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Governance Challenges in Combating Supply Chain Management Corruption in Ekurhuleni Metropolitan Municipality

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Research report presented in partial fulfilment of the requirements for the degree of Master of Management in Public Policy in the Faculty of Commerce, Law, and Management at the University of Witwatersrand

Supervisor: Dr. Ivor Sarakinsky

Degree of Confidentiality: A **Date**: March 2017

ABSTRACT

This dissertation is set out to investigate corruption-related challenges within the procurement and Supply Chain Management practices in the Ekurhuleni Metropolitan Municipality that hinder good practices and the promotion of good governance and offers insight on how those challenges could be addressed. A research design adopted is descriptive case study through a qualitative method approach which was influenced by the nature of the research problems understudy, in order to uncover trends in thought and opinions, and dive deeper into the problem, using in-depth interviews.

The findings of the study or the identified challenges that are associated with procurement and SCM processes in the Ekurhuleni Metropolitan Municipality are a lack of capacity (skilled), inconsistent Bid Committee processes, lack of appraisal systems, ineffective technologically advanced SCM systems (E-procurement), lack of SCM monitoring tools, and lack of training programs for personnel.

The study was meant to investigate corruption-related challenges within the procurement and Supply Chain Management practices in Ekurhuleni Metropolitan Municipality that hinder good practices and the promotion of good governance, with the focus being on issues of accountability, rule of law, ethics and integrity, and transparency as principles of good governance and elements of anti-corruption measures in curbing corruption.

The findings highlight the challenges that are likely to hinder good governance; and with a clear bigger picture of what the challenges are, then that would pave a way for what could to be done, especially in the procurement and Supply Chain Management Unit of the Municipality to abate corruption-related activities.

Keywords: *Good Governance; Corruption; Supply Chain Management and Transparency.*

DECLARATION

Plagiarism Declaration

I, **Legodi Lesetja Freddy**, declare that **'The Governance Challenges in Combating Supply Chain Management related Corruption in Ekurhuleni Metropolitan Municipality'** is my work and has not been submitted for any degree or examination in any other University or academic institution. All sources and materials used are duly acknowledged and are properly referenced.

Signature: Legodi LF **Date:** 26 May 2017

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Firstly, I would like to thank God for the opportunity to learn from this experience, as I believe that without His mercy, grace, and His plans which always play out perfectly, I could not have achieved this.

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List of Acronyms and Abbreviations

AG	Auditor General
ANC	African National Congress
BBBEE	Broad Base Black Economic Enterprise
CPI	Corruption Perception Index
DA	Democratic Alliance
EMM	Ekurhuleni Metropolitan Municipality
MAS	Municipal System Act
MFMA	Municipal Finance Management Act
NDP	National Development Plan
NGO	Non-Governmental Organisation
NT	National Treasury
PPPFA	Preferential Procurement Policy Framework Act
PSC	Public Service Commission
SALGA	South African Local Government Association
SAPA	South African Press Association
SAPS	South African Police Services
SCM	Supply Chain Management
SIU	Special Investigation Unit
TI	Transparency International

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND INFORMATION

This study focuses on the analysis of anti-corruption control measures which were brought forth by the policies adopted since the dawn of democracy in 1994 to deal with public sector corruption, especially in local government Procurement and Supply Chain Management Units. Prevention and combating of corrupt activities Act 12 of 2004, which makes corruption and related activities an offence, establishes a register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts, and places a duty on certain persons holding a position of authority to report certain corrupt transactions; Municipal Finance Management Act (MFMA) 56 of 2003, which helps establish a regulatory framework for Supply Chain Management (SCM) which includes procurement in Municipalities and Municipal entities., and Ekurhuleni Metropolitan Municipality (EMM) Supply Chain Management policy are the main point of reference.

Corruption brings together the private search for economic gain with the government's effort to supply public goods, correct market failures and aid the needy (Rose-Ackermann, 2013). Corruption has become an issue of major economic and political significance in many countries across the globe, including a number of developed Western States (Robinson, 1998), and with all its many faces and variations, it has become so hard to define it completely. According to Rose-Ackermann and Palifka (2016), corruption has many connotations and interpretations, varying by time and place, as well as discipline. For this study, corruption is defined as the abuse of public power for private gain (Rose-Ackermann & Truex, 2012). Corruption will be defined in detail in the following Chapter and even elaborate on the types of corruption the study will prefer to use, as there are couple types of corruption and it may even take different forms. Theobald (1990), supports the assertion that corruption is a complex phenomenon when he states that "but corruption, like many other forms of behaviour when placed under the scrutiny of the social sciences lens, proves to be an elusive and complex phenomenon…" (p. 1).

The study explored procurement and Supply Chain Management challenges and anti-corruption initiatives, and limitations in local government and it will contribute towards good governance, and that benefiting poor people with efficient basic services. Good governance involves accountability, transparency, respect for the rule of law and strengthening of both

public sector and civil society institutions. According to Auditor General (2016) local government has an increase in irregular expenditure of R14, 75 billion for the 2014/15 financial year whereby non-compliance with SCM legislation was the main cause.

It is actually quite hard to detect corruption if the perpetrators are sophisticated and operating as syndicates' crime or many people are involved, such as politicians, government bureaucrats, law enforcement officials and the private sector. After being in power for just over twenty years, the African National Congress (ANC) finds itself having to confront the reality of corruption in government, the private sector, and society (Sarakinsky, 2015). According to the National Development Plan (NDP), it is widely recognised that corruption is a serious problem in the South African public sector and it is regarded as one of the main challenges that hinders development in developing countries, and finding a solution to control or curb it, is definitely an anticipated solution in waiting.

According to the Public Services Commission (PSC), there was enough groundwork laid on anti-corruption programmes in South Africa since the dawn of democracy in 1994. There have been anti-corruption control measures since then with little success to show. The NDP has also alluded to the fact that corruption has become a serious challenge that needs to be addressed as a matter of urgency, as it is stealing the resources that were meant for the poor communities. "Supply chain and human resource management systems, as reflected in the government effectiveness measure, may be far more important in controlling corruption," (Sarakinsky, 2015: 193). So, by effectively emphasizing on Supply Chain Management and effective Human Resources Management systems, there could be more improvement in controlling or curbing the scourge of corruption.

According to *Afro barometer*, the survey released in 2013, and was conducted of 51 000 people in 34 countries, showed South Africa as one of the countries where there is an increase in public perceptions that corruption is getting worse, especially since 2008. That was in contrast to what was experienced in countries such as Botswana, Malawi, Mozambique, Senegal and Zambia, where there is perceived as a gain in curbing the scourge of corruption.

Despite the good laws and anti-corruption control measures, corruption seems to be on the rise. The anti-corruption control measures are often used in isolation without any coordinated system for them to be effective. So, this study would identify the challenges related to Supply Chain Management and procurement processes as control measures in order to strengthen

governance in the Ekurhuleni Metropolitan Municipality. The South African Constitution, in Chapter 7 states that the objective of local government is to provide democratic and accountable government for local communities; to ensure the provision of services to communities in a sustainable manner. According to Evans (1999), corruption infringes the fundamental human rights, and it results in biased decision-making, as considerations of personal enrichment take precedence over the establishment of rights for all.

The concept of anti-corruption control measures is important, but the implementation becomes more important. Anti-corruption control measures serve a very crucial purpose of raising public awareness and an environment where anti-corruption laws could be effectively implemented. All this could help bring about a system of transparency by giving free access to records and information on local government activities such as procurement processes, and even protect whistle blowers when they report corruption to the authority, something that would have an impact on corruption.

The literature indicates that Anti-corruption laws and its enforcement can only do so much to break the back of corruption as a culture, attitudes, human greed, and poverty are powerful forces that are hard to change. Culture and political systems correlate with corruption and individuals' propensities to act corruptly may reflect the cultures in which they grew up.

The impacts of corruption on the communities that government departments and local government are supposed to be servicing would lead to human suffering, stifling of investment and economic growth, it would also destroy public and business trust in government, as corrupt governments and societies become very inefficient in service delivery. The services such as health, education, law, and transportation are likely to be affected if the problem of corruption persists. Through patronage and deployment of comrades in important positions, which might often end up affecting qualified individuals not accessing job opportunities and impacting on their socioeconomic status and in the process depriving society of the best knowledge and skill of the most qualified to serve in government. Less qualified people and decisions made because of bribes and other forms of corruption will lead to mismanagement and suboptimal administration.

1.2 STATEMENT OF THE PROBLEM

Through the study, an investigation on corruption-related challenges within the procurement and Supply Chain Management practices in Ekurhuleni Metropolitan Municipality that hinder good practices and the promotion of good governance was conducted. The focus was on

issues of accountability, rule of law, ethics and integrity; and transparency as principles of good governance and elements of anti-corruption measures in curbing corrupt activities in local government's procurement and Supply Chain Management processes, which if well implemented, would strengthen the SCM processes and eventually eliminating any predicted corrupt acts.

Corruption lowers private investment, thereby reducing economic growth, even in subsamples of countries in which bureaucratic regulations are very cumbersome (Mauro, 1995). Corruption has a direct or indirect impact on the citizenry, so curbing or controlling it will benefit the majority who are at the receiving end. In local government, the lack of accountability, lack of adherence to Supply Chain Management processes and lack of emphasis on the training of ethics and integrity issues are just some of the issues of concern for good practices in Supply Chain Management processes.

The Municipality SCM policy's objectives do not undermine the objective for uniformity in Supply Chain Management systems between organs of state in all spheres; is consistent with national economic policy concerning the promotion of investments and doing business with the public sector; the Municipality supports effective and efficient service delivery by acquiring goods and services of optimum value through best purchasing practices. The Municipality further supports the creation and maintenance of good, sound business relationship with the bidding public in general, as well as with its valued supplier base, without which it cannot survive in a competitive market; and the Municipality also seeks to develop and maintain positive, long-term relationships based on mutual trust and respect with those suppliers who demonstrate their commitment to the Municipality's shared goals.

In order to support the objectives of the SCM policy, the Municipality has introduced a transparent tendering and bidding sessions in order to improve on procurement and SCM processes as per rule of law. A move that is an attempt or aim to enforce transparency in the Municipality's procurement and Supply Chain Management processes.

Lack of accountability breeds corruption in service delivery programs (Lambsdorff, 2006). Accountability, ethics, integrity, transparency are critical for optimal SCM performance, and it would be through corruption and anti-corruption control measures that the challenges in corruption could be reduced or controlled.

In 2015, *Business Day* reported that more than 100 million worth of tenders for road and transport were awarded in the EMM and the then Co-operative Governance Minister Pravin

Gordhan has requested an inquiry into the matter. Whereas *Corruption Watch*, also stated that about R31-million in expenditure was incurred due to employees or councillors not declaring their business interest as it is required by law.

The study pursued to evaluate the efficacy of anti-corruption control measures in protecting the interests of the poor and society as a whole of which would ultimately help prevent corruption. According to Ambe (2012), there are challenges that hinder the successful management and controlling of the public sector supply chain, such as tension between citizen and customer requirements; cost pressure on the public supply chain and the complexity of multidimensional supply chain and that having an impact on the system and contributing to corrupt activities. Corruption not only affects poor people most directly, through the misallocation of public resources and routine exactions on the part of corrupt local officials, but it also keeps poor countries from becoming richer (Robinson, 1998).

1.2.1 Research Topic

The study explored most of the challenges that are associated with Supply Chain Management in Ekurhuleni Metropolitan Municipality so that it highlights the areas that still need more attention to helping improve and strengthen Supply Chain Management systems. That was done by addressing the following central question: What are better ways to strengthen supply chain management practices in Ekurhuleni Metropolitan Municipality so that they contain corruption?

The primary question then brought about a couple of questions that seek to expand the search for answers i.e. secondary questions:

i. To what extent does the Ekurhuleni Metropolitan Municipality comply with National Treasury (NT) and MFMA supply chain regulations?
ii. Is the issue of transparency, the only way that can be used as a control measure to control corruption and demonstrate accountability in EMM?
iii. What are the key challenges in promoting and administering ethics and integrity; and accountability in EMM?

The questions attempt to address the issue of corruption in SCM processes in the Municipality by unpacking on principles of good governance.

1.3 PURPOSE OF THE STUDY

This study seeks to offer some insights into the governance challenges associated with procurement and Supply Chain Management in Ekurhuleni Metropolitan Municipality and how those challenges could be addressed. The study findings would highlight the challenges that are hindering good governance; and that giving a clear picture of what could be the cause for concern in most local government Municipalities, especially in the procurement and Supply Chain Management Units.

The Auditor General's report on local government indicates the total expenditure budget for 2014-15 at R347 billion, whereby Municipalities with clean audit opinions representing R134 billion (39%) of the amount, while those with unqualified opinions with findings represent R143 billion (41%). The Auditor General indicated that even though the number of Municipalities with material Supply Chain Management findings had declined, the number of Municipalities with SCM findings has remained at the same level since 2011- 12 with Auditors still experiencing limitations at 22% of Municipalities in 2014-15.

The findings in this study would, therefore, help in filling the knowledge gap in how to effectively implement and manage procurement and Supply Chain Management processes in local government. The knowledge might be used for the broader fight on corruption that is related to procurement and Supply Chain Management, i.e. in provincial government and even national government.

1.4 RESEARCH OBJECTIVE

As alluded to in the statement of the problem, the main objective of the study is to investigate and generate an understanding of the challenges associated with procurement and Supply Chain Management that hinders good governance in local government. Therefore, in order to address the challenges associated with corruption and anti-corruption control measures, the culture of non-accountability, transparency, ethics, and integrity should be analyzed and addressed in order to bring about good governance, especially in local government procurement and Supply Chain Management processes.

The study seeks to explore if there are means in which a well-structured procurement and Supply Chain Management system can reduce the corruption that is related to SCM, as corruption is diverting up the resources that are meant for the poor. As Wraith and Simpkins as cited in Theobald (1990) likened corruption in Africa to the 'bush and weeds' which

flourish luxuriantly ‘taking the goodness from the soil and suffocating the growth of plants which have been carefully and expansively bred and tended’.

To achieve the objective, the study explored the challenges that are encountered in the procurement and Supply Chain Management of Ekurhuleni Metropolitan Municipality. According to Marshall (1996) an appropriate sample size for a qualitative study is one that adequately answers the research question. For this study, a sample of between five and seven key figures or participants from both EMM and SALGA in positions of leadership and responsibility within the Finance and Acquisitions: Supply Chain Management Units were chosen. Qualitative researchers normally use a sampling called ‘purposeful sample’ which is the most common sampling technique, that assist researchers to recognize that some informants are 'richer' than others and that they are more likely to provide insight and understanding for the researcher (Marshall, 1996).

1.5 SIGNIFICANCE OF THE STUDY

Globally, corruption has been a challenge for both public and private organizations, especially in developing countries. South Africa, just like all other countries in the world, has experienced corruption in government. The issue of corruption is one of the most difficult to research as it is a sensitive issue and its definition is also so complex. So, the issues that this research would expose in the procurement and Supply Chain Management in local government will help in addressing principles of good governance in the local government sphere of government. As the study exposes the challenges that are associated with accountability, ethics and integrity, rule of law, and transparency in the processes of procurement and Supply Chain Management, the issue of good governance would be enhanced and lessen corruption.

According to *Corruption Watch*, a Non-governmental organization (NGO) through the statistics obtained from PSC, showed that public sector fraud cost the government close to R1-billion rand in 2011/2012, i.e. an increase from an estimated R130.6-million in the 2006/2007 financial year. But the estimates by Special Investigation Unit (SIU) suggested that the real amount was much higher than that, amounting to around R30-billion annually. *Corruption Watch’s* annual report indicates that local government accounts for 16% of corruption through procurement and SCM which account for 14%, whereas employment corruption is at 8%.

In order to control corrupt activities, governments across the globe designed regulations in the form of legislation and policy. Anti-corruption control measures were designed to help curb corrupt activities and promote good governance. According to Plattner (2013), governance is defined as "the manner in which power is exercised in the management of a country's economic and social resources for development" (p. 18), and he further adds that good governance, according to the World Bank is sound development management, whereas Fukuyama (2013) defines it as the government's ability to make and enforce rules and to deliver services, regardless of whether that government is democratic or not. For good governance to happen there should be rules and regulations to control the scourge of corruption. According to Larmour and Wolanin (2013), there have been different schools of thought when it comes to corruption control, i.e. Interventionism, managerialism and organizational integrity. Through "interventionism", it is believed that preventing crime or corrupt activity before it happens is better, as the harm done cannot be undone. Through "managerialism" it is assumed that those who seek to misbehave can be discouraged or prevented from doing so by the erection of appropriate systems, procedures, and protocols. It assumes that preventing the harm from occurring in the first place is more desirable than chasing the consequences of the harm after the fact (Larmour & Wolanin, 2013). Whereas through "organizational integrity" which is regarded as the approach to minimize corruption, there is an integration of organization operational systems, corruption control strategies, and ethical standards. The three approaches are good if implemented well, but the organizational integrity seems to be standing out to me as the best to use in trying to focus on determinants of anti-corruption.

The study is significant since it exposes the challenges associated with SCM with regard to accountability, ethics and integrity, transparency and rule of law, that if all are correctly implemented and acknowledged, they can be used to fight the scourge of corruption. According to Transparency International (TI), corruption impacts societies in a multitude of ways. In the worst cases, it costs lives. Short of this, it costs people their freedom, health or money; and it corrodes the social fabric of society. It undermines people's trust in the political system, in its institutions and its leadership. A distrustful or apathetic public can then become yet another hurdle to challenging corruption.

Any new knowledge or ideas on how to address the challenges in procurement and Supply Chain Management would be of great importance as it has a direct impact on corruption. Having argued in the previous Sections about the significance of curbing corruption and how

challenges associated to SCM in Ekurhuleni Metropolitan Municipality could be addressed by strengthening principles of governance such as transparency, accountability, ethics and integrity, and rule of law, most of the issues will be elaborated in details in the next Chapter on literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In the last Chapter I showed that the issue of corruption in SCM processes is a thorny one and it needs to be controlled or completely curbed. The purpose of this Chapter is to scrutinize some of the insights on issues of corruption that are related to procurement and Supply Chain Management in EMM. The Chapter will seek to unpack what corruption is or is not, and the challenges that are associated with measuring corruption. The types of corruption and levels of corruption are briefly discussed before a working or recommended definition is acknowledged and used for the better part of the study.

Whereas the later part will be more specifically on understanding what procurement and Supply Chain Management is and how it is used in local government to control undesired challenges in order to curb corruption and attain good governance. The Chapter would elaborate on all the issues in an attempt to answer the research question.

2.2 CORRUPTION

2.2.1 Defining Corruption

The first step in answering the research question of '*What are better ways to strengthen Supply Chain Management practices in Ekurhuleni Metropolitan Municipality so that they contain corruption?'* was by way of defining corruption in the context of the study and tying it up within SCM processes in a local government sphere of government by exploring the principles of good governance. In the last Chapter, I elaborated on the problems associated with corruption and the importance of the study.

Corruption has many connotations and interpretations, varying by time and place, as well as discipline (Rose-Ackermann & Palifka, 2016). Defining corruption has become a challenge and literature on corruption uses different definitions based on their understanding of the concept. "A significant problem in attempts to combat corruption is that analysts cannot fully agree on what it is" (Holmes, 2015: 2). The concept of corruption is still vague because it is complex and it must be explained in terms of classifications, breath, situations and the levels in which it can occur (Rose-Ackerman, 1999; Gray & Kaufman, 1998).

In its traditional sense, corruption refers to moral impunity; the word itself derived from the Latin for ‘to spoil, pollute, abuse or destroy; depending on the context (Holmes, 2015). According to Holmes (2015), Transparency International defines corruption as the abuse of entrusted power for private gain. Rose-Ackermann (2013) defines it as misuse of public office for private gain, whereas Heidenheimer and Johnston (2002) as cited in Amundsen (1999) argue that corruption is any transaction between private and public sector actors through which shared goods are illegitimately converted into private-regarding payoffs. It is the immoral abuse of power by someone in power for unauthorized personal gain. Corruption is an important generational social and ethical issue as it affects the livelihood of the citizenry in a negative way. According to Mulgan (2012), “corruption is a striking and perplexing term,” (p. 25). The problems of defining corruption have been well explored by others (such as DeLeon, 1993; Heidenheimer, 1970; Heywood, 1997; & Philp, 1997). Corruption needs to be understood in terms of its opposite, i.e. the initial state that degenerated into, and that the only question is how to ‘stamp it out’ (Mulgan, 2012). In consumer related research, materialism and the desire to consume has been almost inextricably linked.

There are different types of corruption that could be committed. Grand corruption involves a small number of powerful players and large sums of money and petty corruption which is easier for ordinary citizens to observe and experience (Rose-Ackermann, 2016). Mantzaris and Pillay (2014), argue that the types of corruption that most people are involved in are either petty or grand corruption. Grand corruption or political corruption being the one that “takes place at the top level” (where policies and rules are formulated), and petty corruption or everyday corruption “takes place at the implementation end of policies”. There are different causes of corruption, things such as greed, and what they call “capitalist mentalist” and “consumerist ethic”. People are often involved in corrupt activities for a number of reasons and that also lead to a different type of corruption (Mantzaris & Pillay, 2014).

The primary classifications of corruption include bribery, nepotism, embezzlement, fraud, conflict of interest and rent seeking as some of the examples (Rose-Ackermann, 1999). For this study, the definition which will be used is of corruption defined by Rose-Ackermann (2013), that it is the misuse of public office for private gain. As the research study looks at anti-corruption as the way to control corruption, but by using a different approach of establishing what the determinants of anti-corruption are in the procurement and Supply Chain Management in Ekurhuleni Metropolitan Municipality.

"Corruption as a historical phenomenon is to the best of my knowledge, a problem that has never been dealt with systematically" (Van Klaveren, 2002: 83) as cited in Heidenheimer and Johnston (2002). Corruption is a global problem, and literature states that it is more prevalent in developing countries. According to Hindess (2012) in his article '*How should we think about corruption*?' argued that corruption is largely an economic issue in both its content and its most important effects; and that it involves a blurring distinction between public and private. But Vishwanathan (2012) counter argues against the assertion that corruption has more economical consequences than any other thing, as corruption is also a human right issue. The relationship between corruption and the violation of human rights is framed by unequal power relations; and corruption benefits those who have access to power and abuse it, and victimizes those who do not have access to power (Vishwanathan, 2012).

According to Hanks, Davies and Perera (2008) as cited in Ambe and Badenhorst-Weiss (2012) that SCM operates within a regulatory framework set by the national government and extended by provinces and local government bodies to specific policies, legislation, and regulations. SCM in any sphere of government aims to add value at each stage of the procurement process and address deficiencies in current practices. Transparency and open contracting are critical elements of any public sector SCM system and an efficient and intelligent public sector SCM system can help to overcome corruption-related challenges (National Treasury, 2015).

Through the understanding of corruption and how SCM processes work, that would make the investigation on SCM related corruption study better. As indicated earlier that corruption is a tricky phenomenon, measuring it remains a challenge. Devising methods to accurately measure corruption is no easy task (TI, 2015). The challenges of measuring corruption are addressed in the section to follow.

2.2.2 Challenges of Measuring Corruption

Why is measuring corruption so complex? In the field of anti-corruption, the measurement of corruption is necessary to achieve progress towards greater integrity, transparency, and accountability in governance and corruption represents a 'leakage' of resources from institutions that are supposed to be using them for social objectives (Langseth, 2013).

According to Transparency International (2015), devising methods to accurately measure corruption is no easy task. The first challenge faced by anyone seeking to measure corruption is finding a definition of the term that is understood consistently, given that corruption has

differing meanings in different cultures and context. Assuming that a commonly understood definition of corruption can be agreed, researchers are still left with difficulties in setting out a common basis upon which the extent of corruption can be measured.

Transparency International always publishes its Corruption Perception Index (CPI) whereby a country's public service corruption level is shown. "The most problematic aspect of the Transparency International of CPI measure of corruption is that it measures perceptions, and perceptions do not always reflect reality…" (Sarakinsky, 2015: 193). The data might not represent the true nature of the problem, and using the data would require the researcher to be analytical.

For this study, the definition of corruption by Rose-Ackermann (2013) whereby she defines it as a misuse of public office for private gain is espoused, and with the adoption of the democratic systems and processes in local government, then there is progress in attempting to measure it. The SAPS, PSC, and SIU, are just some of the agencies that the South African government set up to help in the fight against corruption and they do have statistics. Hustled (1999) as cited in Lambsdorff (2006) argues that effective measures to fight corruption are dependent on culture. There is a broad study on the issue in an attempt to come up with the solutions, but less is achieved. Research on corruption is difficult because many causes of corruption also seem to be consequences of corruption (Lambsdorff, 2006). This is supported by Rose-Ackermann and Palifka's assertion that corruption has many connotations and interpretations, varying by time and place, as well as discipline (2016).

In order to understand how best to measure corruption, the study adopted the approach of evaluating the strength of the principles of good governance in the Municipality was recommended. Issues such as lack of proper knowledge; skills and capacity; non-compliance with policies and regulations; accountability, fraud, and corruption were at the centre of investigation to equate their level as a measure of loopholes that might allow corrupt activities to manifest, if not taken care of. It is through governance that the effectiveness of an organization could be measured, as it seeks to understand the way we construct collective decision making and asks how the tasks can be undertaken with effectiveness and legitimacy (Stoker & Chhotray, 2009). The following section expands on the issue of governance and anti-corruption control measures in order to help answer the research questions.

2.3 GOVERNANCE AND ANTI-CORRUPTION CONTROL MEASURES

2.3.1 Introduction

In the last Chapter, I showed that measuring corruption could be a challenge and by evaluating the level of competitiveness in terms of the principles of governance and using available statistics from anti-corruption agencies will help to answer the research questions. Rotberg (2015) defines governance as the performance of governments and the delivery of services by governments. Governance, according to TI, is a concept that goes beyond the traditional notion of government to focus on the relationships between leaders, public institutions and citizens, including the processes by which they make and implement decisions. The concept of 'good governance' was then coined and defined by institutional barriers to corruption and by the functioning of the market economy (Bevir, 2009).

Anti-corruption or preventive measures refer to those electoral and administrative reforms concerned with making all government transactions more transparent and accountable to the people (Heidenheimer &Johnston, 2011). The punitive measures or anti-corruption measures are used by governments to curb corruption as these measures are designed to reduce the opportunities for corruption and increase the risk of detecting and punishing corrupt behaviour (Heidenheimer &Johnston, 2011). Governance and anti-corruption control measures are expanded more in the Section below.

2.3.2 Defining Governance and Anti-Corruption Control Measures

In the Section above governance is defined as the performance of governments and the delivery of services by governments, and Transparency International defines it as a concept that goes beyond the traditional notion of government to focus on the relationships between leaders, public institutions and citizens, including the processes by which they make and implement decisions. The literature on governance gives different definitions of what it really entails. Across different kinds of literature 'governance' has no agreed definition (Morrell, 2009), but there are scholars who attempted to define or explain what they understand by governance. In most of the definitions, there is some consensus that governance and corruption are two sides of one coin.

For this study, governance was defined in the captivity of a concept that is used in opposite to corruption, especially in the SCM processes of a local government. According to Bevir (2012) governance refers to all processes of governing; whether undertaken by the

government, market, or network; whether over a family, tribe, formal or informal organization or territory and, whether through the laws, norms, power or language. Governance is about the rules of the collective decision making in settings where there is a plurality of actors or organizations and where no formal control system can dictate the terms of the relationship between the actors and organizations (Stoker & Chhotray, 2009). Procurement and SCM reforms were initiated in order to promote the principles of good governance which were due to inconsistency in policy, lack of accountability and supporting structures, and fragmented processes (Ambe and Badenhorst-Weiss, 2012).

For Rotberg (2015) governance is defined as the governmental delivery of essential political goods in acceptable quantities and of acceptable quality to the residents of a city, district, a state, a province, a region and a nation. The literature on governance further emphasises the need to understand the difference between government and governance.

Bevir (2012) argues that government refers to political institutions, whereas governance refers to the process of the rule wherever they occur, and in empirical terms, governance refers to a shift in the public organization. The more concrete empirical uses of governance refer to changing organizational practices within the corporation, the public sector, and global order (Bevir, 2012).

Governance is a broad concept covering all aspects of how a country is governed, including its economic policies, regulatory frame work, and adherence to rule of law (IMF, 2017); as poor governance offers great incentives and more opportunities for corruption and it undermines the public's trust in its government.

According to IMF, in order to attain good governance there should be an improvement in accountability by enhancing transparency in the disclosure of documents, in line with transparency policy; promotes sound oversight, internal control, and auditing. Adopting a number of integrity measures, including a code of conduct for staff, and introducing an integrity hotline offering protection for 'whistle-blower'.

Kauffmann (2005) states that "fighting corruption by fighting corruption" i.e. by creating commissions, ethics agencies, drafting of new laws and code of conducts, appears to have little impact. Kauffmann argues that these are often politically expedient ways of reacting to pressures to do something about corruption, substituting for the need for fundamental and systematic governance. The reality is much more complex, since powerful private interests

often exert undue influence in shaping public policy, institutions, and state legislation., and in extreme cases, 'oligarchs' capture state institutions (Kauffmann, 2005).

According to Kauffmann (2005) there are strategies that offer particular promise. The civic voice and participation coupled with transparency reforms can be particularly effective; and this is because data suggest that transparency helps improve governance and reduce corruption, i.e. by making transparency more transparent. Improving transparency will be key, and countries themselves must take the lead in improving governance (Kauffmann, 2005).

Due to wasteful expenditures in South African government, it introduced new legislation to curb the scourge of corruption that was identified as one of the causes. According to SAPA (2015), R700 billion was lost to corruption. In 2014-15 Municipalities identified 69% of irregular expenditure (AG, 2016), due to continued non-compliance with SCM legislation. The Prevention and Combating of Corrupt Activities Act, Anti-Fraud and Corruption Policy, MFMA, and SCM policy were introduced. In the local government, an introduction of the Municipal Finance Management Act (MFMA) and SCM policy, which were meant to bring greater accountability and transparency into municipal operations on both elected and appointed public servants in the government sector, but with less success (NDP, 2015). Even though the policies were adopted, there are still challenges, as the local government still lacks a visible and coherent anti-corruption strategy, even if set by SALGA as is to advise and support, help in policy analysis, help in research and monitoring, also assist in knowledge exchange and support to members.

Despite the difficulties of measuring corruption, in recent years there have been attempts to produce data which was based mainly on the opinion surveys and peoples' perceptions in an attempt to measure the extent of menace caused by corruption in both private and public sectors. According to Galtung (2001), the question is no longer whether corruption can be measured or analyzed empirically. The questions are: How? With what level of accuracy? And to what effect? Some agencies such as the PSC, SIU, and SAPS have started to collect more detailed information on corruption and related offences.

The literature reveals that throughout the world, there have been attempts to draft and adopt legislature on anti-corruption measures, but to no success, as corruption is still prevalent. Hindess (2012) argued that the literature on corruption and anti-corruption control measures are extremely diverse. Most of the literature is practice-orientated literature devoted to

identifying the causes of corruption, assessing its incidence and working out how to bring it under control, whereas the smaller part of the literature focused on corruption as a societal issue rather than as a matter of illegal or improper behaviour on the part of the individuals (Hindess, 2012). According to Transparency International, transparency is a critical component to building supply chains that are resilient against corruption. Strengthening good governance principles becomes more important in all government spheres. That makes good governance and anti-corruption central structures in most of the countries where corruption is rampant.

The definitions above support other authors' arguments on governance. As Klijn and Koppenjan (2012), argue that within network literature, governance is defined as the horizontal interactions by which various public and private actors at various levels of government coordinate their interdependencies in order to realise public policies and deliver public services and it may also be regarded to as self-regulation of actors within networks; the 'networking' of these actors. The definitions bring forth institutions and actors that operate in networks within the SCM processes. That making governance networks theory more appropriate for the study to understand the issue of corruption in SCM processes in a local government setup. The study focuses on corruption in procurement and SCM processes in EMM, so it is vital to explain what procurement and Supply Chain Management is all about below.

2.4 PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

2.4.1 Introduction

The cornerstones of South Africa's public sector procurement system is based on Section 217 of the Constitution of the Republic of South Africa, where government contracts for goods and services must be done in a way which is fair, equitable, transparent, competitive and cost-effective (National Treasury, 2015). Procurement and Supply Chain Management are central to the government service delivery system, and promotes aims which are, arguably, secondary to the primary aim of procurement such as using procurement to promote social, industrial or environmental policies (Cane, 2004) as cited in Ambe and Badenhorst-Weiss (2012).

According to Ambe and Badenhorst-Weiss (2012), reforms in public procurement in South Africa were initiated to promote the principle of good governance. It is also known that South Africa's public sector SCM system has many imperfections (National Treasury, 2015), so,

the study attempts to expand more on what procurement and supply chain management processes entails below.

2.4.2 Defining Procurement and Supply Chain Management

Supply Chain Management is the integration of key business processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders (Lambert & Cooper, 2000). In South Africa, SCM is an important tool for managing public procurement and its aim is to add value at each stage of the procurement process (Ambe & Badenhorst-Weiss, 2012). The study adopted the definition above as it associates with the research study question, and it is elaborated further below.

2.4.3 Procurement and Supply Chain Management

In South Africa, SCM is an important tool for managing public procurement and it is through SCM processes that deficiencies in current practice relating to procurement, contract management, inventory and asset control and obsolescence planning (Ambe & Badenhorst-Weiss, 2012). Moloi (2012) argues that the Supply Chain Management and procurement plans and processes are the key points of manipulation and abuse by corrupt elements within the public service as it is alluded to by the Auditor General in his recent report on municipal audits that 70% of the Municipalities that got disclaimers in their reports were due to corruption and that is largely in Supply Chain Management.

As it is defined above by Lambert and Cooper, that SCM is the integration of key business processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders (2000). Christopher (1998) as cited in Peck (2006), adopt a more relational value-adding approach when describing SCM as the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole. Even though the debates over the scope of SCM seem to rumble, people need to understand its purpose which is to lower costs, increase customer value and satisfaction and ultimately competitive advantage, so for the purpose of this study, SCM should be understood in terms of how Peck, Christopher, and Lambert and Cooper describes it (2006; 1998; 2000).

Effective public sector SCM has potential benefits such as inventory reduction, improved service delivery and cost reduction across the supply chain (Daugherty et al., 2005; Attaran,

2004) as cited in Migiro and Ambe (2008). That brings about the vast number of challenges associated with Supply Chain Management, which includes "poor implementation of SCM practices; lack of skills and capacity in the implementation and execution of SCM; quality of services and products in the supply chain" (Migiro & Ambe, 2008: 230). According to Migiro and Ambe (2008), other barriers are the conflict of interest in the composition of tender committees, the complexity of the Preferential Procurement Policy Framework Act (PPPFA) (Act No 5 of 2000). The study focused on the implementation of SCM which is currently occupying centre stage in the financial management reform processes, whereby the Municipality under study introduced an open session on tendering processes in order to promote transparency.

However, in spite of the number of anti-corruption initiatives that government has embarked upon in the past decades, various challenges remain (PSC, 2015). According to PSC (2015) the local government sphere still lacks a visible and coherent anti-corruption strategy, as in many instances, anti-corruption measures adopted by government are not enforced or adopted.

The on-going involvement of senior government officials in incidents of mismanagement and unethical behaviour, and also their continuously ignorance on adherence of rules and regulations is one example. The other example would be hesitation to act swiftly against implicated officials, which also impacts on the processes of combating and preventing corruption in procurement and SCM processes within the Municipality.

According to Corruption Watch, procurement corruption takes many forms, i.e. bribery, bid-rigging, collusive bidding by contractors, extortion, nepotism, patronage system, value splitting, cover quoting, misrepresentation, conflict of interest, undue influence and interference, contract manipulation, etc.

Bribery has been seen as the most common type of corruption, which it can be understood as an offer of money, goods or service in order to gain an advantage. Bid-rigging takes place when companies conspire to fix the price for goods and services, purchased through a bidding process, to an affectedly high level. Examples of bid-rigging: Excluding qualified bidders, Manipulation of bids, Rigged specifications, and Unbalanced bidding, whereas collusive bidding by contractors entails contractors working together to co-ordinate markets, prices and production with the goal of increasing their own profits by reducing competition, i.e. what is often called a cartel.

The literature on corruption, anti-corruption, governance and good governance shows that the topics have been researched before. Much of the academic literature describes the problem and its impact on the organization, but fails to offer possible solutions… (Cantens, Raballand & Bilangna, 2010). Authors interested in the disciplines such as Klitgaard, Fjeldstadt, Heinemann, Hors, Connors, and Galtung suggested that revising Human Resources policy, establishing internal audits, introducing a code of ethics and giving performance related bonuses could address corruption-related challenges (1998; 2003; 2006; 2001; & 2006).

As a measure to control or curb the scourge of corruption in government, the Constitution as rule of law was adopted. Section 217 of the Constitution states that when an organ of state in 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 which is fair, equitable, transparent, competitive and cost-effective.

Government further introduced the Municipal Finance Management Act (PFMA) in order to bring greater accountability and transparency into Municipal operations (PSC, 2005). In terms of legislative requirements, Chapter 11 of the MFMA, Section 115 (1) (a) and (b), states that the accounting officer of a municipality or municipal entity must implement the Supply Chain Management policy of the municipality or municipal entity; and take all reasonable steps to ensure that proper mechanism and separation of duties in the Supply Chain Management system are in place to minimize the likelihood of fraud, corruption, favouritism, unfair and irregular practices (NT, 2015).

As all measures has been put in place to control corruption in government, there are still new challenges which keeps on arising on an on-going basis and they need to be responded to. Through a continuous review and revision of legislation, establishment of a strong whistleblowing mechanism, blacklisting of individuals, businesses or organisations who are proven to be involved in corruption, and promotion of and implementation of sound ethical, financial and related management practices; promotion and pursuance of social research and analysis and policy advocacy to analyse cause, effect and growth of corruption; enforcement of Code of Conduct and disciplinary; inspiring the youth, workers and employees towards intolerance for corruption; promotion of training and education in ethics (NT, 2015).

According to Philippine Development Plan (2011-2016) corruption in SCM could be prevented by implementing and enforcing general institutional anti-corruption policies, whereby employees are required to acknowledge understanding of and compliance with the

code of conduct. The plan further emphasises the introduction of specific policies for institutional representative involved in purchasing and bidding processes; risk assessment and due diligence; additional controls for purchasing and bidding in the form of audits; and supplier management and control processes as other ways of preventing corruption in SCM.

In the South African context, civil servants, and politicians often collude to undermine anti-corruption efforts which indicate a lack of incentives and political will to fight corruption at the highest level. *Sowetan*, recently reported on the challenges on SCM that "bottlenecks in the Supply Chain Management processes contribute significantly to the performance limitations. Municipalities are not effectively and efficiently managing their SCM processes and in many cases, interference by Senior Managers and mostly politicians further exacerbates the problem".

The issues of accountability, integrity, and transparency are not well represented in the literature. The literature has placed a great deal of focus on the causes of corruption and the consequences, and less focus on understanding the factors that incentivise the political will to fight corruption.

In this study, I redirect the focus on the principles of good governance as key to addressing corruption in any organization. Armstrong (2005) defines the trio as *Integrity* – honesty or trustworthiness in the discharge of official duties, serving as antithesis to corruption or the abuse of office; *Transparency* – unfettered access by the public to timely and reliable information on decisions and performance in the public sector; and *Accountability* – the obligation on the part of public officials to report on the usage of public resources and answerability for failing to meet stated performance objectives. The principles are co-dependent, Integrity provides the basis for transparency and accountability; and transparency without accountability becomes meaningless, whereas transparency and accountability without integrity may not end up serving the public interest (Armstrong, 2005). Understanding the principles of good governance simplifies the understanding of the theoretical framework that influenced the concept of good governance.

2.5 THEORETICAL FRAMEWORK

2.5.1 Introduction

According to Swanson (2013) theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits

of critical bounding assumptions. Therefore, theoretical framework is defined as the structure that can hold or support a theory of a research study (Swanson, 2013). The study will use a theoretical framework which appropriately associates with corruption and supply chain management and that would be the means for prescribing or evaluating solutions to the research problems. The theory that fits the study is governance policy networks because the theory assumes that organizations need resources from other organizations for their survival and therefore interact with these organizations, and thus when networks emerge (Klijn & Koppenjan, 2012).

2.5.2 Governance Networks Theory

The study adopts governance network theory to try to understand the challenges that are associated with SCM in EMM. Within network literature, Klijn and Koppenjan(2012) defines governance as the horizontal interactions by which various public and private actors at various levels of government coordinate their interdependencies in order to realise public policies and deliver public services and it may also be regarded to as self-regulation of actors within networks; the 'networking' of these actors. Klijn (2008) further emphasizes that governance in recent years has become more dependent on social actors to achieve goals because of the increasing complexity of the challenges they face, and governance means governance networks.

Governance networks engage public, private and civil society actors at transitional, national, regional, and local scales in shaping the future of our societies (Klijn & Koppenjan, 2012). It takes all stakeholders to trust and believe in each other for the procurement and supply chain management processes to go undisturbed. Trust is often mentioned as the core coordination mechanism of networks (Klijn, 2008). Governance has spread around the globe as the main issue in helping institutions realize their objectives of service delivery, so it is becoming the major perspective on decision making, policy making, implementation, and service delivery in government and private companies. "Since governance processes take place in networks of diverse actors within fragmented systems, it then becomes difficult to evaluate the outcomes using tools which consider the presence of a single actor" (Klijn & Koppenjan, 2012).

An efficient and intelligent public sector SCM system can help to overcome the problems of corruption and inefficiency (National Treasury, 2015). The strengthening of relations between networks and actors enhances the openness of the decision-making within networks,

that improving on representation and forms of accountability (Klijn & Koppenjan, 2012). The theory gives insight on who are the actors in the SCM systems in the municipality and it also explains the background on interdependencies on actors. The relationships between actors in the network might include the bidders, Bid Specification Committees, Bid Evaluation Committees, Bid Adjudication Committees, councillors, government, business, and civil society actors.

Swanson (2013,) theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions, therefore, governance network theory contributed in building up the understanding of corruption in supply chain management systems in the municipality. Therefore, according to Klijn (2008), it can be concluded that governance is the process that takes place within governance networks, which is described by policy making and implementation through the web of relationships between government, business, and civil society actors; i.e. public-private partnerships. In this case, policies such as SCM policy, MFMA, and Prevention and Combating of Corrupt Activities Act, are points of reference when evaluating the principles of good governance, which are accountability, transparency, rule of law, and ethics and integrity.

For this study, governance network theory helped untie the networks and actors that are at play in Supply Chain Management of EMM. According to Klijn and Koppenjan (2012) "governance approaches are aimed at mobilizing mutually dependent actors, bringing them together and organizing fruitful interaction in order to achieve coordinated action" (p.3). As it is argued above by Swanson that theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions (2013), this study is meant to challenge and extend the existing knowledge; and ultimately understand the corruption in SCM processes better.

2.6 CONCLUSION

There is evidence that inefficiency is one of the causes of corruption and academic literature supports this contention (Anderson & Gray, 2007; Ferreira, Engelschalk & Mayville, 2007). Most of the literature further raises other challenges that relate to curbing of corruption. The literature on difficulties of measuring corruption, states that many measurement methodologies use perception, which is of questionable validity and reliability.

Galtung (2001) argues that not all approaches are equally robust, and the research challenge is to combine specific qualitative and quantitative indicators so as to assess continually the quality of public and private institutions and the effectiveness of reforms, the approach that has been followed by the Global Integrity Index. The challenge of having fewer data or no data on corruption is somewhat addressed as there are anti-corruption agencies that have been set up for curbing corruption and they keep data, i.e. for example SAPS, SIU, PSC and NGOs such as *Corruption Watch*. Whereas other authors still believe that through rising of salary levels in order to enhance ethical behaviour, enhancing HR policies, computerizing business processes and introducing a Code of Conduct (Fjeldstadt, 1998), corruption will be reduced.

Michael and Polner (2008) argue contrary to Fjeldstadt (1998), that implementation of a risk management system and the introduction of investigation and prosecution mechanism can be effective in reducing corruption. Anything that enhances the principles of good governance is a good resolution for me. So, I agree with Fjeldstadt's (1988) assertion of how to curb corruption.

In South Africa, SCM is an integral part of the procurement process and public procurement is increasingly recognized as a key concept that plays a significant role in the successful management of public resources (Ambe & Badenhorst-Weiss, 2012). For SCM to be effective there should be a number of elements that needs to be taken care of and be brought together into one working system. In addressing corruption in SCM processes in EMM, skills development in procurement and Supply Chain Management should be included in the curriculum of higher education with the latest trends in SCM; stakeholder involvement; development and implementation of monitoring and evaluation tool; enhancement of Human Resource policy; together with fortification of the principles of good governance. An important impact involving stakeholders in governance is the generation of trust and in the network, actors should believe that each will take the other's interest into account, and intensifying interaction in governance networks can generate trust because actors are getting better acquainted (Klijn & Koppenjan, 2012).

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This Chapter would cover and give an account of the approaches used in the study. The area or places where the study was conducted, and the population or sample of the population. That would be by discussing the research methodology which includes the choice of research design, research instruments, data sources, sampling, reliability, validity, consideration of ethical issues, data collection, and data analysis for the study.

3.2 RESEARCH APPROACH AND DESIGN

According to Wagner, Kawulich and Garner (2012) research is a process through which new knowledge is discovered and the uncovering of the causes of behaviour in a research. The study used a qualitative approach, which is described as the meanings, concepts, definitions, characteristics, metaphors, symbols and description of things (Berg, 2007) as cited in Creswell (2014). Qualitative Research is used to uncover trends in thought and opinions, and dive deeper into the problem, as it aims at discovering the underlying motives and desires, using in-depth interviews for the purpose (Creswell, 2014).

The research design of the study is a descriptive case study that would be analyzed through qualitative method or approach, which is "concerned with understanding the processes and the social and cultural context which shape various behavioural patterns" (Wagner et al. 2012: 126). The research design was described by Creswell (1998) as a plan or master plan of how you intend to conduct the research. The research design, therefore, provides the framework for how the rest of the study was performed. The choice of research design was generally influenced by the research objectives and the nature of the research problems under study.

The interpretive paradigm was used for the study. A paradigm is informed by philosophical assumptions about three things: the nature of reality; ways of knowing; and ethics and value systems (Wagner et. al, 2012). Interpretive researchers' interest is not on the generation of new theory, but the identified theory or theories should be guiding the design and data collection processes. The paradigm is underpinned by mainly observation and interpretation.

The focus of this study was to evaluate the weaknesses or strengths of the principles of good governance in supply chain management practices of EMM by conducting this case study. A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Andrade, 2009). The descriptive nature of the method helped in presenting facts about the nature and status of a situation as it exists at the time of the study (Creswell, 1994) as cited in Andrade (2009). So, using both the case study and the descriptive approach gave the study a direction. For this study, the descriptive research was basically used to identify the challenges that hinder the free flow of Supply Chain Management processes in the Municipality.

Based on the challenges the government was experiencing, in 2015 the National Treasury introduced an instruction note on enhancing compliance, monitoring and improving transparency and accountability in supply chain management which is basically meant to improve accountability and provide supply chain management directives to accounting officers of departments and constitutional institutions and to accounting authorities of public entities listed in Schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999 to ensure value for money in the procurement of goods, works and/or services. This instruction note also aims to improve transparency and combat fraud in institutions.

The initiative was based on the Auditor General's common findings on SCM non-compliance and irregular expenditure which include: Appointment of suppliers who are not tax compliant; failure to use competitive processes for quotations and bids; incorrect use of the preference points system; lack of appropriate bid committees; use of unqualified suppliers; passing over of bids for incorrect reasons; use of incorrect procurement processes in relation to threshold values for quotations and competitive bidding; extension of validity periods; incorrect use of the limited bidding process; inadequate controls and procedures for handling bids; appointment of bid committee members not aligned with policy requirements; and insufficient motivation for deviations from SCM procedures.

3.3 RESEARCH SETTING

The study was conducted in Gauteng, in the Ekurhuleni Metropolitan Municipality's Procurement and Supply Chain Management Units. City of Ekurhuleni Metropolitan Municipality covers an extensive area from Germiston in the West to Springs and Nigel in the east and is one of the biggest metros among the three big metros in Gauteng, i.e. Tshwane

and Johannesburg Metropolitan Municipalities. It is one of the most densely populated areas in the province, and the country.

3.4 STUDY POPULATION AND SAMPLE

3.4.1 The Sampling Criteria

A research population is a well-defined collection of individuals or objects known to have similar characteristics or all individuals or objects within a certain population usually have a common, binding characteristic or trait. The study population included Senior Managers in procurement and Supply Chain Management Units of EMM and SALGA. A convenient sampling of between five and seven managers from both EMM and SALGA respectively was conducted.

Sampling which is regarded as the choice of participants from a proportion of a population (Wagner et. al, 2012). According to Wagner et al (2012) … "unlike in quantitative studies, there are no rules concerning the most appropriate sample size in qualitative research" (p. 88). According to Marshall (1996) an appropriate sample size for a qualitative study is one that adequately answers the research question. For this study, a sample of between five and seven key figures or participants from both EMM and SALGA in positions of leadership and responsibility within the Finance and Acquisitions: Supply Chain Management Units were chosen. The sampling technique adopted for this study is called 'purposeful sampling' whereby the chosen participants are insightful of the research topic and are best placed to provide relevant information.

According to Holloway and Wheeler (2002) the sample size does not influence the importance or quality of the study and further emphasize that there are no guidelines in determining sample size in a qualitative research study. Sampling goes on until saturation has been achieved (Holloway & Wheeler, 2002). The eligibility for participation in the interview process was based on the employees being a Manager or Senior Official in the preceding Units.

3.5 DATA COLLECTION AND PRESENTATION

To adequately address the research questions posed in this study a combination of primary and secondary data was used. The Auditor General's reports and findings, local governments' budgets and expenditure reviews, SCM policy of EMM were used to gather secondary data as part of the document analysis process. Other sources of secondary data were peer-reviewed

journals on previous studies on corruption and anti-corruption control measure, and procurement and SCM in local government were used as a point of reference for the study.

3.5.1 Data Collection Instrument

A questionnaire was chosen as the data collection instrument for the primary data. The questionnaire as a tool was used in conducting interviews with the participants. The data were collected through the aid of the questionnaire to evaluate the strengths or weaknesses of principles of good governance in the Municipality.

The questionnaire was structured in such a way that, both closed-ended and open-ended questions were accommodated. Open-ended questions afforded the respondents an opportunity to answer in their own words with more details and that opening up an opportunity for further discussion if something is not clear. All questionnaires were marked alphabetically to identify the respondents for confidentiality purposes, as the subject under study is too sensitive. A notebook for taking additional notes was always handy during interviews.

The secondary data was collected through the literature on procurement and supply chain management and corruption. Books, Auditor General's annual reports, Ekurhuleni Metropolitan Municipality SCM policy, South African anti-corruption Acts, National Treasury financial reports and regulation guidelines, newspaper reports, Municipality financial reports, peer-reviewed journals, etc. were used to collect secondary data. To adequately address the research questions posed in this study a combination of primary and secondary data was used, as the data might not represent the true nature of the problem, and using the data would require the researcher to be analytical.

3.5.2 Data Collection Procedure

The approach was to use semi-structured interviews. Personal interviews are the extremely used method of data collection when richness in data is of high importance (Einarsen & Valand, 2010). The questionnaires were personally issued out to the managers on the day of the interview. The data were collected over a period of six months. Due to the local government elections, which were held on the August 03rd, 2016 and other activities that the officials at both SALGA and EMM were involved in during elections, it took longer to get appointments for interviews.

3.5.3 Data Presentation

According to Marshall and Rossman (1990) data presentation is regarded as the process of organizing data into logical, sequential, and meaningful categories and classifications to make them amenable to study and interpret; and data analysis is the process of bringing order, structure and meaning to the mass of collected data. It is a messy, ambiguous, time consuming, creative, and fascinating process, and it is also a search for answers about relationships among categories of data.

The data collected in this study will be presented, and processed to help bring out the categorization and organization of data patterns, critical themes and meanings that emerge from the raw data, and it will be explained in detail in Chapter 4.

3.6 RELIABILITY AND VALIDITY

3.6.1 Reliability

Reliability is defined as the degree of consistency with which an instrument measures the attribute it is designed to measure (Polit & Hungler, 1993), and it can also be defined as an examination of the stability or consistency of responses; and whereas qualitative validity is based on determining if the findings are accurate from the standpoint of the researcher, the participants or the reader (Creswell, 2009).

The questionnaires from EMM personnel showed some consistency, as most of the challenges highlighted are acknowledged in the institutions. Biases on part of the researcher was minimized by being consistent in all interviews i.e. asking more or less similar follow-up questions on issues that needed more clarity on. Obtaining data from respondents of different background and experience reduces the chance of the information being bias and in a way increasing the credibility of the information obtained. The study used respondents from different units who are directly involved in the Supply Chain Management process of the Municipality. However, there are some possible strategies that can be used to improve the trustworthiness of qualitative research findings, i.e. validity.

3.6.2 Validity

According to Polit and Hungler (1993), the validity of an instrument is the degree to which an instrument measures what it is intended to measure. The designed questionnaires included a vast variety of questions on processes of procurement and SCM processes. Most of the

questions were based on the literature reviewed so that they directly represent what procurement and SCM processes exactly are. The questions were clearly structured so that they are easy to understand, and the questionnaire was first presented to the research study Supervisor for authorisation and signing-off. Only one person was unable to take the interview due to the work commitments as the EMM was undergoing audit at the time.

3.7 ETHICAL CONSIDERATIONS

In a research study, there are some ethical issues that need to be considered so that other people's rights are not undermined. The study would be rendered ethical, if the rights of anonymity, confidentiality, and informed consent were well acknowledged and observed.

Due to the sensitive nature of the topic, *Governance challenges in combating Supply Chain Management corruption in Ekurhuleni Metropolitan Municipality*, was altered to avoid misgiving of the main objective of the research study to *Governance challenges in Supply Chain Management in Ekurhuleni Metropolitan Municipality* on both the consent forms and the letter to request permission to conduct research.

Corruption is a sensitive subject (Klitgaard, 1988). It normally tends to evoke a particular pattern of reactions. There is likely to be a reaction of evasion, whereby people believe that there is nothing that could be done to curb corruption, or excuses or analytical expression whereby people are courageously reacting to the issue. This might limit the study as people are not free to speak out about it, and that impacting on the timeline of the study.

For this study, the permission to conduct the study was requested and permission was granted by the Municipal Manager of EMM and the Manager in the Finance Unit at SALGA. The participants were given consent forms to primarily agree or disagree to take part in the research study prior to the interviews to sign before the actual interviews. Every respondent was briefed of their rights and also briefed that they are voluntarily taking part in the research study and they could decline to participate at any point in time.

Anonymity and confidentiality were maintained by ensuring that all participants do not disclose their personal information, e.g. age, gender, names, etc., but the questionnaires were alphabetically labelled to identify them. The respondents' questionnaires were marked Respondent A, Respondent B, Respondent C, respectively, as a form of identification which also helped in coding during analysis. No identifying information was used in the research study or the questionnaires. Recognising and acknowledging such lines of identification and

the ways in which interviews tend to 'place' the researcher is vital in facilitating rapport between interviewer and interviewee and thereby producing rich, detailed conversation based on empathy, mutual respect, and understanding (Perera-Mubarak, 2014). Due to the sensitivity of the study, and methodology processes, the supervisor will see the list of respondents and monitors that there is no compromising information as per the study aims and objectives in the methodology. The Supervisor was shown a list of respondents and their coding with regard to ensuring both anonymity and research integrity.

Sensitive topics such as corruption must be approached without destroying the relationship of trust between the researcher and the respondent and without giving the impression of searching for confessions (Perera-Mubarak, 2014). The researcher had to conduct himself in a professional manner and not show any bias and to avoid any form of dishonesty by writing the correct data and presenting it to the Supervisor unaltered. The researcher behaved as if he had no background of any kind or what was happening within the Municipality by avoiding asking information that might have prompted to the respondents that he knew something about the institution.

3.8 DATA ANALYSIS

The purpose of collecting research data is to make relevant conclusions about the problem that is being investigated (Wagner et. al, 2012). Therefore, data analysis is described as a means to organize data and provide structure and comprehensive meaning. Data analysis started just after the first interview as it occurs simultaneously with data collection (Holloway & Wheeler, 2002), whereas Creswell (2009) argues that data analysis involves a number of steps, such as organizing and preparing the data for analysis; gaining the general sense of the information and reflect on the overall meaning; and interpreting the larger meaning of the data.

Therefore the process of data analysis begins with the categorization and organization of data in search of patterns, critical themes, and meanings that emerge from the data. For this study, a coding method was used. The closed-ended questions with either two or more options were coded by numbering the answers as 1, 2, and 3, respectively after being grouped together. For open-ended questions, the questions are categorized, i.e. those that are asking about accountability are grouped together, those asking for transparency are grouped together and those with ethics and integrity also grouped together. Then, from categories, themes were

identified and coded and later search for connections. Interpretation of the larger meaning of the data started to show and was recorded in writing in the form of a summary.

3.9 CONCLUSION

The Chapter describes the research methodology that the study used in order to evaluate the challenges related to SCM corruption in local government. The Chapter explained issues such as research approach and design, research setting, ethical considerations, data collection instruments and procedures, data analysis, reliability, and credibility issues were explained. Through the understanding of how complicated issue of corruption and anti-corruption control measures could be to research, there was reliable and credible information gathered that was of great use in the study.

All the data collected is presented in the next Chapter and a clear illustration of how data were analyzed is also presented in order to hint on how the scourge of corruption in SCM processes could be addressed. Pillay (2004) argues that South Africa is quickly learning that corruption is one of the major impediments to effective development. It is regarded as the most destructive factor of development in developing countries. Corruption kills the development spirit – nothing is as destructive to a society as the rush to quick and easy money, which makes fools of those who can work honestly and constructively (Pillay, 2004).

CHAPTER 4

PRESENTATION AND ANALYSIS OF DATA

4.1 INTRODUCTION

This Chapter discusses the findings, primary data presentation and secondary data analysis as it has been collected. The overall aim of the study was to establish what could be better ways to improve on Supply Chain Management practices in Ekurhuleni Metropolitan Municipality, so that they prevent corruption related activities, by evaluating the efficacy of anti-corruption control measures in procurement and SCM processes in relation to the principles of good governance, i.e. the rule of law, transparency, accountability, ethics, and integrity, so that the interests of the poor and society as a whole are protected.

The Chapter outlines the steps taken in presenting the data through the Sections which follows, i.e. Introduction which included description of the sample, data presentation, collection, and analysis (primary and secondary), summary and conclusion. This Chapter presents the findings in order to answer the research questions as asked in Chapter 2.

4.2 DESCRIPTION OF THE SAMPLE

The sample size of the study was limited to few respondents from both EMM and SALGA. Between five and seven respondents were identified to be part of the study as interviewees from both Ekurhuleni Metropolitan Municipality and SALGA respectively. The sampling technique adopted for this study was called ‘purposeful sampling’ whereby the chosen participants are insightful of the research topic and are best placed to provide relevant information. The respondents were all to be Managers in the Municipality, either in the Central Procurement Office or Finance Office: Acquisition Unit of the Municipality or Central procurement Units. The Managers are directly involved in the procurement and Supply Chain Management processes in the Municipality and SALGA as institutions under study, and that made them relevant respondents for the study.

From EMM, out of between five and seven respondents that were sampled to be part of the study, only seven were interviewed and one was not available due to work commitments, i.e. according to reasons provided when asked for other possible appointments. It was difficult to establish if the reasons for not being available were genuine or not, as the topic under study is sensitive. The intended interviews at SALGA were open as early as May 2016, but due to the local government elections, which took place on the 03 August 2016, they were postponed.

After several attempts to get appointments from SALGA for interviews, there was no positive response coming forth. All the appointments were postponed or Emails were not responded to until late November 2016. Due to delays and postponements from SALGA, an alternative approach was sought out whereby a Councillor either from African National Congress (ANC) and/ or Democratic Alliance (DA) was recommended to replace SALGA respondents. Only a DA Councillor who is directly involved in the procurement and Supply Chain Management processes in the Municipality was recommended by the DA office. The DA Councillor requested to be sent the questionnaire to have a look at it, and only to pull out citing conflict of interest and sworn statements as per PFMA and MFMA not allowing disclosing of certain information to third parties.

4.3 DATA COLLECTION AND PRESENTATION

Data presentation is regarded as the process of organizing data into logical, sequential, and meaningful categories and classifications to make them amenable to study and interpret; and data analysis is the process of bringing order, structure and meaning to the mass of collected data. It is a messy, ambiguous, time consuming, creative, and fascinating process, and it is also a search for answers about relationships among categories of data (Marshall & Rossman, 1990). Whereas, Bogdan and Biklen (2003) define qualitative data analysis as working with data, organising them, breaking them into manageable units, coding them, synthesising them, and searching for patterns.

It is through these descriptions that the data collected in this study will be presented, and processed to help bring out the categorization and organization of data patterns, critical themes and meanings that emerge from the raw data. The approach used to collect data for this study was semi-structured interviews. The advantage of the semi-structured interviews is that they bring the element of consistency with all participants; as there are pre-planned questions and they always guide the researcher to cover the research topic required areas. A questionnaire was chosen as the data collection instrument, especially for collection of the primary data. The questionnaire was the tool used in conducting the interviews and collect primary data from the participants in order to evaluate the efficacy of anti-corruption control measures in procurement and SCM processes in relation to the principles of good governance, so that the interests of the poor and society as a whole are protected. The secondary data was analysed from Municipality annual or quarterly reports, SCM policy, Auditor General's reports, Media statements and minutes of the meetings.

The data collected will be presented, and processed to help bring out the categorization and organization of data patterns, critical themes and meanings that emerge from the raw data. The presentation of data will be followed by a thematic analysis approach, which is a general approach to analysing qualitative data that involves identifying themes or patterns in the data (Kawulich, & Holland, 2012). It was through this process that an attempt to answer the research questions was achieved, i.e. to answer the questions that asked about the best ways to strengthen Supply Chain Management practices in Ekurhuleni Metropolitan Municipality so that they prevent corruption related activities and the supporting questions which were:

i. To what extent does the Ekurhuleni Metropolitan Municipality comply with National Treasury (NT) and MFMA supply chain regulations?

ii. Is the issue of transparency, the only way that can be used as a control measure to control corruption and demonstrate accountability in EMM?

iii. What are the key challenges in promoting and administering ethics and integrity; and accountability in EMM?

The findings in this study will be presented by using the research questions or themes deduced from the questions asked by the study and informed the formulation of the questionnaire, i.e. grouping the questionnaire questions according to principles of good governance and deducting the themes and categories out of the data provided.

4.4 DATA PRESENTATION AND ANALYSIS

This Section will discussed the data presentation and analysis with reference to the secondary data and primary data respectively in order to assist in fulfil the aim of the study which was to explore the weaknesses or strengths associated with procurement and SCM processes in EMM that could open up opportunities for corrupt activities. That would be done in the following subsection by first analysing the secondary data and later the primary data.

4.4.1 Secondary Data

Document analysis is a systematic procedure for reviewing or evaluating documents both printed and electronic (computer-based and Internet-transmitted) material. Like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008; & Rapley, 2007) as cited in Bowen (2009).

The documents analysed for this study in respect of the current status of procurement and SCM processes in EMM were used to establish the extent to which principles of good governance such as transparency, rule of law, accountability, ethics and integrity are adhered to. The documents analysed include the AG's Audit Reports, Council meeting minutes, EMM Annual Reports, Media Statements, and Newspaper articles reports. The document analysis was done in comparison to the current processes of procurement and SCM in parallel to the directorial of laws, regulations and policies that talks to SCM in any public sector entity, but in this case in relation to the Municipality as focus area of the study.

Content analysis is the process of organising information into categories related to the central questions of the research (Bowen, 2009). According to Bowen (2009) it involves skimming (superficial examination), reading (thorough examination), and interpretation and this iterative process combines elements of content analysis and thematic analysis. The codes used in interview transcripts, would be applied to the content of documents in order to integrate data gathered by different methods (Bowen, 2009).

According to EMM council meeting dated 2016-01-28 it was reported that the Municipality has continuously improved accountability, responsiveness and transparency, the key tenets of good governance, as the Municipality received and maintained clean audit. The Annual Financial Statements for the 2011/12 to 2014/15 financial years has been prepared in accordance with Section 126 of the Municipal Finance Management Act and the Annual Reports for 2011/12 to 2014/15 financial years in terms of Section 127 of the Municipal Finance Management Act.

The Auditor General's findings on EMM from 2011/12 to 2014/15 revealed that the Municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. The AG reported that there is a significant uncertainties finding as the Municipality is the defendant in various court cases and disputes from 2011/12 to 2014/15 financial years.

Most of the findings were in procurement and contract management, expenditure management, and investigations. In 2011/12 the Auditor General reported that awards were made to providers whose principal shareholders are persons in the service of the Municipality in contravention of National Treasury's Municipal Supply Chain Management (SCM) Regulation 44. Furthermore the providers failed to declare that they were in the service of the Municipality, as required by SCM Regulation 13(c). In 2012/13 awards were made to

providers whose principal shareholders are persons in service of the Municipality, which is a contravention of Section 112(i) of the MFMA and National Treasury's Municipal SCM regulations, and in both 2011/12 and 2012/13 persons in the service of the Municipality whose close family members had a private or business interest in contracts awarded by the Municipality failed to disclose such interest as required by the code of conduct for councillors and code of conduct for staff members issued in terms of Municipal System Act (MAS).

In 2011/12 awards were made to providers who are persons in the service of other state institutions or whose directors or principal shareholders are persons in the service of other state institutions, in contravention of SCM Regulation 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM Regulation 38(1). The same year, goods and services of a transaction value above R200 000 were procured by the Municipality without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the Accounting Officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). The other AG findings are that the Municipality awarded contracts above R10 000 000 without the approval of the Accounting Officer, as required by SCM Regulation 5(2)(a); and contracts and/or quotations were awarded by the Municipality, the East Rand Water Care Company NPC (ERWAT) and Brakpan Bus Company (SOC) Limited (BBC) to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).

On management expenditure, the AG's 2011/12 reported that the Accounting Officer of the Municipality did not take reasonable steps to prevent irregular expenditure as well as fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA, and on irregular, fruitless and wasteful expenditure incurred by the Municipality, there was no plan to recover the money from the responsible person, as required by section 32(2) of the MFMA. The same report further indicated that the Accounting Officer of the Municipality did not have sufficient monitoring controls in place to ensure adherence to the SCM regulations which may not be sub-delegated.

As a result of an internal process to satisfy SCM Regulation 5(2) for the approval of contracts above R10 000 000, four contracts were identified that would need to be investigated by a Council Committee. During the financial year, 2013/14, 78 investigations were being

conducted of which 53 were being carried forward from the previous financial year by the internal audit division of the Municipality, and most of the investigations related to non-compliance with the SCM regulations, fraud and financial misconduct. For 2014/15 financial year, 73 investigations were being conducted of which 27 were being carried forward from the previous financial year by the internal audit division of the Municipality, and all related to non-compliance with SCM regulations, fraud and financial misconduct.

The AG's Media Statement on local governments' audits showed that the audit area with the lowest improvement rate was compliance with key legislation that governs municipal operations. The number of Municipalities with material findings on compliance has decreased from 95% to 78% since 2010-11. The Media statement indicated that although the number of Municipalities with material Supply Chain Management (SCM) findings had declined, the number of Municipalities with SCM findings (material and non-material) has remained at the same level since 2011-12.

Business Live, reported on the December 13, 2016 that ANC MECs resist open tender system, saying it will block black business people from winning tenders, whereas on the September 01, 2016, *The Star Newspaper* reported that there is a growing perception that the ANC is a corrupt party and that forced Ekurhuleni Mayor Mzwandile Masina to consider setting up an independent anti-corruption body in the Municipality, a clear indication of the existence of corrupt related activities in the Municipality. To corroborate the claims in the media, an attempt to interview an ANC representative failed due to unavailability of respondents.

The data presented here will be analysed in order to apply thematic analysis, which is a form of pattern recognition within the data, with emerging themes becoming the categories for analysis (Fereday & Muir-Cochrane, 2006) as cited in Bowen (2009). An attempt by the researcher to demonstrate objectivity and sensitivity in the selection and analysis of data from documents was done, as it is illustrated in Table 1 on compliance of SCM processes and legislature regulations in the Municipality.

Table 1: Data Analysis of SCM Processes, and Compliance with Legislature

Good Governance Indicators in SCM processes	**Compliance with SCM Policy and Legislation**
Publication of procurement	Section 217 of the Constitution gives effect to transparency as

and SCM opportunities in the Municipality	one of the principles of good governance. The analysis of the 2014/2015 annual report confirmed that EMM complied with the publication of procurement information via its website and printed media, and that has been supported by the primary data.
Availability of financial reports to internal and external auditors	The provision is clearly illustrated in the MFMA and SCM policy The analysis of the 2011/2012 to 2014/2015 annual reports confirmed that the Municipality fully complied.
Disclosure of the criteria used to select successful bidder	SCM Policy prohibits the selection of Municipal employees/ directors/ companies that are in the service of the Municipality or the public sector. Analysis of the media statement, AG Audit reports and newspaper articles stated that there are investigations relating to officials involved in procurement irregularities, disciplinary action being instituted and some irregularities reported to the Public protector's office.
Monitoring of procurement procedures	SCM Policy stipulates the delegation of duties to the Accounting Officer by Council to comply with administrative and operational responsibilities in the implementation of SCM policy. These include enforcing reasonable, cost-effective measures to prevent fraud, corruption, favouritism and unfair or irregular practices. In 2011, an investigation discovered massive fraud and mismanagement in the awarding of a tender to design and implement new computer network infrastructure, and Technology Corporate Management (TCM) won the tender and quoted R90 million. IBM was a better option, but its bid was unsuccessful despite quoting R35 million and having

	experience. TCM won the tender without a project or a design plan and started the project. Between 2007 and 2009, the amount grew to R279 million without the project being successfully completed. In the same year EMM awarded *Lesira-Teq* a water meter tender which was a three years, R205 million contract without following the correct procurement processes. The transport tenders worth over R100 million were awarded irregularly in 2013.

Source: Adapted from Migiro and Ambe (2008)

Table 1, gives an analysis of data in relation to what happens in the SCM processes of the Municipality and an indication of, at which level the fraudulent and corrupt activities are taking place, even though the legislature and regulations are in place.

Even though the municipality introduced open tender processes in a way to promote transparency, there is still lack of commitment from officials to implement rules and regulations associated with procurement and SCM, an that impacting negatively on issues of transparency, ethics, accountability and integrity in the municipality.

4.4.2 Primary Data

Creswell (2009) states that data analysis involves a number of steps, such as organizing and preparing the data for analysis, gaining the general sense of the information and reflect on the overall meaning, and interpreting the larger meaning of the data. Data presentation is regarded as the process of organizing data into logical, sequential, and meaningful categories and classifications to make them amenable to study and interpret. In this Section of the report, I will show how data were presented to give meaning by answering the questions asked in Chapter 2.

According to Miles and Huberman (1994) data reduction is a form of analysis that sharpens, sorts, focuses, discards and organizes data in such a way that 'final' conclusions can be drawn and verified. The process of data analysis began with the reading and reviewing of each interview transcript twice, as the first time was for understanding the content and double checking the right meaning of the response, and secondly to pick up useful comments. Then, that was followed by the grouping of similar questions from the questionnaire and

organization of data in search of patterns, or critical themes, and meanings that emerge from the data. For closed-ended questions, I numerically coded answers Yes = 1 and No = 2 respectively to bring out the frequency in relation to response, whereas, for open-ended questions, categories, subcategories and themes were used to bring out the patterns.

In response to most of the closed-ended questions, responses showed more of numerical 1 as respondents agreed to most of the questions, i.e. five or more respondents answered 'Yes' which was equated to 1 in the analysis of closed-ended questions, which portrayed a high frequency of numerical 1 which was coded against 'Yes' as an option for the questions. The following examples are a clear illustration of how most closed-ended questions were answered:

Are there any repercussions or disciplinary measures in place for people who commit misconduct?

Yes √√√√√

No √

 # Does the Municipality record contracts issued, payment made or any problems with individual contracts?

Yes √√√√

No √√

According to Thiétart (2007) and Neuman (2011), the coding process of notes and interview transcripts consisted of three steps which are open coding, axial coding and selective coding, which are defined as:

> *"Open coding involves the identification and naming of segments of the meaning of the field notes and transcripts in relation to the research topic. The focus of open coding was on wording, phrasing, context, consistency, frequency, extensiveness and specificity of comments. Consequently, the segments of meaning from the field notes and transcripts were clearly marked (highlighted) and labelled in a descriptive manner".*

For some analysis, it may not be necessary to transcribe an entire interview (McLellan, Macqueen, & Neidig, 2003). For this study, selected passages, sentences, or paragraphs relevant to research questions were used in the presentation and analysis. What to include

should always be driven by the research question that an analysis attempts to answer (McLellan et al, 2003).

According to DeCuir-Gunby, Marshall, and McCulloch (2011), the first step in developing data-driven codes is to determine how to reduce raw information into smaller units, such as categories or themes and identifying themes within sub-samples, i.e. identifying themes from various interviews through measurement of meaning as it is illustrated in Table 1. Data reduction is not something separate from analysis; it is part of analysis (Miles & Huberman, 1994).

Table 2: Data Driven-Codes from Interview Transcripts

Meaning of depth (Data From Interviews)	**Summarized Meaning**	**Codes**
Inconsistency of processes in SCM; Lack of communication; problems in the adjudication of bids; lack of skills and no adequate staffing capacity; lack of incentive strategies or performance appraisal for SCM personnel; lack of capacity (especially people with skills); lack of training programs resulting in personnel in SCM not been trained; lack of automation systems to alleviate the work flow; too much red tape; late payment of suppliers.	Demand management; Improper planning; dysfunctional bid committees; lack of commitment and professionalism; lack of commitment and professionalism; lack of innovation in systems.	1
Applying Section 217 of the Constitution; to control corruption and fraud; to provide fair systems, equitable, and transparent; to promote a fair, open, and competitive tendering processes; share best practices of transparency and fairness; to promote good governance; to expose the	Application or compliance to rule of law or SCM policy; strives to introduce transparency; promote openness and good governance; promote participation; control fraud and corrupt activities; lack of monitoring and reporting tools.	2

community and the bidders to understand the processes; to do away with corruption by ascertaining that everything was done ethically.		
Disciplinary measures are taken against those who are committing fraud related activities; the municipality records most of the contracts issued; Managers understand their roles as accounting officers; there are processes in place for all types of procurement and SCM processes	Accountability and application of rule of law and SCM policy; enhancement of effective management systems.	3
Before a tender is awarded all blacklisted or prohibited suppliers are checked on the register or data base provided by National Treasury; the municipality check for conflict of interest when contracting out the municipal programs; support and guidance are afforded to councillors doing business with the municipality; municipality provides ethical information to contractors; new recruits are inducted on ethical codes when joining the municipality.	Accountability, compliance to rule of law and policy; enforcement of the code of conduct and proper management systems; Ethics and conflict of interest.	4

Source: Adapted from Migiro and Ambe (2008)

Table 1 illustrates how data was reduced from the information gathered during interviews, by identifying phrase, similar words and concepts from the information. The table explains the first level of coding, whereby distinct concepts and categories in the data are built up by breaking down the data into the second level, i.e. *Axial coding* which was done by reviewing and examining the initial codes that were identified during the previous procedure outlined above. Categories and patterns were identified during this step and organised in terms of

causality, context and coherence; and *Selective coding* as the third and final coding procedure involved selective scanning of all codes that were identified for comparison, contrast and linkage to the research topic (question) as well as for a central theme or 'key linkage' that might occur (Thiétart, 2007 & Neuman, 2011), as illustrated in Table 2.

Table 3: Data Codes, Descriptions, Examples, Subcategories, Categories and Themes

Code	Description	Examples or Associated Concepts	Sub-Category	Categories	Theme
1.	Respondents mentioned lack of management of systems; inconsistence of SCM processes and capacity of skilled personnel; lack of incentive strategies or performance appraisal for SCM personnel; lack of training programs; too much red tape; late payment of suppliers as their challenges.	"…in my mind, I think there is a lack of capacity within the Municipality, skilled or experienced personnel".	Lack of strategic planning; Bid committees not functional; Training and workshops; delivery turnaround times due to workload; lack of monitoring of performance.	*Demand and Acquisition management *Performance Management	*Constituents of the bid committees and functions not adhered to. *No training offered *No appraisal systems
2.	Respondents mention compliance with the rule of law, Section 217 of the Constitution or doing away with fraudulent activities or corruption in procurement and SCM processes	"I think they want the community and the bidders to understand the process and to do away with corruption, as the community and bidders think, and to ascertain the	Promotion of transparency as one of the principles of good governance as per Constitution requirement in SCM	Anti-corruption measures and practices	Lack of monitoring and reporting tools; legislative regulations and SCM policy

		stakeholders that everything was done ethically".			
3.	Respondents mention disciplinary hearings carried out on employees, code of conduct being adhered to, conflict of interest being declared by councillors who are doing business with the municipality, and barring of blacklisted bidders	"…yes, I think the municipality does provide support and guidance in terms of conflict of interest, especially for councillors…"	Public finance management act (PFMA) (Act No. 1 of 1999)	Anti-corruption measures and practices; and service delivery	Enhancement of Rule of law or SCM policy by checking for bidders against NT conflict of interest register.
4.	Respondents mention that there is a culture of ethical induction for new recruits and contractors, disciplinary measures.	"For training new recruits, I will say, Yes and No…these are available on our intranet for an individual to access, but they are not given to new personnel upon arrival or start of job".	Legislative compliance and SCM Policy adherence.	Demand Management	Ethical code of conduct and training of personnel

Source: Adapted from Migiro and Ambe (2008)

In the process of presenting and analysing the data, linkages and comparisons were established that connect to the research topic. Issues such as the constitution of bid committees and its functions not been adhered to; training and appraisal systems not in place; lack of monitoring and reporting tools; checking of bidders against National Treasury conflict of interest register relate to the challenges associated with governance in SCM process in the Municipality.

In this stage of the presentation, a thorough examination of preliminary codes was done in order to identify connections and develop pattern codes, i.e. by returning back to the research questions and linking or connecting themes accordingly. As most or all of the themes coded, are regarded as 'challenges' associated with procurement and SCM processes in the Municipality, and only three levels of pattern or theme coding was considered, i.e. according to secondary research questions. For establishing the connections and patterns, and the following outline was created:

Compliance with National Treasury (NT) regulations and MFMA, SCM policy: Dysfunctional Bid Committees and inconsistence Bid Committees due to lack of capacity (skilled personnel), no personnel appraisal systems and lack of understanding of the SCM concepts, as there are no proper training programs. This shows lack of proper planning and overlooking of the roles of demand management.

Theme 1: SCM policy and Compliance with legislature/ and Lack of proper planning (Demand Management).

Transparency, as a corruption control measure and demonstration of accountability: Disciplinary hearings conducted, declaration of conflict of interests by councillors, barring of blacklisted bidders, inexperienced contractors and incomplete work.

Theme 2: Transparency and Accountability

Challenges in promoting and administering ethics and integrity; and accountability: Training of recruits and personnel, code of conduct/ ethics, conflict of interests, delay in payments of companies, and lack of monitoring and reporting tools.

Theme 3: Ethics and Conflict of Interest. (Risk management)

Thematic analysis approach was used to present the data, where by major themes were found and their voices are used to support the analysis and interpretation. Due to the sensitivity of

the study, all participants' identity was withheld and pseudonyms were assigned to cover for their identity and comply with the confidentiality that was consented on at the beginning of the interviews. All participants were assigned letters of the alphabet, e.g. Respondent A, B, or C, etc. So, for this study, all participants will be identified as such.

The study involved eight Municipal senior employees in the SCM Unit and one elected councillor. One Municipal employee could not take part in the interviews due to continuous unavailability which might be attributed to work commitments or deliberate avoidance of taking part in the study due to the sensitive nature of the topic understudy. The one elected councillor excused himself citing conflict of interest as the reason not to take part in the study, just after reading the questionnaire; and recommended to get a replacement which also never materialized after several follow ups. The SALGA intended interviews never happened as there were continuous postponements of appointments after agreeing to the initial request to conduct interviews within Finance Unit. The supervisor was shown a list of respondents, the pseudonyms allocated to them, their coding in order to ensure both anonymity and research integrity.

This evidence above corroborates to the narration that any issue related to corruption, normally tends to evoke a particular pattern of reactions, as there is likely to be a reaction of evasion, whereby people believe that there is nothing that could be done to curb corruption, or excuses or analytical expression whereby people are courageously reacting to the issue.

The challenges that are associated with procurement and Supply Chain Management processes

The findings in this study revealed that the challenges associated with SCM processes are the lack of capacity, the inconsistency of SCM processes, capacity in relation to volumes of tenders on a monthly basis, lack of skilled personnel, and technologically advanced system in SCM. Most of the respondents cited lack of capacity, the inconsistency of processes and skilled personnel as major challenges. This neatly captured by Respondent B who declared that *"…the major challenge for now would be a lack of expertise within the SCM unit of the municipality";* and Respondent C who supported that by saying that *"…in my mind I think there is a lack of capacity within the Municipality, skilled or experienced personnel".*

Most of the respondents commented on how inconsistent ways of doing things impact on the SCM processes. The following quotation illustrates this finding:

"…the inconsistency of processes is one of the challenges, whereas lack of communication, capacity, and limited incentive strategies or performance appraisals as some".

Respondent E indicated that the SCM processes that are followed by the Municipality are not fully fledged SCM processes because in most cases, they have to run with the whole processes from start to finish by being involved in all Bid Committees, i.e. Specification Committee, Evaluation Committee, and Adjudication Committee which might compromise the integrity of the process and open up opportunities for fraud and corrupt activities. Accounting officers or authorities should ensure that a formal set of delegations is issued to bid evaluation or adjudication committees, which should be constituted of at least three members, of whom at least one should be a SCM practitioner. When it is deemed necessary, independent experts may also be co-opted to a bid evaluation or adjudication committee in an advisory capacity (National Treasury, 2015). Many respondents acknowledged that there are challenges in procurement and SCM processes in the Unit, and that is supported by the quotation below:

"…the SCM processes are not standardized. All departments or units overlap in their operations as some members sit in all the three bid committees because of lack of capacity and that causes loopholes for corrupt activities".

The extent to which the Ekurhuleni Metropolitan Municipality complies with National Treasury (NT) and MFMA supply chain regulations

The data presentation reveals that most of the respondents agree that the Municipality has the code of conduct on procurement and Supply Chain Management processes and the stakeholders are aware or have knowledge of the policies such as MFMA, SCM policy, etc. Most individuals who were somehow involved in fraudulent activities have been reported to right structures and disciplinary measures were taken against them. When asked if there are any repercussions or disciplinary measures in place for people who commit misconduct, most respondents agreed that there are measures in place and cited *"suspension without pay for couple months, demotion or transfer to other posts"* as an example, whereas others cited *"disciplinary hearings, letter of warning and dismissal"*. The assertion that there are repercussions for misconduct is nicely supported by Respondent E, by saying that "*there is normally consultation with internal auditors to investigate if there is any corruption."*

The data further show that most of the Managers understand their roles as Accounting Officers. There was a contradiction of responses on the availability of audit charter, as some

of the respondents agreed that the municipality does have an audit charter to keep procurement and SCM processes transparent and to keep the participants accountable whereas others did not have an idea what the charter is. Most of the respondents could explain how the Municipality deals with urgent and minor works as they all cited MFMA as their guiding tool which sets out how to procure for different amounts. The following quotation illustrates the findings:

"…yes, the council has set procedures used for procurement. Procurement of between R0.00 - R2000.00 use petty cash; R2000.00 – R10000.00 three quotations are needed and supplier database is used; R10000.00 – R15000.00 the municipality must advertise on their website or any medium for seven days; R15000.00 – R30000.00 it must be advertised and a tax clearance certificate needed. For an amount of R30000.00 – R200000.00 the PPPFA is applied, whereas for any amount above R200000.00 an open tender is used to procure goods".

The respondents also indicated that there are normally steps that are taken if there are allegations of corruption, fraud, favouritism, unfair or irregular practices that are not acceptable in the SCM processes, and most of the respondents referred to MFMA as a guiding tool for all malpractices in SCM, and could not provide any evidence for their claims.

Transparency, as an important way that can be used as a control measure to control corruption and demonstrate accountability in EMM

The principle of transparency in SCM was basically enforced for the sake of promoting accessibility to relevant information and processes that is well detailed to afford competing parties in tender processes opportunities. The EMM introduced open tender adjudicating processes as part of their procurement and SCM processes in 2015, in order to improve on governance of SCM as it is regarded as a powerful tool that can be used to combat corruption and ensure good governance, value for money and good-quality service delivery.

According to the respondents, the reason why the Municipality opted for the transparent tender bidding adjudicating route was because "*it is the legal requirement"* that is according to Respondent F, but according to Respondent A, *"it is to meet the requirements of Section 217 of the Constitution"*. Other respondents went deeper by expressing their views on the reasons why the Municipality uses the transparency approach as a good measure to good governance. The following quotes illustrate that:

"…they want the community and the bidders to understand the process, and to do away with corruption as the community and bidders think, and to ascertain the stakeholders that everything was done ethically".

"…transparency assists in ensuring that any deviations from fair and equitable or equal treatment are detected early; and it protects the integrity of the process and the interests of the Municipality, stakeholders and the public, no corruption!"

Many respondents agreed that transparency could help in revealing untoward behaviour if well executed, and that is well supported by Respondent C, who mentioned that:

"*…I think that a transparent and competitive process ensures that the Municipality receives the best services and goods at the lowest prices and ensures that the Municipality obtains value for money. It also safeguards against corruption and nepotism, and to a certain extent, I think this is the case with the Municipality, even though corruption and nepotism is still there".*

Whereas Respondent E explained that, it is through transparent tendering processes that fair and competitive bidding could be achieved, and that is well captured by the following quote:

"…to promote a fair and open and competitive tendering process, ensuring that only the contractor with the best price, and meeting all technical requirements will be awarded the tender".

There were disagreements if the transparency option was the only way to improve on their administration on tendering. Some respondents recommended e-procurement as their preferred way of doing things whereas others recommended other means such as having a competent and ethical capacity within the organization as a solution. The contrasting views on the issue of transparency are illustrated by the quotes that follow:

"There are other means such as having competent and ethical capacity within the organization".

"I think e-procurement is another approach that can be looked at, because it is effective and efficient. It will eliminate lots of defects and errors done by personnel".

The contrasting views on why transparency was introduced are an illustration of inconsistency of processes within the procurement and SCM, and people wish for better ways of doing things. There was a concern about how bigger tenders or emergency tenders are

handled, as the sole responsibility rest with the Accounting Officer, which is the City Manager for approval. This is something that could open opportunities for fraudulent and corrupt activities, and this was clearly declared by Respondent B, by saying that:

"The only tenders that are issued without following procedure are the ones which are done in times of emergency, for example, if a big pipe burst and the water leakage is likely to endanger the lives of people, then a sole provider could be asked to do the work and all other processes will be done later".

"With this, we do not follow normal advertisements, and bidding. As long as you can prove and the Accounting Officer approved the request".

The key challenges in promoting and administering ethics and integrity; and accountability in EMM

Some respondents indicated that there is support and guidance in terms of conflict of interest, especially for Councillors doing business with the Municipality, whereas others were not sure if there is such arrangement. In order to avoid awarding contracts wrongfully, prior to the awarding any contract to the qualifying bidders there is a verification process and most respondents attested to that in their responses. According to National Treasury (2015) it has started to develop a system agnostic central supplier database that will be ready for implementation on 1 April 2015, which its main aim is to eliminate duplication of effort for suppliers doing business with government; enables the automation of verification and validation of compliance requirements (Tax certificates, CIPC information, BEE certificates to name but a few; enable supplier development for governments supply chains and importantly, for automating SCM processes in government. But according to PSC (2005) the common law protects the identity of an individual or legal entity and sanctions the infringement thereof through the utilisation of false, misleading or incorrect information relating to the individual or legal entity concerned. The aggrieved party can recover damages from the party causing damage to his personality interest. The utilisation of false information infringes on aspects of the individual's *dignitas* (dignity) or *fama* (good name) which can in turn result in the individual seeking civil recourse; and Section 9(b) (ii) of the Promotion of Access to Information Act requires the balancing of the right to information with any other right, including the rights in the Bill of Rights in Chapter 2 of the Constitution. That making 'blacklisting' a contestable legal case should the suppliers feel like contesting if they are blacklisted.

Respondent A indicated that a declaration of interest must be completed and also verify the internal employee register if the bidder is working for the Municipality, whereas Respondent F states that they check against the list of prohibited suppliers provided by National Treasury. For any misconduct by any of the stakeholders, there are measures in place as most of the respondents indicated that there have been disciplinary hearings for such people. The data illustrate that most respondents agree that ethical work practices for new recruits and personnel involved in SCM processes are provided and ethical information to contractors is provided, but only a few respondents agree that is a standard practice. The following quote illustrates that:

"…there is a need for training for new recruits as lack of capacity is addressed."

There is either no training or only done as and when required for the personnel in SCM Units, something which is of great concern. That is illustrated by the quotes below:

"…training is a once off thing."

"…it is not done at all."

"…training for personnel is done as and when required."

The findings of the study indicate that most of the issues raised relate to procurement and SCM processes. According to the responses by the respondents, most rules and regulations are adhered to besides few where there is no compliance on the SCM policy and regulations. The issues that kept on coming up from Respondents were the lack of capacity, the lack of skilled personnel in the Unit, and the inconsistent SCM processes which are likely to impact negatively on the procurement and SCM processes as stipulated by the legislature. The other issues raised were incomplete work by contractors, which either indicates the level of experience or systems that are not operational, and lack of incentive strategies or the so-called performance appraisals to reward good work or performance within the organization as challenges that might impact on the SCM processes negatively, if not attended to. Capacity of skilled personnel has been raised as a challenge, and I think the respondent saw it necessary for the current personnel to be considered for incentives or appraisals for doing the work they are doing with a skeleton staff, and this is the one challenge that stood out. This might be a solution to the challenges in SCM, but is a short term solution, and this is supported by Fjeldstadt (2003) as he argues that higher salaries might be a short term solution in curbing corruption.

The validity of an instrument is the degree to which an instrument measures what it is intended to measure (Polit & Hungler, 1993). The designed questionnaire included a vast variety of questions on processes of procurement and SCM processes and most of the questions were based on the literature reviewed so that they directly represent what procurement and SCM processes exactly are, and they were easy to understand as there were no questions asked by any of the respondents to clarify some of the questions. The respondents only opted to respond to the questions that involve their daily operations. Through the consistency of questions from the questionnaire, and responses given, one can conclude that there is validity in the data collected. And due to the sampling method of only involving Senior Managers who are directly involved in the procurement and SCM in the Municipality, that validate further the collected data.

Given the sensitive nature of the research study interviews, there was great consideration of establishing rapport with the interviewees in order to strengthen the trust element. All interviewees were assured of the confidentiality of the study and they were also informed of the importance of the study. The research findings are regarded valid as the study used first organizational experts or users of the processes of procurement and SCM in the Municipality to provide useful and relevant information, and that could be classified as explanations supporting conclusions or findings 'beyond reasonable doubts'.

The issues that kept on coming up as the findings of the study were basically on compliance with National Treasury (NT) regulations and MFMA, SCM policy; Transparency, as a corruption control measure and demonstration of accountability; and Challenges in promoting and administering ethics and integrity; and accountability as illustrated in the section above.

According to EMM Supply Chain Management policy, Section 38, Combating of abuse of supply chain management system, the following measures are established to combat the abuse of the supply chain management system, i.e. the accounting officer must take all reasonable steps to prevent abuse of the supply chain management system; investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

The accounting officer must check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector; and reject any bid from a bidder - if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory; and the SCM policy further states that the accounting officer must reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract, as some of the responsibilities that the accounting officer has to carryout in order to enforce implementation of the rules and regulations in procurement and SCM processes.

Kauffmann (2005) as cited in IMF argues that "fighting corruption by fighting corruption" i.e. by creating commissions, ethics agencies, drafting of new laws and code of conducts, appears to have little impact, then by looking optimistically at alternative ways as the data suggest that transparency helps improve governance and reduce corruption, i.e. by making transparency more transparent, there will be solutions.

Through a continuous review and revision of legislation, establishment of a strong whistleblowing mechanism, blacklisting of individuals, businesses or organisations who are proven to be involved in corruption, and promotion of and implementation of sound ethical, financial and related management practices; promotion and pursuance of social research and analysis and policy advocacy to analyse cause, effect and growth of corruption; enforcement of Code of Conduct and disciplinary; inspiring the youth, workers and employees towards intolerance for corruption; promotion of training and education in ethics (NT, 2015).

4.5 SUMMARY OF THE RESULTS

The presentation of primary and secondary data brings about some similarities with what prior related research literature found out. Lack of capacity (skilled), inconsistent bid committee processes, lack of appraisal systems, ineffective technologically advanced SCM systems (E-procurement), lack of SCM monitoring tools, and lack of training programs for personnel, has always been a problem in SCM processes of local governments (Ambe & Badenhorst-Weiss, 2012). The data presented may not translate into corruption, but the lack

of most of the findings could be an opportunity for corruption. Weak governance within a given Municipality does not equate to corruption, but lack of skills, incompetence or mismanagement can ultimately lead to fraud and corruption (Mantzaris, 2014).

The secondary data analysis was done to confirm and evaluate the status of SCM, compliance to rule of law in the Municipality in relation to the primary data analysis, something that was confirmed by the allegations against the City Manager or Accounting Officer of the Municipality who is supposed to be the Accounting Officer, and applying an oversight role and that of monitoring the procurement and SCM processes of big tenders, which are currently under investigation. The data analysis was done to test and confirm any findings against the regulations, policies or procedures as it is expected by the Constitution.

4.6 CONCLUSION

This Chapter discussed both primary and secondary data presentation with reference to the research questions. The objective of the study was to evaluate the efficacy of anti-corruption control measures in procurement and SCM processes in relation to the principles of good governance, in order to protect the interest of the poor and society at large against corruption. The main findings of the investigation were summarized in each Section according to the questions asked. The relationship of findings from both primary data and secondary data was established by separately analyzing primary and secondary data to see if there are common findings about issues raised by research questions. The discussion of the findings and interpretation would be done in detail in the following Chapter.

This Chapter discussed the data presentation and interpretation with reference to the literature review and the aim of this study was to explore the weaknesses or strengths associated with procurement and SCM processes in EMM that could open up opportunities for corrupt activities. Organisational weaknesses in the supply chain and financial management without a strict but flexible operational policing, detection and prosecution measures enhance corruption (Mantzaris, 2014).

As it is alluded to, in the paragraph above, that the main findings of the investigation were summarized in each section. The data from textual sources was used to offer evidence of compliance or non-compliance with related legislation, policies and regulations in the Municipality, and the association of findings from both primary data and secondary data was established by separately presenting primary and secondary data to see if there are any

common findings on issues raised by research questions. The interpretation and discussion of the findings will be done in detail in the next Chapter.

CHAPTER 5

INTERPRETATION, DISCUSSIONS AND SUMMARY OF FINDINGS

5.1 INTRODUCTION

In this Chapter of the research, the findings of both primary and secondary data which were presented in Chapter 4 will be interpreted. This Chapter concludes the research report by giving a summary of the research findings, interpreting and discussing the findings. The conclusions and limitations of the study will also be discussed.

The themes that came out of the primary and secondary data in the previous Chapter will be discussed in details. The significance of the research in the context of corruption, anti-corruption and procurement and SCM in EMM is examined. The recommendations for further research study will end the Chapter.

The objective of this study was to evaluate the efficacy of anti-corruption control measures in procurement and SCM processes in relation to the principles of good governance by investigating the challenges that are associated with SCM processes. The findings suggest that lack of capacity (skilled), inconsistent bid committee processes, lack of appraisal systems, ineffective technologically advanced SCM systems (E-procurement), lack of SCM monitoring tools, and lack of training programs for personnel are the main challenges in SCM that are associated with weakness of procurement and SCM processes in the Municipality which are not invulnerable to fraudulent and corrupt activities if not attended to.

The findings of the study will clarify the current status of procurement and SCM processes in the Municipality with prominence being on systemic gaps that would need to be talked to mend the situation. Both primary and secondary data will be interpreted to determine the magnitude of compliance with SCM policies and regulations in the Municipality.

5.2 SUMMARY OF MAIN FINDINGS

The study was meant to investigate corruption-related challenges within the procurement and Supply Chain Management practices in Ekurhuleni Metropolitan Municipality that hinder good practices and the promotion of good governance, and the focus being on issues of accountability, rule of law, ethics and integrity; and transparency as principles of good governance and elements of anti-corruption measures in curbing corruption. Of which if well

implemented, would strengthen the SCM processes and eventually eliminating any unforeseen corrupt and fraudulent activities.

The study sought to offer some insights into the governance challenges associated with procurement and supply chain management in Ekurhuleni Metropolitan Municipality and how those challenges could be addressed. The findings as mentioned in the Section above highlights the challenges that are likely to hinder good governance; and that giving a clear picture of what could be the challenges and what needs to be done, especially in the procurement and supply chain management unit of the Municipality.

Globally, corruption has been and is still a challenge for both public and private organizations, especially in developing countries. South Africa, just like all other countries in the world, has experienced corruption in all spheres of government. According to *Afro barometer* (2016), South Africa ranks first among 36 countries surveyed in 2014/2015 in perceptions of growing corruption, with eight in 10 citizens (83%) saying corruption has increased "somewhat" or "a lot" over the previous years. "…citizens say government officials, police officers, and local government councillors are the most corrupt, followed by the presidency and members of parliament" (*Afro barometer*, 2016, p. 2).

According to the most recent findings on the issue of corruption associated with SCM processes in South Africa, National Treasury (2016), attest to the importance of well-run SCM processes by saying that efficiently and cost effectively managed public procurement can, accelerate quality delivery of services and contribute to economic growth.

According to Mantzaris and Pillay (2014), 'good governance' can be described as being synonymous with transparency, accountability, integrity, the rule of law, stability and growth for the private sector and social compacts and synergy between the private and public sectors. Whereas, on the other side, Munzhedzi (2016) argues that the relationship between public sector procurement and corruption is so intimate that they are like inseparable twins. The study's aim was to find out those challenges that could help solve any fraudulent or corruption related activity in SCM processes that hinders the objectives of service delivery in the Municipality.

According to National Treasury (2015), transparency and open contracting are critical elements of any public sector SCM system and an efficient and intelligent public sector SCM system can help to overcome corruption-related challenges, and it is through the understanding of what corruption entails, especially in procurement and SCM processes that

one would seek to get to come up with ways of reducing the scourge of corruption in the Municipality. SCM operates within a regulatory framework and the literature supports that as it is alluded to in Chapter 2 of this study.

The study employed a semi-structured interview approach to collect primary data because they bring the element of consistency with all participants; as there are pre-planned questions and those questions guide the researcher to cover the research topic areas as is required by the study. A questionnaire was chosen as the data collection instrument and it was the only tool used in conducting the interviews and collection of primary data from the participants, whereas documents analysis was used for secondary data.

From both primary and secondary data presentation, the following dominant findings were discovered. Lack of capacity (skilled), inconsistent bid committee processes, lack of appraisal systems, ineffective technologically advanced SCM systems (E-procurement), lack of SCM monitoring tools, and lack of training programs for personnel are the main challenges that were repeatedly mentioned and are associated with corruption in procurement and SCM in the Municipality. The interpretation and discussion of the findings will be done in detail in the Section to follow.

5.3 INTERPRETATION AND DISCUSSIONS OF FINDINGS

Secondary Data Analysis

The documents analyzed in relation to the research study on challenges associated with SCM processes at Ekurhuleni Metropolitan Municipality will be used to establish the level of compliance or adherence to SCM policy, National Treasury's regulations on SCM and legislative regulations. The documents analyzed include SCM policy, MFMA, AG's Media Statement, Newspaper articles, Auditor General's audit reports of 2011/12 to 2014/15, and the literature reviewed. Table 4 illustrates some of the documents that were used in collecting secondary data and the analysis will bring out the themes as it is required to bring out the meaning of the findings.

Table 4: A Short Sample of Documents and Data Analysed

Selected Documents	Data Analysed
South African Constitution Act	Section 217 of the Constitution
MFMA No 56 of 2003	Regulatory framework of SCM in the

	Municipalities
EMM Council Meeting 2016-01-28 ITEM A-F (01-2016)	Minutes of Council on performance of the Municipality
Afro barometer Dispatch No. 126	Data on South African people's perceptions of corruption
National Treasury SCM Review Update	Review on SCM processes and recommendations
EMM Annual Reports 2011/12 – 2014/15	Auditor General's audit findings
PPPFA No 5 of 2000	Regulatory framework on preferential procurement policy implementation
BBBEE Act 53 of 2003	A code of good practice on PPPFA
Prevention and Combating of Corruption Activities Act 12 of 2004	Regulatory framework on corruption; responsibility of authority and establishment of register for offenders

Source: Adapted from Bowen (2003)

In attempting to determine the non-compliance or compliance in SCM processes of the Municipality, the following indicators were used in comparison to the SCM legislation, policies and regulations as stipulated in the constitution, i.e. publication of procurement and SCM opportunities in the Municipality; availability of financial reports to internal and external auditors; disclosure of the criteria used to select successful bidder; and monitoring of procurement procedures.

Publication of procurement and SCM opportunities in the Municipality: Section 217 of the Constitution gives effect to transparency as one of the principles of good governance. The analysis of the 2011/12 to 2014/2015 Annual Reports confirmed that EMM complied with the publication of procurement information via its website and printed media, and that has been supported by the primary data.

Availability of financial reports to internal and external auditors: The provision is clearly illustrated in the MFMA and SCM policy. The analysis of the 2011/2012 to 2014/2015 Annual Reports confirmed that the Municipality fully complied.

Disclosure of the criteria used to select successful bidder: SCM Policy prohibits the selection of Municipal employees/ directors/ companies that are in the service of the Municipality or the public sector. Analysis of the Media Statement, AG's audit reports, and newspaper

articles stated that there are investigations relating to officials involved in procurement for irregularities, a disciplinary action being instituted and some irregularities reported to the Public protector's office. That is supported by AG's 2011/12 to 2014/15 audit reports that between 73 and 78 investigations were conducted since 2011. The AG's report reveals that there are persons in the service of the Municipality whose close family members had a private or business interest in contracts awarded by the Municipality, who failed to disclose such interest, as required by SCM Regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA or service providers whose principal shareholders are persons in the service of the Municipality or providers who are persons in the service of other state institutions or whose directors or principal shareholders are persons in the service of other state institutions, who failed to disclose such interest, as required by SCM Regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA. The analysis on the indicator points out to lack of compliance with SCM policy and National Treasury's regulations on SCM in Municipalities, especially on issues of conflict of interest and disclosure as main challenges.

Monitoring of procurement procedures: SCM Policy stipulates that the delegation of duties to the Accounting Officer by Council to comply with administrative and operational responsibilities in the implementation of SCM policy. These include enforcing reasonable, cost-effective measures to prevent fraud, corruption, favouritism and unfair or irregular practices. The AG's report stated that the accounting officer of the Municipality did not take reasonable steps to prevent irregular expenditure as well as fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA, and all the expenditure incurred by the Municipality was not recovered from the responsible person, as required by Section 32(2) of the MFMA. The report further shows that the Accounting Officer of the Municipality did not have sufficient monitoring controls in place to ensure adherence to the SCM regulations which may not be sub-delegated (see Table 1). The analysis of this indicator shows a lack of monitoring and reporting tools as a challenge, of which, if not attended to, is likely to compromise the systems and weakening them.

The description of the indicators above was through the analysis of comparison against the SCM legislation, policies and regulations as stipulated in the Constitution to test non-compliance or compliance in SCM processes and then associating the findings to the primary data to establish the similarities. The content analysis process, which is also regarded as an

iterative process, combines elements of content analysis and thematic analysis (Bowen, 2009).

The outcome of identified indicators was to compare compliance or non-compliance in SCM processes against SCM policy, National Treasury's regulations in the Municipality. The Municipality complied with the Section 217 of the Constitution that gives effect to transparency as one of the principles of good governance, and the availability of financial reports to internal and external auditors as it is clearly illustrated in the MFMA and SCM policy. The analysis of findings recognized that the Municipality met the requirement of annual financial performance reports submission as a requirement of National Treasury.

The two areas where there was non-compliance were with regard to disclosure of the criteria used to select successful bidder, and monitoring of procurement procedures. The analysis of findings established that there is no disclosure of people who have an interest in doing business with the Municipality (conflict of interest) as it is required by the SCM Regulation 46(2) (e) and the code of conduct for staff members issued in terms of the MSA. The analysis of the findings also established that monitoring of procurement procedures is lacking as the Accounting Officer failed to take steps to stop fruitless and wasteful expenditure as it is required by section 62(1) (d) of the MFMA, and recover all the expenditure incurred by the municipality from the responsible person, as required by section 32(2) of the MFMA.

It was established in the AG's audit report that the Accounting Officer failed in executing his oversight responsibilities as it is required by the SCM policy. SCM Policy stipulates the delegation of duties to the Accounting Officer by Council to comply with administrative and operational responsibilities in the implementation of SCM policy. This is an indication of lack of leadership, especially in SCM units where it is needed most.

The secondary data analysis was done to confirm and evaluate the status of SCM, compliance or non-compliance with the regulations, policies or procedures in the Municipality in relation to the primary data analysis. The analysis findings reveal incompetency and weakness of systems in the SCM units and that could suggest dysfunctional SCM unit which might open up opportunities for corrupt and fraudulent activities. Organizational weaknesses in the supply chain and financial management without a strict but flexible operational policing, detection and prosecution measures enhance corruption (de Marco, 2014) as cited in Mantzaris (2014). This declaration is supported by Mantzaris (2014) that the lack of ethics and accountability amongst leadership in most cases lead to loose, badly organized, weak or

inefficient organizational systems and structures at key levels such as human resources, risk management, procurement and financial management.

Primary Data Analysis

According to the findings of the study, the challenges that are associated with procurement and SCM processes in the Ekurhuleni Metropolitan Municipality are a lack of capacity (skilled), inconsistent bid committee processes, lack of appraisal systems, ineffective technologically advanced SCM systems (E-procurement), lack of SCM monitoring tools, and lack of training programs for personnel.

The lack of understanding the concept of SCM and its inextricable link to long-term quality service delivery, human capital development and associated socioeconomic growth, may be the root cause of problems beleaguering government and the people at large (Boateng, 2009). The findings paint a very dire situation, as they are not anything new. Since 2003, for example, training and workshops have been on-going across various spheres of government (Ambe & Badenhorst-Weiss, 2012), but the challenges still remain. The training of officials involved in implementing the supply chain management policy should be in accordance with any National Treasury guidelines on Supply Chain Management training, of which, according to the analysis of the findings, it is not happening or it only happens sometimes.

The analysis of the findings suggests that too little has been done in improving the procurement and SCM processes since the dawn of democracy in 2004. According to National Treasury (2015), there are challenges in SCM processes in government as SCM system was fragmented and there is limited or no accountability, transparency and there is a lack of coherence between various spheres of governments and departments. My observation on investigating this phenomenon is that people are not open to discussing corruption, especially if that is where they get their bread and butter. So, the sooner the issue of corruption is no more regarded as taboo, then there will be an open discussion on the issue, and then maybe solutions might be drafted and achieved. This is verified by Langseth (2016) and Chand (2006) that all parts of society should share the responsibility of containing corruption as we are all willing or unwilling participants, and as we are part of the problem, we should be part of the solution.

All the findings in the study associate with the research questions as they speak directly to what the research was investigating. The finding that SCM processes are inconsistent is an indication of non-compliance to policy and legislation. In the analysis of the findings, it was

indicated that there are three bid committees, but due to lack of capacity, there are EMM employees in SCM Unit who sit all the three committees of the SCM. Ambe and Badenhorst-Weiss (2012) support the assertion that the issue of compliance is a major retard in the implementation of SCM as it affects other activities. Issues regarding non-compliance with SCM policy and regulations can be attributed to lack of the requisite SCM skills and competencies as well as the absence of a stricter regulatory culture (Ambe & Badenhorst-Weiss, 2012) such as inconsistent bid committee processes in the SCM processes.

The findings of the study suggest that the capacity of skilled personnel in the SCM Units is not enough, an indicator that there is no proper planning, and that might impact on the efficiency of the Unit, weakening the systems in the organizations, and eventually opening opportunities for corrupt or fraudulent activities within the processes. Ambe and Badenhorst-Weiss (2011b) as cited in Ambe and Badenhorst-Weiss (2012) acknowledged that training and workshop were vital for successful implementation of SCM processes.

The aim of SCM is to add value at each stage of the process, from the demand for goods or services to their acquisition, management of the logistics processes, and finally, after use, to their disposal (Ambe, 2012). SCM in any sphere of government aims to add value at each stage of the procurement process and address deficiencies in current practices. Transparency and open contracting are critical elements of any public sector SCM system and an efficient and intelligent public sector SCM system can help to overcome corruption-related challenges (National Treasury, 2015).

According to Mantzaris (2014), the lack of ethics and accountability amongst leadership in most cases lead to loose, badly organized, weak or inefficient organizational systems and structures at key levels such as human resources, risk management, procurement and financial management. The analysis of the findings points to lack of training, lack of capacity, lack of skilled personnel, inconsistent SCM processes are some of the findings that impact on procurement and SCM processes which in turn deters delivery of basic services to the communities the local government is entrusted to (Ambe & Badenhorst-Weiss , 2012; Manyathi & Niyimbanira, 2014; and Moloi, 2012). The findings answer the research questions on the principles of good governance, and even if there were no direct findings on corruption. The conclusions of the study will be discussed thoroughly in the next Section based on the literature reviewed.

5.4 DISCUSSIONS OF THE CONCLUSIONS

The findings of the study agree mostly with the reviewed literature on SCM in Municipalities in South Africa, which was conducted by Ambe and Badenhorst-Weiss (2012); Ambe (2012); Manyathi and Niyimbanira (2014); Migiro and Ambe (2008); and most recently with Mantzaris and Pillay (2015); and Munzhedzi (2016). In their studies, the findings indicated that non-compliance to SCM policy and regulations; inadequate planning and linking demand to the budget; inadequate and inconsistency to risk management or irregularities in SCM; inadequate monitoring and evaluation of SCM; ethics and conflict of interest; lack of proper knowledge, skills and capacity as the main issues or challenges that hinder SCM implementation. Migiro and Ambe's (2008) study agrees with the findings as is mentioned in Ambe and Badenhorst-Weiss (2012). Proper implementation of SCM in the public sector could streamline and modernize public procurement systems, leading to substantial cost savings and improved delivery time (Ambe, 2012). National Treasury identified the public procurement objectives as service delivery, socioeconomic objectives, getting value for money, and getting the right balance of objectives, and it further states that service delivery should be of high quality and quantity, be efficient, cost effective, timely, and at the right price (2015).

According to Boateng (2014) to significantly change South Africa's service delivery issues, it is imperative that government implements an effective Supply Chain Management strategy, supported by the appropriate skills. This is supported by Ambe and Badenhorst-Weiss (2012), that lack of service delivery is mostly experienced at local government level because it is the 'coalface of service delivery'.

According to Moosa (1996) and Boateng (2010) as cited in Ambe and Badenhorst-Weiss (2012), accentuate the point of how important is SCM, by arguing that there is supply chain associated with every product delivered, be it tangible or not, health or education, waste collection, financial services, tourism and even service delivery in local government; and that argument links service delivery to Supply Chain Management. Better improved SCM processes will automatically reduce the impact of fraudulent and corrupt activities, that translating in improved and efficient service delivery; and that could only be achieved if the rule of law, ethics, and integrity, accountability and transparency are enforced to enhance good governance.

National Treasury (2015) further attests that there are challenges in SCM processes in government. The current SCM system was fragmented and had limited or no accountability, lacked transparency and also lacked coherence between departments. According to National Treasury (2015), the root causes of poor SCM performance were a lack of clear and standard directives for the whole government, and insufficient human resource capacity and management to complete activities within the expected time frames and according to acceptable standards, whereas other challenges are lack of competency, which hampered quality outputs, a negative culture of willingness, and a lack of accountability.

According to Boateng (2014), there is a relative lack of guidance for procurement and SCM officials on how to effectively integrate B-BBEE with other societal and commercial considerations, resulting in increased corrupt and wasteful practices. This lack of capability remains the largest weaknesses in South Africa's drive for economic transformation and service delivery quality (Boateng, 2014). It is through these processes that fraudulent and corrupt activities take basis. The scholars who researched corruption and anti-corruption argue that in order to curb corruption, all parties involved should be part of the solution. Ultimately, all parts of society must share the responsibility for containing corruption because all are willing or unwilling participants. Each corrupt transaction requires a "buyer" and a "seller" Langseth (2016). Chand (2006) supports Langseth's argument that corruption exists because there is a supply of and demand for this service… economists start with the premise that corruption exists only because the incentives are consistent with its prevalence.

While all those who are part of the problem must be part of the solution, it would be unrealistic and cost-prohibitive to attempt to eliminate corruption completely. So, reducing corruption, therefore, is all about changing the structure of incentives. The demand and supply-side causes are identified and addressed in any strategy aimed at abating corruption (Langseth, 1999; & Chand, 2006).

Other scholars on corruption suggest different approaches to abate it. Larmour (2006) argues that civil service reforms seek to reduce corruption by keeping politicians out of administration. This is supported by National Treasury (2015) that there is a limited transparency in government, which was mainly motivated by political interference, which remained a concern.

Fjeldstadt (2003) thinks that while higher salaries might be a short term solution, it should be only one component of a reform programme in order to reduce incentives for corruption.

Ferreira et al (2007) agree with Fjeldstadt (1988) that raising salary levels does not necessarily enhance ethical behaviour, though salary levels should at least correspond to a living wage. This is their advocacy for reducing opportunities for rent seeking behaviour, through computerizing business processes, introducing a code of ethics, revising HR policy, giving performance related bonuses. While, Michael & Polner (2008), argue that implementation of a risk management system and the introduction of investigation and prosecution mechanism can be effective in reducing corruption.

According to National Treasury (2015), the procurement system should be based on capabilities such as accurate demand planning, procurement planning, correct items and specifications management, supplier management, management of bids through the required committees, inspection and quality management, utilization of products and services management, effective supply schedules, and audit and enforcement.

Boateng (2014) emphasizes that planning delivered by skilled supply chain professionals is essential to provide the necessary momentum to the National Development plan. If there is no strategic supply chain blueprint with a clearly defined plan on how to reach Vision 2030 as outlined in the National Development Plan, then any efforts by National Treasury to leverage spend and increase accountability via any technological platform will simply fall flat (Boateng, 2014).

The analysis findings bring out an element of validity as the designed questionnaire which included a vast variety of questions on processes of procurement and SCM processes as most of the questions were based on the literature review, and most of the findings match that of previous studies on SCM processes in Municipalities. The use of organizational experts or users of the processes of procurement and SCM in the Municipality as interviewees also add to support the trustworthiness of the findings. In attempting to further validate the evidence, a triangulation approach was used. By triangulating data, the researcher attempts to provide ‘a confluence of evidence that breeds credibility’ (Eisner, 1991) as cited in Bowen (2009).

Triangulation which is one of the most important ways to improve the trustworthiness of qualitative research findings was used for this study as it is also often cited as one of the main ways of ‘validating’ qualitative research evidence. Through document analysis, interview data analysis of both EMM users of SCM processes and obtaining more or less similar findings, the trustworthiness of the evidence could be claimed. Document analysis is often used in combination with other qualitative research methods as a means of triangulation - ‘the

combination of methodologies in the study of the same phenomenon' (Denzin, 1970, p. 291) as cited in Bowen (2009). Triangulation helps the researcher guard against the accusation that a study's findings are simply an artefact of a single method, a single source, or a single investigator's bias (Bowen, 2009).

The study findings were presented using the research questions as a guide, which were specifically categorized to prompt specific issues. The analysis findings brought out themes such as Compliance of SCM policy and National Treasury's regulations; lack of proper planning (Demand Management); Transparency; Accountability; Ethics; and Conflict of interest (Risk management) from both primary and secondary data as challenges in procurement and SCM that might have a negative impact on service delivery. The challenges in procurement and SCM, if unattended, may open up opportunities for corrupt and fraudulent activities in the Municipality.

The research study would add to the body of knowledge of SCM processes in local government in South Africa by revealing the challenges that SCM is still experiencing, and what could be the solutions to that. Corruption is a sensitive and challenging issue to solve, whereas SCM is a new concept which is not well researched, especially with regard to its operational part. The subject of procurement and SCM was researched, but not thoroughly (Halim, 2010), so, I believe that researching the two concepts would make an interesting research study. That brings the issue of the limitations of the study, which will be discussed in detail in the Section to follow.

5.5 LIMITATIONS

This Section would attempt to illustrate some of the limitations that were of concern and by acknowledging them; I believe that future studies might achieve more in terms of data collection and analysis. The limitations of the research study for this research will be those characteristics of design or methodology that impacted or influenced the interpretation of the findings from the research.

Due to the sensitive nature of the topic, *Governance challenges in combating Supply Chain Management corruption in Ekurhuleni Metropolitan Municipality*, was altered to avoid misgiving of the main objective of the research study to *Governance challenges in Supply Chain Management in Ekurhuleni Metropolitan Municipality* on both the consent forms and the letter to request permission to conduct research. This is one of the areas to consider, as I believe the alteration had a role on what kind of data to get from the interviews. Using an

unaltered topic might have scared the respondents away because corruption is a sensitive topic and people don't want to talk about it as they are afraid or it is still regarded as taboo to talk about it in the open.

The planning of the study was done well, but the choice of sample, and sample size needed to be increased, as there was an observation that most Managers even if they were directly involved in Procurement and SCM, were not open, as they seemed to be acting as gatekeepers of information, maybe because they are sole managers and responsibility of any inappropriate systems and processes reflected back to them. Extending the sample to all the people in the units, i.e. subordinates, as long as they are involved in the supply chain would work better.

The arrangement of times and interview venues was a concern as most of the interviews were done at the respondents' workplace. There was limited time as most Managers were always in meetings or unavailable. That had financial implications as most of the appointments were cancelled and rescheduled. Generally, the time allocated for this kind of study was too short. The other problem was that of determining the opening question, or determining probe questions for specific questions, and prioritizing questions during interviews, because not one approach suited all respondents, i.e. one size fits all approach.

For this kind of research, there is a need to have background knowledge of SCM processes as it would help in ensuring thorough data collection and analysis. There was a consent form that was signed after a proper introduction of the reasons and purpose of the research study to the Respondents, and even though there was a disclosure of informed consent at the beginning of the interviews, I still hold a feeling that participants did not have full knowledge of what was involved. Silverman (2000) states that researcher should always remember that while they are doing research, they are in actual fact entering the private spaces of their participants.

Therefore the future research could expand the scope and interview more people either from different municipalities, i.e. growing the scope to all local municipalities or a chosen few but with enough participants to validate the study further. A survey could be a better methodology for this kind of topics, in order to protect the identity of the respondents.

5.6 RECOMMENDATIONS FOR FUTURE RESEARCH

A well-planned methodology or research design with a clear consideration of the research topic under study is a priority for future studies on this kind of topic. Researching sensitive topics is not the same as any other ordinary research topic, so, issues of ethics, times for interviews, where interviews are to take place, setting scenery with appropriate probing questions and including everybody who is involved in the procurement and SCM irrespective of their level might help in obtaining rich information. Dedicating enough time to the study is one point that should never be compromised at all.

For future studies, the subject of procurement and SCM was researched, but not thoroughly. Halim (2010) supports the claim as he states that even today SCM is a well-recognized area of academic debate having an international presence, However, SCM still appears to suffer from an underlying frustration or the perception of being largely ignored. Anecdotal evidence state that, there are organizations that continually ignore SCM people, whereas they feel to have a great deal of value to add (Halim, 2010). This is supported by the findings of this study and other previous studies on procurement and SCM.

SCM has always been cross-functional and boundary spanning (Halim, 2010). Conducting this study on corruption and SCM processes is one example, and it has been one interesting and challenging process, for the mere fact that researching corruption and not disclosing the real intention of the study was a challenge, and procurement and SCM being regarded as a more or less new concept in South African academic arena, and especially in government's operational level. That warrants further study on the same topic on a different level or direction.

With the increasing development, implementation and complexity since its evolution the need for supply chain scholars has never been more vital, and that ultimately, will grow the knowledge in SCM processes and reduce the loopholes that create room for fraudulent and corrupt activities in the processes.

I think possible areas for further research or investigation include conducting a study of the impact of transparency on government performance. According to Mulgan (2012), transparency is often seen as an essential factor for keeping governments honest and for reducing the extent of government corruption.

Further study could be conducted in evaluation of measures for monitoring and evaluation of SCM or how implementing e-procurement would impact on corruption in local government as it is argued in the literature that increased transparency and accountability has the capacity to prevent and reduce the opportunities for corruption in the different stages of public procurement (TI, 2014).

5.7 CONCLUSIONS

The main objectives of the study were to seek some insights into the governance challenges associated with procurement and Supply Chain Management in Ekurhuleni Metropolitan Municipality and how those challenges could be addressed. The analysis findings of the study established that non-compliance on SCM policy and National Treasury's regulations; lack of proper planning (Demand Management); Transparency; Accountability; Ethics; and Conflict of interest (Risk management) from both primary and secondary data, as major challenges in procurement and SCM in Ekurhuleni Metropolitan Municipality.

The current status of procurement and SCM processes was put under investigation in this study, and through document analysis and interviews data analysis, there was an endowment of status quo of the SCM in the Ekurhuleni Metropolitan Municipality. The analysis of the findings established that there are policies and regulations in place. The one interesting finding was that the Municipality has all policies and regulations drafted and placed on the Municipality website, same with the reports which included the Auditor General's findings since 2010, but same AG's findings reoccurred every year after. This is what prompted the researcher to use audit reports as the main focus to obtain secondary data.

The analysis findings established that the Municipality complied with the publication of procurement and SCM opportunities in the Municipality and availability of financial reports to internal and external auditors, whereas non-compliance was established on disclosure of the criteria used to select a successful bidder, conflict of interest monitoring of procurement processes by the accounting officer.

The AG's report established instances of financial mismanagement due to non-compliance of SCM policy and regulations by the Accounting Officer, resulting in wasteful and fruitless expenditure. The analysis findings further established that lack of capacity (skilled), inconsistent bid committee processes, lack of appraisal systems, ineffective technologically advanced SCM systems (E-procurement), lack of SCM monitoring tools, and lack of training programs for personnel, which according to Mantzaris (2014), unescapably problems of

governance, lack of skills, internal controls, planning, and performance mediocrity increase the problems or challenges of governance. Mantzaris further emphasizes this point by saying that weak governance within a given Municipality does not equate to corruption, but the lack of skills, incompetence or mismanagement can ultimately lead to fraud and corruption (2014).

It is possible to address the challenges of public procurement and SCM including corruption. According to Munzhedzi (2016), government must always ensure that non-compliance with the legislative framework by SCM officials is punishable as prescribed by both Public Finance Management Act and Municipal Finance Management Act, and accountability by politicians and officials, particularly the accounting officer and the SCM officials should not be compromised. Promotion of ethical leadership and capacitation of SCM Units with skilled personnel are some of the solutions to the SCM challenges in the Municipality. Regular workshops, during which the legislative prescripts are explained, can assist in overcoming skills and knowledge capacities (Horn & Raga, 2012).

Employing skilled personnel, training all the people who are involved in procurement and SCM, strengthening SCM processes according to National Treasury's regulations on SCM, applying the measures of controlling non-compliance as it is required by the legislative framework as prescribed by both SCM policy and MFMA would definitely reduce corruption related challenges, if not completely eradicate them.

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APPENDIX A:

QUESTIONNAIRE

Procurement and Supply Chain Management in Local Government Study Survey

Wits University

School of Governance

2016

QUESTIONNAIRE

RESPONDENT: A/ B/ C/D/E/F

Have you ever been part of or exposed to Procurement and Supply Chain Management processes in your current position in the Municipality or SALGA?

- Yes
- No [end survey]

[END SURVEY SCREEN]

We appreciate your response. We are seeking to understand your opinions on challenges on Procurement and Supply Chain Management processes through tender processes. Thank you for your time.

[CONTINUE]

Thank you for agreeing to take this survey. The survey is being done by me (Student) for completion of my dissertation at Wits University. The purpose of the survey is to collect information or opinions from senior personnel who are exposed to the processes of procurement and Supply chain management in both EMM and SALGA.

All of the answers you provide in this survey will be kept confidential. No identifying information will be provided to the Wits University School of Governance. The survey data will be reported in a summary or coded fashion only and will not identify any individual person by any means.

This survey will take about 20 – 30 minutes to complete.

QUESTIONS

What do you think are the challenges that are associated with procurement and supply chain management in the municipality?

_____
_____
_____
_____

How does the Municipality deal with those challenges, if any?

_____
_____

Does the Municipality have a code of conduct or policy on procurement and supply chain management process?

YES

NO

Who are the **main** stakeholders in the supply chain management processes?

_____
_____
_____
_____
_____

How do they become part of the process?

_____
_____
_____

Do the stakeholders know about the policy or code of conduct on procurement and supply chain management processes?

YES

NO

Do all stakeholders have access to information such as code of conduct and how Acts such as MFMA works?

YES

NO

What are the reasons for the Municipality to go the route of transparent tender bidding adjudicating proceedings?

_____
_____

_____
_____
_____

Does the municipality believe that this is the only way to improve on their administration on tendering?

YES

NO

If not, what other approaches have been looked at?

_____
_____

And why?

_____
_____
_____

Up to date, will you say that the process is working or not, if not why?

YES

NO

If YES, how so, and If NOT, why is it not working?

_____
_____
_____
_____

Does the municipality provide support and guidance in terms of conflict of interests, especially for councillors doing business with Municipalities?

YES

NO

If YES, How so:

_____
_____

If NO, Why?

_____
_____

Are the any repercussions or disciplinary measures in place for people who commit misconducts?

YES

NO

If YES what are they?

_____
_____
_____

If NO, why are they not there?

_____
_____

Does the Municipality provide information on ethical work practices for new recruits and management personnel who are involved in supply chain processes?

YES

NO

Does the municipality have a policy on local business doing business with it?

YES

NO

If YES, how does it work?

_____
_____
_____

Does the municipality record contracts issued, payment made or any problems with individual contracts?

YES

NO

Does the Municipality have an Audit charter to keep supply chain management and procurement processes transparent and participants accountable?

YES

NO

If NO, what are you using to keep stakeholders informed?

_____
_____

Do the Managers understand their roles and responsibilities as accounting officers of their units?

YES

NO

What do you think are the major risks currently facing the municipality?

Purchasing/Tendering or Contracts

Use of Public Monetary Resources, etc.…

Others…

_____
_____

What do you see as the ONE major challenge to procurement and supply chain management in the municipality?

_____
_____
_____

In the previous supply chain management contracts, what were the challenges experienced?

_____
_____
_____
_____

How were they resolved?

_____
_____
_____

Can you explain how you deal with urgent and minor works through supply chain management processes?

_____
_____
_____
_____

Does the council have a set of procedures used for procurement, i.e. based on amounts…?

YES

NO

Explain:

_____
_____
_____

Have you ever encountered any of the following types of problems with municipal work that has been contracted out?

- Tender selection processes unfair
- Unsuccessful tenders complaining

- Contractor failed to complete work on time
- Unauthorised subcontractors
- Cost being too high

YES

NO

If YES, which one(s)?

_____
_____
_____

As managers, have you received training about tender selection processes or contract administration while in the employ of the municipality?

YES

NO

If YES, Who provided the training?

_____

Do you provide ethical information to contractors?

YES

NO

Is this a standard practice by the municipality to provide ethical information to contractors?

YES

NO

How does the municipality check for conflict of interest when contracting out the municipal programmes?

_____
_____
_____

The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

YES

NO

If NOT, Why?

_____
_____
_____

How often is the training of officials?

1 - Monthly

2 - Quarterly

3 - Yearly

What are the steps taken should there be any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy?

_____
_____
_____

What are the steps taken prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector?

_____
_____
_____

Anything you would like to say: (Notes)

_____

_____
_____
_____
_____
_____
_____
_____
_____
_____

Thank you for taking part in the interview, I really appreciate it.

****

APPENDIX B: CONSENT FORM.

CONSENT FORM

CONSENT

I hereby agree to participate in the research on **The Governance Challenges in Supply Chain Management processes in Ekurhuleni Metropolitan Municipality**. I understand that I am participating freely and without being forced in any way to do so.

I also understand that I can stop participating at any point should I not want to continue, and that this decision will not in any way affect me negatively.

I understand that this is a research project, whose purpose is not necessarily to benefit me personally in the immediate term.

I understand that my participation will remain confidential and anonymous.

All of the answers you provide in this research survey will be kept confidential. No identifying information will be provided to the Wits University School of Governance. The survey data will be reported in a summary or coded fashion only and will not identify any individual person by any means. For Example code such as alphabets will be used, i.e. **Respondent A, Respondent B**, etc. will be used in both data collection and data analysis.

…… ……

Signature of Participant Date

WITS SCHOOL OF GOVERNANCE
UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

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Tel: 011 717 3501
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17 May 2016

To Whom It May Concern

This serves to confirm that **Mr. Freddy Legodi** (student number **407319)** is registered for the Masters in Public Policy at the Wits School of Governance. The title of his Research is**: The Governance challenges in Supply Chain Management processes in Ekurhuleni Metropolitan Municipality**.

This is a request for you to kindly provide him with assistance in terms of research information he needs to produce his thesis for the Masters Degree. The information will be used for research purposes only.

Please do not hesitate to contact me if you have any queries.

Yours sincerely

Prof Pundy Pillay
Research Director

OFFICE OF THE CITY MANAGER

Ekurhuleni
METROPOLITAN MUNICIPALITY

To: Mr Freddy Legodi
Student no: 407319
Wits School of Governance
Johannesburg

Ref: Office of the City Manager

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Date: 26 May 2016

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SUBJECT: REQUEST FOR PERMISSION TO CONDUCT A RESEARCH

Your letter dated the 17th of May 2016, refers.

Permission is hereby granted to conduct research on the Governance Challenges in the Supply Chain Management process in our Municipality.

Should you have any questions or seek clarity in this regard, please do not hesitate to contact Ms Siphokazi Xokozela on 011 999 6568, Email: Siphokazi.xokozele@ekurhuleni.gov.za

Kind regards,

Mr Khaya Ngema
CITY MANAGER