

**ASSESSING THE EXTENT OF TRANSPARENCY WITHIN PROCUREMENT
PROCESSES AT THE JOHANNESBURG ROADS AGENCY**

By

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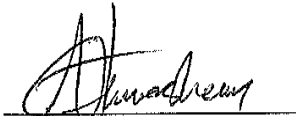
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31 OCTOBER 2023

DECLARATION BY CANDIDATE

I declare that the dissertation titled “Assessing the extent of transparency within procurement processes at the Johannesburg Roads Agency” is my work and has not been submitted to any other Higher Education Institute. I further declare that all sources cited in this dissertation are accredited.

THILIVHALI MASHAU

A handwritten signature in black ink, appearing to read 'Thilivhali Mashau', written over a horizontal line.

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Date: 10 November 2020

DEDICATION

I dedicate this dissertation to the almighty God for his grace and mercy that saw me through my studies. I also dedicate this dissertation to Mr. Edwin Thanyani Mashau (my father) and Mrs. Sophie Mulalo Mashau (my mother) for their sustenance and inspiration.

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ABSTRACT

The South African Constitution of 1996, section 217 [1] requires public procurement to be done under a system that is fair, equitable, transparent, competitive, and cost-effective; and procurement must be done through the Supply Chain Management (SCM) system carrying out all these principles including value for money. Procurement encompasses the transparent acquisition of goods and services guided by the principle laid out by the Constitution of South Africa. However, the maintenance of a high level of transparency in most procurement processes has been a major challenge in most agencies. The study assesses the extent of transparency within the procurement processes at the Johannesburg Roads Agency. A mixed-method research approach was used to assess the extent of transparency and a structured questionnaire was used as a tool for data collection. The study employed a purposive sampling technique. The findings revealed that transparency is exercised when rendering procurement processes under section 217 of the Constitution. The study further recommends that there should be continuous enforcement of regulations and policies in place to enhance compliance with policies. Furthermore, internal controls should always be reinforced in supply chain management to avoid challenges associated with procurement. Continuous oversight monitoring, adherence to audits, monitoring, and evaluation of performance management systems are recommended to sustain an efficient and effective procurement system as well as improve accountability and capacity for learning and improvement.

Key words: Public procurement, Transparency, procurement processes, Supply Chain Management, Pillars of procurement, value for money, procurement legislation framework, procurement policies, procurement principles, procurement planning, procurement challenges, public sector, good governance, Public Administration.

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LIST OF ACRONOMYS

BBBEE	- Broad-based Black Economic Empowerment Act 56 of 2003
CFO	- Chief Financial Officer
CIDB	- Construction Industry Development Board Act 38 of 2000
HOD	- Head of Department
JRA	- Johannesburg Roads Agency
MFMA	- Municipal Finance Management Act 56 of 2003
MPAC	- Municipal Public Accounts committee
MOE	- Municipal Owned Entity
OECD	- Organisation for economic Co-operation and Development
PAIA	- Promotion of Access to Information Act 2 of 2000
PAJA	- Promotion of Administration Justice Act 3 of 2000
PFMA	- Public Finance Management Act 1 of 1999
PPPFA	- Preferential Procurement Policy Framework Act 5 of 2000
SCM	- Supply Chain Management
SPSS	- Statistical Package for the Social Sciences
TCO	- Total Cost of Ownership

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CHAPTER 1: BACKGROUND AND CONTEXT OF THE STUDY

1.1 Introduction

Procurement is a process that involves the acquiring of goods and services guided by impartiality, equitability, transparency, competitiveness, and cost-effectiveness (Constitution, 1996: section 217[1]). Clear legal framework, consistent policies, and transparency make up a strong procurement system (Kaspar & Puddephatt, 2012:5). Transparency is an important tool in procurement processes. It ensures that procurement information is accessible to suppliers. Transparency is fundamental to good public procurement (Ashari, 2013:2), making it essential for better planning, understanding, and practice of the procurement processes in place to meet set objectives. Planning involves identifying the mission, formulating measurable objectives, and identifying strategies to achieve the objectives (Bizana, 2013:11). Bizana (2013:11) explains understanding as “evaluation”, which involves verification and comprehension. The practice involves applying or executing the planned processes to achieve the set objectives.

“Legislation creates Supply Chain Management (SCM) departments in municipalities to render services via private service providers and the SCM system is the key enabler to exercise transparency during the procurement process” (Bizana, 2013:1). Therefore, the Johannesburg Road Agency (JRA) undertakes social programmes, one being ‘preferential procurement’ under the SCM regulations. The SCM unit monitors the implementation of procurement policies that seek to ensure that financial governance, accountability, and transparency within the entity’s procurement process is promoted or achieved (Johannesburg Roads Agency company performance report, 2016:57). The research intends to assess the extent of transparency within the procurement processes at the JRA, particularly assessing the extent in which transparency is exercised within the procurement processes.

1.2 Background of the Study

Before 1994, procurement within the South African public sector was outfitted towards huge and set up contractual workers who made it hard for new temporary staff to take an interest in government procurement procedures (Ambe & Badenhorst-Weiss, 2012:242). In 1994, government procurement was allowed legal status and used as a device because of the biased and unreasonable practices during apartheid (Bolton, 2006a:193). This made procurement in the post-apartheid regime in South Africa important in the public sector via its efficiency in addressing past inequity or discriminatory policies and practices. Along these lines, procurement in South Africa is an important instrument that conveys a lot of in depth or rather extensive social, economic, and political objectives since 1994 (Bolton, 2006a:193).

Reformation of public procurement was initiated in 1995 by the South African democratic government to promote principles of good governance (Ambe, 2016:277). Good governance ensures transparency, accountability, and efficient procurement process (National Treasury, 2015:15). The inception of the change cycle was because of 3 reasons as stated by Ambe (2016:277) namely, irregularity in policy application due to conflicting interpretation and execution of the Preferential Procurement Policy Framework Act 5 of 2000. Secondly, it was because of unclear roles and responsibilities as well as inadequate supportive structures leading to absence of responsibility. Lastly, it was because of deficiencies and fragmentations in terms of governance, leading to divided cycles (Ambe, 2016:277). Irregularity in strategy application, absence of responsibility, and divided cycles prompted the usage of the Preferential Procurement Policy Framework Act (PPPFA), Act No 5 of 2000, and the presentation of the Supply Chain Management (SCM) framework inside the public area as an approach apparatus (National Treasury, 2005:8). The Preferential Procurement Policy Framework Act 5 of 2000 aimed at reviewing the financial awkward nature of the past, making an economy that addresses the issues of the people. Additionally, the National Treasury acquainted an inclination framework to address financial objectives (National Treasury, 2005:8; Ambe & Badenhorst-Weiss, 2012:242).

Later in 2003, 'Supply Chain Management (SCM)' was developed, which assisted accounting officers/authorities with adopting unified SCM functions and its associated management roles (National Treasury, 2005:5). According to McCrudden (2004:257) this was an effort made by the government to achieve anticipated tactical policy results via public procurement. Section 217 of the Constitution indicated that procurement prepared by the SCM system must be fair, equal, transparent, competitive, and have value for money (Constitution, 1996: section 217 [1]). The SCM became crucial machinery that empowers the government to carry out policy and enhance each phase of the procurement procedure within the municipalities (National Treasury, 2015:1; Bizana, 2013:1).

In South Africa, Ambe and Badenhorst-Weiss (2012:243) pointed out the problems faced by SCM as negligence to the law governing procurement, dishonesty and in-transparency with the procurement processes after the reformation processes. Although legislation and guidelines are instituted, reform processes and SCM systems are adopted to attain uniformity in the procurement process, municipalities are still linked with assertions of dishonesty. One of the duties that municipalities need to perform for the individuals underneath its jurisdiction is to organise and manage the organisation to fulfil the budgeting as well as coming up with processes in an exceedingly clear/transparent, efficient, and effective manner (Constitution, 1996: section 217 [1]). Hence, the need to assess the extent of transparency within the procurement practices at the JRA as one of the Municipal Owned Entity (MOE).

The Johannesburg Road Agency is one of the Municipal Owned Entity by the City of Johannesburg with an aim to be the best city roads authority that allows economic growth and sustainability through committing to deliver quality roads that are accessible, safe, and liveable for communities. The JRA undertakes several social programmes which contribute to the quality of its employees, their families, the local communities, and the society at large. These include, amongst others, SMME development, preferential procurement in accordance with SCM regulations, access to partnerships through JRA intervention, skills development, internships, and training and experience

opportunities in accordance with JRA policy. Thus, through its SCM department, the JRA ensures financial sustainability for enhanced business effectiveness. Johannesburg Road Agency is one of thirteen service providers within the City of Johannesburg. As stated in the JRA's website, JRA is an MOE in charge of the planning, designing, constructing, maintaining, repairing, and developing Johannesburg's roads network and stormwater infrastructure, including construction and maintenance of bridges and culverts, traffic signals, and road signage. According to the Johannesburg Roads Agency's strategy (2017:4), the JRA's role is to support the city's priorities and ensure that its objectives (financial sustainability and resilience) are achieved. The JRA also ensures that value for money is obtained via nifty and well-organised SCM procurement as well as a financial and stable entity with a healthy financial reserve (Johannesburg Roads Agency's Strategy, 2017:4).

Based on the released media statement that was issued on behalf of the JRA on the 16 of August 2013, the JRA officials signed the SCM pledge. The JRA together with the SCM team committed to applying their signature on the developed Agency's SCM pledge. This was also a call to suppliers to support the SCM pledge to uphold high ethical standards in procuring and providing services to the JRA. Therefore, the SCM pledge was to state and commit members of the SCM in JRA to promote fairness, equitability, transparency, competitiveness, and cost-effectiveness in the practice of procurement. The pledge further lay out that members of the JRA Supply Chain Management must be an enabler for the JRA to meet its strategic objectives, procure from only the best suppliers, and ensure that all SCM processes are in place for effective budget allocation within a specified budget period. This emphasises the fact that procurement processes need to hold the principle of fairness, equitability, transparency, competitiveness, and cost-effectiveness. Hence, the present study assesses the extent to which transparency is exercised and adhered to at the Johannesburg Roads Agency's procurement processes.

1.3 Problem Statement

Good governance ensures compliance with set of rules and policies. Although reformation of the public procurement system was done, the system is still masked by

poor governance that is characterised by secrecy, inefficiency, and corruption. Therefore, it becomes vital to uphold transparency in procurement.

The procurement system lacks common elements such as consistent policies, and transparency to make it strong (Kaspar & Puddephatt, 2012:5) and these create a serious obstacle due to in-transparency. Thus, National Treasury (2015:9) state that to ensure good quality, economical and value effective delivery likewise achieving government's objectives, one should make sure that SCM policies and legal surroundings are straightforward, that is they are clear, simple, and straight to the point. Yet, low level of compliance with the SCM legal framework still arise and such creates negative results of non-compliance as well as interruptions to the procurement of products and services and failure to supply goods and services at the correct value, at the right time (National Treasury, 2015:10). Therefore, municipalities are still connected to the assertions of dishonesty and discrimination when giving tenders to service providers even though legislation and guidelines are in place to attain uniformity within the procurement process.

In addressing the above-mentioned challenges, a need to assess the extent of transparency within the procurement procedure was necessary for the COJ, specifically the JRA. This study is, therefore, undertaken with the general objective of assessing whether transparency is being exercised within the procurement process at the JRA.

1.4 Research Aim and Objectives

1.4.1 Research Aim

This research aims to assess the extent in which transparency is exercised with regards to procurement processes for better planning, understanding, and practice at the Johannesburg Roads Agency. The study aims at determining the effects of transparency in the carrying out of procurement activities.

1.4.2 Research Objectives

- To assess the procurement of goods and services with respect to the value for money.

- To determine whether the procurement activities are fair, equitable, transparent, competitive, and cost-effective.
- To evaluate the strictness, consistency, clarity of procurement policies, and the level of adherence to the policies.
- To evaluate the compliance of the Supply Chain unit to the procurement policies.
- To assess the extent of transparency within the procurement processes at the Johannesburg Roads Agency.

1.5 Research Questions

The procurement process must be guided by the principle of fairness, equitability, transparency, competitiveness, and cost-effectiveness as set out in section 217 of the South African Constitution.

Main research question

What is the extent of transparency exercised in the procurement processes at the Johannesburg Roads Agency that enhances better planning, understanding, and practice?

Sub-questions

The following five sub-questions follow the main research question:

Sub-question 1

To what extent is the procurement of goods and services worth the value of money spent on procurement processes?

Sub-question 2

How does the procurement process exercised at the Johannesburg Roads Agency give effect to cost-effectiveness, transparency, fairness, and competitiveness?

Sub-question 3

What is the extent to which Johannesburg Roads Agency applies strict, consistent, clear, and compliant procurement policies?

Sub-question 4

What is the extent to which the Supply Chain unit complies with the procurement policies?

Sub-question 5

How are the established guidelines of transparency and integrity communicated to the public to enhance better planning, understanding, and practice?

1.6 Conceptual Analysis

Conceptual analysis refers to the approach that helps develop the empirical study's conceptual framework (Salkind, 2012:35). It consists of clarification of key concepts, breaks down concepts into their designated parts to understand data or gain knowledge. The study gives a short conceptual analysis of key terms or concepts.

1.6.1 Procurement

Procurement refers to the supply of goods as well as services to institutions particularly those closely held by the government to enhance their activities (Visser & Erasmus, 2002:370). Arrowsmith (2010:1) defines procurement as a means that the public sector acquires product and services through hiring or maybe by any written agreement means. Ballard (2012:2) defines procurement as the buying of products and services on behalf of a public authority, like an administrative body. Procurement is when public sector organisations acquire product, services, development, and construction projects coming from suppliers in local and international market, subject to the overall principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness as outlined by Ambe and Badenhorst-weiss (2012:244).

Therefore, goods and services ought to be acquired in line with the overall principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness (Constitution, 1996: section 217[1]). This is supported by Fourie (2015:38) who defines procurement to be a process where goods and services are acquired from external suppliers to meet developmental needs of the state and procurement is a "management function administered by the general public official". Thus, procurement is central to

government's service delivery system as it involves crucial activities that support service delivery.

1.6.2 Transparency

"Transparency is the extent to which openness in governance prevails as well as how the public gain access to full information on service cost delivery and performance" (Siswana, 2007:16). Transparency is outlined as open, honest, visible, and readily accessible information concerning people, businesses, and government entities (Rawlins, 2008). It is timely, easily understood access to information as well as ensuring openness and publicity.

1.6.3 Supply Chain Management (SCM)

The City of Johannesburg's Supply Chain Management Policy (2006:7) provides an explanation of "Supply Chain Management as a means to deal with the whole progression of merchandise and ventures that will build and improve an incentive for the clients as items and services and will explicitly fulfil client requests". Burt, Petcavage and Pinkerton (2010:6) defines Supply Chain Management as a five stage method namely; identifying an item or service needed to fulfil the needs of the organisation, identifying the most suitable or proper service provider to satisfy that need, creating a good and reasonable value for the item or service to be purchased, implementing an agreement for the acquisition and managing the relationship to ensure that there's not solely timely delivery however, that delivery is of the given and agreed standards. Bizana (2013:3) on the other hand defines supply chain management as the "seamless management of all interlinked value-adding activities that delivery of goods and services entails, as they move through a price chain on the way to the ultimate customer".

1.7 Research Strategy and Design

Welman and Kruger (2001:46) asserted that a research design is a plan according to which researchers acquire research participants, gather data, and turn it into usable information. The participants for this study include the members of the JRA Supply Chain Management unit. The design includes finding out what is going to be observed and analysed based on why and how the research questions are formulated (Babbie &

Mouton, 2002:196). According to Babbie (2008:28), historical research is a process to systematically examine past events. The historical research design was applied in this study to collect, authenticate, and produce evidence from previous JRA procurement processes to assess the extent of transparency.

1.8 Research Methodology and Analysis

Research methodologies are classified into qualitative and quantitative approaches. Research methodology deliberates and clarifies the reason for the selected research methods. Quantitative research makes use of approaches from the natural sciences intended to ensure impartiality, generalisability, and consistency. The quantitative research approach is recognised through its purpose as it aims to predict and explain as well as generalise research outcomes. Qualitative research methods are interpretative in that the inquiry attempts to account for what researchers have established by asking probing questions and collecting responses from the participants (Strauss & Corbin, 1998:72).

1.9 The Nature of Data Collected

The collected data comprised of responses to questionnaires, analysis of graphic images (photographs), documents, demographic information, and studies conducted on the JRA Supply Chain Management system.

1.10 Chapter Division and Content

Chapter 1 covered the introduction, the background, and the problem statement. The aim and objectives as well as research questions were outlined thereof, and a brief conceptual analysis of terms was provided. Chapter 2 explored the literature on the given title of the study. Chapter 3 provided a conceptual framework of the phenomenon transparency. Chapter 4 presented the research design and methodology used to give answers to the questions raised. It further highlighted the types of data gathering techniques, types of research methodologies, and ethical issues that the researcher should be aware of. Chapter 5 provided the results and interpretation of the findings which were collected through data collection methods. Chapter 6 covered the discussion of findings, a summary of the findings, conclusion, and recommendations.

1.11 Conclusion

Chapter one of the theses presented an introduction to JRA's SCM. The background and rationale for the research were also explained. The statement of the problem expounded upon the issues that need to be addressed. The research questions and objectives were outlined followed by the research design and methodology that would be used. The chapter concluded with the sequence of the chapters in the thesis. In the next chapter, a comprehensive literature review was conducted. This included a wide range of issues that relate to transparency within the procurement process. Therefore, Chapter 2 provides a comprehensive review of literature related to the study, which greatly expand upon the introduction and background information presented in Chapter 1.

CHAPTER 2: LITERATURE REVIEW OF PROCUREMENT

2.1 Introduction

This chapter highlights the main arguments supporting the study. Furthermore, this chapter discusses procurement, its objectives, the pillars of procurement, and procurement processes, introducing the Supply Chain Management (SCM) System as a means and driver of the procurement process. It also outlined the roles and responsibilities/delegation of authority, legislations that regulate procurement as well as procurement policies and procedures. Additionally, transparency as a principle of procurement as well as policies of transparency and its importance were briefly discussed.

2.2 Overview and theoretical framework on Procurement

Theory is central to scholarly credentials of any discipline within the public procurement field (Flynn & Davis, 2014:143). "Theoretical rigor is important to management science, nevertheless very little is known or understood on the extent and style or kind of theory in public procurement" (Flynn & Davis, 2014:139). "Public procurement has its long history in Public Administration (public administration theoretical foundation) and resides on the periphery of management science although one can say its centrality is on service delivery" (Flynn & Davis, 2014:139). Thai (2001:9) has brought attention to how public procurement is academically neglected but later in his research that he conducted in 2016 pointed out that public procurement continues to change both conceptually and organisationally, and public procurement research is accessed from different academic fields, namely; law, economics, public administration, business administration and construction management (Thai, 2016:1), although policy makers have increasingly used public procurement as a tool to realise socio-economic goals.

Public procurement research concerns still expand as students of management, public administration, finance, law, supply chain and logistics management, mathematics and information technology apply themselves to the study of public procurement, thus, opening promising lines of inquiry on topics as various as e-procurement, small suppliers, and buyer professionalisation (Flynn & Davis, 2014:139).

Procurement has since 1994 become a vital instrument to provide broader social, financial, and political objectives (Bolton, 2006a:193). This is mainly because procurement is now used as a policy instrument to address past biased policies and practices. According to Flynn and Davis (2014:139) public procurement is currently linked to concerns over economic growth, social inclusion, and environmental sustainability. Additionally, public procurement has several objectives that include transparency, competition, efficiency, and value for money as well as socio-economic objectives. Moreover, transparency is an important part of procurement processes. Given this, the present study assesses the extent of transparency within the procurement processes. The next section looks at the procurement objectives to give a clear understanding of procurement and its importance.

2.2.1 Procurement objectives

According to Ashari (2013:2) procurement is necessary to guarantee a constant provision of resources and services needed by the government from the finest and unswerving sources. Procurement is deemed necessary because it ensures that procurement practices are efficient, effective, and ethical especially at governmental level. Like this, the Johannesburg Roads Agency's strategy (2017:4) considered value for money to be only achieved through smart and efficient SCM procurement or efficient procurement process.

Procurement objectives are both the objectives applicable to the procurement outcome as well as the principles that the procurement system must comply with to achieve the outcome of procurement objectives (Le Roux De La Harpe, 2009:4). Komakech (2016:21) argued that "public procurement has several objectives that range from social, economic and financial objectives". Such objectives are fundamental to the procurement regulations and organisations to eradicate obstacles in goods and services, for example, corruption, bribery, or even fraud, unfairness, and mismanagement of funds.

The key objective of procurement is to manage the procurement process, exercise financial commitment, and income management, as well as guarantee economical and effective processes are undertaken ethically (Le Roux De La Harpe, 2009:4). Kaspar

and Puddephatt (2012:5) supported this by stating that “it can only be possible if there are clear legal framework, consistent policies, and transparency to make up a strong procurement system and that procurement processes are undertaken in a fair, effective, efficient, transparent, and ethical way”. Hence, transparency is an essential element in procurement procedures and an open transparent procurement system will make sure that procurement objectives are met. Below are some of the procurement objectives that show the importance of procurement or why procurement is necessary.

2.2.1.1 Procurement to promote transparency and openness.

This is one of procurement’s objectives that make sure that the function of procurement is done openly and transparently (Komakech, 2016:21). Transparency and openness within procurement ensure standardisation of procedures, easy access to information that is understandable, and instill confidence in stakeholders with regards to the procurement process (Le Roux De La Harpe, 2009:286). As a result, promoting a more open and transparent procurement system ensures improved competition, enhance efficiency, value for money, and reduce the threat of unfairness and corruption (Ashari, 2013:2). This will ensure openness and publicity at various levels of the procurement process as well as ensuring that the process is conducted in an ethical, legitimate, fairly, and open manner.

Evenett and Hoekman (2005:14) state that “a transparent procurement process contributes to effective distribution of resources”. Furthermore, promoting transparency and openness ensures that all procurement processes are communicated to members of the public with clearly stated rules as to how the procurement process will be steered thus, making sure that all qualified and interested parties are included when it comes to procurement processes (Komakech, 2016:21).

2.2.1.2 Promote economic efficiency in procurement.

According to Komakech (2016:21), most public organisations are wasteful in their spending. Through promoting efficiency in public procurement, wasteful spending will be eliminated as well as reducing the cost of procurement and acquiring goods and services in a transparent manner (Komakech, 2016:21). This objective as stated by the above-mentioned author is realised by purchasing from the lowest qualified supplier

who passed the technical qualification and provided the best quality of goods or services.

2.2.1.3 Promote efficiency in public procurement.

“Promoting efficiency in public procurement is setting completion timelines for the different stages of procurement” (Komakech, 2016:21). This objective has to do with setting timelines for the completion of each stage within the procurement process to meet the stipulated targets. Most times, the procurement personnel fail to gratify the customer. Furthermore, when it comes to funded projects, funds occasionally remain unspent for some time because of inefficiencies of the personnel; hence, procurement is given timelines for the completion of each stage (Komakech, 2016:21). For example, unspent grants to fund infrastructure and upgrade existing infrastructure to the poorest households. If the amount is not spent what happens to the destitute? It means there will be no improved infrastructure for them due to under spending. Because of the above-given example, there exists the need to prioritise the mitigation of under spending. Setting timelines for procurement ensures that funds are used within the correct timeframe and avoid unspent or unused funds. The JRA ensures efficiency is promoted through compliance with the established pledge which stated that members of the JRA’s SCM function must ensure that all SCM processes are in place to allow the JRA to spend allocated budgets within a specified budget period.

2.2.1.4 Promote public confidence of stakeholders within procurement processes.

A strong, open, and transparent procurement process conducted ethically enhances confidence by providing effective outcomes as expected and required. Le Roux De La Harpe (2009:286) state that “transparency boosts public confidence in the procurement scheme”. Komakech (2016:21) sets out a scenario about public members losing confidence at times about the procurement process. Hence, a good and open public procurement process helps restore lost confidence. Generally, transparency and openness within procurement ensure that confidence is instilled in stakeholders with regards to the procurement process.

2.2.1.5 Promote equality and fairness within the public procurement process.

This objective ensures that the procurement process is conducted fairly, and all participants are given a fair chance to participate in the procurement processes (Komakech, 2016:21). Equality and fairness are achieved when all participants are given an equal chance to compete without any discrimination. Komakech (2016:21) state that “promoting equality and fairness spells out procedures within organisations which entail giving every participant equal opportunity”. Bolton (2006a:48) supported this by stating that “an impartial procurement scheme is one that allows government contracts to be extensively publicised and all contractors conversant with set guidelines of the competition, subjected to the same rules, are given equal and enough time to participate”.

2.2.1.6 Assist in eliminating corruption within public procurement.

A good procurement system consists of adequate controls to help minimise corruption. Transparency is an effective technique that prevents dishonesty and guarantees value for money (Ballard, 2012:2). Mulgan (2012:9) emphasize this by mentioning that “at the basic level, transparency is generally seen as an important factor to keep government as honest as possible and for reducing the extent of government corruption”.

2.3 The Pillars of Procurement

Procurement as a process must adapt to certain rules or standards that boost transparency. The values of transparency or integrity in the procurement process are meant to offer an outline for conscripting policies, codes of conduct, implementation mechanism, and ethics (Stemele, 2009:17).

National Treasury (2002:2) in a document titled “The General Procurement Guidelines” state that “*guidelines were issued by the Government not only as a prescription of standards of behavior, ethics and accountability which it requires of its public service but also as a statement of the Government’s commitment to a procurement system which enables the emergence of sustainable small, medium and micro businesses which will add to the commonwealth of our country and the achievement of enhanced economic and social well-being of all South Africans*”.

The guideline furthermore identifies five values or principles that reflect the characteristics of a good procurement system. These principles play an essential role in government procurement process even to an extent that local government as well as municipalities must adhere and apply them when implementing the procurement process. The five pillars of procurement are what appropriate and successful government procurement rest upon (National Treasury 2002:3). These are the core principles that need to be observed and adhered to, to ensure a strong and stable procurement system. The five pillars of procurement are discussed below.

2.3.1 Value for money

According to Arrowsmith (2010:25) value for money means, purchasing of goods or paying for services with the lowest whole-life cost. Mazibuko (2018:3) state that “obtaining the best value for money is the purpose of public procurement”. In other words, consideration of the best combination of the whole life cost for the best quality and meeting procurement or contracting requirements is needed. The procurement specification must be created by the contracting organisation that will set out social, financial, and environmental policy objectives within the procurement practice (Mazibuko, 2018:3). Hence, various factors need to be considered to assess the value for money.

Procurement plan aims at displaying goods and services or works to be done and how they are going to be acquired or accomplished over a certain period (Ninsima and Lyimo, 2019:2). A simple mistake in executing the procurement plan can lead to serious implications that can pose negative effects on value for money. This simply means that an ineffective procurement plan leads to loss of value for money. It becomes pertinent that procurement should be done cost-effectively.

2.3.2 Openness and effective competition

Openness and transparency in procurement processes allow all stakeholders to analyse the process that is followed (Stemele, 2009:21). Openness involves the adoption of procurement laws that are transparent and are available to the people involved. For open and effective competition to be achieved, organisations need to guarantee that potential contractors have judicious access to procurement opportunities.

2.3.3 Ethics and fair dealing

To achieve efficient ethical and fair dealings, all parties need to conform to the ethical values to make sure that deals are done based on mutual trust and respect (National Treasury, 2002:6). Staff members handling procurement dealings with contractors should recognise and handle conflicts of interest, handle suppliers even-handedly, make sure no bribery that may compromise the quality of the state, must be reliable in using public property, and assist in eliminating fraud and corruption (National Treasury, 2002:6).

2.3.4 Accountability and reporting

Accountability has to do with people and organisations being accountable for every action taken. According to National Treasury (2002:7), openness and transparency in administration is a vital component of accountability. The procurement agenda stipulated that individuals in charge of the overall management of procurement activities are the heads of departments.

2.3.5 Equity

Equity in the milieu of these rules as stated by National Treasury (2002:8) means the adoption of government policies that are intended to support people deprived by biased judgement. In South Africa, equity is the pillar of procurement within public sector procurement as no public procurement system can operate if not found by this pillar. This is because equity guarantees that the government is committed to fiscal growth. This called for the government to implement the Preferential Procurement Policy Framework Act as a foundation to base procurement activities.

2.4 The Procurement Process

The effective functioning of procurement and effective execution of procurement processes requires obedience to the principle of transparency. This includes putting in place adequate controls to minimise the risk of dishonesty, waste, and the misuse of funds. Procurement processes are founded on the principle of achieving the best value for money, fairness, competition, economic value, and efficiency. Hence, the need to

continuously monitor the procurement processes to ensure that the principle is maintained (Stemele, 2009:3).

Stemele (2009:3) state that “the municipality ought to strive at all times to use procurement process that are simple and fair, understandable, democratic, clear, and compliant to the rule of law”. A good procurement process consists of processes that are executed to obtain goods and services in an accurate amount that is of good value within the expected time from the best dealer and under the best terms guided by suitable pledged obligations. According to Mwandobo (2013:12), the procurement process refers to the stages within the procurement cycle that has to do with planning, procedures, measures, examination and evaluation, the award of contract, and contract management. The next sections looked at the procurement process in brief.

2.4.1 The tendering process

The tendering process is a process well known to ensure that the public sector can obtain a broad range of products and services from the non-public (private) market according to the South African administrative law (Smit, 2015:8). The tender process has the following four processes known to be the four key phases of the public procurement process. The four phases include planning, bidding, bid evaluation and implementation as well as monitoring.

The planning phase consists of the need for assessment, advertising, bidding documents, evaluation criteria, and initial market research. Senzu and Ndebugri (2017:11) state the importance of an effective procurement plan/planning as listed below:

- Save money and time
- Serve as a conduit to achieve the organization’s objectives
- Allow planners to determine if expectations are realistic
- Ensure compliance with regulatory policies
- Provide a structure to guide procurement officers in the achievement of their responsibilities.
- Enhance transparency

The bidding section consists of shortlisting, pre-qualification, pre-bid conference, tendering and clarification, and contract requirements. The bid evaluation phase consists of a bid opening, bid evaluation, bid evaluation report, and award of contract. The implementation and monitoring phase handle the drafting of contracts, contract implementation, contract changes, monitoring, and auditing as well as lodging appeals.

The process of procurement can be summarised based on the three stages of the SCM cycle. The three stages are namely, the pre-tender or demand management stage, the tendering stage, and the post tendering stage (National Treasury, 2015:16). The pre-tendering stage ensures that goods and services are appropriately aligned to the procuring entity's strategy and resource plan (National Treasury, 2015:16). The tendering stage assists in making certain that every bidder has access to equivalent tender information to avoid lack of competition and conflict of interest. Lastly, the post-tender stage involves issuing orders and processing payments (National Treasury, 2015:19).

The knowledge of the functioning of the current bidding process in government bodies provided an insight into the procurement system (Ambe & Badenhorst-Weiss, 2012:15). The bidding process is used to select a vendor, complete bid documents, call for participation of the bids, accept and assess bids, clear the bids, and award the contract. The threshold value of contracts allows an appropriate procurement process to be determined. Therefore, it is the responsibility of the accounting officer to make sure that every bid documents and general conditions of a contract comply with the National Treasury, and as prescribed by the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) that the evaluation and adjudication criteria must be included. The bidding process is conducted by a committee system namely; the bid specification committee who compile specifications, the bid evaluation committee who evaluate bids in terms of the specification, a point system as set out within the SCM policy of the procuring entity and as prescribed in terms of the PPPFA and a bid adjudication committee who consider the report and recommendations of the bid evaluation committee and make a final award or recommend an accounting officer to make a final award or proceed with relevant procurement (Molver and Gwala, 2015:268). Failure to

stipulate the criteria or standards can result in bids not being evaluated. Bids are to be advertised and in the context of South African transparency.

2.4.2 Supply Chain Management system as a means of procuring goods and services.

The National Treasury (2015:71) define SCM as the design, planning, execution, control, and monitoring of supply chain activities in the delivery of goods and services, to create net value and provide oversight and coordination of information and finance within the supply chain. The SCM adds value to each phase of the procurement (Ambe & Badenhorst-Weiss, 2012:246). It is an instrument that allows government to implement policy (National Treasury, 2015:1). Section 217 of the Constitution stated that “procurement must be carried out by the SCM system that carries out the principles of fairness, equitable, transparency, competitiveness, and cost-effectiveness or value for money” (Constitution, 1996: section 217[1]). The SCM is a vital tool for handling procurement which is the main reason why the Constitution made provision for SCM departments to be created within municipalities. Bizana (2013:1) supported this by mentioning that legislation is put in place to create SCM departments within municipalities to be the lead driver of goods and services to be procured from private service providers. The SCM unit then implements a procurement policy that will promote financial governance, accountability, and transparency within the procurement processes. Therefore, the SCM unit is critical to the success of the JRA as it is the gate keeper for all procurement and the primary implementer of the procurement policy which seeks to improve financial governance, accountability and transparency in the entity’s procurement processes.

Mhlongo (2014: iii) state that “procuring of products and/or services through SCM have to firmly adapt to specific legislation, policies, and laws which are employed to achieve standard norms and principles in the execution of duties”. In achieving the above-mentioned, compliance to policies, adhering to the principle of transparency in procurement processes is required. The key enabler to exercise transparency during the procurement process is the SCM unit.

As stipulated in the Local Government: Municipal Finance Management Act, No 56 of 2003, the SCM contains six systems which are an integration of partnership among all links in the movement of goods and services to customers. The SCM systems are created to improve quality, reduce costs, and achieving competitive advantage. The six SCM systems (demand management, acquisition management, logistics management, disposal management, risk management, and performance management) which are interlinked to form an integrated supply chain process are discussed in detail below.

2.4.2.1 Demand management

Demand management identifies operational commitments and strategic objectives of municipalities for a particular financial year (Stemele, 2009:42). It ensures that the resources that require operational obligations are delivered on time, at the correct location, and in the quality and quantity that best satisfy the municipality (Bizana, 2013:42). However, it is important that municipalities appropriately plan for and precisely evaluate the cost of products and services that they seek to acquire under the Preferential Procurement Regulations.

2.4.2.2 Acquisition management

Acquisition management ensures the readiness of participation within the economy. It also ensures the implementation of the five pillars of procurement namely value for money, open and effective competition, ethics and fair dealings, accountability and reporting, as well as equity (National Treasury, 2005:12). These pillars must always be implemented during the acquisition stage. The acquisition management is a stage that involves identifying the preferential procurement policy objectives. Thus, to meet the policy objectives, specific contracts, a strategy to approach the market, applicable depreciation rates, and the total cost of ownership (TCO) principle must be considered. This stage also makes it possible for bid documents to be compiled and all necessary required documents attached. Furthermore, it enhances the evaluation of criteria for bids and the administration of the contracts.

2.4.2.3 Logistics management

The logistics management process is a process that consists of contract management and inventory control (Stemele, 2009:49). The SCM policy should cater for an operative

system of logistics management that set inventory levels, place orders, receive and distribute products, and accelerate orders (Bizana, 2013:49).

2.4.2.4 Disposal management

According to the City of Johannesburg's Supply Chain Management Policy document (2006:33), the asset disposal process should be transparent, equitable, and fair. Therefore, the disposal management process involves obsolescence planning or depreciation rates per item determination, provision of a database that notes all redundant material, material inspection for potential re-use, strategies on how items are to be disposed, and execution of the actual/physical disposal process (Bizana, 2013:50).

2.4.2.5 Risk management

The National Treasury (2010:15) state that "contract risk should be properly managed or easily manageable to make sure that all contracts identify risk, monitoring escalation procedures and mechanisms that align with the municipality's enterprise risk management plan". For example, The City of Johannesburg together with its MOE established a system of risk management and internal control referred to as the Group Risk Governance committee to monitor risks. According to the City of Johannesburg 2017/18 Integrated Development Plan Review (n.d:60) as stated in section 62 and 95 of the MFMA, "the city and its MOE are needed to determine a system of risk management and internal control (Group Risk Governance Committee)". The committee is accountable for independent oversight and appropriate advice on the risk governance practice and risk management process as well as provides oversight on compliance governance and management and offer recommendation on compliance risk management. Management of risk among contracts helps to reduce losses (Bizana, 2013:53).

2.4.2.6 Performance management

Performance management involves monitoring the process to ensure that proper processes are followed to meet desired objectives (National Treasury, 2005:12). In 2013, a Chief Procurement Officer was appointed by the National Treasury in South Africa with regulatory duty to monitor and appraise public procurement performance in

government and modernise public procurement systems for effectiveness and transparency. The objectives of appointing the Chief Procurement Officer were to enhance public procurement governance, compliance, and accountability as well as enhance the capacity and performance of procurement officials (Organisation for Economic Co-operation and Development, 2016:26). The Public Finance Management Act 1 of 1999 points out the need for accounting officers to regularly monitor and report on performance. Bizana (2013:50) supported Act 1 of 1999 by emphasising the need to plan and monitor contracts to make sure that there is continuous enhancement of efficient internal processes as well as systems.

The public sector contains two most important elements of performance management namely, internal processes and contracts management. Internal processes can be classified into two broad classes namely, compliance to norms and standards as well as consistency within the supply chain practices when it comes to government's broader policy focus regarding preferential procurement (Bizana: 2013:51). On the other hand, contract administration ensures that the performance of every party is aligned to contractual requirements for performance monitoring purposes as performance monitoring impacts on management framework, future budgets, and risk management plan. Contract management measure the effectiveness of an organisation's contract management processes.

Procurement processes still gain its importance in all spheres of government this solely making a rise in the need to monitor and measure performance. Bizana (2013:10) mentions that since SCM could account for more than a third of all government's spending; it requires a good system to observe or monitor as well as improve supply chain. Therefore, Local government implement performance management systems for a variety of reasons. Some of the reasons for implementing performance management systems are to boost the budget process and priority setting, to encourage accountability, to improve focus on results, to evaluate and monitor contracts, to boost capability for learning and improvement, moreover, improve service delivery.

In the past 20 years the National treasury headed the implementation of government procurement policy to assess only government's lack of performance in complying with

the five constitutional principles of public procurement as far as good governance is concerned (Vabaza, 2015:6). However, there was no link found between what the public procurement policy says should be done and what is being done by government officials. Thus, reports conducted by public institutions tasked with promoting democracy such as the Public Protector's office as well as the Auditor General's office reflected poor governance within the public sector procurement. In response to such challenges government introduced several policy interventions such as a good governance performance-monitoring tool known as the Management Performance Assessment Tool (MPAT) which was developed by the Department of Performance Monitoring and Evaluation within the Presidency (Vabaza, 2015:7). The tool is a monitoring mechanism geared towards assessing the performance across government departments regarding the quality of services delivered, furthermore, to assess how government procurement policy is being enforced to promote or push good governance.

2.5 Roles and Responsibilities or Delegation of Authority

The Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) mentioned that it is the responsibility of the accounting officers at the local government level, to ensure that proper and correct mechanisms are in place and that there are clear separation of duties or powers within the SCM. Phillips and Mporu (2010:15) supported the MFMA by stating that the Act stipulated that "accounting officers are responsible for taking all practical actions to guarantee that appropriate instruments and separation of duties within the SCM system are in place". Powers are assigned to accounting officers, accounting authorities and municipal managers to manage fiscal affairs and take responsibility for SCM process. Hence, to implement SCM requirements, it is the duty of the Chief Financial Officer (CFO) to establish an SCM unit in his or her office that will promote financial management.

Audit Committees are to be established as stated in section 166 of the MFMA to address performance management and monitoring issues. The establishment of such committees is to ensure the safeguarding of assets and ensure that controls and systems exist or are in place. This is possible by ensuring that financial statements and

the municipality's information comply with the rule of law, moreover, subscribe to accounting standards.

The delegations were issued in terms of Municipal Supply Chain Management Regulations 5 and section 106 of the Local Government: Municipal Finance Management Act 56 of 2003. This was somewhat a way of communicating and ensuring adherence to procurement and supply chain related legislation and policies. It was also set to be a guideline to ensure integrity and transparency internally within the procurement processes. The memo drafted by the managing director at the JRA communicated the following duties being delegated and how to be executed (Johannesburg Road Agency Memo, 17 May 2016):

- **Approval of procurement of goods and services:** all procurement of goods and services shall be performed according to the SCM policy and applicable legislation (MFMA, PPPFA, and SCM Regulation) and in terms of budget availability.
- **Approval of deviations from normal procurement processes:** deviations must meet the requirements as set out in MFMA and SCM Regulation 36. Requests for deviations should be signed by the appropriate HOD (Head of Department).
- **Issuing of orders to service providers:** expenditure can only be incurred where enough budget exists and all applicable SCM and contracting processes have been followed.
- **Authorization of payments to be made to suppliers (per payment certificate or invoice):** Payments can only be made subject to required SCM processes having been followed, sign off for receipt of goods and services being invoiced for an approved goods received voucher/note, allocate budget not exceeded, payments made not to exceed awarded amounts, payments made are under any contracts entered into for the supply of products or services, there must be an authorized requisition and order in place and supplier invoice must match the order.

- **Negotiation and execute contracts (i.e., sign contracts):** contracts must be vetted and approved by legal before being signed, financial implications of the contracts should not result in budget allocated being exceeded, applicable supply chain regulations and policies must be followed before the signing of the contract and the contract must be aligned to the tender documents.

2.6 Legislative Framework that Regulates Procurement

Procurement is a process ruled by legislative bodies, laws, rules, regulations, policies, and procedures (Bizana, 2013:4). According to Ambe and Badenhorst-Weiss (2012:248), there are legislative frameworks that guide procurement practice. Municipalities are overseen by a wide range of governance legislation, regulations, and codes. These Acts, legislation/regulations that regulate procurement are put in place to promote a sound, sustainable management of finance, ensure transparency, and accountability as well as the creation of SCM policy. Below is a brief explanation of legislation/acts that regulates procurement.

2.6.1 The 1996 Constitution of the Republic of South Africa

The Constitution of the Republic of South Africa 1996 is the supreme law of the country. As a result of its prime purpose being a key element of a legal system that is to provide the norm in which every government actions must conform to, the Constitution of the Republic of South Africa is regarded as a special law containing a higher status than any other laws. All laws should, therefore, be under the constitution. The content of other legislation should always be consistent with the standard and principles of the Constitution to avoid being declared as invalid.

The 1996 Constitution of the Republic of South Africa is one of the legislations that regulates public procurement. The Constitution provides procurement objectives and establishes government's policy for preference. The objectives include section 217(1) primary objective stating that the "procurement system must be fair, equitable, competitive, and cost-effective". The secondary objective in section 217(2) states that "the procurement policy may provide offer for categories of preference within the allocation of contracts and protection or advancement of persons" (Watermeyer, 2011:3). Furthermore, Smit (2015:2) supported section 217(1) of the Constitution by

stating that contracts of services should be done under a system that is fair, equitable, clear, or transparent, competitive, and cost-effective. Therefore, the Constitution (1996: section 217 [1]) states that once an organ of state within the national, provincial, or local sphere of government or any establishment known in national legislation, contracts of goods and services, it should do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

Diverse national and provincial legislation were drafted from the Constitution of South Africa and are employed to control tender processes and procurement process within South Africa. The Constitution ensures legal bindings on how the procurement process must be adhered to. One of the principles that section 217 mentions is “transparency” which is the focus of this study. This comes to show that transparency is of the extreme necessity when it comes to procurement and must always be adhered to when rendering all phases of the procurement processes/procedures. It is quite evident that adherence to the principle of transparency within the procurement processes leads to openness in decision-making and integrity of the entire process and ensure accountability. Hence, the need to assess the extent of transparency within the procurement processes at the Johannesburg Roads Agency being the researcher’s identified gap.

2.6.2 Preferential Procurement Policy Framework Act (PPPFA) Act No 5 of 2000

Another primary Act that regulates procurement is the Preferential Procurement Policy Framework Act (PPPFA), Act No 5 of 2000, which introduced the SCM within the public sector as a policy tool (National Treasury, 2005:8). Not only that, but the Act also introduced a way of evaluating tenders which is a system to evaluate tenders by means of the points scored. This is supported by section 2 (1) (a) of the Preferential Procurement Policy Framework Act 5 of 2000 which lays out that an organ of state should determine and implement its preferential procurement policy by following a point system framework. This is also supported by Vabaza (2015:2) who state that government in 2000 introduced the Preferential Procurement Policy Framework Act No. 5 of 2000 into law granting preferences to previously disadvantaged individuals within the procurement process by means of a point-scoring system. Later in 2001 the

National Treasury issued the PPPFA regulation that laid out a formula for the point-scoring system and set out rules and procedures to govern preferences that might be claimed in terms of the PPPFA.

The Preferential Procurement Policy Framework Act 5 of 2000 gives effect to section 217 (3) of the Constitution and provides a framework for the implementation of the procurement policy contemplated in section 217 (2) of the Constitution. Molver and Noeth (2017:212) supported this by clearly stating that “an organ of state must govern its preferential procurement policy and implement it within the framework accepted by that Act”. In other words, an organ of state can enforce its procurement policy with its preference but within the framework accepted by the Act. The main aim of this Act is to redress the economic imbalances of the past, creating an economy that meets the needs of the people.

2.6.3 The Public Finance Management Act No 1 of 1999

“The Public Finance Management Act, No. 1 of 1999 was passed by government to give effect to constitutional requirements laid out in Section 217 of the Constitution of South Africa” (Vabaza, 2015:1). The Act broadly sets out the requirement as well as allocates responsibilities imposed by the Head of Departments (HODs) to implement a procurement system that is fair, equal, transparent, competitive, and effective. Therefore, government then issued in 2001 the National Treasury regulation which was later revised in 2005 to provide an SCM system that is fair, equitable, transparent, competitive, and cost effective as a result to operationalise the requirements of the PFMA (Vabaza, 2015:1).

The Public Finance Management Act 1 of 1999 (PFMA) established a broad framework within which accounting officers or authorities in the SCM system should develop their procurement and provisioning system. The PFMA additionally provides tasks for persons assigned with fiscal management and grants procurement that is among the framework of relevant legislation, policies, norms, and standards. The Act points out that there is a need for those with delegated managerial responsibilities or accounting officers to monitor and report on performance on a regular basis. Greater efficiency and transparency are achieved through monitoring public procurement performance and

modernising public procurement systems. The PFMA promotes the objective of good financial management. The main objectives of the Act are to modernise the systems of financial management within the public service, enable public managers to manage at the same time be held accountable and eliminate waste and corruption within the use of public assets.

The PFMA basically handles finances within the national and provincial spheres of government as well as promote an honest, fair, equal, transparent, competitive, and cost-effective procurement system. Although PFMA is one of the legislative framework governing procurement matters, however, the PFMA is not applicable for municipalities and its entities yet serves as a guide to follow when procuring goods and services. Stemele (2009:21) state that both the PFMA and the PPPFA provide guidelines and processes to be followed when procuring goods and services, while the Local government: Municipal Finance Management Act 56 of 2003 (MFMA) puts emphasis on using state resources efficiently. The MFMA establishes a detailed regulatory framework for supply chain management and below it will be discussed as it applies to local government and more relevant to JRA.

2.6.4 Local government: Municipal Finance Management Act 56 of 2003

The Local government: Municipal Finance Management Act 56 of 2003 is part of the South African government's broader framework with an aim to enhance financial management within local government. According to Van der Waldt (2006:136) "the Act makes sure that municipalities are well controlled financially, they are well managed in an effective and efficient manner, and people entrusted with matters handles them in a responsible, honest, transparent, ethical and professional manner". Thus, the Act has provisions intended to make sure that there is financial integrity within the procurement of products and services (Craythorne, 2006:249). The Local government: Municipal Finance Management Act 56 of 2003 is responsible for the establishment of a regulatory framework for SCM including procurement within municipalities and municipal entities (Watermeyer, 2011:3).

The Local Government: Municipal Finance Management Act No. 56 of 2003 made mention of an accounting officer within a municipal entity to be responsible for the

management of the entity's financial administration as well as take full responsibility of their actions, ensuring the maintenance of an effective, efficient, and transparent systems of financials within the entity. Section 61 (1) (a) of the Local Government: Municipal Finance Management Act 56 of 2003 lay out the responsibilities of an accounting officer that is to act with fidelity, honesty, integrity and within the best interest of the municipality particularly in managing financial affairs. The Act also mentions that it is the responsibility of the accounting officers to make sure that correct and proper mechanisms are in place and that there are clear separations of duties among the SCM system. This is supported by Phillips and Mpofu (2010:15) who also mention that the Act stipulated that accounting officers are accountable for taking all reasonable steps to make certain that correct mechanisms and separation of duties within the SCM system are in place.

Value for money corresponds with this Act. Section 120 (4) (b) (iii) (aa) states that any agreement of public-private partnership entered with a municipality ought to provide value for money to the municipality. This is, therefore, what municipalities draw or derive their mandate from because it gives effect to competitive bidding process.

2.6.5 The Broad-Based Black Economic Empowerment Act 53 of 2003

It was after the Government realised that only a small number of black individuals are benefiting from the black economic programme introduced in 2000 that gave government a reason to revise its empowerment programme. This resulted in the promulgation of the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 (Vabaza, 2015:1). The Act was introduced in 2003 by the South African government with an aim to address the inequalities that black South African citizens suffered from during the apartheid regime (Franklin, 2017:1). The main reason behind the Act was to promote economic transformation by allowing black people to participate in the economy. In other words, its main objective is to include black people in the economy, thus, promoting economic participation of black people (women, people with disabilities, youth, workers, and people living in rural areas) in the South African economy.

The introduction of the BBBEE Act was to address the shortcomings of the initial conceptualisation of BEE which focused more on the transfer of ownership and control

of economic assets to a few prominent black individuals without addressing the vast racial and gender inequalities, which were still being perpetuated through the lack of access to assets, skills, employment and wealth creation opportunities, access to tenders and key economic activities. Therefore, the BBBEE Act enables ownership and control of economic assets, skills development, preferential procurement, employment equity, enterprise development and general socio-economic upliftment of black people, women, youth, and people living with disabilities as well as underdeveloped communities (Mpofu & Phillips, 2010:18).

The BBBEE is a socio-economic process contributing directly towards South Africa's economic transformation giving an increase in the number of black people who manage, own, and control the country's economy and a decrease in income inequalities (Bizana, 2013:59). Of every black people, female workers, youth, people with disabilities and people living in rural areas, this is economic empowerment through diverse but integrated socio-economic strategies.

Watermeyer (2011:3) mention that a code of good practice should be established by the Broad-Based Black Economic Empowerment Act 53 of 2003 as an attempt to make known the development of qualification criteria for license issuing or concessions, state-owned enterprises scale, engaging in a partnership with the private sector as well as the development and implementation of a preferential procurement policy". Molver and Noeth (2017:213) supported this by stating that "the Broad-Based Black Economic Empowerment Act empowers the Minister of Trade and Industry to issue codes of good practice on black economic empowerment including inter alia and qualification criteria for preferential purposes of procurement and other economic activities". The Act establishes a national policy on broad-based black economic empowerment to promote economic unity of the nation, protect the common market as well as equal opportunity and equal access to government services. Section 2 (g) sets out the objective of the Act as to facilitate broad-based black economic empowerment by promoting access to finance. The BBBEE Act aims to establish a legislative framework for the promotion of black economic empowerment in South Africa.

2.6.6 The Promotion of Administration Justice Act 3 of 2000 (PAJA)

According to Watermeyer (2011:3), the Promotion of Administrative Justice Act 3 of 2000 established fair administrative procedures which permitted individuals affected by unfair administrative action to request reasons for such administrative action. Smit (2015:13), on the other hand, state that “government is a huge role player within public procurement process”. Therefore, the whole procurement process must adhere to the administrative law of South Africa. This leaves the Promotion of Administration Justice Act giving effect to section 33 of the Constitution by ensuring that the principles of lawfulness, reasonableness, and procedural fairness are upheld (Smit, 2015:13).

The Promotion of Administration Justice Act (PAJA) regulates the administrative system of South Africa, making sure that justice is served, and every person affected by administrative actions are given the right to be heard. The promotion of Administrative Justice Act provides for the judicial review of administrative action including government procurement decisions. The act poses a code of good administrative conduct to provide guidance to administrators to ensure that the decisions they take are lawful, reasonable, and procedurally fair. This then helps administrators to comply with the requirements that reasons must, when requested, be given for decisions. Therefore, PAJA promotes administrative justice within public institutions.

2.7 Procurement Policies and Procedures

According to International Organisation for Standardisation (2018:1), procurement policy and procedures are to help put in place purchasing processes and sourcing strategies making sure that services and goods acquired are transparent, decision making is timely, and cost-effective as well as risk management is in place. Procurement policy should be applied and be adhered to by everyone who seeks to acquire goods and/or services. Special consideration of procurement policy and procedures is required at all phases of procurement. The internal SCM policy of each entity or organisation should be followed.

Le Roux De La Harpe (2009:47) state that “a strong and well-functioning procurement system would be one governed by a clear legal framework that stipulated the rules for transparency, efficiency, and mechanisms of enforcement, coupled with an institutional

arrangement that ensures consistency in overall policy formulation and implementation”. Adhering to procurement policy is an obligation of the appropriate business unit seeking to acquire goods and/or services and in consultation with the procurement Manager or Financial Services (International Organisation for Standardisation, 2018:1). Chepkoech and Kibert (2019:14) supported this by stating that “adherence to the code of ethics is a requirement by officers involved in procurement”. Adhering to policies improves the amount of accountability in ethical decision making and this is only possible if SCM or procurement officers understand what the law or rule is intended to accomplish (Chepkoech and Kibert, 2019:14). Adherence to the principles of procurement policies and regulations can enhance the procurement process by ensuring that procurement is conducted efficiently and effectively (Stemele, 2009:6). Thus, Supply Chain ethics or Supply Chain policies are created to oversee the conduct of Supply Chain practitioners.

The City of Johannesburg Metropolitan Municipality established and implemented the SCM policy that was adopted in terms of section 111 of the Local government: Municipal Finance Management Act, No 56 of 2003 with the purpose to regulate all SCM practices within the city (City of Johannesburg Supply Chain Management Policy, 2006:8). This became a guide that requires employees to adhere to, implement, observe provisions, and requirements of the policy. The policy ascribes to the principles stated in section 217 of the Constitution of South Africa of 1996 that “a procurement system must be fair, equitable, transparent, competitive, and cost-effective”. For example, based on the JRA’s SCM policy, all officials and other role players in the SCM system must implement the policy in a manner that gives effect to section 217 of the constitution.

2.8 Transparency as a Principle of Procurement

Transparency is defined as open, honest, visible, and readily accessible information about individuals, businesses, and government entities (Rawlins, 2008). Transparency involves access to information by suppliers. It creates a strong, high quality, effective and efficient procurement system. Hence, transparency is essential for better planning, understanding, and practice within the procurement processes to meet set objectives. In a transparent system, stakeholders are empowered with the knowledge to find out what

is going on in a public procurement process. Osei-Afoakwa (2014:141) supported this by stating that “a transparent procurement system enables stakeholders to know everything needed in the public procurement process”. Such a system makes room for effective communication to the public about the procurement process (Osei-Afoakwa, 2014:141).

2.8.1 The importance of transparency in procurement

Transparency enables people to hold public bodies or public officials to account, thereby instilling trust. Dealing with some key failures as mentioned above, municipal entities ought to be more transparent and make their operational and financial information more widely accessible and publicly available (Osei-Afoakwa, 2014:141). For example, the World Bank for instance recently put all its procurement on the website so everyone can see the transparency of the process and the origin. This was done to enhance planning, accountability, and oversight due to procurement information made accessible to suppliers (National Treasury, 2015:1). Applying the act of transparency to the procurement process will generally mean ensuring openness and publicity at the different stages in the process. This is to enable participants and supervisory authorities to observe and be certain that the process is conducted legitimately and fairly. A strong and well practicable procurement process is one that is transparent in its practices, processes, policies, and relationship with stakeholders (Komakech, 2016:22). Hence, the study focuses on trying to assess the extent of transparency within the procurement process at the Johannesburg Roads Agency.

2.8.2 Transparency policies

The 1996 Constitution of the Republic of South Africa introduced the right of access to information, which was the first step towards operationalising transparency in a form of drafting and implementing freedom of information legislation. Promotion of Access to Information Act 2 of 2000 (PAIA) was implemented to help South African citizens gain access to information and eradicate secrecy. Le Roux De La Harpe (2009:316) outlined the purpose of PAIA as to give effect to the constitutional right of access to any information thus, enabling all individuals involved in public procurement to access information that affects their rights in the process of public procurement. The objective

of this Act is to make information accessible to the public and to promote accountability. The PAIA remains important for public procurement because it serves as content to the provisions of section 217 of the Constitution.

Access to information has been associated with the concept of “right to know”, which is characterised with the principles of openness and transparency. For example, the procurement process is conducted publicly not behind closed doors, where procurement information, rules, and practices are generally made available, standardised, and made known. Transparency within the procurement process must set out clear criteria to be followed as set out by the MFMA and the Constitution of the Republic of South Africa. By exercising transparency in procurement, it ensures the standardisation of processes, easy access to information that is understandable, and the confidence of stakeholders in the procurement process is ensured.

2.8.3 Publication/ communication of legal text on procurement opportunities

All procurement processes or procurement opportunities must be communicated to the public with clearly stated guidelines or rules on how procurement is conducted. This is an act to ensure transparency and to give everybody an equal opportunity to participate in public procurement (Komakech, 2016:21). More emphasis on ensuring transparency and public participation in public procurement was laid by Le Roux De La Harpe (2009:101), who mentioned the need to provide the text of the passed law, the procurement regulations, all administrative rulings, and directives of general application which relate to procurement. Such information is required to be clearly communicated to the public or even published for public awareness and knowledge. In that case, there is a need to systematically maintaining such information to keep it up to date. For example, JRA as a procuring entity, publish information about upcoming expected procurement opportunities to prepare potential tenders and ensure better participation to achieve value for money, and ensure transparency. The provision of such information enhances transparency, effectiveness, and competition in the procurement process and creates fair dealings.

2.9 Conclusion

In the conducted literature review, procurement and procurement process, legislation that regulates procurement, and transparency as a procurement principle were discussed. Procurement is considered to play an important role in the successful management of public resources and procuring goods and services. Although procurement is seen as an area vulnerable to mismanagement of funds, corruption, and unfairness, promoting a more open and transparent procurement system and process will ensure improved competition, enhance efficiency, and reduce the threat of unfairness and corruption. Therefore, transparency promotes openness in the procurement system for unhindered access to information about procurement activities and reduces potential procurement corruption.

CHAPTER 3: CONCEPTUAL FRAMEWORK OF TRANSPARENCY

3.1 Introduction

This chapter is a literature review of the concept of transparency. The discussions will be divided into thematic areas. Firstly, an analysis of the theoretical framework of transparency as a concept will be discussed. A description of the phenomenon of transparency with its background, its application in the public sector and legislation that gives effect to it is laid out. The benefits of transparency in public procurement are also identified. In addition, it is worth noting the link between procurement and transparency to public administration.

3.2 Theoretical analysis of transparency

“The term transparency, often associated with market functioning and originates from the economic literature, is closely linked to the notion of the rational agent who makes well-informed decisions/opinions grounded on complete information” (Heitling, 2012:2). With its origin and development in the economic field, transparency can also be merged with good governance by linking it to not only companies, but to national and international governments. Therefore, transparency is a term used in various fields and such fields use diverse definitions when conceptualizing it. Fenster (2015:150) mention that transparency is best understood as a theory of communication. Yet he also states that transparency can also operate in political and social theory where it serves as a foundational element of democratic participation and accountability. Transparency is understood as a theory of communication due to its fashion of information moving from the state to the public. Transparency embraces the principle of public relation model and stakeholder management theory, which both stand up for open communication that includes various stakeholders in the communication process. “In recent years, the cross-cutting field of transparency studies attracted significant attention in nearly every area connected with administrative scholarship, from politics, to business, public affairs and law” (Michener & Bersch, 2011:1).

3.3 Historical background and overview of transparency

The South African history was shredded with illegal discriminative programs, policies, and practices where before the abolishment of apartheid in 1994, most state contracts

were awarded to large and generally white businesses (Tshamaano, 2012:10). The Apartheid South Africa was an opposition of an open society, where South Africans were deprived the right to access information and knowledge (Volmink, 2010:1). There were high levels of secrecy when it came to official decisions, the right to protest and freedom of expression were to an extent non-existent and major restrictions were placed on media. It was during the apartheid era that citizens had no general right to request for official decisions although such decisions directly impacted their rights. According to Siswana (2007:95) during South African history, budgeting system was uncommunicative, in other words it was secretive and there was no open method for the allocation of funds in the country. Due to the uncommunicative and secretive nature of the budgeting process, it was almost impossible to analyse service delivery trends as well as conduct financial analysis because budget documents weren't accessible. As a result, accountability together with transparency suffered as major elements of good governance.

“In 1994 a shift took place in the South African political geography, when South Africa held its first democratic general election and made the transition from an unrestricted society characterised by sanctioned closeness to one characterised by democratic values” (Volmink, 2010:2). The transition brought about access to official information, where for the first time; South Africans enjoyed a naturally guaranteed right of access to information held by state organs as well as right to demand reasons from the state on conduct that had a negative impact on their rights. It was also through the Interim Constitution of 1993 together with the final Constitution of the Republic of South Africa that was adopted in 1996 that extended the principles of openness and transparency to the field of public procurement. Both Constitutions made provisions in the Bill of Rights, “the right for every person to be given reasons for any administrative action which impacts on their rights as well as the right of ordinary citizens to access information held by the state”. Therefore, the constitutional rights laid a foundation for further legislative interventions to counteract the culture of secrecy and unresponsiveness within public administration under the pre 1994 government. According to Volmink (2010:2) “the Promotion of Administrative Justice Act (PAJA) and the promotion of Access to

Information Act (PAIA) gave embodiment to the constitutional right to reasons and access to information”.

According to Siswana (2007:97) “since the transition to democracy, the new constitution demands transparency and accountability on matters of governance”. The South African Constitution prescribe that public procurement should be subjected to a new regime of openness, transparency and fairness and The Constitution (1996: section 217 [1]) supports this by stating that “when an organ of state contracts for goods and services it must do so in a manner which is fair, equitable, transparent, competitive, and cost effective”. Therefore, failure to comply with this standard will be a breach of the constitution as much as it is an administrative oversight. Volmink (2010:3) lays out what an open and transparent public system should include. An open and transparent public system should include:

- “Public invitations to tender where possible
- readily accessible information on the laws, regulations, and procedures regarding public procurement
- provide sufficient time for preparation and submission of bids
- use of objective and predetermined criteria for procurement decisions
- circulating the evaluation criteria in advance to all bidders
- public analysis of tender decisions and effective system of domestic review on tender decisions
- Publication of tender awards
- Adequate regulation of staff involved in public procurement such as declarations of interest, training, screening etc.”

The idea of equal treatment in the procurement process should be seen considering South Africa`s history of unfair discriminatory policies and practices. Today, an organ of state is given allowance to treat private contracting parties differently mainly because there is specific provision made in the Constitution for the equitable or preferential treatment of certain contractors when awarding government contracts.

In general, transparency is defined as “openness, honest, visibility and ready accessibility to information about individuals, businesses and government entities” (Rawlins, 2008:38). Rawlins (2008:38) further points out that “in principle, transparency requires people at the helm of governance, be they public officials or managers and directors of companies and organisations to operate in an open and honest manner, such that observers or people from the outside witnessing every process easily see through their activities”. This is attested by Bolton (2006b:270) who believes that the principle of transparency means all government procurement procedures must be conducted openly, no organ of state to be contracted behind closed doors or secretly, procurement information should be generally available, general procurement rules and practices should be published, contract opportunities as well as awards must be advertised and contractors must be aware of the criteria used in the selection of the winning contract. Basically, transparency refers to the openness of government to public analysis. Mulgan (2012:10) is of the notion that government openness for public analysis does not only include public access to government documents and other data, but also the right of the public to attend meetings of public bodies (such as parliaments and courts) as well as the right to participate in various public meetings.

Generally, and particularly in procurement, transparency is the focus of lawmakers and civil society in preventing corruption among other objectives. This is supported by Mulgan (2012:9) who states that “at the basic level, transparency is often seen as an important factor to keep government as honest as possible and to reduce the extent of government corruption”. Thus, it remains an open question that requires a discussion with realistic evidence, whether transparency in the sense of an open government lead to the reduction of government corruption. Osei-Afoakwa (2014:141) points out that for the standard to be met of the definition of transparency, it is not only by making information available but rather transparency is achieved by availability of information being relevant, accurate, timeliness, predictable and as comprehensive as possible. This is supported by the National Treasury (2015:24) which states that to achieve what section 217 of the constitution stated regarding sourcing goods and services; it can be achieved through a public service that is transparent by providing timely, accurate, user-friendly, and accessible information to the public.

“One of the promises of an open and democratic society is the free flow of information” (Volmink, 2010:1). Sometimes it is challenging to access information concerning a given procurement procedure in the database or even to gain access to relevant information published in documents with different formats, for instance, regional procurement websites differ mostly in appearance, structure, and information transparency; some of the regional and municipal websites do not contain all relevant retrospective information required by law (Balsevich, Pivovarova & Podkolzina, n.d:1447). Therefore, to enable or activate transparency within the procurement system, the contract management process should be well documented and publicised in a manner that ensures easy access to all information by every stakeholder. Ballard (2012:2) lay out how transparency in procurement takes form in various practices namely; “publishing procurement policies, advance publication of procurement plans, advertisement of tender notices, disclosure of evaluation criteria in solicitation documents, publication of contract awards and prices paid, establishing appropriate and timely complaint or dispute mechanisms, implementing financial and conflict of interest disclosure requirements for public procurement officials as well as publishing supplier sanction lists”. Therefore, to give effect to the practice of transparency all intended procurements should be widely published, procedures to follow in submitting a bid should be made known to prospective tenders as well as submission schedule, specification requirements, information required to submit a bid and the type of procurement to be undertaken (Bizana (2013:47). All should be done in the interest of transparency and to ensure that the public are informed and made aware in such a way that no citizen or private institution will feel excluded from the opportunity of bidding.

Additionally, transparency refers to openness and accountability especially with regards to public money and exercising anti-corruption to ensure effectiveness in procurement. This means that the process must be conducted openly and not behind closed doors. In other words, information must be available, rules and practices should be standardised and made known as well as information regarding government contracts and their awards should be made accessible.

3.4 The application of transparency in public sector

There is a common belief that the transparency of information concerning the performance of the public sector is a remedy for the evil acts of government. It is also a method to prevent buyers and suppliers from opportunistic behaviour within public procurement procedures (Balsevich, Pivovarova & Podkolzina, n.d:1446). Transparency within the public sector ensures the availability of information enabling external participants to monitor the works or performance of government body (Mabillard & Zumofen, 2021:2). Therefore, transparency is an important tool to local government, it enables local citizens to hold local institution accountable for their performance, it enhances trust in government, minimize corruption and improve local service delivery. Stemele (2009:39) notes that transparency together with accountability play a significant role within the public sector especially in public procurement more than any other department because state money is used to procure goods and services (Stemele, 2009:39). Thus, transparency in procurement is the focus of law makers and civil society to prevent corruption and not only that, but it is recognised as a key factor in promoting good governance (Osei-Afoakwa, 2014:140). "In public procurement, transparency is meant to comply with the public policy notion of checks and balances in the management of state resources by the elected representative through the system of government bureaucracy" (Vabaza, 2015:14).

According to Organization for Economic Co-operation and Development (2007) lack of transparency is one amongst many challenges facing procurement within the public sector. Such challenges take place in numerous forms namely, providing inconsistent or even incomplete information to bidders, they can also take form by lack of transparency or rather lack of openness, by making use of non-competitive processes as well as unclear procurement regulations and procedures for bidders. According to the National Treasury (2015:1) "transparency and open contracting are key fundamentals of any public sector SCM system. This is an important part of reforming South Africa's system by making procurement information easily accessible to buyers and suppliers. All the above-mentioned fundamentals can only enhance planning, accountability, and oversight".

Bolton (2006b:54) indicates that by implementing a transparent public procurement system, everyone is allowed the right to question any processes conducted following the awarding of government contract. For example, 'the National Treasury has ensured transparency within the SCM process through the development of a reporting framework, which assist in standardising SCM reporting across the public sector, requiring accounting officers and authorities to provide a report on a range of information including procurement plans, advertised, and awarded tenders, information about the supplier, the value of each award and progress in implementing tenders. Thus, based on the nature of information, it is made public either monthly, quarterly and/or annually' (National Treasury, 2015:13). The reason behind a transparent procurement system within government is to ensure that the public interest is always considered at every stage of awarding government contract. An open procurement process is only possible through a transparent public procurement system, which creates room for an open procurement process that is free from unfairness and discrimination. Therefore, a transparent public procurement system is a prerequisite for an open procurement process.

Moreover, financial reforms on procurement were initiated with an intention to modernise public sector management, meet the needs of communities by being more people friendly and sensitive (Ambe & Badenhorst-Weiss, 2012:245). Public procurement should be handled in a manner that will not prevent anyone in any way an opportunity to open competition and access to government contracting opportunities. Lember, Kattel and Kalvet (2014:17) ascertain that "transparency, non-discrimination and maximum competition are the main if not the only key principles to follow" when conducting any procurement procedures.

3.5 Legislative framework of transparency

In South Africa, the right of access to information is enshrined in the Constitution of the Republic of South Africa and enacted through the Promotion of Access to Information Act 3 of 2000 (PAIA) (Marais, Quayle and Burns, 2017:38). The south African Constitutional Court examined the position of the right of access to information only to note that freedom of information was not a fundamental human right that was

universally accepted, yet was directed at promoting good governance (Klaaren, 2013:223). Ten years later the South African Constitutional Court explained its understanding of the importance of the right of access to information which was founded on values of accountability, responsiveness, and openness. Thus, to give effect to these values, the public must have access to information held by the state (Klaaren, 2013:223). Therefore, the Constitution demands that transparency must be given effect through provision of timely, accessible, and accurate information to the public.

“The Promotion of Access to Information Act 3 of 2000 (PAIA) was promulgated to actively promote a society in which South African citizens have effective access to information to enable them to fully exercise and protect all their rights” (Volmink, 2010:11). Therefore, the act states that a public body must present requested information except a refusal is made and justified on one or more of the reasons recognised in the Act. One of the Promotion of Access to Information Act 3 of 2000 objective as stated by Volmink (2010:11) is to do away with secretive and unresponsive culture that existed in public and private bodies prior to 1994. On the other hand, Marais, Quayle and Burns (2017:45) identified PAIA’s main objective as promoting transparency, accountability and effective governance of every public and private bodies. The act is designed to give access to requested records or information of public and/or private bodies and pose a significant impact on the rights of unsuccessful bidders or tenderers to access tender documents.

The right to information is viewed within the framework of the value of transparency which transparency is at the core of the national constitution. Thus, human right to information is a vehicle for increasing transparency. Volmink (2010:3) mentions the ‘right to know’ which derives from the right of access to information as well as the right to reasons, both these rights collectively referred to as ‘the right to know’ support an important constitutional principle which is the rule of law. Not only that, but both these rights enable an individual affected by a tender decision to determine whether decisions are made/taken lawfully or not. For instance, it is within every right for an unsuccessful bidder to deny or refuse the assurance given by an organ of state regarding a tender process, assuring that it was conducted fairly but rather ask to be given access to

tender documents like scoring methodology and scoring sheets used by the tender evaluation committee. Such will help to know whether the correct scoring method was followed when selecting a successful bidder and that all tender procedures were conducted fairly.

Volmink (2010:24) identifies the benefits of the 'right to know' as giving effect to the constitutional promise of an open and yet a democratic society. The following are the benefits of 'the right to know' in public procurement context. The 'right to know':

- Provides a rationale for tender decisions that would otherwise have remained hidden from the public eye
- It allows distressed bidders, the media, the courts, the NGO community, and the public to perform critical functions of analysing and challenging tender decisions.
- Helps develop a culture of justification within the public service by requiring public officials to justify their decisions.

3.6 The benefits of transparency in public procurement

As stated from the previous chapter that one of procurement's objectives is to promote transparency and openness and Le Roux De La Harpe (2009:286) explain how transparency and openness within procurement ensure standardisation of procedures, easy access to information that is understandable, and instill confidence in stakeholders with regards to the procurement process. As a result of what was mentioned by Le Roux De La Harpe, promoting a more open and transparent procurement system and process will ensure improved competition, enhance efficiency, value for money, and reduce the threat of unfairness and corruption (Ashari, 2013:2). This is emphasised by Komakech (2016:21) who mentions that promoting transparency and openness ensures that all procurement processes are communicated to members of the public with clearly stated rules as to how the procurement process will be directed thus, making sure that all qualified and interested parties are included when it comes to procurement processes.

In review of the benefits of transparency within the procurement processes, it is realised that a transparent system ensures that stakeholders are empowered with the knowledge to know what goes on in public procurement process. Therefore, public trust can only be compromised if citizens are not filled in on what government does, if things are done secretly and there is no transparency on government activities, and are not provided the opportunity to influence (public participation). Both rely to a certain extent on the timely and reliable provision of information about policies and policy making processes (Marais, Quayle and Burns, 2017:37). Osei-Afoakwa (2014:141) can best attest to this by stating that “a transparent procurement system enables stakeholders to know everything needed in the public procurement process”. Such a system makes room for effective communication to the public about the procurement process. Not only that, but a transparent system also keeps government as honest as possible and helps reduce the extent of government corruption. Transparency is a fundamental principle of public procurement in ensuring analysis of contract awards and minimizing the risk of corruption. Kaspar and Puddephatt (2012:13) state that without transparency or the exercise of transparency, there can never be open competition, there will be an increase in corrupt dealings, failure of the procurement process can be covered up and lastly weaken accountability.

The first step during the assessment of a procurement system is to look at transparency and this is because it has the potential of playing several roles including eliminating corruption, promoting public service integrity and effectiveness, enhancing competition and value for money, assist in the collection of reliable data on procurement, enhance good governance, sound administration as well as non-discrimination (Fenster, 2003:65). Transparency and accountability stimulate public participation, enhance government responsiveness, strengthen as well as enhance the democratic process. Sizani (2018:2) refers to accountability as “the responsibility of public servants or an institution to account for activities that they performed, provide information on decisions and actions taken, explain and justify decisions made, accept responsibility for them, and disclose the end results in a transparent manner” while transparency is referred to as “providing requested information by the public and information not requested by the

public which will be beneficial to them must be made available or provided". Transparency can enhance access to public procurement opportunities through disclosure, publication, and distribution or sharing of information on available tenders. Volmink (2010:1) state that "Openness and transparency not only enable public analysis of government decisions but also strengthens public belief in the authenticity of government processes".

Government procurement involves a sequence of procedural steps namely; the original advertisement and distribution of information regarding a tender, the description and distribution of criteria for prospective bidders, the establishment of timelines and guidelines for preparation and submission of bids, information about the award procedure being used; the description and distribution of criteria used to evaluate the quality and competitiveness of a given bid; and the availability of avenues for challenging given awards. These procedural steps offer openings at different levels for transparency and open decision-making (Moise & Grosso, 2003:6).

Transparent information within various steps involved in procurement process enables potential suppliers to make informed decisions (Moise & Grosso, 2003:7). Transparency within government procurement system creates room to build a solid foundation for continued economic growth and development as well as builds public confidence in how government manage their affairs. Therefore, "confidence and certainty within government procurement systems can enhance taxpayers' support as they become aware that practices are above board and that governments are getting the best deal for their money" (Moise & Grosso, 2003:9). Transparency in procurement practices helps improve domestic supplier's efficiency as they compete for public contracts and such efficiency improves trade prospects through suppliers being more competitive. "Procurement procedures that are transparent pose a positive effect not only to exporters that gain access to procurement markets, but also to domestic suppliers as they become more efficient and competitive" (Moise & Grosso, 2003:8). Procurement procedures that are transparent create a more efficient allocation of resources through increased competition, advanced quality procurement and budgetary savings for governments and taxpayers, it also assists in attracting more investment by lowering

risk, help enhance the effectiveness of local suppliers as they compete for public contracts and finally help limit bribery and corruption (Moise & Grosso, 2003:4).

Improved transparency within public procurement creates a benefit for small and medium enterprises (SMEs) who often lack knowledge on the extent of information on public sector opportunities by establishing market launching base. “E-procurement is also providing improvements in transparency and procedural effectiveness” (Moise & Grosso, 2003:4). Improved transparency enables public procurement to be more transparent, more open to discussions with suppliers and more efficient. E-procurement can lead to significant cost and administrative savings from increased transparency and efficiency.

In conclusion, transparency creates an effective platform to eliminate, identify, or correct irregularity and waste within the procurement system, leading to efficient allocation of resources due to increased competition. Transparency also enhance efficiency in the procurement system which in the end, results in higher quality procurement. (Osei-Afoakwa, 2014:143). Transparency ensures integrity and accountability of the procurement system, accessibility to business opportunities and ensuring that processes and decisions are monitored. Through transparency, decision makers are held accountable for spending public money and procurement is open to more effective competition which later can deliver better value for money.

3.7 The link between procurement, transparency, and public administration

According to Siswana (2007:49) “you cannot separate the public from public administration especially when dealing with issues of governance, that including accountability, responsibility, transparency and the rule of law”. Transparency is one of the basic value and principle governing public administration and the “Constitution demands that transparency must be fostered by providing the public with timely, accessible and accurate information” (Klaaren, 2013:223). According to the Constitution (1996: section 195 [1]) “public administration must be governed by the democratic values and principles enshrined in the constitution, including the following principles”:

- a) Promotion and maintenance of a high standard of professional ethics

- b) Promotion of efficient, economic, and effective use of resources
- c) Provision of services that are impartially, fairly, equitably and without bias
- f) Accountable public administration
- g) Providing the public with timely, accessible, and accurate information as a sign of exercising the principle of transparency

Procurement can be linked to Public Administration by what was recently presented by the World Public Sector Report (2005:7) where a distinction was made among three broad models of public administration and management namely, public administration, public management, and responsive governance. Thus, transparency can relate to responsive governance which contains accountability, transparency, and participation as its guiding principles. Therefore, "openness and transparency are thus part of this emerging model of public administration (World Public Sector Report, 2005:13). Public administration has various components such as human resources, management and leadership, administrative law, and public finance. Yet, all these components are building blocks for the public administration field and theoretically, public finance becomes a focal point of government to ensure that services are delivered to the society (Siswana, 2007:56). " The importance of Public administration is measured on its ability to serve the public within the legal framework, where the legal and administrative framework require that when services are provided, public officials must respect the rights of the citizens by treating the public fairly and on an equal basis, in accordance to the Constitution of South Africa and officials must also conduct themselves and act according to the law" (Siswana, 2007:57). Therefore, public administration makes sure that policies and legal frameworks are applied according to prescribed standards and all institutions supporting government adhere to these policies. This can be referred to what Section 217 of the constitution stated as the guiding principles of procurement.

Public administration is important as a field of study and as an activity for public procurement especially within the South African public sector, as public procurement is one of the subfields within the public finance or public expenditure paradigm (Mazibuko, 2018:26). For proper functioning of the nation and the basic means through which government strategies to achieve the public services are implemented is through an

efficient, responsive, transparent, and accountable public administration (Mazibuko, 2018:28). On the other hand, public administration enhances the role of public procurement as an activity of government to national economic contribution, social responsibilities, industrial policy innovation, and leadership in government officials through courses offered in higher learning institution.

3.8 Conclusion

The future holds significant rewards for organisations that embrace transparency as a core value in all their procurement procedures, activities, or functions. The principle of transparency contains attributes of a public procurement system that enable all relevant stakeholders to be mindful of the processes of transparency namely, promoting openness within the public procurement system, enabling all stakeholders to have unhindered access to information on procurement activities and thereby reducing potential public procurement corruption. It is evident that transparency is seen as a fundamental element in ensuring openness and publicity within the various stages in the procurement process, ensuring that participants and supervisory authorities observe progress as well as make sure that contracts has been awarded on a fair basis and be satisfied that the process was conducted legitimately and fairly. Therefore, applying the act of transparency to the procurement process will generally mean ensuring openness and publicity within various stages in the process. Thus, transparency must continuously be visible throughout all the stages of public procurement until the completion of the process. The right to know gives substance to the constitutional promise of an open and democratic society. Therefore, in the context of public procurement, 'the right to know' brings to light the rationale for tender decisions that would otherwise have remained hidden from the public eye. This research study is important as it aims at determining the effects of transparency in the carrying out of procurement activities. This is an important element of public sector financial management, a sub-discipline of Public Administration. The next chapter relates the purpose of the study and address the research methodology relevant to the study and the research method and research design used is identified and discussed.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter reviews the research methodology undertaken for this study. The research methodology is a process that was undertaken and the kind of tools as well as procedures used in answering the research questions. Clough and Nutbrown (2002:25) stated that research methodology is the “justification of specific methods that are used in a given study”. Its purpose is to describe the techniques used to collect data, describe the paradigm and design as well as explain the data analysis process. A research design is the plan and structure of the investigation used to obtain evidence to answer a research question. This chapter outlined the research methodology by identifying the research design, the population, sample and participants, data collection method, data analysis, and interpretation as well as appropriate ethical considerations.

4.2 Mixed method approach

Mixed methods research is a research design containing philosophical assumptions and methods of investigation. As a methodology, it involves philosophical assumptions that provides guidance on the collection and analysis of data and involves the mixture of qualitative and quantitative approaches in many phases within the research process. As a method, it's focus is on collecting, analyzing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either the approach alone. Mixed methods may also be used for triangulation or to improve the validity of research (Hurmerinta-Peltomaki & Nummeia, 2006).

4.3 Case study research design

“A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between the phenomenon and context are not clearly evident” (Yin, n.d:13). Case study allows an investigation to retain the holistic and meaningful characteristics of real life events such as individual life cycles, organisational and managerial processes, neighbourhood change, international relations and the maturation of industries (Yin, n.d:3). Van Rensburg, Alphaslan, Du

Plooy, Gelderblom. Van Geden and Wigston (2010:101) state that “in case study research the researcher tries to make an in-depth investigation into various characteristics of a small number of cases over a specific period of time”. This means that data collected are more detailed, varied and comprehensive in nature.

4.4 Data Collection

This involves the collection of data to develop information to answer research questions. There are different types of data collection methods applied or used when conducting a research study. For clarification purposes, only the method(s) of data collection that is used in this study are briefly defined. The research is an empirical study because of the use of one entity undertaken through the administration of questionnaires.

4.4.1 Questionnaire

A questionnaire is known to be a data collection method, that requires each research participant to fill out a form by selecting and ticking options based on the level of understanding about the research objective or topic. A questionnaire should be as brief as possible, and the information must be relevant and essential to the research study. The questions must be clear, understandable, avoid any confusion and ambiguity (Babbie & Mouton, 2002:180). This form of interaction or data collection technique between the researcher and the participants is selected with a focus of gathering information towards understanding the phenomenon being studied. It is also selected for ethical reasons and anonymity. Unlike interviews, the participants will be free to answer without any fear to say something that could incriminate the department or the entire company. A mixture of open and closed forms, scale items, or rank items was used for efficient and effective data collection of information. The researcher obtained permission to distribute questionnaires to the identified study sample to fill in the questionnaire. The questionnaire was self-administered, and the researcher personally collected all the completed questionnaires, which were placed in a box to ensure privacy and anonymity. A reasonable time frame was allocated for participating respondents to complete the questionnaires. The questionnaire was easy to use, and the importance of the research was explained to the respondents in a bid to obtain their cooperation.

Since transparency is a sensitive issue, it can lead to participants being reluctant from answering questions and questionnaires provides a space for participant's privacy and anonymity, which is one of an advantage of using questionnaires as a means of data collection. Questionnaires will help understand whether there is transparency as well as secure anonymity and assist in obtaining information that will provide answers to the research questions and understand the level of transparency within the procurement processes at the JRA in a more comprehensive manner (refer to Appendix D for a sample of the study's questionnaire used to collect data).

4.5 Population and Sampling

Hopkins (2008) mentioned that carrying out a research study, it is important for the researcher to consider sampling the subjects at hand, simply because the entire population cannot be used. This implies that from the population the researcher will then choose the appropriate subject as their sample for the questionnaire and the sample must be a representation of the population. Salkind (2012:95) stated that the "population is a group of potential participants whom the researcher would wish to generalise the result of the study". This simply means that sampling is a smaller group selected from a population. The focus of the study is to assess the extent of transparency within the procurement processes at the Johannesburg Roads Agency. The study's population is the JRA, and the sample is the managers and assistant manager, consultants, procurement officers, logistics officers, administrative officers, administrative assistant officers and committee officers as well as store controllers within the SCM departments. These are the people who will be completing the questionnaire for the purpose of this study. The exact number of research participants is 44.

4.5.1 Purposive Sampling

The research made use of the purposive sampling referred to as the non-probability sampling. This sampling method takes place in a process possible for individuals in the population not to be selected or receive equal chances of being selected. The selection of this sampling method is done based on the researcher's judgement, through careful selection of participants who pose qualities that are beneficial to the study (Maree &

Pieterse, 2010:173). They are participants willing to provide information informed by their skills, knowledge, and experience as well as participants who avail themselves to provide the information required for the study. The researcher made use of purposive sampling because it was well suitable for the study. The researcher's targeted population is ideal for the study as it will provide the best information on the subject matter and the sample is the SCM department responsible for the overall process of acquiring goods or services (procurement), they have the relevant information and will provide the best information with regards to the extent of transparency within the procurement processes.

4.5.1.1 Participants

Maree and Pieterse (2010:172) states that "the members of the sample are called participants". Participants are the individuals who participate in the study and from whom data is collected. The participants were employees within the SCM department who handle the procurement process and responsible for procurement execution. The following sample was drawn from the population JRA:

The SCM department consists of the following participants:

- Managers
- Assistant Managers
- Consultants
- Procurement officers
- Logistics officers
- Store Controllers
- Administrative officers
- Administrative assistant officers
- Committee officers

All the above-mentioned participants completed the same set of questionnaires as there was one identical questionnaire distributed to the participants. Refer to Appendix D for a sample of the questionnaire distributed for participants to complete.

4.6 Site Selection

Site selection involves the process to obtain the freedom to access the site. The researcher selects a site to carry out the study and identify the person to grant permission to collect data. The person responsible for granting permission to the researcher is the Chief Financial Officer (CFO) who is the head of the finance department and the SCM department. After the site selection was done, the researcher mapped the field. In the case of this study, the researcher selected Johannesburg Roads Agency as the site to undergo the study, and the researcher mapped the field with the temporal and spatial map. A spatial map notes the location, facilities, and services provided while a temporal map notes the rhythm of the institution, the schedules, and routines.

4.7 Data Analysis and Interpretation

The study made use of a quantitative data analysis technique. The statistical computer or a statistical software package such as a statistical package for the social sciences (SPSS) was used to process data and to compare the mean scores. Data was then organised, tabulated, and summarised to become meaningful through a process called descriptive statistics. Data was then displayed in a manner that allowed one to make sense of it. Frequency distribution, various tables, and graphic representations such as graphs and charts were used to present different views of the data as well as present data in the result chapter.

4.8 Scope of Research and Demarcation of Study

The study was limited to transparency within procurement processes or procurement patterns at the JRA. The Johannesburg Roads Agency was used as a case study to assess the case about the extent of transparency within the procurement processes. Reference was only made to employees in the SCM unit to assess the case about the extent of transparency within the procurement process. Consultants were involved in

the study as they were part of the SCM unit during the conduct of the study. Consultants were temporary performing duties regarding SCM issues and bid evaluation.

4.8.1 Limitations

The study experienced certain challenges that may hinder the completion of the study. The study only involves one entity; therefore, the sample size and geographical limitations may reduce the generalisability of the result. Another limitation of the study was the sensitivity of the topic itself. Since transparency is a sensitive issue, it may expose the practices within the organisation that may therefore cause participants to be reluctant to participate or withdraw from participating. The sensitivity of the topic may also cause participants to be biased or untruthful in their responses, the reason why questionnaires were chosen to ensure privacy and increasing participation.

4.9 Ethical Consideration

McKinney and Howard (1998:4) defined ethics as “the study of and philosophy concerned with morality in human conduct, with the emphasis on determining right and wrong values in any specific situation”. Section 195 of the Constitution (1996) state that “there should be adherence to the principle of ethics and a high standard of professional ethics must be promoted and maintained at all times”. The researcher must ensure participants' wellbeing through the maintenance of privacy (anonymity), confidentiality, and coercion. Coercion means that participants are not forced for any reason to participate in the study (Salkind, 2012:86). Ethical consideration to all participants in the study was discussed with the emphasis on protecting the research participants through an informed consent.

Informed consent forms were distributed to each participant to read and sign in agreement to fill out the questionnaires. The consent form provided the following information: the research topic and the purpose of the research, how long will the study take, offer for participants to withdraw from the study at any time for any reason, assurance that the results will be kept in strict confidence and how to reach the researcher should there be any questions.

The following ethical considerations were done for the study:

- Informed consent
- Internal review boards – the research proposal was submitted to the Unisa Ethics Committee for approval before conducting the study or data collection.
- External review: Permission was requested from the research organisation (JRA) to conduct research and for questionnaires to be distributed for data collection.

4.9.1 Anonymity and confidentiality

Henn, Weinstein, and Foard (2006:85) stated that “anonymity is when the participant’s information is not associated with their names”. The researcher ensured anonymity by making sure that the participants remain nameless and unidentifiable. Bless, Smith, and Kagee (2006:143) pointed out that confidentiality ensures that information provided by the participants should always be kept confidential and remains protected and unavailable to anyone other than the researcher. This simply means that the researcher holds the data in confidence and away from public consumption (Henn *et al.*, 2006:85). The researcher will always ensure the anonymity and confidentiality of participants by keeping the information gathered under secure conditions.

4.9.2 Informed consent

Informed consent ensures that participants understand what it means to participate in a study. It is one of the most important tools in research and data collection phase to ensure respect for persons during research and allow participants to decide in a conscious, deliberate way whether they want to participate. Creswell (2009:89) stated that “participants need to understand their participation/involvement in the study”. This is addressed by the researcher in a form of a written consent form that participants need to read, understand, and sign to show that they understand their involvement and show agreement to participate. The consent form outlines the purpose of the study, participant’s involvement, confidentiality and guarantee of anonymity, assurance for participants to withdraw at any time, and contact details of the researcher and supervisor. Hard copies of informed consent forms were printed and distributed to participants together with the questionnaire. The informed consent form was separate from the questionnaire to assure the anonymity of the responses provided. Participants

were advised that the consent form was mandatory to complete the questionnaire should they wish to do so.

4.10 Research Design Validity vs Reliability

4.10.1 Research Design Validity

Bless *et al.* (2006:157) defined validity as “a degree to which a study measures what it is supposed to measure”. Content as well as construct validity was met through this study. Content validity was ensured using themes with questioning to broaden the area under study. This was to ensure that the study covered certain important themes related to transparency within the procurement process. Construct validity was ensured by providing several options on a Likert scale for a series of closed questions. The degree of anonymity also assisted in assuring construct validity.

4.10.1.1 Internal and external validity of the research design

The questionnaire was pre-tested to determine internal and external validity before administering the questionnaire. The pre-testing ensured that the instructions for completing the questionnaire are written, questions are easily understood, respondents will be able to indicate their response, privacy is respected and protected, and that the questionnaire can measure what it intends to measure (Fink, 1995:119). In this case, to ensure validity, the researcher’s supervisor reviewed the questionnaire, the Research Ethics Review Committee, as well as the Head Corporate Services at the JRA, reviewed the questionnaire. The research has both internal and external validity and the two were balanced.

4.10.2 Research Design Reliability

Bless *et al.* (2006:157) defined reliability as “an estimate of the accuracy and internal consistency of a measurement instrument”. Hence, one identical questionnaire was used and distributed to the sample group to ensure reliability. The questionnaire was standardised allowing participants or respondents to be exposed to the same question with the same system of coding responses.

4.11 Conclusion

This chapter outlined the research methodology relevant for the study and all applicable methodological components to the study were discussed accordingly. The chapter also explained the data collection method, analysis and interpretation, research limitations, and appropriate ethical considerations. The next chapter focus on data analysis and interpretation.

CHAPTER 5: RESEARCH RESULTS AND INTERPRETATION

5.1 Introduction

This chapter focuses on the data analysis, presentation and interpretation of the findings resulting from this research. A detailed interpretation of the findings was given. The data to be analysed comprised of responses to questionnaires, however, general information collected included but not limited to graphic images (photographs), documents, demographic information, and studies conducted on the JRA Supply Chain Management system.

5.2 Presentation of Results

A total of 51 questionnaires were distributed to the Supply Chain Management (SCM) department for data collection. A total of 44 questionnaires were returned, which constituted an 86% response rate. A total of 7 questionnaires were not returned, constituting a 14% non-response rate and this was due to participants who showed no interest in completing the questionnaire or participants not having time to complete the questionnaire due to busy schedules.

5.2.1 General information of the participants

Table 5.1 presented the general information of the respondents. The designations of the participants that took part in this study were: managers, assistant manager, consultant, procurement officer, logistic officer, store controller, admin officer, admin assistant officer, committee officer, and interns. Most of the respondents were in the managerial category, 16 (36.3%), store controller 10 (22.7%), while the least was: consultant 3 (6.8%), procurement officer 5 (11.4%), logistics officer 2 (4.5%), admin officer 1 (2.3%), assistant admin officer 1 (2.3%), committee officer 1 (2.3%), and interns 3 (6.8%). Only 2 (4.56%) participants did not indicate their designation but answered the questionnaire. Table 5.2 revealed the roles and functions of the designation of the participants.

Table 5.1: General information of participants

		Frequency	Percentage (%)	
Designation	Manager	4	9.0%	
	Assistant Manager	12	27.3%	
	Consultant	3	6.8%	
	Procurement Officer	5	11.4%	
	Logistic Officer	2	4.5%	
	Store Controller	10	22.7%	
	Admin Officer	1	2.3%	
	Admin Assistant Officer	1	2.3%	
	Committee Officer	1	2.3%	
	Interns	3	6.8%	
	Missing value	2	4.56%	
	Department	SCM Logistics	12	27.3%
		SCM Finance	30	75.0%
Missing value		2	4.5%	
Region	Head office	35	79.6%	
	Depot	7	15.90	
	Missing value	2	4.6%	

Table 5.2 presented the roles and functions of the designation of participants. The table set out or explains each of the designation's responsibilities, which the responsibilities consist of handling the procurement processes.

Table 5.2: Roles and functions of designation of participants

	Roles	
Designation	Manager	<ul style="list-style-type: none"> Facilitate SCM processes up to the value chain of R200k. Ensure all procurement processes are fair and transparent. Promote and implement policies, inventory management, ensure an effective system of standard operating systems. Facilitate the SCM process of Quotes under R 200K.
	Assistant Manager	<ul style="list-style-type: none"> Oversee the procurement of goods and services below a maximum value of R200k. Assist the manager in promoting and implementing management. Approves quotations and appointment letters for advertised RFQ.

Consultant	<ul style="list-style-type: none"> • Perform ad/hoc duties and perform duties as a consultant for SCM issues. • Bid Evaluations.
Procurement Officer	<ul style="list-style-type: none"> • Sourcing of quotations perform needs analysis and confirm budget availability. • Ensure compliance with treasury regulations and MFMA, Advise internal and external stakeholders on SCM processes and procedures. • Quote, source quotation, Evaluate RFQ and Draft Appointment letters.
Logistic Officer	<ul style="list-style-type: none"> • Recruitment of Goods and Services. • Procuring of goods and service. • Requesting materials requesting from regional operations.
Store Controller	<ul style="list-style-type: none"> • Buying of material. • Manage purchasing orders and record purch • Purchasing of goods. • Storage of goods.
Admin Officer	<ul style="list-style-type: none"> • Advertise subcontracting bids; evaluate bid grading, conduct briefing session.
Admin Assistant Officer	<ul style="list-style-type: none"> • Assist in briefing session and advertising subcontract bids
Committee Officer	<ul style="list-style-type: none"> • Scribe at the bid evaluation meetings.

5.2.2 Value for money, procurement processes, and policies

The result presented in Table 5.3 showed that 17 (38.6%) of the respondents strongly agreed that the procurement of goods and service was in relation to value for money, 19 (43.2%) agreed, 7(15.9%) were neutral and only 1 (2.3%) of the respondent were of the view that the procurement of goods and service was not in relation to value for money.

Table 5.3: Respondents' report on the procurement of goods and services in relation to value for money

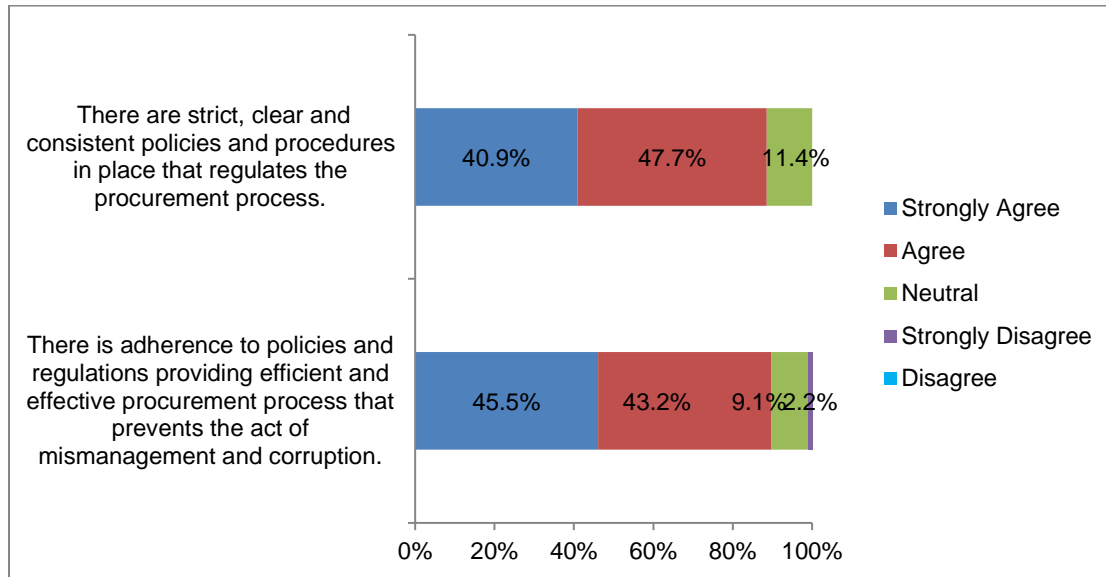
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	17	38.6	38.6	38.6
Agree	19	43.2	43.2	81.8
Neutral	7	15.9	15.9	97.7
Disagree	1	2.3	2.3	100.0
Total	44	100.0	100.0	

Table 5.4 revealed the degree of transparency in procurement activities. The participants were asked to rate all the procurement activities in relation to whether the activities were fair, transparent, and competitive, and cost-effective. Of the 44 respondents, 13 (29.5%) strongly agreed that all the procurement activities were fair, transparent, competitive, and cost-effective, 23 (52.3%) agreed, 6 (13.6%) were neutral and only 2 (4.5%) of the respondents did not agree that all procurement activities were fair, transparent, competitive, and cost-effective.

Table 5.4: Respondents' report on the procurement activities

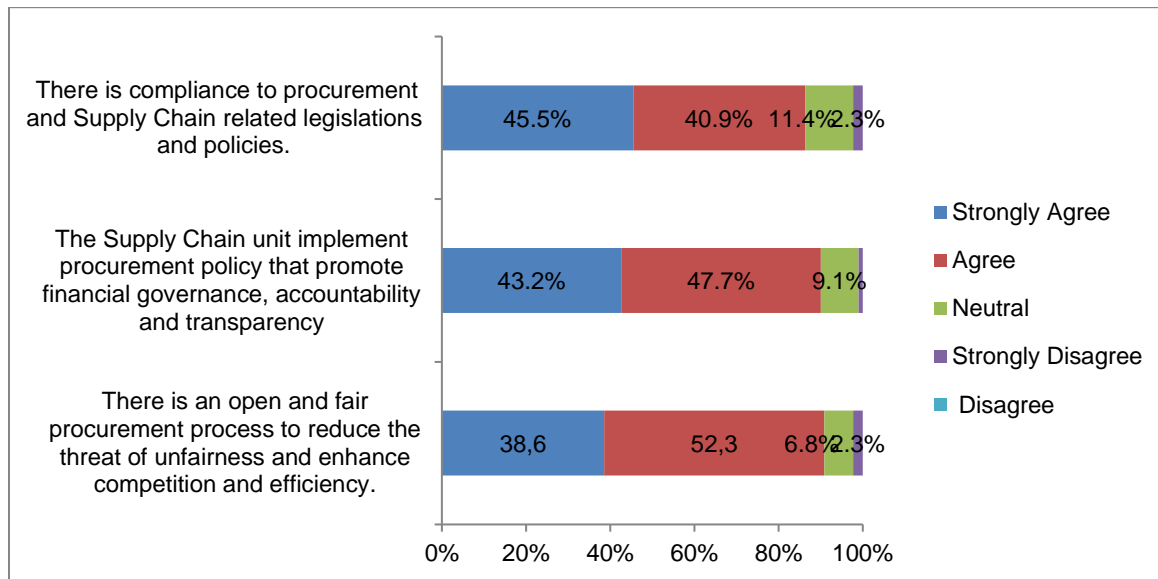
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	13	29.5	29.5	29.5
Agree	23	52.3	52.3	81.8
Neutral	6	13.6	13.6	95.5
Disagree	2	4.5	4.5	100.0
Total	44	100.0	100.0	

Figure 5.1: Respondents' report on the procurement policies



The respondents' reports on procurement policies were recorded in Figure 5.1. Two questions were asked to obtain information from the participants regarding procurement policies in the organisation. The first question was to find out whether there were strict, clear, and consistent policies and procedures in place that regulates the procurement process. Most of the respondents (88.6%) agreed that there were strict, clear, and consistent policies and procedures in place that regulates the procurement process and 11.4% were neutral about the organisation having consistent policies and procedures regulating procurement processes. The second question seeks to ascertain whether there was adherence to policies and regulations providing an efficient and effective procurement process that prevents the act of mismanagement and corruption. Many of the respondents (88.7%) agreed that adherence to policies and regulations prevented the act of mismanagement and corruption, 9.1% were indifferent and only 2.2% of the respondents opposed to the fact that adherence to policies and regulations prevented the act of mismanagement and corruption.

Figure 5.2: Respondents' report on the procurement processes



Three questions were asked to obtain information from the participants regarding the procurement process in the organization (Figure 5.2). The first question was to find out whether there was an open and fair procurement process to reduce the threat of unfairness and enhance competition and efficiency. Out of the 44 respondents, 90.9% of the respondents reported that there was an open and fair procurement process that reduced the threat of unfairness and enhanced competition and efficiency, 6.8% were neutral and only 2.3% strongly disagreed. The second question ascertained the extent supply chain unit implemented a procurement policy that promotes financial governance, accountability, and transparency. In this case, 90.9% of the respondents reported that the supply chain unit implements procurement policy that promoted financial governance, accountability, and transparency; 9.1% of the respondents were neutral, and only a negligible number of the respondents opposed it. The last question dealt with compliance with procurement and supply chain related legislations and policies. Here, 86.4% of the respondents reported that there was compliance with procurement and supply chain related legislations and policies, 11.4% of the respondents were indifferent, and only 2.3% opposed it.

Figure 5.3: Respondents' report on transparency of procurement process

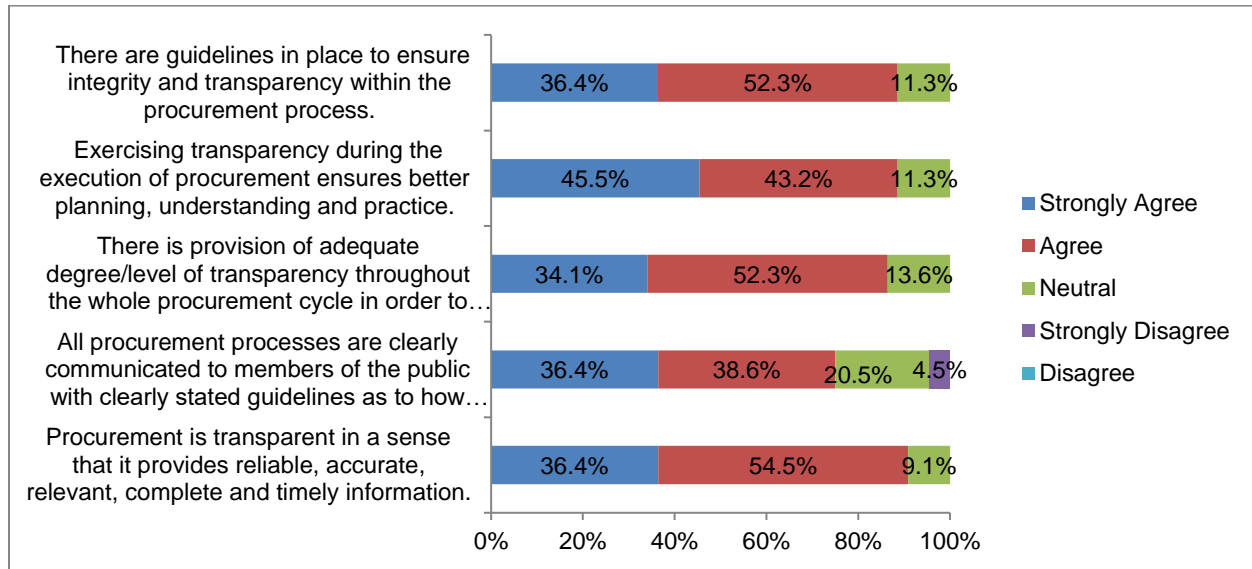


Figure 5.3 presented the respondents' report on the transparency of the procurement process. Five questions were asked to obtain information from the participants regarding the transparency of the procurement process in the organisation. The first question was to find out whether there were guidelines in place to ensure integrity and transparency within the procurement process. In this case, 88.7% of the respondents reported that guidelines were in place to ensure integrity and transparency within the procurement process, only 11.3% were indifferent to whether guidelines were in place or not. The next question evaluated whether transparency was exercised during the execution of procurement to ensure better planning, understanding, and practice. About 88.7% of the respondents agreed to the fact that exercising transparency during the execution of procurement ensured better planning, understanding, and practice, and only a negligible number of the respondents (11.3%) were indifferent to this. The third question was aimed at finding whether the provision of adequate degree/level of transparency throughout the whole procurement cycle to promote fair and equitable treatment for potential suppliers. In this case, 86.4% of the respondents reported that there was a provision of adequate degree/level of transparency throughout the whole procurement that promoted fair and equitable treatment for potential suppliers, 13.6% of the respondents were neutral to this. The fourth question indicated whether all procurement processes are communicated to members of the public with clearly stated

guidelines as to how the procurement process will be conducted. More than 70% of the respondents agreed to this, 20.5% of the respondents were indifferent, and only 4.5% disagreed that not all procurement processes were communicated to members of the public with clearly stated guidelines as to how the procurement process was conducted. The last question indicated whether all procurement process is transparent in the sense that it provided reliable, accurate, relevant, complete, and timely information. In this scenario, 90.9% of the respondents reported that all procurement was transparent in the sense that it provided reliable, accurate, relevant, complete, and timely information, 9.1% of the respondents were indifferent.

4.2.3 The extent of transparency within the procurement processes

Six questions were asked to obtain information from the participants regarding transparency of the procurement process within the organisation (Figure 5.4). The first question was to find out whether there were clear tasks and responsibilities for managers and subordinates in the procurement process as well as a clear chain of responsibility. In this case, 81.9% of the respondents reported that they agreed with the fact that there were clear tasks and responsibilities for managers and subordinates in the procurement process as well as a clear chain of responsibility, and only 18.2% were indifferent to whether this existed or not. The next question indicates whether there were continuous management oversights and monitoring of people and processes. More than 80% of the respondents reported that there were continuous management oversights and monitoring of people and processes, and 18.2% of the respondents were neutral to this. The third question was to find out whether procurement processes were clearly set out and clearly understood. With 88.7% of the respondents reporting that procurement processes were clearly set out and clearly understood, 9.1% of the respondents were indifferent to this, and only 3% of the respondents opposed it. The fourth question indicates whether the supply chain unit maintained a high degree of transparency within the procurement process. Here, more than 90% of the respondents agreed to the fact that the supply chain unit maintained a high degree of transparency within the procurement process, and 6.8% of the respondents were indifferent to this. The fifth question indicated that there were internal processes established to promote transparency. In this case, 93.2% of the respondents agreed to the fact that there were

internal processes established to promote transparency, and only 6.8% of the respondents were neutral to this. The last question indicates whether officials rendering procurement processes adhere to integrity and transparency guidelines. With 90.9% of the respondents reporting that officials rendering procurement processes adhered to integrity and transparency guidelines, 6.8% were indifferent to this, and only 2.3% of the respondents disagreed with the fact that officials rendering procurement processes adhered to integrity and transparency guideline.

Figure 5.4: Respondents’ report on internal measures toward ensuring transparent procurement process.

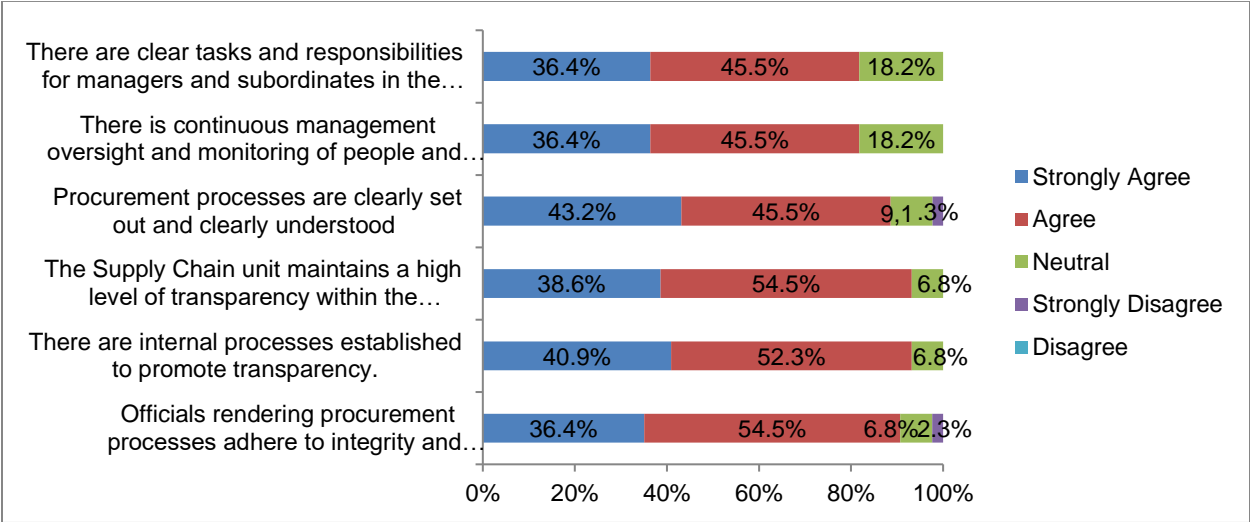


Figure 5.5: Respondents' report on principles exercised during procurement.

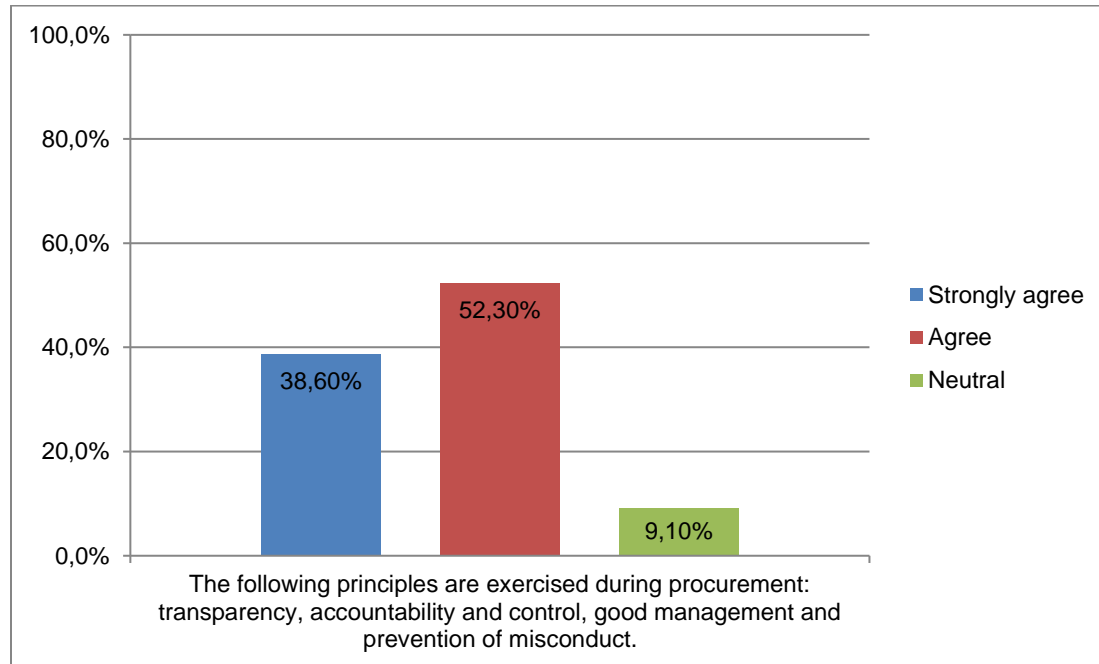


Figure 5.5 presented respondents' report on principles of procurement. The question was asked to obtain information from participants regarding principles exercised during the procurement process. The question aimed to find out whether the principles of transparency, accountability, and control, good management, and prevention of misconduct are exercised during procurement. Many of the respondents (52.39%) agreed that the principles were exercised during procurement while 9.10% were neutral about the principles being exercised during procurement. Yet 38.60% of respondents strongly agreed that transparency, accountability, and control as well as good management and prevention of misconduct were exercised during procurement while 0% strongly disagreed with that.

5.3 Conclusion

The chapter presented an analysis of data and the results thereof. From the 44 questionnaires received from participants, data were analysed and presented in tables and graphs. The chapter interpreted data presented to make sense of it. The next chapter presents the discussion of the results of the study linking to the research questions and objectives leading to a conclusion and recommendations.

CHAPTER 6: DISCUSSION, CONCLUSION, AND RECOMMENDATIONS

6.1 Introduction

The present chapter presents the discussion of the obtained results considering previous literature, conclusion, and relevant recommendations. The chapter also provides a recap of the aim of the study and provides answers to aspects related to the research questions. A summary of the main findings, together with the recommendations are deliberated and the conclusion. The researcher also reflects on the significant aspects and challenges facing South African procurement environment.

6.2 Discussion of Findings

In section A of the questionnaire, a profile (general information) of the respondents was drawn. This comprised of general information which required respondents to answer questions regarding their designation, role, department, and region. This enabled the researcher to understand the various roles carried out by various professions relevant to this study. Compiling general information was crucial as it gave an overview of the participant's profile. Results showed that most respondents were in the managerial positions (managers and assistant managers) constituting 36.3% and are responsible for facilitating the SCM processes both above and below the value of R200k. They ensure that all procurement processes are fair and transparent, promote and implement policies, oversee the procurement of goods and services, assist in promoting and implementing management and approval of quotes. This implied that managers and assistant managers add value to the procurement process, as one of their duties is to ensure that all procurement processes are fair and transparent as well as promote and implement policies.

A total of 44 questionnaires from 51 questionnaires were completed. Out of the 44 respondents, 16 (36.3%) were in the managerial position. This could be an indication that the SCM unit has most of the management profession for effective managing and overseeing the procurement process and other business-related issues. This emphasised that powers are assigned to accounting officers, accounting authorities, and municipal managers to enable them to manage financial affairs and take responsibility for the SCM processes. Most of the respondents were within the finance

department. This indicated that the finance department handles most of the procurement. Bizana (2013:1) supported this by stating that “legislation is provided for the creation of Supply Chain Management departments in municipalities as a vehicle through which services could be procured from private service providers”. Hence, the SCM department is within the Finance department and plays a role as set out by the City of Johannesburg supply chain management policy (2006:7) to manage the entire flow of goods and services. The result further showed that most respondents were based at the head office indicating that most of the procurement-related issues are handled at the head office.

6.3 Discussion of Findings Based on the Research Questions

This section contains a discussion of findings concerning the study’s research questions.

6.3.1 Will the extent of transparency exercised in the procurement processes within the JRA enhance better planning, understanding, and practice?

This is the main research question of the study and what can ultimately be recognised as the drive of the study. The question was assessing the extent of transparency exercised during the procurement processes for better planning, understanding, and practice. The results provided an answer to the main research question as it represented the respondent’s report on transparency of procurement processes (Figure 5.3). The focus is on question 2 which was about exercising transparency during the execution of procurement to ensure better planning, understanding, and practice (Figure 5.3).

Most respondents (88.7%) agreed while 11.3% were neutral to the fact that exercising transparency during procurement ensured better planning, understanding, and practice. Literature has been assuring that transparency creates a good and strong procurement system (Kaspar and Puddephatt, 2012:5). This becomes evident that weakness to the procurement process hinders transparency to be fully exercised depriving efficient and effective planning, organising, and practice within an organisation to meet set objectives. Based on the responses, transparency within procurement processes enhance better planning through identifying the mission, formulating measurable

objectives, as well as identifying strategies to achieve the objectives, enhance understanding effective planning through clear and understandable process, objectives, and strategies, and enhance practice which is the execution of necessary steps or prescribed rules/laws to meet set objectives or comply with set strategies or policies. In a nutshell, transparency is essential for better planning, understanding, and practice of the procurement processes in place to meet set objectives.

Ninsima and Lyimo (2019:2) stated that “procurement plan aims at displaying goods and services or works to be done and how they are going to be acquired or accomplished over a certain period”. This simply means that a transparent procurement process or exercising transparency when executing procurement displays the plan of action, how will it be rendered out, and when. For instance, advertising a tender to build a bridge. The planning phase will consist of planning what type of bridge will be built, where, and how. The understanding phase is when the application for the tender to build the bridge is publicly advertised (transparency) for possible participants to understand what is required when and how to apply. The practice phase will be the building of the bridge as per the set plan. Therefore, exercising transparency ensures a good procurement system and enhances better planning, understanding, and practice.

6.3.2 To what extent Is the procurement of goods and services worth the value of money spent on procurement processes?

Procurement’s main objective is to ensure efficient, effective processes that are undertaken ethically to achieve the best value for money. This is the case for the Johannesburg Roads Agency’s Supply Chain department when executing their procurement processes. Table 5.3 represented respondents’ report on the procurement of goods and services in relation to value for money. About 17 (38.6%) of the respondents strongly agreed that the procurement of goods and service was in relation to value for money while only 1 (2.3%) of the respondent were of the view that the procurement of goods and service was not in relation to value for money. According to the Johannesburg Roads Agency’s strategy (2017:4), value for money is only achieved through smart and efficient SCM procurement or efficient procurement process. Congruent to this present study, a high response rate that procurement is done in

relation to value for money showed that the JRA procurement process is done in an efficient, effective, fair, and transparent manner hence value for money is achieved.

The Supply Chain department is in support of Mazibuko (2018:3) who pointed out that the purpose of public procurement is to obtain the best value for money hence, the procurement of goods and services at the JRA is done in relation to value for money. Komakech (2016:21) stated that “most public organisations are wasteful in their spending”. That is not the case with JRA as they promote efficiency in procurement to eliminate wasteful spending as well as ensure that procurement is done at the lowest cost possible, and the acquiring of goods and services is conducted transparently. In other words, the SCM unit follows or effectively executes its procurement plan to avoid loss of value for money. They avoided what Ninsima and Lyimo (2019:2) mentioned that a simple mistake in executing the procurement plan can lead to serious implications, unplanned cost emerging especially on the cost of goods or services, posing negative effects on value for money. This simply means that an ineffective procurement plan may lead to a loss of value for money.

6.3.3 How does the procurement process exercised in Johannesburg Roads Agency give effect to cost-effectiveness, transparency, fairness, and competitiveness?

The Constitution (1996:153) defined procurement as the process of acquiring goods and services guided by the principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness. Based on the participants responses, it is evident that there is a moderate level of transparency exercised within the procurement process and adherence to the Constitution. This can be linked to what sub-question 2 wanted to get an answer to and what objective 2 aimed to achieve, whether procurement activities are fair, transparent, competitive, and cost-effective. Table 5.4 revealed the degree of transparency within procurement activities and most respondents 23 (53.3%) agreed that all the procurement activities are fair, transparent, competitive, and cost-effective. A high percentage of respondents' agreed that fairness, transparent, competitiveness, and cost-effectiveness exercised within the procurement process is evidence that the SCM unit is adhering to the pledge they made and agreed

to commit to. The released media issued on behalf of the Johannesburg Road Agency on the 16th of August 2013, where JRA officials and the SCM team committed by signing a pledge that was developed, assuring that they will ensure all procurement activities are fair, transparent, competitive, and cost-effective.

Figure 5.2 presented respondents' reports on procurement processes and question 2 from this section aimed to address whether the supply chain unit implements a procurement policy that promotes financial governance, accountability, and transparency. In this case, 90.9% of the respondents reported that the supply chain unit implemented a procurement policy that promotes financial governance, accountability, and transparency, while only a negligible number of the respondents opposed it. This agreed with the provisions made by the Promotion of Administration Justice Act 3 of 2000, that is the promotion of efficient administrative system and good governance, creation of a culture of accountability, openness, and transparency in public administration by giving effect to the right to just administrative actions. Promoting a more open and transparent procurement system, ensures improved competition, enhance efficiency, and reduce the threat of unfairness and corruption within the procurement process (Ashari, 2013:2). The results obtained in this study showed that the procurement system within the JRA is fair, equal, transparent, competitive, and cost-effective (Figure 5.2). This supported the suggestion made by Komakech (2016:21) that the procurement process should be conducted fairly, and all participants are given a fair chance to participate within the procurement processes. Furthermore, 86.4% of respondents agreed that there is a provision for an adequate degree of transparency throughout the whole procurement cycle to promote fair, equitable treatment for potential suppliers (Figure 5.3).

Equality and fairness involve giving all participants an equal chance to compete without any discrimination but with utmost fairness. This was emphasized by Komakech (2016:21) who stated that "promoting equality and fairness spells out procedures within organizations to ensure that every participant receives an equal chance". However, effective functioning of procurement and effective execution of procurement processes requires adherence to the principle of transparency. This includes putting in place

adequate controls to minimize the risk of corruption, waste, and the mismanagement of funds.

6.3.4 What is the extent to which Johannesburg Roads Agency apply strict, consistent, clear, and compliant procurement policies?

Ambe and Badenhorst-Weiss (2012:248) mentioned that there are legislative frameworks that guide procurement practice. Municipalities are overseen by an extensive array of governance legislation, regulations, and codes. Acts, legislation/regulations that regulate procurement are put in place to promote a sound, sustainable management of finance, ensure transparency and accountability as well as make it possible for the creation of SCM policy. A clear legal framework, consistent policies, and transparency make up a strong procurement system (Kaspar and Puddephatt, 2012:5). Procurement is a process governed or regulated by legislative bodies, laws, rules, regulations, policies, and procedures. The SCM unit at the JRA agreed with this as 88.6% of respondents agreed that there are strict, clear, and consistent policies, and procedures in place to regulate the procurement process (Figure 5.1). Chepkoech and Kibert (2019:15) supported this by stating that “all laws, regulations, directives, and manuals are there to provide a comprehensive framework of administrative powers to regulate the activities and adherence of procurement efficiently and effectively”.

According to the Johannesburg Roads Agency’s strategy (2017:4), the role of JRA is defined to support the city’s priorities and ensure that the city’s objectives of financial sustainability and resilience are achieved. The JRA intends to contribute to achieving this by ensuring disciplined expenditure management, effective management oversight, and monitoring of people and processes. About 80% of the participants agreed that there were continuous management oversights and monitoring of people and processes (Figure 5.4). This is because the SCM unit is adhering to what was stated in the JRA’s strategy to achieve financial sustainability and resilience through effective management oversight and monitoring of people and processes. National Treasury (2005:12) stated that “performance management involves monitoring the process to ensure that proper processes are followed to meet desired objectives”. Performance management is a tool

used to measure, analyse, and evaluate efficiency and progress, and in this case the progress of service providers.

Bizana (2013:45) indicated that municipalities need to plan and monitor contracts to make sure that there is continuous enhancement of efficiency in internal processes as well as systems. Regarding the MFMA, the City of Johannesburg 2017/18 Integrated Development Plan Review (n.d:60) stated that “section 166 of the MFMA requires municipalities and municipal entities to establish audit committees to address performance management and monitoring matters”. There is always a need to monitor whether things are being done right and intended outcomes are achieved. Therefore, poor monitoring and evaluation results in irregular expenditure, unauthorized, fruitless, and wasteful expenditures that violate laws and regulations due to inadequate monitoring and evaluation because of poor control and implementation of SCM procedures (Ambe & Badenhorst-Weiss, 2012:252). Strong and continuous monitoring and evaluation system creates the basis of sound governance that is accountable. Monitoring and performance management is essential to ensure effective and successful implementation as well as the effective execution of programs.

6.3.5 What is the extent to which the Supply Chain unit complies with the procurement policies?

The National Treasury (2015:15) stated that “compliance with public SCM rules, legislation, norms and standards is critical to ensure that the government’s policy objectives are attained”. In this case, the JRA’s procurement policy objectives are attained due to compliance with procurement and supply chain related legislation. This is evident with an 86.4% agreement rate from respondents that there is compliance with procurement and supply chain related legislation and policies (Figure 5.2). This is supported by what Chepkoech and Kibert (2019:14) mentioned that adherence to the code of ethics is a requirement by officers involved in procurement. Adhering to policies improves the amount of accountability in ethical decision making and this is only possible if SCM or procurement officers understand what the law or rule is intended to accomplish (Chepkoech & Kibert, 2019:14). Stemele (2009:6) also supported this by mentioning that adherence to the principles of procurement even procurement policies

and regulations enhance the procurement process by ensuring that procurement is conducted efficiently and effectively. The results of the present study showed that there is compliance with procurement and SCM policies indicating adherence by SCM officials to the rule of law or developed SCM policies.

The National Treasury (2015:1) stated that “SCM is one of the key mechanisms enabling the government to implement the policy”. Therefore, the Johannesburg Road Agency undertakes some social programmes, one being ‘preferential procurement’ per Supply Chain Management regulations and the SCM unit implements procurement policy that promotes financial governance, accountability, and transparency within the entity’s procurement process. This then supported the results given by the respondents were 90.9% of the respondents agreed to the fact that supply chain unit implements a policy that promotes financial governance, accountability, and transparency (Figure 5.2). Ambe and Badenhorst-Weiss (2012:251) stated that “accountability constitutes a central pillar to public procurement”. Hence, if there is no sign of a procurement system that is transparent and accountable there is room for increased corruption as well as misuse of funds. This was not the case with JRA as procurement policies that promote accountability and transparency are implemented and adhered to showing signs of an accountable and transparent procurement system.

Furthermore, although there were reform processes in public procurement and the employment of SCM as a strategic tool, there are predicaments in South African public procurement practices and some of the predicaments are non-compliance with procurement and SCM related legislation and policies, corruption, and in-transparency with the procurement processes. Such predicaments do not seem to be the case with JRA and it is evident that there is compliance with procurement and supply chain related legislation and policies (Figure 5.2), there are guidelines in place to ensure integrity and transparency (Figure 5.3), there are continuous management oversight and monitoring of people and processes (Figure 5.4), the SCM unit maintains a high level of transparency within procurement processes (Figure 5.4), there are internal processes to promote transparency (Figure 5.4), officials rendering procurement processes adhere to integrity and transparency (Figure 5.4), and principles of

transparency, accountability, and control, good management and prevention of misconduct are exercised during procurement (Figure 5.5). Matseke (2015:38) indicated that lack of obligatory SCM skill and competencies in most government provincial departments, and the absence of a firmer regulatory framework creates a culture of non-compliance to the prescribed SCM requirements within departments. Non-compliance is caused by a lack of proper staff training on regulations concerning procurement and related procedures. Based on the results presented, non-compliance to procurement and supply chain related legislation and policies is not a problem at the JRA.

6.3.6 How are the established guidelines of transparency and integrity communicated to the public to enhance better planning, understanding, and practice?

Question 4 ascertained whether all procurement processes are communicated to members of the public with clearly stated guidelines on how procurement is conducted (Figure 5.3). More than 70% of respondents agreed that procurement processes are communicated to the public with clear guidelines on how procurement must be conducted. In agreement with the obtained results, Komakech (2016:21) indicated that transparency and openness ensure that all procurement processes are communicated to members of the public. Therefore, promoting a more open and transparent procurement system will ensure improved competition, enhance efficiency, and reduce the threat of unfairness, and corruption (Ashari, 2013:2). This ensures openness and publicity at various stages of the procurement process as well as encouraging an ethical, legitimate, fairly, and open manner procurement process. This is supported by Le Roux De La Harpe (2009:101) who stated the “need to provide the text of the enacted law, the procurement regulations, all administrative rulings, and directives of general application which relate to procurement be made accessible to the public”. The National Treasury (2015:1) also supported this by stating “the need to make procurement information accessible to suppliers and purchasers, to enhance planning, accountability, and oversight”.

Question 5 addressed the issue of whether procurement processes are transparent in the sense that it provides reliable, accurate, relevant, complete, and timely information (Figure 5.3). Most respondents (90.9%) were in strong agreement with this while a few (9.1%) were uncertain that it is the case. To achieve open and effective competition in an organisation, there is the need to ensure that potential suppliers have reasonable access to procurement opportunities and must be provided with adequate and timely information to enable them to bid with no bias or favoritism exercised, and where there is no limitation of competition. Rawlins (2008) defined transparency as open, honest, visible, and readily accessible information about individuals, businesses, and government entities that is timely, easily understood, ensures openness, and publicity. Thus, a transparent public procurement system ensures that all participants have access to reliable, accurate, relevant, complete, and timely information with regards to the procurement process. Under a transparent system, stakeholders are empowered with the knowledge to find out what is going on in a public procurement process. Osei-Afoakwa (2014:141) supported this by stating that “a transparent procurement system enables stakeholders to know and find out everything about what happens in the public procurement process”.

Transparency is essential for better planning, understanding, and practice of the procurement processes in place to meet set objectives. Figure 5.4 presented the respondents’ report on internal measures towards ensuring transparency within the procurement processes and question 1 assessed if there are clear tasks and responsibilities for managers and subordinates in the procurement process as well as a clear chain of responsibility. About 81.9% strongly agreed to the fact that there are clear tasks and responsibilities set out within the procurement processes. This was in support of the 17th of May 2016 memo that indicated the delegation of authority by the Accounting Officer concerning thresholds for procurement, signing of contracts, issuing of orders, and processing of payments.

6.4 Summary

The main aim of the study was to assess the extent of transparency in the Johannesburg Roads Agency’s procurement processes for better planning,

understanding, and practice. The specific objectives were to assess the procurement of goods and services in relation to the value of money; to determine whether the procurement activities are fair, transparent, competitive, and cost-effective; to evaluate the strictness, consistency, clarity of procurement policies, and the level of adherence to the policies; to evaluate the compliance of the supply chain unit to the procurement policies; and to examine the level of transparency and integrity of established guidelines and how they are communicated to the public to ensure better planning, understanding, and practice. The respondents indicated their agreement with procurement activities being conducted in a fair, transparent, competitive, and cost-effective manner. The procurement activities of the organisation aim at achieving value for money as the respondent agreed that the procurement of goods and services is done in relation to value for money.

6.5 Challenges Facing Procurement in South Africa

The initiation of public procurement reforms simply aims to deal with problems within the procurement process which makes it less transparent. Mholi and Kahilu (2016:517) stated that “although SCM is considered to be a strategic tool, public procurement in South Africa is still undergoing major challenges such as lack of proper knowledge, lack of skills and capacity, non-compliance with SCM policy and regulations, inadequate planning and linking of demand to the budget, lack of accountability, high rise in fraud, and corruption, inadequate monitoring and evaluation of SCM, unethical behavior, too much decentralisation of the procurement system, and ineffectiveness of the black economic empowerment (BEE) policy”. This is what Kaspar and Puddephatt (2012:5) referred to as a procurement system that lacks common elements such as consistent policies, and transparency to make it strong. Weakness within the procurement processes leads to poor process implementation. Such weaknesses are due to a lack of rules and regulations to guide, direct, train and monitor public procurement as well as the absence of clearly defined roles and responsibilities and non-compliance with applicable laws and regulations. This becomes evident that weakness to the procurement process hinders transparency to be fully exercised and thereby impeding efficient and effective planning, organizing, and practice within an organization to meet set objectives.

Ballard (2012:2) in one of her lead articles submitted under the supplement of the 2011 annual statistical report on United Nations Procurement stated that “transparency is considered as one of the most effective tools to prevent corruption and ensure value for money”. On the other hand, Osei-Afoakwa (2014:140) stated that transparency has become a focus area to prevent corruption among other objectives particularly within public procurement. Based on a report conducted by the Organisation for Economic Co-operation Development (2016:6), procurement was found to be one of the activities rendered by government which is most likely vulnerable to the act of corruption. Hence, the introductions of principles which may either directly or indirectly prevent corruption and enhance accountability within the procurement process. One of the principles to help prevent corruption is transparency which not only promotes accountability but also ensures access to information.

According to Gumede (2017:1), municipal owned entities within Johannesburg or South Africa as a whole, are managed by a wide range of governance legislation, regulations, and codes, yet are often engulfed in corruption, mismanagement, and in-efficiencies. There is still a high degree of non-compliance and corruption although the Municipal Public Accounts Committee (MPAC) has been appointed to provide political oversight on compliance and service delivery perspective over the financial governance of the City of Johannesburg, its municipal entities, and employees. This is due to non-compliance with laws and regulations, no internal controls in place, SCM indiscretions as well as unauthorised, irregular, fruitless, and wasteful expenditure (Gumede, 2017:2). This comes to show that the SCM system is imperfect due to constant allegations of corruption and inefficiency. In addressing the above-mentioned challenges, a need to assess the extent of transparency within the procurement process was necessary as transparency is considered an effective tool to minimise the threat of corruption. Below are some of the challenges facing public procurement in detail.

6.5.1 Non- compliance with policies and regulations

The National Treasury (2015:10) state that “continuous low level of compliance regarding SCM legal framework only opens up a room for interruptions to the procurement of goods, services and works, as well as makes it impossible to source

goods and services at the right price and at the right time”. All this is indicated in reports drafted by accounting officers and authorities to the National Treasury and borne out by the Auditor General (AG). Based on the annual reports conducted on SCM’s non-compliance and irregular expenditure, some of the AG findings included appointment of suppliers who are not tax compliant as well as appointments that do not align with policy requirement, use of unqualified suppliers, incorrect use of competitive processes for quotation and bids, incorrect use of preference points system, inappropriate bid committees, bids handed over for wrong/incorrect reasons, use of incorrect procurement processes, inadequate controls and procedures for handling bids amongst many others.

6.5.2 Lack of proper knowledge, skills, and capacity

For the successful SCM implementation there is a need for enough capacity in a form of appropriate structures with fully skilled and professional SCM personnel. Therefore, to fully achieve SCM objectives, the National Treasury provides support by facilitating the development of appropriate training materials to government departments, municipalities, and municipal entities.

Ambe and Badenhorst-Weiss (2012:250) mentioned that although the National Treasury provides support to facilitate the development of appropriate training materials to government departments, municipalities, and municipal entities, there is still a shortage of skills. Effective implementation of the SCM process requires a key success factor which is adequate capacity consisting of suitable structures containing fully skilled and professional SCM personnel (Ambe & Badenhorst-Weiss, 2012:250). Absence of skills and capacity hinders the success of public procurement. Although training workshops on SCM are conducted there is still a lack of capacity and appropriate knowledge to handle procurement processes and for proper implementation (Ambe & Badenhorst-Weiss, 2012:250).

This is supported by findings from a study conducted by Fourie and Poggenpoel (2017:172) who indicates that ineffectiveness and inefficient management of public funds implies general lack of capacity, lack of skills and internal financial control mechanisms within the finance departments of government entities. Therefore, “poorly

designed Organisational structures and unqualified procurement officials weaken the capacity and capability of procurement” (Fourie & Malan, 2020:13).

The responsibility for public financial accountability is entrusted with the office of the Chief Financial Officer responsible for managing public funds. However, any mismanagement of funds results in a severely negative impact on all aspects of service delivery, social and economic development. Therefore, the CFO is technically trained as a Certified Chartered Accountant to be precise and is proficient in areas such as strategic management, financial and management accounting, business planning and design, internal or external auditing and accounting skills performance measurement as well as people skills which include negotiation and communication. Unfortunately, many of the current CFOs are not adequately qualified for their positions.

The possibility exists that non-transparent appointment of finance officers could be the major cause of the finance department to lack accountability, pose huge possibilities of fraud, financial irregularities, inadequate service delivery and mismanagement, all of which become the root of a weak finance department (Ngwakwe, 2012:315)

6.5.3 Inadequate planning and linking demand to the budget

As the demand management helps with the decision-making process on how to procure at the correct time, right place, and right cost, most government entities, however, still face challenges of improper planning and linking demand to budget (Ambe & Badenhorst-Weiss, 2012:251). It has become a challenge to conduct cost-effective procurement because strategic plans drawn are inaccurate and unrealistic. Poor planning and poor budgeting amongst government entities end in inadequate implementation of supply chain management processes. Fourie and Malan (2020:14) support this by stating that it is of key importance that procurement plans align with the requirements and objectives of an organisation however, strategic and annual performance plans that do not seem to be thought through well or either unrealistic or of poor quality, may ultimately end in compromised procurement planning and implementation.

This is evident through some government entities not being able to properly quantify and estimate the costs of required services. For example, a problem occurring after the planning phase of projects, where officials find themselves having to execute projects that were not budgeted for due to the pressure of delivering services to communities that are affected by non-availability.

Fourie (2015:40) indicates that “poor procurement practices and control mostly result in inappropriate delivery of goods and services, inflated prices and increase opportunities for abuse because of inadequate specifications and inaccurate costing by officials. Moreover, poor planning and budgeting affect SCM implementation and this call for adequate linking of demand planning to budget and continuous monitoring of the delivery of services to ensure scarce resources are efficiently and effectively procured. The National Treasury (2014:35) on its CFO handbook for departments proposed an approach to departmental budgeting which is the bottom-up approach where line managers are dedicated and determined to achieve the department’s service delivery objectives. In accordance with Section 27(3) of the PFMA created Medium Term Expenditure Framework Technical Guidelines to national departments and other public institutions with an aim to guide them in ensuring that budgetary submissions specify all the pertinent evidence on main strategic proposals required to prepare clear-cut budgetary recommendations.

6.5.4 Accountability, fraud, and corruption

According to Ambe and Badenhorst-Weiss (2012:251), accountability constitutes a central pillar to public procurement. The absence of a procurement system that is transparent and accountable creates room for increased corruption as well as misuse of funds. This can be the result of officials being corrupt by failing to monitor how money is spent. Furthermore, Ambe & Badenhorst-Weiss (2012:252) mentioned the need to strengthen as well as analyse existing control systems to identify deficiencies. The National Treasury (2015:22) points out that a “transparent or open contracting is an influential tool that can be used to fight corruption and ensure good governance, value for money and good-quality service delivery. Ballard (2012:2) states that “transparency

is well thought-out to be one of the most effective tools to fight corruption and ensure value for money”.

6.5.5 Unethical behavior

Ethical behavior is an act of right or wrong. Ethics and conflict of interest have a great impact on procurement and affect SCM implementation greatly (Ambe & Badenhorst-Weiss, 2012:252). Ethical behavior in procurement is characterised by honesty, integrity, due diligence, fairness, and respect (Chepkoech & Kibert, 2019:14). However, low levels of procurement regulations compliance and lack of effective enforcement of rules encourage unethical procurement practice. In most cases, there is a lack of compliance and application of procurement guidelines resulting in differentiation of approaches and lack of standardisation. This prompted the introduction of the National Treasury’s guide to accounting officers that prescribes a standard approach towards SCM and procurement procedures. Furthermore, Chepkoech and Kibert (2019:15) made mention that unethical procurement practice can lead to tendering processes not been executed transparently resulting in advance bribes and other forms of corruption.

6.5.6 Inadequate measures for monitoring and evaluation of Supply Chain Management

There is always a need to assess or monitor whether things are being done right and intended outcomes are achieved. Therefore, lack of proper monitoring and evaluation results in irregular expenditure, unauthorised, fruitless/unproductive, and wasteful expenditures that goes against laws and regulations (Ambe & Badenhorst-Weiss, 2012:252). This is also due to inadequate monitoring and evaluation because of poor control and implementation of SCM procedures as per policy. Strong and continuous monitoring and evaluation system creates the basis of sound governance that is accountable. This makes monitoring an essential tool that ensures effective and successful implementation as well as the effective execution of programs.

6.6 Conclusion

With respect to the responses from the participants, it can be concluded that there is an extent of transparency within the procurement processes at the JRA. The SCM system being a driver of procurement is of great importance to the success of the JRA. It is the

gatekeeper for all procurement and the primary implementer of procurement policy which seeks to improve financial governance, accountability, and transparency within the JRA's procurement processes. It can be said that the extent of transparency exercised during procurement indeed enhance better planning, understanding, and practice for the JRA when it comes to executing procurement or SCM related matters. Procurement activities are conducted in a fair, transparent, competitive, and cost-effective manner as set out by section 217 of the constitution. Therefore, there is adherence to policies and regulations that regulates procurement, making room for efficient and effective procurement processes that tries its best to prevent the act of corruption and mismanagement.

6.7 Recommendations

The study recommends that there should be continuous enforcement of regulations and policies to enhance compliance with policies without compromise. It is also recommended that internal controls should always be strengthened in every area of SCM to avoid challenges associated with procurement. A further recommendation is that there should be continuous oversight monitoring and strong adherence to audits, monitoring, and evaluation of performance management systems and reporting to sustain a strong, efficient and effective procurement system. Continuous performance management system and reporting of the procurement system will improve accountability and capacity for learning whereas continuous monitoring and evaluation of public procurement performance will further enhance efficiency and transparency.

6.7.1 Recommendation for further research

It is recommended that research can be expanded to various municipalities to see if other municipalities effectively exercise transparency when it comes to procurement processes. This can also be expanded to national and local governments. It is further recommended that research can be done where data is collected from people who procure from certain entities or suppliers to see if there is an agreement as to whether there is an extent of transparency within procurement processes. Based on the various challenges of procurement or procurement processes mentioned within the study, it is evident that transparency on its own is not enough to curb corruption and non-

compliance. There existed the need for it to be supplemented with appropriate action and measures relating to these challenges. Although this study relates closely to the extent of transparency evaluation, it is recommended that other aspects such as fairness, value for money, efficiency, competition, accountability in ensuring the integrity of the procurement process should be researched.

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APPENDIX A: SAMPLE OF REQUEST LETTER TO CONDUCT RESEARCH

3110 Nephalama Street
Extension 2
Chiawelo
1818
13 November 2018

66 Pixley Ka Isaka Seme Street
Cnr. Rahima Moosa Street
Johannesburg
2001

Dear Mr. Goodwill Mbatha

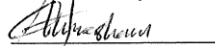
Subject: Request for permission to conduct academic research in Johannesburg Roads Agency

My name is Thilivhali Mashau and I am currently enrolled for a Masters in Public Administration within the college of Economic and Management Sciences at the University of South Africa. My research involves "assessing the level of transparency within procurement processes in the Johannesburg Roads Agency". The aim of the research is to assess the level in which transparency is exercised when it comes to procurement processes for better planning, understanding and practice within the Johannesburg Roads Agency (JRA). The research is conducted under the supervision of Mr. Sello Tsoabisi (stsoabis@unisa.ac.za)

I hereby request permission to conduct research within the JRA. The data collection method selected for this research is a form of questionnaires. The researcher will ensure that the response remain anonymous and maintain confidentiality. The information collected will be strictly confidential and for research purposes only.

If you require any further information, please do not hesitate to contact me. Thank you for your time and consideration in this matter and looking forward to your response.

Yours Sincerely



Mashau Thilivhali (53798651)

Contact Number: 076 819 7423

Email: 53798651@mylife.unisa.ac.za

APPENDIX B: SAMPLE OF PERMISSION LETTER



City of Johannesburg
Johannesburg Roads Agency

66 Pixley Ka Isaka Seme Street
Cnr. Rahima Moosa Street
Johannesburg
2001

P/Bag X70
Braamfontein
South Africa
2017

Tel +27(0) 11 298 5000
Fax +27(0) 11 298 5178
www.jra.org.za
www.joburg.org.za

Ms Thilivhali Mashau
Masters Candidate Student
UNISA

Dear Ms Mashau

RE: REQUEST TO CONDUCT RESEARCH AT JRA

1. Your letter dated 13 November 2018 is acknowledged.
2. Your request to conduct research at the Johannesburg Roads Agency towards, '**Assessing the level of transparency within procurement processes in the JRA**' is granted subject to the following conditions:
 - 2.1 That you first submit to the JRA the questionnaire for the purposes of your research study to the Acting Head: Corporate Services for approval.
 - 2.2 That the topic of your research project will contribute to enhance transparency in the procurement processes of the JRA.
 - 2.3 That you submit a copy of the research report to the JRA upon completion.
3. We are looking forward to the final product of your research results.
4. We hope that the information gathered during the research exercise will be treated with utmost confidentiality.

Yours Sincerely,

Goodwill Mbatha
Managing Director

Date: 18-01-2019

Chairman: S Tehabalala,
Executive Directors: Managing Director - G Mbatha, Chief Financial Officer - Vacant
Non-Executive Directors: T Magerman, S Thunzi, A Torres, X Mnyani, T Kutumela, A Mokoena, L Mayedwa
Company Secretary: P Majola

Registration No. 2000/028993/07

APPENDIX C: LETTER OF INTRODUCTION AND INFORMED CONSENT FOR PARTICIPATION IN ACADEMIC RESEARCH

Title of the study:

Assessing the level of transparency within procurement processes in the Johannesburg Roads Agency

Thilimashau Mashau

Student Number: 53798651

Contact details: 076 819 7423 / 53798651@mylife.unisa.ac.za / thilimashau@gmail.com

Dear Participant,

I am currently doing my Masters in Public Administration and my research is based on “*Assessing the level of transparency within procurement processes in the Johannesburg Roads Agency*” under the supervision of Dr. Sello Tsoabisi. The research is conducted in fulfillment of the requirements of my Master’s degree in Public Administration in the college of Economic and Management Sciences at the University of South Africa.

Your participation in the study is completely voluntary and all responses will be held confidential and used for academic purposes only. To help protect your confidentiality, the questionnaire will not contain information that will personally identify you, and will not ask for your name. All information collected in this study will be kept completely confidential to the extent permitted by law.

You are cordially invited to participate in an academic research based on your experience and knowledge in the research area, namely Assessing the level of transparency within the procurement processes in the Johannesburg Roads Agency. Please note that there is no right or wrong answer, state your view or opinion. The procedure consists of Section A with 4 questions and Section B with 19 questions and completing these questionnaires will only take approximately 20- 30 minutes. Each participant must receive, read, understand and sign this document *before* participating in the study.

- **Duration of the study:** The study will be conducted over 8- months and its projected date from **July 2019 – March 2020**.
- **Research procedure:** The study is based on primary data that will be collected from Supply Chain employees with knowledge on the level of transparency within the procurement process and who handles the procurement process.
- **What is expected of you:** As a participant, what is expected from you is to take a few minutes of your time to respond to the questions in the questionnaire provided by the researcher.
- **Your rights:** Take note that your participation in this study is very important. You may, however, choose not to participate and you may also withdraw from participating at any time without stating any reasons and without any negative consequences. You as a participant may contact the researcher at any time in order to clarify issues pertaining to the research study.
- **Confidentiality:** All information collected will be treated as confidential and participants will be kept anonymous. Raw data will only be accessed by the researcher. Should you choose to withdraw the relevant data will be destroyed.

Please sign the form to indicate that:

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

I hereby confirm that I have been informed about the nature of this research. I have read and understood the provided information and have had the opportunity to ask questions. I understand that my participation is voluntary and I may at any time withdraw from participating without giving a reason and without cost. I voluntarily agree to take part in this study

Participant's signature _____ Date _____

Researcher's signature _____ Date _____

APPENDIX D: QUESTIONNAIRE
ASSESSING THE LEVEL OF TRANSPARENCY WITHIN THE PROCUREMENT
PROCESSES AT THE JOHANNESBURG ROADS AGENCY

Thilivhali Mashau

Student Number: 53798651

Contact details: 076 819 7423 / 53798651@mylife.unisa.ac.za / thilimashau@gmail.com

Dear Respondent

Thank you for your time and willingness to complete the following questionnaire. The purpose of this questionnaire is to assess the level of transparency within the procurement process at the Johannesburg Roads Agency. Please take note of the following:

- To ensure the validity of your response, kindly ensure that all questions are answered in accordance with the relevant instructions provided.
- This questionnaire should take you **approximately 20-30 minutes** to complete.
- There are two sections and 23 questions in total.
- There are no correct or incorrect answers
- Please answer the questions as honestly as possible.

Instructions:

(The questionnaire is to be completed by Supply Chain Management employees who handle procurement and have knowledge of the procurement processes)

The Questionnaire has two sections (A and B). Kindly complete both sections as requested

SECTION A: GENERAL INFORMATION

1. Designation (Indicate your job title)

2. Role (indicate your role)

3. Indicate your Unit/ Department

4. Indicate Region/ Head Office

SECTION B: THE LEVEL OF TRANSPARENCY WITHIN PROCUREMENT PROCESSES

Please consider the statement provided and indicate your level of agreement by marking with an (X) in the relevant box:

Please indicate the level of agreement

(Rating scale: 1- Strongly Agree; 2- Agree; 3- Neutral; 4- Strongly Disagree; 5- Disagree)

STATEMENT	1 STRONGLY AGREE ↓	2 AGREE ↓	3 NEUTRAL ↓	4 STRONGLY DISAGREE ↓	5 DISAGREE ↓
1. Procuring of goods and services is done in an efficient, effective and ethical manner to achieve best value for money.					
2. All procurement activities are fair, transparent, competitive and cost-effective.					
3. There are strict, clear and consistent policies and procedures in place that regulates the procurement process.					
4. There is adherence to policies and regulations providing efficient and effective procurement process that prevents the act of mismanagement and corruption.					
5. There is an open and fair procurement process to reduce the threat of unfairness and enhance competition and efficiency.					
6. The Supply Chain unit implement procurement policy that promote financial governance, accountability and transparency					

Please consider the statement provided and indicate your level of agreement by marking with an (X) in the relevant box:

Please indicate the level of agreement

(Rating scale: 1- Strongly Agree; 2- Agree; 3- Neutral; 4- Strongly Disagree; 5- Disagree)

STATEMENT	1 STRONGLY AGREE ↓	2 AGREE ↓	3 NEUTRAL ↓	4 STRONGLY DISAGREE ↓	5 DISAGREE ↓
7. There is compliance to procurement and Supply Chain related legislations and policies.					
8. Procurement is transparent in a sense that it provides reliable, accurate, relevant, complete and timely information.					
9. All procurement processes are clearly communicated to members of the public with clearly stated guidelines as to how the procurement process will be conducted					
10. There is provision of adequate degree/level of transparency throughout the whole procurement cycle in order to promote fair and equitable treatment for potential suppliers?					
11. Exercising transparency during the execution of procurement ensures better planning, understanding and practice.					
12. There are guidelines in place to ensure integrity and transparency within the procurement process					

Please consider the statement provided and indicate your level of agreement by marking with an (X) in the relevant box:

Please indicate the level of agreement

(Rating scale: 1- Strongly Agree; 2- Agree; 3- Neutral; 4- Strongly Disagree; 5- Disagree)

STATEMENT	1 STRONGLY AGREE ↓	2 AGREE ↓	3 NEUTRAL ↓	4 STRONGLY DISAGREE ↓	5 DISAGREE ↓
13. There are internal processes established to promote transparency.					
14. The Supply Chain unit maintains a high level of transparency within the procurement process.					
15. Procurement processes are clearly set out and clearly understood					
16. There is continuous management oversight and monitoring of people and processes.					
17. There are clear tasks and responsibilities for managers and subordinates in the procurement process as well as clear chain of responsibility.					

Thank you for your time and participation

APPENDIX E: ETHICS CERTIFICATE



**DEPARTMENT: PUBLIC ADMINISTRATION AND MANAGEMENT
RESEARCH ETHICS REVIEW COMMITTEE**

Date: 23 July 2019

Ref #: PAH/2019/019 (Mashau)
Name of applicant: Ms T Mashau
Student#: 53798651

Dear Ms Mashau

Decision: Ethics Clearance Approval 23 July 2019 to 22 July 2022

Name: Ms T Mashau, student#: 53798651, email: 53798651@mylife.unisa.ac.za,
tel: 075 819-7423
[Supervisor: Dr SJ Tsoabisi, staff#: 90053273, email: stsoabisi@unisa.ac.za,
tel: 012 429-6917]

Research project 'Assessing the level of transparency within the procurement process at the Johannesburg Roads Agency'

Qualification Master of Public Administration (MPA)

Thank you for the application for **research ethics clearance** by the Department: Public Administration and Management: Research Ethics Review Committee, for the above mentioned research. Ethics approval is granted for the period 23 July 2019 to 22 July 2022. If necessary to complete the research, you may apply for an **extension** of the period. The decision will be tabled at the next College RERC meeting for notification/ratification.

For full approval: The application was **expedited and reviewed** in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment by the RERC on 18 July 2019.

The proposed research may now commence with the proviso that:

- 1) The researcher will ensure that the research project adheres to the values and principles expressed in the Unisa Policy on Research Ethics.



University of South Africa
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PO Box 352 UNISA 0013 South Africa
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www.unisa.ac.za

- 2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to this Ethics Review Committee.
- 3) The researcher will conduct the study according to the methods and procedures set out in the approved application.
- 4) Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
- 5) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study, among others, the **Protection of Personal Information Act 4/2013; Children's Act 38/2005 and National Health Act 61/2003.**
- 6) Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
- 7) Field work activities **may not** continue after the expiry date given. Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Kind regards



Dr C Alers

Chairperson: Research Ethics Review
Committee
Department of Public Administration
and Management
Office tel. : 012 429-6286;
Email : alersc@unisa.ac.za



Prof MT Mogale

Executive Dean:
College of Economic and Management
Sciences
Office tel. : 012 429-4805;
Email : mogalm@unisa.ac.za

APPENDIX F: EDITORIAL CERTIFICATE

CARLOSKY SCIENTIFIC EDITING

CERTIFICATE OF ENGLISH EDITING

This certificate confirms that the thesis listed below was edited by one or more expert English editor with a PhD. The following issues were corrected: grammar, spelling, punctuation, sentence structure, and phrasing.

Thesis title:

Assessing the level of transparency within procurement processes at the Johannesburg roads agency

Student:

Mashau Thilivhali

(student number: 53798651)

Date Issued:

October 12, 2020