is there a database register kept by the municipality? The one that you've talked about.**
	IE	The one that I've talked about. Like I said now, the CSD

		has taken over so what we would normally do is to send out an advert just to invite people to still apply on the database even though there is the CSD because we have to have somehow people around who can render services to us because the CSD is a bit broad. You cannot just say we're going to go to the CSD and check for suppliers. So, we do keep a database register.
	IV	**How often do you revise it?**
	IE	Just annually.
	IV	**What documents are needed to register?**
	IE	You have to be registered on the CSD, if not, we register you in the office. You have to have your tax clearance, your tax clearance pin, you have to be a registered company, if not a registered company in order for you to be on the CSD you must be at least be tax compliant then you have to do your banking details if you are in construction, you have to have a certificate, a CADB certificate in the case that you may be whatever specialized services you have you have to be registered on some board on that professional body or something.
	IV	**Is the municipality applying the preference point system for procurement above 30 000?**
	IE	The preference system is only applied for procurement above 200 000. For 30 000 up to 100 000, we use the formal written price quotations.
	IV	**What are the major service delivery challenges faced by the municipality?**
	IE	Shortage of fleet.
	IV	**Fleet?**
	IE	Yes, we do not have these tractors to collect refuse.
	IV	**You said the problem is the?**
	IE	Fleet.
	IV	**The one that is taking the rubbish?**

	IE	Yes.
	IV	**You are running short?**
	IE	We are running short of that for the electricity and stuff like that.
	IV	**Electricity?**
	IE	Like the cars, the jarred picker for, in a case where there's a complaint about electricity that needs you to have a vehicle that has to go up to the pole to check the electricity meter on the pole.
	IV	**How is the poor performance of Supply Chain Management Contributing towards poor service delivery?**
	IE	Where are the words? How is it contributing?
	IV	**Yes, which means the failure of the SCM sometimes leads to failure of service delivery.**
	IE	In cases where sometimes and then it's going to take me back again to the legislations and stuff. You find maybe there's a tractor there that has to be replaced the tires. It has been maybe impounded by the traffic because it is not road worthy because the tires are finished. In the case of a tractor, for instance, you will find that this is going to be the procurement of 30 000. We cannot just go, we can go but we are trying to, by all means trying to deviate from the processes. So sometimes you'd find that we would be delayed in getting the quotations so it is delaying the process of service delivery again on the other side.
	IV	**We are at the end; do you know of any measures of the municipality that they are implementing in order to enforce payment of services?**
	IE	They used to do cut-offs for electricity, where the people's electricity was cut off and then they have to come into the office to pay a certain deposit for them to be switched on again and then make a payment arrangement as to how they are going to pay. At this point, it's the only thing that

		we can actually force the consumers to pay for the services. That is the only thing we have control over, just the cut-offs of electricity.
	IV	**Even in the location?**
	IE	Even in the location, here in town as well it's also electricity or you will find in town, they buy water, they buy prepaid water.
	IV	**You have prepaid water in town?**
	IE	We have prepaid water in town only. We still have to be spread through to the locations and stuff but now in town, we have this prepaid water. So, they would prevent you from buying water. So, if you do not have water, you 're going to go to your neighbors but now your neighbor also buys water so it's not going to be an easy thing for you to go to your neighbor.
	IV	**You buy electricity, you buy water.**
	IE	You buy electricity, you buy water.
	IV	**…but in the location, do they buy electricity from the municipality?**
	IE	Yes, the municipality is the only place where they can buy electricity.
	IV	**Which means they are forced to pay?**
	IE	They are forced to pay.
	IV	**In other towns, you get the supply of electricity in the location is Eskom, then they cannot be able to force people in the location to pay?**
	IE	There is in some parts of- I think it's in another town I was in ... There's a section where electricity is supplied by Eskom but now in Boshoff it's mostly just the municipality.
	IV	**Thank you, ma'am, we are at the end of the interview, it was very short thank you for helping me.**

Participant 9

Audio Title: A Mun CFO (3)

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
35:40	**IV**	**What are the major challenges faced by the municipality especially infrastructure development projects?**
	IE	ok uhmmm am not sure if it's actually appropriate by means or by technical. What I am saying is that for infrastructure development. The proximity of the municipality in its whole it's the accounting officer then delegate. Unless I am missing the context there in the question.
	IV	**Well in terms of infrastructure? He is not under your responsibility if that is what you are saying?**
	IE	No, it's not. The infrastructure, we have sub directorates, technical finance, technical infrastructure and then corporate services and then it will be community and social services. So specifically, for infrastructure and technical services there is a directorate also
	IV	**But generally, you don't. Well, even if I'm not maybe in that department, maybe I might have a concern there, there is a delay of infrastructure that might be caused by delays.**
	IE	Look that is why I was saying…the question says what are the major supply chain management challenges, right? Faced by the municipality especially infrastructure development projects correct? In my view that's like going to get go for context infrastructure finance or is he only becomes responsible for ACM process municipal processes includes the advertisement, the appointments of the credible and his provider who then will be assisting both who implemented the project or the one I know I a consultant would be the one, not the half time, eight, 10. Now the challenges, that would be felt by technical but from

		a general perspective, you know, what are the challenges? We know the roles infrastructure, the water issues, sometimes the electricity issues, but we don't generally have a lot of electricity. Accept that those are the issues in my view.
	IV	**What are the current needs of supply chain management of the future municipality?**
	IE	Um, in our municipality I think that is sufficient, one, stuff, or staff that is qualified to execute it. The second one obviously be adequate training. Eh, if I have adequate training for all municipal officials, not only for ACM is, is one, it could that the officials in bed unit our equipped, but I mean sufficient training for other colleagues. You remember ACM offer support in its entirety. It's a support function. It's only a support function. It's meant to coordinate whatever the, the departments are do week. So, if I, if there's training available, if I do find people that have the proper skills and expertise in that sense, then I know right
	IV	**Then are there any practical maybe actions take to address those who I tried to sneak [inaudible] you have time, so days maybe for the progress to give you more staff. Or training.**
	IE	The department of CoGTA. Okay. Or other not CoGTA. Provincial treasure is providing oversight assistance particularly to the in this regard SEL. So, training they do., for our stuff, for our Pete committees for councillors and the impact, they're also doing that. So, we do get training, eh, but and in fact just recently initial treasury is went on Trek standing practitioners to give them this I think 78 there's a qualification that they are rolling it out, particularly for our SCM officials. We've requested the national treasury to assist us to, in the meantime when we still don't have a

		head of SCM to assist us with Someone who will be assisting to oversee that department because that's where the heartbeat of the department is
	IV	**How well do you know the supply chain management Policy of your municipality? Fairly well. Do you believe it is effective?**
	IE	Yeah, it's effective though. Sometimes I think, eh, you remember earlier I said that trainings is to be spread out across the other directories so that everyone understands why we do certain things and the way we are doing it. Okay.
	IV	**Then how do you perceive the legislative framework for supply chain management? Maybe if I can get you elaborate on that one or make it clear. There is legislation and there is this implementation that you have to do. Is there some way that it drags you or is it speed up in the process or?**
	IE	look, um, we have like a triple P to P FFA and SCM regulations deletions, I assume regulations which assist us to unbundle the act itself and, and every amendment to the act or the regulation National treasury oversees the process and they do assist with the revolts like you see is D U S I PDM polices everything that comes up towards, I'm using this acromion am sure that you know them. Alright. Eh, as they are rolled out municipalities, they do come in assist but sometimes it hampers the progress for example I need, okay. A pen or stationary needs not eh. One of the items in with my polices that I need to empower the localism in terms of the ACM near for regulation is like they should be registered on CST, pushes aside central supplier data base over the national treasure. If the local SMME is not registered on its own CSD, I'm not allowed to do business with them. Rather, I need to empower them, educate them, and encourage them to register on CSD before I can do

		that. Unfortunately, because some of the small medium enterprises don't have the necessary knowledge or don't have the necessary tools to keep up with these developments. Sometimes they're not even registered for tax and you know, you take your head certificate, now you need to be complaint as well. So, there are certain inconsistencies that are there between legislation that is governing us in their policy, but our police is in line with the main act.
	IV	**Does the municipality have a supply chain policy?**
	IE	Yes, it does. It does. And has been adopted end of June 2019. Effective from the first of July 2019.
	IV	**Is there a supply chain management lead?**
	IE	Yes, there is. We do have a specific report under the CFO. He reports directly to the office of the CFO.
	IV	**How is it composed?**
	IE	Okay. In terms of the structure, it is the SCM practitioner and then you have your accusations and the demands officers, eh? Yeah. Yeah. I think those, those are the two that I'm supposed to have. Unfortunately, as it is now, the warm bodies that are, they have, we have one officer and then no one is vacant and the practitioners also vacant. I have two spaces for the finance interns who was assisting the unit. So, there's three warm bodies within the department.
	IV	**How do you ensure that there are no unauthorized fruitless and irregular expenditures as SCM?**
	IE	Um, eh. Okay. Let's start with the definitions first. The three components. One is unauthorised. Unauthorized basically says you have adopted budget, anything above the adopted budget. I cancel. Anything that goes about the budget must be recorded as unauthorized because council didn't authorize that. Meaning we spent about the budget. Now it means it cut across ACM, it's no longer the responsibility of the SCM. It's the responsibility of all the political offices. It

		includes a budget office continuously updating the directorates to say your budget is simple or it's about to be exceeded. Therefore, eh, to eh, minimize anything thereof Right. It is not directly the responsibility of SCM but here's the do assist ne eh, that is the definition of unauthorised. Now for irregular expenditure is that one. It's in expenditure that is in contravention of these legislated to your SCM air policy, your MFMA. The ones where we are saying you would. You're spending outside a framework now that is irregular have the time. The example that is made is whenever I go for one coat instead of three the policy always says I must obtain three quotations for any amounts above IE000 if I don't have, I must support the reasons why. So, if I did not follow the policy then that classify under irregular and same goes for tenders and if processes were not followed and the project itself for the appointment itself will be irregular. Now for fruitless and wasteful, it is any expenditure that could have been avoided had reasonable K be exercised. Now, again, this is not directly the responsibility SCM, but it is the responsibility for of the entire directory of the municipality combined to now when we pushed the responsibilities to SCM. SCM must, because it is a starting point that must just say, look, I need to three quotations. Follow those. That's how you prevent it. If there is a need for three quotations, then you do three quotations. If this is a tender, a tender need to be overseen by the beat committees' specification or your evaluation and your judication committee must follow those processes. Now that's how you get SCM involved in these processes. Okay. Yeah.
	IV	**Is the participation of political office bearers affecting performance in SCM? Political office bearers, mayors, councillors,**
	IE	Fortunately, none of our political office bearers are actually involved in any of these processes. No cases be brought to

		my attention or where they are interfering with the tender process, so at least none of those are happening. So, I'm getting support from them. They respect the processors that are supposed to be there.
	IV	**What do you think can be done to ensure efficient and effective supply chain management policy?**
	IE	In my personal and professional view, if everyone understands my internal controls and follows the internal controls as contained in all the eggs of a local government, I think that will ultimately assist with the performance of the unit because we should, SCM is not supposed to be busiest office on things situation. Okay.
	IV	**Is there a municipality dosing participation of SMEs in procurement?**
	IE	I made an early example. We do support and we do support the proudly South African brands as well. We have to always consider made in SA and our locals as well.
	IV	**What are the major service delivery challenges faced by the municipality?**
	IE	Uh, uh, Okay. Um, that's a very long one. Obviously, the service delivery, eh, the lack thereof or inadequate services because you don't have properly maintained service delivery infrastructure or equipment. You make an example of the refuse trucks are not well maintained. It's very old and therefore it makes it very difficult for us to deliver the service to our people the same as what people. The water, not, not only the pipes, the whole treatment plans are not maintained, but it is fortunately that water to the different kinds that assist. The department of water through their different grants. I think there is three, the rural infrastructure bulk grant, the water services infrastructure grants. But those grants sustain and assist the water challenges. The electricity. If we can just maintain some of these electricity lines, our streetlights. But obviously there's a contradiction there. When you get to the townships it is Eskom's area of

		supply, but now they're not necessarily maintaining these streetlights. They are actually saying these lights should be maintained by the municipality even though it is in their area of supply. Bit of a contradiction. But it's okay if they can be updated. I mean maintained because to some extent, eh, they too contribute trouble levels of, of crime because of the street in the hammer lights are not waking, obviously are not, can happen. Um, the roads, if we can have sufficient financial muscle to rehabilitate them. Potholes are everywhere in the driveway. I mean, all in all municipalities not just ours only. So, there are quite a lot, a lot of challenges. and the municipality is also a challenge of revenue collection our people are not pay for services. And I mean it's a challenge and it affects and number of items. If people are not paying for services, it means I cannot take the services back to the people.
	IV	**Yes ma'am. I'm just interested in that one of Eskom. Is it not possible to have, as you stated when you start at about PPP? Yeah. To have an agreement with Eskom that we gave your business. What are you doing in turn as a community service? According to us if you can just maintain the lights because they are uh, affecting crime statistics.**
	IE	Sure. Look, um, we, we've had a number of discussions with Eskom particularly around this matter. Um, and the explanation that we did receive was that it is on municipal infrastructure register, meaning the ownership is of the municipality and therefore maintenance must be done by the municipality. And unfortunately, we don't have the proper skills or balk of these engineers. Within the municipality to do proper maintenance, therefore we have to outsource these services to say anyone with the expertise we appoint you as the municipality. So, the department of energy as when is assisting us a, I think last day if not the year before they did assist to install these

		solar lights. Reduced led lights. They insisted to use the red lights.
	IV	**What actions of public officials and service providers are contributing towards poor service delivery?**
	IE	Ooh, um, look, um, public officials, by public officials were referring to my colleagues, right? if nobody understands the important of the value chain or where they're at in the value chain, obviously they will disregard the importance thereof Meaning if someone from technical side sees water spillage but does not report call that spillage it directly means that this person does not care, does not understand that in fact we are losing money, we are losing the resources that you don't have. So, knowledge must always be there. We are equipped with information regardless of which position, which directory you are as a public official, must always be willing and provide guidance to say, look, I'm not responsible for the following information. However, this is the office that can assist you in this regard. Um, the service providers obviously to some extent, yes, we do have incomplete projects that are done by outside sales providers. I am referring to our sports facilities, am referring to our water, infrastructure which after some time does not break because it was installed by an external service provider. So, after some time these things come back to the municipality because we had appointed a service provider to do this work. But if it is, it is not of any good quality, then its fixed by the municipality or it causes the upper from the community.
	IV	**Basically, you can just say sometimes the service provider do not complete the projects.**
	IE	Yeah, yeah. They work to the best of their ability to complete it. And then you're under the impression that it is okay in two months' time, three months' time, there is a problem. Thank you. and sometimes it does result to incomplete projects, but a, I need to make eh, or the

		emphasize the current years, we haven't had of such incidences, yes in the past three or five years the way you see it in a way such were reported. But those services were terminated ultimately, the services of those consultants. Were terminated yeah.
	IV	**How is supply chain management affecting their provision of service delivery?**
	IE	No, eh, it, it, it is absolutely right in the middle of it all because like I was explaining in the beginning, SCM is a unit is actually the one who oversees the appointments is actually the one who oversees the procurement of these service delivery essentials that are there for an example. Every truck need tires. It is SCM that actually has to say, what are the processes that we need to follow, which service provider do we go for? Credible one who will deliver these tires on time so that the services can be done for the people can be done effectively and efficiently. So, they are right in the middle of it. But good or bad they do affect such.
	IV	**Which means failure of the supply chain management can be result into failure of service delivery. What measures are in place to handle residents who do not pay their debts?**
	IE	Um, that we have a credit control policy and within that credit control policy, eh, it is detailed, eh, when such incidents happen what must happen when we charge interest and if there is a need to cut off, we cut off. for incidents or for businesses, right? It is an illegal connection we do that. And for businesses or for a household, um, we do have indigent campaigns where we encourage our communities to say, if you are unable to pay, please come and register with the municipality with proof that you do not earn above the trash hold. Then we register you and provide the services. the mayor's office is responsible for the operation Patala. That encourages the community to

		pay the services. Individually the councillors also has a responsibility and overtakes the responsibility to encourage our people to make regular payments. So, a when there is lack of or minimized payments it affects them directly. Because of their non-performance we are unable to take the services back to the people.
	IV	**And then if I may ask, because any debt indigent register is the municipalities, reserving anything. Let's say we have 50 houses that we just see that they are unable to pay. Is it possible or do we have to claim it maybe from the national treasury or provincial treasury? Okay.**
	IE	Yeah. Eh. How is its happening? Is that eh, maybe from the top the campaign or we are going to the 50 houses as an example. Please come and register within the municipality. The evidence. Is it a child headed household, is it pensioners? What are all the categories and the necessary documentation will be completed. If it's within what, six as an example, the head of that one would then confirm and say I do know this family. I am aware that there is no other source of income. If in instances that there's a social cramping and they will provide the permission and say I moved in, there was sign and then we will load it on to our system and then the register will send it to a number of institutions and all of these stakeholders, it is national treasure. The national treasury will then factor the number of indigents that we have and when they do give us the equitable share which is the grant form from the national treasury. It is based on the number of registered indigents that we have, so we also send the same list to Eskom, then giving that which is called free electricity. Then it would be seen giving 50 kilowatts as an example for indigent. I'm not sure how much it is.
	IV	**Yeah. Do you think the installation of water and**

		electricity meters will be advantage to the municipality?
	IE	Yes. Yes. Let me see. Let me tell you why as doubtful, but yes, if it is done in, in consideration of the other savings charges, I'll tell you why. I have refused. I have sanitation and electricity and property rights. These are the services that I provide to the people, but if I'm seeing water is prepaid, electricity prepaid, the other three services are going to suffer. No one is ever going to come to the municipality to pay because they are in the comfort of their homes. They can buy the electricity on their cell phone or the nearest shop. They'll never come to the municipality. But if there is a way of saying you are not able to buy water or electricity without the other services being paid so you can be beneficial to me and it means my services will be paid for and you could pay them on time.
	IV	**ok. According to my understanding, if I don't pay those other three then you're blocking me from buying the electricity and water services.**
	IE	it would be beneficial and obviously as for control purposes as well. Accounting like prepaid, some are of more assistance, right? Because I don't need to do meter readings. I don't need to run the risk of human errors instead of 56 then I write 65, you know, I don't run the risk of that. If it's prepaid, I can easily say no. And the system is electronic. Yeah.
	IV	**Those was people that you have employed to check me to check meters. And I think lastly, and this is what you have described, that can you please maybe explain it twice more for record purposes. Can you describe the most important aspect of the indigent policy?**
	IE	Eh, most important. Okay. Um, I want to say identification because if I, if my criteria for identifying who is eligible to be an indigent is, is if that aspect is, is, is held up a accordingly, then I don't run the risk of providing for you be to someone who's not worthy to receive it. Yeah. Because

		the policy says anyone who's a government employee, anyone who earns is excluded from such. So, if, if I think the most important would be identification. How I identify and when I identify.

Participant 10

A MUN PRACT AUDIO

IV –interviewer, IE - interviewee

Duration	Speaker **IV (interviewer)**	**Text IE (Interviewee)**
25.32	So can we continue	
	What are the main barriers supply chain management faced by your municipality?	Faced by this municipality?
	Yes, faced by the municipality specifically	As you know supply chain management is a very complex unit or section that we cannot say they are no complex challenges that comes with it. Currently in this municipality and with this short period of time that I have been here, I have been able to note amongst others the biggest problem that we are facing in this municipality is cash flow. Which will ultimately affect the flow in which one would like to process a requested remorse and one would like to source services and goods that will make sure that service delivery is rendered to by the municipality. Secondly, you have a situation where there is too much interference from people who should not even interfere in the processes of supply chain management. By that I will mean offices where by you will note that they will bring in a request for services or

		goods whereas it will not confirm if there is adequate budget closed for such procurement activities or not. This will bring a problem to the effective running of the SCM. But the biggest challenge overall, currently at this very moment in time is cash flow which will result in the inability to carry out SCM functions and activities effectively and efficiently.
	Thank you. Do you think acts and other policies and legislation are forcing delays in an effective and efficiency of SCM?	Straight answer NO. I do not think so. To a certain extent, Acts, policies and legislation they are designed to provide assistance and now if you, as an individual and a professional at the same time once you make sure that you align yourself to those policies, acts and procedures, there is always a provision in an act or a sub-section that will always say, if you can't do this the alternative will be to do this. So, policies, acts and legislation they will provide and they will always be a solution in a policy, act and legislation. It is just us the people who are supposed to find it to make sure that everything will be aligned and there is a smooth and effective running of operations of SCM. So, I do not think that acts, policies and legislation provides hindrance to services providers in the SCM processes.
	Have you ever been trained with regards to SCM?	Eh, formal training NO but however, I have received on the job training which is informal and I have also received training via forums and workshops but no formal training with regards to SCM in this

		institution
	But if I may ask, before being appointed as an SCM in acquisition, based on your previous formal studies. Do you have the relevant formal studies?	Correct. I do have the relevant background, relevant former studies and I was just responding to as far as training in the institution is concerned. Yes, Sir. I do have the relevant educational background.
	Do you have some training needs?	Currently, I do have some training needs and I will respond to you why am I saying that. I feel that SCM is a forever evolving college, its ever changing and you must always align yourself with those constant changes and also makes sure that in terms of application, you apply what is right at the right time. And the only way to do that is to make sure that when they are updates and changes made. You are constantly in line with regards to them. And I will always say, training will always be needed in SCM.
	Can you describe the contract management system?	The contract management system? In a nut shell, contract management system is a process that manages all the necessary SCM processes that needs to be followed with regards to the contract, from its inception to its closure. It is a process that oversees all the SCM processes that needs to be taken in ensuring that contract is initiated and contract is completed.
	What is demand management?	Demand management is a process in SCM that manages planning. We plan for all the demands that we especially going to need in a particular financial year. That is how we conduct a planning for all those

		demands of services and goods
	Can you briefly describe the acquisition management?	Acquisition management is therefore a process, a SCM process that will ensure that we acquire all the needs that are included in the demand management planning. Acquire as in beginning the processes of procurement.
	Can you describe the logistics management?	Logistics will then be a flow, a process that will manage a flow of goods and services from when they are initiated up until they get to the relevant end user departments. So, it is that flow that will manage storage, capturing and the movement of goods from one point to the other point that will be the end user department.
	What do you think contribute to ineffective and inefficiency procurement?	Yes, interesting one hey. Over and above, all else, it will be lack of (according to me) effective and efficient internal control systems.
	Is it possible if you could elaborate more by stating an example?	For internal controls? Oh okay. When I refer to internal controls, I am talking about development of (i) policy, and legislation that comes from the national treasury and the act and any other frameworks that comes from treasury. So, for us we will incorporate all these legislations onto our policy to make it one uniform document. So, when I refer to internal controls I mean they are applicable rules and regulations that will be disclosed in the policy and that will determine how to go about in doing your work in SCM. So, if you do not follow these internal control systems as closed

		in the policy and in the legislation and in acts, it will always be a problem in running an efficient and effective SCM.
	Is the municipality engaged in supply performance management?	My institution currently does, but I can say the truth is at the peak of its effective and efficiency. What the municipality does is they have the control sheet or form. This is the control sheet that are send to end user departments. For example, if you come to supply chain, let's say in your department or in the office of the municipal manager and you require laptops. There is an appointed service provider for laptops in procurement processes and everything will be done and service will be rendered quickly. But what we do quarterly is we analyse that a service provider so and so was used by end user so and so and what we then do is to provide this control sheet to the end user department so that the end user can fill and we can monitor. After the end user completes the form, it comes back to SCM so that we monitor and rate the level of satisfaction with regards to the services that was provided by the service provider. For the control form that we have for the supplier performance is that control sheet that we send to end users to rate how they feel about the level of service and goods that were provided by the service provider.
	What actions are taken by the municipality to combat the abuse of processes?	To combat abuse of processes [*laughing*]! I will answer from a municipal perspective. There is what we call FLE register and full

		laser and expenditure register and it is irregular register and it is also an unauthorised register. Here a regular will therefore be anything that is not within the prescripts of the law, policies, acts and legislations, each and every framework that you might think of that directly or indirectly does not meet that framework will then be disclosed as a regular. Then these reports that we compile here in SCM we hand them over to the head of department which is therefore be the CFO. There is a committee that is established that is called Mpack which is then delegated to investigate. And what we do is there is a tab that we need to fill and check which department was responsible for ensuring this type of expenditure and what was the reason and the Mpack will then take it further and do investigations and make sure that there will be a consequence management. They will investigate further to check what really happened and why was the expenditure incurred and determine whether the amounts are recoverable or not.
	Thanks. How did the SCM processes affecting service delivery?	Mmm. Eish. Very interesting one again. SCM, I would like to call it as the backbone of any particular institutions that has to exist across the globe. Service delivery is the key constitutional mandate that should be provided to the citizens. Now, SCM this is the procurement board, procurement board that has to make sure that there is service delivery to the

		community. So, SCM is everything that can be directly linked, correspond go together with service delivery. It is one thing; it is one component.
	What can you suggest regarding the improvement of SCM processes?	At this current state of government, my biggest suggestion leadership will be an increase level of transparency. Transparency with regards to procurement processes. Subsequent sittings in big committees and processes of awarding everything. So, the level of transparency should be increased in everybody's business and number 2. The issue of leadership and consequence management as well. Consequence management does not receive the required level of attention as it should get from the highest authorities. I think there is lack of consequence management across all spheres of government with regards to supply chain management processes.
	What are the main areas in which the municipality find it difficult to provided services to?	Mmm. With my experience ever since I have been in this department and I am being specific to my municipality. The biggest challenge that we experience here is the common experience that was beginning to a trend was theft. Theft of cables, electrical cables, electrical wires and electrical equipment. And that will definitely affect provision of water and electricity. So, theft here is the biggest challenge even to date. And this hinders the municipality from providing the basic services to the communities.

	What do you think are the main reasons that causes non-payment of services by residents?	[Laughing] the main reasons, Number 1. This is not to say, my leader that I am pulling a racial stunt, I am not but I am just trying to answer you to the best of my ability. For blacks, it is an issue of perceptions and the way we think. And for blacks it is like we ought not to pay municipalities for services and it is only and it is something that has to be done by White people. So, we can literally say it is a culture, whereby they think that the municipality must render services freely to the black community because when they say vote they vote and that is the perception that is going leadership. Another factor which I feel is causing residents not to pay which I feel it should be evaluated further because people feel it is a burden to pay debt that is not theirs and it is a problem. You will find out that my mother used to stay at this home and my mother passes away and it means I will have to take over the home and I will also have to take over the historic debt. They will feel it is an unfair process for them to be told to pay up the debt. And they want that government or institutions that have the right of authority should just right off the debt and let the people start on a fresh page and they will see residents paying up municipal accounts. Equally that to be in general leadership, I think the level of dissatisfaction again, with regards to services in some other communities, situations are very tough.

		You will see, there is a municipality but there is no service delivery that is taking place so, it is as a result of being frustrated and confused and not knowing why I should pay when there is no service delivery that we are getting. So, all these factors will contribute to non-payments of services by the communities.
	How can SCM assist in this particular situation?	In this particular situation, SCM as we are the procuring board in the institution, what we can make sure of leadership, in our demand organisations, I am speaking across all spheres of government. In our demand management where we perform the plan for a particular financial year, the key areas that should be focussed upon before we go to any other operational activities that should be funded. Before we move to any other project that should be funded must look into operations and projects that strictly affect service delivery. This is where SCM comes in, so that timeously, quarterly, monthly, yearly or semester we are able to advice as per procurement plan. We have set that by this particular date we will have procured 1,2, 3, 4 and taps to these 5, 6 ,7 houses. This is not happening. Why? Because the control will come from our demand plan and provide advice to all end user departments but this is mainly being infrastructural department because they are the core of service delivery. So we link with them and make sure as SCM everything in linked as per procurement

		plan and we align ourselves to it because through this demand management planning system, we are going to know the needs of the people, and we are going to know the needs that are going to timely affect service delivery. So we are going to kill it from the demand management and we execute and we know that we are safe with regards to service delivery to communities
	This is the last one, how can the municipality improve payment of services in terms of service delivery by the residents?	Improving the services, mmm, leadership, I think this one does not want us to beat around the bush. A human being will always feel comfortable to pay for something that is valuable in their eyes, services has been provided and they indebted truly to whatever settle the bill in front of their eyes. That being not forth coming it will be a challenge to convince residents to pay for their services. 2. We need to be solved, I am speaking with regards to our municipality to resolve this challenge of our billing systems whereby you see residents are being billed for accounts that are not being addressed yet. My leadership, the only way to make residents pay is to give them what is theirs. As per your charge sheet on the statement, you need to specify that I am being charged for refuse etc and this will make people in the same very manner.
	So you are saying, residents must get accounts?	Residents must get accounts which are correct inclusive of everything that should be included. And they must fully know. If you say I must pay 9 rand for water, I

		must say true, in deed. This will be the reading I got for this particular month and from a particular institution and I have to say, in deed I have to pay.
	So, you are saying the historical debt must be scrapped because it is not my current debt.?	Yes, it is not my current because I didn't incur this debt so how come I am being asked to pay it.
	Thank you sir. I am done that was the last question and I don't know if there is something maybe concerning SCM or service delivery that you would like to share with me before we can conclude.	Not necessarily my leadership but the fact that you are conducting this interesting research on this very interesting topic, I just want to make a comment on the issue that I raised earlier, on the increased transparency issues. But I really don't know how but as a matter of recommendation looking at all bidding processes will assist in making sure that all the SCM framework and processes in general are adequately followed. I think through such a disclosure, it will then kill one accountability there, it will be a dead bed already. And through the very same transparency, we will be eliminating this thing of people coming to question processes and this will enable people to see and have a comment on the platform. So, I think going forward this matter of transparency need to be deeply looked. And it will assist all public institutions as a whole going forward with regards to SCM. I thank you, leadership.

Thank you

Participant 11

Audio Title: B Mun Pract2

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
10:53	**IV**	Good morning maam.
	IE	Good morning Ntate
	IV	I'll just continue to the questions. The first one, what are the main supply chain management challenges faced by the municipality
	IE	I think di challenges tserikopana li tsona ke di delays (I think the challenges that we face are delays), delays from submissions from the departments to supply chain and also signatures that are supposed to be authorised from the municipal manager and the CFO.
	IV	Do you think that acts and other policies are causing delays in the efficient and effective performance of supply chain? Which means there are barriers that are causing you to take too long to do the process.
	IE	Yes, I mean no, each and everything has to have a timeframe, a turnaround to know what time the submission must go to the department and how long they must take from the department to the SEM and to managers. I think we should have been
	IV	You have it the timeframe or you should have it.
	IE	We should have it; we don't have it.
	IV	Which means is one of the causing delays.
	IE	Yes
	IV	Ya I think it has to be there. Have you ever been trained in

		supply chain management?
	IE	No
	IV	The when you were appointed you had studied supply chain.
	IE	No, I didn't, but now I am currently studying but its only six months.
	IV	But it could do something.
	IE	I think so cos
	IV	Do you think you still need training?
	IE	I still need a lot of training because now I can't even say I am a supply chain practitioner because I am only capturing the orders. So, a full practitioner is someone who is doing the submissions, requesting the quotations and making an order until the end some sort of veterinarians some stuff so I am only capturing.
	IV	Ya they have to train you. Can you describe the contract management?
	IE	Ok contract management I can say, let's say we have a supplier maybe supply with a three-year contract. Maybe she is supplying us with protection for me is a contract management. So, if we have that three-year contract supplier before maybe 10 years. When that contract expires, we have another one, if you don't have another contract then we continue with the previous one.
	IV	What is demand management?

	IE	Demand management I can say is all about the procurement and procurement is not about supply chain. It started from the requesting department.
	IV	Can you describe the acquisition management?
	IE	It is logistic management? We skip number six and seven
	IV	What do you think contribute toward ineffective and inefficient procurement?
	IE	I think it is a lack of planning and proper maintenance
	IV	Does the municipality engage with supplier performance management, which means checking the performance of the suppliers even during and even after they have?
	IE	No, I don't think so, and even though we have this business forum with the suppliers, I don't think it benefits all the suppliers.
	IV	What the actions are taken by municipality to combat the abuse of Supply Chain Management?
	IE	Nothing, no implementation but they are there.
	IV	How is the supply chain management process affecting service delivery?
	IE	Like I said before it is the delays of the submissions and the signatures for their managers and the CFO, they are causing service delivery. Sometimes the procedure is not correctly followed.

	IV	Now so I'm have stated that you wait too long for a signature from the municipal manager then this product is very urgent and then you have to skip. What can you suggest regarding improvement of Supply Chain Management?
	IE	I think we should have courses, at least short causes. We have to be trained and being given maybe bursaries to study supply chain management.
	IV	What are the main areas in which municipality find it difficult to provide services?
	IE	According to me, as I see is a lack of the water, roads and sewer. Like normally we don't treat a sewer as an emergency. It will be like that for two months. Oh, you see. And then this thing the waste management tool is not the way it's supposed to be.
	IV	What are the main reasons that cause non- payment of services by residents? Residents are not paying, why do you think they are not paying?
	IE	Some are not employed, and this thing of indigenous I think there must be a certain percentage that they must pay.
	IV	How can municipality improve the payment of services by residents?
	IE	Like I said, I think all of us, it doesn't matter if you are a pensioner or what we must have a certain percentage to pay to the municipality
	IV	Then how municipality can improve that, which means they have to consult with the pensioners

		And even if you get R1000 just give us hundreds.
	IE	And the indigents also. Must do the same. Because of the indigents are working some of the indigenous
	IV	That is the abuse of supply chain management. Thank you, mam. We are done.

Participant 12

Audio Title: B MUN Pract3

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
Duration: 19:54	**IV**	**First question what are mayor supply chain challenges faced by your municipality?**
	IE	Compliance one. Secondly there is lack of deliverance and it is due to the fact that people are not paying services and three is lack of direction towards our strategic planning in the municipality regarding that essence of guidance to say that they do have strategic plan of which on many basis annually they use to hold strategic planning meetings without implementation.
	IV	**Alright. Planning is there but it is not being implemented?**
	IE	Yes, and we don't know what they are planning, we only know they went to a strategic planning like 3-4 days after that there are no changes at all that is lack of implementation.
	IV	**Lack of implementation. Then do you think there are acts in other policies that are causing delays in the process of supply chain.**

	IE	Acts?
	IV	**Acts or policies indicating this is the procedure and you realise that this procedure is delaying us as the supply chain management unit.**
	IE	Yes, time frame, due to the popularity we struggle to get authorisation from our seniors simply signing signatures and to attach form that need to support the provision or service delivery.
	IV	**Alright which means sometimes they take too long to sign, and you cannot be able advertise?**
	IE	Yes, you end up getting lost if this thing is going to happen.
	IV	**Have you ever been trained?**
	IE	Yes.
	IV	**Which field?**
	IE	MFA, PFMA and report making
	IV	**Then do you have training needs, or do you think you still need some training you need?**
	IE	Yes, I need initial training on certain levels
	IV	**Certain initial training like what?**
	IE	Just like my weak point, I can be trained and be encouraged in order to have a diploma or certain degree.
	IV	Oh you need to study towards management course or
	IE	Yes
	IV	**Alright can you describe contract management system.**
	IE	It is handled by the legal department to do with delivery department With the legal department, that is the duty of legal development to manage, yes after the billing's meetings have been appointed for the contract for every department has been issued out certain service acronym.

	IV	**Ok, can you describe demand management?**
	IE	According to me demand management, it is a department that is requesting for certain procurement from the supply chain in order to render a professional service.
	IV	**Can you also describe the acquisition management?**
	IE	Acquisition management is for supply chain and it`s from the demand department, they are compominated.... municipal, in order to get that access or the way of procuring certain policies and rules and regulations.
	IV	Can you describe logistics management?
	IE	When you talk about logistics, you talk about for example fleet management...that is plus minus partial to assert management.
	IV	**What do you think contributes towards ineffective and inefficient procurement?**
	IE	Sometimes is lack of resources secondly political interference and some other acts like strategic planning because are not implemented properly.
	IV	**Which means there are strategic plans that are not being implemented**
	IE	Yes, IDP from our ward councillors are not being submitted.
	IV	Sometimes the community through councillor does not throw out the IDP plan.
	IV	**Is the municipality engaged in supply performance management which means during the tendering when the supply is busy supplying is there performance which is being monitored during even after?**
	IE	Yes, it is monitoring from the requesting department those are the people who deal with that. for example, when there is cite inspection, they must do that follow up if to send an invoice for the job done.

	IV	**What actions are taken to combat the abuse of SCM process you have highlighted some political interference maybe we have those suppliers who don't disclose their that they working for the municipality, what is the municipality doing to combat those things so that they don't happen?**
	IE	Before we can be registered to this local municipality you have to fill a person of interest in order to declare that they keep up with their work, they are clean regarding to work together with management.
	IV	**Then the political interference how do they avoid?**
	IE	Bebeyapantsi (They went down) the mayor uses to have his own management policies, but it does not go through managerial procedures they just bypass compliance policies.
	IV	**How is the supply chain management process affecting service delivery?**
	IE	In actual fact it affects the service delivery in the sense of .... we don't have time frame and compliance all the staff
	IV	**Then it is affecting the process of service delivery.**
	IE	Because some procedures and some policies are on favourable basis and some of these are question of the councillor not in writing you must do this not that since from today.... then something might happen and he comes up and say why didn't do this and I say you said I must do this but I must do this and he will say I didn't say that....according to you what precession when it comes to supply chain.
	IV	**Yes, what can you suggest regarding the supply chain management process?**
	IE	Supply chain officials, supply chain management must be involved in the know how things are done and the policy

		procedures and rules and regulations must be involved so that.... because not all municipality are operating in the same manner.....It`s only a buyer and CFO but with us we have all the levels of supply chain unit. In actual fact if they working with field as a supply chain official your office must be close to the field so that anything that they reproduce you source after the source you take it to the nearest person to capture the order that must go back to you and give it that order to those people they are working for.
	IV	**What are the main reason that make municipality difficult to deliver services lets there are situations where try to clean the town to fix water and two days later people already put cabbage there and refuse and it becomes difficult to operate there?**
	IE	It is lack of funds for example, you water guys or fuel guys you will work 40hours over time its fine for that forty hours and after that there comes a problem the pipe busts from the streets and when that trouble come you say no we have reached our 40 hours so who is going to be blamed its the workers.
	IV	**You have reached your 40hours .... Then regarding that one of overtime don't you think that it will be better if those departments they work shifts maybe up to 10 that will reduce burden of overtime?**
	IE	If they work shifts it must be expensive because it is for daily basis.
	IV	**What do you think are mayor reasons that cause non-payment services by residents?**
	IE	That policy that was introduced by the councillor.
	IV	What policy?
	IE	That one of indigent even
	IV	The indigent ones even those who are not qualifying, they claim to be indigent.

	IE	Yes, like myself I can't say I am indigent maybe we change the sides my wife is not working .... so at least if it was this thing of being placed or ... it would not have much problem.
	IV	**So, they abuse the indigent policy would be replaced by flag rate so everyone will pay certain amount?**
	IE	Yes, let`s say if it is R50 in that street only one in the yard according to our spread sheet of the committee that one is not incumbent then we would understand.
	IV	**How can municipality improve quality of payment of services received by residents, they improve payments by residents?**
	IE	Like I said flag rate, they must render a professional service delivery in the sense that people can see that not these people are working then I will have to pay something of hundred rand.
	IV	**Which means they must improve service delivery?**
	IE	Yes they must improve firstly because I cannot just pay like for example when I want to retire it is about seven months without taking my rubbish so they will tell you they don't have resources so they do have people but they (interrupted)
	IV	**Which means they do have people for nothing because they don't do their job?**
	IE	Yes and no they are paying for employment
	IV	**So, they are paid for being employed but they do not carry out their duties because of municipality cars are broken or what?**
	IE	Yes, yes
	IV	**Alright thank you for the interview.**

Participant 13

Audio Title: B Mun Pract 5

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
11:46	**IV**	The first question, what are the main supply chain management challenges faced by the municipality?
	IE	I think that to me, is that the politician, management or the requests department like to do our job as supply chain. That's the main challenge.
	IV	The requesting department. As he said.
	IE	Yeah, the requesting department, because runa (tswana) as supply chain, we are the ones that are supposed to issue quotations to buy whatever the municipality needs. But then those people.
	IV	Sometimes they want to request quotations.
	IE	They adopt sometimes most of the time. They bring their submissions, or they bring their request already attaching quotations on the on the on the request. All right.
	IV	All right. Even politicians, they have their list.
	IE	Sometimes
	IV	And officials sometimes. Do you think there are acts and other policies that are causing delays in efficient and effective Supply Chain Management performance?
	IE	I don't think the act is causing the delay. People are the ones who are not, who don't want to work according to the policies.
	IV	Then policies are Ok. The problem is implementation.

		Have you ever been trained in SEM?
	IE	Yes, but sometimes its' only a 3-day course or 3-day training. But then in 2014, up to 2016, we really train but that training was called MVP. So, most of the stuff that we did there is not implemented.
	IV	You are being trained but you don't implement that.
	IE	We don't
	IV	Can you describe the contract management system?
	IE	That one I cannot describe it. Because in supply chain we as buyers, we don't necessarily deal with a contract. We only get the copies of the appointment letters after the legal department. Its' only two persons in supply chain who are dealing with a contract.
	IV	What is demand management?
	IE	Also, that one I don't want to lie to you.
	IV	Can you describe the acquisition management?
	IE	Acquisition I think it's the when the municipality wants to buy something, that's when things will be done at the department at the supply chain, we do the quotations
	IV	Can you describe the logistics management?
	IE	Also, that one we don't do it.

	IV	What do you think contribute towards ineffective and inefficient procurement?
	IE	Like I said with the first question with regards to the requesting department or the politicians, they are the ones hindering the supply chain processes.
	IV	Is the municipality engaged with the supply performance management just to check their performance, maybe during or when they busy with a project even at the end?
	IE	Sometimes, sometimes they do, like you see on TV or like on the radio this human will say that we are here in Bromville doing disaster management, yeah, sometimes they do. But sometimes they are other suppliers who do not perform.
	IV	They do not perform any measures. Maybe withdraw from the list or whatever,
	IE	Nothing is happening.
	IV	Nothing takes place within, which means they can apply next time, but I think apply next time.
	IE	Oh, yeah.
	IV	What actions that are taken by municipality to combat the abuse of Supply Chain Management, just like when you said the requesting department might give you a request. In their request, they also have the list of quotation, what is the municipality doing to stop it, because they are not supposed to do that.
	IE	Nothing's been done. Because sometimes you find that you

		go to the mm, and then they say to the mm, that thing they they're looking for the quotations they attached, and they will say that it's an emergency.
	IV	As the supply chain management process, how is it affecting service delivery?
	IE	I don't think that supply chain management process is affecting service delivery, service delivery has been affected by the people who want to do our job as the supply chain management team.
	IV	Which means their activities, which is not working fine for the supply chain is affecting service delivery. Which means supply chain management processes they are fine.
	IE	Everything is fine in supply chain.
	IV	The problem is the people who interfere then they are causing problems for service delivery.
	IE	And when they go to the mm, they say there's no supply chain are the ones who are delaying.
	IV	They are too slow. Whereas maybe they came late. Yeah. And they have their own agenda maybe even their own list. What can you suggest in order to improve supply chain management process?
	IE	Like I said the requesting department and all those people who like to do our job, if they can, just give us and let us do our job, everything will go accordingly.
	IV	Which means you must follow the process. And then they must not include themselves in matters that they are not supposed to be included.

	IE	And the other thing they that is causing the delay maybe we check in supply chain is that when we get the submissions to get the quotations, after the quotations, then those submissions is like a two page like this. It also has the signature, the people who are supposed to sign on it before it can go to the order of the invoices can go to the payments. The delay is when you go to the CFO office he is not there to sign, when you go to the mm office, she's not there to sign, when we get to the CFO's office those ladies who say to you leave it there, we will tell when he is here, .the same as mm's office, maybe they will give it to you when he is there. In general, find that sometimes the only the simple submission stays there even more for more than a month just for a signature.
	IV	What are the main areas in which municipality find it difficult to provide services?
	IE	The townships, because most of times you'll find that the pipes are broken, the sewer is everywhere. When they try to unblock one side the other side is blocking. But nna mostly I complain with the sewers because they are supposed to repair them almost on a daily basis because they run everywhere in the township almost every day.
	IV	What do you think is the cause of that?
	IE	The community because they throw stones, they throw everything that is not supposed to be thrown there.
	IV	Ya its difficult, because after fixing they put something. What do you think are the main reasons that causes non-payment of services?
	IE	Nonservice delivery

	IV	Service delivery is very poor
	IE	Yes.
	IV	Also, maybe from the side of the residents?
	IE	Unemployment. Okay.
	IV	How can the municipality improve the payment of services by residents?
	IE	I think if they can hold community meetings and let the community be involved the maybe the community to tell them that we are running short of this and that people move this lot of us who are not taking many houses are full of grandmas and grandpas who only receive their pension.
	IV	They must consult with the community.
	IE	And sometimes I feel that the Grannies and the grandpas arrange with the municipality to say that they will pay this amount in this amount, but then in return there is non-payment. And the other thing is that all those grannies and grandpas' also have other kids who are working for the government. But because those kids of them do not want to help them pay the municipality.
	IV	They are living with them, and they say this is grannies house and making arrangements. But then I'm still working getting a huge salary.
	IE	But you don't want to pay.

	IV	Sometimes I'm a teacher living with my mother and then the house is in the name of my mother. Yeah. I think they have to be educated. Don't you think even from the municipality side if they can provide what they have promised that will improve the payment. Any other thing?
	IE	I think engagement is a community. It's the best,
	IV	It will work for the municipality
	IE	Make the job available, make this possible for the youth who graduate who have graduated, or even who have matric, maybe they can talk something.
	IV	No, thank you, mam. We are done.

Participant 14

Audio Title: B Mun Pract7

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
15:31	**IV**	**Thank you, ma'am. What are the major challenges facing municipalities in terms of supply chain management?**
	IE	The challenges that we are facing as a department at the office is by giving instruction that we must do what they want this is the process that has to be followed.
	IV	**Do you think there are acts or other policies that are causing delays in efficient and effective performance of supply chain?**

	IE	No, I don't think so. Acts and policies are supposed to be followed.
	IV	**And then those acts according to you are 100%**
	IE	By me, I think according to the procurement they are 100%.
	IV	**The problem is the people. Have you ever been trained in supply chain management? In which field?**
	IE	MFMP
	IV	**Do you have any training needs?**
	IE	Yes, but still need to know about tendering. I don't know anything about closing or something like this, it's called tender bids. I still need to be trained about it.
	IV	**Can you describe the contract management system?**
	IE	I think it is about organisation encounter and over increasing the amount of pleasure costs and the company performance.
	IV	**What is demand management?**
	IE	The product and services, planning and managing for demanding product services that can be measured micro levels in economic individual of the organisation.
	IV	**Can you describe the acquisition management?**
	IE	By evaluating and awarding the bids this process is critical as part of contract and private protected by various laws.

	IV	**Can you describe the logistics management?**
	IE	Part of SEM plans implement and controls, by implementing effective recruitment and storage information.
	IV	**what do you think contribute towards inefficient and ineffective procurement?**
	IE	I think there are five pillars, value of money, open and effective competition and ethics, fair dealing, accountability and equity.
	IV	**But I think those ones if they are carried out, they will contribute to what efficient, not inefficient, what about inefficient?**
	IE	I don't understand that clearly.
	IV	**I think previous you specified that there are political interference they cause inefficiencies according to you.**
	IE	Yes, delays and giving out instructions causing us to get to get that fruitless expenditure. Papers are done but are not going according to the supply chain planning process
	IV	**Is the municipality engaged with supply performance, which means if we have awarded you a tender, then we measure your performance until you complete a job? Say, we said you might do this from our tender system that we award you this tender. Maybe it's a three year or a year or six months. Then during the process is the municipality checking the performance.**

	IE	No, they are not. Sometimes the department not sometimes the department take part especially on those suppliers. This year's I see that they are there maybe they can award three supplies in one tender or contracts I don't know how they share it. They stop another one within maybe six months but give another one a chance and so others doing over the limit. Yeah.
	IV	**And the performance is not good?**
	IE	It's not good cause or the others are complaining that I didn't get a chance to do what we supposed to do because we stopped in the other one was appointed.
	IV	**what the actions are taken by the municipality to combat SEM process? Which means if I have interfered with the SEM process and I am a councillor. Is there anything they are doing?**
	IE	No according to where I work nothing has been done yet. Even we complain we thought about our accounting officer would interfere maybe he does but the politicians are overpowering him.
	IV	**All right. How is the SEM process affecting service delivery?**
	IE	By time, in my time I mean submissions are staying long in the office of accounting officers here for my manager of SEM they make delays and they are going to affect service delivery. And then they are going to blame SEM.
	IV	**what can you suggest regarding the improvement of SCM process? If we can do them this like, then it will be fine.**

	IE	If our seniors and managers can listen to our complaints and suggestions. I think we can work as a team
	IV	**What are the suggestions that you think?**
	IE	I think that if the supplier can come to my office and look into their papers that are private without asking me or without my consent so if we complain about these things, the supplier are overpowering us they are abusing us and we don't have a say.
	IV	**Then that might be caused by what maybe their relationship with their manager?**
	IE	I think that the relationship, they are too close with managers, so they share everything that we do know
	IV	**Then it's like they don't see you.**
	IE	We are nothing. We only recognize you and when we have something bad happen in supply chain then we call the we be called and told that we are done this and this and this, but when we that we did something right. We are not recognized.
	IV	**What are the main areas which the municipality find it difficult to provide public service delivery?**
	IE	Improving the information to the community and their service delivery, like sewage water and electricity or etc. They are not communicating with the community. So, the community they acted by not paying their service. So that's why I think that causes, they find it difficult to improve.

	IV	**What do you think are the major reasons that causes non-payment of services by residents?**
	IE	I would say when they were looking for the votes, they were saying, they were telling people false promises. So, after that, they don't deliver. People are tired of being used.
	IV	**You promised us this, even during this you know that it will not happen then those people they stick to it so**
	IE	They are tired to pay the services.
	IV	**Any other thing, maybe that causes non-payment.**
	IE	Other things I don't know cos, I don't see any reason why I don't have to pay my citizens. But we are suffering because we as employees have much I mean; they deduct money from our payslips. But we still don't get the service. so, we are paying services for other people, but we still don't have you don't get the services,
	IV	**Which means poor service delivery also contributes. If they were not deducted from your Salary and you are not receiving the proper services. You wouldn't be paying.**
	IE	I will be, this deduction. Actually, it was By Me voluntary because I didn't want to see seen by people that I'm working that I don't have water, or my electricity was cut.
	IV	**Which means you don't support the very same employer who has employed you.**
	IE	It is a fear that people are going to say bad things about my municipality that she's working there but the electricity is

		being cut. So, we are the same. So, let's do it.
	IV	If they don't pay why should we pay? How can the municipality improve the payment of services by residents?
	IE	By Collecting depth, money enhancing the capacity by creating a Strategy to collect money maybe from the shops, like buildings there are too many buildings, shops around the town who are not paying the services. It's not the residents only. Even if they can improve by touching maybe even those shops or mall. They cut electricity and water Maybe we can get the money.
	IV	**If I may ask me the mall. Is it paid as their mall or checkers is paying, paying its own services?**
	IE	Every shop is paying their own services.
	IV	**Then is it possible to cut only for Edgar's**
	IE	No, it's not, I think they should call the maybe the owner of the mall.
	IV	**I think the owner has to pay and their responsibilities if the owner. If we cut, we cut the whole mall. Yeah, even if you pay them the tax, Daniel complain to the owner, and then the owner hold a meeting with other shops and say we cut because of this and this and this.**
	IE	Then we have to pay our services so that we can work without any stress.
	IV	**Any other thing, just like the commitment.**

	IE	That's like their commitment. They say its 30 days after their commitment maybe the suppliers have delivered after the 30 days of delivery, but they can pay the supply but here it takes years and months so I think we can improve on that. Then everything will be fine.
	IV	**No, thank you, ma'am.**

Participant 15

Audio Title: C Mun CFO-Copy

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
11:45	**IV**	**My first question will be what are the major supply chain management challenges faced by the municipality, especially infrastructure development projects?**
	IE	The main challenges that we are facing, specifically the infrastructure projects I think currently I can say it's we not having enough employees in the in the supply chain section. So, it means now we have to sit the three committees. We don't have enough people can actually sit

		on different committees from some reason supply chain. So, we end up having to have a person on the one person that was at the supply chain, she just sits on adjudication and only on the evaluation. She's the same person with lack of independence.
	IV	**What are the needs of supply chain management officials in the municipality? By needs maybe training needs or educational needs.**
	IE	I think if we can have a manager in that office, that's one, the office itself, that's what it needs. And then once we have that person warm body there, then we can start looking at what are the problems, which is be the training and maybe stuffing that department so that for the five what you call them, the supply chain officials in each district five officials so that each division deals with its own responsibilities independently.
	IV	**Then did you take any actions maybe to address those needs?**
	IE	Yeah, currently we have an advert to get a manager in that office internally. So, with the whole at once it closes, people with potential within each division can apply if not, then we take it outside.
	IV	**How well do you know the supply chain management policy of your municipality?**
	IE	It's a document that one is to work and live with, so it's like a bible, you know you must carry your bible everywhere you go.
	IV	**Do you believe it is effective?**

	IE	Currently its' not effective. Like I said, because of the warm bodies that we need in that department. The dependency of the supply chain officer that is currently there she cannot do everything alone.
	IV	**How do you perceive the legislative framework for supply chain management? Maybe according to you there are some of the legislation that we think they are not effective in supply chain, or they need to be revised.**
	IE	The legislation in supply chain the whole legislation, the whole framework there's nothing wrong with the framework
	IV	**Oh, is hundred percent fine.**
	IE	It's fine, it's just us a taking it from work and putting it into application.
	IV	**Does the municipality have a supply chain management position?**
	IE	Yeah, we do have a management position
	IV	**Is there a supply chain management unit?**
	IE	We don't have a unit at the moment like I said, we only have one person, so soon as we get a manager, they then will have a manager and then obviously, also recommend also to say these are the bodies that I need within this department so that this department can be effective.
	IV	**How do you ensure that there are no unauthorized, fruitless and irregular expenditures in supply chain**

		management?
	IE	We have developed a checklist on the payments section. Actually to see if at least one person, only one person exist that can also assist to see that we have all the documents that I needed there so there's a checklist that we've developed so that this payment is being loaded on the municipal system , at least those ticks are done.
	IV	**And then also maybe the service providers' supply, he is not paid, he or she is not paid when he has not done the job.**
	IE	And then also maybe the service providers' supply, he is not paid, he or she is not paid when he has not done the job.
	IV	**Is the participation of political office bearers affecting performance of supply chain management?**
	IE	No, politics they do their own political things, supply chain is within the administration
	IV	**Which means councillors are not involved in supply chain management. What do you think can be done to ensure effective and efficient Supply Chain Management performance?**
	IE	I think it's like we going back to the same thing over and over, but I believe if we can have a manager in that in that section, because at least it will also me as a acting, CFO give me relief, so that I can also focus on giving direction into the department. So, a manager will be there. That will assist us to decrease the unauthorized irregular expenditure that we are seeing in supply chain

		management.
	IV	**Is the municipality endorsing the participation of SMMEs in procurement?**
	IE	Yeah, we do have SMMEs that we do business with. So yeah.
	IV	**Then mostly in which field**
	IE	Currently we have one guy, normally its transport and also security that we ensure that the local SMMEs they also participate.
	IV	**What are the major service delivery challenges faced by the municipality? You cannot provide.**
	IE	Efficiently we can provide it efficiently so.
	IV	**What are the most important aspects that causes poor service delivery?**
	IE	At the moment as a municipality, we have a problem with the cash flow. Our debt collection is very low, it's hanging at about 39%. So, if we can you improve that then we will be able to do better service delivery.
	IV	**What actions of public officials and service providers are contributing towards poor service delivery?**
	IE	What actions? I don't know
	IV	**Which means you as public officials and some those who are waking, not the political, those who are**

		working and those who are providing the services to the municipality contributing towards poor service delivery.
	IE	Internally as public officials, I think in terms of general workers I can take it specifically to say in terms of our general workers we don't have enough feet for them to carry some of the responsibilities that they have to carry. And because of cash flow, you find that we have problems with being able to purchase a thing or two. And then service providers, they leave because of, they know about the financial situation, they will want you to pay up front before they can deliver whatever you buy. So that a service can be provided to the community.
	IV	**Which means sometimes they are not paid in time. That's why they say pay before time. How is the supply chain management affecting the provisioning of service delivery?**
	IE	Like I said, Because of one person in the supply chain division, sometimes you find that you sometimes people come directly to me to say CFO, we've submitted a requisition in supply chain and yet we have not received anything in the past seven days and the problem is getting bigger at the location.
	IV	**Then there is delays because of understaff. What measures are in place to handle the residents who do not pay their bills?**
	IE	Currently, we've just employed one company that is going to assist us with debt recovery because we didn't want to call it, what you call I just forgot the name. But they assist with debt recovery currently, so we've just started I think last week with them, so yeah.

	IV	**Do you think the installation of water and electricity meters will be advantageous?**
	IE	Definitely. I agree, and I think if we can have that, it will assist. If we could know which meters are bypassed in when they are bypassed and if we can measure which people are buying regularly, which ones are not buying regularly, it will at least eliminate bypasses.
	IV	**Can you describe the most important aspects of the indigent policies?**
	IE	Yoh, and you know, I did a study on indigent policies long ago. On indigent policies I think one of the critical things which is one of the reasons why we have such a low, people are registering for indigence in Child headed households. I think if we can maybe try and put something that can talk to that within the policy, I think that will assist us in improving a number of registrations on indigents. But if you look at the policy, everything is there I mean council has improved in terms of their moms qualification. It has they've improved it but now the one expected we need to look at like I'd say, it's kind of child headed households, which it's very difficult to put them on the indigent And so I think if we can put that into policy it will assist us.
	IV	**Thank you, sir, we have now reached the end of the interview.**

Participant 16

Audio Title: C Muni Pract-copy

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
11:59	**IV**	**As the supply chain practitioner in Tukulugo, just like to ask you some few questions concerning supply chain performance, what are the major supply chain management challenges faced by your municipality?**
	IE	The major for now would be segregation of duties, the lack of staff
	IV	**Do think acts and other policies are causing delays in the efficient and effective performance of supply chain management.**
	IE	No, I don't think so, because I think it is now a directional now and how we should see.
	IV	**Have you ever been trained in supply chain management?**
	IE	By the Municipality, nope.
	IV	**But you have an educational qualification in supply chain management in accounting?**
	IE	No, but in accounting.
	IV	**Then obviously, you are in finance. But do you think you need some training needs?**
	IE	Yeah, we do.
	IV	**In which field maybe?**

	IE	In the tendering process. I think the major one would be in the tendering process, the drafting of a solid procurement plan.
	IV	**Can you describe the contract management system?**
	IE	Contract management system, a contract management system you understand it, some sort of what we would do via our municipality. Contract management system. We do contracts and service level agreement only.
	IV	**Can you describe demand management?**
	IE	Demand management is to do with planning ahead. Planning for what we need what we have, procurement.
	IV	**Can you describe the acquisition management?**
	IE	Okay the acquisition and management would be looking for a quotation for whatever needs there are for whatever they needs have put for requisition.
	IV	**Can you describe the acquisition management?**
	IE	The acquisition, the acquisition management, didn't we answer that now?
	IV	**No, it was demand management.**
	IE	Or demand is that one of the procurement plans and the acquisition, the acquisition, the acquisition part is sourcing out of quotations and Issuing out tenders and stuff
	IV	**Describe the logistic management?**

	IE	Logistics management, logistics management would be a receiving what we have procured and then it has to do with the storage and delivering them to the department that the service of the goods are supposed to go to.
	IV	**Those who have demanded the service.**
	IE	Yes, those who have demanded the service.
	IV	**What do you think contribute towards ineffective and inefficient procurement?**
	IE	I think our most our say our most severe hindrance now would be people who come who come with someone would come now with someone would come with the requisition now for something they need, like that is urgently needed, it doesn't give us enough time to get the best possible service
	IV	**Which means we can say it's planning, poor planning.**
	IE	Yes, poor planning.
	IV	**Does the municipality engage you in supply chain performance management? Which means if the supplier has been given a contract, then during when they are executing their contract. They are being paid, checked up to so far, they are still operating and even at the end they know what they have supplied is of quality is of the standard that we are looking for.**
	IE	So, this is the part where I answer honestly, there is supposedly a performance management unit. But the to be

		honest they don't do that
	IV	**It is not done.**
	IE	It is not done.
	IV	**What actions are taken by the municipal to combat the abuse of SEM processes?**
	IE	That is that is the exact problem. The issue is that the very same people were supposed to be taking actions are the perpetrators they are involved.
	IV	**How does the SEM process affect the service delivery?**
	IE	If?
	IV	**If it is good. Obviously, it will affect it positively. If there is it is not, then it might affect it negatively. There are some maybe cases' we see, no things like this the affected negative.** **If it is good. Obviously, it will affect it positively. If there is it is not, then it might affect it negatively. There are some maybe cases' we see, no things like this the affected negative.**
	IE	I think currently because where services are essentially two parts, service delivery is involved. We have like, for example where there is things that we need to put your like procurement for the general workers use us a daily basis. We have service level agreements with, with stores, yes, things like petrol's, things like material and equipment that they need. So, we don't have to take long to procure to look for three quotations and stuff because already we have service level agreements in place with the local stores here. So, whatever we need, we get it, we get it quickly. So, it's

		the way service delivery is affected. I don't think it's as that much. That's really good.
	IV	**What can you suggest regarding the improvement of supply chain management process?**
	IE	I think there should be segregation of duties. The post should be filled so that the duties can be segregated well. Supply chain unit should be I think the best way for supply chain to work perfectly is for its for them to be made some sort of a separate unit because why the reason why I'm saying it is because now you having people from the mm's office procuring. People who come from other fine senior people in the finance department procuring themselves. People from the mayor's office procuring themselves which hinders the whole supply chain process. So if it wasn't if it was made independent and given some sort of the power that it's supposed to have to be able to come to combat those procurement that are made out of out of supply chain, it will work very effectively which means
	IV	**Which means, if it is a separate unit those people might be the ones who are working with supply chain?**
	IE	No sir, supply chain should be centralized. So, there shouldn't be other unit's procuring.
	IV	**What are the main areas in which municipality find it difficult to provide services?**
	IE	The main areas, service delivery related, I think it will be electricity because we do not have enough skilled people in electricity.
	IV	**What do you think are the major reasons that causes**

		non-payment of services by residents?
	IE	I think residents, especially in such rural areas are not well informed about the payment of services and stuff in the major problem again would be that when it's election time, people are told the services are free. They're going to get free services then then after that, when you when you go and tell people that now they need to pay services they'll tell you for but during elections was the counsellor to us that services are free. So, there's actually two messages communicated between the administration of the municipality in the political body of the municipality
	IV	**Because now politicians are looking for re-election. Yeah. And then they say no services, that we are not going to pay for services.**
	IE	Because we are trying to see, to recover to recover some debts. And that's what does the challenge that we face when you go to people and say but you owe 5000 can't pay 200 a month? No, why should I be because I was told not to pay?
	IV	**How can the municipality improve the payment of services by residents?**
	IE	I think they; I think they should be, and there should be some sort of a workshop for residents. So I don't know if the word workshop is the right word to use, but some sort of workshop to residents so that we explain to residents, the importance of paying services and show them and explain to them what effect of what the effect of them not paying, so services are
	IV	**Effect of non-payment.**

	IE	So, I think if they were to understand that well, so most of the most of the most would pay.

Participant 17 **Audio Title:** D Mun SCM Manager

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
31:32	**IV**	**Ma'am, I'm [00:04 Inaudible] from the university of Free State, a student PhD student who is researching about supply chain management. Huh, I'd like to ask you about some few questions, which will take about 13 to 45 minutes. The first one is how our political office bureaus and supervisors contribute towards poor performance of supply chain management?**

	IE	okay, okay. Uh, I put into my knowledge and this space where I'm working at, uh, we don't have problem with the office bureaus. In fact, the regulations states where that they are not supposed to interfere with any SCM processes. So, in our municipality, huh… those… such things do not happen. There is… there's never been a case whereby a politician has interfered with how we award our tenders, who gives us services and [01:08 Inaudible]. So, we don't have such a problem, they do not interfere with our processes.
	IV	**What are the mayor challenges failed by your municipality on demand, acquisition, control logistics and disposal management?**
	IE	On demand?
	IV	**On demand, acquisition, logistics and disposal. Challenges**
	IE	With regards to demand, since we know that demand is between the… in our situation is between the requesting department - the end user department - and the supply chain. It depends how, how they, they are understanding of the processes of supply chain. Are they filling the inquisitions in time? Uh, do they know the exactly the product they want? When do they want it? Because for instance, in, in our municipality to find that we have uhm… let's say for instance a certain program that requires food, attire, certain things that needs to be procured whereby we need long space of time to procure them. They will come at the last hour to procure such things and you will find that you don't have time to procure from… Uhm… a service provider that we feel that they are the ones that provide us with good quality, that gives us value for our money. Such things. So, the fact that the "requirement" departments do not understand our policy is a problem. They don't understand

		that we need time to procure, they need to follow processes. They think if they come now we can get, we can get maybe, uhm… let's say for instance, stationary, they can get stationary tomorrow, when it takes time. We need to procure, we need to acquire requisitions from different source… from different… Uhm… source quotations from different service providers. So, demand is always hampered by such an acquisition is not a problem as we know that we are the one who acquire services and goods from outside. So, it's something that we managed to control because it's between us and the service providers. As long as we get acquisitions on time, as long as we get… [04:13 Inaudible] from relevant service providers [04:19 Ianudible] always not a problem. Logistics… We don't do that as much with logistics. We don't even have stores. So, it's not relevant to our municipality. And uhm… you said?
	IV	**Disposal**
	IE	Uhm… for the district municipality disposal, we always do it in three different ways. It's either we donate to schools or we auction the, the, the, the assets or we sell them to the employees. So… but the one that we usually do is auction in the, the, the assets. So, that's how we do disposal, and we never encountered problems in that regards.
	IV	**Then on demand, if I can summarize. You're saying they come at [05:28 Inaudible]**
	IE	Yes
	IV	**They… [05:33 Inaudible] that we need, so… this urgent. that might sometimes lead to the situation where you procure from…**

	IE	From any other service providers.
	IV	**Ja…**
	IE	Regardless the prices or the quality of things that they need.
	IV	**Okay… What challenges that the municipality face when dealing with service providers?**
	IE	Uhm… The challenge… just that we usually encounter when dealing with our service providers is that sometimes they do not have enough funds. They bid for something, when they're supposed to come and deliver the services… the goods or the services. They don't have cash, they are struggling with their cash. And another thing is they deliver products that we did not agree upon. Uhm, poor quality products. And I think that issue is always uhm… emerging from the fact that they do not have enough money to buy quality products. Another thing is they also do not understand their processes of supply chain. We'll request documents, for instance, if you read, you have to make sure that your text, my tests I place you have to submit your [06:57 Inaudible] certificates. Which doesn't, uhm… matter if you didn't submit, but it always works to your… yes and some forms that are indicated in the advert, maybe, they do not submit. You'll find out this person, uhm…, is going to maybe provide us with exactly what we want, but the documents, the [07:22 inaudible] that we want, they are not there. So those are small things that we encounter, but [07:29 Inaudible].
	IV	**Then… If I may add. It is not possible maybe when you advertise a tender. Then there is a day that is specified that you can come on this day so that we can explain even if you explain it for a weekend.**
	IE	Exactly. That's what we do. They they, they can call us. There's an inquiry line whereby you call that particular

		person to find out exactly what is needed. There is an inquiry in supply chain. Whether you inquire about the… like to SCM documents. Yes. So…
	IV	**Is the existing legislation or policies impacting negatively on efficient and effective performance [08:15 Inaudible]? Let me just explain this. Maybe there is a legislation that you think maybe it is taking too long to procure or there are some in [08:29 Inaudible] that are caused by the legislation that you think this legislation could have been like this so that it can speed up the process.**
	IE	Sure. m. I think our regulation and legislation policies and all, uhm, I'm [08:49 Inaudible] with them, although it's a bit tricky to implement because they get updated every now and then and it's not easy for we can, we can be able to make all those changes but to, to make the our clients understand that the policy has changed that that now for instance, we have, um, and new requirements, although it's not that new whereby when, where you put your, eh, let's say you went to procure for t-shirts, there's a form that you need to fill up that form. You need to indicate whether this product that you are going to give us is a locally produced good or goods. If it's from China, you need to indicate by percentages this amount of this product is from outside. So, our, our service providers do not understand such. Always they'll come and ask… you'll make them fill the forms. At the last hour, you will find out that the forms are not completely filled, because they do not understand. It was even difficult for us to understand the requirements, but I think so far that is the only thing that we had a challenge with. The others are very clear. It's a matter of applying them [10:19 Inaudible]
	IV	**That is good. It is good according to me to promote local businesses.**
	IE	Yes… content, yes.

	IV	**Then what are the current needs of supply chain management officials in the municipality? Maybe things like training or studying, further study. Do they need those?**
	IE	I think a further study is a personal thing, but training is really required. Uhm, as the regulation indicates, we need to at least train twice, twice a year. So, I think training is key. As… every now and… even refresher courses for things that we even know that were there for a long time. We need to be updated. We need to be made aware of certain things that we overlook because we can work with something for a long time, but you miss certain things. So, I think training is key.
	IV	**It has to be revised**
	IE	It has to be revised, yes. And the update of new seculars, we get new seculars all the time that updates the policies and regulations. So, we need to get…
	IV	**Then for study or [11:47 Inaudible]. Interesting. Sometimes you… as the manager, might or have to always eh, motivated to study more based on things so then... When… It's a choice. You just give them the information. It is better if you study toward Supply chain qualification. Yeah, just and advise, but studying as you said, you rather take it or...**
	IE	That's true
	IV	**Yes… How that the municipality deal with supplier non-performing. The suppliers who didn't perform.**
	IE	Hum… Usually we look at the area where you left and we try and advise you and maybe try to educate you more on areas where we see that you are not performing well.
	IV	**Well, adding this to that one of demand, that is supply. Hum, with the BEE, it's local but it does not have funds.**
	IE	Yes
	IV	**How do we advise him or her or assist? Is it possible maybe to maybe to make a motivation to the bank that**

		you can borrow this person this amount of money and give us that, then before you pay him or her, we will transfer the required amount into the bank account
	IE	Huh… Thank you, I get you.
	IV	**Or alternatively say we can give you 25% of your [13:43 Inaudible] amount.**
	IE	You see… You cannot pay before you deliver. So… the… we issue an order so that order that we issued to you can be used to anyone who can borrow you money.
	IV	**Alright, thanks. How do you perceive the legislative framework for supply chain in terms of improvement? Does it need an improvement or it's hundred percent fine so far?**
	IE	[Laugh] I think it can ever be 100% fine as and when you… see as and when they see problems, they always update, it needs to be updated based on the problems that we encounter because today it will be fine tomorrow you will discover a loophole, then they can try to lock that with some regulation. So, it needs to be updated frequently
	IV	**but you don't have specific…**
	IE	Ideas or…
	IV	**ideas that we can improve on things or we can change things?**
	IE	No… no that I know of.
	IV	**Hum… The municipality appointed the here big committees, and what are the functions of each?**
	IE	Uh… because it is legislated. Big committees for tenders about 200,000 has to be established. And… [Phone ringing and talking to the phone]. Uh… because it is legislated. Big committees for tenders about 200,000 has to be established and it's up to 11 like emitting [inaudible] [inaudible] and the chief accounting officer is the one who appoints the bid committee members, specification committee, evaluation committee and adjudication

		committee, which is uhm… uhm form by different HODs, members of the adjudication committees are heads of different departments within the municipality; and they are functional at it as far as I know… Yes.
	IV	**And the… You said the first one?**
	IE	Is the specification committee whereby we sit and establish exactly what is needed by the end user department and we scrutinize the specifications if they are according to the articulation and we then establish the date of the advertisement and the day of the closing date, and we also establish whether we are going to sell the document or not. We also establish whether we need to do different parts of evaluation. We evaluate functionally and we evaluate by content. So that is where we establish all those things, all those factors. And then the evaluation committee, uh, is whereby we evaluate the product that was requested as per the specifications and as per the pre-qualification, um, pre-qualifying uh… items. For instance, if you say you want a car, a Sedan, it has to be this size of an engine… we have to see to it that whatever we, we evaluating is exactly what was requested. And then… it's then that the evaluation committee recommends to the adjudication committee and the adjudication committee also applies their discretion before they can approve or reject uhm the recommendation.
	IV	**Do you know of any payment to service providers who did not complete their projects?**
	IE	Nope
	IV	**No.**
	IV	**Is the municipality having supply chain SAP unit,**

		logistic, performance management and transport asset management?
	IE	No
	IV	**No. What can be done to ensure efficient and effective supply chain management process?**
	IE	Uhm… the only thing that can be done to ensure that our supply chain is effective and efficient is to apply uhm... is to appoint qualified practitioners, it needs to ensure that our practitioners are trained, and they also make sure that they get all the knowledge they need to work in that department. Because they are who implement that. So, if they don't know enough that cannot be good for the municipality.
	IV	**Is there a database register kept by their municipality?**
	IE	We do have our internal database, it is required by legislation. And we also use the internal supplier database, which is the National Treasury initiative; which is also required by legislation, but we attend to whenever we need service providers. So, we use two databases, the central database and the internal supplier database.
	IV	**Okay. How often do you revise that register?**
	IE	The database is revised quarterly. But the central one is there [19:48 Inaudible]
	IV	**Is the municipality applying the preference point 16 for procurement about 30 000?**
	IE	Yes. The municipality is applying the [19:59 Inaudible] system for all our tenders above 30000 and… yes.
	IV	**Then how do you apply it?**
	IE	Uhm, with that system you have to… that is where we start using our bid committees. We make sure that our tender went through all those committees and during our advertisement we make sure that we give out eh, correct

		specifications because our evaluation is based on our specifications. We make sure that we applied our triple BEE, which ensures that our previously disadvantaged communities are covered, we make sure that, uhm, uh, we attract the relevant, uhm… the relevant service providers when we submit our adverts for publications. So, that is applied throughout, because triple PFA requires that you ensure that those who are previously disadvantaged are given opportunities. Yes.
	IV	**Then, in the district municipality, the framing questions they are about two. That was the last one. The last one is number three but these are mainly based in local municipality. As you are the district I am just interested on your overall…**
	IE	Knowledge?
	IV	**Yes. What are the [21:57 Inaudible] services delivery challenges faced by the municipality?**
	IE	Uhm, the maintenance of our roles. Uhm, then maintenance of our packs and recreational, eh, like those are the main ones because I mean they reflect easily, you see them all the time. Whenever you go, you see their portholes the packs are horrible. So those are the main ones.
	IV	**[22:31 Inaudible] refuse removal**
	IE	Yes.
	IV	**Then… don't you think maybe these people are over staffed? Or they can use shift? especially for refuse removal.**
	IE	For refuse removal, I think people are underpaid and they're demotivated. And if you, if, if, if you have observed for the past two years, usually refuse are collected late at night because I understand people want to work overtime, they then get more money if they work late at night, which is not good for us
	IV	**At the municipality?**

	IE	Yes.
	IV	**That's why I was maybe thinking of shifts there. [23:26 Inaudible] if there are two shifts, let's say from six to two, from two to 10?**
	IE	But then if there are shifts, those who are working late at night are going to get more money.
	IV	**Yeah, but I think it might reduce the over time.**
	IE	The over time. That is also true.
	IV	**And they might… maybe this week is this group, two to ten, next week is another group and so on.**
	IE	Hmm hmm! Also, their cars are not serviced, I understand. We usually ask people, why are you not picking up garbage? Why are you not doing this? They'll tell you the car has been taken in for service since last month. So, we cannot come and pick up things without the car. So, such things… such small things that are internal. That needs to be addressed internally.
	IV	**And then I might say maybe if we agree that that is the cause of the demand that was placed late. And then, because cars cannot go to service… all of them at the same time. Maybe others were due about three months or six months ago. But, because the demand section did not inform the supply chain management that [23:55 Inaudible] time.**
	IE	Yes. That is true.
	IV	**How is poor performance of SCM contributing towards service delivery? [25:04 Inaudible]**
	IE	Uhm…Poor performance of the SCM… SCM I think is the heart of the institution. That is where everything is happening, whatever we need for service delivery has to go through supply chain. If they are not performing, service delivery won't happen. It's either we get poor products or services or we'll get nothing. So…
	IV	**Which means you can say… Huh… poor performance**

		of say supply chain management obviously will affect service delivery as it is the heart. And towards that you have said about demand, even those demands… the late demand is going to affect the supply chain management process, which is going to affect service delivery.
	IE	Yes.
	IV	**Do you know of any measure the municipality is implementing in order to enforce payment of services?**
	IE	I know there was that um, if you make arrangement or you pay off your debt, they will give you a discount. That encouraged people to pay for their services, I don't know whether it was 50 but I know there was that campaign. So, I don't know of anything else.
	IV	**[26:41 Inaudible] (Laughs) I'm just maybe asking you for this. Maybe [26:41 Inaudible]. Usually in locations it is difficult to switch off… Cut of electricity, cut of water supply. It's either they are going to revolt against you or… electricity for example is own by ESKOM, it is supply by ESKOM. Then, maybe for people in town who are always paying, to have something like a thank you. [27: 24 inaudible]. Just analyse the accountant, and see that this person is truly speaking, he is paying… you saw their accounts. Then, well you'll get… we have free basic, free rates three H is yes. For example, our rate is 1,000 rand somewhere… Then we can say, for three months you are going to… zero rate or rate… yeah. Just to motivate people**
	IE	To motivate people exactly, the ones that are paying.
	IV	**even if even also those two are not paid to go today and explain to them the necessity of paying. Well… you won't pay, you are staying maybe in the location. [28:23 Inaudible] The municipality is going to say clear off**

		your account [28:26 Inaudible]
	IE	Yes, that's true.
	IV	**Alright! Thank you, ma'am. Thank you for helping**
	IE	You are so welcome. Good luck with your research
	IV	**Thanks for helping me.**
	IE	Okay, thank you!

Participant 18

Audio Title: DUM MM

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
29:35	**IV**	**Good Morning and welcome to this interview session. I will start with the first question what are the mayor supply chain management challenges faced by the municipality especially infrastructure development challenges?**
	IE	Good morning my name is Palesa... I am municipal manager of Lejweleputswa municipality. As a participant, I will start by saying in Lejweleputswa district manager municipality we don't do infrastructure related projects as such we do not have major challenges around supply chain management projects but if one could talk to this issue in and around from experience you could say major challenges surrounding supply chain management in the area of infrastructure would be: number one the bidding process. One talking to when was the advert done, when will the committee sit to allow the project to start on time that on its own as the first start could be an impediment or a challenge for infrastructure development project because once your processes are late that maybe a resultant of infrastructure development be late as well and not being

		able to be fulfilled at the time that was allocated or even budget allocated.
	IV	**What are the current needs of supply chain management officials in the municipality?**
	IE	From treasury there has been a customised program which they call Municipal Finance management course, which all of the supply chain officials including the management of the municipality are compelled to attend because one of the issues addressed in the course is supply chain management. Those will be the needs and the requirements for officials in the management is that of having that course plus a basic accounting and financial related management courses and accounting degrees that they need to have for our requirements. Officials should at least possess in that area thank you.
	IV	**Does your municipality have supply management policies?**
	IE	Yes, we do have supply management policies. It is reviewed annually depending on the circulars that treasury will be dispatching in and around to improve issues around supply chain procession, so we do have a supply chain policy.
	IV	**How do you perceive the legislation framework management?**
	IE	The legislative framework objective is to make sure that processes are followed and adhered to are transparent and accountable, so I perceive that to be a framework that seeks to help municipalities on how to do their procurement processes. If you are not following any policy framework it would mean anyone would do as they wish and that may result in many unwanted or undesirable final steps that you

		may not want to have. If you are not following any policy framework it would mean anyone would do as they wish and that may result in many unwanted or undesirable final steps that you may not want to have.
	IV	**Which means sometimes it delays the process of SCM?**
	IE	For me it may depend on the response of people hence I said when you start your processes late your results will be delayed on the incumbent it`s not in the framework. If you start early or if you know what is supposed to be done and you do it early yes you may be done on time it`s a long process but if you start early the process can always be smooth and be on time.
	IV	**How knowledgeable are supply chain officials with regards to what's applicable to the legislation?**
	IE	Today we may say we ignore officials that are knowledgeable and that guide the area of procurement in my municipality per se so that everybody in the supply chain has attended the required courses and has the basic level of education that informs the work that is detailed. I may say my old officials in Leputswa municipality are very knowledgeable and they are even able to apply the controls on how to do their day to day work so to guard against doing the opposite of what is required.
	IV	**Is there a supply chain management limit?**
	IE	Our municipality does have supply management unit and reason for that is to segregate functions around procurement which legislated because the reason why you should have a unit is that you must have someone who attracts the bidding, someone who assesses that, someone who appoints and in some level there should be controls to be followed and before everybody is being certainly or awarded work to do so we do have supply chain unit for that reason.
	IV	**What is your procurement status regarding**

		procurement triple BEE?
	IE	We give priority as per what is in law, we know we have had disadvantaged people in the past and we make sure even if there are bidders we should be having higher grades we make sure we do have an element we need. And we do not overlook the triple B is addressed as stated in the procurement policy because we stipulate on what needs to happen. Normally before we award any bidder, we make sure that we reveal the certificate of the Bill.
	I**V**	**What practical actions have been implemented in your municipality that compile SCM legislation?**
	IE	Practical actions that we have been implementing in our municipality is quality like I said before we do have controls sheets, we do have standard operating procedures which will be clubbed with the list of controls. Each person in the area of finance not only in supply chain unit they would have those SOP's and the control list that will you if you you are to procure a procurement of 30,000 these are the requirements, and this is what you look into to appoint a person. A person must be on the data base must possess a text certificate and must be like there are number of things. But the basic thing you cannot award a person without a tax certificate, the person needs to pay tax. Those are compliant issues that we also look -into, so those actions are helping us a lot to a degree as the district. Most of the time we have our processes run smooth and we may not be told that we have done irregular expenditures because we due for such processes.
	IV	**What have you done to improve sufficiency of supply management?**
	IE	From where I am seated you need to have very committed officials; you need to have people who know what they want something what informs their work and how their work

		should be done. Which include work should be done diligently because little work missed can bring about disaster in the whole process. Now the recommendations that one would make is to make sure that your people are very diligent, effective and knowledgeable of their work and make sure that they become committed to the work even they would be asked to work extra hours let there be such and the leadership would be doing as such because you cannot expect your people to be committed to their work and you as the leader you are not committed make sure that you are the tools that will make your officials to be very effective, allow them to have computers, allow them to have 3g's and allow them to research and all those little things they end up putting a very effective team at the end.
	IV	**What aspects of supply chain management hinders service delivery?**
	IE	Maybe it maybe lack of commitment, maybe lack of diligent in your work or lack of knowledge in your area of work and you know if you are not service delivery orientated you always take things for granted so those aspects are interrelated to the work you are doing. Now if you put service deliver as your priority now in your vision and mission even in your service-related activities of the day you put service delivery interests. You will make sure that there is nothing that hinders your service delivery. The aspects that you need to look at is the value of the opposite that I just spoke off.
	IV	**Is the municipality applying the ... preference for procurement above 30000?**
	IE	According to me yes there is a point system there is a formula that they follow when a procurement is above thirty thousand. I know that for thirty thousand you can just request quotations, for above you must go for

		advertisement for seven days including to call and above that you need to go for tender processes for all that there are processes learnt that need to be followed accordingly and when you do that you will be able to know and appoint the best bidder thereof in line what is supposed to looked into. The lowest bidder is the one that was least competent or did not have certificates that I spoke about, yes, we do consider such when doing payment above thirty thousand.
	IV	**What is the most important aspect that cause poor service delivery?**
	IE	The most important aspect to cause poor service delivery, it may have been appointing poor service providers who are not legible to do the work appointing them so it maybe that. Whatever you appoint the person who is going to do the work so you need to be aware that the people who have a good rapport in terms of their work that they have done in the past, if they meet the target that has been set for them, they operate in the budget that is budgeted for. They procure the services as per specification you don't get material that is not quoted for ...including not informing your community on what services are coming. So, to allow them not to reject the project because that can cause poor service delivery when you look at all aspects of delivery
	IV	**What actions of municipal officials are contributing towards service delivery?**
	IE	from municipal officials it could be the point of ignorance where you could not look-into what you had look- into like we have said. If your control list have been clearly identified, then you just neglected one. When you monitor the project you monitor in accordance to what has been specified to specifications of the bidding process making sure that every step the service provider is doing especially when you do the parks service supply you need to know your technical director needs to be there to make sure all

		the requirements are met. If you come at the end you get a shock of your life you need to be part of the process from the beginning and you are able to account and able to protect the interest of the people from the service that needs to be rendered.
	IV	**In your opinion how does the current implementation supply chain affect the service delivery in your municipality?**
	IE	In my municipality like I said all the supply chain project have not brought any setbacks in my opinion we had a great impact to a degree. Even though they are small we still have fence that we put around Wind burg cemeteries it is still standing very firmly. This is because we were very much monitoring the program, we monitor the program making sure that everything is rendered according to specifications. In my opinion service delivery has been positive in the district. So far, all the areas that we have tried to help we have renovated the halls are still there and material used was as per prescription and specification like I said we did fencing everything is still there and nicely paved.
	IV	**Well this is the last one I know that there are no payments for services to the district buy maybe on your experience on what measures the municipality can apply to force payment of the service by the committee.**
	IE	The municipality in the first place should put systems in place and what systems do you put in place, firstly you would know that for you to provide services like water and electricity there are cost to the municipality and the very costs as you render the services to your community. You need to make sure there is quality like water for instance in that regard to make sure that the water is pure and people are happy so for the goal to be able to pay for the service

yes according to prescriptions of the law certain communities wold be given six kilo's per month then you will know from there you can apply prepaid meters so that when free offer is done and dusted people can pay for the water they over use that's how the municipality can make and enforce people to pay. By enforcing you are encouraging them to pay in all respect. All of these service we are rendering costs the municipality so for sustainability of the municipality there are some fund that need to be generated or revenue that needs to be generated from communities yes our communities are not you cannot rate them in the same bends. Those in lower bands have been allocated a certain amount and those who can pay. One it is to apply meter prepaid reading and bill communities according to and not over billing them because that is a discouragement for people who want to pay when they think you over billing them so you need to apply both of these corrective measures on both sides. From you side you need to make sure your processes are very clean and can be accounted for so that you can have a community that can say we know we used this much then we can pay. There is a need to have feed back to the communities and tell people why do they have to pay and the importance for them to pay and also what does the revenue paid do to sustain municipalities so those feedback processes even sharing of information to communities I think for me those are the measures the municipality must undertake from time to time. When communicate with the community you close the barrier of non-communication and non-communication has resulted in bad results in other municipalities where community does not understand what the municipality is doing and you see lots of riots, see a lot of infrastructure being damaged so for small things make sure you keep in touch you inform your community and you encourage them to pay those are the measures

	IV	Then out of interest statement usually in towns they usually block your electricity meter or cut of your electricity supply. Is it not possible maybe to talk to Eskom that we have this problem is it possible for you to let me say we give you a list of meters that says these people must not buy electricity because they are not paying or alternatively say to Eskom can you sell us electricity and then so that the municipality can be able to control or force payment.
	IE	I think from the experience of what municipalities have undergone in communities you will find communities that have bridged electricity meters and that on its own it can't pass revenue either by Eskom or municipality now like we have started by saying information sharing and making one another understand that when you do this is a negative and why when you do this is also not adding so for me I think it starts there because either Eskom or municipality will be rendering electricity or whichever one does that, If communities themselves have a commitment not to play along that's where the problem begins. In some municipalities you will find that still get into connections and that on its own now you have a community that not unify and do away with illegal practises because if you unify in illegal processes we will be asked and be at a level where we owe more we are unable to give the very little energy that is there then that on its own creates a burden for Eskom and municipality. So for me cutting of electricity may not be a solution but can be solution to people who do not pay electricity and will know If I don't pay electricity then it will be cut, but you do not just cut and say come and pay until you pay I will re connect there has to be like the awareness campaigns, people know that electricity is not just cut because is unable to pay. Yes, it is cut for money but because of 123 now I am saying by reducing unnecessary incidents like that of illegal connections at

		household level will be at the business level. Your street committee should be able to play a role to help municipality or Eskom itself. Education would play a bigger role now that cutting, people will know is not being cut because of money but maybe it is because we as a community there is something we are doing and if the municipality or Eskom they have done they had to because the costs will tell you, if put this in then the costs will be there will show something happened and will need further investigation. For me communities and municipalities should make forums that talks to these issues that are pertinent to communities. Electricity and water forums cannot be taken for granted because they can take communities a very long way in terms of being a responsible community because you can still have a community that do not understand why they should not waste water. That on its own tells you the level of understanding for the future. For the exposure that I have seen. I think municipalities and the structure that are there is to try and mitigate province and municipality should be enhanced and more talks, information and more feed-back is a type of what need so that is in par in the level of understanding and that can take us far and it can even eliminate the burden of municipality that we have to undertake in regards to your community that does not know where you want to go simply because they do not share the same vision even the knowledge itself is limited so where I am seated in relation to your some of those recommendations will need to be prospected.
	IV	**Inter: Thank you mam, I think now we have reached end of discussion**

Participant 19

Audio Title: A Mun MM1

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	
25:36	**IV**	**Thank you Mr. (######) municipal manager in matjelonia. As I have introduced, I just have some few questions and see how we can proceed. What are the major supply chain management challenges of the municipality especially infrastructure development projects?**
	IE	Thank you sir, our major challenges with regards to infrastructure and supply chain management, its failure to adhere to timelines because basically what happens, we in a l situation, you expected to have your what you call it procurement plan adopted by a council before the beginning of the financial year. That procurement plan must speak to all the procurements that we are going to embark on during the financial year. That will be starting from the first of Jul. the financial plans of the municipality start from the first of July, up until the 30th of June. See, so most of the most municipalities including ours have a tendency of starting projects quite late. As a result, you see yourself failing to meet the infrastructure demands timeously. You would know that to a number of programs, there are timelines attached. I will just cite one of the examples that relates to the municipality infrastructure grant, this is the grant that is intended or the let me say this is a conditional grant that is intended mainly to assist the municipality as far as infrastructure development is concerned. But in terms of appropriating the funds that are allocated to the municipality, we have the tendency of starting the project quite late. because remember you need about a month to advertise in certain instances you may have to start advertising advertisement of the consultant then after when you work that project is then that we can go to the appointment of the advertisement for that when they receive itself also is quite time consuming. So, this for me becomes one of the major challenges in as far as infrastructure is concerned in relation to supply chain. Like i think i think yeah, let me add to that one because basically, you will also

		you also have your other conditional grant because remember, the unfortunate part is that as the municipalities we have grant dependent more than anything. As much as our revenue is quite low, because we are talking about 25% and therefore, this makes life very difficult and from time to time on certain issues, like I said one example again, you have challenges with regards to water supply, which is one of the key and Forney challenges in Macedonia, because most of their plans, they are not operating on maximum state. So, if you do not have money, it becomes very difficult for you to say you will acquire services, which is a challenge. Now, what does this mean? This means from time to time, we have to deviate from your normal scm processes Just to acquire the services. Acceptable as it is but it can be it can't a norm; it becomes wrong if it becomes a norm.
	IV	**that are not available definitely and even the process of passing through the council Which means sometimes the delays caused by the funds that are not**
	IE	Yes, but that speaks mainly to lack of planning by the municipality to be honest. At times we need to just to tell the truth like it is. Yes,
	IV	**What are the current needs of Supply Chain Management officials in the municipality, Maybe in terms of training?**
	IE	Okay. Currently, we unfortunately operating do without a head supply chain; we only have two employees that we have as seconded in that particular unit. So the first one will be we need to a fill a post office supply chain. I know in the past it was we it was at a lower level, but I have I've recommended that it be elevated to a higher level of a manager because of two things, responsibility and accountability. So that is a first need we have identified, but equally so we are also

		looking at the challenge of the tools for supply chain manager. For example, the municipal manager does not have the telephone. Therefore, this inhibits the performance of supply chain officials to a large extent. They don't have laptops, because they only utilize the desktop, which is a challenge as well. Because if they are out of office, they can't perform their functions that we expected to perform. So those are the three major challenges in the supply chain that we have
	IV	**Are there any practical actions that the municipal have undertaken in order to see to it that those need especially maybe the laptop…**
	IE	Yes, let me talk for the first one, in the order I have raised as the challenges. There first one, we have requested Cogta to second and official who will in as a head of supply chain. But equally so because the project, I see it dragging for quite some time. We have instructed the Corporate Services to issue an advertisement so that we fill that post as a matter of urgency. You see that could be a two-pronged approach that we are adopting. But equally so we also have a fortunately appointed a firm of IT that will assist us. So, we will be we have already placed an order for them to get tools of trade. We will also be getting laptops obviously. But we also are looking at resuscitating our telephone system as an institution because you can't manage the institution without the telephone system.
	IV	**Does the municipality have a supply chain management policy?**
	IE	Yes policy we have fortunately the police was adopted by council in June.
	IV	**How do you perceive the legislative framework for supply chain management?** **Is there some way where you think that, the legislate the**

		framework is inhibiting or impeding on the achievement of SCM, just like what you said, you have to advertise you have to do this you have to do that. Does that drag the SCM implementation or is it making it faster?
	IE	I think I think for where I'm seated, frankly speaking, though I will sound controversial. Let me declare, in advance, one, I think we there's lots of red tape, for example, in terms of the time frames are located, because look, it ordinarily, you live to advertise for a bigger tender for quite some time you talking about 21 days. But the need out today in certain instances, you will find that the need does not have to wait for that particular time. You see. So, for me that that is quite some time because remember, in terms of supply chain processes, you still have to subject your advertisement to a number of beat committees. That's where you put in your beat specification committee, your evaluation committee and ultimately adjudications committee. Let's be practical in this instance, (matsolonyana) does not have directors, we only have one director. Now it becomes a tedious process for the adjudication committee to meet and adjudicate on a particular project. Now, it means we need to go out and source the directors of another municipality. So, these are the some of the things for me, they are quite time consuming to a large extent are unnecessarily. Because I think, if we say let the process happen within their legal framework but that will be sensitive and responsive enough to the need out there. Because if we say for example, there's funds allocated for a particular project. Let's not subject to a length time. See, I'll set an example one of the examples, we are having a project of a pipeline that we are starting now in (10:55 unclear) but the project when I got here the project already started. But the processes one that is taking a long time within the municipality is the EIA the Environmental Impact Assessment. That for takes long time so very unnecessary. So, I wish there could be sub measures of saying let the time spend be shortened of some of the supply chain processes.

	IV	**how knowledgeable are supply chain management officials with regard to the legislation of supply chain**
	IE	In as far as Matsolonyana is concerned I still feel like we need to build capacity. I wouldn't say they have at that place we call there. They still need to go there. Hence, I also alluded to the issue of the need for the manager who will take charge. Remember I have delved into two issues; Accountability and Responsibility in as far as supply chain is concerned.
	IV	**Have they attended any training?**
	IE	We are fortunately; we are still taking them to various trainings assisted Of course by provincial treasurer
	IV	**Is there a supply chain management unit in the municipality?**
	IE	There is currently like I said we it's managed by three officials, Two managers who are acting obviously, and then Intel. So, we do have that unit. But the only challenge is that it's not a fully equipped with human resource. That's the main challenges.
	IV	**What is the procurement policies state in regard BBBEE?**
	IE	The policy encourages a currently; number one, that you know, charity begins at home. So it encourages that we look at empowering the locals. That would be number one. And it also in our case we also looking at 30% set aside for your smaller (12:11 unclear) locals. But remember Locals though it's a challenge, Locals, we are not necessarily talking about people within the boundaries of Matselonyana. I know that the meaning has not been well classified. But for me local consist people who are we feel the boundaries of the district, obliviously you will start in a municipality and you will also go to the district, as well as the province. That is a local for me.
	IV	**What practical actions have been taken in your municipality to comply with SCM legislation?**
	IE	Quite a number. Because we have…lately I've introduced some reforms in as far as supply chain is concerned in terms of acquisition. In the past, what would happen is that, we will just receive a request from a department or a section then the MM will

		just sign off. But what I have done, I've introduced a new approach, we first need to receive the quotations and get the rationale behind the choice of a particular quote. Because what would happen if we leave it open ended, that is where the system get abused particularly by municipal officials. So, in order to curb that I said no, no. For me to sign off every requisition there must be attachment. Remember the law says we are supposed to get free quotations. So where we are supposed to get free quotations, I ensure that we get free quotations. Secondly, we have fortunately succeeded, or we are succeeding. We have also decreased the number of are we is it We have also decreased the number of deviations. Because what also tends to lead the system to be abused its if you allow unabilitedly, the deviations, so only the MM approves the deviations in matselonyana and there has to be a strong reason why we need to deviate
	IV	**What do you think can be done to improve efficiency and effectiveness of supply chain management?**
	IE	The number one is to ensure that we have people who are well versed with supply chain regulations that will be number one. Number two is accountability. Number three consequence management you see number four if we have regularly body because remember in terms of supply chain management all the procurements must be reported every month. But if you adhere strictly to the laws, I don't think there will be challenges that we are seated with at supply chain management.
	IV	**What aspects of supply chain management hinders service delivery?**
	IE	like I said, the timelines associated with procurement of certain issue…remember, like I said in the first instance you need to advertise if it's a less than 200 you go for seven days if it's more you go for 14 ultimately. So the timelines associated with that to me, they play a major role in hindering some of the supply chain. I know that the law does allow in terms section 36 to say, you can deviate and

		report to council. But that in itself has…normal times we deviate and take things to council but councilors also have a tendency of not wanting to approve the deviation because of things obviously known by themselves. So frustrates the officials to a large extent.
	IV	**Then is the municipality applying a preference point system for procurement above 30,000?**
	IE	Yes, we are, we definitely are
	IV	**If yes, how is it applied?**
	IE	Remember we are talking 80 to 20 percent that is how we apply; in certain instances obliviously we apply 90 to 10.
	IV	**What are the most important aspects that cause poor service delivery?**
	IE	Number one is poor planning. Remember, I said you had time to prepare your documents. Number two is lack of adherence to the timeframes. See, number three I think also its how we manage supply chain particularly in terms costing because you see certain services that I overpriced. The price you see its way outside the market framework. And this is the tendency that supply chain if not well managed if not well controlled tends to become a victim. In certain instances, items that are supposed to be costing 100 bucks will be procured for 150. That tells you that there is a lack of internal control SCM there.
	IV	**What actions of municipal officials are contributing towards poor service deliver?**
	IE	Noncompliance to legislation. Failure to adhere to the timeframes and basically love for money contributes to greater extent
	IV	**What measures does the municipality apply to force payment of services by the community?**
	IE	We have what you call credit control by law and policy. So what we are trying to do, we are trying to enforce. One of the (18:27 unclear) that we apply when people fail to pay, we switch the electricity off. That is a measure of saying you must respond to come and pay for your municipal services. So what we've also began to introduce but fortunately we had to stop

		because we have issues. We have appointed the services of debt collector, somebody that we used to collect the debt on our behalf. But there were issues so we had to terminate the contract. But I am of the view that if we get it right, we are definitely going to have someone with integrity to perform that function.
	IV	**The switching of the electricity meters and I don't know maybe sometimes water meters**
	IE	Water, we have not started with water. Unfortunately, with water it's only then that we are going to start to install water smart meters across the entire matselonya. That will help us to ensure that (19:36 unclear). But remember water is seen as the basic human right and we cannot temper with water that much. Maybe, with water what we can do is, to copy the best practices from other municipalities. It's just a matter of reducing pressure. If you know how many people get water at a particular pressure as a measure of credit control you will just reduce, so that when they are used to receiving water a maximum they receive water at a minimum
	IV	**Out of curiosity that will affect those who are paying, don't you think so?**
	IE	What we do it's a matter of isolate and control. Because once we have meters then we will be able to isolate. If yours you are in default then obliviously you become a target as an individual. So, that is the system we are looking at, because a blanket approach, we can't be dealing with tampering with people who are paying because you are inviting in trouble basically.
	IV	**That's why I am so interested in that because most of the problems according to me they are also from the payment of services. Municipalities need money to run the municipality and there is this culture of non-payment which is invested in our communities. I just want to know, do you also switch of electricity at the locations for residents?**
	IE	The situation in Matselonya is like that, all the four towns that (21:36 unclear) they are the areas of supply of matselonya municipality. But the township attached there to now I am talking (Makebeketla; Madjolo and Tsepo) those are the areas of supply of Eskom

		unfortunately. So, we are not in a position to effect the switching on and off in the townships. But with water yes we will be able to once we done with the installation of the water meters, but for now we are only able to control electricity within our areas of supply which are the town areas as i said
	IV	**What do you think, just a general question and a last one, what do you think can be done to improve service delivery?**
	IE	It got to start at the level of payment. Because whether we like it or not development depends on money. So, that is where we need to ensure that each and every person who is not indigent is responsible enough to take care of the municipal accounts. But equally so, the municipality must then be able to ensure that people account to the services that they get. Because immediately you have money that money, you must ensure that money is utilized towards the services. For me, that's the long and short of effective and efficient service delivery.
	IV	**Thank you ntate**
	IV	You welcome

Participant 20

Audio Title: A Mun SCM Manager

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	
23:48	**IV**	**Okay, well, thank you first as the municipal manager, a supply chain manager. I would and like to ask you some few questions. How political office barriers and supervisors contribute towards poor performance of supply chain management?**
	IE	The legislation doesn't actually allow politicians to be involved in supply chain management processes in Section 114 that despise customers or any politicians from being part of the on the supply chain management processes. But with that said because they play oversight role and they also like give instructions let me say to, to the engineers for fixing of pipes fixing of sewer lines and things like that. Because they just gives instructions, they hamper the supply chain processes because two things we don't plan them. So you know, when things are unplanned, they will normally lead to challenges. But politicians are not actually like involved in the supply chain management processes.
	IV	**They are not supposed to be there? But they are**
	IE	Like let the example I just made it right now, let me say in his ward there is burst pipe. You know, obviously you'll be the one to give instruction to be fixed and obviously for that to be fixed there has to be supply chain processes followed.
	IV	**Then what about supervisors like Municipal manager, CFO do they have any interference that is contributing towards poor performance of supply chain management.**

	IE	I can say that when it comes to approval because they are the ones who give approval or give recommendations for approval so you they hamper the process. Sometimes submissions get delayed in the offices.so t that's I will say they hamper the smooth running of the process**.**
	IV	**What are the major challenges faced by the municipality on demand acquisition control logistics and disposal management?**
	IE	Okay, on demand management to be exact the problem is with the planning, there is very little planning or poor planning within the municipality. So, that actually hampers the process. You know, because then obviously if there's poor planning on demand management, obviously that's gonna lead to poor decisions and accusations. And then in, in our, in our municipality, with regard to logistics, our stores, municipal stores, they're currently not functioning. So that also leads to a problem because we don't, we don't have any stock on hand. So every time there's a there's a crisis, we have to go out and buy instead of just going to the stores. And then on when it comes to disposal management, disposal management in our municipality is not part of our municipality it has be taken out of supply chain and has been placed in the asset management section. So we don’t deal with disposal in supply chain.
	IV	**Interviewer: what challenges does the municipality face when dealing with service providers?**
	IE	The first thing is poor workmanship. And it could be it could be for because of a number of reasons, like that our officials in the municipality are not monitoring, so that is the major, major challenges that we face with poor

		workmanship. But I blame the officials because they shouldn't be accepting those poor projects or things but people still signed for the payment certificate to say that the services provided has done what he was supposed to do. But you find that the work is substandard. The other thing that we face with our service providers also is the over pricing. Over pricing, that is one of the biggest challenges that you will face.
	IV	**Okay, thank you. Is the existing legislation, policies impacting negatively on efficient and effective performance of SCM?**
	IE	The policies and legislation actually make the job easy for us. It's just that the implementers are the ones that are actually affecting or affecting negatively to the performance of the supply chain management but the policies and legislations are very well drafted.
	IV	**What current needs of supply chain management officials in the municipality, which means that the people who are working with you. Do they have needs in order to increase their performance?**
	IE	I think the biggest need is training and equipping them with the right skills to be to be in that position. Because you'll find most of the people that we worked with in the supply chain management were formerly in a leanership and were just placed into supply chain because the municipality didn't know where to place them. So, there is a serious need for retraining or maybe advertising get the people with right qualifications
	IV	**Is there a practical action that has been taken to address those needs? The training needs?**

	IE	Yes, there is that thing that came from the Treasury, minimum competency levels, where certain financial and supply chain officials had to obtain those minimum competency levels. So the training…was it's actually not a training it was course that was done by Wits business school. And most of our officials did attend it to obtain those minimum competency levels. But because the space is forever changing, it's not constant. So, there is need for retraining you know, maybe every second year people should go and attend courses and things like that.
	IV	**How does the municipality deal with supplier nonperformance?**
	IE	Ideally what the municipality should do obviously, in the contract, they should be a nonperformance clause or something, where certain penalties are imposed on the supplier for nonperformance.
	IV	**But if there is nonperformance are they applied?**
	IE	No, no, they're not applied. I was talking in an ideal world, but they're not. We are not applying them that's why you get poor workmanship, like I stated earlier, because if they were being applied, then it means the suppliers, we supposed to, obviously inform the National Treasury as well about the supplies not performing so that they can be blacklisted by the National Treasury.
	IV	**How do you perceive the legislative framework for supply chain management?**
	IE	From my point of view, I think it's a well-crafted legislation. You know, because like with the objective of supply chain in in the public space, it was meant to be fair, equitable,

		transparent value for money. You know, and I think the way the legislation is crafted, it shows that we're trying to reach that level where everything was transparent, everything was free.
	IV	**Has the municipality appointed three bit committees?**
	IE	Yeah. This is this specification committee, evaluation committee as well as the adjudication committee. However, the composition of the communities in our municipalities is not as per the regulations, because the regulations clearly state and the policy clearly state we should be in those communities you know, the composition of the committee's but I think maybe from our municipality, maybe it may be due to lack of qualified stuff. That could be one of the reasons, but the composition is not as per the supply chain legislations.
	IV	**Do you know of any payment or service providers who did not complete their projects?**
	IE	It happens. The other reason for this happening is because of the poor payment record or credit record of the municipality, where you find some service providers who would actually demand money upfront because they claim that we work at the municipality and it take us takes forever to pay us so they will request that they be paid up front before they do their job and also with our previously disadvantage suppliers when you find out you'll get a job but you don't have the capital to start a job and an arrangement will be made for them to get paid up front
	IV	**Is the municipality having the Supply Chain Management sub unit such as demand, acquisition management, logistic performance management and**

		transport asset management?
	IE	Yes, yes we do.
	IV	**Can you just describe maybe the composition?**
	IE	Normally on the demand section it would be the individual directorates, because they're the ones who actually know what they need. In the finance section, that's where the acquisition department is paid. That's what I always tell people the supply chain is not only the department, where they buy. Supply chain is actually the process the whole chain from demand up until the services are provided or someone signs up for the project to see the project is completed, it can be handed over to the to the things. So, the demand is actually the job of the Directorates, so that they draw the procurement plans to say, during this financial year, this is what we're going to need, when are we going to need it so that the acquisition department can get that and start planning on how they are going to acquire the goods and services so that they can to get to the department on the correct time, correct quantities and the correct quality as well. Like I said on the logistics part… actually there is a sub unit but it's not functioning at this moment and then on performance management, performance management also then goes back to the different directorates as they will be the ones who actually monitoring the implementation of projects or who are actually receiving the goods. So they are the ones that are doing the performance, the requesting department. On transport and asset management, that section has been taken out of supply chain, and it's placed in the asset management section.

	IV	**What can be done to ensure efficient and effective supply chain management process?**
	IE	I think it's easy just to follow the policy, the regulation, the legislation, as well as our own internal control systems. You know, it's that easy, but I find that people find that very difficult, but it's actually very easy that the law is there on how we supposed to do things. So we just need to, to follow it. And that's how we get audit queries because we are not doing things as per what the legislation is saying.
	IV	**Is there a database register (15:43 unclear) in the municipality?**
	IE	We have our own database. But I think since 2015 2014, the National Treasury also have that CSD that is the central supplier Database. So, the central supply… everybody has to be registered on the central supply database at national treasury. So, that is the database that we're using. But for our own controls and things we still require that people or suppliers also need to register on our database. But usually revising, every financial year there's an advertisement that goes out to say people must come register, bringing the BEE certificate. Those are yearly things. They expire after every year so it means after every year they have to renew and have to bring them to us. So that's how we keep updating. The updating of the register
	IV	**Is the municipality applying the preference point system for procurement above 3000?**
	IE	No, the regulation says you only apply preference procurement. I think it's on values above 30,000. Yeah for 30 000 we do because the threshold is above 30 000

	IV	**How is it applied?**
	IE	It's with the BEE certificate. There will be a level that DTI gives people BEE holder. And every level, there are certain points that is awarded to. It takes those preference points. But the biggest thing is will be the price because from 30,000 up to one million I think, it's 80-20. So meaning 80% is for price and the 20 is for the preference or the BEEE.
	IV	**What are the major service delivery challenges faced by municipality**
	IE	I think our major service delivery challenges here is refuse removal, old infrastructure, water and sewer infrastructure because the pipes are bursting every day you know and also the electrical infrastructure as well is also struggling. So, wherever you refuse to removal, water, sewage and electricity
	IV	**How is poor performance of SCM Supply Chain Management contributing towards service delivery?**
	IE	Like I said when a department request let me say a service and supply chain is not effective in it. Obviously the department will request the service because there is a need for that service. So, let me say there's a burst pipe and the water Section requires a claim to come in six that problem, if supply chain cannot source that claim in time, right quality and everything, obviously, service delivery will be hampered. The engineering department won't be able to go fix that that pipe and in the community will suffer maybe lack of water. So, because the acquisition department is the one that is responsible for sourcing, getting goods that the engineers

		use to replace them. So if that, that that section is not performing hundred percent or effectively, obviously it will lead to services not delivered.
	IV	**Do you know of any measures the municipalities implement to enforce payment of services**
	IE	Yeah there are closures, there is cutoff, they block your prepaid so you can buy prepaid if you owing the municipality. Those are some of the credit control measures
	IV	**But how do they apply those blocking the prepaid meters for people in the location?**
	IE	Okay. Yeah that's a challenge because in town that's where the municipality gets money from. So, in the locations they don't enforce anything because people buy from Eskom. And when the municipality the go and cuts water in the location the people gets chased away. So, in the locations there is no enforcement that's been done.
	IV	**So we can say in the municipality that is the loss of the municipality**
	IE	I think the only effective way the municipality can enforce payment is by cutting off services but if the municipality does not cut the services then there is no other way. You will advertise, you will write in the newspapers or to lesedi and encourage people to pay. But that's not enough for me. The only effective way to get people pay is by cutting off the services. So if people the services are not cut, then there's no way we can enforce them to come pay.
	IV	**Is there no way that maybe the municipality might chip in Eskom and you know, we can give you a numbers**

		this number must be blocked so they can pay us?
	IE	Maybe that could work as part of cooperative governance. But I think also Eskom is also running a business. So
	IV	**They are running a business but who is giving them business? Is the municipalities. Why can't the municipality say Eskom you sell that electricity to us just like in town. You sell that electricity to us and we will sell it to the people?**
	IE	Yeah, maybe we maybe that, that that's something that needs to be explored
	IV	**Yeah, that was just for of interests say, I wanted to know more about it. Is there anything that you can say maybe based on supply chain or service delivery because you have answered all the questions I had**.
	IE	No, no, there is not.
	IV	Thank you, sir.
	IE	Thank you.

Participant 21

Audio Title: B Mun Pract

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
18:16	**IV**	**I just want to ask you some few questions they are about 13 to 15, about Supply Chain Management. What are the mayor's supply chain management challenges faced by the municipality?**
	IE	The challenges faced by our supply chain management are the

		planning, especially when it comes to the department side, there is a lack of planning. And then normally we also don't have timeframes like when the submission is made we don't have a timeframe like the submission should be made for a period maybe three days and in that three days, it must arrive in supply chain to (ntate Kofifi) and then that must maybe take a day or two to give the submission to the practitioners, the buyers. And then the buyers must also have a timeframe, maybe take Three to five days. So some quotations, and then maybe for the signatures of the CFO we also don't have a timeframe where we say maybe five days, it should be rotating for signatures. So normally the signatures take a very long time. You find that because I'm an order capturer, an order submission was made maybe in March last year, and then I only receive it, maybe in February the following year. So I guess those are the challenges. And maybe the challenge is due to … supply chain can seem to be something new in this municipality. The departments don't understand the policies and the procedures of supply chain. That's another big challenge that we face. They don't understand the policies, the department, they don't know the policies. And they also don't know the procedures, even some of us some of the staff in the supply chain there to some other policies that you're not familiar with. So we find Sometimes ourselves, making mistakes on other situations,
	IV	**When you are talking about departments just to clarify, we're talking about the department that is requiring?**
	IE	Yes, the requiring department. That is in need of whatever they need maybe electricity, there must be hammers light that needs to be fixed some way. The submissions takes a very long little
	IV	**Even the signatures?**

	IE	Sometimes you find yourself…because they say now It's an emergency they have been waiting for an order for a very long time…you find yourself procuring an order on the submission, shorting signatures, and now when you're doing that you are not following the SCM procedures.
	IV	**Then do you think there are act and other policies that are causing delays in the efficient and effective performance of supply chain Management**
	IE	I would say yes there are. But as I say municipalities sometimes, we don't allow those policies normal as I say. The policies are there (3:14 unclear) a submission...an order must be captured when all the signatures are fully there. But due to some of the emergencies, we have to break some policies. We find ourselves now procuring an order with a shortage of signatures because now we are trying to trip that one as it is an emergency, maybe there's a sewer pipe that is bursting in the community and we need to do service delivery
	IV	**Which means we can say the act that specify that the municipal manager must sign, the financial officer must sign, its taking a long process, because sometimes it is overload**
	IE	Sometimes the failure is because of not delegating powers because sometimes I believe that if the municipal manager is not there, the power should be delegated. Somebody must fill in the gap and to act for that specific emergency.
	IV	**Have you ever been trained in the field of supply chain management?**
	IE	I haven't received a full training in this field of SCM
	IV	**And you have training needs?**

	IE	I have training needs. We need training a lot. I think the whole staff of supply chain the current stuff or supply chain. Except for our manager, we need this training skill for supply chain management.
	IV	**Can you describe the contract management system?**
	IE	I will say like it's when like there's a contractor that has been appointed like a three-year contract, whereby this supplier will be dealing with our specific needs. Normally such contracts we normally have done in the electrical departments, the infrastructure department, that's where we normally have that contract management whereby a supplier is appointed for three years. Has a contract with the municipality for three years to supply us with what we need from that supplier and they must stick to that contract.
	IV	**What is demand management?**
	IE	To me I will say it's the departmental side whereby they do their own training of maybe for the scope of that year. What they need in their departmental area, their needs, and how they're planning their budget for that period of year.
	IV	**Can you describe the acquisition management?**
	IE	The acquisition side i would say this is where we come in as supply chain in the municipality. That's way we prepare whereby, the department site brings us the document which is the submission. We are the ones who request the quotations for that submission. And like we determine which supplier is going to be chosen. The lowest supplier, the lowest bidder is to be chosen to be given that particular work that is requested by the department.
	IV	**The logistic management can you describe it.**

	IE	The logistic side for me maybe will be….it involves transportation when needed for us. Maybe if there's something that we need and then it also request transportation maybe we requested something from a supplier that is outside our municipality maybe from Gauteng, from other municipalities and maybe whatever that we requested they have charged us on transport for that for them to bring it on our side.
	IV	**What do you think contribute towards inefficient and ineffective procurement?**
	IE	I would say it's the lack of planning. How? Maybe the department plan and never live up to standards of their plans. And also maybe the lack of knowledge as like I said earlier that some of the departments they're not really familiar with the policies and the procedures of supply chain.
	IV	**What actions are taken by municipality to combat abuse of SCM process? Well, abuse of SCM process maybe from the supplier side, or from officials?**
	IE	I would say none because sometimes bring suggestions that Okay, 123 is not done accordingly. 123 post procedures are not followed. But at the end of the day whether you make a report or anything there's never any feedback on how to fix those. I don't know maybe the people are too busy they don't have time, I don't know.
	IV	**You make suggestions?** .
	IE	You do make suggestions but there is no feedback that we aware and we will fix this
	IV	**How is SCM process effect in service delivery?**
	IE	I'd say this thing like submissions taking too long to be signed it affects a lot on service delivery, because now we are speaking of emergencies like sewer. Sometimes department on their own, they

		don't make follow-ups on their submissions. But now, the community there is a burst pipe that has been running for months just because the department is waiting for official order, damages have been made.
	IV	**What can you suggest regarding improvement of Supply Chain Management?**
	IE	Supply chain and some departments I believe like in different departments, as supply chain I feel like it's broad. Other departments' people who are requesting also need a training to understand the processes of the supply chain so that when they also busy making submissions they don't take their time. Understand what is needed from their side to follow the procedures of supply chain because some people like when you talk of procedures of the supply chain, they're like no, and we can keep that you can ignore it. I mean, I have been meeting see 123 should be done. There's a lack of knowledge of supply chain management is how It works and the procedures that should be followed to do the correct thing as requested by the national treasurer.
	IV	**And also, I don't know what I will be correct based on what you said that you don't have the timeframes. the introduction of the timeframes that if we receive an order from a certain department, then the department the requisition, we must take three days, four days, three days, municipality manager given three days to sign…**
	IE	And if they are not there to sign there should delegate the power so that somebody can sign up so that the work can be done or submission can be submitted.
	IV	**What are the main areas in which municipality find it difficult to provide services?**
	IE	Because I work with the fleet side of the municipality, I would say the

		fleet management. We have lot of trucks of the municipality to that are outstanding. At the end of the day the municipality find itself now outsourcing, looking for other trucks to go and take rubbish. So now they have to hire, instead of using their own trucks because their own trucks and sitting there waiting for parts that needs to be ordered so that their trucks so that they can be fixed. So, for me that department is suffering a lot. Even one for the community services, but it also relates with the fleet because the truck that delays to go and fetch the (11:40 unclear) around the area in time.
	IV	**What do you think are the mayor reasons that cause nonpayment of services by residents?**
	IE	Maybe they're not happy of the service delivery, that's for the people that living in towns. But I'd say for the people living township, there is this thing that we call…
	IV	**The culture of non-payment**
	IE	By the indigence. I think that thing I will call it a stigma indigent and it was interpreted in a wrong way. If you're indigent, maybe you're not supposed to pay your services and everything. So people tend to be relaxed. That No, there's no need for me to pay for my services. But I guess if people can be given a clear explanation of being an indigent doesn't mean you don't have to pop up a cent, but there's maybe a little amount that we can also pay. That will also contribute a lot.
	IV	**Which means they have to be educated about service payment?**
	IE	The importance of paying service deliveries, because if they don't pay their services, how are we as the municipality going to be able to pay the service providers that we want to be able to go and fix whatever that needs to be fixed in our communities?

	IV	**That's right. I've said they have to be educated. Well, I interviewed one (13:04 unclear) who said you have a cell phone, service providers MTN; you are paying for that airtime. But you don't want to pay for services rendered by the municipality.**
	IE	Maybe it's the concept (13:16 unclear) when people need both from us, they give us that concept that everything's for free. And you know, most black people once you say for free, it will forever be for free.
	IV	**And then also the councilors must, when they meet their wards, you must always tell the people that importance of paying.**
	IE	As you say they have they call they call them community… Street Committee. Maybe if street committees were in use of collecting some from the indigents, if they were told to collect some contribution each and every month. Maybe even if it's a contribution of R100 from an indigent and that one should be controlled by the street communities. Then I think the municipality would have maybe a good budget so that it can assist with its (14:06 unclear)
	IV	**How can the municipality improve the payment of services by residents? I think that when the last one is already covered. is there any, maybe they can improve?**
	IE	Maybe also, like maybe in the in the towns, maybe there could be something like a flat rate income in towns, because I believe if you stay in town… maybe let's say there is flat rate of R500 per household. And then like, as I say, maybe in the townships because there are lots of indigent from the townships. And communities should come in and assist with the collection of R100 per household.
	IV	**But by flat rate, don't you do think it will reduce the revenue of the municipality, especially in towns? Because my rate in Bebelia it's about 1200. And in Nodiaville maybe they are about 980. That is the minimum that you have to pay except consumption of electricity consumption of food. Yeah, but I think**

		in town, they just have to enforce non-payment that the people must pay. And then by switching off the electricity
	IE	But you know what I did, there was once a… I live in a community ward eight that's in virginia. It's more like grace park, such areas. We were just making calculations they like to say we have about think 6000 residents and then we say if per household could maybe give in like 200. I mean the figures gave me close to 1.2 million. I'm just not sure how many people they said we have. If you check like you go to Flamingo let's say per household is it Is forced, let's say we have about 100,000 household and per household is forced to pay 500. It could contribute a lot and even in towns not everyone's paying. There are people are sitting on bills. Okay, they are reluctant to pay. They rather come in make arrangements; now rather pay two hundred a month so I don't see it as a bad idea of paying flat rates. But doesn't mean when paying flat rates your account would be...your account still needs to be paid. But at least per month you should at least be paying something rather than skipping other months and not paying anything.
	IV	**I understand your issue. Even in towns like (17:19 unclear) they can be lower than, especially those ones that are not paying. The suburbs they have to be given a lower flat rate**
	IE	But sometimes you must understand when I move in town then I must…there are expenses you need to sometimes face reality and not try always say I can't afford. If you can't afford what are you doing? Why are you moving in town? There are townships, RDP houses that are given by the government, so if you say you cannot afford then what are you doing in town?
	IV	**We have to pay. I thought people are paying because I'm paying mine. If it was possible, I could give you my five (18:02 unclear) they are all Up to date, some even municipality owe me.** **No thank you, mam. Let's pause**

Participant 22

Audio Title: D Mun Prac

Speaker key: IV: Speaker 1, IE: Speaker 2

Duration	Speaker	Text
35:00	**IV**	**Thank you, Sir. Errrr… I'm a PhD student at the university of the Free State, studying supply chain management. I'm just going to ask you some few questions based on the operations of supply chain management. What are the major supply chain management challenges faced by your municipality?**
	IE	Ummm, there are various challenges. Um, some are internal, some external. In internal it's more of the planning because with supply chain you need to do things timeously. The pillars of supply chain will tell you or rather inform that things need to be done timeously, all the time. So in most cases where things are not being properly planned, that's where you will find challenges because now you, you're, you're rushing against time rather than focusing more on the delivery at the end of the day because supply chain is there to, to, to, to, to deliver service and products. Now if you're given [01:33 inaudible] time to do that, at the end of the day you are, you are able to deliver what is expected. Now if, if, if you are rushing against time then that's where some of the things you might look over. Instead of going deeper and make sure that each and every step it's, it's, it's, it's done properly.
	IE	But major challenges, um, I would say they are external, because supply chain is where you engage with external service providers and some of them they'll take chances. Um

		thinking supply chain, it's a way of making money rather than one of the key lack for service delivery. So you, you, you would need to guard against, all the external forces to make sure that everything that you receive from your, your, your, your suppliers, it's compliant because some people can, can, can even go to an extent of uh, submitting things that they don't know. That do not belong to them. Like [02:41inaudible] send a proposal where you find when you go deeper to check the background of this person does not talk to the documents that this person has submitted. So those are major challenges the way you need to always when you receive things and start to process, you need always pay attention to details to make sure you avoid either part of fraud. People are frauding the system through submitting documents that they don't know, that do not belong to them. Element of corruptions you need to check because external forces can collide themselves and come to the system. So, you need to always have processes to eliminate the challenges that are coming outside.
	IV	**No thank you. Which means we can say on the delayed part, it might be the demand. Those people who are demanding the product they come late and then you have to rush.**
	IE1	Hence, I'm saying the planning part because the demand will tell you that things needs to be of quality, quantity at the right time. You get my point. So if, if, if, if, if really we are not fair in terms of planning or rather we plan but then, uh, communication, sometimes it's what lacking, because remember the municipality plans for five years and then the budget will come and plan for three years moving forward. Now all those plans when they go down to annually now, you know, okay for this year we'll be doing one, two, three, for this year we'll be doing… for next year we'll be doing... So when it comes to the current year, everyone knows what to do, but sometimes it's a matter of communicating in time to

		say, but we want this next month we want this. So if, if, if, if we lose touch there, that's where sometimes the delay comes in.
	IV	Do you think acts SCM acts and other policies are causing delays in the efficient, in effective performance of supply chain?
	IE	No, No
	IV	**Have you ever been trained?**
	IE	Yes
	IV	**In which field?**
	IE	Municipal finance management programme
	IV	**Do you have any training needs except those?**
	IE	Um even the policy itself it says ehh… supply chain practitioners or officials at least once a year you need to have either refresher course or any other courses that will will will empower you as an official more because working with acts, policies,you regulations they tend to have few amendments now and again hence you review policy annual to see if are they still working for us are we having challenges to say but this section is not working for us can we perhaps remember when you you do policy you are projecting you're having an end product that version but then coming to implementation you achieve one two three but four

		and five you struggle then you go back to review the policy to say but this one perhaps we should have coined it this way hence we review so policies they do they do assist us we we we we we we cannot say uhm we we we need not be…we do not have to beat trade so we need training annually or time and again just to say this part have changed and moving forward this is how we need to implement
	IV	**Can you describe the contract management system?**
	IE	Contract management system it's a process of contract creations uhm…implementation, analysis uhhh in a way of delivering goods and services now contact itself it will it will outline the the the end product now with the end product in all contract you always have your [10:16 inaudible] down structured to say this needs to be achieved at the first level, second phase and all that so the process will will will analyse the creation, implementation and always it will always stress the issue of reduction of uber costing to say in terms of financials of each and every contract you need to see to it that you minimize the cost
	IV	**What is demand management?**
	IE	Demand management goes with [07:53 inaudible] space it goes with your IDP going town to your SDVIP , the IDP will have major plans and then at the level of implementation it will be SDVIP now when you do demand management demand management it says what is it that we need in terms of goods and services, at what time, what quality, what quantity so that's that's where you do your demand to say are we getting fair prices, are we getting the right quality, ehh at the right time so demand it say here are the plans now go out on the market check the products and services according to your plans askies, to say here are the plans now these are the products to say this is what we need to achieve our objectives
	IV	**Can you describe the acquisition management?**

	IE	Acquisition it's a process of acquiring all the services and goods that you plan for. Now acquiring them in our level it says all the processes in terms of SCM needs to be complied with all the steps. In other words procuring services and goods from a service provider one needs to have your company registrations the person needs to be the company needs to be tax compliant with SARS the company needs to have your BEE levels the prices need to [09:45 inaudible] market to say we are given fair products so in all acquiring ehh all those products through acquisitions processes you need to make sure that all the products meet the criteria that are being set out
	IV	**Can you describe logistics management?**
	IE	Logistics management its its its more of, you've acquired all this in most cases it talks of products more than your services. Now that you've acquired these services you time and again check your stock make sure that you deliver to the right person the relevant person who's responsible for the stock needs to sign and assure that they received the stock on time, they received the right quantity, the right quality and and and certify that before you even pay these people need to authorise that we indeed received the stock. Now time and again you'll be checking your stock level ehhh they will need your barcoding so I terms of the logistics keeping your stock you you you make sure that your internal ehhh clients who are the end users are always having stock and you monitor the the levels
	IV	**Why do you think contribute towards in-efficient and in-effective procurement?**
	IE	Like a policy as outlined to say practitioners as much as you might have the right, uh, qualification, knowledge and maybe experience, but because things change, eh, time and again things will change. Now if there are new trends on the market that you are not away or familiarize yourself with, in most cases when it comes to specifically that level, you

		might be ineffective because the market is changing every hour. Now if the market is changing every hour you are behind, therefore it means you might, you might, you might not necessarily be effective in meeting the speed of what is there out in the market. So, having trainings time and again will ensure that effective and efficiency if we don't, if we don't not get that training to make sure we keep up with the new trends that will lead to any ineffective and inefficiency, poor planning communication. Those are some of the elements that might lead to ehhh poor ehhh to ineffectiveness and efficiency.
	IV	**Maybe on the very same question personally or personal traits, are there personal traits that you think might affect supply chain management? Let me say I'm working in this unit maybe my laziness ehh my commitment I don't abide by the legislation I'm somewhere somehow corrupt, do you think those are some or can be some the things that are contributing?**
	IE	They can contribute. But remember with supply chain you have uh, your demand acquisition, logistics, disposal and performance management. Therefore, you mean errors maybe there. But then the effects that you alluded cannot, we cannot shy away from them because if you don't, if we don't acknowledge that they do exist, it means we can not deal with it. Because in terms of risk, when you are identifying and dealing with the risk of supply chain some, most of the effects that you alluded, we tackle them to say these are the risks because human element will always be there. Laziness will always be there, but then each and everyone who is within this office he knows the last part of supply chain it talks about performance. Now with performance That's that's what you are having to see in terms of eh, what I've I've I've assigned to do each and every month we report, each and every week we report, each and every quarter we report yes they might be there

		but then . So yes they might be there but then you're, you're, you're, you'll be able to pick them up to say if we talk of laziness, you did not submit your report. You did not submit your monthly report, or you did not deliver. Because when, when, when, when, when, when, when we are talking about planning we have a certain time to say when requests raise your table you are have this time to make sure you are done you get my point. So with those reports and internal controls you're able to monitor to say, but then you have say two weeks in terms of this project you have two, you had two weeks or you were supposed within two weeks done but then now you're not done is it an element of laziness, sabotage or whatever. But then with that line of performance management, that's where you, you tackle such issues.
	IV	**…or do you did submit your report, but you didn't attend to this and this**
	IV	**what their actions are taken by municipality to combat the abuse of supply chain management process?**
	IE	Eh, he controls because if you are, you are, you are, you are, you are. You're having internal controls to say when procuring this laptop, you must have a certain specification and that certain specification needs to come from the person with the know how. Therefore me being your practitioner, am I am I am I am I, am I having enough knowledge about IT stuff? If the answer is no, then we need to have somebody who's capable, who we can say up to signing to say, this is the specification that you come to follow. Then you know, or okay, now the specification, he's been authorized by the relavant person, now I'm going to follow eh, this specification from the specification. What needs to be done? So they key controls are there to make your eh, your checklist to say, okay, specification. Did they get the right specification? Yes, I got from the relevant person. If there's something wrong about the specification, it will go back to the sender. Because

		according to how things are structured internally this is the right person to give us a specification now there isn't this specification from this person who's relevant. Yes, IT, did I send a request for quote to more than. If we are, say for any procurement, you need to have at least three quotation did I send to more than three people to at least receive three quotation, yes, I did, are these people on my database. Yes, they are. When quotation gets in what do you check What do you check or did you say these are the correct, eh, quotations that they've coated the right products. Now if it's the similar top that you know, um, I did not, I don't have the knowhow. You go back to the very same person who authorized the specification to say, here are my quotation Can you in terms of your specification, go in and, and review these quotes and tell me that all of them, they meet the specifications. If they do then now I'm moving to the next step. Are these people compliant in terms of your database? Yes, they are. Are the prices fair in terms of the market? Yes they are. So those checklists are there to say let's combat all this abuse because people might give you codes with inferior product, unfair, eh, eh, pricing. So you need to have those internal control to say when it comes, this are the things that I check one by one to say. By that time I say I'm done with, with, with, with, with this procurement and I'm putting you to the next person to say, I'm seeing on my side, I've checked all the relevant eh, inquiries and regulation that this procurement complies. Yes.
	IV	**Control… Okay how is the SCM process affecting service delivery?**
	IE	I would say positive, the intention because um, how supply chain is, is ehh structured is to at the end of the day, deliver the goods and services? Yeah. Now when, when, when,

		when, when, when, when, when, when, when policies and acts, are implemented correctly timeously according to the plan, according to the budget, then the end result would be achieved. And if our end result is service deliver, then we will get service delivery because we are following every step of the policy in terms of us achieving the service delivery. So I will say it affects it positively, **IV but if negatively implemented it will affect it negatively**
	IE	because it won't achieve what is intended to achieve.
	IV	**What can you suggest regarding the improvement of supply chain management process? You know the process maybe you can suggest that it may be modified here or where ever any suggestion?**
	IE	Hence we review our policy annually, That's why we quote back to say yes for the past 12 months we've been implementing these policies and maybe we had a new project that we've never dealt with before or the very same project that we implement annually we have experience of there was an element that we've we, we, we, we, we had a challenge with. Therefore, when we sit down to say now it's time for us to review this policy. Then you go up check one by one to say, is this section still relevant? If it's not, how do we move forward to ensure that we coin it in a way that will, it will allow us to go back and implement it practicality and achieve what needs to be achieved.
	IV	**I understand that, but when you are doing it at the end of the year or the beginning of the year, that was presently, maybe what you can advise me if I'm working with SCM somewhere and say, no, this is how you can improve your process**
	IE	Issues like key controls, I think that they are not the in the policy. You develop them or they were developed after challenges to say, why did we miss a submission of let's say

		for instance, tax clearance by suppliers with this one, Why did we miss the declaration of interest with this one? Why did we miss, uh, municipal accounts with this one why did we miss the BEE? So BEE there's a policy for it stands alone. There's supply chain policy. This eh, tax complaints policy. You get my…. so coming together. You will now go inside to say there is no way in the policy where it says develop controls, but for you, because it's, it's, it's human sometimes to forget to say, okay, now I'm processing this and then you skipped that important document. But when you have this internal control that develop, you know, because you have sat down to say, when you do procurement, what is it that is needed? Here are the things that we needed and then are we satisfied? To say, if we do this, all of them, can we really be sure to say this procurement is complainant? Then you can, you can, you can always advise to say, [23:26 inaudible], yeah.
	IV	**let me see if I understand your well. We must always control. If we control, then we will abide by the legislation.**
	IE	because control is, you have checked everything.
	IV	**What are the main areas in which municipality find it difficult to provide services?**
	IE	Come again?
	IV	**what are the main areas in which municipalities find it difficult to provide services?**
	IE	Um, on this one, On this one I'll give you an observation, and I won't say it's necessarily a difficulties, but it, it's a, it's a way of providing a service today and tomorrow you need to go back and provide the very same. Um, um, um, um, service. In what way? In a way, have you put any infrastructure say for community today? Tomorrow it's vandalized. You need to go back to the very same area. Probably the, so the, the

		difficulties about that is that you, you, you, you, you, you, you, you are not moving forward because you, you, you put a traffic light in [24:53 inaudible] to reduce the amount of accidents and all that. And then tomorrow the traffic light is not there because it's been vandalized. They stole the cables and all that. So, it's, it's more difficult because when you, when you plan your, when you project and when your plan, you say, okay, here's a situation we are losing people that are important now let's have a measure to save lives. And then you budget for that. After that, you know, you've saved life. Now we need to move forward to say they were the same people. They need a sewer system. Now we focusing on the sewer system. Why do tend to focus on the school system? You go to the traffic light because people are continuing to adapt. So those are dynamics that makes it difficult to to say we are delivered because you deliver today tomorrow it's not there. So those are loose challenges, even the zama zamas are affecting the processes, they are affecting the processes because if you say today we giving you this pen tomorrow we are giving you this paper to moderate, giving your bag to more than you, you, you can sit down and say as a citizen and to say, but no man. For the past five years I've managed to receive clean water to receive electricity, ive managed to receive road if we keep on vandalizing the very same infrastructure, it takes us back and if somebody is coming to observe will come and say, but this municipality or supply chain is not working because they are not delivering in terms of their mandate. So those difficulties.
	IV	**What do you think are the major reasons, that causes non-payment of services by residents?**
	IE	Um, I think we, we, we, we are not honest as, as, as, as, as citizens in, in most cases because who is government? Because government, it's me and you who go to cross in the

		ballot to see we need government of today. So, after we did that, government is there, we expect the very same government to provide for us. If we have an understanding to say, if I pay for my electricity then we'll keep the lights on. Let's give for an example with our personnel gadgets, your cell phone. What happens when you don't have airtime? You don't make calls, and then you go and get your data get your airtime. But then let's talk about these services that are being provided by government, our government us now you expect to get them for free now who's paying for them? So, if we can be honest with ourselves as citizens to say individually, I'm going with the little that I have. Some they don't. They don't. They don't have afford. That's true. And you find your, your things like your indigenous [27:56 inaudible], people come. But when you go deep down to the [28:00 in audible]. But some way somehow he finds a way of going to their counsellor and enlist the name, or use gogo at the house to say gogo lives there. But Ntate Sefako is there. He sees sees sees, can be able to pay services and all that. So, I think we need as citizen to really understand what government is and be honest with ourselves to say for services to be delivered, I'm the first person to deliver the service. How? By making sure that whatever that use I pay for it. It's just like your personal gadgets. They are being provided by private service provider not government, but you cannot go to one of the, uh, network a mobile provider and say, but I demand free airtime. You can't. So, I think that one, it, it's that we as a citizen to say I'm a responsible citizen, I'm going to contribute to the very same in government to make sure that we keep the lights on. We keep water running.
	IV	**Well I understand on the case of the consumers, how can we educate them? You have talked that they're very, very honest and informative but those people. They are those people who don't know what you are saying how**

		can we educate them?
	IE	I think, um, we, we, we, we, we, we, we, we, we have different structures. But yes, it is the responsibility of leaders to say people, our people needs to be educated and understand because you might find somebody, things thinks I'm entitled and that person think I'm entitled because he does not have the knowhow. So, we, we, we cannot, we cannot divorce government from people because government is people. So, we need to go back and if I can be honest to say these things are being done to encourage, to educate to say guys let's pay your TV license. You always get the adverts to say, we need to pay our TV license. To say how many of us are paying TV licenses you get my point. So, it's about bridging that gap going to their people. If we are able to to as as as as as as as different leaders of maybe political parties, go out to campaign for vote and people go out and vote. Now can we can, can, can, can, can as after taking over, go back and say these areas, most of the people they don't pay. Is it because they don't understand? Is it because they don't afford, Because Hence I'm saying this process is being being implemented of educating people hence there was an issue of indigenous strategies? It came after to say, but why people are not paying, let's and educate these people. You educate them and then that's when there are raised issues of. But we cannot afford because we are living with [31:39 inaudible] and she's only getting SASSA grant so we don't afford then it was, okay then what can, can, can, can we do? Let's have certain thresholds to say people earning so much we can provide free electricity or free water. You get my point. So, I say education is there, but we, we, we, we just need to stress more and make sure they really understand it because we cannot say people are not educated about such areas**.**

	IV	**then we are from the consumer side. Yeah. From the municipality side. Don't do think there are some of the things that is discourages residents to pay**
	IE	they they they they they they might be there and we, we, we, we, you, you, you, you cannot, you know, truth you will never run away from it because if residents, they are saying, what am I paying for I'm diving in portholes. Um, the sewage system is always blocked, lights they are on, they're off we were having load shedding yesterday so it can be a question of a consumer, to say, what am I paying for because now Eskom Is keeping the lights on and off. So those are the realities that we cannot really run away from them.
	IV	**How can the municipality improve the payment of services by resident?**
	IE	Does municipality together with the residents Understand the importance of paying? if we do together. Understand. Yeah. If the two parties understand to say resident needs to pay as he didn't know that they must pay, but what are we paying for together, we pay to keep the lights on. Now it means when I give you this money, I'm saying 24 hours. When I switch on, that light needs to go on. So that understanding needs to be there to say we are both responsible and accountable. I'm accountable to pay you're accountable to keep the lights on. So that's, that's, that's, that's, that's the main and thing that needs to come to [34:23 inaudible]. So when we decide to say pay, they know what they are paying for, you fill in your tank you know it will take you to Bloemfontein and come back [34:34 in audible] Which means in short these parties need to do what they're supposed to do. The residence must pay, the municipality 34:48 inaudible] simple as that, we are at the end of the interview. Thank you for your contribution towards me completing this study. Thank you. No problem. Thank you.

Participant 23

Audio Title: D Mun Prac 2

Speaker key: IV: Interviewer, IE: Interviewee

Duration	Speaker	Text
20:01	**IV**	**Then Papa what are the major supply chain management challenges faced by the Municipality**
	IE	There main challenge, people don't help please guys give us 5 days to procure that is our main function, please give us 5 days to procure without any mistakes, any defect anything, when you procure you must get the full information from the demanding department. So, we must give them full information. So that we call our suppliers in time and its done, but ……major challenge
	IV	**May I ask the respondent if possible try not to mix the language as the Data analyst when transcribing is going to use a computer which is going to maybe have difficulties in translating and also the voice if you can just maybe increase it a little bit. Thank you. Do you think they are ACTs and other policies that are causing delays in the efficient and effective performance of Supply Chain Management?**
	IE	ACTs and Policies that are causing a delay in the Supply Chain, I don't think there are any policies that are causing delay. Our policies and ACTs are very clear, and we approach each and every department to say these are the things we need as supply chain. So, I don't think our policies are causing delays.
	IV	**Have you ever been trained in Supply Chain Management?**
	IE	Yes, I have been trained in Supply Chain Management
	IV	**In which field, in supply chain? In supply chain we have maybe acquisition, we have demand, or you have been trained in all those?**

	IE	I have been trained in all those fields.
	IE	**Can you describe the Contract Management System?**
	IV	The Contract Management System?
	IE	**Yes**
	IV	Can you please clarify further?
	IE	**By describing the Contract Management system, the Contract Management system, this is how it is done.**
	IV	The Contract Management system I think how it is done, the adjudication first sits, then after adjudication there comes the bid specification and then after bid specification an advert is issues. Then after the advert the people respond, service providers respond to the advert that has been advertised then people start giving their tenders. Then after that the closing date then after the closing date we award the contract to the successful provider
	IE	**What is Demand Management**
	IV	Demand Management is a department that is requesting the material or anything that they demand from the Supply Chain. That is Demand Management.
	IE	**Can you describe the Acquisition Management?**
	IV	Acquisition Management is the one that fill in the requisition to say this is what we want. Let me explain it this way, the Demand management give the Acquisition the specifications of the demand that they want and the acquisition, write in the requisition book and bring to the supply chain department. [phone call]
	IE	**Can you describe the logistics Management?**
	IV	What?
	IE	**Logistics Management?**
	IV	The logistics Management is when we have done all these processes of making a requisition, procuring and everything and then the supplier that we have requested brings in the material that we have requested. Then we check whether the material is the right material that we have requested

		and then we sign and then we give it to the demand department.
	IE	**What do you think contributes towards ineffective and inefficient procurement?**
	IV	I think that is caused by people interfering with the supply chain department
	IE	**People like the service providers, who are interfering?**
	IV	You know sometimes the supplier will want us, maybe the supplier does not qualify for us to give them the order and then the supplier will try to bribe us to give them the order.
	IE	**Is the Municipality engaged in Supply performance Management? Do you check their performance as the Municipality the suppliers?**
	IV	Yes, we check their performance that is our duty to check their performance. If we don't check their performance I don't think they will do the right job. So, we have to monitor them now and then. So as a result, that's why when we do our database, we rotate for the purpose that we check their performance. When you don't perform, we cannot keep on taking a person that is not performing. That is why we have to check their performance
	IE	**What actions are taken by Municipality to combat the abuse of SCM process? Just like that one you talked about of bribery. What is the Municipality doing to stop things like that?**
	IV	I am trying to check the incident that I have come across so that I can link it to the same thing that you are asking. There are disciplinary measures that are being taken by the Municipality if you come across such things. I am trying to remind myself of one incident that has happened before.
	IE	**Which means you discipline your employee if he agrees to be bribed.**
	IV	Because I remember one of the Managers here was fired because of that interference.

	IE	**I think you also have to write off the supplier who did that? The punishment is for both**
	IV	I think that supplier, I don't see that supplier anymore. I don't know what happened with the supplier.
	IE	**Then we can conclude that he has been stopped that he cannot procure anymore from us. How is the supply chain management process affecting service delivery? Is the performance good performance, giving positive service delivery and bad performance affecting it negatively according to you?**
	IV	As far as I am concerned, I think we have been giving good service delivery.
	IE	**What can you suggest regarding the improvement of Supply Chain Management?**
	IV	You know what I can suggest if you can just do your things as per the budget and the time frame. I think that will be good. They must link when we get the budget in the Financial year, get the budget together with the time frame, by such and such time we have done one to three. That is what I think we can do very much.
	IE	**What are the main areas in which the Municipality find it difficult to provide services? Maybe they are situations where the Municipality has said its difficult to provide this service?**
	IV	I am trying to think of one incident here.
	IE	**Even if it hasn't happened in the district Municipality, that you think Matshabela will find it difficult to provide this certain service**
	IV	You know what some of our local Municipalities are finding it difficult to provide service because of the resources.
	IE	**Because of Resources, maybe if I mention resources. What do you think are the major reasons that causes non-payment of services by residents?**
	IV	I think what can cause the non-payment of residents of

		services, that is what you are asking?
	IE	**Yes**
	IV	I think that is caused by poor service delivery, leads to non-payment. That is obvious poor service delivery leads to non-payment
	IE	**How can the Municipality improve the payment of Services?**
	IV	For instance, an example now just the past 2 weeks we have been struggling for people to pick up the garbage. The trucks are broken those are the things that cause poor service delivery, and those that can cause health hazard because when garbage is not taken it's a problem.
	IE	**We can even say that Supply Chain Management has affected that. If the trucks are broken and need service and demand management has not submitted in time, then it will lead to that. How can the Municipality improve payment of services?**
	IV	Payment of services like?
	IE	**Payment of services by residents, how can they improve it.**
	IV	I think that the only thing that can make the Municipality improve payment of services its by giving residents services in time.
	IE	**Thank you, sir I think we have reached the end of the Interview.**
	IV	For instance, people cannot suffer to get water it's a basic need for people. If people can suffer for water, then that is a health hazard and then you expect them to pay. That is not fair. You cannot leave without water
	IE	**And on the other side residents have to be educated, that they have to pay if they receive the service.**
	IV	Yes, if they receive services they have to pay.
	IE	**Thank you, sir I think we have reached the end.**