

DEPARTMENT  
OF  
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FACULTY OF MANAGEMENT AND COMMERCE

RESEARCH PROJECT WITH THE FOLLOWING TITLE

TOPIC  
AN ASSESSMENT OF THE SUPPLY CHAIN  
MANAGEMENT POLICY. THE CASE OF THE KING  
WILLIAM'S TOWN DISTRICT MUNICIPALITY  
PERIOD 2009-2011

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A RESEARCH THESIS SUBMITTED IN FULFILLMENT  
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SUPERVISOR: PROF EOC IJEOMA

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# I

## **DECLARATION**

I Vuyisile Mazibu Hereby declare that this thesis submitted to the University of Fort Hare for the Degree of Master's in Public Administration has never been previously submitted by me for a Degree at this or any other University, That is my own work and that all material contain therein has been duly acknowledged.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## II

### ACKNOWLEDGEMENTS

First and Foremost, I would like to Thank God Almighty for ensuring that I achieve my dreams. I would also like to express my sincere appreciation to the following people.

- ❖ My Greatest thanks goes to my late Mother and Father, Ms Nontu Getrude Mazibu and Funani King Tshofela, for bringing me into this Earth to both of them, I wish to say “ You may be gone , but you will never be forgotten.
  
- ❖ Special thank also goes to my family (Wife, Brothers, Sisters, Niece, Nephew) especially my brother Mzolisi for understanding and believing in me, Last definitely but not least my son Siyavuya and daughter Khazimla for the sacrifices they had gone through for being away from home time to time.
  
- ❖ Most Importantly , I wish to acknowledge my Supervisor Professor EOC IJEOMA, for his patience, words of encouragement and also ensuring that my dream is not “deferred” not forgetting his secretary Ms Candice for the support she gave me.
  
- ❖ I also want to Thank the University of Fort Hare MPA class of (2011-2012) I feel blessed to have met and interacted with you.

### III

#### ACRONYMS

ANC	AFRICAN NATIONAL CONGRESS
CFO	CHIEF EXECUTIVE OFFICER
COPE	CONGRESS OF THE PEOPLE
DA	DEMOCRATIC ALLIANCE
IDP'S	INTERGRATED DEVELOPMENT PLANS
MFMA	MUNICIPAL FINANCE MANAGEMENT ACT
PAC	PAN AFRICANIST CONGRESS
PFMA	PUBLIC FINANCE MANAGEMENT ACT
PPPF	PUBLIC PROCUREMENT POLICY FRAMEWORK
SCM	SUPPLY CHAIN MANAGEMENT
UDM	UNITED DEMOCRATIC MOVEMENT

## IV

### **ABSTRACT**

The intention of the study was to assess the supply chain management policy at the King William's Town District Municipality.

It became apparent from the Literature review that any municipality to play a meaningful role in ensuring that South Africa achieves the goal of becoming a developmental state, capable of confronting service delivery challenges, there needs to be a proper implementation of the supply management system policy. The study was also aimed at identifying the factors that support or hinder the implementation of the supply chain management within the King William's Town District Municipality.

In order to achieve this objective, interviews and self-administered questionnaires were conducted with various respondents in the municipality. The respondents insured the councillors from the five political parties comprising the municipality, municipal manager and section 57 managers, supply chain practitioners.

It would therefore be critical important for the management of the King William's Town District municipality to take into account the results of this study and its recommendations so as to ensure that there is a proper implementation of the supply chain management system within the municipality.

## **CHAPTER ONE : INTRODUCTION AND BACKGROUND**

### **1.1.Introduction**

An assessment of the supply chain management policy. The case of the King William's Town District Municipality. Period 2009-2011.

The global discourse on good governance is underpinned by a call for government's vigilance in fighting the spread of corruption and Fraud and in promoting integrity-driven forms of administration. In this context state institutions such as public service and municipalities are expected to serve as exemplars to promote and maintain a high standard of professional ethics, achieving this standard requires a strong ethics infrastructure supported by enabling policies.

??? 1994 the apartheid government used the system of procurement which was not inclusive, based on discrimination on race and which was mainly rule-driven and focused only on lifting the standard of living of the white minority. This tendering system denied the majority mainly blacks the opportunity to benefit and developed from government procurement policies. Immediately after taking office in 1994, Government initiated a series of budgetary and financial reforms in its attempt to modernise the management of the Public Sector to make it more -friendly and sensitive to meeting the needs of the communities it serves. To this end, cabinet resolved that the concept of supply chain management be introduced within the Public Sector to address the inefficiencies in the apartheid government's method of procurement, contract management, inventory/asset control and obsolescence planning. During December 2003, the Supply Chain Management System was introduced to National and Provincial Public entities. The objective being to Transform Government outdated procurement and provisioning practices into an integrated supply chain management function, to introduce a systematic approach for the appointment of consultants to create a common understanding and interpretation of the preferential procurement policy, and to promote the consistent application of , best practices throughout Government's Supply Chain.

Although a number of reforms has been introduced the procurement system in this country, yet the system is still faced by the number of serious challenges in which Fraud and Corruption remains outstanding challenges.

Therefore the key research objective of this research study is to assess the Supply Chain Management System and effects to the delivery of basic services to poor communities. This will be achieved by identifying possible deficiencies in existing supply chain management system, policies and procedures and making associated recommendations.

The value of this research lies primarily in the fact that Supply Chain Management has been already implemented by Government institutions including the municipalities. As a result, this research will identify deficiencies in the existing Supply Chain Management process of implementation, that will form the basis for improving supply chain management practices to comply with international best practices that will not only benefit Government institutions, but ultimately the communities it serves.

## **1.2 Statement of the problem**

The King William's Town District Municipality is one of the municipalities that has been identified by the Auditor-General as having serious capacity constraints because it continues to receive adverse audit reports. The Local government municipal structures Act(1998) defines "capacity" as: the administrative and financial management and infrastructure that enables a municipality to collect revenue and to govern on its own initiative, the local government affairs of its community".

The service delivery challenges confronting King William's Town District Municipality include, among other things,

- A decaying infrastructure
- Occasional cuts of both electricity and water
- Failure by the municipality to collect revenue and its inability to its citizens accordingly.

- Irregular and mismanagement of supply chain procedures and policies

Luthuli (2007:3) argues that policy implementation in South Africa has not been as successful as the policy formulation phase. For instance, despite been labeled as a catalyst to accelerate service delivery within the local sphere of government, the implementation of supply chain management system has, over the past decade, been plagued by “teething problems”. It has, to a large extent, proved to be a mere formality that lacks proper monitoring and evaluation and as such has led to the perception that it does not necessarily “serve as a credible mechanisms of accountability. This is despite the fact that the municipal Finance Management Act (MFMA) (Act 56 of 2003) was implemented to enhance sound financial statements within the local municipalities. For instance section 126(1) (a) of the MFMA, requires all accounting officers to prepare annual financial statements and submit the statements to the Auditor-General for auditing. However, a quarterly report of the Auditor-General on the submission of financial statements by municipalities for the Financial year ending 30 June 2009, revealed a significant number of municipalities had failed to submit their financial statements on time, while some had not submitted them at all. Van der Waldt, et all. (2002;34) state that the accountability chain is a crucial component for improving financial management in the public sector.

### **1.3 The Research Questions**

Does the implementation of the supply chain management policy helped the municipality to achieve its objectives?

- Have the goals of the supply chain management system been properly communicated within the King William’s Town District Municipality workforce and its stakeholders?
- Have supply chain management practitioners been trained enough in implementing the policy of the municipality?

## **1.4 Rationale for study**

As a sphere of government, which has been identified by the National government as closest to the people and therefore instrumental in the meeting of the challenges that confront the second economy, it becomes imperative for the researcher to examine whether the implementation of the supply chain management system within the King Williams Town District municipality is fair equitable, transparent, competitive and cost effective. Equally important will be the identification by the researcher of the factors that support, or hinder, the implementation of the supply chain management system within the municipality. If left unattended, the service delivery challenges are likely to incite a volatile situation that could be characterized by violent protests, as has been the norm in other municipalities with similar challenges. Therefore, as a fact-finding mission, this research project is likely to come up with solutions that will avert a potential volatile situation waiting to happen, at King William's Town municipalities.

Thus this research proposal asserts that this study and its recommendations will be of great benefit to the Eastern Cape as a Province, in its quest of "producing the maximum possible service delivery outputs" through efficient, economic and effective use of resources.

## **1.5 The Objectives of the study**

The purpose of the study is to evaluate the supply chain management policy of King William's Town District Municipality

examine the implementation of the supply chain management system

recommend possible mechanisms that could enhance the successful implementation of the supply chain management system at King William's Town District Municipality.

Although the King William's Town District Municipality is part of the broader Buffalo City Metro that comprise of East London, Mdantsane, this study was confirmed to the area of King William's town.

This study took place during the busy time towards the 53<sup>rd</sup> ANC elective conference in Mangaung therefore it was very difficult to get hold of all the respondents in time because in the municipality every one is a politician.

The Participants of the study comprised, mainly, the municipal manager, supply chain management practitioners, councilors and section 57 managers as they are the ones entrusted with implementating the municipal programmes, such as the intergrated development plans.

## **1.7 Outline of the study**

### **Chapter 1**

This chapter will consists of the following:

Statement of the problem.

Research Questions.

Rationale of the study

Objectives of the study

Scope and Limitations of the study

### **Chapter 2**

This chapter consists of the literature Review. In it the researcher seeks to examine the available literature on the supply chain management system. The chapter will further look out the legislative framework pertaining to the supply chain management in the local sphere of government.

### **Chapter 3**

This chapter consists of the research design and methodology employed by the researcher in this study.

### **Chapter 4**

This Chapter consists of the Data Analysis. It will therefore contain the presentation and the analysis of the data collected

### **Chapter 5**

This chapter consists of the conclusion and the recommendations of the study.

### **References**

This consists of the references used in this study.

### **Annexures**

This contain of the references used in this study.

## **1.8 Conclusion**

The challenges that confronted the King William's Town District Municipality in the past, as highlighted by the reports from the Auditor-General and co-operative local government and Traditional Affairs department, this have to a greater extent called for the review of the supply chain management system within the municipality

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1. Introduction**

Boyce et al (1998:47) states that literature review must make clear the theoretical context of the problem under investigation and how it has been studied by others. Aitchson (1998:58) defines literature review as a systematic research of published work to find out what is already known about the intended topic and its purpose is to establish the need for research. The Literature Review detailed in this Chapter consists of previous research conducted by various authors on the Supply Chain Management System.

### **2.2. Origin of the Term**

Mentzer, et al (2001:6) argues that Supply Chain Management is the systematic, strategic coordination of the traditional business functions and the tactics across these business functions within the Supply Chain, for the purpose of improving the long-term performance of the individual companies and the Supply Chain as a whole.

Hines, (2004:76) “States that Supply Chain strategies require a total systems view of the linkages in the chain that work together efficiently to create customer satisfaction at the end point of delivery to the customer. He further states that as a consequence costs must be lowered through the chain by driving out unnecessary costs and focusing attention on adding value, through put efficiency must be increased, bottle necks removed and performance in measurement must focus on total systems efficiency and equitable reward distribution to those in the Supply Chain adding value, Supply Chain system must be responsible to customer he further says that Global supply Chain forum- Supply Chain Management is the integration of key business processes across the Supply Chain for the purpose of creating value for customers and stakeholders.

### **2.3 Theories of Supply Chain Management**

Hildorsson, et al (2003:8) state that currently there is a gap in the literature available on supply chain management studies, there is not theoretical support for explaining the existence and the boundaries of Supply Chain Management. Ketchen et al (2006:3) and Lavanni et al (2009:14) have tried to prove theoretical foundations for different areas related to Supply Chain employing organizational theories. These theories include these

These theories include :-

- Resource – based view (RBV)
- Knowledge based view (KBV)
- Agency theory (AT)
- Institutional theory (ST)
- Network Perspective (NP)
- Materials Logistics Management

### **2.4. Definition of Supply Chain Management**

According to Leenders, et al (1997:295) Supply Chain Management is the elusive combination of art and science that goes into improving the way a company finds the raw components it needs to make a product or service, manufactures that product, service and delivers it to customers. He goes further and says that Supply Chain Management as the entire flow of information, materials, and services from raw materials, and services from raw materials suppliers through factories and warehouses to the end customer.

Lambert et al (1998:14) define Supply Chain as the alignment of firms that bring products or service to market Chopra et al also defines Supply Chain Management as a network of facilities and distribution options that performs the function of these materials into intermediate and finished products, and the distribution of these finished products to Customers. Mentzer et al (2001:18) Argues that Supply Chain is the systematic, strategic Coordination of the traditional business functions within a particular company and across business within the Supply Chain, for the purposes of improving the long-term performance of the individual companies and the Supply Chain as a whole.

- Hugo, et al (2004:267) describe Supply Chain Management as the most practically and intellectually significant theme within current managerial and economic and within current managerial and economic research. Burt et al (2003:7-9) states that Supply Chain extends
- from the ultimate customer back to mother Earth”. The Chain is viewed as a whole, a single entity rather than fragment groups, each performing its own function, he further says money enters the Supply Chain only when the ultimate Customer buys a product or service, De Villiers et al (2011:20) Argues that procurement is the power Supply of Supply Chain that together with operations forms one of the two critical functions of the Supply Chain. Hugo et al (1997:9) alludes to the fact that the objectives of successful procurement is regarded as buying the right requirements, in the right quantities at the right time and the right price from the right source, and with delivery at the right place. National Treasury, (2003:4) define Supply Chain Management System as the integral part of financial management that seeks to introduce internationally accepted best practice principles, whilst at the same time addressing Government’s preferential procurement policy objectives.

#### 2.4.1 Problems Addressed

Mentzer et al (2001:9) states that Supply Chain Management must address the following :-

- Distribution Network configuration : number, location and network missions of suppliers , production facilities , distribution centres, warehouses, cross-docks and customers.
- Distribution strategy : Questions of Operating Control (Centralized, decentralized or shared), delivery scheme e.g. direct shipment , pool point shipping, cross docking, DSD (direct store delivery, closed loop shipping, mode of transportation, e.g. motor carrier, including truckload.
- Trade-offs in logistical activities : The above activities must be well coordinated in order achieve the lowest total logistics is optimised.
- Information: Integration of processes through the supply chain to share valuable information, including demand signals, forecasts, inventory, transportation, potential collaboration etc. Mentzer et al (2001:9).

## **2.4.2 ACTIVITIES \FUNCTIONS**

Supply Chain Management is a cross function approach including managing the movement of raw materials into an organisation, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organisation and toward the end-customer. As organisations strive to focus on core-competencies and becoming more flexible, they reduce their ownership of raw materials sources and distribution channels. These functions are increasingly being outsourced to other entities that can perform the activities better or more cost effectively. The effect is to increase the number of organisations involved in satisfying customer demand, while reducing management control of daily logistics operations. Less control and more supply chain partners led to the creation of supply chain management concepts. The purpose of Supply Chain Management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and the velocity of inventory movement. Hines,. (2004:89).

## **2.4.3 STRATEGIC LEVEL**

Mentzer, et al (2001:83) mentions that strategic network optimization, including the number, Location, and size of warehousing, distribution centres and facilities, the further states that strategic partnerships with suppliers, distributors and customers, creating communication channels for critical information and operational improvements such as cross docking, direct shipping and third party logistics, he also alludes to the fact that product life cycle management so that new and existing products can be optimally integrated into the supply Chain and capacity management activities. Information technology chain operations.

## **2.4.4 Importance of Supply Chain**

Drucker, (1998:10) states that organizations increasingly find that they on effective supply chain, or networks, to compete in the global market and networked economy, he further states that new management paradigms, this concept of business relationships extends beyond

traditional enterprise boundaries and seeks to organize entire business processes through a value chain of mention that during the past decades, globalization, outsourcing and information technology have enabled many organizations, such Dell and Hewlett Packard to successfully operate solid collaborative supply networks in which each specialised business partner focuses on only a few key strategic activities, he further says this inter-organizational Supply network can be acknowledged as a new form of organization, However with the complicated interactions among the players, the network structure fits neither “market: nor “hierarchy” categories it is not clear what kind of performance impacts different supply network structures could have on firms, and little is known about the coordination conditions and trade offs that may exist among the players . From a systems perspective, a complex network structure can be decomposed into individual component firms, Zhang et al (2004:10) states that traditionally, companies in a supply network concentrates on the inputs and outputs of the processes, with little concern for the internal management working of other individual players. Mintzer, (1979:11) argues that the choice of an internal management control structure is known to impact local firm performance. Coase, (1998:54) says that in the 21<sup>st</sup> Century , changes in the business environment have contributed to the development of supply chain networks , first as an outcome of globalization and the proliferation of multinational companies , joint ventures, strategic alliances and business partnerships, significant success factors were identified , complementing the earlier , “ Just in time” Lean manufacturing and Agile manufacturing practices, second technological changes, particularly the dramatic fall in information communication costs, which are significant component of transaction costs, have led to change in coordination among the members of the supply chain networks. Akkerman, (2001:13) states that many researchers have recognized these kinds of supply networks structures as a new organization form, using terms such as “Keiretsu” extended enterprise, “Virtual Corporation’ Global production” network”, a group of semi-independent organizations, each with their capabilities, which business goal specific that collaboration.

#### **2.4.5 Historical Development**

Movadedcy et al (2009:7) argues observed in the evolution of supply chain management studies creation, integration and globalization specialization phases” one and two, and SMC

- **Creation Era**

The term Supply Chain Management was coined by Keith Oliver in 1982, However the concept of a Supply Chain Management was of great importance, in the early 20<sup>th</sup> century, especially with the creation of the assembly line. The characteristics of this era of supply chain management include the need for large-scale changes, re-engineering, downsizing driven by cost reduction programs, and widespread attention to the Japanese practice of management.

- **Integration Era**

This era of Supply Chain Management studies was highlighted Data Interchange (EDI) systems in the 1960's and developing through the 1990's by the introduction of Enterprise Resource planning systems. This era continued to develop into the 21st century with the expansion of the internet based collaborative systems. This era of Supply Chain evolution is characterized by both increasing value-adding and cost reductions through integration.

- **Globalisation Era**

The Third movement of Supply Chain can be characterized by the attention given to global systems of supplier relationships and the expansion of supply chain over the national boundaries and into other countries. Although the use of global sources in the supply chain organizations can be traced back several decades (e.g. in the oil industry), it was not until the late 1980's that a considerable number of organizations started to integrate global sources into the core business. This era is characterized by the globalization of supply chain management in organizations with the goal of increasing their competitive advantage, value adding, and reducing costs through global sourcing.

- **Specialization Era (Phases 1)**

Outsourced manufacturing and distribution. In the 1990's, industries began to focus on "core competences" and adopted a specialization model. Companies abandoned vertical integration, sold off non-core operations, and outsourced those functions to other companies. This change management requirements by extending the supply chain well beyond company walls and distributing management across specialized supply chain partnerships. This transition also re-focused the fundamental perspective of each respective organization. OEM, became brand owners that needed deep visibility into their supply base. They had to control the entire supply chain from above instead from within. Contract manufactures had to manage bills of material with different part numbering schemes from multiple OEMs and support customer requests for work in process visibility and vendor managed inventory. The specialization model creates manufacturing and distribution networks composed of multiple of multiple, individual supply chains specific products, suppliers, and customers who work together to design, manufacture, distribute, market, sell and service a product. The set of partners may change according to given market, region or channel, resulting in a proliferation of trading partner environments, each with own unique characteristics and demands.

## **2.5 Business Integration Process**

Lambert et al (2000:10) states that successful supply chain management requires a change from managing individual to integrating activities into key supply chain process, An example scenario : the purchasing department places orders as requirements become known. The marketing department, responding to customer demands, communicates with several distributors and retailers as it attempts to determine ways to satisfy this demand. Information shared between Supply Chain partners can only be fully leverage through process integration, Lambert et al; (2001:11) further says that Supply Chain Business process integration involved collaborative work between buyers and suppliers, joint product development, common systems and shared information, He goes further and say that operating a integrating Supply Chain requires a continuous information flow. However, in many companies, management has reached the conclusion that optimizing the product flows cannot be accomplished without

implementing a process approach to the business. Lambert et al (2004:13) state the key Supply Chain processes as follows :-

- Customer relationship management
- Demand management style
- Customer service management
- Order fulfillment
- Manufacturing flow management
- Supplier relationship management
- Product development and commercialization
- Returns management

Lambert et al (2004:13) also suggest key critical Supply business processes which combine these processes such as:-

- Customer service management
- Procurement
- Product development and commercialization
- Manufacturing flow management /support
- Physical distribution
- Outsourcing /Partnerships
- Performance management
- Warehousing management

#### **a. Customer Service Management Process**

Customer relationship management concerns the relationship between the organization and its customers. Customer service is the source of customer information. It also provides the Customer with real-time information on the scheduling and product availability through

interfaces with the company's production and distribution operations. Successful organizations use the following steps to build customer relationships.

- Determine mutually satisfying goals for organization and customers.
- Establish and maintain customer rapport
- Produce positive feelings in the organization and the customers.

#### **b. Procurement process**

Strategic plans are drawn up with suppliers to support the manufacturing flow management process and the development of new products. In Firms where operations extend globally, sourcing should be managed on a global bases. The desired outcome is a win-win relationship where both parties benefit, and a reduction in time required for the design cycle and product development.

#### **c. Product development and commercialization**

Lambert et al (2000:22) mentions that customers and suppliers must be integrated into the product development process in order to reduce time to market, as a product life cycles shorter the appropriate products must be developed and successfully launched with ever shorter –time-schedules to remain competitive.

#### **d. Manufacturing Flow Management Process**

The manufacturing process produces and supplies to the distribution channels based to past forecasts manufacturing process must be flexible to respond to market changes and must accommodate mass customization. Orders are processes operating on a Just in time (JIT) basis in minimum lot sizes. Also changes in the manufacturing flow process lead to shorter cycles , times, meaning improves responsiveness and efficiency in meeting customer demand. Activities related to planning , scheduling , and supporting manufacturing operations, such as work-

process storage , handling, transportation, and time phasing of components, inventory at manufacturing sites and maximum flexibility in the co-ordination of geographic and final assemblies postponement of physical distribution operations.

#### **e. Physical Distribution**

This concerns movement of a finished product /service to customers . In physical distribution , the customer in the final distribution, the customer is the final destination of a market channel, and the availability of the product /service is a vital part of each channel participants marketing effort. It is also through the physical distribution process that the time and space of customer service becomes an integral part of marketing , thus customers (e.g. links manufactures, whole salers, retailers).

#### **f. Outsourcing /Partnership**

This is not just outsourcing the procurement of materials and components, but also outsourcing of services that traditionally have been provided in-house. The Logic of this trend is that the company will increasingly focus on those activities in the value chain where it has a distinctive advantage, and outsource everything else.

#### **g. Performance measurement**

Kearney Consultants (1985) noted that firms engaging in comprehensive performance measurement realized improvements in overall productivity, Expects found a strong relationship from the largest arcs of supplier and customer integration to market share and profitability. Taking advantage of supply capabilities and emphasizing a long-term Supply Chain perspective in customer relationships can both be collected with firm performance . According to experts, internal measures are generally collected and analyze by the firm including.

1. Cost
2. Customer Service
3. Productivity Measures

### **2.5.1 Evolution of Procurement and Logistics Pertaining to Supply Chain Management**

According to Burt, et al (2003:26-27), by the late 80's material cost made up approximately 60 percent of costs of goods sold in the United States. The Impact of materials and purchasing management on Company assets became very significant and very visible. The U.S. Manufacturing industry (and many service firms) emulated most of Japanese Quality improvement initiatives in the likes of Kanban, Quality Circles, Just in time, and Kaizen (Continuous improvement). These changes, coupled with electronic purchasing systems and growing recognition by Senior Management of the critical role that must be played by purchasing and Supply Chain Management, Provided the Stimulus for more change.

Purchasing and Supply Chain Managers began to recognize the need for two types of resources in their organizations, namely a team of people who manage the operational and tactical activities of purchasing and materials management (Material Coordinators) and, Supply Chain Managers who are involved in the development of broader strategic aspect of the functions. Material co-ordinators are responsible for placing orders against purchase agreements (Purchase agreements identify approved sources of supply, Prices and Delivery criteria for carefully defined materials and services. Supply managers participate in new product development and are involved in selecting sources, managing costs, developing and nurturing supplier partnership and strategic alliances. Furthermore, responsible for issuing and in an aging long term agreements with carefully selected suppliers.

The 1990's became the era during which strategic logistics management developed into a critically important business activity. The focus of Logistics changed from internal efficiency" to external relations" between parties in the Supply Chain (Skoet -harsen, (2000:377). It was also the era in which business experienced the most dramatic changes. Some of the changes, which impacted most definitely on the further development of the concept Supply Chain Management, are summarized by Chandra et al (2000:100) as follows:

- Increasing national and international competition.
- Growing number of strategic alliances between organizations.
- Reduction in the number of suppliers.
- Outsourcing of non-core activities.
- Sharing information between vendors and customers.
- Shift from mass production to customized products.

The Impact of these changes on Supply Chain development was profound. It became an accepted doctrine that all players within the Supply Chain -upstream including Suppliers' suppliers and downstream extending to customers'. Customers -have a role to play in understanding customer requirements and satisfying market demand. Optimising customer value is the focus point of the entire Supply Chain. It was also accepted that no single firm has the technology or resources to meet market demand on its own, Culminating in the integration of management, processes and infrastructure across organizational borders. In addition, due to the availability of information, technology, the need for sharing information across the entire supply chain was recognized as the main enabling factor in establishing an integrated supply chain Hugo, et al (2004:4).

In September 2003, cabinet adopted a supply chain management policy to replace the outdated procurement and provisioning practices across government with a Supply Chain Management function that will form an integral part of financial management that will inform to international best practices. The new arrangements will promote uniformity in Supply Chain Management processes and also in the interpretation to governments' preferential procurement legislation and policies, which should themselves be seen in the context of other related Legislative and policy requirements. Above all, these arrangements will mean that responsibility and accountability for Supply Chain Management related functions would be developed to accounting officers /authorities . The evolution of procurement and logistics to Supply Chain Management followed more or less the same sequence of events in the sense that both Private and Public Sector had to transform in order needs. The solution to the challenge of continuous improvement resulted in the implementation of supply chain management.

## 2.6 Prerequisites for the Implementation of supply chain management policy

According to Burt, et al (2003:37-38) there is not chance of implementing the Chain concepts unless the following is in place or at least detailed plans set out to accomplish. The following :-

### 2.6.1 Private Sector Approach

- Top management understanding : while this may be an old cliché for all new programmes, chain management starts at the bottom layers will never force it.
- Effective and efficient communication, Real-time electronic communications with shared information at all levels is an absolute must. Firms must do much better job of forecasting, which requires a mix of mathematical modeling industry experience-judgement.
- Relationship instead of exchanges , most people understand that partnerships , whether in marriage or business, require trust and long-term commitment. Purchasing personnel have a long history of being risk oversee because they are seldom rewarded for creative efforts and severely punished for mistakes Burt, et al (2003:37-38).

According to Brewer et all (2001:121-123), implementing Supply Chain Management requires making the transition from a functional organization to a focus on process, first inside the firm and then across firms in the supply chain he further argues that the requirements for successful implementation of Supply Chain Management policy include :-

- Executive support, leadership and commitment to change.
  - Understanding of the degree of change that is necessary.
  - Agreement on the Supply Chain Management vision and the key process.
  - The necessary commitment of resources and empowerment to achieve the stated goals.
- Brewer et al (2001:121-123).

## **Public Sector Approach**

According to the National Treasury's Policy strategy to guide uniformity in procurement reform procurement reform processes in Government (2003: 6-7) it further stipulates that the very substantial divide between the outdated procurement and provisioning practices in Government and the new integrated Supply Chain is an agreement function, which necessitates a phase implementation approach.

The National Treasury, (2003:6-7) facilitated the development of training material in conjunction with the South African management institute, Institute for Public Finance and Auditing, and other service providers to assist accounting of their personnel. The National Treasury is policy strategy document and its supporting regulatory frameworks will initially apply to all National and Provincial departments, constitutional visitations, public entities as defined in schedule 3A and 3C of the Public Finance Management Act, Municipalities and Municipal entities defined in the municipal Finance. Act 2003 (Act No. 56 of 2003) and all school governing bodies. The policy strategy will be adapted to also include appropriate directives that will be applicable to Public entities as defined in schedule 2 of PFMA, after the amendment of the preferential procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its associated regulations. The latter Act and its regulations will be aligned with the provisions of the Broad Based Black Economic Empowerment Bill and its Supporting Strategy document.

### **2.7 Objectives for the Implementation of the supply chain management policy**

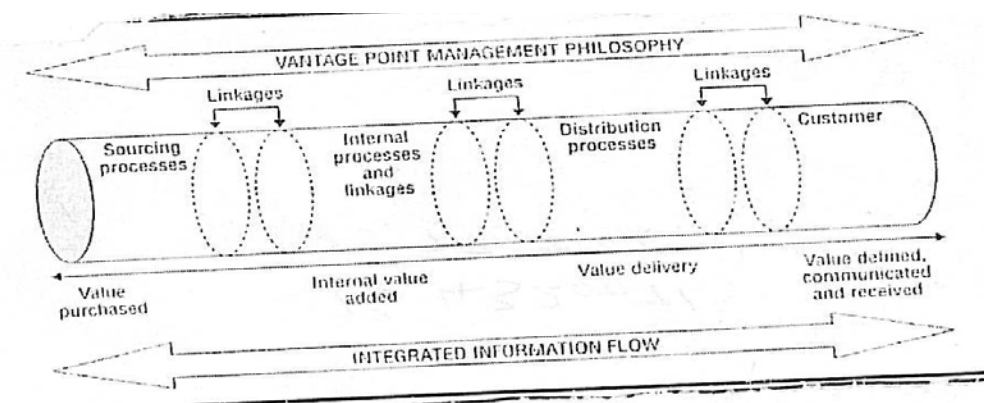
According to the National Treasury's Supply Chain Management guide for accounting officers/authorities (2004:9) there are four major objectives of the Supply Chain Management include the following:-

Transform Government Procurement and Provision practices into an integrated Supply Chain Management function.

- Introduce a systematic approach for the appointment of Consultants.
  - Create a common understanding and interpretation of the preferential Procurement Policy.
  - Promote the consistent application of best practices thought Government's Supply Chain.
- National Treasury (2004:9).

## Supply Chain Management Models

According to Hugo et al (2004:7-8), the graphical depiction of Supply Chain Management is depicted below, and represents the integration of activities involved in the flow of material and services and furthermore shows that the Supply Chain as a whole is focused on Customer value creation.



Durmond (1996:2) explains that there is a Sequence of processes that must be performed. Some of the processes in the model above reflect the following :-

- Customer driven Supply Chain. The essential process is that the Customer define the product and this information is then fed through the information system back through the Supply Chain. (Mason –Jones and Towill 1997:2) state that no matter how far ups treain the suppliers are, all participants in the Supply Chain should work to meet the Customer's demand.
- Demand Driven sales planning. Linked to Customer –driven demand, volume and mix of demand is the trigger mechanism for all other processes. It is important to note that the

characteristics of the demand will to a very large extent determine the type of Supply Chain that must be created.

- Information processing . New Communication technology is one of the forces driving the Supply Chain. Integrated information flow is one of the key processes since it spans the entire integrated Supply Chain. In this regard, it is of importance to note that the accuracy and speed of information flow in the Supply Chain is a major element in preventing amplification, in the order information as it passes upstream in the supply chain (the so called bullwhip effect') Dumond (1996:2).

According to Burt, et al (2003:7,9), the Supply Chain extends from the ultimate Customer back to Mother Earth'' The chain is viewed as a whole, a single entity rather than fragmented groups, each performing its own function. He presented the below model of Supply Chain.

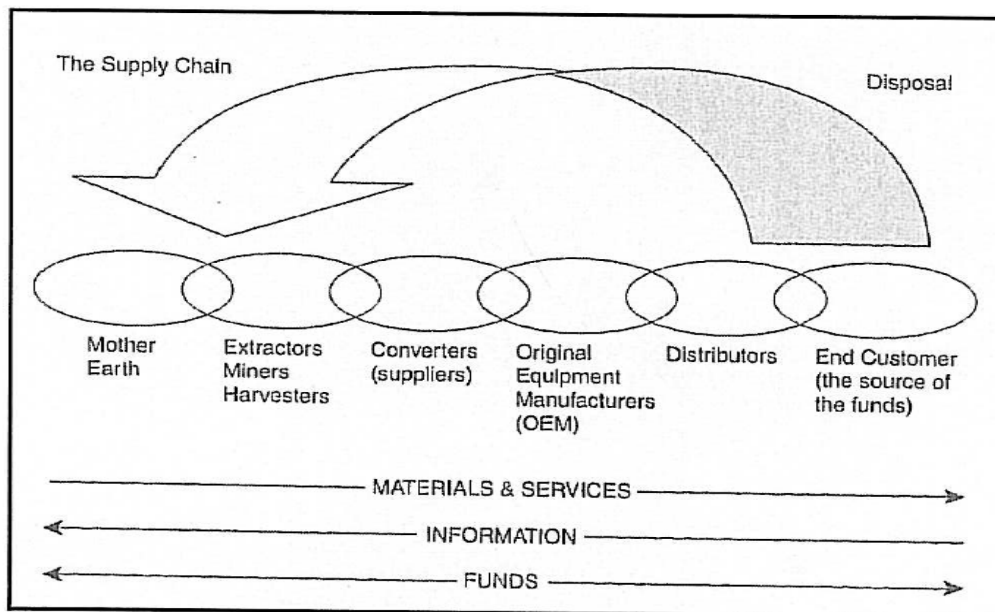


Figure 3.2: The Supply Chain. (Source: Burt, Dobler & Starling , 2003:7).

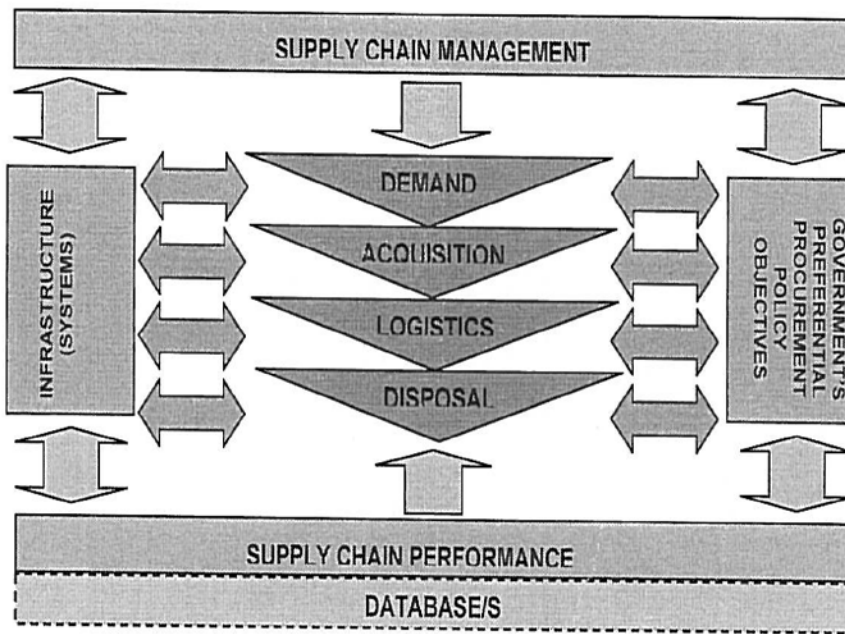


Figure 3.3: Government's Supply Chain Management Model. (Source: National Treasury, 2004:

10).

The Supply Chain Management model that illustrates Government's Supply Chain Management System as for National Treasury's Supply Chain management guide for accounting officers/authorities (National Treasury, 2004: 10-11, is elaborated below.

According to the National Treasury (2004:10) Treasury Regulation 16 A32 (a) regulates that a Supply Chain Management system must provide for at least demand management, acquisition management, logistics management and disposal management.

- Demand Management: According to the National Treasury (2004:25) demand management has been identified as one of the essential disciplines developing best practice within Supply Chain Management, as it a stage where research and planning takes place, and it is the first phase of supply chain management, and its objective is to ensure that the resources required to fulfill the needs are identified in the strategic plan of the institution, and are delivered at the correct time, price and place, and that the quantity and quality will satisfy those needs.
- Acquisition management : The National Treasury, (2004:11) describes the concepts acquisition management as "Traditionally, almost all the focus of procurement activity has been given to this stage (to the almost total exclusion of the other aspects of supply chain managements , rather than purely procedural consideration are. To decide on the manner in which the market will be approached.

- To evaluate bids in accordance with Published Criteria.
- To ensure that proper contract documents are signed.”

According to the supply chain management practices note Number 2 of 2005 (2005:1-2) dictate that the acquisition management within government institutions should be conducted within the ambit of three processes, depending on the financial threshold of the goods /services to be procured as up to a value of R2000 (vat included).

Accounting officers may procure requirements without inviting competitive bids or price quotations by means of Petty Cash . Accounting officers must establish their own internal procedures to ensure sound financial management of funds when goods and services are obtained by means of Petty Cash.

- Above the value R2000 but not exceeding R10000 (vat included).  
Accounting officers may procure requirements by obtaining at least three (3) verbal or written quotations from where applicable, a list of prospective suppliers.
- Above the value of R10 000, but not exceeding R200 000 (Vat included) Accounting officers should invite and accept written price quotations for requirements up to an estimated value of R200 000 from as many suppliers as possible, that re registered on the list of prospective suppliers at Supply Chain Management Practise Note 1 Number 20 of (2005: 1-2).

### **2.7.1 Logistics Management**

National Treasury, (2004:86-88), Logistics Management’ pertains to coding items , setting of inventory levels, placing of orders, receiving and distribution, stores /warehouse management, expediting orders, transport management and vendor performance. Disposal management, National Treasury , (2004:89) regard disposal as the final process when an institution needs to do away with unserviceable, redundant or obsolete moveable assets, It is recommendable that the accounting officer appoint a specific committee to deal with disposal.

## **2.7.2 Supply Chain Performance**

National Treasury, (2004:91) States that a monitoring process takes place, undertaking a retrospective analysis to determine whether the proper process is being followed and whether the desired objectives are achieved. Issues to be reviewed are achievements of goods, compliance to norms and standards, savings generated, stores efficiency, cost variance per item, contract breach, cost efficiency of procurement process, whether supply chain objectives are consistent with Government's broader policy focus. National Treasury (2004:91). It further recommends that at completion stage of each project, an assessment of the supplier /service provider including consultants be undertaken and that this assessment should be available for future reference. Accounting officers should take cognizance of the fact that when suppliers do not perform according to their contractual obligations and the accounting officer does not address in this regard during the execution of the contract, such non-performance cannot be deemed as sound reason for passing over the bid of such supplier when adjudicating future bids.

## **2.8 Future of Supply Chain Management**

According to Saunder (1997:17), in the Public Sector the search to become "learner" is taught to be just as appropriate and meaningful as it would be for manufacturing organizations. "Lean" Supply performance, to complement and support "lean" operations, is a desirable goal. Hugo, et al (2004:367) describe supply chain management as the most practically and intellectually significant theme within current managerial and economic research. However, supply chain practitioners become so immersed in the tactical demands placed upon them that they fail to understand and manage the strategic side of supply chain management. He further says that it is imperative for supply chain practitioners and their organisations to focus on and understand developments in Supply Chain in order to ensure that they add value in the larger economic context and remain relevant in the environment. According to Burt et al progression to world class supply chain management is graphically depicted below cannot be deemed as sound reason for passing over the bid of such supplier when adjudicating future bids.

### **2.9.1 Risk Management**

National Treasury, (2003:4), describes the concept risk management, it is imperative that accounting officers should take cognizance of potential risks during supply chain management process, therefore due consideration should be ideally be given to identification of procurement risk on a case by case basis, allocation of risks to the party best equipped to manage such, state bearing the cost of risks where the cost of transferring them is greater than that of retaining them, the exercise of risk management in a proactive manner and providing adequately for the lower of residual risks, therefore risk management should therefore form part of the business plan for the acquisition of all goods and services.

### **2.9.2 Conceptual Framework**

Anderson, (1979):3 describes Policy as a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern, Maureen et al States that Policy refers to deliberate action by Public institutions seeking to promote development. Bayat et al.

Batat et al (1997): 48 Argues that Policy is about politics and he goes further and says Policy making takes place within a political environment.

Cloete et al (2000:3) define Policy as a statement of intent ! He goes further and say specifies the basic principles of be pursued in attaining specific goals, Policy interprets the values of society and is usually embodied in the management of pertinent projects and programmes.

Management is to utilize all resources effectively and efficiently to achieve a stated goal. Van der Waldt et al (1997:182) states that management is merely a fact or an extension arm of a public administration, he further argues that management is a continuing activity, the ongoing continuation of activities made possible by public administration.

Consultation as stated in chapter 2 of the constitution Act 10 of 1996 is the foundations of democracy are based on the ability of political elected office-bearers to deliberate and consult with the electorate on the issues that affect their daily lives.

Accountability as stated in the constitution Chapter 2 of 1996 stipulates that communities are able to call upon their elected representatives to answer and account for the manner in which they perform their duties.

Botes et al (1992:250) argues that control implies that political representatives political office bearers and public officials may be summoned to answer publicly for their actions. Van der Waldt further states that control is the process that ensures that actual activities correspond to planned activities.

Chapter 2 of the 1996 Constitution states that limited resources dictate that government needs to identify, as accurate as possible, the needs of people and deliver service in an efficient and effective manner in relation to the numerous needs that exist, the Act further alludes to the fact that continuous review of the manner in which government renders its services is necessary to efficiency and effectiveness.

## **2.10 Overview of the Legislative Framework**

A number of Acts has been passed by the South African government in order to give effect to the successful implementation of the Supply Chain Management within the public sector in general, and the local sphere of government, in particular.

Section 217 of the Constitution (1996) stipulates the following pertaining to procurement that is regarded a core component of supply chain management.

217. (1) When an organ of state in the National , Provincial or Local sphere of Government, or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system which is fair , equitable, transparent, competitive and cost effective.

2. Subsection (1) does not prevent organs of state referred to in that subsection from implementing a procurement policy providing for :-

Categories of preference in the allocation of contracts ; and

The protection or advancement of person or categories of persons, disadvantaged by unfair discrimination

The aim of the PFMA is to address the deviances of the previous “rule driven’ financial management, systems that was utilized by the previous government by modernizing the systems of financial management in the Public Sector to enable Public Sector managers to manage and be more accountable. Section 76 (4) c) of the PFMA (SA: 1999:78) stipulates the following regarding National Treasury’s role pertaining to the development of regulations, issuing of instructions and guidance and the establishment of a framework for an appropriate procurement and provisioning system.

76 (4) (c) The National Treasury may make regulation or issue instructions applicable to all institutions to which this Act applies concerning the determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

Section 38 (1) (iii) of PFMA (SA 1999:48) state that the responsibilities of accounting officers stipulates that 38 (1) (iii) The accounting officer for department, trading entity or constitutional institution must ensure that the department, trading entity or constitutional institution has to maintains an appropriate procurement and provisioning system which is fair, equitable , transparent, competitive and cost-effective. Based on the above mentioned actions , it is evident that the National Treasury has the legislative mandate and responsibility to introduce uniform norms and standards pertaining to supply chain management in all spheres of government with the view of assisting accounting officers with view of assisting accounting officers with their responsibilities in maintaining an appropriate procurement and provisioning system within their respective institution.

Municipal Finance Management Act (2003:86) states that each municipality and each municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this post.

MFMA (2003:88) further states that if a tender other than one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must in writing , notify the Auditor –general , the relevant provincial treasury and the National Treasury and, in case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendations.

MFMA (2003:00) further alludes to the fact that in subsec 117x10 councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotation contracts or the bids, not attend any such meeting as an observer, daily dispatch (2012:5) argues that the municipal manager speaking at a council meeting, he said that the leaking information to potential service providers and threats against some bid committee members resigning causing delays in the tender approval processes, which clearly shows that its either supply chain management officials are not properly trained as stipulated in

the Act or there is a political interference by councilors which shows lack of adherence to the Act itself.

## **Conclusion**

From the Literature review which was conducted on the Supply Chain Management System it became clear that if the Supply Management Policy and Act are properly implemented issues of service delivery protests and audit reports that are adverse and disclaimers could not be found.

Supply Chain Management System needs continues monitoring and reviewed so as to identify and remedy any factors that hinder its successful implementation. This is critically important in ensuring that municipalities, in particular Buffalo Metro King William's Town Municipality produce maximum service delivery and minimum mismanagement of Supply Chain Management System through Fair, equitable, transparent competitive and cost-effective.

In this chapter a literature review was conducted on the Supply Chain Management policy in King William's Town and it affects on service delivery. Specific focus was leveled at the evolution of procurement and Logistics pertaining to Supply Chain Management, Supply Chain Management, Supply Chain Management definitions, prerequisites for the implementation of Supply Chain Management (Private Sector approach versus Public Sector approach and the objectives for the implementation of the Supply Chain Management Policy.

The pillars of Procurement and Supply Chain Management was elaborated upon including supply chain management models that is Government's supply chain management model, Supply Chain Management model, Supply Chain Management model, Supply Chain Management elements (Demand Management, acquisition management, logistics management, disposal management. Supply chain performance and risk management, the next chapter Research Design and Methodology will be addressed.

## CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

### 3.1. Introduction

This chapter serves to provide an outline of the research design and methodology to be used in collecting the data, and most importantly, the ethical consideration to be employed when conducting interviews.

Howard et al (1993:15) define research as "... seeking through methodical processes to add one's own body of knowledge to that of others, by the discovery of non-trivial facts and insights." The author further define the purpose of research as, "... reviewing existing knowledge in order to describe a situation or problem and to Construct something novel to explain.." Peters et al (1990:8) conclude that research should be:

- Aimed at a problem to which there is not single answer.
  - Externally judged, by Client, Supervisor, and /or examiner as appropriate
  - Rigorous in its analysis and have a consistent internal logic.
  - Aimed at tangible output.
  - Communicated.
  - Developmental, i.e. should bring skills and knowledge to the researcher, which are of relevance to the work and which were not present before. He'll rieged, et al (1998:619) in terms of social sciences to research as, "...". A planned, structured strategy of investigation intended to obtain answers to one or more questions. He further says the purpose of research is to provide answers to questions and provide control for non- relevant effects that could influence the results of the study." Hussey et al (1997:53) states that, there is no consensus in literature on how research should be defined, although research is central to both business and academic activities, he goes further and say research means different things to different people, but there seems to be some agreement that :
- 
- Research is a process of inquiry and investigation.
  - It is systematic and methodical.

- Research increases knowledge for the purpose of clarity, the aim of this research study is to investigate the Supply Chain Management Policy and its affects to service delivery – A Case of the King William’s Town District Municipality. This will be achieved by identifying deficiencies in existing Supply Chain Management System, policies and procedures and making associated recommendations using semi-structured open ended interviews and self-administered Questionnaires.

Howard et al (1990:9) identify five broad areas of research , namely pure basic, basic objectives, evaluation applied, and action research. The Author defines action research as a research that involves recommendations and /or actual implementation of organizational change. Furthermore, it requires a commitment on behalf of the sponsoring organization to allow or accomplish change. Peter et al (1990:9) Argues that Action research often contributes to the body of knowledge by gaining access to information normally not available from the basic research Hussey et al (1997:65) alludes to the fact that action research is a type of applied research designed to find an effective way of bringing about a conscious change in a partly controlled environment. Hell riegel et al (1998:592), on the other hand, define action research as a primary change process used in most organizational development programmes. Hell riegel, et al (1998:529) It presents a powerful approach to organizational change and consist of the following steps :-

- Gathering information about problems, concerns and needed changes from the members of an organization.
- Organising the information obtained in some meaningful way and sharing it with those involved in the change effort.
- Planning and taking specific steps to correct identified problems, Hell Riegel et al (1998:5-29). The study itself does confirm research because the information gathered will be used to assist improve the supply chain management policy of the King William’s Town District Municipality and improve the delivery of services to the inhabitants of the area.

### 3.2. Research Approaches

Research approaches can be determined on the basis of various perspectives including the nature of investigation, information sought, and purposes of research, period of reference and application of the research study. The purpose, nature and information sought of these research can equally flow under a mixed approach which considers both Qualitative and Quantitative as possible in this research project. Brynard et al (1997:29) put forward the following as the advantages of the qualitative research method.

- It allows the researcher to know people personally and to see them as they are and experience their daily struggles when confronted with real life situations.. Leedy (1993:139) states that all research methodology rests upon a bedrock axiom ,the nature of the data and the problem for research dictate the research methodology. Leedy (1993: 3-4) subsequently identifies qualitative research method as dealing with data that are principally verbal, and Quantitative research methodologies as dealing with data that are principally numerical. Mouton et al (1990:155-156) states that although the terms “qualitative” and “quantitative” are fairly commonly used, there is a good deal of confusion about the exact meaning, He goes further and say that the Quantitative approach is that approach to research in the social sciences that is more highly formalized as well as more explicitly controlled , with a range that is more exactly defined and which , in terms of the methods use, is relatively close to the physical sciences, Mouton et al (1990:155:156) further alludes to the fact that in contradistinction, Qualitative approaches are those approaches in which the procedures are not as strictly formalized, while the scope is more likely to be undefined and more philosophical mode of operation is adopted. Creswell (1994:147) goes further to point out that qualitative research is interpretative research. He further says biases, values and judgments of the researcher become explicitly stated in the research report. Reid, et al (1981:87-89) pointed out that in the Quantitative approach the researcher’s role is that of an objective observer and studies are focused on specific questions or hypotheses that ideally remain constant thought investigation, De Vos, (2001:358) states that when working from a Qualitative perspective the researcher attempts to gain a first hand, holistic understanding of phenomena, and data

collection gets shaped as the investigation proceeds, methods such as participant observation and unstructured interval wing are used.

He further argues that Qualitative methodology rests on the assumption that valid understanding can be gained through accumulated knowledge acquired first-hand by a single researcher. Finally, the assumptions and methods of Qualitative research lead to the products that differ markedly from the products of quantitative research Mouton et al (1990:72-91) use the term “triangulation” which referred mainly to the use of multiple methods of data collection with a view to increasing the reliability of observation and not specifically to the combination of Quantitative and Qualitative approaches therefore combination of the two approaches in this study has been employed in order to achieve the reliability of results as stated by Mouton.

Brynard, et al (1997:28) maintain that research methodology necessitates a reflection on the planning, structuring and execution of the research in order to comply with the demands of truth, objectivity and validity.

Leedy (1993:part 3 and 4) subsequently identifies qualitative research methodologies as dealing with data that are principally verbal. Welman et al (2001; 191) assert that qualitative research is not concerned with one methods and techniques to obtain appropriate data for investigating the research hypothesis, as in the case of quantitative research. They therefore describe qualitative research as being :

- Based on meanings expressed through words and other symbols or metaphors.
- Usually successful in the description of groups (small) communities and organizations by studying cases that do not fit into particular theories.

Leedy (1993: Parts 3 & 4) identifies quantitative research methodologies as dealing with data that are principally numerical.

Welman, et al (2001:8) state that “quantitative research methods have built arsenals for checks and balances which may aid researchers in averting unjustified conclusions”

The data collection techniques to be employed in this study, which include scheduled interviews which dictate the use of the Qualitative research method, whereas the Questionnaires in terms the usage Quantitative research method. . The new dictionary of social work (1995:51) defines a questionnaire as “ a set of questions on a form which is completed by the respondent in respect of a research project. The questions can open as closed with an option to respond either “Yes or No” . Therefore both Qualitative and Quantitative research methods will be used in this study. Brynard et al. (1997:29) put forward the following as the advantages of the qualitative research method.

- It allows the researcher to know people personally and to see them as they are, and experience their daily struggled when confronted with real life situations although Creswell (1994:7-8) pleads for researchers to choose one of the two possibilities, some authors point out that in reality researchers tends to have both approaches Mouton et al (1990:169-170) argues that for instance, state that phenomena which are investigated in Social Sciences are so enmeshed that a single approach can mostly certainly not succeed in encompassing human-beings in their full complexity, Mouton et al (1990-169-170) further alludes to the fact that it would be therefore be quite futile to refine as through one approach should be canonized and another excommunicated.

### 3.2.1 Research Methodology

### 3.2.2 Target Group and sampling

### 3.2.3 Target Group

Welman, et al (2001:189) assert than when selecting a target group, preference is given to key informants who, on account of their positions or experience, have more information than regular group members and /or are better able to articulate the information. To a large extent, the decision to select this particular target group is best described by Ernstzen (2006:9) who argues that “heads of department constitute the highest echelon of administrative drives of the highly demanding and dynamic programme of transformation that the Public Service is undergoing”.

Therefore, as the officials who are entrusted with the responsibility of implementing the municipality's service delivery programmes, the researcher believes that the following target group will best meet the purposes of the study.

- Municipal /Manager /General Manager
- Director Supply Chain Management
- Sec 57 Managers
- ANC Councillor
- UDM Councillor
- PAC Councillor
- COPE Councillor
- DA Councilor

According to Schumacher, et al (1993:378) a researcher has to identify information with participants because they are likely to be knowledgeable and informative about the phenomena that the researcher is investigating. As a body entrusted with a political oversight, it was therefore imperative that the members of the municipal Council should form an integral part of the target group. As such, the researcher will interview or as the case may allow sent written Questionnaires to Five political part Councillors from the Buffalo City Metro King William's Town district. This was also done to ascertain whether the political tensions that may exist at the municipal council, have a negative effect on the implementation of the Supply Chain Management policies within the municipality. The selected target group will therefore enable the researcher to "understand both the social and psychological phenomena from the perspectives of the people involved." The Researcher echoes the arguments asserted by the phenomenologist which interalia, that what the researcher observes is not the reality, but an interpreted reality.

### **3.3. Scope of the Study**

#### **3.3.1. The Survey area and the study**

The study for this dissertation was conducted in South Africa (King William's Town of the Eastern Cape Buffalo City Metro). King William's Town is situated 3 kilometers Bisho. The town was established by Sir Benjamin Durban, governor of the Cape Colony, after the war of

Hintsa (1834-1835). King William's Town was established as the capital of the Province Queen Adelaide, Stretching between the Kei and Keiskamma Rivers Durban 's scheme did not succeed however, and the territory was handed back to the Xhosa in 1836. During the course of the War of the Axe (1846-1847) the town was re-established by the new governor, Sir Harry Smith. From this date King William's Town slowly grew and prospered as the administrative, military, economic and educational centre of British Kaffarian. The Province was incorporated into the Cape Province in 1866.

Reasons related to the chosen area of the study were that the researcher is a citizen of South Africa. This was an advantage because to empirical data collection since it requires fewer resources (time and money) secondly supply chain management is a great challenge in South Africa as shown by a number of scholars. Supply Chain Management in general in South is one of the critical areas in terms of service delivery, it is mostly affected by mismanagement and corrupt activities. For the purpose of triangulation the researcher surveyed the council representatives (councilors) and communities where citizens residents. For the purpose of focusing the research and easy accessibility, the main units of study were the Municipal Manager's office, General Manager, Director of the Supply Chain Management and the council members of the different political parts that constitute the municipality.

### **3.4. Population and Sampling Methods Design**

Babbie, (1998:109) states that a population for a study is that group of people about whom we want to draw conclusions. Powers et al (1985:235) define population as a set of entities for which all the measurements of interest to the practitioner or researcher are represented, he goes further and say the entities may be people, such as all the clients comprising a particular worker's caseload or things such as all the research book housed in a specific library. Seaberg, (1988:240) also argues that a population as the total set from which the individuals or units of the study are chosen, He further states that a population is the totality of persons, events, organization units, case records or other sampling units with which our research problem is concerned . Arkava et al (1983:27) alludes to the fact that population is a term that

sets boundaries on the study units, it refers to the individuals in the universe who possess specific characteristics.

He further says that the element of the population considered for actual inclusion in the study, or it can be viewed as a subset of measurements drawn from a population in which we are interested, He further says a Sample is an effort to understand the population from which it was drawn. Powers et al, (1985:235) Considered a Sample as a small portion of the total set of objects, events or persons which together comprise the subject of our study. Reid et al (1981:170) further states that the major reasons for sampling is feasibility, often it is impossible to identify all members of a population of interest e.g. drug abusers, parents of preschool age children or child abusers. Arkava et al (1983:157) add that the observation or study of a phenomenon in its entirety would be tedious and time-consuming and would produce a massive amount of data, which by implication would be difficult to process, analyse and interpret. Schaller, (1992:66) argues that the size of the sample will also be influenced by the relative homogeneity or heterogeneity of the population and the desired degree of reliability for the purposes of investigation.

Royce, et al (1998:134) Argues that target population is the population to which the researcher would like to generalise his or her results.

Babbie, (2004:110) writes a target population is that group, usually people, from which the researcher is required to draw conclusions. In this study the target population consisted of the Municipal Manager, Director of Supply Chain Manager, Director of Supply Chain Management System, General Manager, Councillors From five Political Parties in the council. It was not possible to conduct a research to all relevant officials in the municipality who are directly involved in the Supply Chain of the King William's Town Municipality, Thus a reasonable Sample from the population of King William's Town municipality was selected for this study.

### 3.4.1 Sampling Design

Therese, (1998:144) states that a sample is a selected set of elements, population . Royce, et al (1998:137) Argues that sampling design refers to that part of the research plan that indicates how cases are to be selected for observation. Royce, et al (1998:136) goes further and say that ideally in Sampling we would like to obtain a sample that will be representative of the target population.

Although it would be ideal to study the entire population so as to give more weight to the findings , one is unable to study the entire population , therefore has to settle for a sample (Bailey 1987;81-82). Therese. (1998:144) states that a sample is a selected set of elements drawn from a longer whole of all the elements of the population. Royce , et al (1998:137) Argues that sampling design refers to that part of the research plan that indicates how cases are to be selected for observation. Royce, et al (1998:136) goes further and say that ideally in sampling we would like to obtain a sample that will be representative of the target population.

Welman, et al. (2001:66) assert that “if it is not possible to involve all the members of the population, the researcher has to rely on a sample of the population , which is a relatively small group and individual units from the population.

The researcher acknowledges that interviewing and sending questionnaires of the Buffalo City Metro Municipality King William’s Town district would have been an enormous task that could have entailed employing a significant interviews and questionnaires. Further such a task would have translated into more time being spent on Questionnaire and interviews with care , sampling can be accurate”. For instance, before drawing a sample of the population for analysis, Welman, et al. (2001:47) argue that researchers should obtained clarity around the population or units of analysis, to which their research hypotheses apply.

In order to give effect to Bailey’s assertion, this study employed a Purposive sampling method. According to Welman, et al (2001:63) purposive sampling is the most important kind

of non-probability sampling, as it enables the researchers to rely on their experience, ingenuity and previous experience. In exchange the advantages of purposive sampling, Bailey (1987:94) alludes that, by embarking on this type of sampling, the researcher can use his or her own judgement about which respondents to choose, and therefore can pick only those who best meet the purposes of the study. He further asserts that purposive sampling also enables the researcher to use his/her research skills and prior knowledge to choose respondents. Welman, et al. (2001:62) cites the following as one of the advantages of non-probability samples, that they are less complicated and more economical (in terms of time and financial expenses).

### **3.5. Data Collection Methods and procedures**

#### **3.5.1 Structured Open –ended Interviews**

Steward et al (1990:10) states that Interview signifies the presence of a trained moderator who could skillfully facilitate the discussion that takes place between all the members in the group to elicit information on the desired topic. Holistein, et al (1995:1) allude to the fact that interviewing could thus be regarded as the Universal mode of systematic enquiry. Berg, (1995: (29) defines unstructured interviewing as a social interaction relevant information. De Vos, (2001:298) state that “unstructured interviewing” is only one of several terms used to refer to the style of interviewing employed by Qualitative researchers. De vos (2001:298) go further and says that the main advantage of the open ended interview is that the data are obtained relatively systemically, which facilitates the comparison of the data, Furthermore the interviews do not have to be particularly skilled in the art of interviewing.

Welman et al (2001:161) assert, interalia, that semi-structured interviews may be considered when the topics are very sensitive, or when the respondents come from divergent background. Welman et al. (2001:161) further argue that semi-structured interviews offer a versatile way of collecting data. They also :

- Allow the interviewer to use probes with a view to cleaning up vague responses, or to request elaboration of incomplete answers.
- Enable the interviewer to adapt the formulation, including the terminology to fit the background and educational level of the respondents. Bailey (1987:120) lists the following as the advantages of open-ended questions.
- They can be used when all of the possible answer categories are not known or when the researcher wishes to see what the respondent views as appropriate answer categories.
- They allow the respondent to answer adequately, in all the detail he or she likes, and to clarify and qualify his or her answer.
- They are preferable to complex issues that cannot be condensed into a few small categories and
- They allow more opportunity for creativity or self-expression by the respondent.

### 3.5.2 Self Administered Questionnaires

The new dictionary of social work, (1995:51) defines a Questionnaire as a set of questions on a form which is completed by respondent in respect of a research project. De Vos (2001:153) says that the basic objective of such a questionnaire is to obtain facts and opinions about a phenomenon from people who are informed on the particular usage.

Babbie et al (2007:258) states that self administered Questionnaires is the method in which respondents are asked to complete the questionnaires themselves. further self-administered questionnaires are only appropriate when the population under study is adequately literate. Babbie et al. (2007:258) further alludes to the fact that in self-administered questionnaires a research worker delivers the questionnaires to the home of sample respondents, explains the study, and ascertains whether the respondents will be capable of completing the questionnaires by themselves. Therefore in this study some members of the target group like municipal manager and General Manager and the Director of Supply Chain Management System. Since the bulk of the Questions were asked to the municipal manager the estimated duration for this was 20 to 30 minutes, the municipal manager, as the accounting officer should be in a position to provide an overall view of the policy of Supply Chain Management in the municipality.

The Questionnaires sent to the Councillors representing the Five Political parties constituting the Buffalo City Metro Municipality King William's Town District were different from the questions asked to the municipal manager and the rest of the section 57 managers.

### **3.5.3. Case Study**

Welman et al. (2001:182) assert that the term "case study" pertain to the fact that a limited number of units of Analysis, such as group or an institution, is studied intensively. The study will therefore focus on the Municipal Manager, General Manager 2 Directors of Supply Chain and Five Councillors representing Five Political Parties in the Buffalo City Metro King William's Town district. A case study research is deal in trying to understand the uniqueness and idiosyncrasy of a particular case in all its complexity (Welman et al, 2001:182).

Van der Waldt, et al. (2002:239) assert that Case Studies are particularly useful in depicting a holistic portrayal of the target population's experiences and results, regarding an issue. Furthermore the case study can also enable a researcher to assess whether or not the findings of the previous research could be generated and interpreting only the data which was critical to the research problem.

### **3.6. Data Analysis**

Miles et al (1994:10) regard data analysis as actually consisting of three steps, namely data reduction, data display and verification. Kerbinger, (1986:125:126) argues that analysis means categorizing, ordering, manipulating and summarizing, and data to an intelligible and interpretable form and interpretable form so that the relations of research problems can be studied, tested and conclusions drawn Reid et al(1981:244) allude to the fact that depending on how data were collected, much or all may already be in numerical form.

This study employed the data filtering technique when analysing the gathered data. This technique entails the filtering out of irrelevant data. Brynard, et al. (1997:8) argue that the

researcher must see to it the collected facts are relevant to the research problem. To a greater extent thus provided the researcher with the opportunity of integrating.

### **3.7. Ethical Consideration**

In highlighting the importance of ethical considerations, Bailey (1987:406) argues that researchers want, and have every reason to be ethical. The Researcher in this study acknowledge the sensitivity pertaining to the issue of ethics in social research and therefore vowed to conform to the accepted professional practices by ensuring the following.

- The researcher had, by means of a written letter, brought permission from the Executive mayor of the Buffalo City metro Municipality King William's Town District Municipal Manager, and the Councillor of the Buffalo City Metro Municipality.
- Participants were informed of the true purpose of the study.
- Participants were also assured that the data collected would only be used for the stated purposes.
- Data was collected anonymously.
- Confidentiality was maintained according to Welman (1005:181) at three stages that is when participants are recruited, during intervention and in the results.

### **3.8 Conclusion**

This chapter shows various methods to collect data were applied. Researcher collected data by himself Questionnaires and Interviews were used to collect data from municipal employees and Councillors. Non-Probability Sampling which is the purposive sampling method. A sample of municipal management employees, councillors in the King William's Town Municipality district. The researcher is of the view that the methodology used to collected data provides a true reflection of the information required. The next chapter addresses the findings of the study.

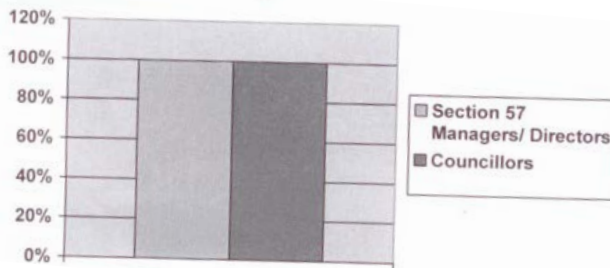
## CHAPTER FOUR : DATA PRESENTATION AND ANALYSIS

### 4.1 Introduction

Analyses of the data collected

**FIGURE 1.**

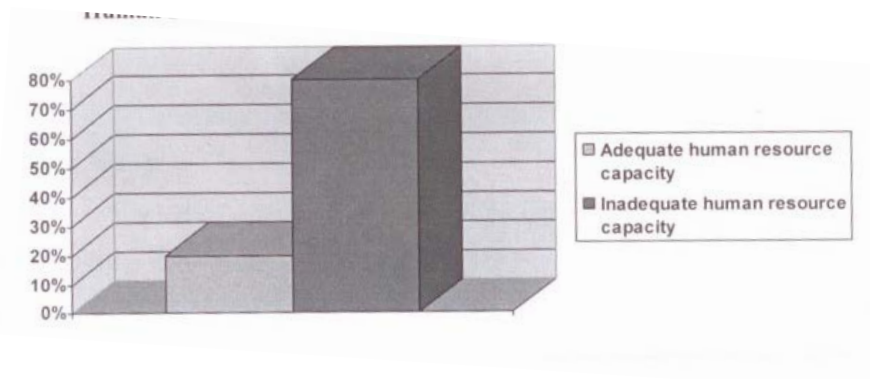
### 4.2. Adoption of the SCM Policy Frame work



The percentage shown in the above graph illustrates that all the respondents (section 57 managers and the councilors) agreed that the municipality had adopted the figures clearly demonstrate that the municipality had indeed adopted the supply chain management system framework is a crucial catalyst for the smooth implementation of a supply chain management system. However, it is also important to note that some of the respondents, mainly the councilors have conceded that despite attended a number of workshops pertaining to supply chain management system, they still have difficulties understanding their expected roles in the monitoring and reviewing of the supply chain management system.

**FIGURE 3**

### 4.2.1 HUMAN RESOURCE CAPACITY

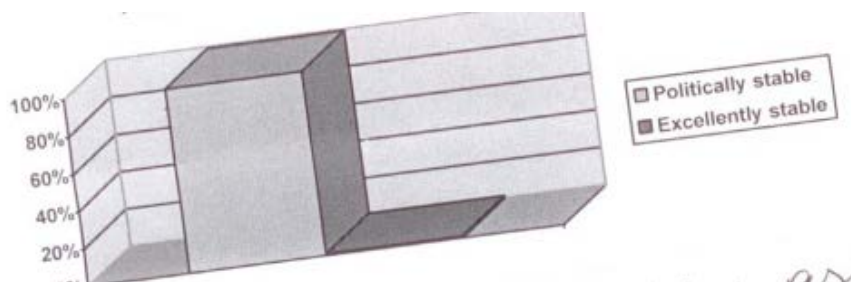


When asked about the human resource capacity of the municipality, 20% of the respondents (Councilors and section 57 managers) stated that the municipality has adequate human resource capacity. In contrast, 80% of the respondents stated that the municipality has inadequate human resource capacity. The huge percentage margin indicates that the human resource capacity at the disposal of the King William's Town District Municipality is not adequate.

According to some of the respondents, the scarcity of skills within the King William's Town District Municipality makes it difficult to obtain the much needed personnel. It was further stated by one of the correspondents that the constraints in financial resources also makes it difficult for the municipality to compete with the private sector for skilled personnel for instance one of the respondents (councilor) highlighted two critical posts which are vacant , namely Chief Financial officer, supply chain manager. Given the prevalence of the procurement challenges within the municipality the absence of a supply chain manager means that the municipal internal controls pertaining to procurement may be weakened

## FIGURE 2

### 4.2.2 POLITICAL SITUATION WITHIN THE MUNICIPALITY.

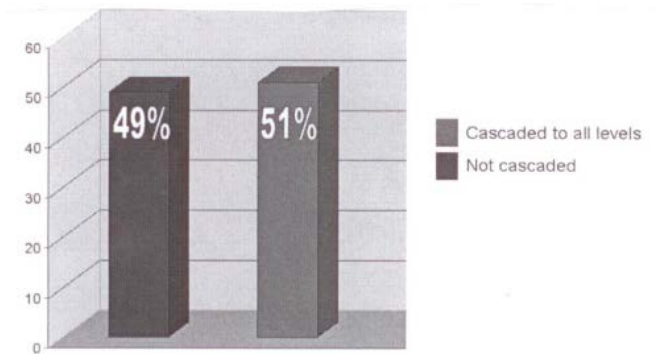


Regarding the Question asking the councilors to describe the political situation within the municipality, 99% of the respondents stated that there is political stability within the municipality, whilst 1% of the respondents stated that the political situation within the municipality was excellently stable. This therefore demonstrates that there is a conducive environment for the adoption, implementation and reviewing of the supply chain management system's policy within the municipality council.

Interestingly, all the respondents representing the opposition parties within the municipality asserted that there have never been political tensions amongst themselves but there was, in fact internal fighting within the ruling party (ANC) more particularly around the employment of municipal manager and the qualifications he possess for the position. They further asserted that whilst there is now political stability, the effects of the road to Polokwane 52rd ANC, elective conference are noticeable in the Buffalo City Metro Municipality in which the King William’s Town district municipality forms part. They seem to believe that the two Camps (PRO Mbeki and PRO Zuma Camps) Characterizing the ANC have filterd through to the council of King William’s Town district Municipality in the Buffalo City. According to them, this is likely to result in political instability, as the council is perceived to be controlled predominantly by a certain camp.

**FIGURE 4**

**4.2.3 IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT SYSTEM  
WITHIN THE MUNICIPALITY.**



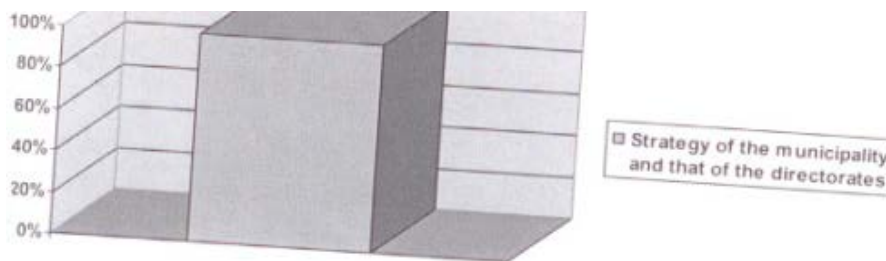
When asked whether the implementation of the supply chain management system has been cascaded to all levels within the municipality 51% stated that it was cascaded to all levels through the “Accountability agreements and performance promises, “ whilst 49% stated that When the municipal manager was asked about the findings of the auditor-General in the municipality in the Past two financial years, in his response he stated that the municipality had had received disclaimer from the auditor-general, however the municipality manager added that,

whilst the findings of the Auditor-General were bad for the municipality, they (municipality) were striving for a clean audit through the strategies that had been implemented. He further attributed the disclaimers to financial system that was not integrated

The findings as illustrated by the two disclaimers received by the municipality suggest that there are inadequate financial controls and lack of documentation pertaining to the financial statements of the municipality. Although the municipal manager issued an undertaking to strive for a clean audit report, achieving such a report would be a difficult task, given the fact that post of chief financial officer (Which is critical in ensuring that financial statements of the municipality are in order ) is still vacant to a large extent, getting a clean audit or unqualified audit reports from the auditor – General would serve to show the local communities that the finances of the municipality were properly accounted for, this would create a trusting relationship between the municipality and the local communities thus resulting in the payment of municipal services.

**FIGURE 5**

#### **4.2.4 TRAINING AND DEVELOPMENT**



When the respondents were asked as to what informs the training and development needs of their respective directorates, all the respondents ( 100%) stated that the strategy of the municipality and that of the directorates inform critical areas of capacity building. The respondents indicated that their institutions supply chain management practitioners are trained in supply chain management, they further stated that there are deficiencies in training programmes in the municipality’s practitioners to grasp the concept of supply chain management and this poses risks associated with the underdevelopment of supply chain management practitioners, this in turn culminates in the inconsistent interpretation and application implications of supply chain management processes, they further mentioned that this let them to be vulnerable to influences

from politicians to corrupt them for their personal gains together with their families creating chain of fraudulent activities inside and outside the municipality. The fact that none of the respondents mentioned the use of the individual or personal development plans suggests that the municipal employees are not provided with an opportunity to cite their weaknesses, and identify the training requirements that they deem necessary to remedy such weaknesses. On the question requesting respondents to state the current challenges confronting the implementation of the supply chain management system, solutions to these challenges, the majority of the respondents listed the following:

Some respondents cited the lack of deeper understanding of the supply chain management system for example according to SCM Private note 2005, dictate that acquisitions management should be conducted within the ambit of the three processes, depending on the financial threshold of the goods and services to be procured up to the value of R 2000 (vat included) may be procured without inviting competitive bids.

It was also revealed by some respondents that in order to address the challenges, there needed to be further training of all municipal employees on the supply chain management system.

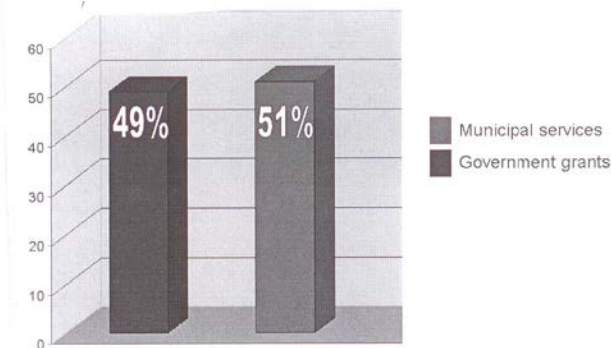
Monitoring of the implementation of the supply management system should be intensified.

On the questions specifically formulated for the municipal manager, the respondent was asked how the council monitored the chain management system of the municipality. They stated that quarterly cluster meetings were held and that resolutions were then tabled quarterly before the council. This therefore demonstrates that the oversight function played by the council was sufficient, as it showed that there was accountability by the section 57 managers and their portfolio heads. When municipal manager was asked about the role of both the internal audit faction and Audit committee in the supply chain management system, he responded by stating that the two structures conduct quarterly reviews of the municipality's supply chain management and then make their own recommendations. This again clearly indicates that the structures established by the municipality to play an oversight role are indeed fulfilling their functions, which therefore ensures that there is accountability within the municipality. Some respondents

though show some concern, more especially opposition parties who said the auditor – general’s report show another picture because the municipality continues to receive adverse audit reports which shows that these structure are not properly performing meaning there is still a huge challenge in this regard, they further states that the recommendations of the Auditor - General are not implemented fully and properly.

**FIGURE 6**

#### 4.2.5 BULK OF THE MUNICIPALITY REVENUE IS GENERATED FROM



When asked how the municipality generates the bulk of its revenue, both of the respondents stated that this is generated from municipal rates, traffic fines and government grants. This clearly shows that the sustainability of the municipality depends largely on the local communities. The figure shown in the above graph presuppose therefore that, in order to ensure a “trusting relationship” between the municipality and the local communities, which will culminate in the eradication of the culture of non-payment of municipal services, there needs to be a high quality of service delivery provided by the municipality. This is more important in the wake of the turn around strategy and the millions of rands owed in service arrears

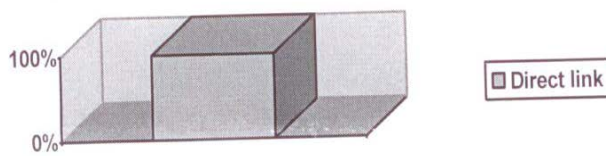
It was not cascaded to all levels of employees. Interestingly enough, the 51% who stated that it was cascaded to all levels, also conceded that it was only the top management level that has internalized the objective of the supply chain management system. This group further stated that both the middle management and the lower levels of the municipal employee still have challenges with internalizing to the objectives of the supply chain management, despite a number of workshops organized by the municipality.

To a greater extent, this is consistent with the response given by the councilors when they started that, despite numerous workshops on the supply chain management system, they still have

difficulties understanding their expected roles with regard to the monitoring and reviewing of the system. The 51 % figure demonstrates that despite being cascaded to all levels, a lot still needs to be done for the supply chain management policy to achieve the objectives of service delivery and economic development of the inhabitants of the municipality.

**FIGURE 7**

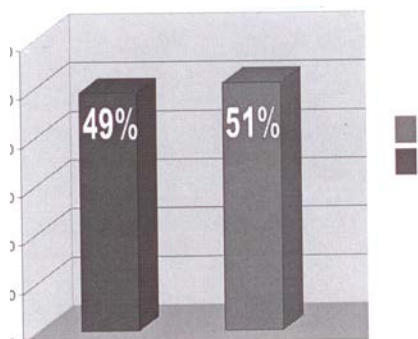
**4.2.6 POLITICAL INSTABILITY VIS – A - VIS SUPPLY CHAIN MANAGEMENT SYTEM**



When asked whether there was a direct link between the political instability and poor supply chain management practices that characterized the municipality in the period being reviewed, all the respondents 100% stated that there was direct link between the two, to a great extent, the above mentioned, figure serves to demonstrate that political instability has detrimental effect on service delivery in particular when there are allegations that municipal employees themselves are involved in politics within the municipality, councilors especially from the opposition walk out of council meetings were service delivery matters are discussed, the next day refuse bins are not collected and there are numbers of days were in certain areas of the municipality the taps are empty the roads are full of potholes therefore there is a definite link between political infighting and supply chain management system.

**FIGURE 8**

**4.2.7 INTERVENTION STRATEGIES EMPLOYED**

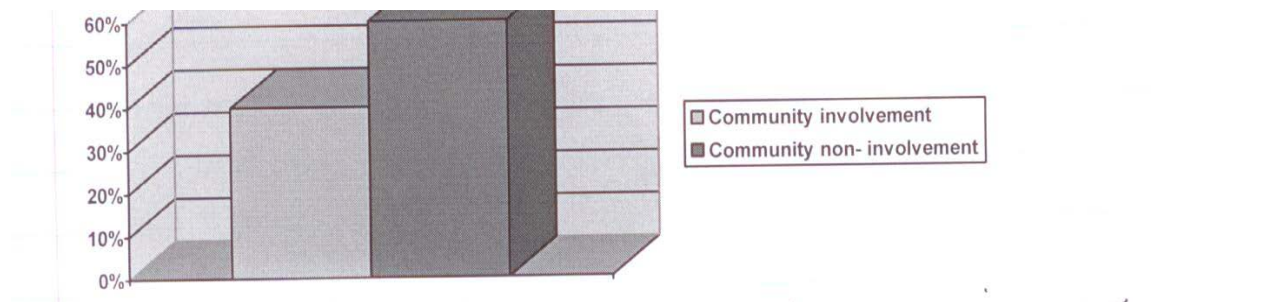


When asked about the intervention strategies employed by the municipality in order to address the challenges found by the municipality in terms of supply chain, 51% of the respondents replied that the municipality had intensified the monitoring of the supplied chain management system, while 49% of the respondents stated that the municipality had embarked in extensive training supply chain management system regulations and a supply chain management system framework, on all the municipal, employees, including the municipal councilors.

The strategies employed by the municipality, as shown in the graph, demonstrate the efforts made by the municipality to ensure that the importance and objectives of the supply chain management system are internalized by all employees within the municipality.

**FIGURE 9**

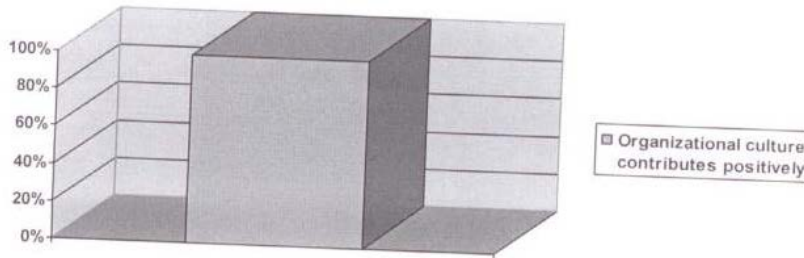
**4.2.8 Community involvement in the supply chain management system.**



When asked about the involvement of the local communities in the development of supply chain management practices, 40% of the respondents stated that local communities were involved, whilst 60% stated that local communities were not involved. Not only does the 60 % figure illustrate the won-involved of local communities, but also serves to illustrate the deviation by the municipality from the stipulations of the white paper on local government (1998) which local communities in all the activities of the municipality through the integrated development plans.

**FIGURE 10**

#### 4.2.9 Impact of the organizational culture on the Implementation of SCM



When asked about the organizational culture contributes to the implementation of the supply chain management system, all the responders (100%) asserted that the organizational culture of the municipality contributed positively to the implementation of the supply chain management system. Some of the respondents stated that due to the positive organizational culture municipal employees were target driven and were passionate about meeting the service delivery goals of the municipality, whilst other respondents praised the buy-in from the Unions who ensured that supply chain management systems were adhered to, as stipulated by the National treasurer in its supporting documents like the municipal finance management Act. This as they stated, ensured a common goal from, all the stakeholders within the municipality. This therefore illustrates that the municipality is characterized by, positive organizational culture instrumental in the success of the supply management system.

#### 4.3 CONCLUSION

From the above findings, one can deduce that the implementation of the supply chain management system has not been successful so far within the King Williams Town District municipality. This is consistent with the findings by Luthuli (2007;3) that “policy implementation in South Africa has not been as successful as the policy formulation phase”. Further more, although the municipality is currently characterized by instable political environment because of the two camps that have plagued the African National Congress (before and after PoloKwane Confrence) unfortunately have fihered through to the municipality, in particular the council, but there are signs of improvement for the benefit of the local community and co- operative government and Traditional affairs is doing all its power to ensure that the

Recommendations by the Auditor – General will be realized and implemented, where there is a will there is a way.

## **CHAPTER FIVE : SUMMARY, RECOMMENDATION AND CONCLUSION**

### **5.1 SUMMARY**

In chapter four, the data was presented and analysed. This study focused on the Assessment of the supply chain management policy of the King William's Town District Municipality. In this chapter general conclusions are drawn and recommendations made based on critical issues revealed by the major findings of this empirical study. Thus the purpose of this chapter is to summarize the study, draw conclusions and suggest recommendations on critical issues raised in King William's Town District Municipality.

As South Africa has entered the second decade of democracy, which has been labelled as the "decade of service delivery", Supply Chain Management Policy is critically important, as they (municipalities) "work on front lines of government programmes". Therefore the successful implementation of the supply chain management system policy remains an ideal vehicle necessary to drive the turnaround and strategy of the King Williams Town District Municipality. Whilst appreciating the stable political environment currently existing in the municipality, the researcher acknowledges the brewing unstable political tensions, brought about the perceived two camps within the African National Congress. The tensions may pose a potential detrimental effect on the implementation of the supply chain management system policy, in particular, and improvement of service delivery within the municipality, in general. The study also sought to examine the role played by Councillors in ensuring, that the Local Communities are involved in the municipality more especially on the IDPS's. The education of the Local Communities About their expected role in the affairs of the municipality will therefore cascade into the Local Communities regarding themselves as important stakeholders in the municipality.

### **5.2 RECOMMENDATIONS**

- Due to the inconsistent responses provided by the respondents clearly illustrate that there is no uniformity within the directorates of the King Williams Town District Municipality. It was evident when the respondents were asked whether the Supply Chain Management policy was cascaded to all levels within the Municipality.

- The Implementation of the Supply Chain Management Policy has created a common understanding and interpretation of the preferential procurement policy. This is consistent with the objectives set by cabinet for the implementation of supply chain management within government institutions. There is clear evidence provided by the respondents that the King Williams Town District Municipality do not have the necessary system infrastructure to manage an effective and efficient Supply chain management System. There is also a concern as there is a lack in the development of Supply Chain Management practitioners as it will have a long-term effect on the ability of the municipality to establish and maintain an effective and efficient supply chain management System.
- Based on the critical issues raised by the respondents at the King Williams Town District Municipality the following recommendations are therefore drawn:
  - The location of the various directorates of the municipality should be reviewed. This is because they are scattered all over the town of King Williams Town, making it difficult to forge unity and a symbiotic working relationship among the employees of the municipality.
  - The researcher further suggest that those who are making business with the municipality must first be cleared of criminal record and performance history and also their relationship with the municipal Councillors because that is where procurement fraud and Incompetence emerged.
  - The researcher recommends further that the Municipality invest in Supply chain, management Systems infrastructure in order to gain more reliable and advanced management information, which serves as a critical element in managing an effective and efficient supply chain management system.
- It is recommended that the National Treasury revisit their policy documentation relating to the elements of Demand Management, Supply Chain performance, and risk management in order provide Government institutions particularly municipalities with clear and comprehensive guidelines . This will enable Government institutions with clear and comprehensive guidelines. This will enable government institution to develop individual

elements that will contribute to the overall efficiency and effectiveness of their respective Supply Chain Management Systems.

- The Researcher also recommends that the National Treasury reviews the training material and accredit training providers that offer Supply Chain Management Programmes to Government's Supply Chain Management Practitioners. This will ensure that credible service providers provide quality –training programmes.
- Given the limitations of the study, illustrated by the fact that the study focused only on the administration at King William's Town District Municipality, it is recommended that future research should be undertaken. These should assess the implementation of supply Chain Management Systems Policy at other towns, which also form an integral part of the Buffalo City Metro Municipality including two towns Mdantsane and East London.
- The researcher further recommends that a study, which would employ a larger sample, should be conducted, as this would enable the findings to be more generalized.
- The Researcher further recommends that such a (future) research should also focus on the implementation of the Treasury Regulation 16A3.2. (d) regulates that a Supply Chain must provide at least demand management, acquisition management logistics management and disposal management, risk management and regular assessment of Supply Chain Performance. This is critical, especially in the wake of the responses advocated by the Section 57 Managers at the King William's Town Municipality, which seem to demonstrate that these regulations are not properly implemented. This is because the Provincial Treasury Department these core elements of Supply Chain Management so as to provide a uniform Framework that can be applied by Local, district, and metropolitan municipalities, whilst recognizing their unique conditions “ It is imperative that they are properly implemented within the local sphere of government so as to achieve the stated objectives.
- In order for the municipality to motivate their employees to strive for honest, and transparent performance in executing their duties, the researcher recommends that the municipality should despite its financial constraints, ensure that outstanding perform is recognized.

- The financial incentives, such as the Payment of performance bonuses and pay progressions are critical in avoiding Supply Chain irregularities and fraud and corrupt practices that are rampant in our municipalities. Further more, the municipality could even improvise by introducing alternative ways of rewarding performance, such as awarding of certificates to outstanding performers.
- The researcher also recommends that the employees who have been found guilty of Procurement irregularities must be dismissed immediately and be banned from getting employment from any government institution including municipalities for a period of five years. This could only be successful if a one single Public Service could be introduced.
- In addition, it is recommended that the Provincial Treasury establish and facilitate a platform whereby municipalities can share developments, problems encountered and successes achieved through their respective supply chain management practices. By establishing such a platform, municipalities will reap the benefit of sharing information, solving supply chain management related problems and identifying best practices that will ultimately lead to uniformity and the entrance must of their respective supply chain management systems policy. The provincial Treasury will also need benefit of having credible feedback regarding critical supply chain management issues that will place the Provincial Treasury in an excellent strategic position in determining supply chain management related policies and guidelines.
- In the opinion of the researcher, the recommendations made within the ambit of this dissertation will contribute towards resolving the impact of inefficient supply chain management on municipalities. Furthermore, is that the recommendations made will improve supply chain management practises to comply with international best practises that will not only benefit the municipalities, but ultimately the communities it serves.

### **5.3. CONCLUSION**

In this chapter, the research conducted within the Audit of this dissertation was concluded. The research was conducted with recommendations so formulated as to create an avenue to not only mitigate the research problem, but also provide an answer to the research statement.

In terms of the research conducted within the audit of this dissertation, the researcher has gained insight into aspects that have a negative impact on Supply Chain Management within the municipality. This enabled the researcher to formulate recommendations towards resolving the impact of inefficient Supply Chain Management. It is acknowledged that "knowledge is power" The researcher has benefited through undertaking this study as it has equipped him with necessary skills and ability to investigate areas of importance to ultimately contribute to the country and its people.

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**ANNEXTURE A**  
**LETTER OF REQUISITION**

Municipal Manager A. Fani  
Buffalo City Metro Municipality  
East London  
Eastern Cape  
October 17, 2012

**RE: REQUESTING CONSENT TO PARTICIPATE IN RESEARCH INTERVIEW  
/QUESTIONNAIRE**

This letter seeks to inform you and, more importantly, seek your consent with regard to the participation of the selected individuals (as mentioned below) in semi-structured open-ended interviews and self-administered interviews. The Interviews and Questionnaires are in fulfillment of the requirements for the degree of Masters in Public Administration.

The following relevant officers are therefore requested to partake in this research.

- Municipal Manager
- General Manager King William's Town.
- Director of Supply Chain Management.
- The letter further requests the participation of five members from five different political parties constituting the Buffalo City Metro Municipality.
- Representative from the ANC.
- Representative from UDM.
- Representative from PAC.
- Representative from the DD.

This study is the assessment of Supply Chain Management System Policy at King William's Town District of the Buffalo City Metro Municipality, and its affects to service delivery of the Eastern Cape. As such, the research seeks to :

- Examine the Supply Chain Management Policy.
- Recommend possible mechanisms that could attempt to enhance the successful implementation of the Supply Chain Management at King William's Town district, municipality of the Buffalo City Metro.

I, undertake the following assurances,

- that the findings of this research will be used only for the stated academic purposes.
- that the names of the participants will not be divulged.
- That information gathered will be treated with Confidentiality.

I hope to conduct such Interviews /Questionnaires during the period 25 to 30 October 2012.

Thanking you in advance for co-operation.

Signature

Vuyisile Mazibu (MPA Student 200392336).

University of Forthare

## **ANNEXTURE B**

### **5.2. Questionnaires for the Municipal Councillors**

1. Has the council of the Buffalo City Metro Municipality Adopted the Supply Chain Management System ?
2. Given the fact that Buffalo Metro Municipality, has been characterized by political tensions, has it been easy to follow the Supply Chain Management System Policy.
3. What role do the Internal Audit play in the Supply Chain Management System ?
4. What have been the findings of the Auditor –General with regard to Buffalo City Metro Municipality in the past two Financial Years ?
5. Is the delivery of services to the community within the Demarcation of the Municipality being affected by the implementation of the Supply Chain Management Policy, if Yes How?
6. What roles does the council play in ensuring that the Supply Chain Management Policy of municipality improves service delivery & improves local economic development.

## Questionnaire for the Municipal Manager

5.1 Questionnaires of the municipal councilors.

1. Has the Council of the K.W.T District Municipality adopted the Supply Chain Management Policy?
2. Is the current political situation of the Buffalo City King William's Town Municipality affected the implementation of the Supply Chain Management, Policy of the Municipality.
3. Do you think that there is a Direct –Link between the Political Instability and the Implementation of the Supply Chain Management Policy of the Municipality ?
4. On a scale of one to ten how would you rate the implementation of Supply Chain Management Policy of the Municipality as prescribed by the National Treasury ?
7. Does the Municipality have an adequate human resource capacity to implement the Supply Chain Management Policy?
5. Have the employees internalized the objectives of the Supply Chain Management System ?  
For instance , would you say there is a shared understanding of the Supply Chain Management Policy and its objectives among the employees?
8. Are there any challenges currently confronting the Implementation of the Supply Chain Management Policy , what are those challenges?
9. Do you Agree that the implementation of Supply Chain Management transformed the municipality's procurement and provisioning practices into an integrated Supply Chain Management function ?
10. Does you municipality's Supply Chain Management System make provision of the following elements
  - 10.1 Demand Management
  - 10.2 Acquisition Management
  - 10.3 Logistics Management
  - 10.4 Disposal Management
  - 10.5 Supply Chain Performance
  - 10.6 Risk Management
11. Do you agree that the implementation of Supply Chain Management introduced a systematic approach for the appointment of consultants.

12. Does your Municipality have the necessary systems infrastructure to manage an effective and efficient Supply Chain Management Systems ?
13. Has the implementation of Supply Chain Management created a Common understanding and interpretation of the preferential procurement Policy?
14. Has your Municipality's Supply Chain Management Procedures been compiled in accordance with the Supply Chain Management regulatory documents (policy, circulars, guide for Accounting Officers etc)
15. Does your Municipality's Bid specification /evaluation. Adjudication committees comprise of cross-functional teams ?
16. Are responsibilities (including values) been delegated to Supply Chain Management practitioners /committees in writing.
17. Has the turnaround time in procuring goods and services been enhanced since the implementation of Supply Chain Management?
18. Are the Supply Chain Management Practitioners of the Municipality trained in Supply Chain Management Programmes ?
19. Has the implementation of Supply Chain Management yielded savings for your Municipality?
20. Are the training programmes provided to Supply Chain Management practitioners o the municipality sufficient ?
21. Do you Agree that the implementation of Supply Chain Management System enhanced you Municipality's ability to reach operational objectives?
22. What mechanism are in place to ensure that Audit Committee are commendation are allowed?

### **5.3. Directors or Section 57 Managers**

1. What informs the training and development needs in your Municipality.
2. Has the implementation of SCM Policy of your municipality been cascaded to all levels in the municipality ?
3. How would you describe the Buffalo City Metro Municipality organizational culture ?
4. How does the Organizational Culture Contribute to the implementation of the Supply Chain Management System Policy of the municipality ?
5. How do you address deviation from the policy by your employees in your municipality ?
6. Does the Municipality have an adequate human resource capacity?
7. What are the current challenges confronting the implementation of the supply Chain management System Policy in the Municipality and how they should be overcome?

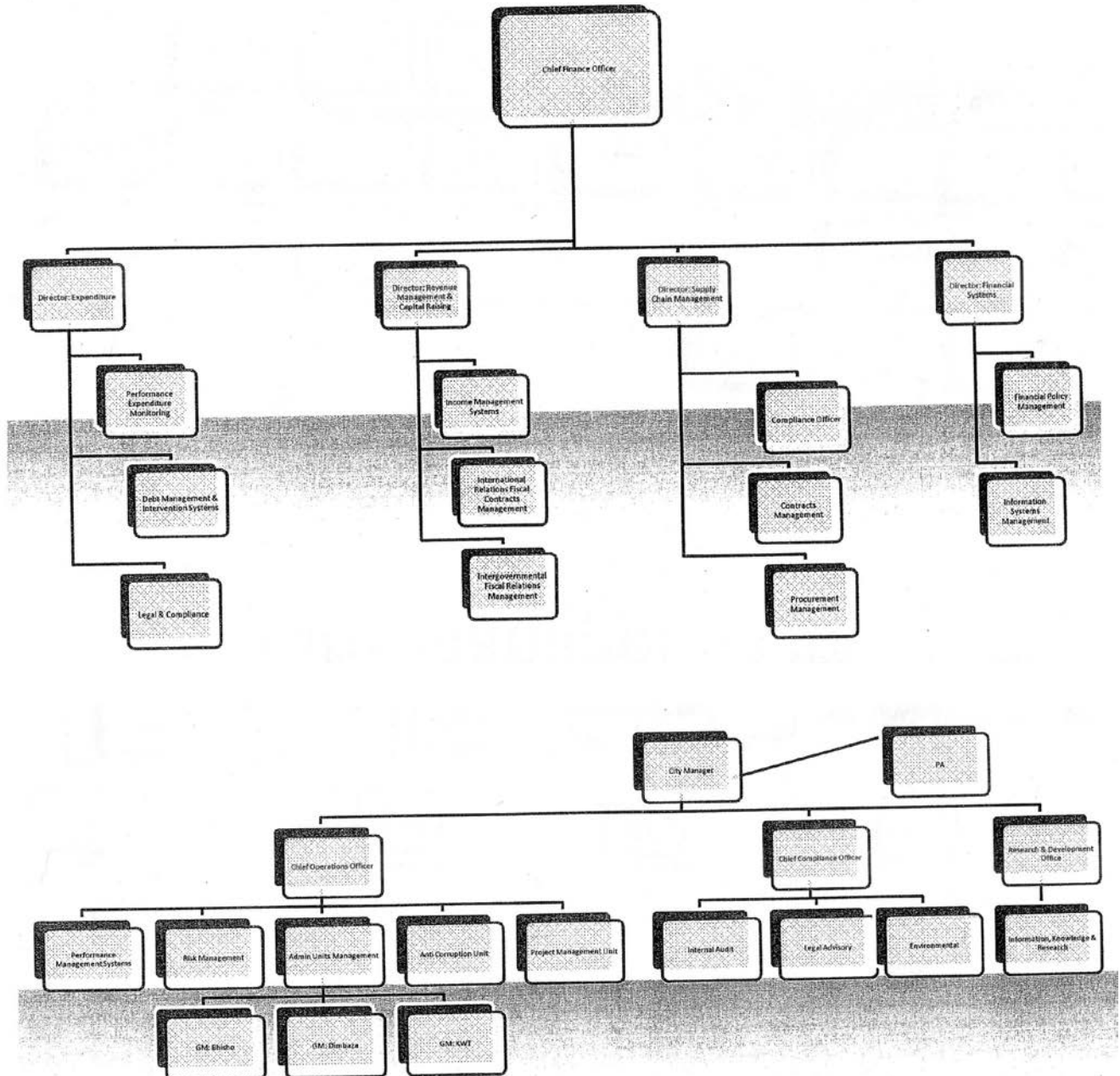
#### **5.4. Questionnaires for the Supply Chain Management Practitioners**

1. What challenges faced by SCM practitioners in terms of their day to day operations ?
2. Is there any intervention from the council in their operations ?
3. Are there practitioners well trained in the implementation of the SCM policy of the Municipality?
4. Is there any pressure from other Sectors to perform well.
5. Are all service providers pay in time as suggested by the President.



## ANNEXTURE D

### PROPOSED ORGANISATIONAL STRUCTURE OF THE BUFFALO CITY METRO (KING WILLIAM'S TOWN DISTRICT MUNICIPALITY)



## **LETTER OF CONSENT**

Cllr. Z. Z. Ncitha  
The Executive Mayor  
Buffalo City Metro Municipality  
East London  
Eastern Cape  
October 17, 2012

### **RE: REQUESTING CONSENT TO PARTICIPATE IN RESEARCH INTERVIEW /QUESTIONNAIRE**

This letter seeks to inform you and, more importantly, seek your consent with regard to the participation of the selected individuals (as mentioned below) in semi-structured open-ended interviews and self-administered interviews. The Interviews and Questionnaires are in fulfillment of the requirements for the degree of Masters in Public Administration.

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Signature

Vuyisile Mazibu (MPA Student 200392336).

University of FortHare

## ANNEXTURE B

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## **Annexure 5. Questionnaire for the Municipal Manager**

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# Annexure C

## Map of King William's Town

