

**AN ASSESSMENT OF THE EFFECTIVENESS OF ADMINISTRATIVE  
INTERVENTION IN SUPPLY CHAIN MANAGEMENT IN THE LIMPOPO  
DEPARTMENT OF BASIC EDUCATION, SOUTH AFRICA**

**By**

**HARLEY NGOBENI**

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**SUPERVISOR: PROFESSOR ZWELIBANZI MPEHLE**

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## **DECLARATION**

I declare that “**AN ASSESSMENT OF THE EFFECTIVENESS OF ADMINISTRATIVE INTERVENTION IN SUPPLY CHAIN MANAGEMENT IN THE LIMPOPO DEPARTMENT OF BASIC EDUCATION, SOUTH AFRICA**” is my work and all the sources that I have used or quoted have been indicated and acknowledged by means of completed references and that this work has not been submitted before for any other degree at any other institution.

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**HARLEY NGOBENI**

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**DATE**

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## **ABSTRACT**

The purpose of this study was to determine the effectiveness of administrative intervention in Supply Chain Management in the Department of Education in Limpopo. This was done with the aim of looking into the strategies that were put in place during the intervention process and to examine whether the strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services.

Qualitative data were collected, primarily in the form of semi-structured interviews using an interview schedule consisting of both closed and open-ended questions with the Chief Financial Officer, General Manager (SCM), Senior Manager (SCM), Manager Demand and Acquisition, six Supply Chain Management Practitioners, and two members of the Intervention Task Team. All these officials provided sufficient information related to the effect of the administrative intervention in the SCM of the Limpopo Department of Education.

The study found that there were a number of strategies that were put in place by the members of the Intervention Task Team during the intervention process, such as :

- Catering not exceeding R50.00 per person has to be provided only for meetings with external stakeholders and this provision only applied to meetings that take longer than five hours;
- Promotional items such as t-shirts, caps, bags, etc., were not to be purchased by the department;
- Engagement of consultants was also reduced to the minimal and it was only allowed where the department does not have the requisite skills or resources in its full time employ to perform the assignment in question; and
- Trips by vehicles were to be optimised to reduce costs.

However, the strategies that were put in place by the Intervention Task Team in the Supply chain management did not yield the desired results of stabilising the department's finances and averting the possible collapse of essential services. Limpopo Department of Education continued to get an undesirable disclaimer audit

opinion for the fourth consecutive year and the findings depicted poor administration and inability to comply with the treasury regulations.

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## **CHAPTER 1: OVERVIEW OF THE STUDY**

### **1.1. INTRODUCTION**

Section 40 (1) of the Constitution of the Republic of South Africa, 1996 (herein after referred to as the Constitution) allocates administrative powers to three spheres of government, namely, national, provincial and local governments which are distinctive, interdependent and interrelated. Generally one area may not usurp the powers of another. However, in exceptional circumstances where a provincial government fails to discharge its constitutional executive obligation, Section 100 of the Constitution empowers the national executive consisting of the President and Deputy President, as well as Ministers and Deputy Ministers in the Cabinet to intervene in order to remedy the problem. Section 100 of the Constitution acts as a safeguard in balancing the autonomy of provinces with the recognition that South Africa is a sovereign state in which all sections of government share a duty to respect, promote and fulfil constitutional rights.

Sections 100 (1) and 1 (b) of the Constitution, 1996, further enable a two-part process for remedial action. Firstly, the national executive may issue a directive to the provincial executive instructing it to comply with its constitutional and other obligations and stating the steps necessary for it to do so. This is expected to be a collaborative process with both national and provincial departments working together to remedy the problems. Secondly, the national executive would then assume full responsibility of the provincial executive obligation due to the failure to perform its duties in an effective and efficient manner. In the case of the study the Limpopo Department of Education (LDOE) was one of the five affected departments. The other four affected departments which are not part of this study were the Provincial Treasury, Roads and Transport, Health and Public Works.

Towards the end of 2011, the Cabinet had been concerned about the state of financial management and governance in the Limpopo Province and had received reports on trends in provincial overspending and challenges with Supply Chain Management. Some of the transgressions included service providers being paid twice a week. This led to serious cash-flow challenges and the procurement of

hospital consumables via quotations instead of following the normal supply chain procedures. Such goods were mostly procured at a cost that was five, seven or even ten times the normal price. The Limpopo Province was technically bankrupt. By November 2011, the provincial Treasury in Limpopo had an overdraft of R757 million with the Corporation for Public Deposit, which is a subsidiary of the South African Reserve Bank. The Provincial Treasury requested an additional R500 million on its overdraft facility from a commercial bank and the bank refused the request and terminated the facility (National Treasury, 2012:2).

The Cabinet took a decision to institute corrective measures by invoking Section 100 (1) (b) of the Constitution to resolve the material weaknesses in the five Limpopo Provincial departments. The Limpopo Department of Education with a total budget of R23.475 billion for 2013/14 financial year which takes a big slice of the provincial budget was the main culprit for the financial crisis in the government. The Supply Chain Management of the LDOE, as indicated in the Auditor-General Report, 2010/11 and other reports such as the Parliamentary Monitoring Group (PMG) reporting on Limpopo Oversight Report on section 100 (1) (b) dated 23 May 2012 and 6 June 2012 respectively, indicate that there were many valid reasons for the Cabinet to intervene in the SCM of the LDOE. (National Treasury, 2012).

The immediate focus of the intervention team was on managing the cash flow, eradicating the existing overdraft and curbing supply chain management irregularities (Financial and Fiscal Commission, 2012:12).

## **1.2. PROBLEM STATEMENT**

The majority of political leaders in the Limpopo province, including the Premier, became business people who did business with the state and this is where everything got out of hand. Qualified, experienced and competent officials were replaced by comrades, friends and relatives of political office bearers to ensure that whatever tender comes in must benefit these corrupt leaders (Financial and Fiscal Commission, 2012:12).

The National Treasury reported that in the 2011/12 financial year, the Limpopo Provincial government had accumulated unauthorised expenditure of R2.7 billion,

and by October 2011 it was in dire financial straits, having exhausted its overdrafts with both the commercial sector and the South African Reserve Bank.

The administrative intervention into the LDOE was mainly prompted by fiscal mismanagement, such as disregard for supply chain asset management processes, late payment of suppliers, weak cash flow management, human resources deficiencies and poor expenditure management and budget controls. The findings of the Auditor-General (2010/11:13) reveal that human resource problems were apparent, where excess and “ghost” teachers were costing around R1 billion a year. The Auditor-General’s findings further revealed that two companies that provided large computer services to the LDOE, namely, Palesa and Gestetner for a period of three years in respect of examinations and photocopying, had their contracts extended several times without advertising a new tender.

The Supply Chain Management of the Limpopo Department of Education, as indicated in the Auditor-General Report, 2010/11 and other reports such as the Parliamentary Monitoring Group (PMG) reporting on Limpopo Oversight Report on section 100 (1) (b) dated 23 May 2012 and 6 June 2012 respectively, indicate that there were many valid reasons for the Cabinet to intervene in the SCM of the Department of Education.

### **1.3. MOTIVATION FOR THE STUDY**

Since there has not been any studies conducted on the effectiveness of national intervention in the running of the SCM of the LDOE, the study will assist the provincial department of education to look into the strategies put in place in the intervention process and whether the strategies have yielded the desired results.

The motivation to study the intervention is to determine if the intervention by the National Executive in the running of the affairs of the Supply Chain Management in the Department of Education in Limpopo is effective.

#### **1.4. SIGNIFICANCE OF THE STUDY**

The study will assist other government departments in the province by bringing new insight into the running of the day to day activities of the SCM in tackling corruption and mismanagement of public funds. The knowledge that will be acquired through the study will contribute to checking whether systems of the SCM put in place in the LDOE are effective in enhancing the provision of quality services while paying its creditors on time. The significance of the proposed study pertains to its uniqueness, relevance in terms of the time of occurrence. The fact that the LDOE has never been placed under national executive administration will serve as a warning to other departments. The research study would be beneficial to the provincial department which will be able to apply the findings and recommendations made by the researcher.

The study will also be beneficial to the academics that will be able to use the research study as a point of reference if they wish to expand their research on the topic. This study has never been conducted in this regard in the LDOE.

#### **1.5. AIM OF THE STUDY**

The general aim of the study is to determine the effectiveness of administrative intervention in Supply Chain Management of the Department of Education in Limpopo.

#### **1.6. OBJECTIVES**

The objectives describe what the research intends to achieve and they are as follows:

- To identify and analyse strategies put in place by the intervention team in LDOE during the intervention process.
- To determine whether these strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services.

## **1.7. RESEARCH QUESTIONS**

- What strategies did the intervention team in LDOE put in place during the intervention process?
- Have the strategies put in place by the intervention team in LDOE yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services?

## **1.8. DEFINITION OF CONCEPTS**

The concepts which the researcher will be looking at in the study are as follows:

### **1.8.1. Administrative Intervention**

The word administrative is an adjective for administer, meaning managing the affairs of an organisation or company while intervention is the action of intervening to improve or control the situation. The phrase "Administrative Intervention" in the study means arrival of the officials from the National Department into the LDOE to remedy problems (Khumalo, 2012:1).

### **1.8.2. Supply Chain Management**

SCM in the government sector is different from the private sector. SCM in the private sector deals generally with the supply of materials in the manufacturing of goods specifically. SCM is "the systems approach that manages the entire flow of information, materials, and services from raw materials suppliers through factories and warehouses to the end customer" (Leenders and Fearon, 1997:295). SCM in the government sector, however, deals with the process of acquiring goods and services and the management thereof until the goods or services are no longer required or it becomes obsolete (Ambe and Badenhorst, 2013:74).

### **1.8.3. Financial Management**

Financial management is the process of developing and putting systems in place to ensure that financial resources are spent for the purpose for which they have been appropriated (Klingner and Nalbandian, 1998:72).

### **1.8.4. Corruption**

Cloete (1995:22) defines corruption as follows: "Corruption is a dishonest, bribable, fraudulent or dishonourable action by public officials, political executive office-bearer or any other person. Corruption will always take place where a person makes an offer of a gift, payment of a sum of money or other benefit to influence the recipient to act dishonestly and thus commit an offence".

## **1.9. RESEARCH METHODOLOGY**

The research methodology focuses on the research process and the kind of tools and procedures to be used. Silverman (2005:109) defines a methodology as a general approach to studying research topics. In this sense the choice of method should reflect an overall research strategy. The following subheadings will focus on the Research Design, Population, Sample Selection, and Data Collection.

### **1.9.1. Research Design**

A qualitative approach was used in this research. The main reason for using this approach is that the research studied what is happening in the real world. The role players in the Supply Chain Management (the respondents) described their everyday experiences relating to their interaction with national intervention task team, applying all the strategies that were put in place by the intervention team in LDOE during the intervention process. Research design is defined as a blueprint or plan of how a researcher intends to conduct a study. A distinction is generally made between two ends of the research design continuum, namely the quantitative and the qualitative ends. The quantitative end provides inflexible blueprints of how a study should

progress, whereas the qualitative one provides flexible guides (Babbie and Mouton, 2001:75).

Leedy (1993:142) identified the following characteristics of qualitative research which are more relevant to this study: firstly, the contexts of this study are not something which has been planned but they are natural; secondly, in this study nothing is predefined or is to be taken for granted; and finally, the qualitative researchers attend to the experience as a whole, not as separate variables. The aim of the qualitative research is to understand and experience it as a unified event.

Qualitative research design will bring the researcher closer to the people and situations being studied. This will enable the researcher to understand the issues being investigated in their totality. The qualitative method will require the researcher's in-depth interviews with relevant people, to utilise questionnaires and the perusal of personal documents.

A qualitative approach was used in this study because this field deals not only with the organisation but also with the people who have key roles in that area (Maylor, 2005:63). The reason for using this method is that it studies what is really happening in the SCM of the LDOE. The respondents (officials attached to the SCM of the LDOE) described their everyday experiences relating to the administrative intervention in their section.

### **1.9.2. Study Area**

The study is conducted in the context of the LDOE only and therefore does not address the strategies put in place in the intervention process of other departments in the Limpopo province. Furthermore, it is important to note that the study focuses only on the strategies put in place in the SCM at head office and district offices and does not cover other directorates such as Human Resource Management in the LDOE.

### **1.9.3. Population**

The population and setting of the study is the forty (40) role players in the Supply Chain Management attached to the LDOE Head Office, and in addition ten (10) members of the Intervention Task Team from the National Department of Basic Education. The identified sites or setting include the Demand Management Unit; Acquisition Management Unit; Logistics Management and the Disposal Management Unit.

### **1.9.4. Sample**

McMillan and Schumacher (1993:319) define sampling as a logical way of making statements about a larger population, based on what the researcher has determined about a smaller population. The researcher should take a representative sample of the population which resembles in many ways the target population and where the researcher is able to make inferences.

Qualitative data will be collected, primarily in the form of semi-structured interviews using an interview guide consisting of both closed and open-ended questions with the Chief Financial Officer, General Manager (SCM), Senior Managers (SCM), Senior Manager (Logistics and Disposal), four (4) Managers attached to Head Office, two members of the intervention team and also six (6) Supply Chain Practitioners at head office. The total number of the officials will be sixteen (16). All these officials will provide sufficient information related to the effect of the administrative intervention in the SCM. The researcher followed a combination of quota, stratified as well as a convenience sampling approach. This approach was followed due to the researcher's need to ensure that all levels of the population studied were covered. The researcher intended to cover at least 25 per cent of the population.

### **1.9.5. Data Collection**

Qualitative data collection involves collection of data by interacting with research participants in their natural settings (Horberg, 1999:76). The researcher therefore will interact with the officials of the LDOE attached to the SCM to find out their

experiences regarding the effectiveness of administration intervention in their section. Qualitative data collection in this proposed study includes two techniques. The first strategy includes the utilisation of one-on-one semi-structured interviews with a set of predetermined questions. The interview responses will be voice recorded for data collection and analysis purposes only. Interviews will be held after hours for about 30 minutes to an hour. Interviews with the fifteen officials will be conducted face-to-face to cover all areas required in the study.

The other strategy to be used in this proposed study's data collection is document analysis, a type of data collection that will consist of evaluating Regulations, Acts related to SCM, the SCM Policy implementation plans and the Procurement plans. Document analysis is a non-interactive strategy for obtaining qualitative data, with little or no reciprocity between the researcher and the participants (McMillan and Schumacher, 2006:451).

#### **1.9.6. Data Analysis**

Qualitative data analysis is primarily an active inductive process of organising the data into categories and identifying patterns among these categories (McMillan and Schumacher, 2006:461). It involves organising what has been seen, heard and read so that it can make sense of the data collected. Data collected through interviews and tape recorded in this study will be transcribed onto hard copies. Such data will be compared, categorised, patterns will be identified, divergent responses will be noted, possible explanations and propositions will be recorded.

#### **1.10. ETHICAL CONSIDERATIONS**

Ethical issues are important when research is conducted through interaction with people, especially when conflicts of interest occur (Babbie and Mouton, 2001:63). Research often requires people to reveal some sensitive information which can sometimes damage the reputation of the organisation. Some documents that can be requested from the SCM units may be sensitive and should be treated as confidential. The information provided might place the department of education in a

bad light and could even compromise the departmental official's position within the department.

In order to ease the participant's minds and to ensure their participation in the research, permission to conduct the interviews with the officials attached to the SCM of the LDOE will be requested and permission to record the interviews will also be requested prior to the commencement of the interview. Neuman (2006:100) explains that research has an ethical-moral dimension in that the researcher has the moral and professional obligation to be ethical, even when the researched are unaware about these ethics.

An informed consent form that describes the nature of the research as well as the nature of the required participation will be presented to participants in the research study. The consent form will guarantee the participants that all responses will remain confidential and anonymous.

### **1.11. RESEARCH LIMITATIONS**

The aim of the study is to determine the effectiveness of the administrative intervention in SCM of the LDOE; however, there are a number of limitations to the study. The sample size limits the generalisation of the study and narrows the scope to head office officials only.

Respondents may fear that information may be published and not kept confidential; hence the respondents may not want to be identified by their names. Respondents may feel threatened in that they might be identified and victimised at a later stage.

It is the intention to interview senior officials in the SCM of the LDOE, however, most of them are often not available and therefore an important perspective on this research will be missed.

Lack of knowledge of concepts, processes and procedures is also a limitation to the study. Some participants use interview sessions to express their feelings about how LDOE is frustrating them on a number of issues. That limits the fairness of responses to some of the questions.

## **1.12. OUTLINE OF THE DISSERTATION**

The framework of the study, outlined in terms of the specific chapters, is set out below:

### **Chapter One**

Chapter one sets the stage for the study and therefore comprises of the introduction which includes the background, rationale and the significance. Statement of the problem, aim of the study, objectives, research questions, definition of key concepts, literature review, research methodology, ethical considerations and an outline of provisional chapters are also included in chapter one.

### **Chapter Two**

Chapter two outlines the literature related to Supply chain management in the public sector. The chapter focuses first on the concept of Supply chain management in the public sector; the importance of Supply chain management in the government institutions; and also in the South African government institutions. Procurement challenges in the South African public institutions were also discussed. The chapter concludes by discussing issues related to the national intervention in the provincial administration and the legislative framework governing Supply chain management.

### **Chapter Three**

In chapter three the methodology, which is used to investigate the administrative intervention in the supply chain management, is outlined in detail. The rationale for using the approach is also discussed. The chapter also deals with the data collection methods that are employed in the study.

## **Chapter Four**

Chapter four presents and analysis the data based on the interviews. The chapter presents the data collected and the findings of the research on the administrative intervention in the supply chain management.

## **Chapter Five**

Chapter five provides a conclusion and recommendations of the study.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1. INTRODUCTION**

This section of the study reviews literature which the researcher deemed relevant to the study. The concepts of supply chain management (SCM) and administrative intervention were concisely discussed in section 1.8 of chapter one. This chapter provides a literature review so as to put into context the issues pertaining to the theoretical orientations relating to SCM. The SCM literature review is derived from completed dissertations, academic books and articles in scholarly journals. The chapter begins by discussing the importance of literature review in an empirical study such as this and further embarks on the discussion and review of the various scholarly works on SCM. The chapter presents the importance of SCM in the South African governmental institutions as well as in the Limpopo Department of Education. Furthermore, the chapter portrays the procurement challenges in the South African public sector and the legislative framework put in place to govern SCM and to combat the challenges the South African public sector faces.

### **2.2. IMPORTANCE OF LITERATURE REVIEW**

The term “literature review” does not encapsulate all the meanings that it intends to convey. To illustrate this point, any research is preceded by an acknowledgement of some work already done in a specific field. The initial step is to explore and review the existing scholarship or available body of knowledge, in order to learn how other scholars have deliberated on the subject under discussion. It is a constructive exercise to learn from other scholars on how they theorised and conceptualised the subject under discussion, what they found empirically, what instruments they used and to what effect (Mouton, 2012:87). In short, a researcher is interested in the most recent, credible and relevant scholarship in his or her area of interest. For this reason, the term “scholarship review” would be more appropriate. Ultimately, it should be the aim of all researchers to minimise the effect of error during each stage of the research process, thereby increasing the likelihood of achieving minimum standards of validity in scholarship (Mouton, 2012:87). According to Creswell (2009:25), the literature review accomplishes several purposes which include

sharing with the reader views of other studies that are closely related to the study currently undertaken. Literature review relates a study to the larger, on-going dialogue in the literature, filling in the gaps and extending prior studies. It is through literature review that a researcher discovers whether the study has significance or whether it will lead to new knowledge. Therefore, the purpose of a literature review is to ensure that one does not merely duplicate previous studies, but to make one aware of what transpires in the field of interest. Based on the importance of literature review outlined above the researcher reviewed a number of scholarly literature as outlined underneath.

### **2.3. THE CONCEPT OF SUPPLY CHAIN MANAGEMENT**

Supply chain management has played an important role in corporate efficiency and has attracted the attention of many academics over the past years. It is one of the business strategies that is increasingly being used in the business world today and has become the focus of academic attention (Ballou, Gilbert and Mukherjee, 2000:16). Many articles have been published in various disciplines to try to define the SCM and discuss future directions (Cooper, Lambert and Pagh, 1997:21).

Christopher (1998:15) defines supply chain as a structured manufacturing process wherein raw materials are transformed into finished goods, then delivered to end customers. Handfield and Nichols (1999:2) refer to supply chain as a connected set of resources and processes that starts with the raw materials' sourcing and expands through the delivery of finished goods to the end consumer. Pienaar (2009:3) describes supply chain as a general description of the process integration involving organisations to transform raw materials into finished goods and to transport them to the end-user. The above definitions centralise on the core determinants of an effective supply chain. The definitions connote the need for a provenance and a destination within which goods flow and accept the approach that overall supply chains start with raw materials, combine a number of value adding activities and finish with the transfer of the finished goods to consumers.

Supply chain management is aimed at examining and managing supply chain networks. The rationale for this concept is the opportunity for cost savings and better

customer service (Janvier-James, 2011:3). Ganeshan and Harrison (1995:23) regard SCM as a chain of facilities and distribution alternatives that perform the functions of obtaining the products, transforming of these products into intermediate and finished goods, and the distribution of these finished goods to customers. The essence of the definition focuses on the process of goods and services reaching the end-user and the ultimate satisfied end-user. Sukati, Hamid, Baharun, Tat and Said (2007:1) concur that getting the right product, at the right price, at the right time to the customer is not only improved competitive success but also the key to survival.

According to Ambe and Badenhorst-Weiss (2012:74), SCM is a term that is used in business literature to refer to the control of materials, information and finances as they move in a process from supplier to manufacturer, to wholesaler, to retailer and to consumer. The term supply chain is inspired by the product flow that should be delivered to citizens or businesses by passing through several organisations. It is the management of the flow of goods, which includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption (Hugo, Badenhorst-Weiss and Van Biljon, 2006:5). The Council of Supply Chain Management Professionals (CSMP, 2014:15), asserts that SCM includes the designing and management of all activities involved in sourcing and purchasing, transformation, and all logistics management activities. Furthermore, it includes coordination and partnership with network partners, which can be suppliers, mediators, third party service providers and customers. SCM coordinates supply and demand management within and across the corporate. It is clear that the first two definitions emphasise the management of the supply chain while the definition from the Council of Supply Chain Management Professionals (CSMP) endeavours to define the supply chain but in fact puts more emphasis on the elements of managing the supply chain. Hommen and Rolfstam (2009:35) contend that supply chain management is an integral part of public procurement in the South African public sector; public procurement is the acquisition of goods and services by government or public organisations.

The definition used for the purpose of this research is that used by the National Treasury as it is central to the legislative environment governing the government departments. SCM, firstly, is described as the collaborative strategy that aims to

integrate procurement and provisioning processes in order to eliminate non-value added cost, infrastructure, time and activities to competitively serve end customers better. The essence being integrated planning of operations, tactics and strategies. Secondly, this definition includes the six elements of the Supply Chain Management Policy Framework namely: demand management, acquisition management, logistics management, disposal management, risk management and the assessment of supply chain performance (National Treasury, 2003).

The Supply Chain Management Policy Framework describes supply chain management as the function whereby public sector organisations acquire goods, services and development and construction projects from suppliers in the local and international market, subject to the general principles of fairness, equitability, transparency, competitiveness and cost-effectiveness (National Treasury, 2004:45).

#### **2.4. THE IMPORTANCE OF SCM IN GOVERNMENT INSTITUTIONS**

Countries such as the United Kingdom, United State of America, Canada as well as South Africa have for a long time employed supply chain management in the management of their procurement and logistics (Ambe and Badenhorst, 2013:53). Despite the employment of SCM in government institutions, Humphries and Wilding (2004:69) assert that much has not yet been done compared to the private sector. However, organisations such as the Department of Defence in the United State of America have minimised cost through lead time in the management of its logistics by employing SCM best practices (Gansler, Luby and Kornberg, 2004:83).

According to Essig and Dorobek (2006:82), the integration of SCM in the government sector is playing a pivotal role in optimising logistics' support and improving the management of the secondary inventory. Today all governments around the world are attempting to promote efficiency in the public sector. The community wants to see efficient financial management. SCM has been used by governments to achieve socio-economic objectives such as stimulating economic activity; protecting national industries from foreign competition; improving the competitiveness of certain industrial sectors; and remedying national disparities (Bolton, 2006:61). The size of public procurement varies between 5% and 8% of the

gross domestic product in most industrialised countries (Ambe *et al.*, 2012:244). Furthermore, According to Gul (2010:1), government purchases in the Middle East and Africa have increased from 9% to 13%. This indicates that public procurement plays a crucial role in a country (Odhiambo and Kamau, 2003:10).

Ambe *et al.* (2013:76-77) highlighted the following clear benefits to the public sector for effective management and controlling of SCM:

- Improved risk allocation at the planning stage;
- Improved ability to identify risks or bottlenecks in contract delivery;
- Better quality solutions offered by suppliers; and
- Greater visibility of subcontracting opportunities from a diverse range of organisations.

Jacobson (2007:4) focuses on the impact of supply chain management on government institutions. The researcher was doubtful whether the government's objectives for the introduction of supply chain management in government institutions are being achieved or not. The findings were that while the implementation of supply chain management transformed government's procurement and provisioning practices into an integrated supply chain management function, it is evident from the survey that some of government's institutions are still conducting business as usual, without gleaning the benefits associated with an integrated supply chain management function. The above findings clearly support the fact that although there were many policies that were adopted, it is felt that the challenge rested on the implementation of these policies.

Jacobson (2007:5) alludes to the fact that the majority of government institutions are in agreement that the supply chain management prescribed by National Treasury promotes the application of international best practices. This proves that the National Treasury's supply chain management related prescripts maps to international best practices. The measures and best practices prescribed by National Treasury appear in most public management literature today, but the applicability of those concepts remains debatable.

After reviewing the importance of supply chain management in general, the discussion now moves to the importance of supply chain in the South African public sector.

## **2.5. THE IMPORTANCE OF SUPPLY CHAIN IN SOUTH AFRICAN GOVERNMENT INSTITUTIONS**

Prior to 1994, public procurement in South Africa was geared towards large and established contractors. It was difficult for new contractors to participate in government procurement procedures. However, public procurement in South Africa has been granted constitutional status and is recognised as a means of addressing past discriminatory policies and practices (Bolton, 2006:193). Supply chain in South Africa has undergone transformation through the introduction of the procurement reforms that started in 1995 and were directed at two broad focus areas, namely, the promotion of principles of good governance and the introduction of a preference system to address socio-economic objectives (National Treasury, 2003). The reform processes in South Africa were due to inconsistencies in policy application and the lack of accountability and supportive structures as well as fragmented processes. Matthee (2006:65) asserts that a uniform implementation approach to SCM was required, according to a research study on opportunities for reform processes in the South African government conducted by the Joint Country Assessment Review and the World Bank in 2001.

National Treasury (2009:85) argues that the procurement by departments and public entities is one of the most important areas of public expenditure in South Africa and it requires specific attention by all accounting officers and provincial treasuries. (Bolton, 2006:16) concurs that supply chain management operates in an environment of increasingly intense scrutiny driven by public, media, technology, programme reviews and political expectations for service improvements. According to Ambe *et al.* (2012: 242), supply chain management is 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.

Supply chain management in the public context is different from the private sector. The study focuses only on supply chain management in the public context which deals with the process of acquiring goods and services and the management thereof until the goods or services are no longer required or it becomes obsolete (National Treasury, 2005:48). In the government sector, SCM is directly involved with the coordination of all parties both from inside and outside the department involved in delivering the combination of inputs, outputs or outcomes that will meet specified public sector needs. Supply chains address different focus areas and the focus may differ from one department to another. For example, a focus of the department of Health may be more on logistics and effective movement of goods and services in and out of the hospital whereas SCM in the department of Education may focus on streamlining the chain through which learners' teaching materials are delivered to schools (Office of Government of Commerce, 2005:35).

In South Africa, supply chain management is an important tool for managing public procurement. It is an integral part of prudent financial management in the South African public sector management (Office of Government of Commerce, 2005:36).

According to Hanks, Davies and Perera (2008:42), supply chain management operates within a regulatory framework set by the national government and extended by provinces and local government bodies to specific policies, legislation and regulations. The Supply Chain Management Policy Framework is visually demonstrated by the supply chain management model (National Treasury, 2004) and consists of the following six (6) elements namely: demand management, acquisition management, logistics management, disposal management, risk management and the assessment of supply chain performance.

According to Ambe *et al.* (2012:83), proper implementation of the six key elements ensure value for money, open and effective competition, ethics and fair dealings, accountability and reporting, and equity, thus creating uniformity in procurement practices, good governance and enhancing economic development.

The elements of the South African government supply chain management and their activities are discussed below:

**Demand management:** According to the National Treasury's supply chain management guide for accounting officers, demand management is the most critical stage in the supply chain management process. Demand management is the first phase of supply chain management. The objective of demand management is to ensure that the resources required to fulfil the needs identified in the strategic plan of the institution are delivered at the correct time, price and place and that the quantity and quality will satisfy those needs. This stage ensures that goods, services, construction work and other purchases are properly planned and aligned to the procuring entity's strategy and resource plan. It is at this stage that a comprehensive needs analysis is carried out in line with the strategic planning process. The procurement plans indicate what purchases an institution will undertake in the short, medium and long-term. It will reduce delivery delays, eradicate recurring contracts and unnecessary extensions and eliminate the need for emergency procurement. Demand management brings the supply chain management practitioner closer to the end users. Poor demand and procurement planning result in poor development of specifications, wrong decisions taken about the items to be procured and unrealistic cost estimates (National Treasury, 2004:25).

Hugo *et al.* (2006:38) describe demand management as an attempt to manage customer demand volatility by providing a visible demand signal to all supply chain partners. Demand volatility can have a negative impact on supply chain planning and execution and if not properly planned it can render the supply chain uncompetitive.

The 2015 Public Sector Supply Chain Management policy identified the following pre-tender stage violations, namely:

- development of biased specifications;
- procurement of items not budgeted for;
- wrong choice of procurement strategy;
- poor procurement plans;
- abuse of non-competitive procedures; and
- inadequate needs assessments

(National Treasury, 2015:17).

**Acquisition management:** This is the second phase of an integrated supply chain management system. Acquisition management is the process of compiling bid

documents, inviting adjudication, awarding of bids and management of contracts. This is critical to the Supply chain management process as it involves direct contact with private sector partners and members of the public whose rights are protected by various laws (LDOE, 2008). Treasury's Supply Chain Management guide for accounting officers/authorities describes the concept acquisition management as follows: Traditionally all the focus of the procurement activity has been given to this stage (to the almost total exclusion of the other aspects of supply chain management). The management, rather than purely procedural considerations are:

- To decide on the manner in which the market will be approached.
- To establish the total cost of ownership of a particular type of asset.
- To ensure that bid documentation are complete, including evaluation criteria.
- To evaluate bids in accordance with published criteria.
- To ensure that proper contract documents are signed

(National Treasury, 2004:11).

The acquisition management is also known as the tendering stage which includes the invitation of bids. The 2015 Public Sector Supply Chain Management policy is also vocal in that public sector should have clear procedures for opening the tender box and to avoid manipulation of the bids received, the tender box should be opened before a public audience and basic information disclosed and recorded in a register. It emphasise on uniformity and clear procedure that should be adhered to in all the evaluation processes (National Treasury, 2015:18).

**Logistics management:** Bowersox, and Closs (2013:29) define it as follows "Logistics is the leadership responsibility to design and administer systems to control movement and geographical positioning of raw materials, work-in-process and finished inventories at the lowest total cost". In order to get the lowest total cost the organisation should ensure that the human resources and finances used for logistics are reasonable. Bowersox *et al.* (2013:30) further indicate that logistics is the life blood of SCM, around the world, 24 hours of every 7 days a week, 52 weeks a year. Logistics is concerned with getting the right products to the right place at the right time.

Logistics is the key element in any supply chain that is aimed at creating a competitive advantage by providing outstanding customer service (Hugo *et al.* 2006:199). According to the National Treasury's Supply Chain Management guide for accounting officers, logistics management pertains to coding of items, setting of inventory levels, placing of orders, transport management and vendor performance (National Treasury, 2004:86-88). Logistics management strategically manages acquisition, movement and storage of materials; cost fulfilment of orders; ensuring effective flow of goods, services and related information from the point of origin to the point of consumption (Ambe *et al.*, 2012:80).

**Disposal management:** According to the National Treasury's Supply Chain Management guide for accounting officers, disposal is the final process when an organisation needs to do away with unserviceable, redundant or obsolete movable assets (National Treasury, 2004:89). Ambe *et al.* (2012:80) described disposal as the management of assets that are no longer needed; gives consideration to obsolescence planning; creates a database of redundant materials; inspects materials for re-use; determines disposal strategies and methods of implementation.

## **2.6. THE IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN THE LDOE**

The Supply Chain Management Policy Framework was promulgated in December 2003 and was rolled out to Limpopo Province in December 2004 by means of the Provincial Treasury Instructions on supply chain management. The framework serves as a guide for the implementation in the provincial departments and its aim is to ensure uniformity in the implementation of SCM throughout government institutions (Limpopo Provincial Treasury, 2004:5).

In terms of the Regulatory Framework for Supply Chain Management, an Accounting Officer who is the Head of the LDOE is directed to do the following:

- Establish a SCM unit within the Office of the Chief Financial Officer;
- Work out or develop the implementation plan for SCM and measure the progress against the implementation plan; and

- Build capacity to ensure that appropriate training is provided to SCM Practitioners.

The SCM unit of the LDOE performs, amongst others, the following functions:

- Demand, Acquisition, logistics and disposal management of goods and services for the department; and
- Checks bids' specifications, monitors award of bids and manages contracts.

In terms of Section 16A3.2 of the Treasury Regulations, the Supply Chain Management referred to above must:

- Be fair, equitable, transparent, competitive and cost effective;
  - Be consistent with the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000); and
  - Be consistent with the Broad Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003)
- (National Treasury, 2005:49).

Pauw, Woods, Van der Linde, Fourie and Visser (2009:229) are of the opinion that the policy and management areas of procurement are significantly important because almost every government activity involves the spending of public monies on goods and services. The authors reported that during the 2008/09 financial year the South African national and provincial government spent R300 billion on the procurement of goods and services. LDOE also contend that almost every government activity involves spending of public monies on goods and services; an approximate amount of R1.8 billion of its provincial budget for the 2015/16 financial year is allocated to the procurement of goods and services (LDOE, 2015:13).

Pauw *et al.* (2009:229) contend that any shortcomings or failings in the procurement practices could open possibilities for large-scale losses of money and goods through incompetence, waste, fraud or corruption.

The Supply Chain Management Policy Framework provides for the composition of three Bid Committees which are inter alia: the Bid Specification Committee, the Bid

Evaluation Committee and the Bid Adjudication Committee. The members appointed on the Bid Specification Committee and Bid Evaluation Committee may not be appointed as members also of the Bid Adjudication Committee (National Treasury, 2003).

Bid committees' systems of the LDOE are structured as follows:

- Bid Specification Committee: the committee comprises of 3 officials from the department and it is chaired by the official responsible for the demand management of the LDOE. The committee is responsible for compiling specifications for each bid and quotations for the procurement of goods or services by the LDOE.
- Bid Evaluation Committee: the committee consists of three officials from the department and is chaired by the SCM Practitioner. The committee is responsible for the evaluation of bids in accordance with the criteria specified in the bid documents and the PPPFA Regulations.
- Bid Adjudication Committee: the committee consist of at least four senior officials of the LDOE and it is chaired by the Chief Financial Officer. The committee is established to adjudicate bids and to award contracts on behalf of the LDOE for the procurement of goods or services, the disposal of goods or the granting of rights

(LDOE, 2008:4-16).

Despite the reform processes in public procurement and the employment of SCM as a strategic tool, there are predicaments in South African public procurement practices. The focus of the discussion now turns to the challenges faced with the implementation procurement in the South African public sector.

## **2.7. PROCUREMENT CHALLENGES IN THE SOUTH AFRICAN PUBLIC INSTITUTIONS**

Ambe *et al.* (2012:249-253) reveal all the challenges restraining effective and efficient implementation of public procurement. The study recommends the development of competency through customised (separate) training materials and

programmes, the involvement of stakeholders in the bidding process and the employment of good strategic sourcing practices. The first challenge identified in this study was the lack of proper knowledge, skills and capacity in the SCM. Despite various attempts aimed at training and capacitating of officials by the National Treasury who provides training materials to government departments, municipalities and municipal entities, the lack of proper knowledge, skills and capacity still remain a challenge.

Sheoraj (2007:267) emphasis the need for providing training programmes to members of the Bid Committees. According to the author, in 2005/06 the South African Management and Development Institute (SAMDI) reported that more than 2294 public officials from the national and provincial governments received training in Supply Chain Management. According to the author, skills and capacity shortages have been identified as the single greatest impediment to the success of public procurement in South Africa.

Nengwekhulu (2009:351), on the analysis of the challenges facing the post-1994 public service delivery, also stresses that a shortage of quality skills has a critical bearing on managerial capacity and impacts on government service delivery. The author concedes that although the government is faced with a plethora of challenges such as corruption and nepotism, shortage of skills of the public servants has a negative impact on service delivery.

Another contribution in the field of training and developing of public servants was undertaken by Matshego (2007:41) who assessed the institutional support for capacity building of senior public officials in the North West province of South Africa. In his study for a doctoral thesis the author mentions that public servants lack sufficient skills or an understanding of managerial performance aspects such as SCM to oversee the procurement of goods and services.

Jacobson (2007:5) reported that the supply chain management practitioners lack capacity in the implementation of supply chain management programmes. His findings noted that the majority of supply chain management practitioners have been trained in supply chain management programmes. However, the training

programmes provided to the government's supply chain management practitioners are regarded as insufficient. This is of serious concern as lack in the development of supply chain management practitioners will have a long-term effect on the ability of a government institution to establish and maintain an effective and efficient supply chain management system. The above challenges restrict the effectiveness of administrative intervention in the supply chain management in the Limpopo Department of Education. The supply chain management practitioners should be properly trained and continuously monitored by the Provincial Treasury.

The Limpopo Department of Education prescripts for supply chain management (LDOE, 2008:4) provides that officials in the supply chain management need to understand the rationale behind supply chain, have knowledge of all supply chain management concepts and have the skills and abilities required in the day to day activities of the supply chain management directorates. Ambe *et al.* (2012:80) assert that many supply chain management actors in the South African public sphere have attended a number of training workshops on supply chain management, but they still lack the appropriate knowledge for proper implementation. McCarthy (2006:63) contends that there is a lack of capacity and knowledge by supply chain management actors to handle procurement processes that have led to bad governance. Hugo, Bardenhost-Weis and Van Biljon (2006:82) also emphasise on the issue of human resource training and development. According to Hugo *et al.* (2006:82), successful supply chain integration requires people who are well trained and empowered to make decisions when required.

Shortcomings or failings in the procurement practices are exposed in the Auditor General's report which is tabled in the legislature and scrutinised by the Standing Committee on Public Accounts (SCOPA). The 2013 Auditor-General's reports reveal that the Limpopo Department of Education under the leadership of the intervention team continued to receive a disclaimer opinion. It was reported that the Auditor-General experienced limitations in auditing supply chain management. They could not audit awards with the Limpopo Department of Education, as they could not provide them with evidence that awards had been made in accordance with the requirements of supply chain management legislation. The main reason for the limitations was that bidding and quotation documents were missing or could not be

produced on time, as a result of weak record and document management systems (Parliament of the Republic of South Africa, 2013:5966-5968).

The Auditor General was unable to satisfy himself that regulations were adhered to due to the following:

- Three price quotations were not obtained or deviations were not approved or justified;
- Competitive bids were not invited or deviations were not justified or both these matters;
- Procurement took place from suppliers who did not have tax clearance from the South African Revenue Services;
- Contracts were amended or extended without approval by a delegated official;
- Record keeping was not adequate;
- Controls were inadequate to ensure that interests were declared; and
- Deviations due to poor planning were approved

(National Treasury, 2013:38).

According to Sandler (2011:96), the unavailability of senior officials (non-supply chain management officials) to serve on the various bid committees is another factor which poses challenges in small and big departments. Due to the fact that the bid committees should be cross-functional, the bid committee members regard the committee functions as secondary to their own line function and therefore the members do not always avail themselves for scheduled meetings. This results in a none-quorum of the meeting and subsequently meetings are either cancelled or postponed with the result that service delivery is delayed. Due to the fact that members are also the end users, they would make themselves available only in respect of those bids which affect them directly.

Sandler identified gaps caused by structure of supply chain management bid committees and availability of appointed members. Respondents cited the qualification of supply chain management practitioners, and the lack of adequate resources and human resources as challenges faced by provincial departments. According to Hugo *et al.* (2006:82), the success of supply chain integration requires

SCM practitioners who are well trained and empowered to make decisions when required. Employees who are empowered take ownership of their functions and they develop interest. The National Treasury also contents that these challenges are aggravated by the fact that the concentration of skills lies at the respective Head Offices and the regions do not have the necessary skills to deal with the contracts, after bids have been awarded, and their day-to-day duties. Head office staff has to deal with all the contracts and they do not have the capacity to deal with all the matters, which leads to a delay in the responsiveness of the supply chain management unit (National Treasury, 2015:13).

Sandler (2011:95) identified that there are gaps in the supply chain management unit and these relate mainly to the lack of uniformity in all departments. According to the participants, some areas are overlapping, such as risk management, which, in most departments, is dealt with by the internal control unit and supply chain management has its own risk issues to deal with. Similarly, the issue around Contract management and the Compliance unit poses overlaps in the departments. Sandler recommended that structure guidance should be sought by these departments in order to effectively run their supply chain management operations and to cater for all the functions needed by the respective departments. Furthermore, each department had to align their organisational structure to the Supply Chain Management Policy Framework. According to Ambe *et al.* (2012:251), there are many governmental entities that are still faced with the challenges of improper planning and linking demand to budget. The importance of drawing up accurate and realistic plans cannot be overestimated. Inadequate planning and linking demand to the budget affect the implementation of SCM.

According to Sandler (2011:96), lack of better communication from national and provincial levels poses a serious threat. Respondents indicated that better communication from national and provincial levels are needed in terms of changes and enhancement on the Supply Chain Management Policy Framework, for example, web accessibility or internet sites to information, new practice notes and best practices.

Fraser (2007:68) focuses on how SCM processes have been influenced by the new electronic, digital and automated information technology practices over time. The study confirmed that the Internet provides information to about 400 million people across the world, of which 170 million are estimated to live in the United State of America, with services such as electronic mail, newsgroups, shopping, research, instant messaging, music, videos and news.

Fraser (2007:77) states that an intranet is considered an excellent low-cost way to distribute internal corporate information efficiently, since producing and distributing paper-based information is usually slower and more costly than using web-based communications. Fraser further indicated that currently a number of functionalities are inclusive to the intranet such as document flow and distribution, group ware, interactive communication tools such as chatting, audio support and video conferencing, search engines, indexing engines and directories that assist in keyword-based searches. According to Fraser (2007:78), a survey that was conducted during the 1990's by managers concluded that the information mostly included in intranets was in the form of product catalogues (49%), corporate directories (40%), document sharing (39%) and human resource forms (35%).

Subsequent to the discussion presented above, it is evident that there are constraints in the SCM practices in the South African government sector. These predicaments can, to a large extent, be attributed to lack of proper knowledge, skills and capacity. These challenges restrain effective and efficient implementation of SCM in the South African public sector. The focus of the discussion now turns to the National intervention in the Limpopo Provincial Administration.

## **2.8. NATIONAL INTERVENTION IN THE PROVINCIAL ADMINISTRATION**

Section 40 (1) of the Constitution of the Republic of South Africa, 1996, allocates administrative powers to three spheres of government, namely, national, provincial and local governments which are distinctive, interdependent and interrelated. Generally one area may not usurp the powers of another. However, in exceptional circumstances where a provincial government fails to discharge its constitutional executive obligation, Section 100 of the Constitution empowers the national

executive consisting of the President and Deputy President, as well as Ministers and Deputy Ministers in the Cabinet to intervene in order to remedy the problem. Section 100 of the Constitution acts as a safeguard in balancing the autonomy of provinces with the recognition that South Africa is a sovereign state in which all sections of government share a duty to respect, promote and fulfil its constitutional rights.

Sections 100 (1) and 1 (b) of the Constitution further enable a two-part process for remedial action. Firstly, the national executive may issue a directive to the provincial executive instructing it to comply with its constitutional and other obligations and stating the steps necessary for it to do so. This is expected to be a collaborative process with both national and provincial departments working together to remedy the problems. Secondly, the national executive would then assume full responsibility for the provincial executive obligation due to its failure to perform its duties in an effective and efficient manner. In the case of this study the LDOE was one of the five affected departments. The other four affected departments which are not part of this study were the Provincial Treasury, Roads and Transport, Health, and Public Works.

Towards the end of 2011, the Cabinet were concerned about the state of the financial management and governance in the Limpopo Province and had received reports on trends in provincial overspending and challenges with Supply Chain Management. Some of the transgressions included service providers being paid twice a week. This led to serious cash-flow challenges and the procurement of hospital consumables via quotations instead of following the normal supply chain procedures. Such goods were mostly procured at a cost that was five, seven or even ten times the normal price. The Limpopo Province was technically bankrupt. By November 2011, the provincial Treasury in Limpopo had an overdraft of R757 million with the Corporation for Public Deposit, which is a subsidiary of the South African Reserve Bank. The Provincial Treasury requested an additional R500 million on its overdraft facility from a commercial bank and the bank refused the request and terminated the facility (National Treasury, 2012:2).

The Cabinet took a decision to institute corrective measures by invoking Section 100 (1) (b) of the Constitution to resolve the material weaknesses in the five Limpopo Provincial departments. Limpopo Department of Education with a total budget of R23.475 billion for 2013/14 financial year which take a big slice of the provincial

budget was the main culprit for the financial crisis in the government. The Supply Chain Management of the LDOE, as indicated in the Auditor-General Report, 2010/11 and other reports such as the Parliamentary Monitoring Group (PMG) reporting on Limpopo Oversight Report on section 100 (1) (b) dated 23 May 2012 and 6 June 2012 respectively, indicate that there were many valid reasons for the Cabinet to intervene in the SCM of the LDOE (Khumalo, 2012:3).

The immediate focus of the intervention team was on managing the cash flow, eradicating the existing overdraft and curbing supply chain management irregularities (Financial and Fiscal Commission, 2012:12).

The National Government and the Limpopo Province finally signed an agreement to end the intervention that lasted for four years. The signing was delayed by six months because Premier Stan Mathabatha was not happy with the clauses that apparently restricted his executive powers in the provincial departments of health and public works. The African National Congress (ANC) provincial executive, which Premier Mathabatha chairs, appeared to level corruption accusations against the administration team headed by Mr Tom Monde. The ANC in Limpopo noted the serious allegations of looting, maladministration and poor service delivery made against the administrators. The resentment flared into the open in October 2014 when the ANC provincial executive committee publicly fired salvos at the administration team (Tau, 2014:1).

The National Government and the Limpopo Province agreed on the hand-over of power back to the province with effect from the end of January 2015. The signing of the memorandum on the 15<sup>th</sup> of December 2014 marked the beginning of the transition from the administration by national government of the five provincial departments in terms of section 100 (1) (b) of the Constitution to section 100 (1) (a). Administrators closed their books for the departments they have been administering and prepared the relevant hand-over reports. Members of the Executive Councils (MECs) and heads of departments of the five departments assumed full responsibility for financial accounts for the 2015/16 financial year beginning on 1 April 2015 (National Treasury, 2015:1-2).

Since the signing of the hand-over agreement on the 15<sup>th</sup> of December 2014, the following actions have been initiated:

- A handover workshop between heads of provincial departments and the team of national government administrators were conducted;
- Having noted the decision of the National Council of Provinces (NCOP) to adopt a report on the intervention, a progress report has been provided by the intervention team to the NCOP ;
- An approach was being developed to utilise the experience of the team of administrators for the purposes of monitoring the implementation of section 100 (1) (a) directives by the Limpopo Province; and
- Handover engagements were continuing in each department that was under the intervention. The process to complete a formal comprehensive close-out report was underway, and this was to be submitted to both the Cabinet and the Provincial Executive

(National Treasury, 2015:4).

## **2.9. LEGISLATIVE FRAMEWORK GOVERNING SUPPLY CHAIN MANAGEMENT**

According to Hanks, Davies and Perera (2008:13), supply chain management operates within a regulatory framework set by the national government and extended by provinces and local government bodies to specific policies, legislation and regulations. Adoption of all the SCM policies ensures uniformity in bid and contract documentation, it promotes the standardisation of SCM practices (National Treasury, 2003). Without a legislative framework, political representatives will not be able to make informed and intelligent decisions. The legislative requirement of the supply chain management warrants each department to create a supply chain management directorate and to implement a supply chain management policy as stipulated on the Public Finance Management Act (PFMA) (Act 1 of 1999).

### **2.9.1. Constitution of the Republic of South Africa (1996)**

The Constitution of the Republic of South Africa, 1996, is the supreme law of the country and it has set the tone for supply chain management in the public sector. Section 217 of the Constitution of the Republic of South Africa (1996) has a significant impact on procurement practices in government; the Act stipulates the primary and broad secondary procurement objectives, as indicated below:

- (1) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.
- (2) Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for
  - (a) Categories of preference in the allocation of contracts; and
  - (b) The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- (3) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.

### **2.9.2. Public Finance Management Act (PFMA) (Act 1 of 1999)**

The PFMA is the primary act that regulates procurement. The Act establishes a regulatory framework for SCM, which includes procurement in national and provincial departments and state-owned enterprises. The aim of the Act is to address the deficiencies of the previous “rule driven” financial management in the public sector to enable public sector managers to manage and be more accountable.

The PFMA Section 76 (4) mandates the National Treasury to make regulations applicable to all institutions to which the Act applies concerning the determination of a framework for the appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective (Watermeyer, 2011:3). Furthermore, the procurement provisions of the Municipal Finance Management Act (Act No 56 of 2003) are similar to the provisions of the PFMA, but contain more detail on the system.

Section 112 of the PFMA mandates the Minister of Finance to issue a prescribed regulatory framework for SCM that covers a number of specific issues. PFMA allowed for the preferential treatment of historically disadvantaged individuals (HDIs), and to make government procurement processes accessible to suppliers previously excluded from doing business with government.

The concept “historically disadvantaged individual” refers to a South African citizen who, due to the previously existing apartheid policy, had no franchise in the national elections prior to the introduction of the 1983 Constitution or to the Interim Constitution of South Africa and who is a female or who has a disability.

The PFMA also address the general responsibilities of accounting officers/ heads of institutions. Section 38 (1) (iii) stipulates that : The accounting officer for a department, trading entity or constitutional institution must ensure that that department, trading entity, or constitutional institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

### **2.9.3. Treasury Regulations 2005, Gazette No. 27388 dated 15 March 2005**

In ensuring proper public financial management, section 76 of the PFMA, Act 1 of 1999 gives the treasury the right to make regulations that are an extension of the act to strengthen the control and management of public finances. Regulations are however to be published in the Government Gazette for public comment. The aim of the Treasury Regulations is to give effect to the National Treasury’s mandate pertaining to the establishment of a framework for an appropriate procurement and provisioning system. Chapter 16A: Framework for Supply Chain Management was developed and promulgated in the Government Gazette number 25767 on the 5<sup>th</sup> of December 2003 as Treasury Regulations for this purpose. It addresses aspects such as the accounting officers or accounting authorities of an institution’s role in the development and implementation of an effective and efficient supply chain management section, training of supply chain management officials, procurement of

goods and services, disposal and letting of state assets and compliance with ethical standards.

#### **2.9.4. Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)**

The PPPFA was promulgated to give effect to Section 217 (3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in Section 217(2) of the Constitution. In terms of Section 2(1) of the Act, an organ of state must determine and implement its own preferential procurement policy within a prescribed framework. The Act prescribes that bids must be evaluated in accordance with a preference point system and any specific development goal for which points may be awarded must be clearly stated in the invitation to bid.

Section 2 (1) of the PPPFA allocates a preference point system that must be followed by all organs of state when considering tenders. Tenders with a Rand value up to R500 000 are to employ the 80/20 preference point system and tenders with a Rand value over R500 000 are to employ the 90/10 preference point system. The 80 or 90 points are awarded for price, while the 20 or 10 points are awarded to a tender on the basis of his/her being a historically disadvantaged individual (HDI), or for achieving certain specified goals, which could include implementing programmes forming part of the Reconstruction and Development Programme; the promotion of South African owned enterprises; the promotion of small, micro and medium-sized enterprises (SMMEs); job creation; and certain other goals. Specific goals must be measurable, quantifiable and clearly specified in the invitation to submit a tender. The main aim of the Act is to advance development of small, medium and micro enterprises and historically disadvantaged individuals (HDIs), promote women and physically handicapped people, and promote local enterprise, in a particular region, specific local authority, or in rural areas.

Matthee (2006:65) identifies certain deficiencies in the implementation of the PPPFA that resulted in the introduction of supply chain management in the public sector as a policy tool. In 2003, a SCM document entitled "Supply Chain Management: A guide

for accounting officers” was developed to guide the adoption of the integrated SCM function and its related managerial responsibilities (National Treasury, 2005:5).

### **2.9.5. Broad-based Black Economic Empowerment Act 53 of 2003**

The objective of the BBEEA is to facilitate broad-based black economic empowerment (BEE) through the transformation of the economy, in order to ensure that black people can meaningfully participate in the economy. In addition to the above, racial composition of ownership and management of enterprises must change in order to reflect the demographics of South Africa, while the involvement of workers, community co-operatives and black women in economic activities must be increased. Broad-based BEE must also be facilitated by making finance accessible to black entrepreneurs.

### **2.9.6. Prevention and Combating of Corrupt Activities Act 12 of 2004**

Chapter 7, Section 34 of the Prevention and Combating of Corrupt Activities Act compels any person who holds a position of authority to report any offence of theft, fraud, extortion, or forgery involving an amount of R100 000 or more must report such suspicion or cause of such knowledge or suspicion to any police official. A failure by an official holding a position to report such can lead to incrimination on the side of such official. In terms of this act the following persons hold an office of authority:

- The Director-General or head or equivalent officer of a national or provincial department;
- In a case of a municipality, the Municipal Manager appointed in terms of section 82 of the local government: Municipal System Act, 1998;
- Any public officer in the Senior Management Service of a public body;
- Any head, rector or principal of a tertiary institution; and
- The manager, secretary or a director of a company as defined in the Companies act.

The application of this Act in the public service is more effective in instances where the appointment of personnel is not corrupted. But in the instance where the

appointment of personnel is compromised for either political loyalty or nepotism, such cases of corruption of the public finances are not properly reported. Or rather, instead of those in authority reporting it to the judicial system, they will rather prefer a political cover-up of the financial misconduct. And such is a recipe for a continuous public financial corruption system.

## **2.10. ETHICS AND ACCOUNTABILITY IN THE SUPPLY CHAIN MANAGEMENT**

Good, sound, ethical and accountable practices are significant requirements for managing public finances. Ethics and accountability are not synonymous concepts in the English language, however, the two concepts are said to be concepts of mutual implication in the public financial management environment (Sebola, 2013:1). Historically the concept, ethics, comes from the Greek word *ethos* and it implies a character or custom of a people (Economic Commission for Africa, 2003:34).

The question of ethics is one that is linked with the history of mankind. Ethics deals with the character and conduct and morals of human beings. It deals with good or bad, right or wrong behaviour; it evaluates conduct against some absolute criteria and puts negative or positive values on it (Hanekom, 1984:58). Guy (1990:6) agrees with Hanekom (1984:58) because he views ethics as the study of moral judgements and right and wrong conduct. Furthermore, he views ethics as different from law because it involves no formal sanctions. It is different from etiquette because it goes beyond mere social convention. It is different from religion because it makes no theological assumptions. Ethics is different from prudence because it goes beyond the self-interests of others.

Raga and Taylor (2000:51) contends that ethics reaches its ultimate form in each culture according to historical circumstances. It can therefore be argued that it is the society's culture that plays a significant role in defining what really constitutes ethical or unethical behaviour and the yardstick to judge the ethical or unethical nature of a particular behaviour. In some societies people are praised for taking money or robbing money from other people, while in other societies such may be outlawed or viewed in the unethical context.

Unethical conduct may be defined as bad or inappropriate behaviour or moral conduct that is not socially acceptable. In this context such behaviour or conduct may include failure to comply and conform to the set legal rules, codes, regulations, practices and principles of Public Financial Management Act, Act 1 of 1999. Ethics and conflict of interest greatly affect Supply Chain Management implementation (Pauw *et al.*, 2009:355).

Ambe *et al.* (2012:249-253) further add that accountability, fraud and corruption are serious threats to procurement in the South African public sector. Raga and Taylor (2008:1) note that public officials who are employed in complex government departments have to be accountable to their immediate superiors, the political leadership and the public at large. The Head of the Intervention Task Team in the LDOE is accountable to the National Ministry of the Department of Basic Education, his immediate supervisor; the Minister of Basic Education is accountable to the President of the Republic of South Africa and the public at large. Raga *et al.* (2008:1) state that accountability constitutes a central pillar to public procurement. According to Hondeghorn (1998:132), public accountability rests both on giving an account and on being held to account. Without transparent and accountable systems, the vast resources channelled through public procurement systems run the danger of being entangled with increased corruption and misuse of funds.

According to Mahlaba (2004:67), fraud and corruption cost South African tax payers hundreds of millions of Rand each year. Karodia (2012:2), the head of the Intervention Task Team in the Limpopo Department of Education, states that fraud and corruption in the procurement process are the most serious threats to any institution, and the LDOE is no exception. The outcome of this, usually bribery and kickbacks, are very difficult to detect as it constitutes off-book fraud. This occurs outside the accounting environment where there is no record at all. If an employee received a bribe for selecting a certain supplier, that payment would be made by the supplier to an employee directly and this would not be reflected in the government's books. Sometimes an employee receives a kick-back simply for directing additional business to a supplier for which there might not be a need. Sometimes the employee is given kick-backs for processing payments to the invoices that have been inflated by the supplier. The false invoices either overstate the cost and services or reflect

fictitious sales. Sometimes the supplier delivers low-quality materials and claims payment for the high quality materials. Gildenhuis (1997:47) also asserts that the delivery of low quality materials, lower than specified in the relevant contract, is another way of stealing from the government.

The Public Service Commission (2008:1-9) released a financial report titled “Public service Commission Releases an Overview of Financial Misconduct and a Report on the Indebtedness of Public Servants, 2006/07”. The report showed an increase of 186 per cent in the costs of financial misconduct from 2005/06 – 2006/07 financial years. The amount varies between R16 million in cases of the National Department of Agriculture and R60 million in the case of the Department of Education in the Limpopo Province. Cases in the forefront are theft and fraud.

According to De Lange (2011:51), taxpayers were fleeced of R30 billion; corruption, incompetence and negligence by public officials were to be blamed. Smart Procurement (2011:3) also asserts that the South African government spent R26.4 billion in 2010 in ways that contravened laws and regulations.

## **2.11. CONCLUSION**

In this chapter the researcher explored the literature relevant to the study, identified those areas most applicable to the study’s problem statement and isolated areas where the Supply Chain Management principles were flouted by the Limpopo Department of Education. The chapter examined the concept of Supply Chain Management in the public sector. In the course of the chapter, challenges in the SCM were explored. Some aspects of the legislative framework that guide the SCM policy were examined. The Auditor-General’s reports were also examined and the picture which they paint is reflective of the LDOE’s poor performance. With the kind of adverse reporting by the Auditor-General and other reports such as those of the Parliamentary Monitoring Group (PMG), it is not surprising that the Cabinet had intervened in the SCM of the LDOE. Chapter three deals with the research design and methodology.

## **CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY**

### **3.1. INTRODUCTION**

In the preceding chapter a literature review was undertaken to gain an understanding that would provide answers to the research question. It subsequently became necessary to undertake an empirical study to further explore the understanding of the role played by the Intervention Task Team in Supply Chain Management in the LDOE. On the basis of the information gathered from the literature review, this chapter describes how the research has been approached. According to De Vos, Strydom, Fouche and Delpont (2005:18), it is important that any research undertaken, either for a masters or a doctoral degree, the methodology to be used must be clearly spelt out, so that the results of the research are convincing and credible. The research method focuses on the research process and the kind of tools and procedures to be used; it also makes use of the most objective procedures to be employed. This chapter presents the research question, the data used in the research question, the data collection process, research design and methodology.

### **3.2. RESEARCH METHODS AND DESIGN**

Research methods are a critical part of the research process and are determined by the purpose of the study. In order to conduct the research the researcher started by identifying a research problem and then decided on the methods. The method chosen was influenced by the information collected in the literature review, the issues raised on the research problem, the participants of the study and the researcher's personal experiences (Creswell, 2009:3). According to Mouton (2012:55), a research method answers the question of how the researcher intends to go about conducting the research.

In all human sciences there are two basic research methods that can be distinguished namely: qualitative and quantitative approaches or methodological models (Brynard, Hanekom and Brynard, 2014:39). These two methodological paradigms differ incisively from each other. Mouton and Marais (1990:155-156)

identified the following characteristics of the quantitative approach: a quantitative approach is highly formalised, more explicitly controlled, the range is more exactly defined, and relatively close to the physical sciences as compared to the qualitative approach.

For the purpose of this study the researcher selected a qualitative approach to study the problem encapsulated in the problem statement. The advantages of the selected method are that a lot of quality information can be accumulated within a short space of time and at a reasonable cost. A qualitative approach was also used in this study because the field deals not only with the organisation but also with the people who has key roles in that area (Maylor, 2005:63). McMillan and Schumacher (2006:315) define qualitative research as an inquiry in which a researcher collects data in face-to-face situations by interacting with selected persons in their settings. According to Silverman (2006:19), qualitative research is concerned with collecting and analysing information that can describe events and persons, without the use of numerical data. Qualitative research tends to focus on exploring, in as much detail as possible, smaller numbers of instances or examples which are seen as being interesting or illuminating, and aims to achieve depth rather than breadth. Berg and Lune (2012:8) regard qualitative research as to properly seeking answers by examining various social setting and the groups or individuals who inhabit these settings. Qualitative research is more responsive to its subjects.

The study was done with an ex-post facto (after the event) design, which implied that the variables under investigation could not be controlled or manipulated and therefore an effort was made to limit the introduction of bias by the researcher (Cooper and Schindler, 2003:149).

### **3.2.1. Population**

According to McMillan and Schumacher (2010:318), population is a group of individuals or events from which a sample is drawn. De Vos *et al.* (2005:193) on the other hand, defines population as the totality of persons, events, organisation units, case records or other sampling units with which the specific research problem is concerned. Berg and Lune (2012:47) further add that the researcher should indicate

a site or a setting that is reasonable in size and complexity so the study can be completed within the time and the resources that are available.

The population and setting of the study are the forty (40) role players in the Supply Chain Management attached to the LDOE Head Office and in addition, ten (10) members of the Intervention Task Team from the National Department of Basic Education. The identified sites or setting include the Demand Management Unit; Acquisition Management Unit; Logistics Management and the Disposal Management Unit.

The target population was specifically selected in order to validate the research from a statistical perspective and to ensure that opinions are solicited from respondents who were directly affected by the administrative intervention of the National government.

### **3.2.2. Sampling**

Sampling is a technique employed to select a small group with a view to determining the characteristics of a large group called the population. If selected discerningly, the sample displays the same characteristics or properties as the large group (Brynard *et al.*, 2014:56). Burke and Larry (2011:216) also contend that sampling is the process of drawing a sample from a population, a set of elements taken from a larger population. A sample is a group of cases, respondents, or records comprised of part of the target population, carefully selected to represent the population.

De Vos *et al.* (2005:198) identify two kinds of sampling methods available to researchers: probability sampling, which is based on randomisation; and non-probability sampling, which does not implement randomisation. The researcher used a purposive non-random sampling because the participants selected who could provide the relevant information were those working in the SCM of the LDOE and the two members of the Intervention Task Team. According to De Vos *et al.* (2005:202), a purposive sampling is based entirely on the judgement of the researcher, in that a sample is composed of elements that contain the most characteristic representative, or typical, attributes of the population. Berg (2007:44) asserts that a purposive

sampling is also called judgemental sampling because when developing a purposive sample, the researcher uses a special knowledge or expertise about some groups to select subjects who represent the population. The idea behind qualitative research was to purposefully select participants that were the best in helping the researcher to determine the effectiveness of administrative intervention in SCM of the LDOE, to look into whether the strategies put in place in the intervention process have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. In the study the sample was twenty per cent of the population (20%) namely the Chief Financial Officer, General Manager (SCM), Senior Manager (SCM), one Manager Demand and Acquisition, six supply chain management practitioners, and two members of the Intervention Task Teams.

### **3.3. DATA COLLECTION**

According to Horberg, (1999:76), qualitative data collection involves collection of data by interacting with research participants in their natural settings. In order to ensure that the collected data were balanced in terms of its richness, the researcher engaged sampled departmental officials and the members of the Intervention Task Team. There are two types of data to be collected in this study, namely: the primary data (through interviews) and secondary data (from books, journals, etc.).

#### **3.3.1. Primary Data (Interviews)**

Data collection is classified as primary data, data which were collected first-hand as opposed to data that already existed when research was begun (Babbie and Mouton, 2001:76). An interview is defined as a data collection method in which the interviewer asks questions from an interviewee (McMillan and Schumacher, 2010: 325).

Data collection was done in the form of an interview with key stakeholders who could provide important information in identifying and analysing strategies put in place by the Intervention Task Team (ITT) in the SCM of the LDOE during the intervention process. Ten officials from the SCM and the two members of the ITT provided more valuable information that determined whether the strategies that were introduced

have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. De Vos *et al.* (2005:192) identified three types of interviews, structured interviews, unstructured interviews and semi structured interviews.

### **3.3.1.1. Semi-structured interviews**

According to McMillan and Schumacher (2010:357), semi-structured interviews are defined as a fairly specific interview with questions that allow for individual, open-ended responses. De Vos *et al.* (2005:296) explains that semi-structured interviews give the researcher and the participant much more flexibility and the researcher is able to make follow ups on some interesting avenues that may crop up during the interview.

Qualitative data were collected, primarily in the form of semi-structured interviews using an interview guide consisting of both closed and open-ended questions with the Chief Financial Officer, General Manager (SCM), Senior Manager (SCM), Manager Demand and Acquisition, six Supply Chain Management Practitioners, and two members of the Intervention Task Teams. All these officials provided sufficient information related to the effect of the administrative intervention in the SCM. The focus of this survey was to solicit responses from the above mentioned officials on the effectiveness of the administrative intervention in SCM in the LDOE, South Africa.

The interview schedule provided a list of twenty five interview questions which were posed to the relevant SCM officials and the two members of the ITT who are knowledgeable about how the process unfolded during the intervention process. The twenty five interview questions, broadly divided into five themes, dealt firstly with biographical data; secondly with the strategies that were put in place during the intervention process; thirdly with the implementation side of the strategies that were introduced; the fourth theme concentrated on how training needs were determined, whether the SCM practitioners and Non-SCM managers were adequately trained and whether the training had a positive impact on the operations of SCM; and lastly it provided questions dealing with general policy implementation issues.

### **3.3.2. Secondary Data**

McMillan and Schumacher (2010:360) define secondary data as non-interactive strategy for obtaining qualitative data with little or no reciprocity between the researcher and the participant. Bless, Higson-Smith and Sithole (2014:189) describe secondary data as the record method or unobtrusive measures that is less reactive than interactive strategies in that the researcher does not extract the evidence. The researcher made use of various official documents, which included government legislation, reports from the Intervention Task Team, submissions on National Intervention in financially distressed provincial governments, websites and newspaper articles which presented up-to-date information on various aspects regarding the effectiveness of the administrative intervention in SCM of the LDOE. The researcher also analysed field notes collected during interviews with the participants and wrote findings and conclusions based on such listed documents.

### **3.4. DATA ANALYSIS**

According to Creswell (2009:183), the process of data analysis involves making sense out of the text and image data. It involves moving deeper and deeper into understanding the data, representing the data, and making an interpretation of the larger meaning of data. McMillan and Schumacher (2010:461) are of the opinion that a qualitative data analysis is regarded as an active inductive process of organising the data into categories and identifying patterns among categories.

The data analysis follows the qualitative interpretation of the semi-structured interviews conducted with the Chief Financial Officer, General Manager (SCM), Senior Manager (SCM), Manager Demand, Manager Acquisition, Manager Logistics, Manager Disposal, Supply Chain Management Practitioners, and two members of the Intervention Task Teams. The questions were open-ended in order to provide more information on the effectiveness of the administrative intervention in the SCM.

The data analysis was based on the respondents' personal experiences that they had during the intervention process and the data were analysed through grouping it into themes. As Creswell (2009:189) posits, the researcher should use coding to

generate a small number of themes or categories. These themes appear as the major findings section of the study. The findings in the study are presented as discussion in a chronological order of the themes.

The data were analysed through grouping it into the following themes:

- Firstly, with the strategies that were put in place during the intervention process;
- the second theme dealt with the implementation side of the strategies that were introduced;
- the third theme concentrated on how training needs were determined, whether the SCM practitioners and non-SCM managers were adequately trained and whether the training had a positive impact on the operations of SCM; and
- the fourth theme provided questions dealing with general policy implementation issues.

### **3.5. LIMITATIONS OF THE STUDY**

The study identified and analysed a number of strategies that were introduced by the Intervention Task Team in the Limpopo Department of Education during the intervention process. The study also found that the strategies that were put in place by the intervention Task Team in the SCM did not yield the desired results of stabilising the department's finances and averting the possible collapse of essential services.

However, the research has its limitations. It was the intention to interview more members of the Intervention Task Team; however, interviews could only be conducted with two members of the Intervention Task Team. Other members of the Intervention Task Team were excluded from the interview process as the members were not available at the time of this study since they had already returned to their working stations. It is therefore possible that an important perspective on this research may have been missed.

The study was aimed at determining the effectiveness of administrative intervention in the Supply chain management of the Limpopo Department of Education. The sample size limits the generalisation of the study and narrows the scope to Supply chain management officials at head office. The research method used was a qualitative method and the participants limited to Supply chain management officials who are knowledgeable about Supply chain management and implementation of prescripts for the Supply chain management.

Although the participants contributed useful information to the study, some participants were not prepared to reveal some important information because of the oath of secrecy that they have signed with the employer; some participants lacked knowledge of concepts and procedures. Some of the participants used interview sessions to express their feelings about how the Limpopo Department of Education has frustrated them on a number of issues such as promotions and salary disputes. All this limited the fairness of responses to some questions.

During the interview process a senior official, A, refused to take part indicating that his position in the department does not permit him to take part in the interview session. This situation had limitations in that senior official A is more knowledgeable and he has been working directly with the members of the Intervention Task Team. It is therefore possible that an important perspective on this study may have been missed.

### **3.6. ETHICAL CONSIDERATIONS**

Saunders, Lewis and Thornhil (2000:130) define ethics as the appropriateness of the researcher's behaviour in relation to the rights of those who become participants of the research or who are affected by the research. Brynard *et al.* (2014:94) assert that research ethics are focused on what is morally proper and improper when engaged with participants or when accessing archival data. Researchers are provided with a code of conduct that guides them on how to conduct research in a morally accepted manner. Bless *et al.* (2007: 140) posit that it is always the researcher's responsibility to ensure that his or her research is ethically conducted. It is the researcher's

responsibility to ensure that, before a single participant is contacted, the research plan passes an ethical evaluation.

As a forerunner to ethical research principles, the researcher requested access to the Supply chain management directorate of the LDOE through the office of the Head of the Department (see Appendix A). The researcher adhered to the following principles and guidelines of the code of ethics:

### **3.6.1. Full Disclosure or Deception**

De Vos *et al.* (2005:60) describe deception of subjects as deliberately misrepresenting of facts in order to make another person believe what is not true, violating the respect to which every person is entitled. Deception involves withholding of information or offering incorrect information in order to ensure full participation from the participants. The researcher was generally open and honest with the participants about the aspect of the study. Participants were informed about the purpose of the study (see Appendix A). The researcher informed the participants that the general aim of the study is to determine the effectiveness of administrative intervention in SCM of the LDOE. The study will assist the department of education to look into whether the strategies put in place in the intervention process have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. The researcher did not hide the true nature of the study from the participants. Bless *et al.* (2007:144) argue that deception is done to prevent the participants from altering natural behaviour as a result of knowing that it is being observed and deception causes many ethical problems. However, a distinction can be drawn between deliberate deception and deception of which the researcher was not aware, or which may later have crept into the investigation unwittingly. De Vos *et al.* (2005:61) note that when such unforeseen developments do occur, the incidents must be discussed with the respondents immediately after or during the debriefing interview.

### **3.6.2. Voluntary Participation**

The participants were not compelled or coerced to take part in the interview. McMillan *et al.* (2010:118) advise that the participants must be told that they are free to withdraw at any time if they feel uncomfortable with the research process. Bless *et al.* (2007:142) also contends that no person should be forced, either overtly or covertly, to participate in research. Participants were informed about the nature of the research projects in which they were asked to participate and they made an informed decision about the participation. Participants were given clear and sufficient information on which to base their decision.

### **3.6.3. Informed Consent**

Participants were requested to sign the form that indicates the understanding of the research, the purpose of the study, their choice of participating in the study and freedom to withdraw from participating (McMillan *et al.*, 2010:118). Bless *et al.* (2007:144) advise the researcher to take some time to explain to participants what the study entails and what is required of them in terms of participation. Each participant was then asked to sign an informed consent form, which was an indication that they indeed understood what has been explained to them. Consent forms were prepared in duplicate and participants who were willing to take part in the study signed both. A copy was given to the participant and the researcher kept the original form.

### **3.6.4. Confidentiality and Anonymity**

Dane (1990:51) and Babbie (2008:472) distinguish between confidentiality and anonymity. They believe that confidentiality implies that only the researcher and possibly a few members of his staff should be aware of the identity of participants, and that his colleagues should also have made a commitment with regard to confidentiality. Such confidentiality information is regarded as privileged information.

In this study, the researcher made an undertaking that the responses in the interview schedule were to remain anonymous and strictly confidential. No reference would be

made to any individual's name in the research results. Actual names of participants were not required, only the name of the post occupied was recorded.

### **3.7. CONCLUSION**

This chapter entails all the processes followed in conducting the study; it reflects a logical sequence that connects data to the identified research questions. Looking at the wide range of processes and structural arrangements which determine the effectiveness of administrative intervention in SCM in the LDOE as discussed in chapter two. The research methodology was then further discussed which detailed the population and sampling and the manner in which data were collected and analysed. Finally, the ethical issues which might have a bearing on this research study were considered and discussed. The next chapter briefly presents the outcomes of the research project, analyses and interpretation of the research.

## **CHAPTER 4: DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

### **4.1 INTRODUCTION**

The purpose of this study was to determine the effectiveness of administrative intervention in Supply Chain Management in the Department of Education in Limpopo. This was done with the aim of looking into the strategies that were put in place during the intervention process and to examine whether the strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services.

This chapter presents data that were gathered through interviews that the researcher conducted. The interviewees were ten (10) senior supply chain management officials, two members of the Intervention Task Team and supply chain management practitioners within the Department of Education in Limpopo to determine the effectiveness of administrative intervention in supply chain management in the Limpopo Department of Education. The interview schedule provided a list of twenty five (25) questions which were posed to ten (10) supply chain management officials and the two members of the Intervention Task Team who were knowledgeable about how the administrative intervention process unfolded. The twenty five (25) interview questions, broadly divided into five (5) themes, dealt with biographical data; strategies that were put in place during the intervention process, the implementation side of the strategies that were introduced by the Intervention Task Team, the determination of training needs, the effects of the training on the operations of supply chain management; and questions dealing with general policy implementation issues.

The questions and the responses thereof are discussed in the following section. The data will be presented in the form of graphs and pie charts and will be analysed and interpreted.

## 4.2 THE INTERVIEW SCHEDULE AND INTERVIEWS

Interviews were conducted with only the officials who were directly responsible and involved with the Section 100 (1) (b) intervention in the supply chain management of the Limpopo Department of Education. Records of these interviews were manually filed and summarised in terms of each question.

The results of the interviews assisted in determining the effectiveness of administrative intervention in supply chain management of the Limpopo Department of Education with the aim of assisting the Limpopo Department of Education to look into whether the strategies that were put in place during the administrative intervention process in supply chain management in the Limpopo Department of Education have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services, such as health services.

Interviews were conducted with twelve (12) officials who were knowledgeable about how the process unfolded during the intervention process. It must also be mentioned that these officials were chosen in their capacity as officials who have an understanding of the intervention process and status of the effectiveness of administrative intervention in supply chain management in the Limpopo Department of Education. They were as follows: Chief Financial Officer, General Manager (SCM), Senior Manager (SCM), Manager Demand and Acquisition, six (6) Supply Chain Management Practitioners and two (2) members of the Intervention Task Team. The officials were all in a position to make informative comments that were useful in determining whether the strategies that were introduced by the Intervention Task Team in supply chain management in the Limpopo Department of Education have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services such as health and education.

The interview schedule was divided into three appendixes. Appendix B is the interview schedule for top management and middle management officials in the supply chain management of the Limpopo Department of Education. Appendix C is the interview schedule for Supply Chain Management Practitioners in the SCM and Appendix D is the interview schedule for members of the Intervention Task Team.

The interview questions were divided into sections A, B, C and D with five variables aligned to the objectives of the study. Section A of the interview questions deals with the biographical data in order to gain knowledge of the participants in aspects such as occupation, marital status and age. Section B deals with the strategies put in place during the intervention process. Section C deals with the implementation side of the strategies that were introduced by the members of the Intervention Task Team. Section D deals with training and development and lastly section E deals with general policy implementation.

The different components of the interview schedule are further discussed in the following sub-sections.

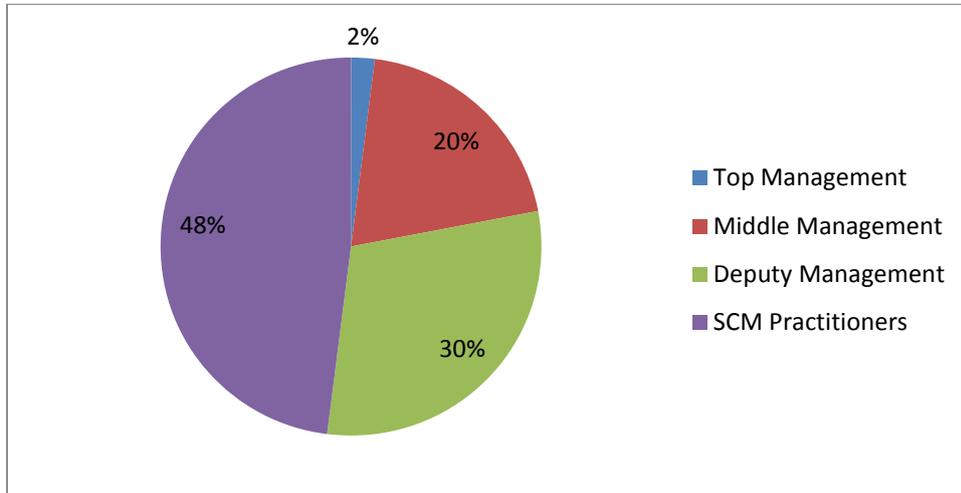
The interview schedule provided questions which dealt with the biographical data such as occupation, marital status and age of the interviewees. Data were collected from the top management of the Limpopo Department of Education, namely, the Chief Financial Officer, General Manager (SCM), and Senior Manager (SCM); from the middle management, Managers (Demand Management, Acquisition, Logistics and Disposal Management); from the Low-level management also known as Supervisors called Deputy Managers; at the Operational and production level there are Supply Chain Management Practitioners.

## **Occupation**

The first question dealt with the occupation of the respondents. Respondents were required to mark an appropriate box with an X. Figure 4.1 below shows that Senior Management positions that constitute of the Chief Financial Officer (CFO), General Manager (SCM), Senior Manager (SCM), and the two members of the Intervention Task Team recorded the smallest percentage of 2% in terms of responses. About 20% of the responses came from the middle management level and those were Managers (Demand management, Acquisition, Logistics and Disposal management). Among the respondents 30% are Deputy Managers and a larger proportion are Supply Chain Management Practitioners with 48%. The Supply Chain Management Practitioners responded proportionately in high percentages because of their possession of in-depth knowledge of supply chain management and precisely

because they are the ones who are responsible for operations, that is, the day-to-day activities of supply chain management.

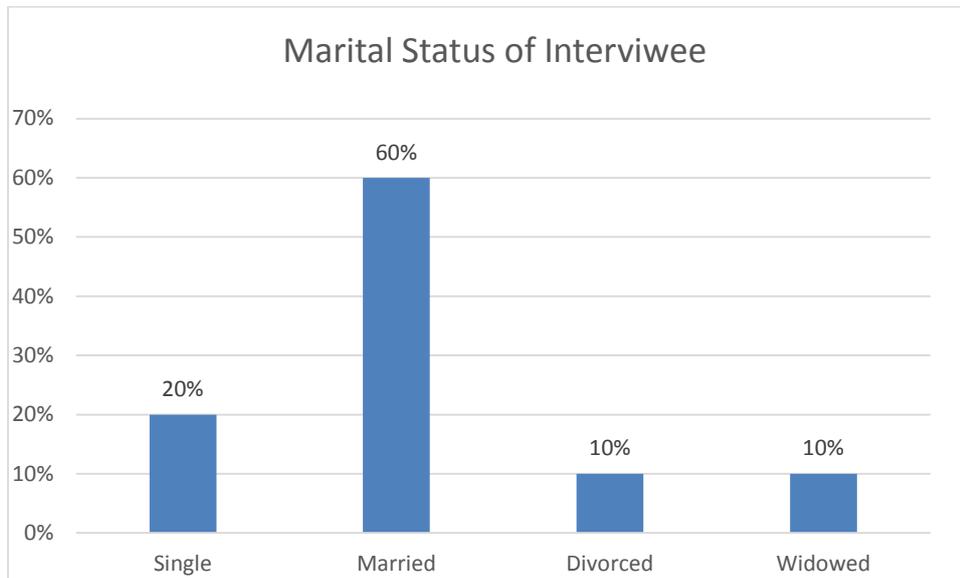
**Figure 4.1: Distribution of public officials in the supply chain management directorate.**



### **Marital status**

Respondents were required to indicate their marital status by marking an appropriate box with an X. Eight (8) respondents responded that they were married. Two (2) respondents responded that they were single. Respondent C responded that she was a divorcee and another respondent indicated that she was a widow (illustrated in Figure 4.2 below).

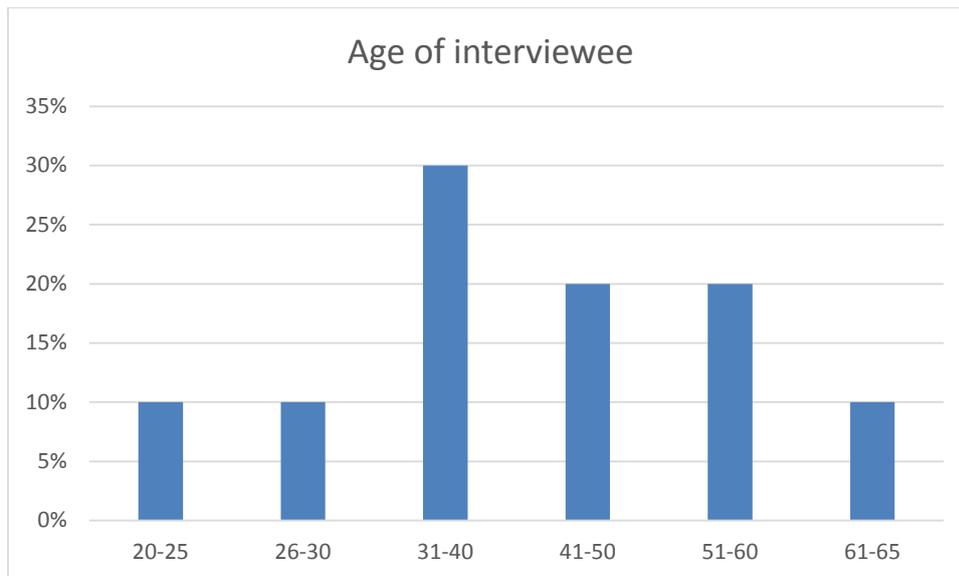
**Figure 4.2: Marital status of interviewees**



### **Age**

The interview schedule provided a question which dealt with the age of the interviewees, respondents were required to mark an appropriate box with an X. Three (3) respondents are between the ages of 31 – 40. Two (2) respondents are between the ages of 41 - 50. Two (2) respondents are between the ages of 51 – 60. Respondent C is between the ages of 61 – 65. Another respondent is between the age of 20 – 25, and Respondent D is between the ages of 26 – 30 (illustrated in Figure 4.3 below).

**Figure 4.3: Age in which the interviewees fall under**



### **Section B: Strategies that were put in place during the intervention process**

The SCM officials had to change processes or procedures in their directorate due to the arrival of the ITT.

Research established whether the SCM officials had to change any processes or procedures in their directorate due to the arrival of the ITT and if there were any new changes that were introduced by the ITT and how did it affect operations. To this statement, eight (8) respondents, agreed, while two (2) respondents disagreed. Among the respondents who agreed with the statement, Respondent A said *“Procurement systems have been upgraded and well trained officials from the Provincial Treasury have been recruited to handle the procurement issues”*.

Respondent B said *“Contracts above R500 000 were explored and dealt with and goods procured under R500 000 in terms of tender processes were investigated to determine if three tenders were obtained”*.

Respondent C indicated that all the requisitions or orders for services and goods had to follow the laid down procedures and deviation was not allowed. Any transgression was dealt with seriously within the framework of the law.

From the respondents who disagreed with the statement Respondent D responded as follows “*The procedures introduced by the ITT are confusing all of us in the SCM unit*”.

Respondent E said “*The new procedures delay payments to service providers*”.

### **Strategies the Intervention Task Team put in place during the intervention process**

All participants were asked to identify the strategies that were put in place by the intervention Task Team during the intervention processes. Eight (8) respondents agreed that there were strategies that were put in place by the Intervention Task Team during the intervention processes while four (4) respondents disagreed, indicating that there were no strategies that were put in place by the Intervention Task Team during the intervention processes.

Eight (8) respondents identified the following cost cutting measures that were introduced by the Intervention Task Team to curb spending in the supply chain management of the Limpopo Department of Education:

- Catering not exceeding R50.00 per person has to be provided only for meetings with external stakeholders and this provision only applied to meetings that take longer than five (5) hours;
- Promotional items such as t-shirts, caps, bags, etc. were not to be purchased by the department;
- Engagement of consultants was reduced to the minimal and it was only allowed where the department does not have the requisite skills or resources in its full time employ to perform the assignment in question;
- Travel and subsistence expenses were also reduced by the Intervention Task Team. Only most senior officials and employees with disabilities in the department were allowed to purchase business class tickets for flights exceeding five (5) hours and at least three (3) quotations were needed for all international flights and accommodation.
- Trips by vehicles were to be optimised to reduce costs.

- Hiring of venues for meetings and planning sessions were to be conducted in – house or alternate facilities at other government institutions.
- Purchasing of new furniture and equipment and office refurbishments were only undertaken where absolutely necessary.
- Transversal contracts were to be used, where possible, for the procurement of goods or services.

Respondent B is of the opinion that the Intervention Task Team focussed only on saving funds and in doing so the department was not delivering services to the community.

A cornerstone of South Africa's Constitution is the obligation to preserve economic unity, transparency, accountability and sound fiscal discipline over national and provincial budgets and related processes (Section 217 of the Constitution). This is necessary to maintain political credibility and macro-economic stability and, most importantly, to prevent insolvency of provincial departments and likely deterioration in service delivery. In response to these difficulties, when the Intervention Task Team intervened in the affairs of the supply chain management of the Limpopo Department of Education, they introduced strategies to manage the cash flow, eradicate the existing overdraft and to curb supply chain management irregularities. The interview schedule provided questions which dealt with the strategies that were put in place by the Intervention Task Team.

**The strategies put in place by the ITT in the SCM yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services**

On the question whether the strategies put in place by the Intervention Task Team in the supply chain management had yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. Four (4) respondents acknowledged that the strategies put in place by the Intervention Task Team in the supply chain management had yielded the desired results of

stabilising the department's finances and averting the possible collapse of essential services.

Respondent A said *"It is a little bit of a rough road because the strategies put in place by the Intervention Task Team in the supply chain management only hampered service delivery"*.

Respondent B indicated that the Limpopo Department of Education is on track for efficient and effective service delivery. Another respondent mentioned that the Limpopo Province has turned the corner and its administration was ready to be handed back to the Provincial Executive.

Eight (8) respondents disagreed with the statement; they claimed that the strategies that were put in place by the Intervention Task Team in the supply chain management did not yield the desired results of stabilising the department's finances.

Respondent B who disagreed with the statement mentioned that *"the senior management team of the Limpopo Department of Education treats their positions as mere jobs and do not work with the resilience. Senior managers are in comfort zone and do not see or understand the importance of the Limpopo Department of Education"*.

The respondents who disagreed with the statement mentioned that the Limpopo Department of Education had continued to receive an undesirable disclaimer audit opinion for the fourth consecutive year and the findings depicted poor administration and an inability to comply with the treasury regulations.

It is clear from all the responses above that the majority of respondents, (60%) disagreed that the strategies put in place by the Intervention Task Team in the supply chain management had yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. This deduction poses challenges to the government as section 100 (1) (b) of the Constitution stipulates that when a province is unable to fulfil an executive obligation

the National Executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation. The national government has taken the necessary steps by placing the five Limpopo provincial departments under national executive administration. The national treasury undertook an obligation to stabilise provincial finances and avert the possible collapse of essential services and insolvency (National Treasury, 2012:2). According to the Financial and Fiscal Commission (2012:12), the immediate focus of the Intervention Task Team was on managing the cash flow, eradicating the existing overdraft and curbing supply chain management irregularities.

### **The members of the Intervention Task Team had enough support from the top level management**

Members of the Intervention Task Team were asked whether they had enough support from the top level management. To this statement, the two members of the Intervention Task Team disagreed with the statement. Respondents attributed the lack of managerial support to the resistance of changes and lack of commitment displayed by the top management to the members of the Intervention Task Team. In order to achieve any change, it is necessary to establish a sense of urgency (Kotter, 1995:65). Respondent A was adamant that the Intervention Task Team did not get any support from the top management and that the implementation process was left to the foot soldiers. Respondent B indicated that top management did not respond proactively to the changes introduced by the Intervention Task Team, there was resistance to change. Change disrupts the normal course of events within an organisation and undermines existing management control systems (Spangenberg, 1991:4). The two respondents mentioned that the management system that was introduced by the Intervention Task Team sent the right message to the management of the Limpopo Department of Education, who were sitting in their comfort zones.

## **Section C: Implementation side of the strategies that were put in place by the Intervention Task Team**

### **Implementing strategies that were introduced by Intervention Task Team in the SCM have made the LDOE more efficient and effective**

The question was to determine the extent to which the Limpopo Department of Education had implemented the strategies that were introduced by the Intervention Task Team in the Supply chain management.

The question was directed to the top management and the middle management officials in the supply chain management of the Limpopo Department of Education as well as the Supply chain management practitioners. Eight (8) respondents disagreed while two (2) respondents agreed with the statement.

Among the respondents who disagreed with the statement, Respondent A said *“the department incurred more irregular expenditure during the intervention period”*. Another respondent said, *“There was good saving of funds but a big break in service delivery. Old projects continued to dilapidate while no service was directed to growing communities. Now it is hard to close the delivery gap and provide new projects”*.

The other respondent who disagreed with the statement said, *“There is lack of close supervision and officials are always not in their offices”*.

Only two (2) respondents agreed that the implementing strategies that were introduced by the Intervention Task Team in the Supply chain management have made the department more efficient and effective. The two respondents who agreed with the statement mentioned that the Limpopo Department of Education now conducts business with suppliers whose tax matters are in order; delivery of goods and services is now much more effective than before. Supply chain management practitioners are now complying better with treasury instructions than before. Suppliers are getting their payment on time and there is no interest and wasteful expenditure. They also mentioned that payments were made to the right accounts and suppliers' details were no longer manipulated. It can therefore be deduced from

the data that the implementing strategies introduced by the Intervention Task Team were not effective and efficient.

**Specific management process that was used to promote the implementation of the strategies put in place by the Intervention Task Team in the SCM**

Respondents' opinions were sought on whether the employees in the Limpopo Department of Education have used any specific management process to promote the implementation of the strategies that were put in place by the Intervention Task Team in the Supply chain management. To this statement, top and middle management officials in the SCM of the Limpopo Department of Education and the Supply chain practitioners were interviewed. Eight (8) respondents disagreed, while two (2) respondents agreed. Respondents who disagreed with the statement attributed it to the fact that the organisational structure at the Limpopo Department of Education head office is top heavy and that there is an extreme "don't care" attitude on the part of some seniors and many of the senior managers are in a state of denial that the Intervention Task Team can come up with strategies that are needed to stabilise provincial finances and avert the possible collapse of essential services and insolvency.

**The ITT had completed their assignment/functions in stabilising the department's finances**

All participants were asked to state whether the members of the ITT had completed their assignment/functions in stabilising the department's finances. Eight (8) respondents disagreed with the statement while four (4) respondents agreed that the Intervention Task Team have completed their assignment in stabilising the department's finances.

All respondents who disagreed with the statement attributed the failure of the Intervention Task Team to complete their function to lack or poor support from management and the management's ignorance of the importance of supply chain management. Other factors were, poor understanding by management of the

magnitude of the change needed; the mind set of existing employees scared of the change; and shortage of skilled staff in the supply chain management directorate.

Respondent C indicated that *“The withdrawal of our first Head of the Intervention Task Team Dr Anis Mahomed Karodia from the task team had a serious impact because he had already identified the weakness of the supply chain management”*.

Respondent D who disagreed with the statement mentioned that *“Dr Karodia had a plan of re-training supply chain management practitioners who were wrongly placed or appointed at the supply chain management directorate”*.

Two of the respondents who disagreed with the statement indicated that the Limpopo Department of Education continued to receive a disclaimer audit opinion even during the Intervention Task Team period. Furthermore, most of the service providers were not paid and the department was receiving many court orders. According to the respondent, the finance section never improved because the Intervention Task Team was also involved in the misappropriation of tenders. The department was recklessly spending on procurement of goods and services, even while under administration. It also became apparent that the respondents appeared to level corruption accusations against the administration team headed by Monde Tom. Respondents have noted the serious allegations of looting, maladministration and poor service delivery made against the administrators.

However, the four (4) respondents who agreed with the statement attributed the success of the Intervention Task Team in stabilising the department’s finances to the streamlining of the flow of the procuring processes for goods and services, planning through procurement plans and the enforcement of supply chain management processes on the non-supply chain management managers by the Head of the Intervention Task Team.

Respondent A indicated that section 100 (b) of the Constitution’s intervention in the Limpopo Department of Education has achieved its objectives, which is the successful turnaround of financial management and governance in the province. Another respondent mentioned that in the Limpopo Department of Education an

innovative procurement and delivery strategy for the learning and teaching support materials has been developed and is being successfully implemented.

Respondent C has this to say *“Financial position regarding cash, solvency and budget has been stabilised; a new cash management process has been put in place in conjunction with the Province’s new banker”*.

Another respondent from those who agreed indicated that a substantial number of outstanding invoices were processed, resulting in service providers being paid. The number of outstanding invoices has been reduced. Furthermore, accumulated unauthorised expenditure has been reduced from R2.7 billion to R600 million. Another responded said that *“it was somewhat successful in that a whole list of weaknesses in the system was identified and recommendations were made for implementation”*.

#### **Section D: Training and Development**

In terms of section 3.2.1 of the Skills Development Act 97 of 1998, investment in human resources training and development is imperative for institutions to gain strategic and operational advantages. Van der Waldt and du Toit (2011:20) are of the opinion that there is no institution that can function efficiently without suitably trained personnel. In the Limpopo Department of Education, resources are extremely limited and it is of cardinal importance for managers to utilise the existing resources more effectively in order to achieve its objectives.

The interview schedule provided questions which concentrated on how training needs were determined, whether the Supply chain management practitioners and non-supply chain management managers were adequately trained and whether the training has a positive impact on the operations of supply chain management. When the respondents were interviewed the six Supply chain practitioners were passionate on the issue of training and development. Training and development is addressed in two categories, namely, Supply chain management practitioners and Non-supply chain management managers. Although training was mentioned as a determining factor, the number of practitioners and the availability of bid committee members

also played a pivotal role in determining the capacity of the department to exercise its supply chain management mandate. Bid committee members are not supply chain management and have their own functions to concentrate on.

### **Have the training needs of SCM practitioners been determined?**

The respondents were asked how training needs for their officials involved in supply chain management were determined. Respondent A indicated that all staff members should attend training either because they do not have the skills or to re-skill and refresh the supply chain management practitioners' knowledge.

Respondent B mentioned that there was a skills audit conducted in the Limpopo Department of Education and the Human Resource Development Directorate which provided a basis for their training initiatives.

Respondent C mentioned that a skills audit was only done after the Provincial Treasury had done a needs analysis for the whole Limpopo province. Respondent D mentioned that the need is vast and the training initiatives have not been able to meet the demand as each training class can only deal with a limited number of trainees. This was especially a problem at the district level as their number of trainees is much bigger than head office and therefore the impact of the slow pace of training was also greater.

The research found that the Supply chain management practitioners in the Limpopo Department of Education have not been attending training in supply chain management, especially those who are attached to the district level.

### **Training has a positive impact on the implementation process**

On the question whether the training had a positive impact on the implementation process, Four (4) respondents, acknowledged that training had a positive impact. Only two (2) respondents indicated that staff need more advanced or specialised training. Two (2) respondents mentioned that the department would rather focus on a

long term qualification than ad hoc short courses, in order to enhance the individual's career opportunities.

### **LDOE SCM practitioners were adequately trained**

On the question of whether Supply chain management practitioners were adequately trained, all the Supply chain practitioners indicated that very few staff members were trained and the training session did not cover the whole syllabus.

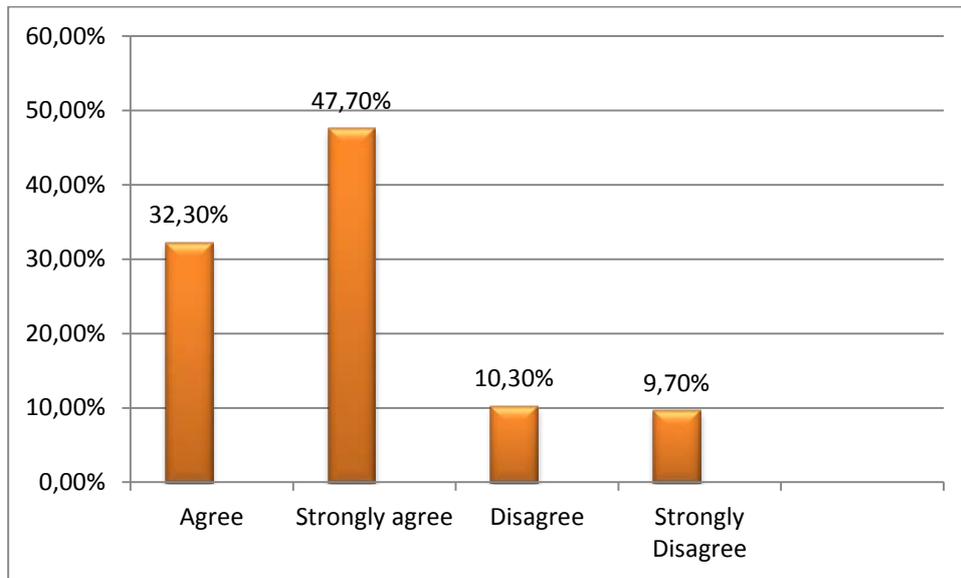
Respondent A mentioned that *“the demand for training is higher than the rate of training which is provided and although the training was adequate, those who were trained, when returning to their offices, found that the environment was not conducive to implement what they had learnt or had been taught”*.

Three (3) respondents were adamant that in-service training was needed after formal training was received in order for the trainees to receive hands-on experience and support in the field.

### **Awareness of Respondents of the Existence of a Budget for Training and Development in the LDOE**

Respondents were requested to consider whether they were aware of the existence of a budget for training and development in the Limpopo Department of Education. Four (4) respondents agreed that they were aware of the existence of a training and development budget, while two (2) respondents disagreed that they were not aware of the existence of training and development budget (illustrated in Figure 4.4 below).

**Figure 4.4: Existence of training and development budget for SCM officials and Practitioners**



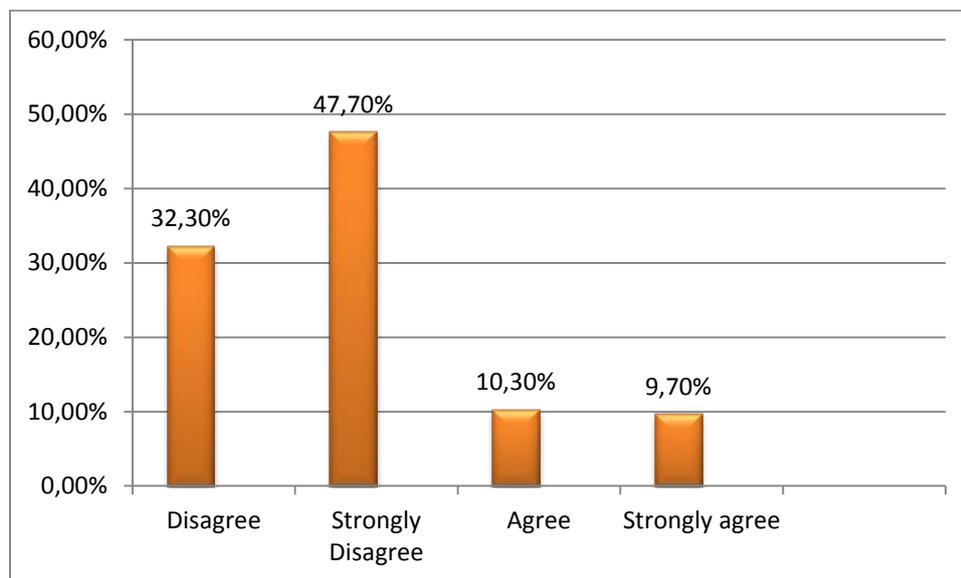
A follow-up and related statement asked respondents to consider whether funding for training and development was sufficient for the provision of working tools such as cell phones, computers, printers, laptops, internet and stationery, and to this four (4) respondents disagreed while two (2) respondents agreed.

This discovery from the statements above proved challenging as it is inconsistent with the Limpopo Department of Education pledge to provide the required funds for training and development of officials. It is interesting to note that further analysis of the data points to the majority of respondents who agree with the statement that they are aware of the existence of a budget for training and development in the Limpopo Department of Education while on the other hand (80%) disagree that there are enough resources such as internet and computers that are provided. Institutions that want to enjoy the lasting competitive advantage are those that realise the importance of tapping workers' commitment and capacity to learn and this can only be achieved through the creation of working conditions that are conducive for learning, such as provision of enough budget for training and for providing enough working tools.

### Other role players (Non-SCM Managers and SCM committee members) adequately trained

On the question whether Non-Supply chain management managers were adequately trained, Ten (10) respondents disagreed, mentioning that none of the managers went for formal training and short courses due to the fact that they do not make themselves available for training. Furthermore, they indicated that managers do not see the need to go for training since they were not full time members of the bid committees (illustrated in Figure 4.5 below).

**Figure 4.5: Existence of training and development budget for Non SCM officials**



Two (2) respondents agreed with the statement, mentioned that it is difficult to ensure that all members are trained due to the rotation of members as members are appointed to serve for a specific period. Mothae (2008:824) advises that it is through training that public officials acquire knowledge and skills on specific government matters, such as public financial management. Sheorag (2007:267) also emphasises the need for providing training programmes to members of the bid committees. According to the author, skills and capacity shortages have been identified as the single greatest impediment to the success of public procurement in South Africa.

## **Section E: General policy implementation**

The supply chain management policy implementation revolved mainly around the six elements described in the Supply Chain Management Policy Framework (National Treasury, 2003). These six elements are; demand management, acquisition management, logistics management, disposal management, risk management and performance management. The emphasis was mainly placed on the demand and the procurement elements of the Supply Chain Management Policy Frameworks (National Treasury, 2003) and not holistically on all the elements, such as the Disposal, Logistics, Risk and Performance Management of the supply chain management Policy Framework. One of the corner stones, and indeed the spirit of the Supply Chain Management Policy Framework is that it should be uniformly applied throughout the government sector and this has not been addressed according to the study. The study focused only on the general policy implementation processes in the supply chain management of the Limpopo Department of Education and not the essence of comparing it with other departments, which leaves a gap in the study. This should be further researched to determine how well the supply chain management policy has been implemented in terms of compliance and adherence to the legislation, rules and regulations by the Limpopo Department of Education.

### **LDOE implemented the SCM policy**

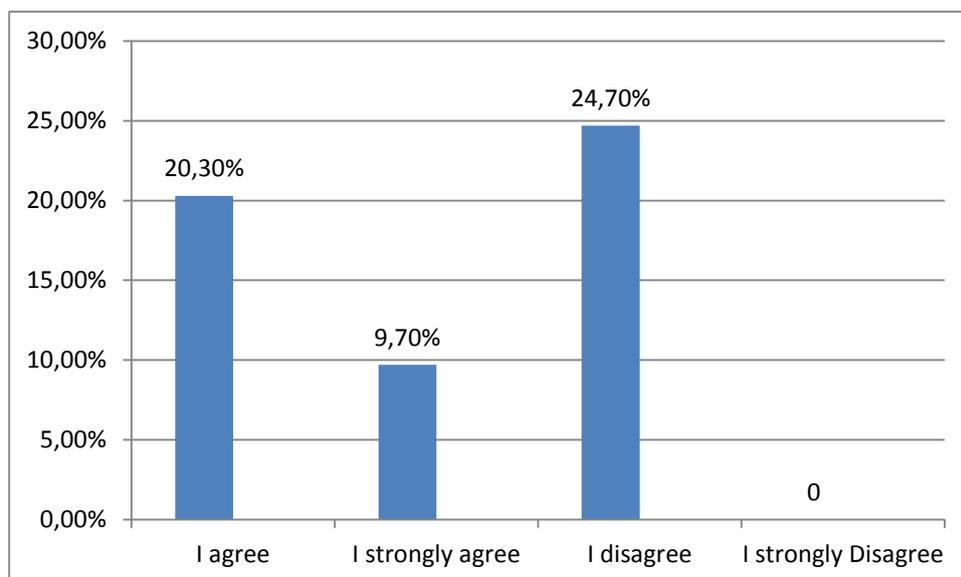
The interview schedule provided questions which dealt with the implementation process holistically. The respondents were required to rate the completeness of the implementation process of the supply chain management policy within the Limpopo Department of Education by rating it on a scale from one (1) to four (4), where one (1) is I agree, two (2) is I strongly agree, three (3) is I disagree and four (4) is I strongly disagree. The majority of respondents, at (70%), are against the statement, while (30%) support the statement.

Respondent A said, *“I disagree, Limpopo Department of Education did not implement the supply chain management policy and that is why they were put under administration and struggle after administration”*.

Another respondent has this to say, “I disagree with the statement; there was no movement especially when the delegation of powers was taken away from the Head of the department and the Chief Financial Officer”.

The other respondents who agreed with the statement indicated that their supply chain management policy implementation is completed. It must also be noted that the interviews were based on an individual’s opinion and is of a subjective nature (illustrated in Figure 4.6 below).

**Table 4.6: Results: Rating of the completeness of the supply chain management policy**



The failure of the implementation process of the supply chain management policy was attributed to the lack of the top management support, an inappropriate and approved organisational structure and failing to fill vacant posts in the Limpopo Department of Education by four (4) respondents. These are attributed to the fact that the Limpopo Department of Education did not have the necessary capacity to deal with the situation and that top management did not embrace the changes.

One (1) respondent from the respondents who agreed that the Limpopo Department of Education implemented the supply chain management policy mentioned that the policy was implemented but it has not been reviewed since 2006. The respondent cited the qualifications of supply chain management officials, the lack of adequate resources and human resources, as a challenges faced by the Limpopo Department of Education. These challenges were further aggravated by the fact that the concentration of skills lies at head office and the other five (5) districts do not have the necessary skills to deal with the supply chain management policy.

**The department's SCM procedures have been compiled in accordance with the supply management regulatory documents (policy, circulars, general conditions of contract, guide for accounting officers etc.**

The question was to establish whether the Limpopo Department of Education supply chain management procedures have been compiled in accordance with the supply chain management regulatory documents (policy, circulars, general conditions of contract, guide for accounting officers, etc.). Ten (10) respondents agreed with the statement while two (2) respondents disagreed with the statement. Respondents who agreed with the statement attributed the success to the commitment and support they received from top management including the politician or the Executive Authority (Member of the Executive Council responsible for the Limpopo Department of Education).

Respondent A indicated that although they have the support of top management, their involvement only really became visible when the department received an adverse report from the Auditor-General with regard to supply chain management.

Respondent B mentioned that the institutionalisation of the Supply Chain Management directorate within the office of the Chief Financial Officer played an important role in ensuring that supply chain management procedures were compiled in accordance with the supply chain management regulatory documents.

Two respondents disagreed with the statement, they attributed the failure of the Supply chain management officials to comply with the supply chain management

regulatory documents to the lack of the top management support and that the implementation process was left to the foot soldiers.

Respondent A indicated that top management only focused on their core functions rather than the support functions such as supply chain management.

The two respondents also mentioned that senior managers just carry on with their business as usual without conforming to the rules and regulations of supply chain management. Respondent C mentioned that supply chain management is regarded as a stumbling block towards the completion of their processes and objectives and mentioned that this creates a problem because they cannot get the support from managers who are supposed to support the process.

### **Posts in the SCM directorate have been aligned to the SCM framework**

The aim of this research was to establish if the positions in the SCM directorate had been aligned to the SCM policy framework. Four (4) respondents agreed with the statement, while eight (8) respondents disagreed with the statement.

Among the respondents who agreed with the statement, Respondent A said, *“Yes, my job descriptions are the same as my colleagues’ from other departments”*.

Respondent B mentioned this, *“Our key responsibilities have been aligned with the posts establishment of the department”*.

Respondents who disagreed with the statement attributed it to the fact that the organisational structure of Limpopo Department of Education has never had a final and approved document. Respondent C said *“Human Resource Management always tell us that they are still busy with the organisational structure”*.

One of the respondents who disagreed with the statement mentioned this, *“the department always operate with the new proposed organisational structure”*.

Respondent D said *“Most of posts at SCM are not correctly filled and they have no knowledge of what is expected from them”*.

Chapter 1, Part 111 J.3 and J.4 of the Public Service Regulations require the Human Resource Planning unit to focus on defining how tasks, authority and systems are to be organised and to be integrated across organisational units and in individual jobs of the organisation. The study found that the duties of the SCM practitioners are not clearly organised and not clearly integrated into the PERSAL (Personnel and Salary) system.

### **4.3 KEY FINDINGS OF THE STUDY**

The general aim of this study was to determine the effectiveness of the administrative intervention in Supply Chain Management of the Department of Education in Limpopo. The aims were to identify and analyse strategies put in place by the Intervention Task Team in Limpopo Department of Education during the intervention process. Secondly, to determine whether these strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services such as health and education.

The findings of the study are based on the five predetermined themes: Biographical data; Strategies that were put in place during the intervention process; Implementation side of the strategies that were put in place by the Intervention Task Team; Training and Development; and General policy implementation.

The research found that the SCM practitioners responded to the interview questions proportionately in high percentages of 48% more than the Senior Managers, and the two members of the Intervention Task Team that recorded the smallest percentage of 2% because the SCM practitioners are the ones who are directly responsible for operations, they are the ones who were working directly with the new strategies that were introduced by the Intervention Task Team.

Research also found that majority of the participants at 60% are married. The study also found that more respondents, at 30%, are between the ages of 31 to 40 years old.

## **Strategies that were put in place during the intervention process**

Research found that there were a number of strategies that were put in place by the members of the Intervention Task Team during the intervention process. The strategies were introduced to manage the cash flow, to eradicate the existing overdraft and to curb supply chain management irregularities.

The study also found that strategies that were put in place by the intervention Task Team in the SCM did not yield the desired results of stabilising the department's finances and averting the possible collapse of essential services. Sixty per cent (60%) of the respondents indicated that the Limpopo Department of Education had continued to receive an undesirable disclaimer audit opinion for the fourth consecutive year, and the findings depicted poor administration and an inability to comply with the treasury regulations.

The study also found that members of the Intervention Task Team were not getting enough support from the top level management of the Limpopo Department of Education.

## **Implementation side of the strategies that were put in place by the Intervention Task Team**

The research revealed that the administrative intervention in supply chain management of the Limpopo Department of Education under Section 100 (1) (b) of the Constitution was not effective nor efficient.

The study found that there were no specific management processes that were used to promote the implementation of the strategies put in place by the Intervention Task Team in the supply chain management.

The study also revealed that the Intervention Task Team were unable to complete their assignment/functions in stabilising the department's finances. Respondents attributed the failure of the Intervention Task Team in the SCM in Limpopo Department of Education to the withdrawal of the well experienced first head of the

Intervention Task Team, Dr Karodia, from the task team as he had already identified all the weakness in the supply chain management in the department.

Research found that there was confusion on which procedures were to be followed between the procedures from their Head of the Department of Education (HOD) and the procedures that were introduced by the Head of the Intervention Task Team. It was also found that the HOD of the Department of Education was left out of the loop, the HOD was only restricted to run the daily routine administration of the Limpopo Department of Education whereas the Head of the Intervention Task Team was to deal with all the financial matters of the department and it was difficult for the SCM officials to draw the line between the two functions.

### **Training and Development**

The research revealed that SCM officials and practitioners are not adequately trained and that they lack formal and in-service training. It was found that very few staff were trained and the training session did not cover the whole syllabus.

The research also found that the majority of participants were aware of the existence of a budget for training and development. It was reported that the working tools such as computers, printers and photocopier machines are insufficient and that working tools are not in a good working condition. This is reported to be affecting service delivery.

### **General policy implementation**

The study also found that there is a serious non-compliance with regard to the implementation of the SCM policies. It also emerged from the study that the majority of the participants reported that the Limpopo Department of Education did not implement the supply chain management policy. The study also show that the majority of the respondents agreed that the department's supply chain management procedures have been compiled in accordance with the supply chain management regulatory documents (policy, circulars, general conditions of contract).

#### **4.4 CONCLUSION**

This chapter presented and analysed data obtained from interviews with the Chief Financial Officer, General Manager (SCM), Senior Manager (SCM), Manager (Demand and Acquisition management), Deputy Managers, six (6) Supply chain management practitioners and the two members of the Intervention Task Team. An interview schedule with predetermined themes was used by the researcher to collect the data (see Interview schedule).

The interview schedule provided a list of twenty five interview questions which were broadly divided into five themes, dealing firstly with the biographical data; secondly with the strategies that were put in place during the intervention process; thirdly with the implementation side of the strategies that were introduced; the fourth theme concentrated on how training needs were determined, whether the Supply chain management practitioners and Non-SCM managers were adequately trained and whether the training has a positive impact on the operations of supply chain management; and lastly it provided questions dealing with general policy implementation issues.

Analyses and interpretation were based on the two main questions driving this study which sought firstly; to identify and analyse strategies that were put in place by the Intervention Task Team during the intervention process; secondly, to understand whether these strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services.

The next chapter will present the conclusions and recommendations based on the findings and recommendations regarding the effectiveness of administrative intervention in supply chain management in the Limpopo Department of Education.

## **CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1. INTRODUCTION**

In chapter four the results of this study were analysed and interpreted. The chapter attempted to answer the research questions formulated in chapter one which were aimed at looking into the strategies that were put in place during the intervention process and to examine whether the strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services.

This chapter contains the summary, recommendations and conclusions based on the research findings of this study. The chapter also provides a brief summary of all the different chapters.

### **5.2 SYNOPSIS OF PREVIOUS CHAPTERS**

**Chapter One** drew attention to the significance of the study and the objectives of the research. The chapter also encapsulated the problem statement, the research questions, the various terms and concepts that would be used throughout the study and provided a conclusion.

The key objectives of the study are as follows:

- To identify and analyse strategies put in place by the intervention team in Limpopo Department of Education during the intervention process, and
- To determine whether these strategies have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services.

This study aimed to answer the following research questions:

- What strategies did the Intervention Task Team in the Limpopo Department of Education put in place during the intervention process?

- Have the strategies put in place by the Intervention Task Team in the Limpopo Department of Education yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services?

**Chapter Two** reviewed literature that the researcher deemed relevant to the study. The concepts of Supply chain management and National intervention in the provincial administration were clearly discussed. The importance of Supply chain management in government institutions and the importance of Supply chain management in the South African government institutions were also clarified. Procurement challenges in the South African public institutions were highlighted. Legislative frameworks put in place to govern Supply chain management and combat the challenges that the South African government faces were also discussed.

**Chapter Three** described the methodology of research that was followed for gathering and analysing information for the study. This chapter dealt with the research design, various data collection techniques that were used, how data were analysed and the limitations of the study.

**Chapter Four** presented data that were gathered through interviews that the researcher conducted. The questions and the responses were discussed in this chapter. Key findings of the study were also summarised.

### **5.3 CONCLUSIONS**

There were a number of strategies that were put in place by the members of the Intervention Task Team during the intervention process. The strategies were introduced to manage the cash flow, to eradicate the existing overdraft and to curb Supply chain management irregularities. The strategies that were put in place by the Intervention Task Team in the Supply chain management did not yield the desired results of stabilising the department's finances and averting the possible collapse of essential services. Limpopo Department of Education continued to get an

undesirable disclaimer audit opinion for the fourth consecutive year, and the findings depicted poor administration and an inability to comply with the treasury regulations.

It also became evident that members of the Intervention Task Team were not getting enough support from the top level management of the Limpopo Department of Education. Most of the senior managers in the Limpopo Department of Education were sitting in their comfort zones. There was an extreme don't care attitude on the part of some senior managers and many of them were in a state of denial. The reality of bankruptcy in the Limpopo Department of Education has not really been appreciated by many senior managers and they believe that the past state of play or the status quo should be maintained.

The research revealed that the administrative intervention in Supply chain management of the Limpopo Department of Education under Section 100 of the Constitution was not effective nor efficient. Members of the Intervention Task Team were unable to manage the cash flow and to curb supply chain management irregularities in the Limpopo Department of Education. The reasons were that members of the Intervention Task Team were also involved in the misappropriation of tenders. The department was recklessly spending on procurement of goods and services even while under administration. There were also serious allegations of looting, maladministration and poor service delivery made against the administrators.

The study also revealed that the Intervention Task Team was unable to complete its assignment/functions in stabilising the department's finances. The reasons were that there was poor support from management and the management's ignorance of the importance of Supply chain management. The shortage of skilled staff in the Supply chain management directorate was also a contributory factor.

## 5.4 RECOMMENDATIONS

Based on the findings of the study the following recommendations are made:

### 5.4.1 Interventions Recommendations

- 1 There is a need to refine the national intervention process set out in Section 100 of the Constitution and Section 6 of the Public Finance Management Act (PFMA) to bring them in line with the intervention framework governing Local government municipality. Precisely:
  - (a) Bringing into agreement Section 100 of the Constitution with Section 139, with a view of making intervention compulsory in the event of financial crises in provinces.
  - (b) Make Section 6 of the PFMA more similar and explicit to Section 136 of the Municipal Finance Management Act (MFMA) by setting out criteria for determining serious financial problems, with clear measurable factors of what constitutes persistent material breach or the inability to fulfil executive financial obligations.
  - (c) The National Treasury should periodically review the institutional capacity of Provincial Treasuries, assessing factors as diverse as filling of critical posts in the Supply chain management unit, procuring of goods and services, cash and expenditure management, functionality of the Supply chain management unit and political meddling in procurement affairs, in line with its Constitutional responsibility.
  - (d) National Treasury should introduce an early warning system that can help the Provincial Treasuries to monitor their expenditures. When the Cabinet took a decision to institute corrective measures by invoking Section 100 (1) (b) of the Constitution to resolve the material weaknesses in the five Limpopo Provincial departments, the Limpopo provincial government had accumulated unauthorised expenditure of

R2.7 billion, having exhausted its overdrafts with both the commercial sector and the South African Reserve Bank. Once the early warning systems are spelt out, the National Treasury will be able to expose hidden liabilities of the provinces and take action plans to address the Auditor-General's findings on a quarterly basis.

(e) To review the Public Finance Management Act and Public Service Act so that it clarifies the political and administrative interface for procurement and human resource management. This should be in line with the Municipal Finance Management Act that clearly separates the political and administrative functions when tendering and deploying personnel, for example, the Municipal Finance Management Act precisely prohibits councillors from interfering in supply chain matters, whereas the Public Finance Management Act is silent on these issues. The conflict between the Public Finance Management Act and the Public Service Act must also be resolved, for example, the Public service Act allows the Ministers, Premiers and Members of the Executive Council (MECs) to intervene in employment decisions, which is contrary to the spirit of the Public Finance Management Act.

2 The researcher reiterates the need to increase credibility and respect for the law by ensuring that action is taken against those who violate the law. Officials who brought the Limpopo Department of Education into the financial crisis should be charged for financial misconduct. Serious or persistent infringement of the PFMA must be dealt with promptly through criminal or disciplinary proceedings.

3 Implementation of strategies introduced by the Intervention Task Team must be compulsory to every official in the Supply chain management unit. The strategies that were put in place by the Intervention Task Team in the Limpopo Department of Education should be implemented. Supply Chain Management Officials should include the strategies that were introduced by the members of the Intervention Task Team into their strategic

planning; this will improve the productivity and effectiveness of the department.

4 Intensive training programmes should be established in the Limpopo Department of Education to ensure that Supply chain management practitioners remain well informed. The following types of training are recommended for the Limpopo Department of Education:

- Orientation training: The benefits of the orientation training are, firstly, the LDOE will be able to reduce costs by orienting a recruit in an unknown work environment; secondly, the department will be able to reduce personnel turnover caused by negative influences and a feeling of ineffectiveness; and lastly, the department will save time because SCM managers will spend less time on the training of recruits.
- Proficiency training: proficiency training refers, among other things, to technical, communication, human, analytical and conceptual skills. The proficiency training that is recommended for the SCM officials in the Limpopo Department of Education is the renewal courses and the programmed training.

5 The Limpopo Department of Education must make an assertive effort to communicate and train the top management (including the member of the Executive Council and the Head of the Department) in order to solicit their full support and buy-in.

6 Institutions of higher learning and other service providers should equip learners and practitioners with appropriate skills and knowledge through the development of a syllabus that ensures sustainable procurement in the public service. Institutions can assist the Limpopo Department of Education by organising symposiums with the department. Experts and academics specialising in Supply chain management will be able to share

knowledge with Supply chain management officials in the Limpopo Department of Education.

- 7 Creation of incentive programmes to motivate good performance should be employed. Incentive programmes are categorised into cash and non-cash benefits. Both of these will be able to motivate Supply chain management officials in the Limpopo Department of Education to exceed minimum performance requirements and increase institutional effectiveness.

#### **5.4.2. Recommendations for further research**

Future research may look into determining the effectiveness of administrative intervention in the other four affected departments which were not part of this study, namely, the Provincial Treasury, Roads and Transport, Health, and Public Works.

One of the cornerstones and the spirit of the Constitution of the Republic of South Africa is the fact that National intervention into provinces and the suspension of provincial autonomy is intended only to be temporary for less than 180 days. However, the administrative intervention in Supply Chain management in the Limpopo Department of Education has lasted for more than three years. This should further be research to determine why the Intervention Task Team in the department had spent more time than the period specified in the Act.

#### **5.5. FINAL REMARKS**

The following conclusions were based on the objectives of the study, focusing mainly on the predetermined themes. Interventions recommendations and recommendations for further research were provided in this chapter.

The study established that there were a number of strategies that were put in place by the members of the Intervention Task Team during the intervention process. The strategies were introduced to manage the cash flow, to eradicate the existing overdraft and to curb Supply chain management irregularities.

The study also found that strategies that were put in place by the Intervention Task Team in the Supply chain management did not yield the desired results of stabilising the department's finances and averting the possible collapse of essential services. Sixty per cent (60%) of the respondents indicated that the Limpopo Department of Education had continued to receive an undesirable disclaimer audit opinion for the fourth consecutive year, and the findings depicted poor administration and the inability to comply with the treasury regulations.

The research revealed that the administrative intervention in Supply chain management of the Limpopo Department of Education under Section 100 of the Constitution was not effective nor efficient. The findings suggested a need to refine the national intervention process set out in Section 100 of the Constitution and Section 6 of the Public Finance Management Act (PFMA) to bring them in line with the intervention framework governing Local government municipalities.

The study also revealed that the Intervention Task Team was unable to complete its assignment/functions in stabilising the department's finances.

The findings suggest a need for intensive training programmes to be established in the Limpopo Department of Education to ensure that Supply chain management practitioners remain well informed.

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## ANNEXURE A: REQUEST FOR A PERMISSION TO CONDUCT RESEARCH

The Acting Head

Department of Education

**POLOKWANE**

0700

### REQUEST FOR PERMISSION TO CONDUCT RESEARCH

Dear Sir

I hereby wish to apply for permission to conduct research in the Supply Chain Management (SCM) directorate Department of Education at Head Office. My research project will involve employees attached to SCM. My research topic is “**Effectiveness of administrative intervention in Supply Chain Management in the Limpopo Department of Education, South Africa**”. The general aim of this study is to determine the effectiveness of administrative intervention in SCM of the LDOE. The study will assist the department to look into the strategies put in place in the intervention process and whether the strategies have yielded the desired results.

Qualitative data will be collected, primarily in the form of semi-structured interviews using an interview guide consisting of both closed and open-ended questions with the CFO, GM (Supply Chain Management); Senior Manager (SCM); Manager (Demand Management); Deputy Managers(SCM); and ten Supply Chain Practitioners.

The information obtained will be treated with the strictest confidentiality and will be used solely for this research purposes only.

It is my presumption that the research findings will make a creditable contribution towards identifying different strategies introduced by the intervention team. The knowledge that will be acquired through the study will contribute to checking whether systems of the SCM put in place in the department are effective in enhancing the provision of quality services while paying its creditors on time.

Yours sincerely

.....

**NGOBENI H (81102381)**

## **APPENDIX B**

### **INTERVIEW SCHEDULE FOR TOP MANAGEMENT AND MIDDLE MANAGEMENT OFFICIALS IN THE SCM OF THE LDOE**

**Title: Effectiveness of administrative intervention in Supply Chain Management in the Limpopo Department of Education, South Africa.**

#### **PURPOSE OF THE STUDY**

The general aim of this study is to determine the effectiveness of administrative intervention in SCM of the LDOE. The study will assist the department to look into whether the strategies put in place in the intervention process have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. The research is undertaken for the completion of a Master's degree at the University of Limpopo.

#### **CONFIDENTIALITY**

Please note that the researcher makes an undertaking that the responses in this Interview schedule will remain anonymous and strictly confidential. No reference will be made to any individual's name in the research results. Actual names of participants are not necessary save the name of the occupied post. A copy of the final report will be made available to the LDOE.

#### **INTERVIEW QUESTIONS**

**The following questions serve as a guide; where a need arises the interviewer can ask follow-up questions which are not captured here.**

##### **SECTION A**

1. Occupation: (Mark an appropriate box with an X

Chief Financial Officer (CFO)	
General Manager (SCM)	
Senior Manager (SCM)	

Member of the Intervention Task Team (ITT)	
Manager (Demand, acquisition, logistics and Disposal Management)	
Supply Chain Management Practitioner	

2. Marital status (Mark an appropriate box with an X)

Single	
Married	
Divorced	
Widowed	

3. Which age group do you fall under? (Mark an appropriate box with an X)

20 – 25 years	
26 – 30 years	
31 – 40 years	
41 – 50 years	
51 – 60 years	
61 – 65 years	

**SECTION B**

4. Did you have to change any processes or procedures in your directorate due to the arrival of the ITT?

Yes	
No	

5. If the answer is Yes in question 4 above, what were the new changes or procedures introduced by the ITT and how did it affect operations?

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6. What strategies did the Intervention Task Team (ITT) put in place during the intervention process?

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7. Have the strategies put in place by the ITT in the SCM yielded the desired results of stabilising the department's finances and averting the possible collapse of essentials services?

Yes	
No	

Explain : -----  
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**SECTION C**

8. Do you think implementing administrative strategies that were introduced by the ITT in the SCM have made your department more efficient and effective?

Yes	
No	

Explain:-----  
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9. Did you use any specific management process to promote the implementation of the strategies put in place by the ITT in the SCM?

Yes	
No	

Explain:-----  
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10. Have the ITT completed their assignment/functions in stabilising the department's finances?

Yes	
No	

Explain:-----  
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11. What do you attribute to the success or failure of the ITT in the SCM in LDOE?

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12. Do you feel you had success in implementing strategies that were introduced by the ITT

Yes	
No	

Explain:-----  
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13. If so, which factors contributed to the success?

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14. Were there any constraints in the strategies put in place by the ITT which presented challenges during implementation? If so, what were they?

Yes	
No	

Explain:-----  
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15. Were other role players (Non-SCM Managers and SCM committee members) adequately trained?

Yes	
No	

Explain:-----  
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16. Did the training have a positive impact on the implementation process?

Yes	
No	

Explain:-----  
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**SECTION E**

17. Did LDOE implement the SCM policy? If so, please rate the completeness of SCM implementation on a scale of 1 - 4 rate your agreement with the following statements; 1= I strongly agree; 2= I agree; 3= I disagree; and 4= I strongly disagree.

I strongly agree	I agree	I disagree	I strongly disagree
1	2	3	4

Explain:-----  
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18. Has your department's SCM procedures been compiled in accordance with the supply management regulatory documents (policy, circulars, general conditions of contract, Guide for Accounting Officers etc.)?

Yes	
No	

Explain:-----  
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19. Have posts in the SCM directorate been aligned to the SCM framework?

Yes	
No	

Explain: -----  
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20. Is your department making use of the SCM implementation tool provided by the National Treasury

Yes	
No	

Explain:-----  
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**THANK YOU FOR YOUR PARTICIPATION**

## APPENDIX C

### INTERVIEW SCHEDULE FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS IN THE SCM OF THE LDOE

**Title: Effectiveness of administrative intervention in Supply Chain Management in the Limpopo Department of Education, South Africa.**

#### PURPOSE OF THE STUDY

The general aim of this study is to determine the effectiveness of administrative intervention in SCM of the LDOE. The study will assist the department to look into whether the strategies put in place in the intervention process have yielded the desired results of stabilising the department's finances and avert the possible collapse of essential services. The research is undertaken for the completion of a Master's degree at the University of Limpopo.

#### CONFIDENTIALITY

Please note that the researcher makes an undertaking that the responses in this Interview schedule will remain anonymous and strictly confidential. No reference will be made to any individual's name in the research results. Actual names of participants are not necessary save the name of the occupied post. A copy of the final report will be made available to the LDOE.

#### INTERVIEW QUESTIONS

**The following questions serve as a guide; where a need arises the interviewer can ask follow-up questions which are not captured here.**

#### SECTION A

17. Occupation: (Mark an appropriate box with an X)

Chief Financial Officer (CFO)	
General Manager (SCM)	
Senior Manager (SCM)	
Member of the Intervention Task Team (ITT)	

Manager (Demand, acquisition, logistics and Disposal Management)	
Supply Chain Management Practitioner	

18. Marital status (Mark an appropriate box with an X)

Single	
Married	
Divorced	
Widowed	

19. Which age group do you fall under? (Mark an appropriate box with an X)

20 – 25 years	
26 – 30 years	
31 – 40 years	
41 – 50 years	
51 – 60 years	
61 – 65 years	

**SECTION B**

20. What were the new changes or procedures introduced by the ITT and how did it affect operations?

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21. What strategies did the Intervention Task Team (ITT) put in place during the intervention process?

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22. Have the strategies put in place by the ITT in the SCM yielded the desired results of stabilising the department’s finances and averting the possible collapse of essentials services?

Yes	
No	

Explain : -----  
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**SECTION C**

23. Do you think implementing administrative strategies that were introduced by the ITT in the SCM have made your department more efficient and effective?

Yes	
No	

Explain:-----  
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-----  
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24. Did you use any specific management process to promote the implementation of the strategies put in place by the ITT in the SCM?

Yes	
No	

Explain:-----  
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25. Have the ITT completed their assignment/functions in stabilising the department's finances?

Yes	
No	

Explain:-----  
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26. What do you attribute to the success or failure of the ITT in the SCM in LDOE?

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27. Did you have to change any processes or procedures in your directorate due to the arrival of the ITT?

Yes	
No	

28. If the answer is Yes in question 11 above, what were the new changes or procedures introduced by the ITT and how did it affect operations?

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29. Do you feel you had success in implementing strategies that were introduced by the ITT

Yes	
No	

Explain:-----  
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30. If so, which factors contributed to the success?

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31. Were there any constraints in the strategies put in place by the ITT which presented challenges during implementation? If so, what were they?

Yes	
No	

Explain:-----  
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**SECTION D**

32. How were the training needs of SCM Practitioners determined?  
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33. Was your department's SCM Practitioners adequately trained?

Yes	
No	

Explain:-----  
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34. Did the training have a positive impact on the implementation process?

Yes	
No	

Explain:-----  
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35. Were other role players (Non-SCM Managers and SCM committee members) adequately trained?

Yes	
No	

Explain:-----  
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36. Did the training have a positive impact on the implementation process?

Yes	
No	

Explain:-----  
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37. On a scale of 1-4 rate your agreement with the following statements; 1= strongly disagree; 2=disagree; 3=agree; and 4=strongly agree.

(a) I am aware of the existence of a budget for training and development in the LDOE

I strongly agree	I agree	I disagree	I strongly disagree
1	2	3	4

(b) There exists enough funding for training and development.

I strongly agree	I agree	I disagree	I strongly disagree
1	2	3	4

(c) Enough resources (internet, cell phones, computers, stationery) are provided

I strongly agree	I agree	I disagree	I strongly disagree
1	2	3	4

**SECTION E**

22 Did LDOE implement the SCM policy? If so, please rate the completeness of SCM implementation on a scale of 1 - 4 rate your agreement with the following statements; 1= I strongly agree; 2= I agree; 3= I disagree; and 4= I strongly disagree.

I strongly agree	I agree	I disagree	I strongly disagree
1	2	3	4

Explain:-----  
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23 Has your department's SCM procedures been compiled in accordance with the supply management regulatory documents (policy, circulars, general conditions of contract, Guide for Accounting Officers etc.)?

Yes	
No	

Explain:-----  
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24 Have posts in the SCM directorate been aligned to the SCM framework?

Yes	
No	

Explain: -----  
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25 Is your department making use of the SCM implementation tool provided by the National Treasury

Yes	
No	

Explain:-----  
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**THANK YOU FOR YOUR PARTICIPATION**

## APPENDIX D

### INTERVIEW SCHEDULE FOR MEMBERS OF THE INTERVENTION TASK TEAM

**Title: Effectiveness of administrative intervention in Supply Chain Management in the Limpopo Department of Education, South Africa.**

#### PURPOSE OF THE STUDY

The general aim of this study is to determine the effectiveness of administrative intervention in SCM of the LDOE. The study will assist the department to look into whether the strategies put in place in the intervention process have yielded the desired results of stabilising the department's finances and averting the possible collapse of essential services. The research is undertaken for the completion of a Master's degree at the University of Limpopo.

#### CONFIDENTIALITY

Please note that the researcher makes an undertaking that the responses in this Interview schedule will remain anonymous and strictly confidential. No reference will be made to any individual's name in the research results. Actual names of participants are not necessary save the name of the occupied post. A copy of the final report will be made available to the LDOE.

#### INTERVIEW QUESTIONS

**The following questions serve as a guide; where a need arises the interviewer can ask follow-up questions which are not captured here.**

##### SECTION A

1. Occupation: (Mark an appropriate box with an X)

Chief Financial Officer (CFO)	
General Manager (SCM)	
Senior Manager (SCM)	
Member of the Intervention Task Team (ITT)	
Manager (Demand, acquisition,	

logistics and Disposal Management)	
Supply Chain Management Practitioner	

2. Marital status (Mark an appropriate box with an X)

Single	
Married	
Divorced	
Widowed	

3. Which age group do you fall under? (Mark an appropriate box with an X)

20 – 25 years	
26 – 30 years	
31 – 40 years	
41 – 50 years	
51 – 60 years	
61 – 65 years	

**SECTION B**

4. What strategies did the Intervention Task Team (ITT) put in place during the intervention process?

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5. Have the strategies put in place by the ITT in the SCM yielded the desired results of stabilising the department’s finances and avert the possible collapse of essentials services?

Yes	
No	

Explain : -----  
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Did you have top level management support?

Yes	
No	

Explain:-----  
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6. If the answer on question 6 is Yes, to what extent did the top level management supported you?

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7. If the answer on question 6 is No, What do you think was the reason for not supporting you?

Explain: -----  
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**SECTION C**

8. Have the ITT completed their assignment/functions in stabilising the department's finances?

Yes	
No	

Explain:-----  
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9. What do you attribute to the success or failure of the ITT in the SCM in LDOE?

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**SECTION D**

10. Were other role players (Non-SCM Managers and SCM committee members) adequately trained?

Yes	
No	

Explain:-----  
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11. Did the training have a positive impact on the implementation process?

Yes	
No	

Explain:-----  
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**THANK YOU FOR YOUR PARTICIPATION**

## ASSESSMENT OF RESEARCH PROPOSALS

Maximum length 10 pages

### A. COVER PAGE

<b>Student Name</b>	Ngobeni (Harley)
<b>Student Number</b>	201323390
<b>Degree</b>	MPA
<b>Supervisor</b>	Prof Mphele
<b>Topic</b>	A Comparative Analysis

### B. Outline of proposal

1. Research Problem:	
1.1. Introduction/background and significance of study. (discuss rationale)	Well formulated and clearly explained.
1.2. Statement of the problem (motivation for study)	The Candidate succeeded to place the reader in context of how important supply chain management is the Department of Education, in the Limpopo Province.
1.3. Aim of the study	The aim of the study is clearly formulated.
1.4. Objectives	The objectives are clearly formulated. Suggestion: Formulate two or three additional objectives.
1.5. Research questions	The research questions are well formulated.
1.6. Literature Review	The candidate did consult current literature that enabled him/her to do a proper literature review of the topic.
1.7. Definition of concepts	Meets research standards.

<b>2. Research Design</b>	
2.1. Choice and rationale of design	The background, problem statement and goals are clearly contextualized. The topic is very relevant to the Department of Education in the Limpopo Province..
<b>3. Research Methodology</b>	
3.1. Study Area	The study area is well defined.
3.2. Population	It is clearly identified.
3.3. Sample size and selection method	It is effectively contextualized.
3.4. Hypotheses to be tested (if applicable)	N/A
3.5. Data collection methods	Effectively contextualized
3.6. Data analysis methods	Well described.
3.7 Ethical Considerations	Very effectively addressed.
4. Outline of Research Report	Meets research standards.
5. References	Definite room for improvement in the text and in the list of references
6. Ethical approval required (yes/no) If yes, motivate why	No <input type="checkbox"/> Yes <input type="checkbox"/> Motivation:
7. Any additional comments	none

**L. Beyers:**  
**Approved.**

**17 April 2015**

**TURFLOOP GRADUATE SCHOOL OF LEADERSHIP**

**University of Limpopo**

**Private Bag X1106, SOVENGA, 0727, South Africa**

**Tel: (015) 268 3537, Fax: (015) 268 3874, Email: Fulufhelo.Netswera@ul.ac.za**

22 April 2015

**TO:** Mr/Ms Ngobeni H

**Master Student TGSL**

**CC:** Prof Mpehle

**Supervisor**

Prof. Phago

**Head of Department**

Ms P Manamela

**Principal Administrative Officer (TGSL)**

**FROM:** Prof F.G Netswera

Chairperson TGSL Higher Degrees Committee

**OUTCOME OF THE HIGHER DEGREES COMMITTEE MEETING**

Dear Mr/Ms Ngobeni H

I am delighted to let you know that your master research degree proposal served at the Turfloop Graduate School of Leadership (TGSL) Higher Degrees Committee (HDC) meeting that sat on 20 April 2015. The following are the decisions that were taken by the committee: **Committee Decision**

1. Proposal is APPROVED

X

2. Proposal Approved with minor MODIFICATIONS (Proposal need not to be resubmitted to the committee but to the HOD)

3. Proposal NOT approved (Proposal should be resubmitted to the committee)