DETERMINING PROCUREMENT BEST PRACTICES IN SOUTH AFRICAN COMPREHENSIVE UNIVERSITIES

by

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DECLARATION

I declare that **DETERMINING PROCUREMENT BEST PRACTICES IN SOUTH AFRICAN COMPREHENSIVE UNIVERSITIES** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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ABSTRACT

The procurement function accounts for the largest total amount of organisational expenditure. This fact notwithstanding, the function is still referred to as non-strategic and is often subordinate to finance in the public or service sectors, and is therefore considered as a non-value-adding task in some organisations. Despite the fact that renowned scholars have revealed that organisations may eliminate waste, realise more prospects and cut costs if they implement procurement best practices. It is reported that few organisations have adopted procurement best practices, especially in the public sector. In South Africa, public universities face numerous procurement challenges, such as procurement irregularities and wasteful expenditure of resources and money. Corruption and maladministration in the procurement system have been noticed, which involves among others, the payment of suppliers, owned or co-owned by university employees who have failed to declare their interest when providing services to the university. This study determines whether South African comprehensive universities conduct procurement according to the best practices. In order to investigate the problem, an exploratory study was carried out in two phases. The first phase comprised the literature study, while the second phase entailed an empirical study. Face-to-face interviews were conducted using open-ended questions. The findings of the study revealed that that some participating South African comprehensive universities do not conduct their procurement according to procurement best practices and consequently do not contribute sufficiently to the university's overall objectives for competitive advantage and sustainability. While others displayed elementary initiatives in the adoption of procurement best practices, some universities had developed turnaround strategies for implementing procurement best practices. The slow progression can be attributed to the rigid, cumbersome and unclear public procurement policies that govern procurement in South Africa. So, comprehensive universities face diverse challenges in the adoption of procurement best practices. A framework for implementing procurement best practices in South African Comprehensive universities was developed.

KEY WORDS: Procurement, Best practices, Comprehensive universities, South African higher education, public procurement.

LIST OF ABBREVIATIONS

BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BSC	Balanced Scorecard
CAQDAS	Computer-Aided Qualitative Data-Analysis Software
CEO	Executive Officer
CFO	Chief Financial Officer
CHE	Council on Higher Education
CIDBA	Construction Industry Development Board
CIPS	Chartered Institute of Purchasing and Supply
CSCMP	Council of Supply Chain Management Professionals
DoE	Department of Education
ED	Executive Director
EDI	Electronic Data Interchange
EXCO	Executive Committee
FE	Further Education
HAT	Historically Advantaged Technikons
HAU	Historically Advantaged Universities
HDT	Historically Disadvantaged Technikons
HDU	Historically Disadvantaged Universities
HE	Higher Education
HEA	Higher Education Act
HEIs	Higher Education Institutions
HEQC	Higher Education Quality Committee (HEQC
IEASA	International Education Association of South Africa
IT	Information Technology
MANCOM	Management Committee
MoE	Ministry of Higher Education
NASOP	Departement van Nasionale Opvoeding
NATED	Department of National Education

NCHE	National Commission on Higher Education
NFF	Funding Framework
NMMU	Nelson Mandela Metropolitan University
OD	Organisational Development
ODeL	Open Distance e-Learning
OECD	Organisation for Economic Cooperation and Development
PBPs	Procurement Best Practices
PFMA	Public Finance Management Act
PO	Purchase Order
PPPFA	Preferential Procurement Policy Framework Act
PURCO	Purchasing Consortium
PVC	Pro Vice Chancellor
QDA	Qualitative Data Analysis
R & D	Research & Development
RFQ	Request for Quote
ROI	Return on Investment
ROIC	Return on Invested Capital
SA	South Africa
SAPSE	South African Post-Secondary Education
SCM	Supply Chain Management
SCOR	Supply chain Operations Reference
SRIHDC	Senate Research and Innovation Higher Degrees Committee
UCT	University of Cape Town
UJ	University of Johannesburg
UNCITRAL	United Nations Commission on International Trade Law
UNGC	United Nations Global Compact
Unisa	University of South Africa
UNIZULU	University of Zululand
UV	University of Venda
WSU	Walter Sisulu University

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CHAPTER 1:   INTRODUCTION TO THE STUDY

1.1   INTRODUCTION

Procurement expenditure, as a percentage of the total expenditure in service-oriented institutions such as universities, is estimated to be at approximately 80% of the total expenditure (Nelson, Moody & Stegner, 2005:7; Ramsay & Croom, 2008:192; van der Valk & van Weele, 2011:1405). Since procurement constitutes such a large portion of the organisations' expenditure, it should be conducted according to the best practices to save costs, minimise waste and streamline operations in order to gain competitive advantage (Comm & Mathaisel, 2008:184). However, the procurement function has traditionally been referred to as a non-strategic function, often subordinated to finance in the public or service sectors, and therefore considered as a non-value-adding task (Baily, Farmer, Jessop & Jones, 2008:5). Even with such perceptions, the procurement function has always been accountable for a vast portion of the cost that the organisation has incurred and has had to bear responsibility for a huge share of quality problems with purchased goods (Burt, Petcavage & Pinkerton, 2010: 9). Yet, most of the time procurement had the overwhelming impact on the bottom line of the organisation more than the other functions in the organisation.

In the public sector, procurement operates in an environment of increasingly intense scrutiny and accelerated changes driven by technology, programme reviews, and public and political expectations for service improvements (Bolton, 2007:4). This is due to the size of the sector and the scope of its expenditure (Naudé, Ambe & Kling, 2013:1; Hugo & Badenhorst-Weiss, 2011:287). It is for this reason that public procurement is an open-regulated process which serves public institutions that are created and governed by a complex array of statutes, regulations, policies and directives (Eyaa & Oluka, 2011:35). Garcia (2009:7) reiterates that the blurred and opaque rules come as a result of poor public procurement policies, outdated practices, corruption and ineffective procedures for awarding contracts. Therefore, the government should professionalise procurement, as these public procurement policies sometimes hinder the implementation of procurement best practices (PBPs).

In South Africa (SA), public higher education institutions are regarded as autonomous institutions (Department of Education, 1997). These institutions have to comply with the principles of co-operative governance (Cloete & Bunting, 2000). This means that, because they are substantially supported by public funds, the ministry of education has the responsibility to advise the government on whether the vast infrastructure of scholar and academic endeavour is yielding good returns to the nation and how it might be assisted to do better (Fielden, 2008:32). Through the public procurement process, public higher education institutions in SA play a crucial role in the social and economic developmental needs of the country. By so doing, South African public higher education institutions could remedy imbalances created by the apartheid era (McCruden, 2007:247). As a result, public higher education institutions use the South African Constitution of 1996, Section 217 as a framework for the implementation of public procurement policies.

Universities are non-profit seeking organisations and most literature usually cites best practice theories for profit seeking organisations. Lau (2007:15) recommends that non-profit seeking organisations such as universities should look for ways to remain competitive in this dynamic environment. Comm and Mathaisel (2008:188) affirmed that it is possible for universities to be competitive in a manner similar to the private sector. However, few organisations have realised the potential that can be realised by employing procurement best practices (Rudzki, Smock, Katzorke & Stewart, 2006:4). This means that university management should adopt the values of strategic management in driving the universities beyond providing services at a cost below competition and strive to employ best procurement practices. Hence, the study aims to investigate whether comprehensive universities in South Africa conduct procurement according to PBPs.

1.2   CONCEPTUALISATION OF THE STUDY

1.2.1   Definition of terminology

Kraljic (1983:109) proclaimed that purchasing should become supply management. To support that viewpoint, various authors (Burt & Doyle, 1993:5; Ellram & Birou, 1995; Cox & Hines, 1997; Sanchez-Rodriguez, Martinez-Lorente & Clavel, 2003; Lysons & Farrington, 2006) worked out the development path from purchasing to

supply management. In the process, different concepts were formulated by different researchers such as Baily, *et al.* (2008:5) and Monczka, Handfield, Guinipero, Patterson and Waters (2010:71). Furthermore, the scope of purchasing also broadened and introduced terminology, such as among others, procurement, strategic sourcing, supply chain management and best procurement practices (Burt *et al.*, 2010:6). These terminologies are briefly described below.

The terms purchasing, procurement and supply management are used interchangeably by some researchers (Monczka *et al.*, 2010:11; Baily *et al.*, 2008:23; Lysons & Gillingham, 2003:8), while other authors have made a distinction between these terms (Burt *et al.*, 2010:6; Murray, 2009:198; Turner, 2011:3). Gradually, the change in the viewpoints of purchasing has evolved to incorporate the additional strategic responsibilities of this function, which include among others, value for money, business process re-engineering, continuous improvement and efficiency (Hugo, Badenhorst-Weiss, Van Biljon & Van Rooyen, 2006:52). In this study, the following terminology will be used:

Purchasing	**Purchasing** is the systematic process of acquiring supplier's goods and services within the organisation. It involves a process of learning the need, locating and selecting a supplier, negotiating price and other pertinent terms, and following up to ensure delivery, in an effort to provide the user with the right quality of products and services at the right quantities at the right time at the right price (Monczka *et al.*, 2010:10; Hugo & Badenhorst-Weiss, 2011:4; Burt & Pinkerton, 2003:64).
Procurement	Burt *et al.* (2010:6); Murray (2009:199); Cox and Lamming (1997) define **procurement** as a conciliator stage between purchasing and supply management, as a result of the growth and broader scope of purchasing.
Supply management	**Supply management** is defined as the identification, acquisition, access, positioning and management of resources and related capabilities that the organisation needs, or potentially needs, in the attainment of its strategic objectives (Stolle, 2008:16; Kraljik,

	1983:109).
Strategic sourcing	Hugo and Badenhorst-Weiss (2011:60) and Fourie (2003:2) define **strategic sourcing** as a process whereby commodities (material and services) and suppliers are analysed and relationships are formed and managed according to best practices and appropriate strategies in support of long-term organisational goals.
Supply chain management	**Supply chain management** is concerned with the coordinated flow of funds, information, materials and services from origin through suppliers into and through the organisation and ultimately to the consumer, in such a manner that value is maximised and cost is minimised (Baily *et al.,* 2008:66; Turner, 2011:15).
Procurement best practices	**Procurement best practices** is described as a supply management philosophy that encompasses a set of well-established, common practices employed by leading edge organisations when conducting their procurement with the aim of consistently and continuously improving spend and supplier base optimisation to increase return on investment and the bottom-line, to sustain and grow in the long term. PBPs are adopted by organisations that have evolved from reactive purchasing to supply management level.

1.2.2   The scope and development of procurement

Procurement is involved with the process of acquiring materials and services which are required for the organisation to run efficiently (Hugo *et al.*, 2006:5). Organisations obtain materials and services from suppliers which are then used in their production process (Monczka *et al.*, 2010:2) and finally the organisations deliver the final products or services to customers. The purchasing function is also concerned with the flow of information and funds (Seshadri, 2005:43). In some organisations recycling and the management of environmental issues are included in the procurement function (Quayle, 2006:2). The procurement function encompasses determining the purchasing need, selecting suppliers, contracting, placing the order,

expediting receipt, receiving and distributing, and finally evaluating the supplier's performance (Van Weele, 2010:8).

During the 1960s and 1970s the purchasing function was mainly concerned with obtaining the lowest purchase price, therefore, this stage is called the reactive or clerical phase (Burt *et al.*, 2010:17). Over the years the function has slowly gained recognition as organisations came to realise the worthy contribution that the function presented in alleviating challenges presented by an increasingly competitive and dynamic environment (Lawson, Cousins, Handfield & Petersen, 2009:2649). In order to carry out this strategic role efficiently and effectively, numerous procurement maturity models have been developed reflecting the evolution stages of the purchasing to supply management transition.

In a historic reflection of the maturity models and the birth of PBPs, Reck and Long (1988:3-6) examined the strategic role of purchasing, and developed a four-stage purchasing development model which consists of passive, independent, supportive and integrative stages. However, Syson (1992) perceived purchasing to be divided into three areas, namely; transaction, commercial and proactive. According to Burt and Doyle (1993:5), organisations should chart their way to excellence by adopting PBPs, while Burt (1994:11) wrote about proactive procurement's ability to increase profits, productivity and quality. Carr and Pearson (2002) reflected on the effects of strategic purchasing on financial performance. In 2004, Chen, Paulraj and Lado (2004:505) investigated the impact of strategic purchasing or supply management on the performance of the organisation. Despite their contributions, these researchers did not offer strategies of development. Ultimately, researchers such as Stolle (2008:191) suggested that cooperation between practitioners and academia could close the gap.

Numerous studies have been conducted on PBPs, for example, Cox (1996), Nelson *et al.* (2005), Bernardes and Zsidisin (2008), and Burt *et al.* (2010) have all contributed to the research. Trends in the procurement environment forced organisations to adopt proactive or optimal procurement practices, regarded as best practices in this study, for growth and survival in the long term. Although various authors cite PBPs, in this study the most influential PBPs are drawn from Rudzki and Trent (2011:40); Stolle (2008: 113) and Burt *et al.*, (2010:547). As shown in the table

below, these authors were chosen because they provide best practices and strategies for development towards world-class standards.

Table 1.1:   Procurement best practices

Rudzki & Trent (2011:40)	Stolle (2008: 113)	Burt *et al.* (2012:12)
– Procurement is part of the corporate strategy – Optimised organisational structure – Good leadership – Shared vision and objectives – Innovation – Strategic sourcing – Negotiations management – All spend categories in scope – Risk management – Forge partnerships with appropriate suppliers – Supplier recognition – Contract management & supplier centric strategies – Use appropriate e-technology/ systems – Cost-reduction planning/tracking – Establish common language – Budget adjustments to preserve cost reductions – Low-cost country sourcing – Consortium buying – Asset recovery – Selective outsourcing	– Cost management – Supplier development – Value analysis/ value engineering – Non-traditional purchasing – Supplier quality circles – Training – Supplier information sharing – Supplier conference – Supplier performance reporting – Supplier surveys – Delivery improvement – Tool and technical assistance centres – Supplier SupportTeams – Loaned executives – Early supplier involvement – New model development group – Written strategy for every supplier, every part/ commodity – Strategic planning and administration – Career path planning and academic outreach programmes – Purchasing systems	– Value driven by the total value impact, innovation, costs, revenue and speed – Financial impact measured by present and future revenue, bottom line impacts, supplier and stakeholder impact – Integration level and functional elements characterised by full internal and external integration of supply, procurement, logistics, operations, engineering, R&D, sales, marketing, service, customer's strategy – Basis of competitive advantage depicted by hyper-competition, technology hybridisation, speed, innovation, and customisation – Performance metrics are innovation, synchronicity, synergy, monitor customer environment – Innovation metrics used are new processes, systems solutions, leverage supplier technology – Knowledge derived from customer's future needs, industry trends, connectivity – Supplier relationships determined on multi-dimensional, collaborative, networked, vision and value based, suppliers regarded as assets – Time focus on pre-active with customers – Environmental issues reviewed pre-active with customers to engineer as added value

Source: Author

Having reflected on the PBPs as presented by different authors, the study concludes the following: predominantly, the list presented above indicates the complexity of describing PBPs as all the authors listed above do not have a uniform list. The lack of uniformity may translate to the difficulty that could be faced by the organisations that try to implement the practices. Hence, the study tries to explore the application of PBPs in comprehensive universities in South Africa (SA).

1.2.3   Review of public higher education institutions in South Africa

South African public higher education institutions are governed according to the Higher Education Act (HEA) No. 101 of 1997 and its institutional statute and rules as amended in 1999, 2000 and 2001 (Hall, Symes & Leuscher, 2004:12). After the first democratic elections in 1994, the South African higher education (HE) system was restructured. The restructuring of the HE landscape was outlined in the National Commission on Higher Education (NCHE) (SouthAfrica.info, 2014). The NCHE argued that differentiation or diversity in educational provision was a major challenge for all higher education systems, but that it also foresaw that "global and South African conditions are likely to push the single co-ordinated system towards a more responsive, dynamic and 'fuzzy' relationship between institutions and programmes ..." (NCHE, 1996:165).

The process was driven by the mergers and incorporation of universities and technikons (Department of Education (DoE), 2004:1). Eventually the HE system was reduced from 36 to 23 public higher education institutions (HEIs) (Gillard, Saunders, Terblanche & Sukel, 2012:4). The 23 public HEIs were clustered into traditional academic universities, universities of technology, comprehensive universities and new Institutes of Higher Education shaped in 2014. Table 1.2 below indicates clusters of these institutions after the restructuring.

Table 1.2:   Restructuring of public higher education institutions

Current Universities	Former Tertiary Institutions
Traditional Universities	
University of Cape Town	
University of Fort Hare	
University of the Free State	Incorporation of part of Vista University
University of KwaZulu-Natal	University of Durban-Westville University of Natal
Sefako Makgatho University of Health Sciences previously known as University of Limpopo	Medical University of South Africa University of the North
North-West University	University of North-West Potchefstroom University for Christian Higher Education
University of Pretoria	Incorporation of part of Vista University
Rhodes University	
University of Stellenbosch	
University of the Western Cape	
University of the Witwatersrand	
Comprehensive Universities	
University of Johannesburg	Rand Afrikaans University Technikon Witwatersrand Incorporation of part of Vista University
Nelson Mandela Metropolitan University	University of Port Elizabeth Port Elizabeth Technikon Incorporation of part of Vista University
University of South Africa	Technikon SA Incorporation of part of Vista University
University of Venda	
Walter Sisulu University for Technology and Science	Border Technikon Eastern Cape Technikon University of Transkei
University of Zululand	
Universities of Technology	
Cape Peninsula University of Technology	
Central University of Technology	

Durban University of Technology	
Mangosuthu University of Technology	
Tshwane University of Technology	
Vaal University of Technology	Incorporation of part of Vista University and North West University absorbed Vista students and staff
National Institutes (New from 2014)	
Mpumalanga Institute of Higher Education	
Northern Cape Institute of Higher Education	

Source: (Adapted from: Mouton, Louw & Strydom, 2013)

Table 1.2 illustrates the current university clusters, summarised as follows:

- **Eleven traditional universities** offering theoretically-oriented degrees; that are very strong in research capacity and also have large numbers of postgraduate students.

- **Six universities of technology** that offer practically-oriented certificates, diplomas and degrees in the technical fields and also have some postgraduate and research capacity.

- **Six comprehensive universities** that offer a combination of theoretical and technical-oriented qualifications (Council on Higher Education (CHE), 2009:8; International Education Association of South Africa (IEASA), 2012:14)

- Two newly established National Institutes of Higher Education.

Since the focus of this study is on comprehensive universities, the rest of the study will reflect on these institutions.

Comprehensive universities in South Africa include University of South Africa (Unisa), University of Venda (UV), University of Johannesburg (UJ), Walter Sisulu University (WSU), University of Zululand (UNIZULU) and Nelson Mandela Metropolitan University (NMMU) (IEASA, 2012:15). These universities were established to increase access, to improve the delivery of career-oriented and academic programmes, to increase research and capacity as a result of greater knowledge capacity and concentrations (DoE, 2002:24). Hence, the mergers in

some instances tried to combine historically disadvantaged universities (HDU) and historically advantaged universities (HAU) to bridge the gaps.

Furthermore, comprehensive universities are expected to cater for diversity, student mobility, and to be responsive and flexible (DoE, 2004:5). However, with the comprehensive universities having to cope with these prescriptions, it was inevitable that challenges and opportunities would result. Mbabane (2010:3) highlights these challenges, which include among others; defining and repositioning themselves, issues with the curriculum and programme mix, diversity issues and integration disputes. Yet there were also opportunities presented by the pooling of resources and extra capacity brought about by the emergence of the comprehensive universities which is one of the best practices in procurement.

Having discussed the background of comprehensive universities in South Africa, the next section deals with procurement practices currently employed in these institutions.

1.2.4   Procurement practices in SA comprehensive universities

The policies and practices regulating procurement in South African comprehensive universities are entrenched in the Constitution of South Africa (Section 217 of 1996). Most of the procurement policies in these institutions are built on the values of honesty, fairness, and integrity, accomplished in a transparent, efficient and cost-effective manner (Unisa, 2009; UJ, 2011; NMMU, 2012). In accordance with the respective policies, procedures and applicable legislation, managers are accountable for the prudent use of the university's resources. For example, the first objective of the Unisa procurement policy is to promote the proficient supply of goods and services through the promotion and application of PBPs (Unisa, 2009). While UJ also emphasises the use of best practices, it further submits that the procurement should be conducted in a manner that is beneficial to the university (UJ, 2011).

The comprehensive universities emphasise the continuous review of the procurement policies to ensure conformity with the documented principles. Also, these institutions promote and reinforce broad based black economic empowerment (BBBEE) in support of improving the socio-economic conditions in South Africa. Moreover, uniform supply chain management (SCM) policies are set up for procurement threshold values or cut-off values, tender procedures and templates to

manage transactions effectively. Comprehensive universities procure some of their materials and services through the Purchasing Consortium of Southern Africa (PURCO SA), which is an association that assists universities to acquire economies of scale products and services that that are common and frequently needed by the universities (Unisa, 2009; UNIZULU, 2013).

These universities also encourage beneficial competition through the tendering processes for the procurement of goods and services by using the 80/20 and 90/10 preference point system. Also, suppliers are required to register on the various universities' procurement databases to get the opportunity to be selected to render services on a rotational basis. Furthermore, the policy of "value for money" is applied by using the 'three-quote' system for items and services according to the universities' thresholds values (National Treasury, 2011:5).

With reference to ethical standards and conflicts of interests, all procurement transactions and interactions with suppliers, including supplier selection and evaluation, are subject to the provisions outlined in the code of ethics and conduct, and policies related to the prevention of fraud/corruption and other irregularities. In addition, the principle of the declaration of interest is included within the procurement system employed by the comprehensive universities. This principle ensures that any person involved in the procurement, public and closed tender or supplier evaluation process must complete and sign the applicable 'Declaration of Interest' form. The policies further stipulate that suppliers or their employees may not in any way participate or influence the specifications or standards set for goods and services to be purchased by the institution. Additionally, confidentiality and accuracy of information is incorporated to ensure that the procurement process is respected by all stakeholders. Specific details of suppliers' bids may not be divulged (Unisa, 2009; NMMU, 2012).

The National Treasury's Code of Conduct for SCM Practitioners is generally used by most procurement employees and other role players involved. Disciplinary actions are taken against employees that do not comply with the policy (Unisa, 2009; NMMU, 2012). With regards to complaints and objections arising from the awarding of contracts, aggrieved persons must lodge a complaint or written objection to the Vice-Chancellor within 14 days. Upon receipt of such a complaint the Vice-

Chancellor appoints an independent and impartial person to promptly resolve the dispute. Thereafter, monthly reports of all disputes, objections, complaints and queries resolved are submitted to the Vice-Chancellor (UNIZULU, 2013; NMMU, 2012).

After this deliberation on the procurement practices of comprehensive universities, it becomes questionable whether these institutions conduct their procurement according to the best practices standards, or not. Therefore, the next topic discusses the problem statement.

1.3   RESEARCH PROBLEM

The procurement function accounts for the largest total amount of organisational expenditure (Van der Valk & Van Weele, 2011:1405). However, the function is still referred to as non-strategic and is often subordinated to finance in the public or service sectors, and therefore considered to be a non-value-adding task in some organisations (Baily *et al.*, 2008:5), despite the fact that studies by renowned scholars have revealed that the organisations may eliminate waste, realise more prospects and cut costs if they implement PBPs (Schuh, Kromoser, Strohmer, Pérez & Triplat, 2009). However, it is reported that few organisations have adopted PBPs, especially in the public sector. Stolle (2009:3) indicated that there is a gap between theory and practice; given that most organisations do not conduct procurement according to the best practices. Adherence to procurement procedures and fairness has been a thorny issue in the public sector (Green, 2014).

Mkhize (2004) asserted that South African public entities face numerous procurement challenges, such as procurement irregularities, wasteful expenditure of resources and money, the same applies to SA comprehensive universities as part of public entities. Corruption and maladministration in the various procurement systems of SA comprehensive universities have been noticed, which involves among others, payment of suppliers who are owned or co-owned by university employees and the failure to declare interest when providing services to the university (Leach, 2012). Moreover, concerns of governance and poor leadership have been witnessed in the South African universities (Phakathi, 2013). In addition, financial crises brought about by the infringement of policies have been observed as a challenge that has

surfaced in the South African universities procurement system. This has led to five of the 23 public universities being placed under administration (Flanagan, 2012).

Therefore, the above-mentioned challenges, when coupled with today's economic realities, necessitate that universities rethink their procurement practices in order to gain a competitive advantage and to ensure sustainability. Universities, as the hubs of knowledge, are expected to do more with fewer resources as they are non-profit-making institutions and are compelled to adopt PBPs (Boulton & Lucas, 2011:2507). Luu, Ng and Chen (2003) maintain that universities should identify expense accrual areas and develop strategies to help them thrive and sustain in the long run.

From the above discussion, the problem statement for this study can be formulated as follows:

Do South African comprehensive universities employ procurement best practices?

1.4 RESEARCH OBJECTIVES AND QUESTIONS

1.4.1 Research objectives

The primary objective of this study can be defined as *to determine whether South African comprehensive universities conduct their procurement according to procurement best practices.*

In order to achieve the main objective, the following secondary objectives were addressed:

- To determine whether procurement has evolved to supply management in South African comprehensive universities

- To determine the current procurement processes followed by South African comprehensive universities in the typical acquisition of goods and services.

- To determine the value and impact of the procurement function to the universities' bottom line or sustainability.

- To determine the understanding of PBPs in South African comprehensive universities.

- To determine whether public procurement regulations influence the application of PBPs in South African comprehensive universities.

- To determine the challenges faced by South African comprehensive universities in the adoption of PBPs

- To develop a framework of PBPs pertinent to comprehensive universities in South Africa.

1.4.2   Research questions

The **main research question** that guided this study can be stated as: *Do comprehensive universities in South Africa conduct their procurement according to procurement best practices?*

The secondary research questions are:

- Has procurement evolved to supply management in South African comprehensive universities?

- What processes are currently followed by South African comprehensive universities in a typical acquisition of goods and services?

- Is procurements' value and impact understood by the university community for competitive advantage?

- Do the comprehensive universities in South Africa understand the term "procurement best practice" and employ PBPs?

- Do public procurement policies and regulations influence the application of PBPs in South African comprehensive universities?

- What challenges are faced by South African comprehensive universities in the application of PBPs?

1.5   RESEARCH DESIGN AND METHODOLOGY

The study was exploratory in nature and was conducted in two phases. The first phase was the literature study, while the second phase entailed an empirical study as shown in Figure 1.1 below.
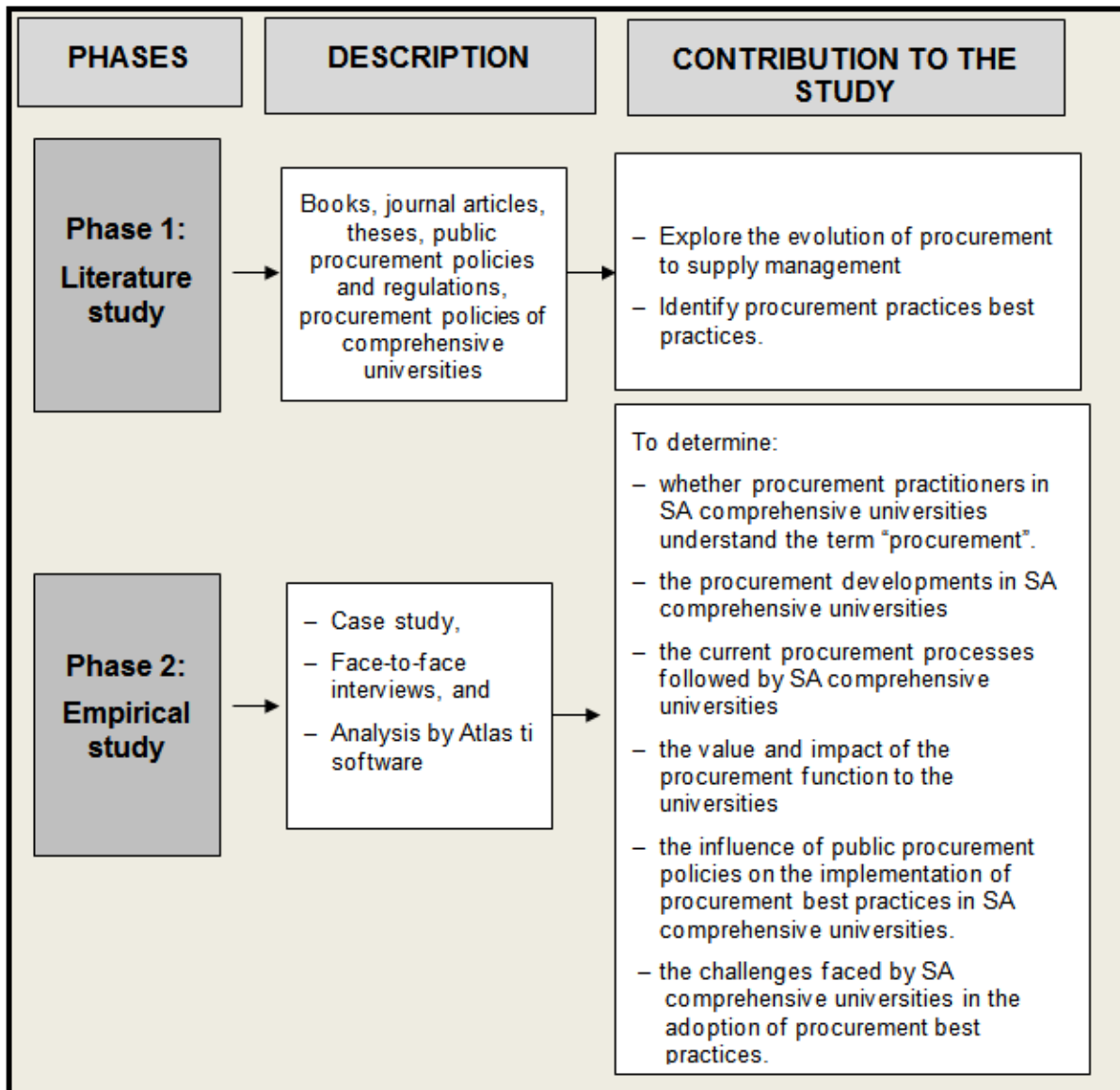
Figure 1.1:   **Phases of the research design and methodology**

Source: Author

1.5.1   Phase 1: Literature study

This phase formed the theoretical framework during which the focus was on collecting and incorporating secondary data. This phase consisted of an extended literature review to describe the evolution of purchasing to supply management, to define concepts, to identify PBPs, public procurements acts, policies and regulations, and the universities' policies and practices. Hofstee (2006:121) concurs that secondary literature offers an impression of various aspects of the study in totality to divulge links and gaps. From the literature research conducted, appropriate

questions regarding PBPs pertinent to the universities were identified, which were used in the second phase.

The next section discusses the empirical study carried out in the second phase of the research.

1.5.2   Phase 2: Empirical study

1.5.2.1   The design

The design of the research study adopted a qualitative approach. This approach is suitable since the topic addressed in this study was not previously researched to this extent and there was no evidence that it had been addressed previously with the same audience before in South African comprehensive universities (Creswell, 2009:18). Another reason for choosing this approach was that (1) fundamental information about PBPs was entrenched in the secondary data, and (2) primary data was required to determine whether the comprehensive universities in South Africa conducted procurement according to PBPs.

1.5.2.2   Research strategy

This study made use of a case study. Case study investigations can be a single organisation, an event or a number of organisations being studied at the same time (Yin, 2008). Hofstee (2006:124) commends the case study in uncovering concealed information. In this study three comprehensive universities were studied. This strategy was deemed appropriate because in-depth information was required on the procurement practices and policies of the chosen comprehensive universities, and Quinlan (2011:182) commends this research methodology for a study that calls for in-depth inquiry of confined entities.

1.5.2.3   Participants and sample

There are twenty-three public universities in South Africa and two newly-established National Institutes of Higher Education as stated in Section 1.2.3. The participants were chosen from the six comprehensive universities. The sample was drawn from three comprehensive universities with diverse historical backgrounds were chosen; historically distance education (Unisa), historically advantaged university (NMMU) and historically disadvantaged (UNIZULU). Thus, purposive sampling was used. The participants of the study were general procurement staff and management from the

three comprehensive universities because they possess expert knowledge about the procurement policies and practices. The heterogeneity that prevails from historically-advantaged, historically-disadvantaged and an open distance education learning institution of the comprehensive universities could enable the researcher to highlight and describe possible patterns which were representative of all the comprehensive universities. Despite the same way in which the participating institutions originated, their characteristics might vary considerably (Saunders, Lewis & Thornhill, 2012:287), therefore, cumulative results of the diverse cases of data collected would help to understand and answer the research questions fully.

1.5.2.4 Data collection methods

Both primary and secondary data sources were employed to determine the extent to which the universities have evolved with the adoption of PBPs. The primary data was collected through face-to-face interviews. The interview questions were open-ended questions. Secondary sources of data included an extensive literature review of books, reports, journal articles, websites and web-based reports and articles, public procurement policies and the universities' policy documents.

1.5.2.5 Data analysis

A data analysis process involves reflection and engagement with the collected raw data through coding and grouping of concepts and themes to identify key themes in the data, and eventually to draw an interpretation about the data (Quinlan, 2011:425). Content analysis of the collected data was done by using Atlas.ti. Atlas.ti is computer-aided qualitative data-analysis software (CAQDAS).

1.6 SIGNIFICANCE OF THE STUDY

Universities are expected to do more with fewer resources as they are non-profit-making institutions. Luu, Ng and Chen (2003) stress that it is necessary that universities identify expense accrual areas and develop strategies and measures that could help them thrive and sustain in the long run. Sometimes the lack of structured policies and procedures inhibits the opportunity to choose a procurement option in a fully informed manner (Boulianne, 2005). Best procurement practices may lead to better allocation of resources and thus better service delivery at lower costs. A study that examines procurement practices in comprehensive higher education

institutions in South Africa may be of value, to improve the efficiency and effectiveness of the institutions and all the stakeholders (parents, students, government and the tax payers). Also, no evidence existed of similar, previous studies on procurement practices in South African universities. Therefore, this study was deemed to be significant to comprehensive universities and South Africa in the following ways:

- It may add value to the understanding of the PBPs in universities

- It identifies strengths, weaknesses, risks and opportunities that could help the comprehensive universities to gain competitive advantage.

- It highlights the strategic role that the procurement function plays in the growth and sustainability of the organisation in the long term.

- It might benefit the comprehensive universities when facilitating sharing of innovative ideas which may translate to the minimisation of waste, to streamlining operations and implementing cost cutting measures for the whole institution.

- It might lead to better allocation of resources which means an improvement of service delivery to users (internal customers).

- Students and parents may benefit from the application of PBPs since waste may be minimised and costs reduced, which may translate into lower tuition fees.

1.7   RESEARCH LIMITATIONS

This study could not have been completed without limitations. The limitations that were encountered in this study were:

- Since the approach of this research study is qualitative in nature, it is not possible to generalise the results to the other universities in South Africa;

- Access to information and participants was difficult due to the sensitivity of procurement information;

- A conceptual framework for adopting PBPs was developed, but the applicability of this framework has not been verified for trustworthiness and dependability.

1.8   OUTLINE OF THE STUDY

The study consists of five (5) chapters as explained below:

- **Chapter one** started with an introduction to the topic, followed by the contextualisation of the study, the research problem, research question, objectives, methodology and significance of the study, limitations and lastly, presenting the outline of the study.

- In **Chapter two** the higher education and legal framework guiding comprehensive universities in South Africa and a background on the nature of higher education were discussed. The focus was on the governance of public higher education institutions, funding and the challenges facing the universities. This section was followed by a synopsis of the comprehensive universities of South Africa. In the second part of the chapter attention was paid to definitions of terminology, fundamentals of purchasing and supply management. Included in this part were an overview of procurement, importance of procurement, objectives, definition of terminology, stages of procurement cycle, maturity models and PBPs. In this chapter the questions that were to be used in the empirical study were identified.

- **Chapter three** outlined the research methodology and the design of the study. The focus was on the approach adopted in this study, namely, the qualitative research method. Furthermore, primary data was collected through personal face-to-face interviews using open-ended questions. The analysis of the data was done using the Atlas.ti software.

- In **Chapter four** the research analysis and description of data on procurement practices in the South Africa comprehensive universities were presented. Lastly, the chapter concluded with a summary.

- **Chapter five** concluded the study with discussions, summary, recommendations, conclusion and the limitations of the study. Finally, suggestions for further research were made.

The outline of the study is illustrated in Figure 1.2 below.

CHAPTER 1:
INTRODUCTION TO THE STUDY

CHAPTER 2:
THEORETICAL REVIEW OF PROCUREMENT
IN COMPREHENSIVE UNIVERSITIES

CHAPTER 3:
RESEARCH METHODOLOGY AND DESIGN

CHAPTER 4:
RESEARCH ANALYSIS & DESCRIPTION

CHAPTER 5:
SUMMARY, CONCLUSION &
RECOMMENDATIONS
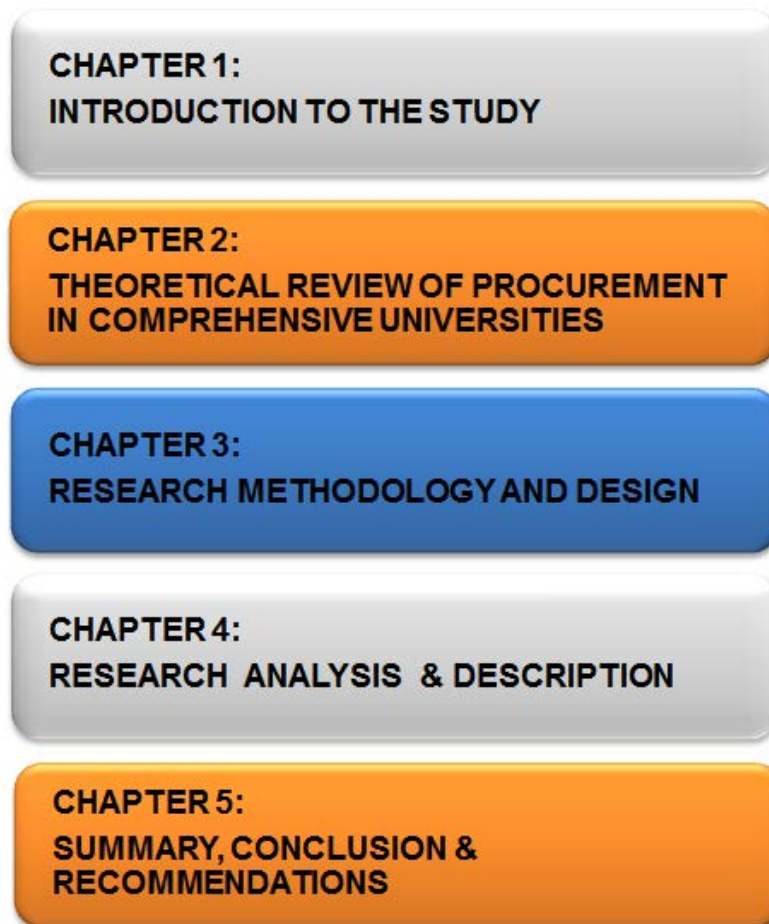
Figure 1.2: Study outline

CHAPTER 2: THEORETICAL REVIEW OF PROCUREMENT IN COMPREHENSIVE UNIVERSITIES

2.1 INTRODUCTION

Chapter 1 presented the overview of the study. This chapter reviews procurement in comprehensive universities. The nature of higher education is discussed, and then a synopsis of the South African HE landscape is provided, since this lays a foundation for understanding the potential of comprehensive universities to employ PBPs. During the course of the chapter, the evolution of purchasing to supply management is outlined, after which PBPs and the importance thereof, and barriers to the implementation of best practices, as well as maturity levels of procurement are discussed. The chapter also explores the influence of public procurement policies and regulation in the application of procurement practices.

2.2 THE NATURE OF UNIVERSITIES

This section of the chapter explores universities as part of the higher education landscape. An overview is presented of higher education institutions in South Africa, the governance of universities is discussed, and comprehensive universities in South Africa are introduced.

2.2.1 Background

Higher education institutions are locations where students and academics meet to share knowledge and insight through communication and circulation of thought; where they make contributions by means of inquiry; make discoveries through research and perfect them; expose error; create skilful and professional workmen to improve the standard of living. The existence of universities is based on the principles of research and teaching, freedom of teaching and academic self-governance, as cited by Boulton and Lucas (2011:2506). The demand for HE in the twenty-first century is rapidly increasing and becoming more complex (Gidley, Hampson, Wheeler & Bereded-Samuel, 2001:3; Fielden, 2008:2; Ntshoe, 2004:140; Salmi, 2003:66; Wangenge-Ouma & Langa, 2010:751; Shin and Harman, 2009:3). This growth could be ascribed to the recognition by governments that HE plays a significant role in socio-economic development (Boulton & Lucas, 2011:2508).

However, the dominance of market forces, such as the development of advanced communication, technological revolutions, changing socio-economic patterns, international development of HE, globalisation, neoliberalism and expansion pressures causes institutional changes in HE (Yemini, 2012:226; Wolhunter & Wiseman, 2013:8). In the developed countries, HE has changed considerably over the last decade, thereby compelling developing countries to follow the changing trends or risk becoming irrelevant (Perumal, 2010:126). The changes bring both challenges and opportunities for HEIs (Shin & Harman, 2009).

The changes stated in the previous paragraph have influenced the operations of HEIs such that they have adopted new ideologies, practices and values being used in the private sector, such as managerialism and marketisation to gain a competitive advantage (Ntshoe, 2003:138). The utilisation of private sector trends are aimed at promoting innovation in HE, stimulating economic developments and contributing to the knowledge economy (Philpott, Dooley, O'Reilly & Lupton, 2011:168). Walton and Galea (2005:152) calls this practice "corporate university" governance. Many universities in Europe, Australia and the United States have readjusted their institutions to incorporate entrepreneurship, technological leadership, and innovation in their research, teaching and learning, to accelerate knowledge transfer in society and the world of work. As a result, the managerial approach in the HEIs has broadened to foster new trends of gaining a competitive advantage.

2.2.2   Overview of South African higher education

South Africa is a developing country with a population of approximately 50.59 million people (Statistics SA, 2011:6). The political landscape of South Africa underwent radical changes when the Government of National Unity was established in 1994 (Bitzer, 2009:3). Numerous transformations were effected to remedy inequalities created by the apartheid era (Badat, 2010:4). The higher education institutions were not immune to the changes; consequently they were repositioned to cater for a new social order (Organisation for Economic Co-operation and Development (OECD), 2009:4). The areas that were deemed lacking included, among others, the definition, purposes and goals of higher education; policy design and implementation in the areas of governance, funding, academic structure and programmes, and quality

assurance; laws and regulations related to HE; and the transformation of higher education institutions (Badat, 2010:4).

In SA, HE is regulated by the National Ministry of Education (Cloete, 2007:5). HE and training play a significant role in solving socio-economic problems and instigating developments for the country to prosper and sustain in the long term (African National Congress (ANC), 1994). In the Size and Shape Report (CHE, 2000:25), it is indicated that HE plays a vital role in producing knowledge, generating socially committed graduates, and providing various services for enabling this country to pursue social equity, justice and higher standards of living for all, and contributing to the revitalisation of the African continent. Therefore, universities in South Africa are at centre of the government agenda as stated in the Higher Education Act 101 of 1997.

2.2.3   Governance of universities in South Africa

South African public universities are governed according to the Higher Education Act, No. 101 of 1997 and its institutional statute and rules as amended in 1999, 2000 and 2001 (Hall *et al.*, 2004:12). HEIs are regarded as autonomous organs of the state (that is, reporting to the councils rather than government) and for that reason conduct their procurement as entrenched in the Constitution (Mthembu, 2009:9). Divala (2009:1133) defines autonomy as the capacity of rational individuals to make informed, un-coerced decisions without revoking their obligations and responsibility to the society at a given time. In some instances the concept associated to it is "true self-governance". However, De Silva (2010:5) contends that HEIs cannot have unlimited autonomy if they are to meet the national goals of offering quality education and also be involved in innovative research. Hence, there is a conflict with the way autonomy in HE is expressed in South Africa. Divala (2009:1134) maintains that the governance of HEIs indicates how power is balanced and coordinated between all the stakeholders, and how authority flows (cooperative governance). Thus, public HEIs have to conform to cooperative governance guidelines (Hall *et al.*, 2004:31). This means that, in the modern era, universities do not only conduct research and training, but promote social responsibility policies and also support community outreach programmes and governance.

After the government of national unity took power in SA in 1994, higher education transformations began and the NCHE was elected in 1995 to eradicate the inequalities created by the apartheid government; and to modernise HE structures in SA to meet international standards by introducing "best practices" (Cloete, Maassen, Fehnel, Moja, Gibbon and Perold, 2007:8). In response to the call, the NCHE reported with a document named, "An overview of a new policy framework for Higher education transformation" (NCHE, 1996), which later gave rise to the Green Paper on Higher Education Transformation in August 1996. Subsequent to the debates and consultations conducted, the White Paper 3, of 1997 was published (Soudien, 2010:5). The final manuscript of the White Paper gave rise to the Higher Education Act (HEA) no. 101 of 1997. HEIs are governed according to the prescriptions of this Act.

Cloete *et al.* (2007:8) highlighted that South Africa was already lagging in terms of adopting the "best practices" at that time. The question still standing is: "whether there has been any improvement since then"? Hence this study seeks to track whether the goals of efficiency and effectiveness have been attained or not, as was planned in the transformation agenda. The primary objectives of the restructuring were to remove the dividing line between the historically white institutions and the historically black institutions and also to improve the efficiency of using the resources and to develop institutional responses to national and regional requirements.

The HE system in SA before 2004 had thirty-six public higher education institutions comprising of eleven HAU, ten HDU, eight historically advantaged technikons (HAT) and seven historically disadvantaged technikons (HDT) (Gillard, *et al.,* 2012:4). The restructuring resulted in the reduction of the number of public universities and technikons to twenty three amalgamated tertiary institutions (CHE, 2009:01). Table 2.1 illustrates the bands of these institutions before and after the restructuring of HE in SA.

Table 2.1:   Changes in the SA public higher education landscape

Higher education institution	Number of institutions
Before 2004	
Historically advantaged universities	11
Historically disadvantaged universities	10
Historically advantaged technikons	8
Historically disadvantaged technikons	7
After 2004	
Traditional universities	11
Comprehensive universities	6
Universities of technology	6
National Institutes (New from 2014)	2

Source: Adapted from Council on Higher Education, 2004:40; Council on Higher Education, 2006:184; International Education Association of South Africa (IEASA), 2012:14.

The changes of the public higher education landscape after 2004 can be summarised as follows:

- Eleven traditional universities: offering theoretically-oriented degrees, strong in research capacity and also rich in the numbers of postgraduate students;

- Six universities of technology: that offer practically-oriented certificates, diplomas and degrees in technical fields and also have some postgraduate and research capacity;

- Two newly established National Institutes of Higher Education: these institutions are situated in Kimberley and Mbombela. They became operational in 2014 and serve as administrative hubs that coordinate higher education provision through partnerships with universities in different places (DoE, 2013:27);

- Six comprehensive universities: offer a combination of both types, ranging from research degrees to career-oriented diplomas and are also required to focus on teaching, research and postgraduate studies (CHE, 2009:8; IEASA, 2012:14).

Since the primary focus of this study is on comprehensive universities, the next topic deliberates on comprehensive universities.

2.2.4 Comprehensive Universities

Comprehensive universities are unique institutions within the HE domain with regard to the broad range of knowledge offerings that they impart, from career-focused to professional, from specialist to general academic along a horizontal axis (Boulton & Lucas, 2011:2512). However, the term "comprehensive" is used by HEIs in different national education systems to characterise a range of activities. Therefore, it becomes difficult to confine its definition to mean the same thing. In the United States of America, the term is used to represent "universities and colleges that offered a wide variety of degrees and a limited range of master's degrees with no graduate programmes at the doctoral level" (DoE, 2004:3). Community colleges use the term to describe the range of programmes they offer from the narrowly vocational to general academic/educational courses, leading to the two-year associate degree with transfer possibilities to a four-year degree.

In countries such as Canada, Australia, Singapore, India, Britain and Germany the term "comprehensive university" is used to mean the range and depth of academic courses offered by such institutions (DoE, 2004:3). It is also used to signify the variety of qualifications offered by an institution on a vertical axis, from certificates and diplomas to bachelors, masters and doctoral degrees. For example, the British new universities which were previously referred to as polytechnics and other Further Education (FE) are called comprehensive universities. In Finland, vocational and technological education institutions were extended to form polytechnics. While in Germany, comprehensive universities are known as 'Gesamthochschulen' (DoE, 2004:6). Therefore, South Africa derived the idea of a comprehensive university from these international experiences.

2.2.4.1 The formation of comprehensive universities in SA

Comprehensive universities emerged from the concerns raised by the NCHE report about the challenges of the differentiated or diversity in the provision of HE in South Africa (SouthAfrica.info, 2014). The primary aim for establishing a comprehensive institution was to strengthen the provision of technikon programmes through ensuring that technikon programmes are available throughout the country, in

particular, in rural areas. NCHE proposed 'an establishment of a single coordinated system that would provide coherence from a set of planning, funding and quality assurance systems thereby overcoming the challenges of the previous system' (DoE, 2004:1).

The reforms of the policies had to be streamlined to the increasingly changing landscape of the global arena with regard to matters of trade, finance, information and technology (Maharajh & Motala, 2008:25). The emphasis was that university-type programmes should avoid academic drift by upholding a suitable balance between the university- and the technikon-type programmes.

The comprehensive universities include University of South Africa (Unisa), University of Venda (UV), University of Johannesburg (UJ), Walter Sisulu University (WSU), University of Zululand (UNIZULU) and Nelson Mandela Metropolitan University (NMMU) (IEASA, 2012:15). These universities were established to increase access, to improve delivery of career-oriented and academic programmes, and to increase research and capacity as a result of a greater knowledge capacity and concentrations (DoE, 2002:24). Comprehensive universities were expected to cater for diversity, student mobility, and to be responsive and flexible (DoE, 2004:5). However, with the comprehensive universities having to cope with these prescriptions, it was inevitable that challenges and opportunities would result. Yet there were also opportunities to pool resources and increased capacity brought about by the emergence of the comprehensive universities, which also form part of the best practices in procurement.

2.2.4.2   Institutional variation

Although comprehensive universities are classified together, their backgrounds, formation, culture and management differ considerably, even though there might be some minor, similar features. For example, some comprehensive universities evolved from small, poor, rural, historically disadvantaged backgrounds (UNIZULU, WSU and UV). While, Unisa, NMMU and UJ were formed from the urban, historically advantaged universities and thus well established with regard to resources, capacity and student capabilities. Yet again, for example, Unisa has a different character as it is the largest and best-resourced open distance e-learning (ODeL) institution in

Africa (Bunting & Cloete, 2004:5). Therefore, examining whether these universities employ PBPs is worthwhile when taking into account their heterogeneity.

2.2.4.3 Challenges faced by the comprehensive universities

Comprehensive universities were a new development in South Africa and thus face many challenges:

- There were no clear and set directives to be followed, except for the international experience which policymakers could use (Perumal, 2010).

- Defining and repositioning, curriculum and programme mix, diversity issues and integration disputes were particularly problematic for comprehensive universities (Mbabane, 2010:3).

- Comprehensive universities protested that traditional academic universities undermined institutional and programme differentiation, which is encouraged internally by a reward system that favours an elitist system of research output for promotion. As a result, comprehensive universities moved towards becoming more research-intensive institutions.

- Staff and student diversity, values, ethos and cultural, structural and racial issues remain unresolved. Institutional culture differed and bred academic scepticism about the abilities of staff from the technikons to manage and lead the institutions (Dibetle, 2009).

- After the creation of multi-campuses, the provision of formative and career-focused programmes remained where they were before the merger, as comprehensive universities still offer programmes in the same manner as they were prior to the merger of the different institutions (University World News, 2008). However, the recent White Paper proposes the possibility of a new programme structure that is under scrutiny by CHE (DoE, 2013:30).

- It was not spelled out how funding would be allocated to provide incentives for best performance and how poor productivity would be dealt with. Issues of 'redress' for the circumstances of historically disadvantaged universities were not resolved, as funding was undifferentiated (Muller, 2013).

- The planning document remained silent on matters pertaining to social responsibility as the primary role of universities and social responsibility being on an equal footing with teaching and learning or being a supplement.

Hence, even to date, South African comprehensive universities still face challenges regarding meeting the goals and objectives set for their purpose. They are also struggling to keep a balance between formative and applied programmes and research, without moving towards the traditional way and thereby undermining differentiation.

To this point, the discussion has been centred on comprehensive institutions and the emergence and challenges of these institutions. The next section presents an overview of procurement, with the aim to study how the targeted comprehensive universities in South Africa conduct their procurement.

2.3 GOVERNMENT FUNDING IN COMPREHENSIVE UNIVERSITIES IN SA

Even though universities are regarded as strategic elements in resolving socio-economic issues, over the years, public funding for HEIs has been declining in terms of the proportion of total national finance committed to HEIs (Comm & Mathaisel, 2008:183; Ntshoe, 2004:143; Wagenge-Ouma & Cloete, 2008:907). According to the International Education Association of South Africa funding to HEIs has been reduced from 4% in 1999 to 2.5% in 2007 (IEASA, 2009:18). Given the diminishing state of funding, HEIs have become susceptible to global competition and compensate for the loss of funding by increasing the student fees and seeking capital elsewhere in order to compete in the competitive global economy (Baatjies, 2005:4). It is imperative that this study includes a description of the historical outlook on public funding in South Africa.

2.3.1 Historical perspective of funding

Diverse funding formulae have been employed by the government as a baseline for funding HEIs. A full account of the formulae is outlined in the Holloway Commission of 1951, the Van Wyk de Vries Commission of 1974, the Venter Report of 1985, which is also known as the South African Post-Secondary Education (SAPSE)

formula, the report of the *Departement van Nasionale Opvoeding* (NASOP) of 1992 and the revised SAPSE formula of the Department of National Education (NATED) which was used from 1993 until 2003 (Steyn & de Villiers, 2006). According to Le Roux and Breier (2012:11), the above-mentioned funding formulae used the past meant that there was no government intervention on the daily administration of the white universities. Historically black HEIs were intentionally funded below par before the application of the new funding framework (NFF) (Mouton *et al.,* 2013:29). From 2004 until the present day the NFF has been used. In this framework, sources of revenue in universities stem from, among others, state grants and subsidies, tuition fees and other income such as sales (including rent), investments (including interest and dividends), donations, informal short learning programmes, disposal of disbursement equipment and research contracts (Naidoo, 2008:58; Wangenge-Ouma, 2011:177). Figure 2.1 below depicts the different sources of revenue for public universities in SA.
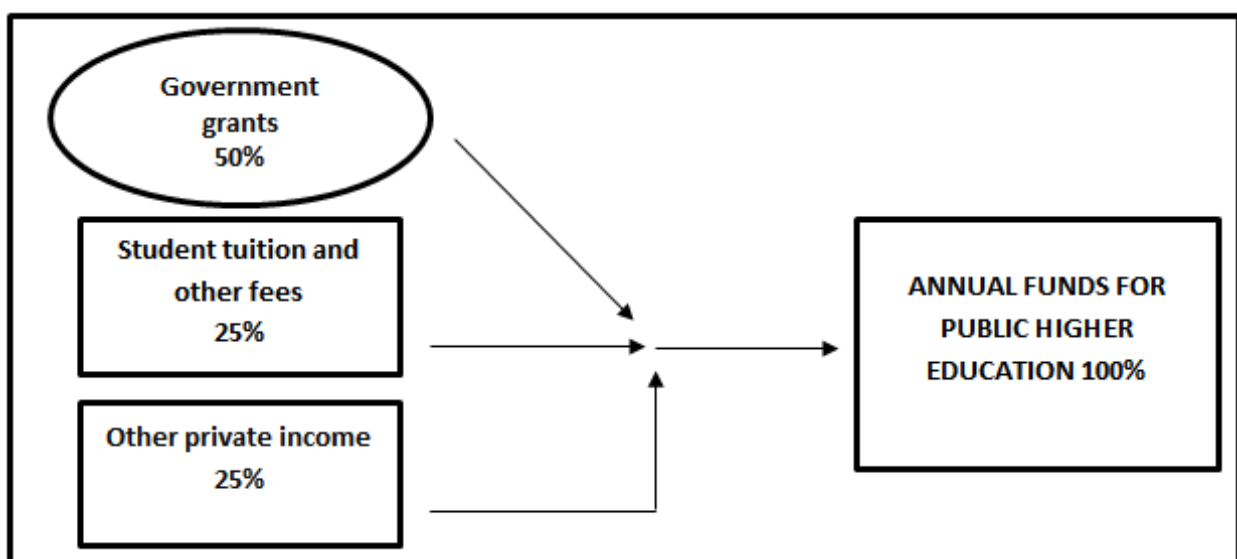
Figure 2.1:   Sources of funding for higher education institutions
Source: MoE, 2004

The state grant and subsidy is one of the largest sources of revenue which has been in existence for many years in SA. The NFF will be elaborated on in the next section because the study needs to establish the link between the current state of funding and its influence on the ability of the university to advance with the implementation of procurement best practices in the South African public HEIs.

30

2.3.2   Current state of funding

The key principles that guide the new NFF were laid down in the White Paper of 1997. These principles included four elements, namely:

- equitable distribution of funds amongst institutions;

- providing access to students who could not normally afford to enter higher education institutions;

- efficiencies through setting benchmarks for both teaching output and research output;

- additional funding to assist institutions with specific needs.

The NFF was introduced in the 2004/2005 fiscal year (Naidoo, 2008:57). The distinctive feature of the NFF is that it associates the granting of HE funding by the government to the national and institutional planning. The framework is also goal-oriented with regard to the distribution of government grants to the respective institution in line with the (i) national planning and policy priorities, (ii) the quantum of funds made available in the national higher education budget, and (iii) the approved plans of the individual institutions (Ministry of Education (MoE), 2004:2).

The NFF is companioned by the medium-term expenditure framework which is the process utilised by the government as the official motivation and annual negotiation tool of funds in a three-year cycle (Naidoo, 2008:60). Thereafter, the National Treasury analyses the budget for growth, determines affordability within the fiscal framework, determines the spending and policy priorities of each department (universities in this case) in terms of its contribution towards the government's strategic objectives, and it accounts for inflation adjustments, and sector-specific issues (Naidoo, 2008:60). The NFF higher education budget is allocated on a three-year basis and is divided into three broad categories, namely: block grants, earmarked funds and institutional restructuring (MoE, 2004:5).

Imenda (2005:1414) points out that the autonomy of universities has been gradually eroded through the government funding mechanism that is utilised to achieve its transformational plans. HEIs are compelled to pursue goals that are in line with the government's objectives as they fear that conflicting with the state may lead to

subsidy cuts. The funding system in SA has been considered to be flawed because it offered top universities more funds, whereas the conditions at historically disadvantaged universities worsened. Hence, the Minister of higher education reviewed the funding framework in 2013 to correct the discrepancies.

2.4 UNDERSTANDING AND DEVELOPMENT OF PROCUREMENT

This section presents the understanding and development of procurement to supply management. The terminology issues are untangled; the objectives of procurement are presented.

2.4.1 Untangling the terminology

There can be confusion regarding the use of the concepts of 'purchasing', 'procurement', 'supply management', 'strategic sourcing', as well as 'supply chain management'. For example, some authors interchange between procurement and purchasing (Handfield, Monczka, Guinipero & Patterson, 2011:10; Mont & Leire, 2009:389). Others, such as Van Weele (2010:6), consider purchasing to be a sub-component of procurement, and relate procurement's definition more to supply management. Also, the term supply management is sometimes used interchangeably with strategic sourcing (Monczka, Trent & Handfield, 2005:8). Hugo and Badenhorst-Weiss (2011:4) argue that supply management is not another term for purchasing. This is because supply management has more strategic focus (overall organisational goals) than purchasing. To date, the terminology issues have not been resolved. Therefore, in this study a distinction is made between the terminologies such as purchasing, procurement, supply management, strategic sourcing and supply chain management.

2.4.1.1 Purchasing

According to Handfield *et al.* (2011:10), purchasing is a functional group (a formal entity on the organisational chart) as well as activity (acquiring goods and services). The purchasing activity is performed in all organisations and businesses (Hugo and Badenhorst-Weiss, 2011:2). Burt *et al.,* (2010:2) describe purchasing as a systematic process of acquiring goods, services and equipment that are used in the daily operations of the organisation from the supplier in a legal and ethical manner. This is a simple process of deciding what, when and how much to purchase.

2.4.1.2   Procurement

Procurement is a strategic, systematic process of ensuring that maximum value is delivered to the organisation, through the identification and selection of suitable and competent suppliers, negotiating, contracting, conducting supply market research, fostering supplier measurement and systems development (Handfield *et al.*, 2011:8). The process includes the identification of the need, through to the end of a service contract or the end of the useful life of an asset (Sollish & Semanik, 2012:5). Burt *et al.*, (2010:6), Murray (2009:199), and Cox and Lamming (1997) refer to procurement as a transitional stage between purchasing and supply management, as a result of the growth and broader scope of procurement. The term 'procurement' is generally used in the government sector to refer to purchasing and supply management. Universities in South Africa also mainly use the term 'procurement' and therefore 'procurement' will be used in this study.

2.4.1.3   Supply management

Supply management is defined as a system or process that supports an organisation's total needs for the supply of goods, services and processes required to accomplish the goals and tasks established by the organisation (Turner, 2011:1). Bozarth and Handfield (2013:209) describe supply management as the broad set of activities carried out by organisations to analyse sourcing opportunities, develop sourcing strategies, select supplies and carry out all the activities required to procure materials and services. Normally, supply management strategies focus on key areas of spending and technology, seeking formularies to balance various needs at any given time (Sollish & Semanik, 2012: 5). Therefore, supply management is the strategic system or process that supports the organisation's goals and tasks of supplying the required goods or services. To summarise, procurement is an advanced approach of managing a supply base that differs from a traditional arm's-length or adversarial style.

2.4.1.4   Strategic sourcing

Strategic sourcing is a strategic management process whereby commodities and suppliers are analysed, and relationships are formed and managed according to the best practices and appropriate strategies in support of long-term organisational goals (Hugo and Badenhorst-Weiss, 2011:72). The primary aim of strategic sourcing is to

become a competitive differentiator for the business by employing a multi-stage process to understand supply markets, internal needs, identify qualified suppliers, structure the right type of relationship, negotiate, and implement the right strategy. With strategic sourcing, conventional purchasing is adapted to include all the appropriate stakeholders that can make meaningful contributions to the procurement function. If one looks at the description of supply management, particularly that of Bozarth and Handfield (2013), it is clear that strategic sourcing forms part of supply management.

2.4.1.5 *Supply chain management*

Supply chain management (SCM) is defined as the coordinated flow of goods, services, materials, funds and information, from the origin through suppliers and ultimately to the organisation, in such a way as to maximise profit and minimise input costs (Baily, *et al.*, 2008:66; Sehgal, 2009; Cousins, Lawson & Squire, 2006:698). It refers to the entire movement of activities from the producers to the manufacturers, packaging, transportation, warehouse and finally to the customers. The emphasis is on value-creation and the forming of networks in an effort to reduce the total cost to the end-user. The Council of Supply Chain Management Professionals (CSCMP) (2013) defines SCM as "the planning and management of all activities involved in sourcing and procurement, conversion and all logistics management activities. Importantly it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers and customers." SCM, therefore, includes all the activities on the side of the supplier, such as internal operations, distribution and logistics that range from the source of origin to the use of the product by the final customer and beyond. Therefore, procurement and supply management are part of supply chain management.

2.4.2 Objectives of procurement

Generally, procurement objectives are set to direct organisations towards the desired direction by using effective and efficient measures. Monczka *et al.,* (2010:25) suggested the following objectives for the procurement function:

- To support the organisational goals and objectives

- To develop integrated procurement strategies that support organisational strategies such as:

- monitoring supply markets, identifying main suppliers, new entrants, mergers and global sources.
- observing emerging trends in the markets, price changes, shortages and new products.
- identifying critical materials and services that are required to support the corporate strategies, especially new product development.
- developing alternatives to ensure suppliers of key materials

- To support operational requirements by buying efficiently, ethically and obtaining best value for money spent in order to prevent maverick spending.

- To use resources efficiently and effectively by assuring appropriate staffing levels, developing and keeping within budgets, providing training opportunities for employees, effective use of facilities, streamlining operations and performance management.

- To develop and maintain a suitable supply base by identifying new and keeping competitive suppliers, improving and developing existing suppliers

- To maintain sound co-operative relationships with other functions, providing information and advice as necessary to ensure the effective operation of the organisation as a whole.

- To develop staff, policies, procedures and organisational strategies.

- To ensure that a timely, cost-effective and comprehensive information system is in place.

2.4.3 The development of purchasing to procurement, to supply management

Traditionally, the task of purchasing was largely administrative or tactical in nature (Benton, 2007:3). Over the years, global, economic and political factors forced purchasing to evolve from being a tactical activity of transforming the requirements of the organisation into purchased orders (Monczka *et al.*, 2005; Baily *et al.*, 2008:7; Tassabehji & Moorhouse, 2008:61). With the move away from tactical purchasing only, 'procurement' was the word that came into use. The contemporary competitive environment compelled organisations to look for new innovative ways of doing business at a high speed and in a flexible manner to sustain in the long-term (Trent, 2007:2). Meanwhile, Kraljik (1983:109) proclaimed that purchasing [procurement]

must become supply management. Therefore, organisations started to re-organise their structures, to formulate new strategies and management techniques according to the multi-national inclinations (Stolle, 2008:12). Procurement's scope broadened and adopted world market practices. Since then, the value of procurement in organisations has gradually improved.

New developments and strategies such as outsourcing, global sourcing, integration, collaborations, value creation and total cost of ownership emerged (Turner, 2011:92). The developments made the role of procurement vital to organisations that wished to gain a competitive advantage. Although procurement has gained recognition, it is surprising that few organisations have assigned a strategic role to the procurement function and have sustained the practice (Emiliani, 2010:130; Rudzki *et al.*, 2006:4; Stolle, 2008:13). Even in difficult economic times, few successful organisations regard the procurement function as an important driver to improve organisational performance and minimise cost (Comm & Mathaisel, 2008:187; Pressey, Winklhofer & Tzokas, 2009:214). Figure 2.2 below, depicts the evolution from purchasing, to supply management.
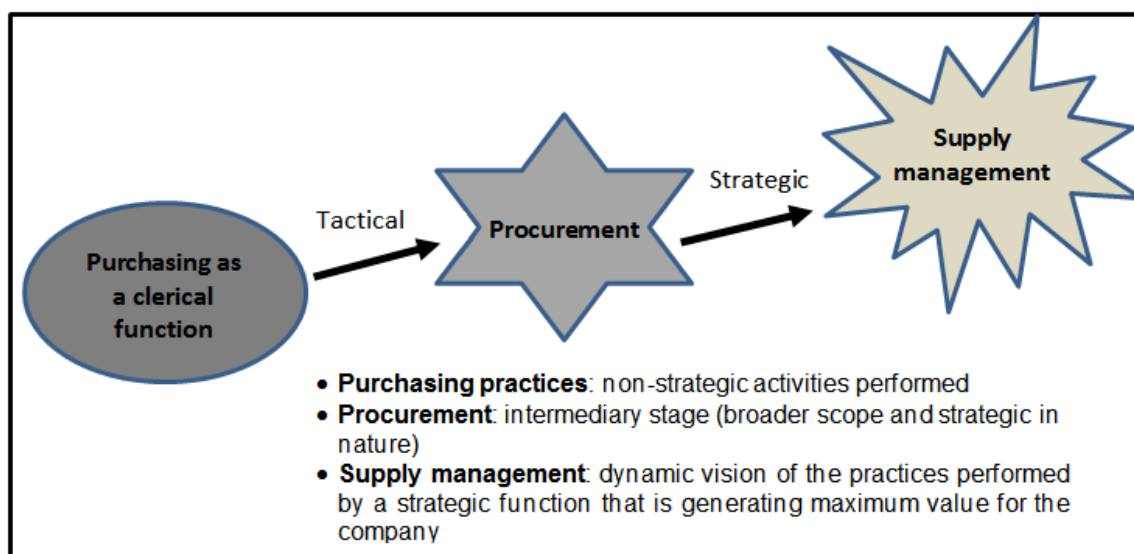
Figure 2.2:   The evolution of purchasing to supply management
Source: Adapted from Stolle (2008: 18)

Figure 2.2 reflects that when purchasing evolved to procurement and supply management, the focus shifted from a tactical to a strategic function. The act of merely acquiring the right quality of material, at the right time, in the right quantity, from the right source, at the right price no longer suffices. As the procurement

function develops from being reactive to proactive, value is added, as shown in Table 2.2 which portrays a comparison between reactive and proactive procurement.

Table 2.2: **Comparison between proactive and reactive procurement**

Reactive	Proactive
– Purchasing is a cost centre	– Procurement can add value
– Purchasing receives specifications	– Procurement contribute to specifications
– Purchasing rejects defective material	– Procurement avoids defective supplies
– Purchasing reports to finance or production	– Procurement is the main management function
– Buyers respond to market conditions	– Procurement contributes to making markets
– Problems are supplier's responsibility	– Problems are a shared responsibility
– Price is key variable	– Total cost and value are key variable
– Emphasis is on today	– Emphasis strategic
– Systems independent of suppliers	– Systems may be integrated with supplier's systems
– Users or designers specify	– Buyers and suppliers contribute to specification
– Negotiations win/lose	– Negotiations win-win (or better)
– Plenty of suppliers = security	– Plenty of suppliers = lost opportunity
– Plenty of stock = security	– Plenty of stock= waste
– Information is power	– Information is valuable if shared

Source: Baily *et al.* (2008:13)

Table 2.2 shows how procurement changed from reactive procurement to proactive procurement. Due to the changing role of purchasing, the focus of procurement moved from price sensitivity to total cost of ownership, systems integration and collaborative relationships. The proactive procurement resulted in the function impacting positively on the bottom line of the organisation. The evolution is reflected by the maturity models of procurement which are discussed in the next section.

2.4.4   Maturity models of procurement

The evolution of procurement to supply management corresponds with the maturity models of procurement. Maturity models are defined by Randeree, Mahal and Narwani (2012:477) as a staged structure of the extent to which the procurement function has progressed by effectively adopting new procurement processes and best practices. The stages of progression to maturity were proposed by renowned authors among others: Reck and Long (1988:3) who developed a four-stage purchasing development model which includes the passive, independent, supportive and integrative stages; the Syson (1992) model is divided into three stages, namely

transaction, commercial and proactive; while Nelson *et al.* (2005:71) compared the procurement evolution stages to the educational development from primary to post-graduate level. Later, Burt *et al.* (2010:18) proposed a five-stage model, starting from the reactive stage towards the world-class level.

All the maturity models aim at operational efficiency and increasing the bottom line of the organisation. They also stress the importance of placing procurement at a high level in the organisational structure, the use of centralised procurement, and integration with other functions through the use of cross-functional teams (Schiele, 2007:276; Stolle, 2008:19). Others (Rozemeijer, 2000:62; Smock Smock, Rudzki & Rogers, 2007:6; Rudzki *et al.*, 2011) emphasise strategic commitment, good leadership, aligned strategic objectives, innovation and technology, strategic sourcing, risk management, collaborations, contract management, outsourcing and consortium buying. The content varies across the different models.

The maturity models compare and measure the progress made by procurement as a discipline in attaining best practice (Stolle, 2008:19; Bloch, 2011:14). They also direct improvement of procurement's performance, efficiency and effectiveness in terms of financial gains that give organisations a competitive edge (Pollice & Fleury, 2010:1; Kraljik, 1983). It is presumed that the procurement maturity models were developed to assist procurement professionals and practitioners to implement PBPs. The maturity models indicate that the higher the maturity levels, the better the chances that the best practices will be applied (Sales & Alsua, 2013:2).

The earliest maturity model was developed by Reck and Long in 1988, as shown below in Figure 2.3. One of the practical shortcomings of this model is that it did not specify what exactly should be done in order to elevate to the next level and ultimately to the integrative stage. For example, no guidance was given on how to progress from passive stage and what tools or techniques were required for the advancement.
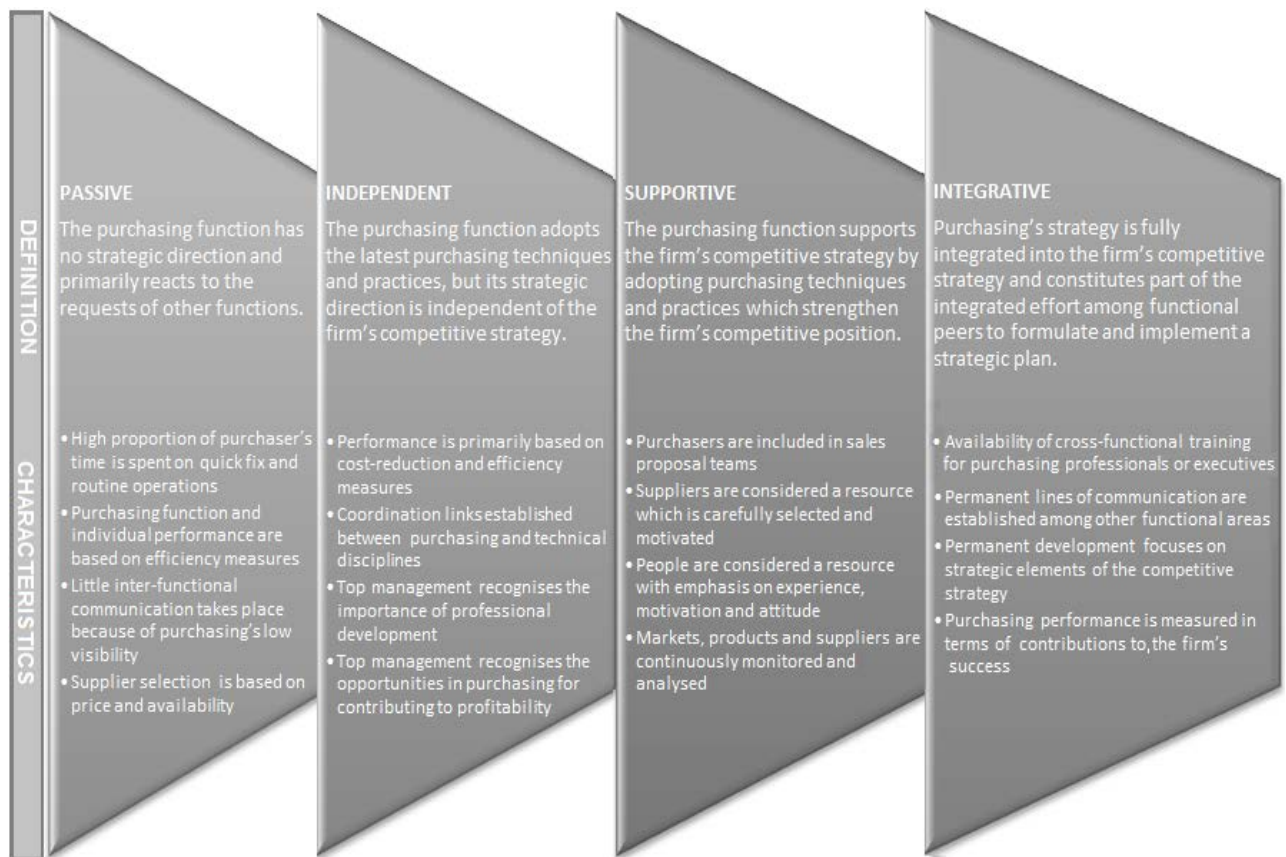
Figure 2.3:   Reck and Long's maturity model

Source: Adapted from Reck and Long (1988:4)

Other maturity models were constructed through the deductive base such as those of Freeman and Cavinato (1990) and Nelson *et al.* (2005). That means that each stage is developed following a particular variable. According to Sales and Alsua (2013:5), these models were also not tested empirically. However, recently, the application models have been introduced. These types of models have an observation foundation, but they were empirically verified as to whether they can be linked to improved output through maturity. Authors such as Stolle (2008), Schuh *et al.*, (2009) and Sales and Alsua (2013) are examples of authors that that have created application models. Therefore, maturity models may be associated with improved performance of procurement.

Figure 2.4, on the next page, is a schematic representation of Van Weele's maturity model.
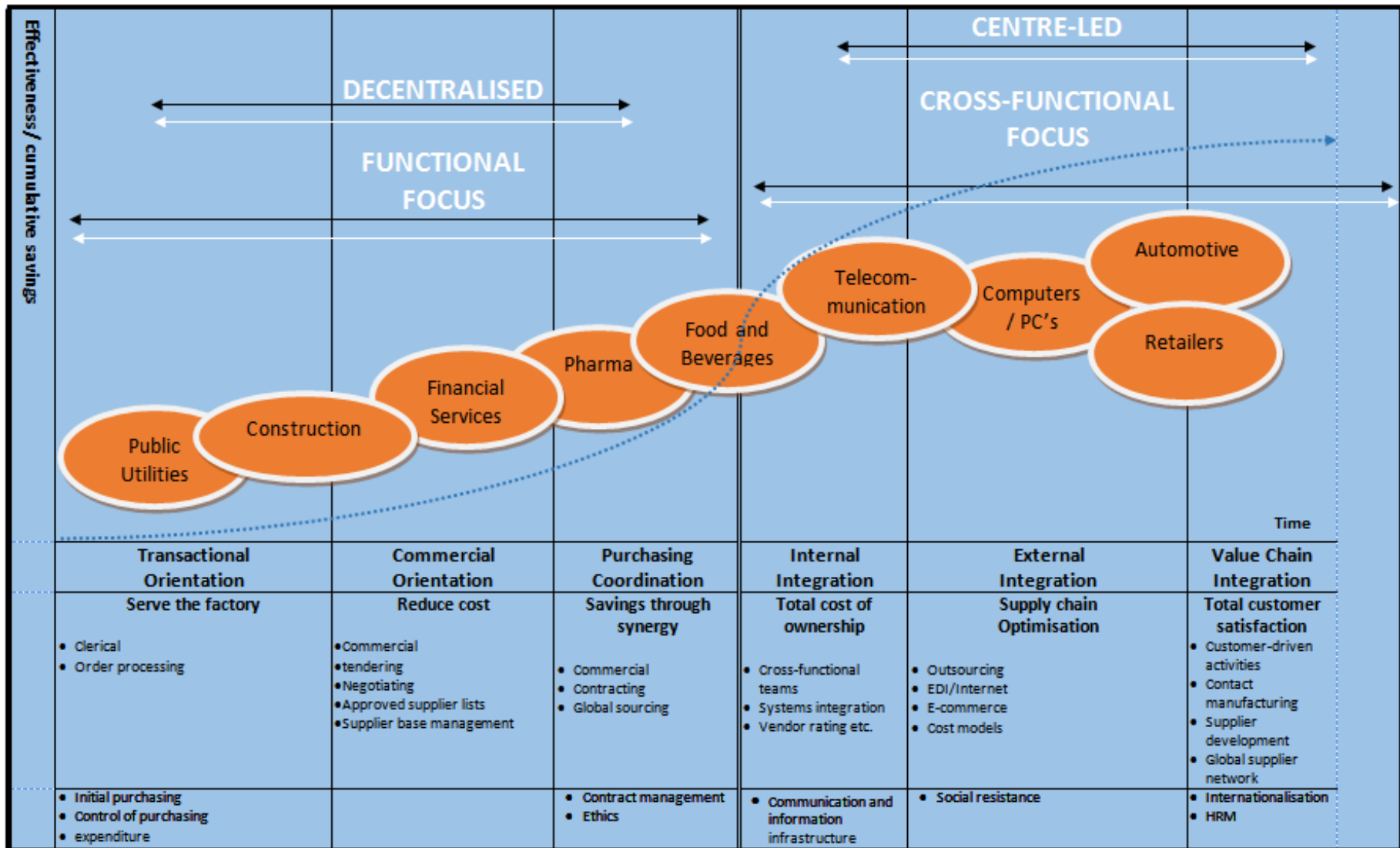
Figure 2.4: Van Weele's maturity model

Source: Van Weele (2010:69)

Van Weele's maturity model maps the maturity stages through from the transactional stage to value chain integration, as well as placing the maturity level of certain industries. Public utilities lag behind because of the restrictive and rigid public policies, while automotive and retail institutions are on the highest level. Burt *et al.* (2010:547) proposed the steps of building a world-class maturity model as illustrated in Figure 2.5 below.

World class

– Supply management as a core competence
– Strategic sourcing monitor supply environment
– Develop and implement commodity strategies
– Commodity teams
– Supply base by design
– Develop and manage alliances and networks
– Time-based competition
– Virtually defect-free materials and services
– Leverage supplier technology
– Integrated supply strategy
– Manage risk
– Emphasis: total cost
– Relationships: Transactional, collaborative and alliance
– Bottom-line impact: increase shareholder value
– Reporting: member, executive group
– Data: facilitates strategic planning
– Understand key supply industries
– E-commerce

Proactive

– Coordinate procurement system
– Develop suppliers
– Long-term contracts
– Involved in development of requirements
– Plan for recurring requirements
– Procurement adds value
– Active in source selection
– Near defect-free materials and services
– Emphasis: cost, quality, timeliness
– Relationships: Transactional and collaborative
– Bottom-line impact: profit contributor
– Reporting: upper management
– Data: facilitates sourcing and pricing
– Fulfil social responsibilities
– E-commerce

Mechanical

– Transactional focus
– React to requisitions
– Not involved in key source selections
– Emphasis: purchase price
– Relationships: transactional/ adversarial
– Bottom-line impact: revenue neutral
– Reporting: low level
– Data: used to expedite
– Computers process paperwork

Clerical

– Process paperwork
– Confirm actions of others
– Emphasis: convenience
– Relationships: personal
– Bottom-line impact: overhead
– Reporting: very low level
– Data: not available

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Figure 2.5:   Building a world-class maturity model
Source: Adapted from Burt *et al.,* (2012:12)

Having observed the Burt *et al.* (2010) model, it can be deduced that certain variables should be built into the procurement practices, processes and procedures in an effort to improve the performance of the function, such as value, finance, integration, performance measures innovation, knowledge, supplier relationships, time focus and environmental factors. It is also evident that an organisation may gauge the level at which they are by assessing the level at which they are operating in relation to where they are supposed to be, in order to reap the benefits. However, the advancement to the next level is not an easy task since the models do not have the same elements or a clear path on how to move to the next level.

Table 2.3, on the next page, provides a summary of various maturity models.

Table 2.3:   Comparison of different maturity levels

Level of maturity	1	Level 2	Level 3	Level 4	Level 5	Level 6
Klynveld Peat Marwick Goerdeler KPMG (2013)	**Sub-optimised**	**Rationalized**	**Optimised**	**Strategic**	**Integrated**	
	Decentralised and duplicative function Little central control over business support services	Single function shared services with tactical onshore or offshore provider relationships	Traditional outsourcing relationships with global delivery Non-integrated internal shared services capabilities	Optimised balance of internal and external delivery capabilities, global sourcing with multifunctional focus	Global integrated services portfolio with aggressive use of alternative and mixed delivery models	
Van Weele (2010)	**Transactional orientation**	**Commercial orientation**	**Purchasing co-ordination**	**Internal integration**	**External integration**	**Value chain integration**
	Clerical Order processing Initial purchasing *Control of purchasing expenditure*	Commercial Tendering Negotiating Approved supplier lists *Supplier base management*	Commercial Contracting Global sourcing *Contract management Ethics*	Cross-functional buying teams Systems integration Vendor rating, and so on. *Communication & information infrastructure*	Outsourcing EDI/Internet E-commerce Cost models *Social resistance*	Customer-driven activities Contact manufacturing Supplier development Global supplier network *Internationalisation HRM*
Baily *et al.,* (2008:31)	**Infant**	**Awakening**	**Developing**	**Mature**	**Advanced**	
	Few capabilities Fragmented purchasing None or low contribution	Emerging realisation of contribution through savings Clerical efficiency Small savings of 2-5% through consolidation	Some control and development of purchasing price through negotiation Price reduction of 5-10%	80/20 principle employed Specialist purchasing and supply staff Cost reduction focus Commencement of supplier base management Price and cost reductions of 10-20% Acquisition cost reductions of 1-10%	Devolution of routine procurement to users Strong central control Supply management concepts employed Leverage buying Global sourcing Understanding and practice of total acquisition cost and cost of ownership Total cost of ownership reductions 25%, acquisition cost and supply chain management cost reduction of 30%+	
Stolle (2008:113)	Little or no value creation expected from procurement No clear description of required skills and capabilities	Value creation expected on cost side Training focuses on basic skills	Procurement seen and acts as a key contributor Individual development and formal courses + job rotation			

There is no systematic use of cross functional teams	Procurement is a participant and initiator of cross-functional cooperation	Procurement drives cross-functional cooperation for cost reduction and supplier integration			
No separation of strategic and transactional roles	Formal separation of strategic and transactional roles	Clear focus of procurement on strategic tasks: transactional tasks handled decentrally			
Partial technology use	Local use of e-tools	Integrated use of e-tools			
Little or no transparency over procurement spend	Transparency only over traditional categories	Full transparency over entire procurement spend for all categories			
Formal sourcing strategy exist for few categories	A systematic strategic sourcing approach exist in most traditional categories	A systematic strategic sourcing approach exist for all categories			
Does not actively manage supply base	Generally manages supply base by focusing on key suppliers	Actively shapes the supplier base on a category-specific level			
No supplier development strategy	Supplier development efforts frequently undertaken	Supplier development done by dedicated teams in a strategic approach			
Lack of risk management	Basic risk management	Systematic risk management			
Supplier selection focuses on securing supply and purchase price	Basic concepts of total cost of ownership or life-cycle cost	Strategic evaluation of supplier development potential and relative cost and risk			
No systematic supplier performance tracking system	Supplier performance measured and managed in some categories	Supplier performance targets formally agreed and consistently tracked and managed			
Little or no compliance with procurement guidelines, frequent maverick spend	Approval process in place, but inconsistent use of consequences	High compliance due to clear processes and consistent tracking of exceptions			
Not informed about corporate strategy	Procurement not involved closely in development of corporate strategy and functional strategies	Procurement is full team member in corporate strategy development; procurement strategy is fully aligned			

Source: Compiled by author

Based on Table 2.3, the procurement evolution stages range from three to six levels in the different models. The development models agree that purchasing was a reactive function and has over time transformed to the strategic level as dynamic global factors impacted on the organisations. Since then, the role of procurement became increasingly important which led to the evolvement of the PBPs. The problem of these different models is that they refer to the development stages differently, not communicating in the same language which may cause confusion. The development stages also only show what is done in each stage and do not offer methods and procedures that can assist with the progression to the next level. This may explain why most organisations struggle with the transformation towards best practices. PBPs are found on the higher stages of the maturity models. However, authors and researchers have recently made an effort to supply enablers and tools and techniques that support the advancement towards the higher levels.

In summary the maturity or evolution models, describe the level of sophistication that applies to the procurement and variables that qualify it to be in that stage, and they also highlight the qualities required to progress to the next stage, until maturity is reached. The different maturity models have different weights for different elements in each stage. Some of the earlier maturity models were based on observation and not tested empirically, such as those of Reck and Long (1988) and Sysons (1992). Others showed chronological growth, such as Handfield *et al.,* (2011). Most models comprise of three to six separate stages. Stage 1 represent reactive purchasing while as progression takes place, procurement develops to the next stage until the highest stages are reached. Best practices are found at the highest stage and it is presumed that visible improvements in performance can be realised in the process.

2.5   THE PROCUREMENT PROCESS

The process and procedures involved in the acquisition of supplies for an organisation vary considerably, from simple to complex process, and they also vary in terms of sophistication and sales volume (Benton, 2007:121). The procurement cycle provides the steps that are followed when sourcing for material and services. As such, the steps or phases in the procurement cycle provide a design that should be followed for the effective and efficient execution of activities by the procurement

staff for the attainment of the function's objectives (Hugo & Badenhorst-Weiss, 2011:12). The phases of the procurement cycle should be designed in line with the broad policy and strategy of the procurement function, and should be coordinated and communicated well with the other functions in the organisation for synergy and compliance purposes (Fourie, 2011:33; Leenders, Johnson, Flynn & Fearon, 2006:61). Figure 2.6 maps the phases of the procurement process.
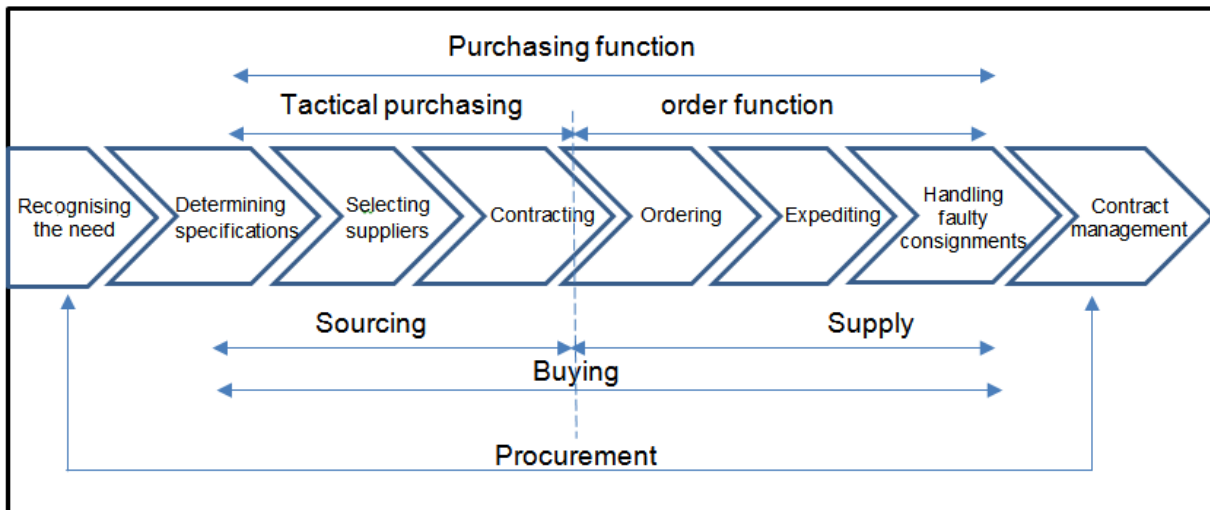
Figure 2.6: **The phases of the procurement cycle**
Source: Van Weele (2010:9); Handfield *et al., (*2011:54)

Figure 2.6 highlights the elements of the procurement function and differentiate between tactical buying, to procurement and ordering and sourcing and supply and illustrate the interrelatedness of the activities. It should be noted that the first and the last step are not performed by the procurement function. In the figure, some steps are omitted because they fall outside the scope of procurement, for example, receipts, inspections, distributions and payments do not fall under the procurement function. However, the procurement function should support these activities for efficiency and effectiveness. The phases of the procurement cycle are explained in the section below.

2.5.1 Phase 1: Recognition of the need

Generally, the need for materials or services originates from the operating departments or inventory control section (Burt *et al.*, 2010:21). The user (which is the internal customer of the procurement function) communicates the needs to the procurement function through a purchase requisition or electronic catalogue, for example, materials requirements planning. There are a few types of requisitions that

are used by organisations, such as travelling requisitions, a bill of materials and kanbans (Hugo & Badenhorst-Weiss, 2011:12). Organisations that are still trapped in "buying" would not use electronic catalogues as they would be "pushing papers" while procurement will eliminate paper handling through online orders that may be directed straight to the supplier, thereby saving time and costs.

2.5.2 Phase 2: Determining specifications

In this step, specifications are described to specify precisely the requirements that the supplier must meet to avoid unclear and ambiguous descriptions. Determining specifications also helps to clarify the user's acceptance standards. The procurement function would then form cross-functional teams to evaluate technical, functional and performance and standards requirements (Sollish & Semanik, 2012:29). However, tactical purchasing would normally accept specifications from the user and process the order without any input on it.

2.5.3 Phase 3: Selecting suppliers

During this stage, the procurement function identifies and locates a supplier with the lowest price. However, procurement's emphasis will be on understanding the market place to source from, know their suppliers well, and organise supplier visits in order to be well acquainted with the supplier's production costs, wages and distribution costs (Baily *et al.*, 2008:201). The procurement staff conducts supply market research; determining the methods of contracting, bidding and negotiating, and selecting the suitable suppliers using a set selection criteria (Van Weele, 2010:34). Current procurement systems call for mutual benefits between a supplier and the buying organisation therefore a thorough assessment of the technical and commercial features is essential. Ultimately the best and suitable supplier is selected.

2.5.4 Phase 4: Contracting

Step 4, involves drawing up a contract or a purchase agreement which is a legally binding document. The contents of the contract should clearly specify the legal and commercial terms and conditions. Both the supplier and procurement official should agree on quantity, specifications, quality, price, delivery dates and methods (Handfield *et al.,* 2011:65). Modern organisations use computerised systems, whereas traditional organisations use cumbersome paper systems.

2.5.5   Phase 5: Ordering

Ordering entails issuing a purchase order (PO) as an offer to the qualified supplier. The supplier needs to acknowledge receipt of the PO and indicate whether they accept or reject the offer in writing, delivery dates confirming availability of stock and delivery dates (Wisner, Tan, & Leong, 2012:45).

2.5.6   Phase 6: Expediting and evaluation

The responsibility of the procurement function is not completed by placing an order with the supplier. A special group within the procurement function is normally assigned to do a follow-up with suppliers. This is done to ensure that delivery dates are met and if there are problems, the procurement staff should expedite on the orders though emails, faxes, telephonically or online. Expediting is an administrative task in nature, but information technology can immensely reduce the burden on the procurement function, as progress can be monitored and tracked immediately (Hugo & Badenhorst-Weiss, 2011:54). This step is sometimes underrated by organisations, however, if neglected the organisation could experience disruptions in production or service delivery which could have severe negative implications.

2.5.7   Phase 7: Handling faulty consignments

Handling faulty consignments is done outside procurement's jurisdiction, but procurement has to be involved as the function initiates the orders and corresponds with the suppliers if there are discrepancies and faulty consignments.

2.5.8   Phase 8: Contract management

Lastly, the contract management needs to be evaluated and documented for future use and recommendations for improvements made.

2.6   VALUE AND IMPACT OF THE PROCUREMENT FUNCTION

The value of procurement is important for the growth and sustainability of the organisation. The impact of the procurement function is increasingly being recognised by numerous organisations as a strategic tool for gaining a competitive advantage (Emiliani, 2010:117; Guinipero, Handfield & Eltantawy, 2006:822; Van Weele, 2010:3). This is because procurement is the largest expense accrual function in an organisation; therefore, its operation affects the profitability and efficiency of the

entire organisation (Fourie, 2011:15; Bozarth & Handfield, 2013:210). The procurement function plays a crucial role in assisting organisations in their endeavours to drive cost reduction programmes, to improve material acquisition and delivery, to reduce cycle-times and to enhance the process of improving the bottom line of the organisation and bringing more value to the customers at a lower rate when compared to their competitors (Turner, 2011:89). According to Hugo and Badenhorst-Weiss (2011:7), the efficiency of the procurement function may impact three key organisational areas, namely:

1) The profit leverage effect: this reflects that a small percentage of savings in the purchase price may cause a relatively large percentage increase in the organisation's profit.
2) The turnover/total cost balance: the procurement function has a major impact on the net income of the firm by balancing the income from turnover (sales) with the cost of inputs that are required to generate turnover.
3) The return on investment (ROI): the most efficient procurement processes have the potential to lower costs of sales, which means that the gross income, and accordingly, the total income of the organisation may increase.

The areas mentioned above shows the value and impact of the procurement function and how it can reduce risks and volatility in revenues and earnings. Figure 2.7 below, illustrates how these elements combine to enhance the organisation's performance and it reflects how efficient procurement enhances profits using revenue and cost-related measures to improve return on invested capital (ROIC) and cash flow for the organisation. Also, the working capital and capital expenditure can enhance invested capital which in turn also improves cash flow and ROIC. Therefore, it is important that the procurement function is managed effectively and efficiently in order to make a meaningful contribution to other functions in the organisation, such as production or operations, marketing human resources, public relations and finance. These functions rely on procurement's timeous supply of good quality materials and services to operate efficiently and effectively.
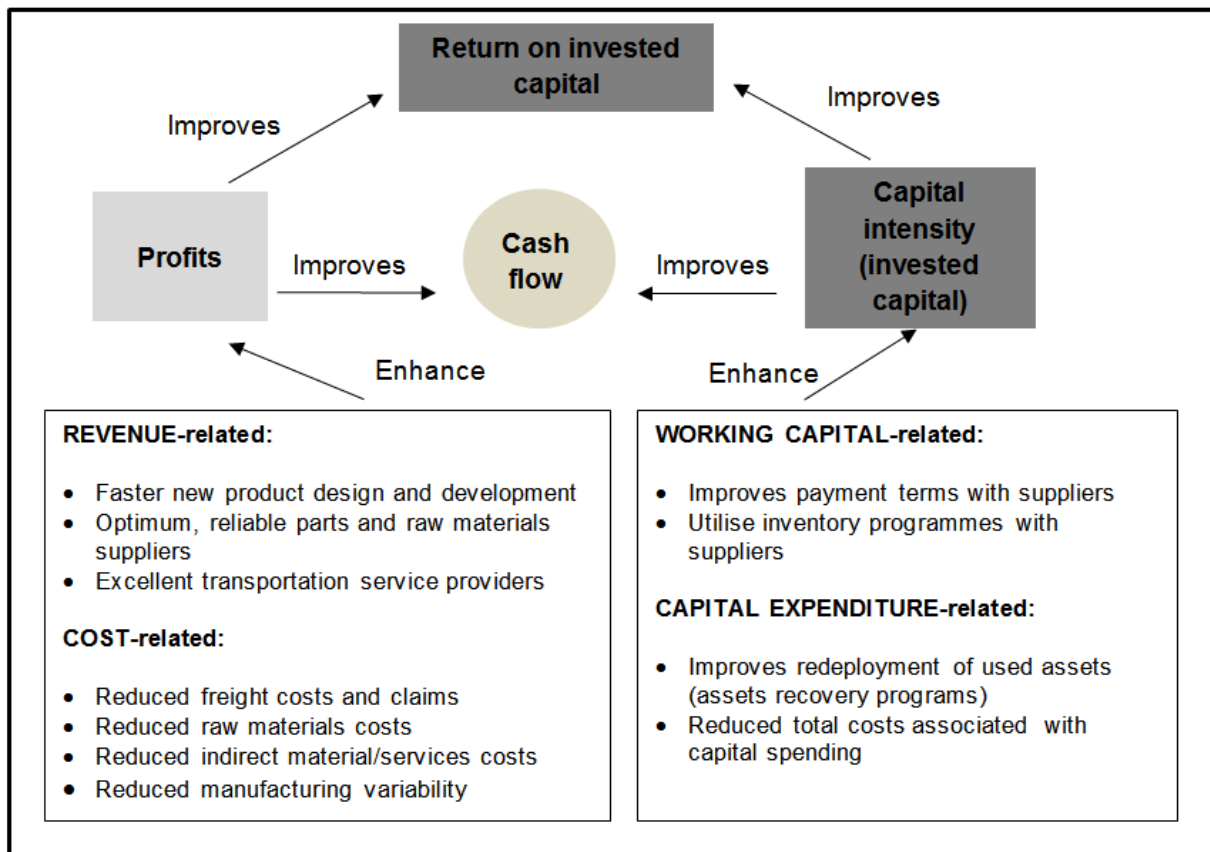
Figure 2.7: **Performance improvement framework**

Source: Rudzki and Trent (2011:6)

2.7 PROCUREMENT BEST PRACTICES

This section provides a review of procurement best practices (PBPs). It commences by providing the background information on PBPs. Then, reflects on the elements of best practices and finally identifies and discusses the barriers that inhibit the implementation of PBPs.

2.7.1 The basis of procurement best practices

Endeavours to maximise organisational resources for competitive advantage resulted in the evolvement of the PBPs (Garcia, 2009:8). A comprehensive definition of a best practice is offered by Bragg (2013:1), where it is considered to be:

- any improvement over existing systems and procedures, even though some confine it to the few high-end and very advanced (e.g. world-class level), purchasing maturity levels;

- anything that increases the existing level of efficiency, such as switching to blanket purchase orders and the use of procurement cards;

- anything that leads to improved levels of reporting for use by other parts of the company, such as target costing or direct costing reports;

- a system that reduces the number of transaction errors, such as automation (electronic data interchange (EDI));

- an excellent contributor to the fulfilment of an organisation's strategy that links functions more closely.

However, it is not easy to define PBPs as organisations and individuals differ considerably in their efforts to formulate definitions. Therefore, developing and sustaining PBPs is not an easy task for organisations (Fitzgerald, 2002). This is because the adoption of the practices is time consuming, entails breaking down barriers in internal resistance, demands a new approach to suppliers, and demands considerable investment in good leadership, people, training, analysis, measurement and technology (Booth, 2010:70).

Several studies have been conducted on PBPs, by among others, Cox (1996), Nelson *et al.,* (2005), Bernardes and Zsidisin (2008), and Burt, *et al.,* (2010). However, not all modern organisations have fully adopted PBPs in order to reap the benefits that are brought by its application (Rudzki *et al.*, 2006:4). Most organisations underestimate the positive impact that the application of PBPs can have on the bottom line of an organisation (Blanchard, 2010:56). Some organisations realise the potential that the procurement function has, but sometimes do not maintain the practice and eventually remain stuck in the elementary stages of development (Nelson *et al.*, 2005: 12). The few that constantly strive to embrace PBPs rely on the expertise of the procurement function to drive profitability improvement programmes that translate into innovation and increased value creation (Cousins, Lamming, Lawson & Squire, 2008:8).

2.7.2   Elements of procurement best practice

The application of procurement best practice often requires big changes in organisations; changes that are difficult and expensive, as will become clear in the discussion below.

2.7.2.1 Strategic commitment from senior management

Strategic commitment from senior management is a vital aspect that is required to enhance the implementation of PBPs. The procurement function on its own cannot achieve anything without the strategic commitment of senior management. This is because the procurement objectives and policies should be aligned to the corporate goals, structures and strategies to be effective (Burt *et al.,* 2010:17; Rudzki *et al.,* 2011:12). Handfield *et al.,* (2011) stressed that the procurement policy alone, no matter how precise it may be, will not be influential in urging organisations to develop to the strategic level if there is no senior management commitment. Senior management can only recognise the strategic value of procurement if they understand their procurement plans and strategies, and have high expectations from them. It is only when the procurement function is regarded as a competitive asset of the company that it can exceed the expectations of senior management, thereby contributing to revenue enhancement and improving total cost derived from the procurement objectives.

2.7.2.2 Translating corporate goals into procurement objectives

PBPs can be improved when organisations translate corporate goals into procurement objectives (Du Toit, Erasmus & Strydom, 2010:500). According to Sollish and Semanik (2012:2), organisations that conduct their procurement according to best practices align their procurement strategies with their overall organisational goals, thereby creating and sustaining a competitive advantage for the whole organisation (Ireland & Webb, 2007). The objectives should be well defined, quantifiable and have consistent milestones that are aligned to the corporate strategy (Rule, 2007:10). Rudzki and Trent (2011:12) propose that the starting point is to decide what the function wants to achieve and how it plans to achieve it. Human resources also need to be dedicated to the attainment of the objectives. Therefore, new objectives, reflecting the required changes, need to be incorporated into the annual, written performance objectives of the relevant employees. Thereafter, procurement management needs to connect personal objectives to financial rewards to serve as motivation for employees. It is important to get understanding, commitment and compliance from everyone involved to realising the set objectives. If some people are not familiar with or enthusiastic about the objectives, they may lose sight of the long-term plan and this might derail the transformation campaigns.

Therefore, it is vital to formulate realistic and high objectives that are going to stretch individuals' potential. Table 2.4 displays the procurement objectives.

Table 2.4: **Procurement objectives derived from the organisational goals**

Organisational goals	Procurement objectives
▪ To retain the market share ▪ To move from the speciality market to the general market ▪ To develop specific new products and services ▪ To develop an overall production capacity plan, including an overall make-or-buy policy ▪ To initiate a cost-reduction plan	▪ To search for more unique products in the supplier market ▪ To seek new and larger suppliers, and to develop a new materials-flow system to handle larger quantities and a greater variety of items while keeping total inventory volume as low as possible ▪ To seek or develop new suppliers ▪ To develop systems that integrate capacity planning and procurement planning, together with a policy of make-or-buy ▪ To standardise materials and reduce suppliers

Source: Du Toit *et al.* (2010:500)

2.7.2.3 *Organisational design of procurement*

The procurement function is important in the organisation and therefore should be organised in such a way that it links up effectively with the overall organisational structure. Organisational design is the process of assessing and selecting the suitable structure, formalising viable systems of communication, dividing labour, coordination and control (Rudzki & Trent, 2011:64). It involves assigning the authority and responsibility necessary for the attainment of the organisational goals and objectives. It also involves positioning the procurement to impact on the efficiency of the function so that it may contribute to the success of the entire organisation (Handfield *et al.,* 2011:157). The physical setting where the procurement function is placed and reporting relationships influence the application of best practices. This is because it reflects the status and importance of the function in an organisation (Monczka, Trent & Handfield, 2005:137). Thus, it is essential that the organisational design is flawless and that it has an organisational structure that will permeate the implementation of PBPs.

- **Centralisation versus decentralisation**

  Hugo and Badenhorst-Weiss (2011:30) propose the most general organisational structures, namely, centralised, decentralised, a hybrid or combination, and also

the use of cross-functional teams. With regard to the decentralised organisational structure, the organisation assigns full autonomy to each of its units, while centralisation means that all purchases are made from a central office. Each organisational choice has advantages as well as disadvantages; hence some organisations usually balance the shortcoming of each alternative by adopting a hybrid method (Handfield *et al.,* 2011:162). Table 2.5 below contrasts the advantages and disadvantages of the centralised and decentralised structures of procurement.

Table 2.5:   **Advantages and disadvantaged of centralised and decentralised structures**

Type of structure	Advantages	Disadvantages
Centralised	– Materials and products are standardised – Negotiation power is increased and volume discounts are made possible – Staff are afforded the opportunity of becoming experts – Control is improved – Administrative costs are reduced – Supplier relations are enhanced – Information systems integration is facilitated – Duplication of effort is eliminated	– There is slow response time to regional plants – There is resentment from geographically dispersed business unit management – There is a tendency to bypass the central buying office – There is less integration with user departments – Staff structure is top heavy – There is a lack of insight into the requirements of dispersed plant units
Decentralised	– There are better relations between decentralised purchasing and other functions – There is good service delivery to regional plants – There is faster reaction time to user departments in emergencies – Support of local suppliers generates goodwill – There is a greater autonomy for profit centres – Interdivisional competition can improve purchasing performance	– There is loss of economies of scale – Suppliers are confused by dealing with many offices – There is duplication of staff and facilities – Control over the functions is much more difficult – There is a greater likelihood of communications breakdown – There is focus on local units and under-emphasis on strategic issues

Source: Hugo & Badenhorst-Weiss (2011: 31)

- **_Reporting lines_**

The position, or level, of the procurement and supply function has significant implications on the effective execution of the activities or organisational issues. The level at which procurement reports has an influence on its strategic contribution because if procurement reports directly to the president or chief executive officer (CEO) there will be better relations and understanding of procurement's value to the organisation. Handfield _et al._, (2011:168) submitted three levels where procurement could be placed, namely, reporting to upper-level, mid-level or lower level as illustrated in Figure 2.8 below.
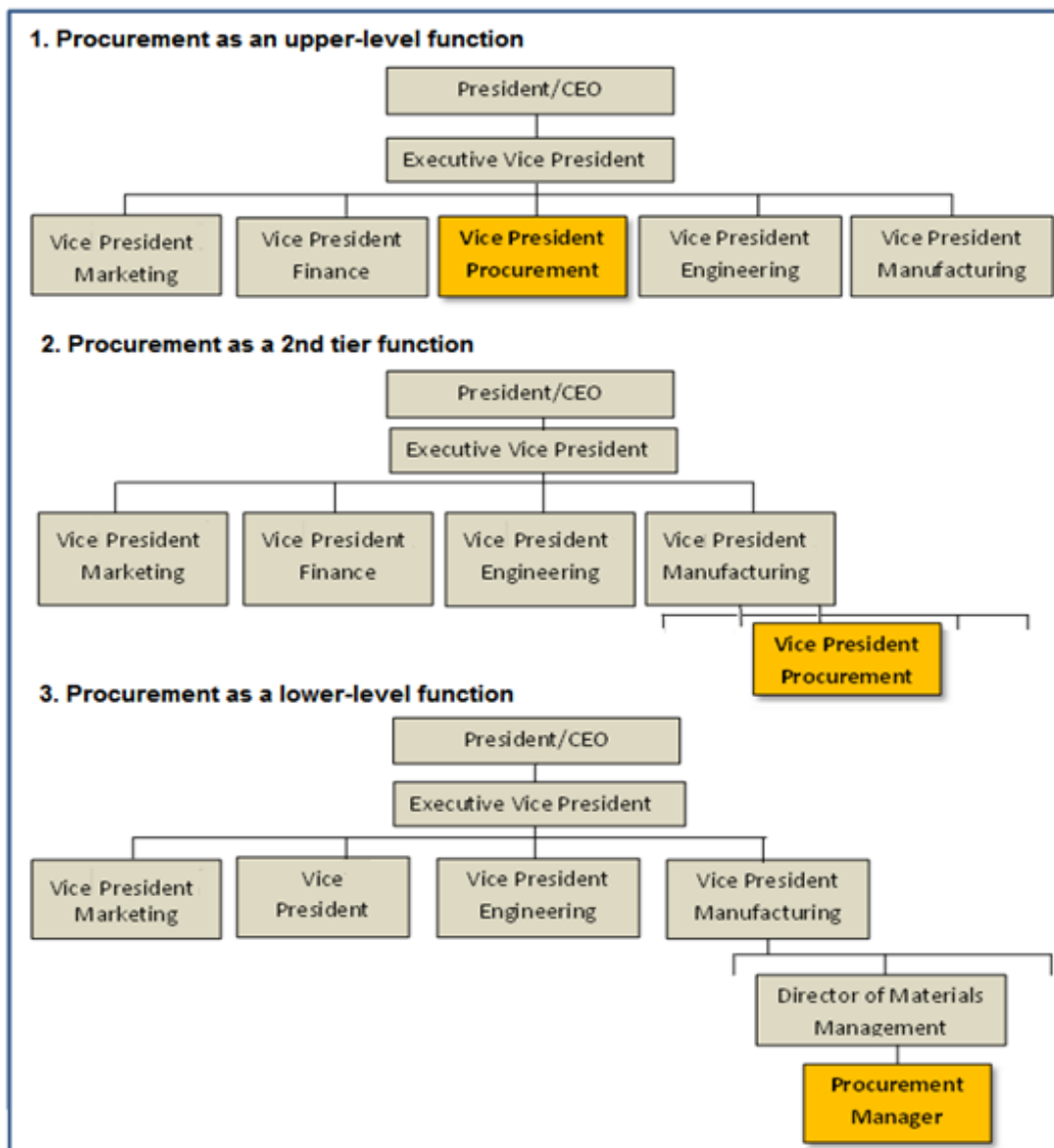
Figure 2.8:   **Procurement at different organisational levels**
Source: Handfield _et al._, (2011: 169)

2.7.2.4 Leadership

Leadership is one of the critical elements of PBPs. Du Toit, Erasmus and Strydom (2013:210) describe leadership as the process of influencing people to work willingly towards achieving organisational goals. Leaders should know what motivates human behaviour and create enabling environments for productivity. They should also be able to minimise the gap between the formulation of plans and the realisation of goals. Therefore, they can play a meaningful role in the organisation by developing plans, setting goals, objectives and vision, forming teams and creating clear communication lines. Also, leaders have the authority, power and responsibility to delegate tasks down the chain of command (Du Toit *et al.,* 2013:212).

Therefore, the adoption of PBPs requires a strong leader to drive transformation and the leader must (Rudzki *et al.,* 2006:43):

- build a business case with performance commitment that will be appropriate to gain executive management support.

- have measurable goals that can translate to a favourable bottom-line.

- be able to convey the organisation's future direction with vigour and passion on issues that managers are struggling with.

Table 2.6 below elucidates the differences between a transactional and transformational leader

Table 2.6:   **Transactional and transformational leadership styles**

FEATURE	TRANSACTIONAL	TRANSFORMATIONAL
Vision	Goals and objectives for immediate results	Long-term vision
Control	Structures and processes created, solves problems	Creates a climate of trust and empowers people to control themselves; manages problem solving
Outlook	Maintains and improves the current situations	Changes the current situation
Style	Plans, organises, directs and controls people	Coaches and develops people
Culture	Guards and defends	Challenges and changes
Power	From position and authority within the organisation	From influencing a network of relationships

Source: Emmett and Crocker (2006:74)

Table 2.6 indicates that with a transactional leadership style only an instrumental introducing of PBPs will be possible and it will not be possible to sustain the practice. An organisation that wishes to progress to the higher maturity levels with the application of PBPs needs a transformational leadership style.

2.7.2.5 Innovation and Technology

In the 21st century, innovations and technology play a significant role in organisations that wish to gain a competitive advantage. Innovation is the process of changing ideas and knowledge into products and services (Lysons & Farrington, 2006:243). The organisations, in most cases, employ hardware and software computer programs to facilitate efficient transactions (Lewis & Yildirim, 2006:435). The use of online or e-sourcing for acquiring both commodities (indirect materials) and production materials (direct materials) is gaining momentum (Blanchard, 2007:76). The Web-based technologies such as emails, shared databases and extranets deliver efficient and cost-effective ways that improve the performance of the procurement function and the entire organisation (Hugo & Badenhorst-Weiss, 2011:219). The use of the Internet speeds up communication and makes it easier to conduct transactions in real time. From the procurement perspective, the Internet contribution is more visible in its fostering of relationships between buyers and suppliers as well as across the organisational boundaries and the entire supply chain (Burt *et al.,* 2010:79).

Tools, such as video conferencing and live streaming, have enhanced global and international trade by breaking down the barriers of distance (Turner, 2011:162). Trading internationally may cut costs and increase profits in relevant situations and countries. Other technological innovations include e-commerce, e-procurement, e-sourcing, e-transactions, reverse auctions, forward auctions, and e-payment solutions (Hugo & Badenhorst-Weiss, 2011:220). Rudzki *et al.,* (2006:53) propose a distinction between e-sourcing and e-procurement as other technology enablers. The authors claim that e-procurement is tactical, while e-sourcing is a strategic process which heightens artificial intelligence, and electronic and reverse auctions are in-between. E-procurement systems embrace technologies such as electronic data interchange (EDI). All these technological solutions and innovations play a meaningful role in improving the performance of the procurement function. Therefore, technology and innovations can contribute to procurement performance in

a number of ways, such as in spend analysis, sourcing services, contract management, product life-cycle management and exchanges (Rudzki *et al.*, 2006:56). The extent to which technology and innovation are used depends largely on the procurement strategy and the value the organisation places on partnering with the suppliers (Smock *et al.,* 2007:8).

2.7.2.6 *Strategic sourcing*

Strategic sourcing is one of the most significant tools that support the application of best practices. With strategic sourcing, conventional purchasing is adapted to include all the appropriate stakeholders that can make meaningful contribution to the procurement function (Rudzki & Trent, 2011:145). When strategic sourcing is implemented well, the organisation may reap a number of benefits, such as cost savings, managing risks, standardised pricing, access to new suppliers, increased operational efficiency, set procurement procedures and relatively shorter cycle times. The strategic sourcing processes are aimed at long-term continuous improvement activities. It is driven by cross-functional specialists who possess good skills in planning, project management, financial analysis, negotiation and cross-functional operations (Rudzki *et al.*, 2006:121). The strategic sourcing process varies from organisation to organisation with regard to the number of steps; they may range from three to seven steps. The strategic sourcing process illustrated in Table 2.7 identifies the five steps as outlined by Hugo and Badenhorst-Weiss (2011:60).

Table 2.7:   Strategic sourcing process

Strategic sourcing steps	Description
Step 1: **Build a team**	Consists of cross-functional teams comprising of engineers, manufacturing, quality assurance, commodity managers and financial analysts.
Step 2: **Conduct market research-**	The most useful tool for collecting internal data is spend analysis, and external data profiling is done by understanding the current and future supply market through Porter's five forces model, and supplier analysis.
Step 3: **Formulate a sourcing strategy**	Sourcing strategy is developed from the information gathered. The information is analysed using a strategic sourcing matrix or portfolio matrix. The portfolio matrix classifies total spending into categories according to the risk and complexity involved in

	obtaining a commodity and the amount spent on the commodities.
Step 4: **Negotiations management**	Entails negotiating a contract with the chosen suppliers in line with the negotiation strategy that is used by the sourcing team's objectives.
Step 5: **Continuous management of supplier relationship**	Involves continuous management and maintenance of relevant relationships with the suppliers. Types of relationships range from transactional (routine items), to collaborative (bottleneck items) and alliance relationships (critical items).

Source: Compiled by the author from Hugo and Badenhorst-Weiss (2011:60).

Strategic sourcing is one of best tools to enhance the application of PBPs. It should be implemented well and not taken as a once-off event, but used as a periodic event that is monitored by a committed and specialised professional team which is dedicated to realising the objectives of the sourcing teams and thus creating value for the entire organisation.

2.7.2.7 Supply chain management as a core competency

Supply chain management (SCM) involves proactively managing the movement of goods, services, information and funds from the producer through to the end-customer (Handfield *et al.,* 2011:12). SCM must be a core competency for all organisations as it is a tool that impacts the bottom line (Burt *et al.,* 2010:9; Naudé, 2009:70). It is becoming increasingly difficult for businesses to gain a competitive advantage, more so than ever before, thus the employment of SCM became an indispensable tool to gain a cost advantage and generate profits for internal and external stakeholders (Ambe & Badenhorst-Weiss, 2011:73). In order to survive in a turbulent environment, organisations must be professionally managed to achieve success, or they risk losing considerable market share.

Although the introduction of the supply chain management approach or philosophy provided the means for enterprises to improve their competitiveness, it must be noted that the concept is merely a management approach. This management approach enables business enterprises and government institutions to react to intense global competition by using information technology and new forms of inter-organisational relationships with the aim of increasing customer satisfaction, market share and profits. The most important SCM processes that need to be managed are

customer relationships, customer service, demand, order fulfilment, manufacturing flow, supplier relationship, product development and commercialisation and returns (Lambert, 2006).

Figure 2.9 below is a graphical representation of SCM breaking down the boundaries between internal functions (marketing, operations, distribution, finance, procurement, research & development (R & D) and logistics), and between organisations in the supply chain by integrating all the processes. The SCM forms and manages relationships right through the supply chain spectrum, ensuring that customer service is maintained from the demand point, to order fulfilment, to operations and forming relevant relationships and partnerships with the suppliers.
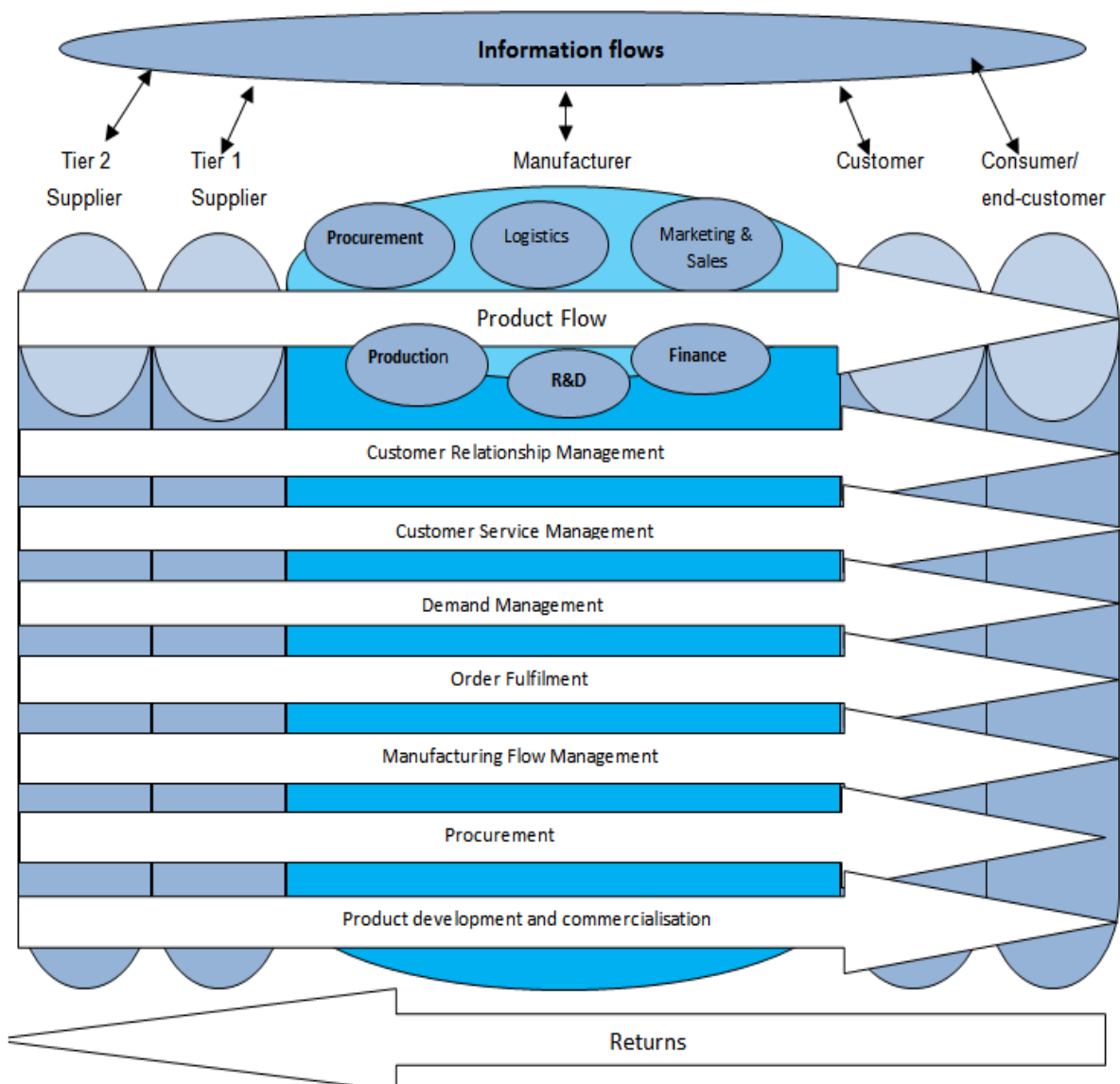
Figure 2.9:   **The most important processes activities of SCM**

Source: Adapted from Lambert (2006)

The integrated supply chain eliminates the duplication of activities and eliminates activities that do not add value to the transformation and flow of products and services to the final consumer (Ambe, 2012:24). As the link between members of a supply chain is strengthened, not only the supply of the final product, but also the joint development of new products for the final consumer, is regarded as cooperation goals. The advantage of SCM is seen in its responsiveness and flexibility in sharing benefits with all the participants in the supply chain (Fourie, 2003:84; Niewenhuizen & Rossouw, 2008:343). The key strategic principles of SCM are:

- **Relationship management −** is a fundamental factor that integrates activities, processes and management, both upstream and downstream, by creating relevant collaborative, partnership and strategic alliance relationships.

- **Customer and service focus −** ensures that the customer is supported, gets timeous response in an effective and efficient manner in obtaining the product, while delighted with the service rendered.

- **Strategic focus and integration −** a joint effort by the management team from all the functional areas and suppliers effectively work together in meeting the customer's demand by optimising the use of resources, knowledge and skills.

- **Process and value stream management −** effective management of the sequence of processes and flows that are involved in delivering final products or services, from inception through information technology, aiming at value-creation and waste minimisation.

- **Continuous improvements –** includes numerous improvement programmes and targets such as time, cost, quality, delivery and performance measures.

- **Business process engineering –** involves restructuring work processes by eradicating non-value adding activities, reducing costs, increasing bottom line, shortening cycle times and streamlining operations.

- **Total quality management –** an effective approach of identifying costs beyond the unit price by defining quality in customers' terms, striving for zero defects, establishing continuous improvements and making quality a responsibility for everyone.

- **Total cost of ownership** – is a process of ensuring that cost considerations are identified beyond unit cost price.

- **Green supply chain −** integrating environmental thinking into supply chain, including product design, material sourcing and selection, manufacturing processes, delivery of the final product to the customer as well as the disposal management.

- **Lean thinking** – is a value-adding technique that eliminates waste by focusing on the customer's needs, building the already sold products, supplying the consumed, simplifying the flows and promoting flexibility.

- **Outsourcing and subcontracting** – the process of making a make-or-buy decision by management, realising that it might be cheaper to buy products or services, parts and sub-assemblies rather than maintaining the infrastructure. While subcontracting is a practice of hiring a third party to provide part of the service or product.

- **Supplier development** – is the management strategy for improvement which seeks to increase supplier's capabilities by providing financial resources and development programmes for long-term improvement.

- **Ethics in procurement** – procurement has control over large amounts and therefore is prone to unethical acts and practices.

- **Corporate social responsibility** – is a moral obligation that organisations have towards the society to extend beyond compliance with regulations and to consider the broader effects of their actions.

2.7.2.8 *Performance measurement and evaluation*

Today's competitive and turbulent markets force organisations to develop and maintain a world-class performance measurement system that would respond to the fast-changing environment (Leenders *et al.,* 2006: 356). Performance measurement and evaluation is a formal, systematic approach of ensuring that the actual and targeted performance levels are congruent (Handfield *et al.*, 2011:737). It is an important tool that can be used, based on the maturity level of organisations with regard to the implementation of PBPs. However, performance measurement should be handled with care and done by leadership that would measure the right things at the right time and using the relevant measuring systems (Wisner *et al.*, 2012:505).

The key areas of performance measurement and evaluation include price/cost, product/quality, logistics and the organisational efficiency of personnel, management, information technology (IT), and procedures and policies (Van Weele, 2005:255). Wisner *et al.,* (2012:514) also includes customer service and environmental sustainability as these are important measures of minimising the organisations' carbon footprints. The benefits of procurement performance measurements may be realised in a form of cost reductions, lower materials prices, fewer rejects and better sourcing decisions.

There are various performance measurements tools and strategies such as, among others, balanced scorecard (BSC), benchmarking, as well as Supply chain Operations Reference (SCOR) (Rule, 2007:26).

- **Balanced scorecard** is described as a performance measurement tool that aligns organisational performance with its strategic plans and goals (Wisner *et al.*, 2012:518). The outstanding feature of BSC is that it does not rely solely on financial measures, but focuses on value creation by taking into account aspects such as customers, suppliers, employees, processes, technology and innovations (Lysons & Farrington, 2006:652). This tool is used by both the private and public sectors to enhance their performance.

- **Benchmarking** is the continuous gauging of the procurement performance related to products, services, processes, activities and practices, against the best-in-class leaders (Handfield *et al.*, 2011:757). The process entails determining how the competitors achieved their status and to use the information to establish the organisation's performance targets, strategies and action plans. The purpose of benchmarking is to identify best practices that have been proven to be successful in other organisations with the aim of improving on them (Raymond, 2008:786). It is a technique that motivates organisations to measure their performance against world-class leaders and to determine how they can customise the world-class practices to their environment.

- **SCOR model** integrates the operations of the supply chain members by linking the delivery operations of the seller to the sourcing operations of the buyer (Wisner *et al.*, 2012:522). According to Blanchard (2010:35), the SCOR model comprises of the following five measurable activities, namely:

- plan - assess supply resources;
- source - following the procurement process;
- make - request and receive materials;
- deliver – execute order management processes; and
- return – dealing with defective processes, warranty and returns (Blanchard, 2010:35).

When considering the activities of the SCOR model it can be deduced that the tool evaluates the performance internally and externally in the supply chain, thus making it an effective tool.

2.7.2.9 *Education and training*

Education and training is an important tool that can be utilised by organisations to enhance the application of PBPs. This is because skilled personnel have the necessary knowledge and skills required to successfully implement PBPs (Moller, 2012:57). However, Gattorna (2009:47) criticises educational institutions that continue to teach the same old material to their students, who in turn apply old methods and strategies in the workplace, which creates stagnation and prevents improvements in organisations. However, the latter claim does not take into account the mind-set of many organisations that still refer to procurement as an administrative function. Thus, procurement education and training needs be overhauled from clerical to strategic focus to be truly effective (Tassabehji & Moorhouse, 2008:56). Van Weele (2007:206) suggests that academics should develop research programmes and support international communities. Lau (2010:409) found that there is a lack of education and training for procurement personnel, even though skilled personnel are essential to drive the profitability of the organisation. The Chartered Institute of Purchasing and Supply (CIPS) and CSCMP offer custom-made education and training programmes in procurement and supply chain that can equip the procurement staff to perform better.

2.7.2.10 *Research*

Research in procurement is described as a systematic collection, classification, analysis and interpretation of information on all issues related to the supply of materials (Lysons & Farrington, 2006:629). The procurement environment has become volatile in this era and this has compelled organisations to do research in

order to stay in business. Research is a strategic tool that can be used by procurement managers to analyse the environment they operate in, which makes it easier for them to make informed decisions about critical issues such as developing plans, and evaluating progress, achievements and deficits (Leenders *et al.*, 2006:343). Procurement managers need to keep abreast of issues such as commodity markets, technology, quality, industrial markets, inflation and exchange rates, geographical and transport factors, accessibility of global markets and the nature of the procurement function (Hugo & Badenhorst-Weiss, 2011:195). Organisations that conduct research have the following advantages:

- The ability to develop a supply strategy that will decrease risks of interruptions in materials supply.

- New technological systems that may enable procurement to streamline operations.

- Improved performance gained from knowledge of recent trends.

- Access to best specialist expertise and trained personnel.

- Improved procedures and better relations with the suppliers.

- Lower operation costs.

- Better understanding of supply markets, precise strategies and forming correct relationships (Hugo & Badenhorst-Weiss, 2011:196).

Research covers a wide spectrum of topics such as cost of final products, value, price or cost properties, and the availability of resources, quality, information flow and new instructions. It also involves finding out about new supply markets (Hugo & Badenhorst-Weiss, 2011:196).

2.7.2.11 Consortium procurement

Consortium procurement is a method of combining requirements into a group in efforts to leverage on economies of scale (Burt *et al.*, 2010:259). The collective procurement efforts find its strength in aggregating expenditure in order to realise volume discounts. The trend was historically restricted mainly to non-profit entities, such as schools, hospitals and local government; however, in recent years many procurement officials in the private sector use it and call it the collaborative model (Burt *et al.,* 2010:260). The consortium can procure items such as stationery, food,

IT, travel, and laboratory equipment. In South Africa, the Purchasing Consortium (PURCO) is a well-established consortium for higher education institutions. Consortium procurement has the potential to significantly increase efficiency, thus minimising costs for the customer and the supplier (Rudzki *et al.,* 2006:181). It works better if the pooled requirements are similar for all the members. The purpose of the purchasing consortium is to add value to its members by (Burt *et al.*, 2010:260):

- Providing them with access to group purchasing contracts with favourable pricing and terms that are based on the buying power and leverage of a much larger organisation than a single institution;

- Using a reduced number of quality suppliers with member input on identification, qualification and the selection of successful suppliers;

- Reducing staff and administrative costs and saving time for procurement employees to make their skills and resources available to attend to matters of strategic importance;

- Creating opportunities that are available at different member institutions to contribute to the structuring of a common beneficial business transaction;

- Creating an environment for the interchange of ideas, sharing of new developments and benchmarking of activities;

- Focusing on and specialising in specific goods and services contracts that are common to the majority of member institutions;

- Ensuring that an objective and transparent tender process is followed.

2.7.2.12 Risk management

Risk management is the management of supply chain risks through coordination among the supply chain partners to ensure the profitability and continuity of the organisation (Moller, 2012:39). Risk affects businesses in different ways and degrees, such as disruptions to the supply of goods and services, volatility of prices, poor quality products and services, and the reputation of the organisation (Zsidisin & Ritchie, 2008:4). Most organisations generally identify risk, analyse the impact and consequences of the risk, and manage risk by considering alternative solutions, such as risk avoidance, risk assumption, risk elimination and reduction in their supply chain (Hugo & Badenhorst-Weiss, 2011:103). It is important that organisations have

contingency plans in place for mitigating risks to minimise disruptions and the impact of the risk.

2.7.3   Summary of procurement best practices

Table 2.8 presents a summary of PBPs and specifically their contribution to improve procurement.

Table 2.8:   Summary of procurement best practices

Procurement best practice element	Literature evidence of contribution to procurement efficiency and effectiveness
Strategic commitment from senior executives	Eagerness of top management in giving procurement full support in the formulation and implementation of aligned strategies (Schuh *et al.*, 2008).
Translating corporate goals into procurement objectives	Align procurement strategies with overall organisational goals, thereby creating and sustaining a competitive advantage for the whole organisation (Ireland & Webb, 2007).
Organisational design	Formalising viable systems of communication, dividing labour, coordination and control is called organisational design (Rudzki & Trent, 2011:64). There is a general recognition of importance of the reporting line of procurement, but there are still some situations where the most senior procurement manager is not placed at a sufficiently high level within the overall organisation in order to clearly outline communication and integration processes with regard to decision-making (McClelland, 2006; Handfield et al., 2011:167).
Education and training	Motivational tool used to increase individual skills (Monczka *et al.*, 2010:285).
Performance measurement	Analysing organisational processes and methods against leaders in the competition for improvement (Comm & Mathaisel, 2005: 229).
Innovation and technology	Automation and application of computer software to procure, e.g. e-sourcing, e-reserve auctions and e-procurement (Rudzki *et al.*, 2006:122). Through innovation of technology, efficiency becomes eminent and costs are drastically reduced.
Managing supply chain	Denotes the way in which supply processes within and outside the organisation are structured and managed (Van Weele, 2010:251). This management approach enables business enterprises and government institutions to react to intense global competition by using information technology and new forms of inter-organisational relationships with the aim of increasing customer satisfaction, market share and profits.
Risk management	Ensure profitability and continuity of the organisation (Moller, 2012:39).
Research	A systematic collection, classification, analysis and interpretation of information on all issues related to materials supply (Lysons & Farrington, 2006:629). Research in procurement assist management to make informed decisions based on sound knowledge.
Consortium procurement	Leverage economies of scale through bulk purchases (Burt *et al.*, 2010:259).

Source: Author

2.8 PUBLIC PROCUREMENT POLICIES AND REGULATIONS INFLUENCING COMPREHENSIVE UNIVERSITIES IN SA

The previous sections focused on PBPs. However, applying PBPs might not always be possible in government institutions, as procurement is subjected to acts, regulations, policies and guidelines that might prevent the application of the best procurement practices. In the same way, government-funded higher education institutions are subject to legislation. This section presents the legislative framework governing public procurement and comprehensive universities in SA.

2.8.1   Public procurement management

Public sector procurement is a process used by the state to acquire, and manage goods, works and services required to fulfil the public function (Arrowsmith & Quinot, 2013:1; Watermeyer, 2012:35). The scope of public procurement includes national, provincial, municipalities, agencies and public entities (Leenders *et al.,* 2006:399; Van Weele 2005:340). The historical beginnings of public procurement can be traced from the fiduciary responsibilities of the state to deliver goods and infrastructure, for example, roads and harbours and services, such as health care and education to the population of a country or a specific geographic region, city or town (Ambe & Badenhorst-Weiss, 2012:242). There are at least three participants that are involved in PP delivery, namely, the government (though funding), taxpayers, and suppliers of the goods and services (Le Roux de la Harpe, 2009:510).

The sector is very large and has huge expenditures (Baily *et al.,* 2008:58; Van Weele, 2005:340). Owing to the magnitude and nature, this sector impacts mostly on socio-economic developments (Watermeyer, 2012:35). Therefore, it is logical that this sector is highly regulated. The most popular international regulatory organisations on public procurement are the World Trade Organization's Agreement on Government Procurement and the the United Nations Commission on International Trade Law (UNCITRAL) Model Law on the Procurement of Goods, Construction and Services (Arrowsmith & Quinot, 2013:1) In Africa, the Common Market for Eastern and Southern Africa is the most significant role player in the reforms in public procurement. Due to the greater scrutiny and transformation of the public procurement sector, it is imperative to understand its objectives.

According to Le Roux de la Harpe (2009:514), the objectives of public procurement are political in nature and aim to serve the socio-economic need of people:

- to obtain goods and services in such a manner that **value for money** (efficiency) is achieved
- to avoid corruption and conflict of interest through ethical conduct and **integrity**
- **accountability**
- to offer equal opportunities and equal treatment of providers **(equity)**
- **fair and impartial treatment** of providers
- **effective** implementation of industrial, social and environmental objectives
- **open** competition of public markets to international trade

The objectives of public procurement, therefore, aim at value creation, in terms of acquiring quality goods and services in a timely fashion and at a minimal cost, while managing risk and ensuring that socio-economic objectives are achieved.

Table 2.9:   Primary and secondary objectives of public procurement in SA

Objective		Reference
Primary	A procurement system that is fair, equitable, transparent, competitive and cost effective.	Section 217 (1)
Secondary	A procurement policy that may provide for: ▪ categories of preference in the allocation of contracts; and ▪ the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.	Section 217 (2)

Source: Bolton (2006); Watermeyer (2011)

Procurement is conducted through a tendering system. This means that procurement of goods above a certain threshold must be done through the tender system. This system came about with the appointment of the tender boards which were disbanded in 2003, and were re-instated again in 2014. Public procurement in SA faces many challenges that range from non-compliance with regulations to corruption, negligence, and incompetence, inadequate measures for monitoring and evaluating, and fraud (Ambe & Badenhorst-Weiss, 2011:438).

Public procurement is important because all the government activities involve expenditure incurred when acquiring goods and services (Pauw, Woods, van der

Linde, Fourie, & Visser, 2009:229). In addition, large amounts of money are involved which means that if the procurement system is flawed, massive losses could result. Also, public procurement involves procuring goods and services which are consumed by the public, therefore, efficiency and effectiveness are the order of the day to minimise the possibility of service delivery protests. Public procurement is used as a tool for social justice, which results in job creation and encourages fair labour practices (Ambe & Badenhorst-Weiss, 2011:440). This means that public procurement supports economic and political values.

Apart from other legislation, public procurement is subject to a number of laws, acts and policies. Table 2.10 summarises this legislation.

Table 2.10:   Legislations applicable in the SA public procurement system

Act	Applicability	What it does in respect of procurement
Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)	All organs of state	Provides procurement objectives and establishes government's policy for applying the preferential system. Establishes requirements for the award of contracts to be lawful, reasonable and procedurally fair.
The Promotion of Equality and the Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000)	The state and all persons (natural or juristic persons)	Prohibits the state or any person from discriminating unfairly against any person on the grounds of race or gender through the denial of access to contractual opportunities for rendering services or by failing to take steps to reasonably accommodate the needs of such persons.
Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000)	All organs of state (state owned enterprises) at discretion of Minister)	Provides a framework of the implementation of preferential procurement policies
Construction Industry Development Board Act, 2000 (Act 38 of 2000)	All organs of state involved in procurement relating to the construction industry.	Establishes the means by which the Board can promote and implement policies, programmes and projects, including those aimed at procurement reform, standardisation and uniformity in procurement documentation, practices and procedures within the framework of the procurement policy of government and establishes a code of conduct for the parties engaged in construction procurement.
Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).	Procurement provisions apply to all organs of state.	Establishes a code of good practice to inform the: – development of qualification criteria for the issuing of licenses or concessions, the sale of state-owned enterprises and for entering into partnerships with the private sector; and – development and implementation of a preferential procurement policy.

Prevention and Combating of Corrupt Activities Act, 2004. (Act No. 12 of 2004).	Public and private Sector	Makes corruption and related activities an offence. Establishment of a Register to place certain restrictions on persons and enterprises convicted of corrupt activities related to tenders and contracts; and places a duty on certain persons holding a position of authority to report certain corrupt transactions.
Public Finance Management Act (Act No. 1 of 1999).	All organs of state (state-owned enterprises) at discretion of Minister)	Establishes a regulatory framework for supply chain management which includes procurement within national and provincial departments and state owned enterprises.
Framework for supply chain management, 2003	All organs of state	Established to guide uniformity in procurement reform processes in government

Source: Adapted from Watermeyer (2011)

2.8.2   Legislative framework governing comprehensive universities

All higher education institutions, both public and private in SA, are regulated through an accreditation system led by a statutory body, the Council on Higher Education (CHE), and its implementation arm, the Higher Education Quality Committee (HEQC).

It is expected that SA public HEIs play a strategic role in addressing the social and economic imbalances of the country because of the fact that they receive government funding. Therefore, apart from the University Statute, the operation of SA public HEIs is also influenced by laws, acts and policies such as those indicated in Table 2.10, above.

Mashabela (2011:1586) advocates that some of the policies and pieces of the legislation have been adopted from the global market. However, at this juncture it is still unclear whether these legislative structures facilitate or hinder the employment of PBPs in these institutions.

2.9   CHALLENGES OF IMPLEMENTING PROCUREMENT BEST PRACTICES

According to Stolle (2008:191), few organisations have adopted PBPs despite the numerous benefits mentioned from this practice. The question that arises then is what is hindering the implementation of PBPs in South African organisations and in comprehensive universities, specifically? Rudkzi *et al.,* (2006:4); Hugo *et al.* (2006);

Niewenhuizen and Rossouw (2008:345) and Stolle (2008:3) cite the following general barriers to the implementation of PBPs:

- internal organisational barriers

- procurement is regarded as a non-value-adding function

- the human element of mistrust, resistance to change and lack of understanding of the value of adopting PBPs

- limitations of an inappropriate IT system and lack of resources

- poor choices of leadership

- incorrect reporting relations

- no strategic commitment from senior management

- cultural clashes between corporate culture and procurement culture

- lack of alignment of objectives between corporate, finance and procurement

- other organisational functions are resistant to accepting the strategic role of the procurement function

Therefore, given the barriers that inhibit the application of PBPs, it is becomes apparent that introducing and employing PBPs is a complex project that requires strategic commitment from senior management, good leadership and well-formulated objectives, a large capital outlay, and it should be accompanied by the relevant technology to be implemented effectively.

2.10 CONCLUSION

In line with the primary objective of this study, which is to determine whether comprehensive universities in South Africa conduct procurement according to the best practices? This chapter provided the background to higher education institutions in SA. Attention was drawn on the governance and funding of public higher education institutions in South Africa. The policies and regulations which influence the comprehensive universities were highlighted. The background information provided in this chapter laid the groundwork for understanding the complexity of implementing procurement policies in South African comprehensive universities. This chapter also presented the theoretical concepts of PBPs and untangled terminology

issues. Lastly, the barriers to the implementation of PBPs were identified with the aim of revealing that the employment of PBPs is not an easy task and becomes even more complicated when coupled with the challenges that strain the implementation of PBPs.

The next chapter will focus on the research design and methodology employed in this study.

CHAPTER 3:   RESEARCH DESIGN AND METHODOLOGY

3.1   INTRODUCTION

This chapter presents the research design and methodology. Chapter 1 depicted an orientation to the study. Chapter 2 presented theoretical concepts of procurement with the aim of identifying PBPs. Furthermore, higher education in South Africa was discussed and the legal framework guiding public procurement and universities was presented to lay a foundation for understanding the development of procurement and the challenges that impede the implementation of PBPs in South African universities. The purpose of this chapter is to provide a roadmap of how the study will be conducted in pursuit of attaining the objectives, which in turn will answer the research questions.

3.2   RESEARCH QUESTIONS AND RESEARCH OBJECTIVES

The research problem, research questions and objectives were presented in Chapter 1, Section 1.3. For the sake of clarity they are repeated below.

3.2.1   Research questions

A research question is an impetus that prompts researchers to seek answers that address a certain problem (Eriksson & Kovalainen, 2011:27). The purpose of a research question is to postulate the problem in a manner that directs the researcher to appropriate objectives and methods of data collection (Hair, Celsi, Money, Samouel & Page, 2011:86). Therefore, it is imperative that the research question is well formulated. According to Jansen (2013:10), there are three categories of formulating research questions, namely:

- **Descriptive questions**: generally seek to establish the frequency at which things happen and employ "how" and "what" questions.

- **Explanatory questions**: usually go beyond the description of things and explain causes and/or consequences and these questions will mostly ask "how" and "why".

- **Exploratory questions**: which are used when the researcher is not yet sure about the nature or extent of the problem and wishes to gain more insight into

cases where there are few or no earlier studies to be found in that field (Creswell, 2009:18). In such cases, the research would employ extended literature reviews, interviews and open-ended questions to gain more understanding of the problem based on existing literature. Generally, these questions are considered to be flexible and seldom contain structured questionnaires, large samples or probable samples (Malhotra, 2004:77).

This study used exploratory questions. These research questions were used because the researcher had no knowledge of the procurement practices employed by the comprehensive universities in South Africa and the application of PBPs. Also, no evidence of similar studies on this topic was found. Therefore, the **main research question** that guided this study can be stated as: *do comprehensive universities in South Africa conduct their procurement according to the procurement best practices?*

The secondary research questions were:

- Has procurement evolved to supply management in South African comprehensive universities?

- What processes are currently followed by South African comprehensive universities in the typical acquisition of goods and services?

- Do the comprehensive universities in South Africa understand the "procurement best practice"?

- Do public procurement policies and regulations influence the application of PBPs in SA comprehensive universities?

- What challenges face South African comprehensive universities in the application of PBPs?

3.2.2   Research objectives

Research objectives are shaped by the research problem and derived from the research questions.

The primary objective of this study was defined as: *to determine whether South African comprehensive universities conduct their procurement according to procurement best practices.*

In order to achieve the main objective, the following **secondary objectives** were addressed:

- To determine whether procurement has evolved to supply management in South African comprehensive universities.

- To determine the current procurement processes followed by South African comprehensive universities in a typical acquisition of goods and services.

- To determine the value and impact of the procurement function to the universities' competitive advantage.

- To determine the understanding of PBPs in the South African comprehensive universities.

- To determine whether public procurement regulations influence the application of PBPs in South African comprehensive universities.

- To determine the challenges faced by South African comprehensive universities in the adoption of PBPs

- To develop a framework of PBPs pertinent to comprehensive universities in South Africa.

A critical review of the research questions and objectives of this study clarified the necessity to map out a clear design and methodology pathway in the endeavour to answer the research questions.

3.3 RESEARCH DESIGN

A research design is a plan that involves deciding on the relevant research paradigm and philosophy, research approach, method, data collection techniques and data analysis (Myers, 2009:19). Therefore, a research design is a blueprint that shows a logical sequence of how the empirical data is linked to the research question and how each step fits to the entire project (Yin, 2009:26). The choice of a research design is guided by the researcher's assumptions, skills and practices and influences the manner in which data is collected (Nieuwenhuis, 2013:70). This study follows the research onion approach proposed in Saunders *et al.,* (2012:160) as illustrated in Figure 3.1.
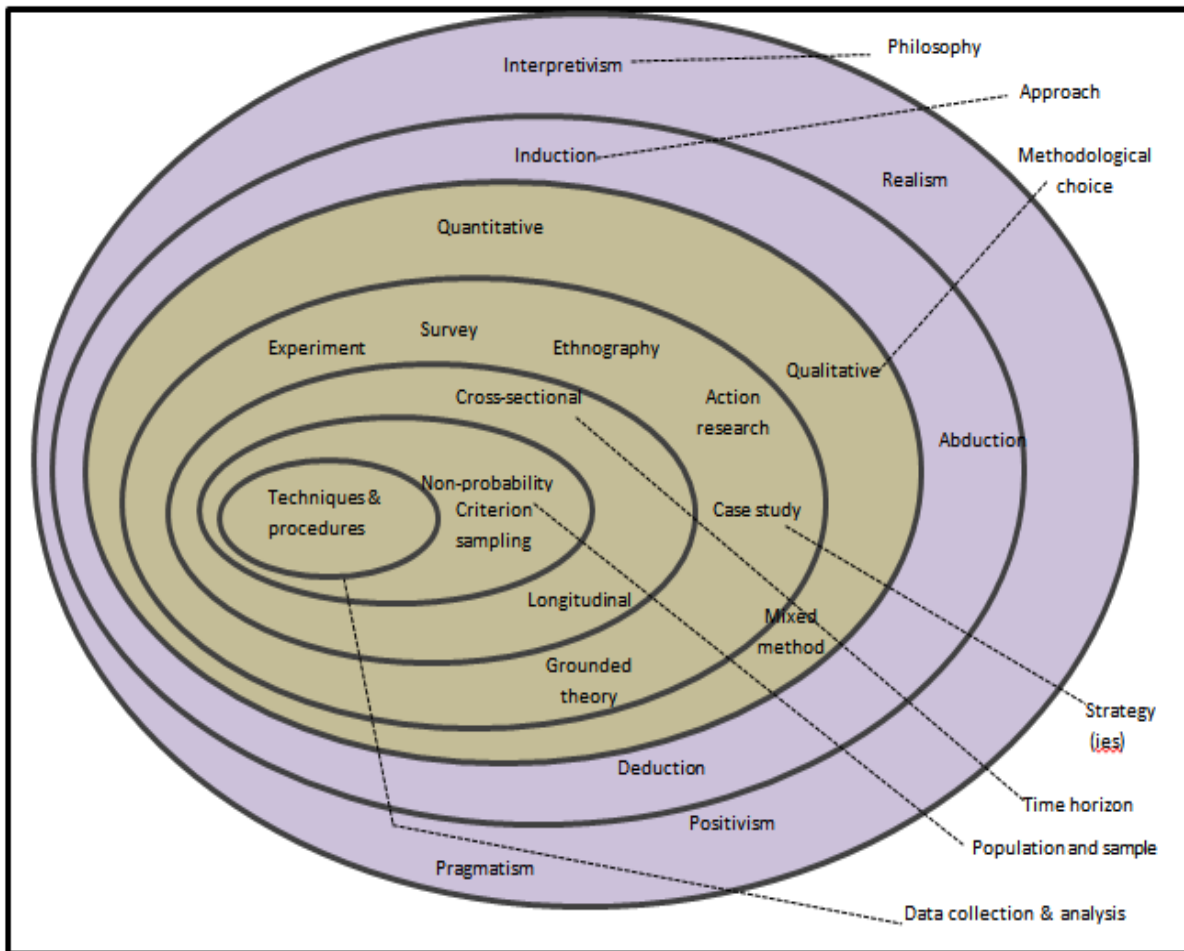
Figure 3.1: **The research onion**

Source: Adapted from Saunders *et al.* (2012:60)

Figure 3.1 depicts the research design path that this study adopted. This is discussed in the sections below.

3.3.1 Research philosophy

Research is an eagle-eyed human activity of systematically investigating truth in a particular field in an effort to contribute to knowledge and understanding (Myers, 2009:6; Hair *et al.,* 2011:3). In simple terms, a research philosophy is the assumptions that the researcher has, or the manner in which the researcher views the world. The researcher's assumptions about knowledge shape the formulation of the research questions, methods and interpretation of findings (Saunders *et al.,* 2012:128). Thus, the research strategy and method that the researcher follows should fit within the chosen philosophical framework. Hence, all research projects have some philosophical conventions of the worldview within which the research is based (Quinlan, 2011:95). The worldviews are sometimes referred to as paradigms

(Kuhn, 1970; Creswell, 2009:6). The research paradigm is characterised by key concepts such as ontology, epistemology, axiology and methodology (Eriksson & Kovalainen, 2011:12). These key concepts are defined in Table 3.1, together with the related pillars of research philosophy.

Table 3.1:   Key concepts and pillars of research philosophy

Key concept and definition	Positivism	Realism	Interpretivism	Pragmatism
Ontology: *the view on the nature of reality or being*	Externally objective and independent of social actors	Is objective. Exists independently of human thoughts and beliefs or knowledge of the existence (realist), but is interpreted through social conditioning (critic realist)	Socially constructed, may change, multiple	External, multiple view chosen to best enable answering of research question
Epistemology: *the view regarding what constitutes acceptable knowledge*	Only observable phenomenon can provide credible data and facts. Focus on causality and law like generalisations, reducing phenomena to simple elements	Observable phenomena provide credible data and facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinter-pretation (critical realism). Focus on explaining within a context or contexts.	Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meaning motivating actions.	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practically applied research, integrating different perspectives to help interpret the data.
Axiology: *the view of the role of values in research*	Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Research is value laden; the researcher is bias by worldviews, cultural experiences and upbringing. These will impact on the research.	Research is value-bound, the researcher is part of what is being researched, cannot be separated and so will be subjective	Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view.
Data collection techniques/ methodologies often used	Highly structured, large samples, measurement, quantitative, but can use qualitative	Methods chosen must fit the subjective matter, quantitative or qualitative	Small samples, in-depth investigations, qualitative	Mixed or multiple method designs, qualitative and quantitative.

Source: Bandaranayake (2012); Saunders *et a*l. (2012:140)

As shown in Table 3.1, the pillars of research philosophy include positivism, realism, interpretivism and pragmatism. These pillars are provided to clarify the assumptions

that shape the study and give direction to what methodologies and approaches should be adopted. This study was guided by the interpretivism view as highlighted in Column 3 in the above table. The interpretivism philosophy was chosen because a holistic picture is required for understanding and interpreting the level to which the South African comprehensive universities have progressed with the application of PBPs, while taking into account the social constructs that surround these universities. The interpretivism paradigm traditionally emerged from hermeneutics (the necessary condition of interpretation and understanding as part of the research process) and in phenomenology (the study of experience from the perspective of the individual based in a paradigm of personal knowledge) (Eriksson & Kovalainen, 2011:19).

The interpretivism philosophy views the nature of reality or being as socially constructed and subject to change, as human behaviour influences knowledge of the changing world. The epistemological stance of interpretivism is subjective and focuses on the details of the situation which is often a criticism levelled at this philosophy, but it is fundamental to understanding the subjective experience, and gaining insight into people's motivations and actions which clarifies the problem. This paradigm is not centred on the subjects of empirical data only, but is also moulded by language practices and accommodates the possibility of interpreting the same data differently. The distinctive feature of this paradigm is that research is value-bound, as the researcher is part of what is being researched. Therefore, this study is context sensitive to the situations and participants' feelings, beliefs, ideas, thoughts and actions as the philosophy is cognisant of the fact that human actions are highly dependent on the environment in which they find themselves.

3.3.2 The research approach

A research problem can be answered by using the deductive and inductive research approaches. The deductive approach is followed when you develop a research idea and questions from theories and prior research (Eriksson & Kovalainen, 2008:44). This approach generally moves from theory to data collection, while the inductive approach starts by collecting data to explore a phenomenon (Saunders *et al.,* 2012:145). However, these two approaches are separated by a thin line, therefore there is no pure approach and hence a third approach emerges, called abduction.

Abduction means combining both the deductive and inductive approaches in a study, but applying them at different stages (Eriksson & Kovalainen, 2008:23). Table 3.2 distinguishes the characteristics of these approaches.

Table 3.2: **Deductive, inductive and abductive research approaches**

	Deductive	**Inductive**	**Abduction**
Logic	In a deductive inference, when the premise is true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the interactions from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory.

Source: Saunders *et al.* (2012:144)

An inductive approach was adopted for this study. This approach was chosen because: (1) literature cites that few organisations have adopted PBPs, although that conclusion is untested in the South African comprehensive universities context, and (2) close understanding of primary data was required to determine the degree to which South African comprehensive universities have developed in the employment of PBPs. Saunders *et al.* (2012:163) acclaim this approach for qualitative inferences.

3.3.3 Methodological choice

When conducting research, the researcher has to make a choice between qualitative, quantitative or mixed methods. These methods are not distinct and should not be regarded as extreme opposites, as a research project may be either more qualitative or more quantitative (Creswell, 2009:3). Other research studies may

combine both elements, thereby adopting a mixed method. These methods are briefly discussed in the section below.

- **Quantitative methods:** stem from the post-positivist worldview and incorporate numerical data such as statistical records, sales reports and questionnaires to make broad and generalisable comparisons (Hair *et al.,* 2011:145). The focus of this method is on explanation, the testing of hypotheses and statistical analyses (Eriksson & Kovalainen, 2011:5). Therefore, measurements of quantities, amount intensity and frequency are crucial elements of this method. More emphasis is placed on the analysis of causal relationships between variables and not on processes (Denzin & Lincoln, 2013:17). Also, this method is suitable for structured, standardised and abstract approaches to collecting and analysing empirical data.

- **Qualitative methods:** have a constructivist standpoint and include describing things without using numerical data, such as words, images and interviews to get an in-depth understanding of categories of information (Creswell, 2009:16; Hair *et al.,* 2011:145; Saunders *et al.,* 2012:161). Also, qualitative methods deal with social and cultural constructions of its own variables (Eriksson & Kovalainen, 2011:5). This method aims to gain a holistic understanding of the phenomenon being studied within its real-life context. According to Creswell (2009:18), qualitative studies of the sample under study are advisable when the topic has never been researched before. Even though this method is criticised for being subjective, the strength of this method is in triangulation which enhances rigour, complexity of breadth, richness and depth to an investigation (Denzin & Lincoln, 2013:10).

- **Mixed methods:** are based on the pragmatic worldview. The strength of this method is found in the use of multiple forms of data and drawing data from all possibilities. This method is convenient when neither the quantitative nor the qualitative method is sufficient to answer the research question fully (Creswell, 2009:18). Therefore, using this hybrid method, the limitations of one method are complemented by the other. Table 3.3 shows the differences between quantitative, qualitative and mixed methods.

Table 3.3:   **Comparison of quantitative, qualitative and mixed methods**

Quantitative methods	Mixed methods	Qualitative
– Collect numerical data – More useful for testing – Provides a summary of information on many characteristics – Useful in tracking trends – More structured data collection technique and objective ratings – Higher concern for representativeness – Emphasis on achieving reliability and validity of measures used – Relatively short interviews (1-20 minutes) – Interview questions directly, but does not probe deeply – Large samples (over 50) – Results relatively objective	– Both pre-determined and emerging methods – Both open- and closed-ended-questions – Multiple forms of data, drawing on all possibilities – Statistical and text analysis – Across databases interpretation	– Collect qualitative data – More useful for discovering – Provides in-depth information on few characteristics – Discovers hidden motivations and values – More unstructured data collection techniques requiring subjective interpretation – Less concern for representativeness – Emphasis on trustworthiness of respondents – Relatively long interviews (30 minutes to-many hours) – Interviewer actively probes and must be highly skilled – Small samples (1-50) – Results relatively subjective

Source: Adapted from Creswell (2009:15); Hair *et al.* (2011:145)

This research study followed the qualitative research method. This approach was deemed to be suitable since the research focus area is new in South African public higher education institutions. No evidence was found to have addressed the same audience before (Creswell, 2009:18). Another reason for choosing this method was to gain in-depth understanding of the PBPs on the few selected cases of comprehensive universities (Babbie, Mouton, Voster & Prozesky, 2012: 279) as the topic is very sensitive while high-quality data is required. Qualitative studies also allow a setting for social justice thinking (Denzin & Lincoln, 2005) which is an element that impacts on universities, since in South Africa procurement is used as a social justice tool (Bolton, 2006).

3.3.4   Research strategy

A research strategy is a plan which the researcher uses in an endeavour to answer the research question (Saunders *et al.,* 2012:173). Other authors refer to it as research strategies or methodologies (Quinlan, 2011:178), while others describe it as strategies of enquiry (Creswell, 2009:11). These strategies have to fit with the

fundamental philosophy, chosen method and data collection method (Quinlan, 2011:179). According to Creswell (2009:176) and Myers (2009:53), the most common research strategies for qualitative studies are phenomenology, ethnography, case study, action research and grounded theory. Figure 3.2 illustrates the research strategy pyramid.
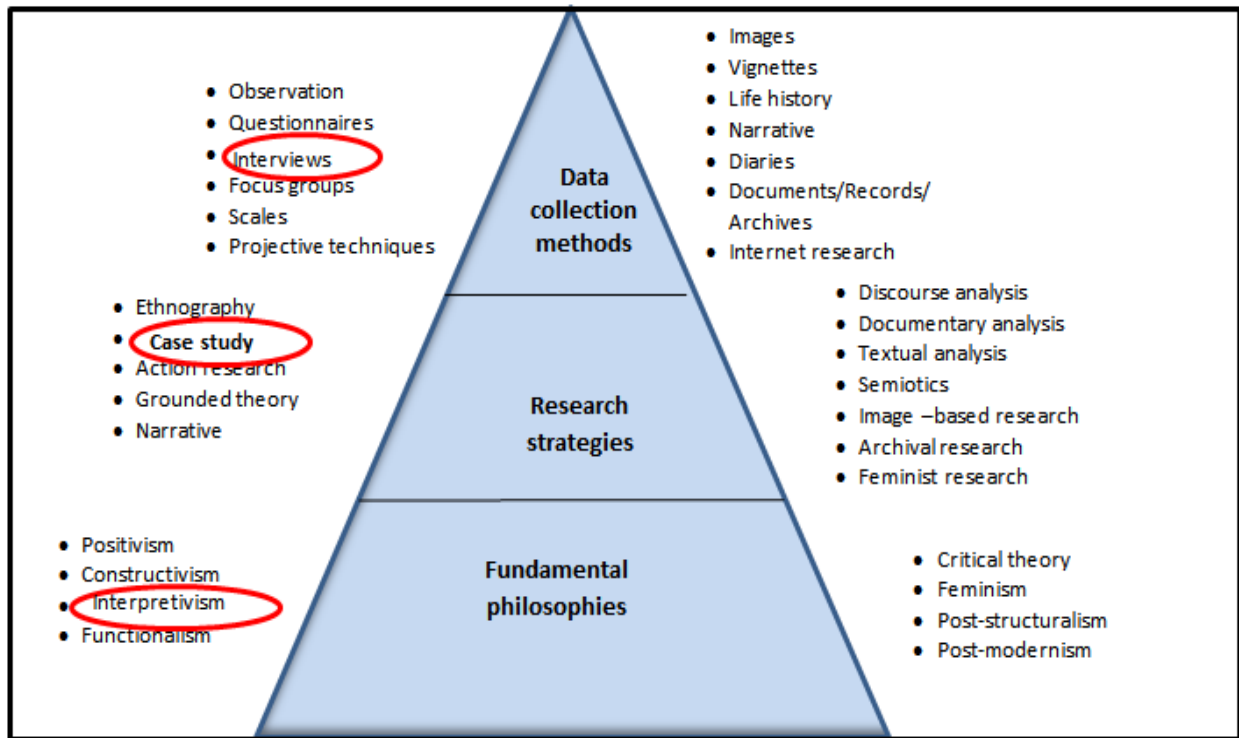
Figure 3.2: **The research strategy pyramid**

Source: Quinlan (2011:179)

The chosen research strategy for this study is a case study. The origins of a case study can be traced to Bronislaw Malinowski and Frederick Le Play (Babbie *et al.,* 2012:281). The word "case study" may be used to describe the unit of analysis or to denote a research method (Nieuwenhuis, 2013:75). In this study it is used to describe the chosen research method. The unit analysis of this study is comprehensive universities in South Africa. The strength of the case study is that it explores a phenomenon within its real-life context, thereby revealing concealed information (Hofstee 2006:124; Saunders *et al.,* 2012:179); in this case possible barriers and or enhancers of the implementation of PBPs. Generally, case studies provide answers to questions such as "why" "what" and "how?" (Saunders *et al.,* 2012:179). A case study may adopt an exploratory approach to determine the

pertinent features, factors or issues that might apply in a situation; however, the researcher does not intervene, but simply describes it (Myers, 2009:73).

A case study may investigate a single case or multiple cases (Yin, 2008). In this study, three different types of comprehensive university were selected, namely, historically-distance learning, historically-disadvantaged and historically-advantaged comprehensive universities were used as the embedded unit of analysis. The reason for using multiple cases was for replication of the findings in other similar situations, and also contextual factors may differ to allow for theoretical replication to produce a strong support for the theoretical proposition (Saunders *et al.*, 2012:180). The reasons for using multiple cases for this study are as follows: (i) the selected comprehensive universities encompass elements that prevail in all three types of universities found in SA (that is, academic universities, universities of technology and comprehensive universities that are both academic and vocationally oriented), and (ii) to detect similarities and differences in the procurement practices of these institutions.

3.3.5   Time horizon

Time horizon is another important element that should be considered when designing a research project. This refers to determining whether the study will be longitudinal or cross-sectional (Saunders *et al.,* 2012:190). A **longitudinal** research process takes place over a long period of time and focus on studying changes or developments in a controlled environment. While, **cross-sectional** research takes place at a single point in time, which means that participants are studied at a particular point in thus, saving time (Quinlan, 2011:180). This study employed a cross-sectional path because of time and funds constraints.

3.3.6   Population and sample

A population refers to a collection of individuals, items or units which share the same features pertinent to the study (Quinlan, 2011:206). In an ideal world, researchers would prefer to collect and analyse data that includes all the members of a population under investigation, known as a census or universe (Hair *et al.,* 2011:163; Quinlan, 2011:206). However, this is not always possible, because of time, access and money constraints (Saunders *et al.,* 2012:258). Therefore, a small number of samples (subset) are drawn from the entire population.

3.3.6.1 Population of the study

There are twenty-three public universities in South Africa and two newly established National Institutes of Higher Education as mentioned in Section 1.2. The population of this study comprised six comprehensive universities in South Africa which were: (Unisa), (UV), (UJ), (WSU), (UNIZULU) and (NMMU) (IEASA, 2012:15).

3.3.6.2 Sample

A sample is a reasonable selection of the smaller portion of the target audience from the population (Cooper & Schindler, 2011:88). A purposive sampling method was used to select the sample for this study (refer to Section 3.3.6.4 for discussion of sampling techniques). The sample comprised three comprehensive universities in South Africa, namely: Unisa, UNIZULU and NMMU. In the reporting of the interviews and findings the universities will not be identified, but will be reported as University 1, 2 and 3 (not in sequence to the universities mentioned) to assure anonymity. From each comprehensive university two to four procurement management staff and general staff were selected to participate in the study. Saunders *et al.* (2012:283) suggest a minimum sample of between five and twenty-five in-depth interviews. The comprehensive universities were chosen because they encompass elements that prevail in all three types of universities found in SA (academic, technology and vocationally-oriented).

Therefore, the heterogeneity that prevails from previously disadvantaged, previously advantaged and distance education learning, of the comprehensive universities might represent possible patterns which might be representative of all the universities. Bell (2005:10) applauds case studies for detecting such features and to identify how they affect the implementation of systems and influence the way organisations function. Correspondingly, knowing whether the universities conduct their procurement according to the best practices was important in this study to detect similarities and differences in these institutions, taking into account their historic past.

3.3.6.3 Overview of the selected comprehensive universities

This section contains a brief overview of the three selected South African comprehensive universities.

University of South Africa

Unisa is the oldest and the largest comprehensive, open distance education learning (ODL) institution in Africa with approximately 400 000 registered students. One-third of the students are South African and the rest hail from 130 countries in Africa and globally. Since its inception, this university has been the only university in South Africa that was and still is accessible to all the people regardless of their race, colour or creed. This open distance learning institution has, over the years, proved to be capable of supplying the economy with a well-trained and value-adding human resource. Unisa offers about 3 300 qualifications and courses and has 4 500 permanent staff members, 1 000 fixed term contractors and 8 000 part-time and temporary staff (Baijnath, 2014).

The university is guided by the principles of lifelong learning, student centeredness, innovation and creativity. In addition, much effort is channelled towards knowledge and information production, to advance development, nurture a critical citizenry and ensure global sustainability. Sollish and Semanik (2007:2) agree with the notion that organisations that conduct their procurement according to best practices align their procurement strategies with their overall organisational goals, thereby creating and sustaining a competitive advantage for the whole organisation (Ireland & Webb, 2007). In line with that, the Unisa council has recently approved a plan which aims to drive the university *'towards a high performance university'* in terms of service and value chain (United Nations Global Compact (UNGC), 2012:15). This university supports the values as entrenched in the Constitution of the Republic of South Africa, namely, human dignity, equality, fairness and social justice. Furthermore, the principles of integrity, academic freedom and excellence are highly regarded by this institution.

UNIZULU

UNIZULU is a rural comprehensive university which was established in in the 1960s. As a comprehensive university, it offers both vocationally-oriented and academic programmes. It has approximately 252 accredited degree, diploma and certificate courses, ranging from the arts, education, science, agriculture, commerce, administration and law (SouthAfrica.info, 2014). UNIZULU is governed in terms of the Higher Education Act 101 of 1997. This university has a student population of

nearly 16 118, inclusive of 14 819 undergraduates and 1 299 postgraduate students. The biggest source of income is primarily the government subsidy.

NMMU

NMMU was formed by incorporating the HAU and HDU campus in 2005. It is the largest comprehensive university in its area. The university has approximately 27 000 students enrolled in its six different campuses and almost 2 500 staff members. This comprehensive university offers career-oriented as well as theory-oriented programmes, and research across the faculties of arts; business and economic sciences; education; engineering, the built environment and information technology; health sciences; law; and science (IEASA, 2012:42).

3.3.6.4   *Sampling techniques*

There are two main types of sampling technique, namely: probability sampling and non-probability sampling (Quinlan, 2011:209; Saunders *et al.,* 2012:261). Probability sampling is usually found in quantitative research and entails selecting a representative sample by means of a random procedure to ensure objectivity (Hair *et al.,* 2011:163). Thus, the chance or probability of each case being selected is known and equal for all cases, thereby allowing for generalisation. Some of probability sampling techniques are: simple random sampling, stratified sampling, systematic sampling, and cluster sampling (Quinlan, 2011:209). However, non-probability sampling is generally used for qualitative studies and employs purposive sampling (Nieuwenhuis, 2013:79). Therefore, the sampling decision is subjective and includes smaller samples that are selected explicitly for the purpose of acquiring relevant answers to the research questions. Quinlan (2011:213) cites the following non-probability sampling techniques: judgemental or purposive sampling, quota sampling, snowball sampling and convenience sampling, while, Nieuwenhuis (2013:79) recommends stratified purposeful sampling and criterion sampling.

For this study, a purposive or criterion sampling (Nieuwenhuis, 2013:79) technique was used to select the sample of participants from each university. (Criterion sampling is similar to judgemental or purposive sampling). The criterion sampling technique is defined by the decision of the researcher regarding the distinctive criteria required of the participants making them eligible for inclusion in the study, or which excludes them (Nieuwenhuis, 2013:79). A criterion sampling technique was

adopted since this study aimed to give preference to the management and general staff in the procurement directorate because they possess expert knowledge and skills related to the procurement policies and practices. In addition, cases of the sample in this study vary considerably, as indicated in Section 3.3.6.2 (Saunders *et al.,* 2012:287), therefore, cumulative results of the diverse cases of data collected will help to understand and fully answer the research questions. With the transcribing of the interviews and reporting, the universities were recorded as University 1, 2 and 3 in order to ensure their anonymity. Individual participants' information was also protected by naming them as Participants 1, 2 and 3. The anonymity of universities and participants was ensured in all the various stages such of transcribing, professional management and the storage of information until it is destroyed after 5 years (Ramenyi, 2013:26).

3.3.7   Data collection and analysis

3.3.7.1   Data collection

There are two types of data collection techniques that are generally used for empirical studies (Eriksson & Kovalainen, 2011:77). These are primary and secondary data collection methods. Primary data is collected through interviews and observations, while secondary data includes already existing sources such as textbooks, conference proceedings, journal articles, newspapers, reports, theses and dissertations, government documents and organisations' websites (Mouton, 2008:71). Both primary and secondary data are sources of evidence used to support the research case. Case study richness is derived from the fact that evidence is obtained from many sources (triangulation). Yin (2009:99) proposes six data collection methods for collecting case study data, namely, documentation, archival records, interviews, direct-observations, participant-observation, and physical artefacts. Each data collection method should fit the research strategy, thus creating a story which is significant to making meaning of the problem. The nature of the collected data in this study included procurement practices, as well as the demographic information of the participants, including their gender, age, race, experience, position and level of education to describe the participant.

Both primary and secondary data sources were employed in this study to determine the extent to which the universities have evolved in the adoption of PBPs, as

recommended in the practice for qualitative studies (Creswell, 2009:175). The primary data was collected through face-to-face interviews, personal notes, and personal observation. In addition, the three universities' policy documents were analysed. Secondary sources of data included an extended literature review. These data collection methods were chosen to comply with Yin's (2009:101) principles for collecting case data which are: (i) using multiple sources of evidence; (ii) creating a study database and (iii) maintaining a chain of evidence. Therefore, the sources of collecting data for this study are outlined in Table 3.4.

Table 3.4:   Data collection sources

Primary sources	Secondary sources
Face-to-face interviews: open-ended questions	Academic literature: textbooks, conference proceedings, journal articles, theses and dissertations
Personal observations, personal notes and rough sketches	Government documents: Public procurement acts, policies and regulations
Policies	Universities' websites

Source: Author

The interview questions were open-ended questions to allow the participants the opportunity to describe their experiences. According to Saunders *et al.* (2012:372), interviews are essential in gaining relevant and reliable data. Also, exploratory studies that use in-depth interviews can be helpful to find out what is happening and to understand the context. The interviews lasted from 45 to 60 minutes and were scheduled at a time that was convenient for the participants. They were audio-recorded and transcribed with the permission of the participants. The interviews were conducted in the offices or boardrooms of the Procurement Departments of the comprehensive universities, or alternatively a quiet room was arranged specifically for this purpose. Due to the sensitivity of the information pertaining to this study, it was necessary to maintain a sense of sensitivity to participants' discomfort relating to sensitive issues and experiences. For this reason a debriefing was offered to participants if needed, immediately after the interviews or at a time convenient to participants.

3.3.7.2   *Data analysis*

The data analysis process involves reflection and engagement with the collected raw data through the grouping of concepts and themes to identify key themes in the data and eventually to draw a conclusion based on the interpretation of the data (Quinlan, 2011:425). The purpose of data analysis is to narrow the unorganised, thick, rich and voluminous data in an effort to understand and interpret the collected data. Therefore, effective data management is a most crucial aspect in data analysis. Quantitative data may be analysed using descriptive statistics employing frequencies means and medians, and inferential statistics that assess the probability of quantifying a chance for the occurrence of an event (Pietersen & Maree, 2013:198). The process of qualitative data analysis includes familiarisation with the data, the transcription of the data during which audio-recorded data is converted into a verbatim text, organising the data, coding the data using open, axial and selective coding, and producing a report based on the analysis.

According to Yin (2009:127), the analysis of case study evidence is the least developed and most difficult part of the research project. Therefore, it is important that the researcher becomes familiar with this research strategy before commencing with the project. Some of the tools that are used to analyse case studies include computer-aided qualitative data analysis software (CAQDAS) such as Atlas.ti, HyperRESEARCH and INVivo. Since this is a qualitative study, it was apparent that qualitative data analysis (QDA) techniques should be employed. In this study, analysis of the collected data was done using the Atlas.ti software program. Quinlan (2011:182) acclaims this as a suitable tool for a study that calls for in-depth inquiry of confined entities such as case studies. The researcher manually entered the textual data, defined codes and sought post-computer assistance from specialists in Atlas.ti. The researcher also further analysed the data that was not processed by the computer software. Therefore, the researcher became a key instrument in uncovering multiple sources of data. For credibility and trustworthiness, an independent co-coder was consulted.

3.4   ENSURING CREDIBILITY AND TRUSTWORTHINESS

One of the most fundamental aspects of gaining trust in the research community is through the consideration of measures to ensure credibility and trustworthiness

(Eriksson & Kovalainen, 2011). Trustworthiness refers to the neutrality of findings or decisions, which means convincing the audience and self that the findings are worth taking account of (Babbie *et al.,* 2012:276). Research quality is a very important element for credible research (Saunders *et al.,* 2012). According to Lincoln and Guba (1985:991), the criteria for ensuring the quality of research should include credibility, applicability, dependability and confirmability. To this end, trustworthiness and authenticity in this study were ensured as follows:

- *Credibility:*

Credibility is an approach that is used to ensure truth-value based on the researcher's confidence regarding the manner in which the research findings were obtained (Krefting, 1991:215). In this study, the authority of the researcher was substantiated by personally conducting the interviews and also by the assistance of the supervisors who are experienced in the field of research (peer discussions). The researcher adequately prepared for the interviews by attending workshops on qualitative studies, and more specifically, on case study data collection and analysis, and engaged more with literature about face-to-face interviews. Referential adequacy was supported by including transcribed interviews, an example of the consent letter and the ethical clearance certificate in the dissertation. The chain of evidence was ensured by using exact quotes of participants to validate findings. Credibility was further improved by the researcher's personal notes as attached in Appendix F and thick descriptions of the observations of the participants' behaviour.

Furthermore, different data collection instruments were used for triangulation as outlined in the data collection section. Structural coherence was achieved by following the research onion proposed by Saunders *et al*. (2012: 160), as indicated in Section 3.3. In addition, credibility was assured by supplying relevant information to participants before the interviews (Saunders *et al*., 2012:385), for example, the participants were informed about the nature of the study and the purpose of the study. Therefore, the participants were prepared and they provided the researcher with their procurement policies to prepare for triangulation.

- ***Applicability or transferability:***

Applicability or transferability is a solid description of the methodology in order to create an opportunity for similar studies to be conducted in other similar situations. For this study, transferability was achieved by providing a dense description of the methodology as well as the findings, to enable the study to be replicated in other higher education institutions with similar conditions as in the South African context.

- ***Dependability (consistency):***

Dependability (consistency) refers to the audit trail that is provided in the study to serve as chain of evidence that consistency may be reached with the findings if the research is incorporated in similar studies with the same participants, or different participants in the similar context, when using the same methods. Therefore, in this study dependability was ensured by presenting a thick description of the research design and a justification for the chosen design and methodology. Also, triangulation, peer examination and code-recoding procedures were predominantly used as measures to ensure consistency.

- ***Confirmability:***

Confirmability is associated with the extent to which the study addresses the issues of objectivity. In this study objectivity was ensured by the creation of a conformability audit (keeping raw data, condensed notes of data reduction and analysis) in case an auditor would want to verify the trustworthiness of the findings. Triangulation of different methods also served as a conformability strategy to minimise researcher bias.

- ***Authenticity:***

Authenticity denotes verification of the findings and member checking for accuracy. In this study authenticity was ensured by reflecting all the participants' accounts authentically and fairly, preventing marginalisation by acting affirmatively with regards to inclusion (include all voices in the inquiry and provide participants with a fair chance to be represented in the text).

- ***Ethics:***

Ethical considerations are crucial, especially when the research project involves human beings. According to Myers (2009:45), ethical considerations are the moral steps taken to respect and protect consented people in the research project. In this study, ethical considerations were taken into account by following the guidelines and principles of the Belmont Report of September 1979, which emphasised the respect for persons, beneficence (including feedback and credibility of the research) and justice, which were applied in this study as follows:

- Emails were sent to the participants requesting them to participate in the research and included informed consent to make sure that they participate willingly to the study. Participants were followed up by email reminders. The information sheet was explicit in stating that participation is voluntary in nature and that participants can withdraw at any stage without penalty. The researcher refrained from using any tactics to influence participants unduly to participate in the study, but provided the benefits to be obtained from the study. Willing participants were requested to respond to the electronic invitation to arrange for a suitable time for the interviews. Any potential risks were minimised by protecting the anonymity of participants and the study was carried out with integrity; this was supported by the award of an ethical clearance certificate by the Senate Research and Innovation Higher Degrees committee (SRIHDC).

Therefore the quality of this study is deemed to be strong enough to support the argument presented in this study as shown in the illustrated summary of this research project in Table 3.5 below.

Table 3.5:   **Summary of the research design and methodology**

Activity	Description of the process
Objective of the study	To determine the level at which the comprehensive universities in SA have advanced in managing their procurement systems according to PBPs.
Research philosophy	Interpretivism: a holistic picture is required for understanding the social constructs that surround comprehensive universities in SA.
Research approach	Inductive
Methodological choice	Qualitative research method: the topic used is new in the South African public HEIs – no evidence found to have addressed the same audience before.
Research strategy	Case study
Time horizon	Cross-sectional: because of time and funds constraints
Population	Comprehensive universities in South Africa which are: (Unisa), (UNIVEN), (UJ), (WSU), (UNIZULU) and (NMMU)
Sampling	Criterion sampling technique: general and management staff in the Procurement Directorate who possess expert knowledge about procurement
Sources of data	Primary and secondary data sources are employed
Data collection method	Face-to-face interviews (open-ended questions)
Data analysis	Atlas.ti
Quality of the research	Achieved through credibility and trustworthiness measures
Ethical considerations	Followed the guidelines and principles of the Belmont report of September 1979: the respect for persons, beneficence and justice

Source: Author

3.5 CONCLUSION

This chapter presented the research design and methodology of the study. The research philosophy, approach, methodological choice, strategy, time horizon, techniques and procedures, and research quality were provided. The aim was to outline how the research project was carried out and also to highlight issues underlying the choice of the research methodology and design in an effort to answer the research question. Measures to ensure credibility and trustworthiness were also addressed. Ethical considerations were briefly discussed. The next chapter will highlight the data analysis of this study.

CHAPTER 4:   ANALYSIS OF THE FINDINGS

4.1   INTRODUCTION

Chapter 3 detailed the research design and methodology that provided the roadmap that this study followed to answer the research questions. This chapter presents the analysis and description of the research findings on the PBPs in the South African comprehensive universities. Chapter 2 extensively covered Phase 1 of the study, the literature pertaining to the development of purchasing to supply management, defined concepts, identified PBPs, public procurements acts, policies and regulations, and the universities' policies and practices. In this chapter the empirical study (Phase 2) to determine how comprehensive universities practise procurement and how far they have evolved with the application of best practices will be covered.

The empirical study involved the collection of primary data through interviews as already indicated in Chapter 3. The interviews were conducted during the period of December 2014 to February 2015 as indicated in the interview schedule (Appendix A). The interviews lasted between 45 to 60 minutes. The participants were briefed by means of an information leaflet about their rights and roles in the interview before the interviews commenced. Furthermore, the participants were invited to sign an informed consent (Appendix B). Permission was also requested to make an audio-recording of the interviews in order to keep a record and to protect participants and the researcher's integrity. The participants were also shown the ethical clearance certificate to assure them that the research complied with Unisa's ethical standards (Appendix C). The data was collected by means of in-depth face-to-face interviews that were conducted with ten procurement staff members from the selected three comprehensive universities in South Africa. Participants were allowed to make rough sketches to clarify their points better (Appendix D). Only two participants were interviewed at University 3 because a saturation point was reached and no new information emerged from Participant 10. Table 4.1 presents the breakdown of the number of participants from the selected comprehensive universities.

Table 4.1: **Breakdown of interviewed participants**

Name of institution	No. of participants interviewed
University 1	4
University 2	4
University 3	2
Total	**10**

The interview questions were divided into two sections (see Appendix D – interview questions). Section A comprised of general demographic information pertaining to the participants. Section B contained a list of eight open-ended questions that participants were requested to answer.

4.2   DEMOGRAPHIC INFORMATION OF THE PARTICIPANTS

This section provides the participants' demographic information extracted from Section A of the interview questions. In order to preserve the anonymity of the universities as well as the participants, and to comply with the ethical considerations of the study, each university and each participant were allocated a number which was used instead of their name. University number one was assigned to University 1; number two denotes University 2 while university three represents University 3. The demographic information was collected to be used during the data analysis phase to explore how some of the demographic information factors influence the application of PBPs in the South African comprehensive universities.

The demographic information of the participants is provided in Table 4.2 below. This table summarises the main data that was provided by the participants in Section A of the interview guide. Column 1 indicates the comprehensive university from where participants were drawn, Column 2 represents the participants' number and the rest of the columns correspondingly; denote participants' positions (in this table classified as general procurement staff and manager for anonymity), gender, race, qualification, and experience. In order to present a clear overview of the demographics of the participants, Microsoft Excel spread sheets were used to create tables, percentages and charts that further describe the data.

Table 4.2:   Demographic information of the participants

University no.	Participant no.	Age	Position	Gender	Race	Qualification	Experience
1	1	38	Manager	Male	Black	MCom	1 year
1	2	40	General procurement staff	Female	White	Certificate	12 years
1	3	49	Manager	Female	Black	BTech	20 years
1	4	44	Manager	Male	Black	BTech	20 years
2	5	35	Manager	Female	Black	MCom	2 years
2	6	39	Manager	Male	Black	BCom	10 years
2	7	30	General procurement staff	Female	Black	Hons	7 years
2	8	38	General procurement staff	Male	Black	Matric	5 years
3	9	56	Manager	Male	White	Diploma	30 years
3	10	47	Manager	Female	Indian	Diploma	18 years

4.2.1   Age distribution of participants

The age distribution of the participants ranged from 30 to 56 years, meaning that the youngest participant was 30 years and the oldest was 56 years of age. The participants' ages were categorised into two clusters of 30 to 40 years and 41 and above. Table 4.3 illustrates the age distribution of participants.

Table 4.3:   Age distribution of participants

Age distribution	Participants	%
30 - 40 years	6	60%
41 years and above	4	40%
Total	**10**	**100%**

In both categories there were combinations of managers and general procurement staff. In the category of management there were 3 managers below 40 and 3 were

general procurement staff members. In this category, all 4 participants who were in the cluster of 41 years and above occupied managerial positions.

4.2.2 Positions of participants

Participants occupied different positions, such as buyers, expeditors, supervisors, managers and deputy directors. However, in Table 4.2 (above) positions were classified into managers and general procurement staff to protect the anonymity of participants. Table 4.4 reflects the positions of the participants from the different comprehensive universities.

Table 4.4:   Participants' positions

Designation	Participants	%
Expeditor	1	10%
Supervisor	1	10%
Buyer	2	20%
Deputy Director	2	20%
Manager	4	40%
Total	**10**	**100%**

The participants' positions covered a wide spectrum; most of them were management, which included 2 deputy directors, 2 managers and 1 supervisor. The general procurement staff comprised of 2 buyers and 1 expeditor. In University 1, there were no supervisor positions, but only managers. In University 2 there was no deputy director position and the manager had a similar position as a deputy director and the supervisors occupied the same positions as the managers in University 1. University 3 had a deputy director and managers as in the University 1. Most of the participants who were interviewed were in management positions, followed by deputy directors. The focus of the study was to engage with more managers and deputy directors because they would be in possession of strategic information which general procurement staff might not have. However, operational information was also required in the study; hence some of the general procurement staffs were interviewed.

4.2.3   Gender profiles

In terms of gender profiles the study tried to balance the gender of the participants; both males and females were represented. Thus, an equal number of 5 males and 5 females were interviewed. However, gender disparities were noticed, since most male participants were managers and all the deputy director positions were occupied by males. Even though females were represented in management positions, the males still dominated in senior positions. Equal numbers of males and females from each university were requested to participate in the interviews.

4.2.4   Race distribution

The racial profiles of the participants comprised of blacks, whites and Indians. No coloureds could be found for representation in the study. The staff at one of the historically disadvantaged university was predominantly black. It was a challenge to get a balance of all races for this study and still get participants who could make a meaningful contribution. Figure 4.1 displays the racial distribution of the participants.
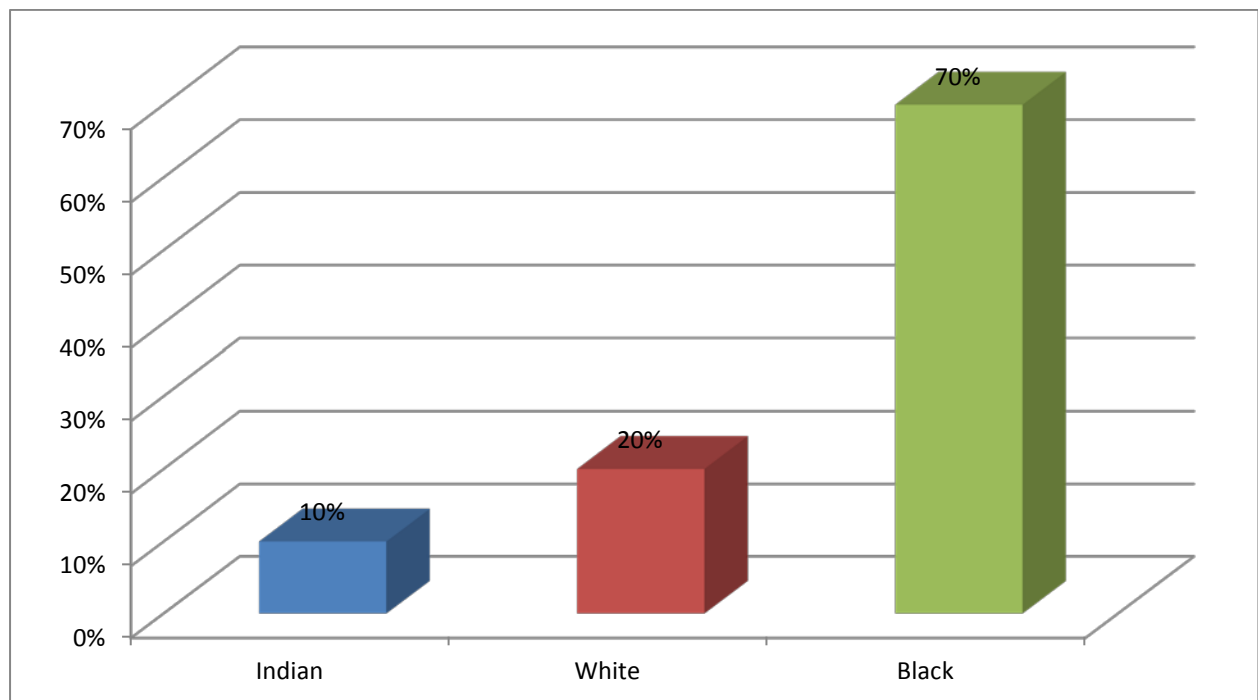
Figure 4.1:   Racial distribution of participants

It is evident from Figure 4.1 that blacks dominated with 70%, whites followed with 20% and only 10% Indians participated in the study.

4.2.5   Qualifications of participants

Qualifications refer to the highest level of education of the participants. The qualifications were classified into 3 categories, namely, matric or certificate, undergraduate- and postgraduate qualifications. The participants' qualifications range from Certificates, Matric, National Diploma, Bachelor of Commerce (BCom), Bachelor of Technology (BTech), Honours (Hons) to Master of Commerce (MCom). It is important to note that even though some of the participant had postgraduate qualifications, their specialisation was not related to Procurement and Supply Management. All the managers indicated that they have completed their qualifications. Figure 4.2 depicts the graphical representation of the participants' qualifications.
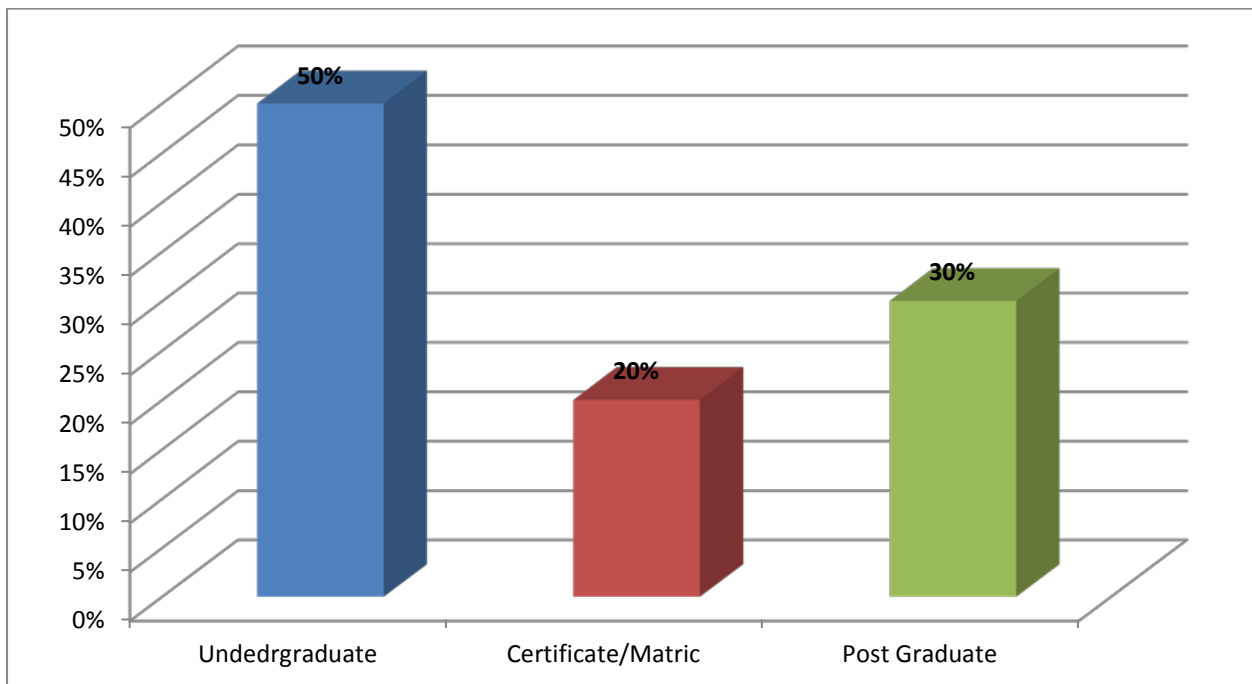
Figure 4.2:   Qualifications distribution of participants

Figure 4.2 shows that 50% of the participants were in possession of undergraduate degrees, 30% of the participants had postgraduate qualifications, while 20% of the participants had matric or certificate programme. The most prevalent qualifications were undergraduate degrees, followed by postgraduate qualifications, and the lowest number of participants had matric or certificate programmes. Surprisingly, none of the postgraduate participants had a qualification related to Procurement and Supply Management.

4.2.6   Experience of participants

Experience of participants relates to the number of years that the participants have been working in the procurement and supply management field. The participants' length of service within procurement was banded into three categories, namely; 1-5 years, 6-10 years and 11 years and more. Half of the participants (50%) had more than 11 years of service in the field of procurement and supply management, and one of the participants had 30 years' experience in procurement. Twenty per cent of the participants were on the scale of 6-10 years, while 30% of the participants had 1-5 years' experience. Both management and general procurement staff were represented in all three bands of experience.

Table 4.5:   Experience distribution of participants

Experience distribution	Participants	%
1 -5 years	3	30%
6-10 years	2	20%
11 years & more	5	50%
Total	**10**	**100%**

To summarise:

The demographic information of the participants from the three selected comprehensive universities comprises of both managers and general procurement staff. The balance of the two levels was required in order to get strategic information from management, and tactical as well as operational information was needed from the general procurement staff. However, since most of the information that the study seeks to uncover was strategic, more managers were interviewed than general procurement staff. An effort was made to include an equal number of both males and females, hence 50% of the participants were males and 50% of the participants were females. It was discovered that gender disparities still prevail in these comprehensive universities since senior management comprised of males only. Most of the participants were blacks, followed by whites, with the fewest number of Indians. Coloureds were not represented. Most of the participants were in possession of a qualification (80%), however, some of the qualifications were not related to procurement and supply management. The participants' experience

ranges from 1-30 years and 70% of the participants have more than 5 years of service. Some of the participants have an accounting background with less than 1 years' experience and occupy senior management positions.

4.3   ANALYSIS OF PROCUREMENT AND BEST PRACTICES

This section of the chapter presents the findings of Section B of the interview questions which comprised of a list of eight open-ended questions that participants were requested to answer. The interview questions were derived from the literature study, which were then represented in the research objectives and categorised into the following seven clusters, namely:

(1) evolution of procurement to supply management,

(2) current procurement practices,

(3) value and impact of procurement in the university,

(4) PBPs in comprehensive universities,

(5) the legal framework of procurement, and

(6) the challenges facing procurement.

Table 4.6, on the next page, shows the categorised objectives and the related interview questions.

Table 4.6:   **Categories of objectives and related interview questions**

CATEGORIES DERIVED FROM OBJECTIVES	INTERVIEW QUESTIONS
Evolution of purchasing to supply management	1. Kindly explain to me what you understand by the term "procurement". 2. Tell me about the procurement developments that you have experienced in your university.
Current procurement processes and procedures that are employed in the South African comprehensive universities	3. Please tell me about your current procurement process and the procedures followed in the typical acquisition of products and services.
The value and impact of the procurement function within the universities	4. How does the procurement department contribute to the vision of your university as it is the largest cost-centre in the institution?
Understanding of PBPs	5. Explain what you understand by PBPs. 6. How applicable are the PBPs currently employed in your universities?
Legal and regulatory framework	7. Tell me about the public procurement Acts policies and regulations that guide the procurement processes.
Challenges facing comprehensive universities in South Africa	8. What challenges does your university face in adopting PBPs?

Source: Author

After the interviews were concluded, the audio-recorded data was transcribed into text format. The transcriber was asked to sign a confidentiality clause (Appendix G). Data was analysed using qualitative data analysis software called Atlas.ti 7.5 4. The analysis of the data involved a process of coding and re-coding the text, followed by the forming of categories, called code families and super codes, in the semantics of Atlas.ti. The analysis included verbatim quotations to specify the source from which information was extracted and to give a voice to all the participants. For example in the following text **2:67 ["I don't think I should answer..."];** denotes that the source of evidence is from primary document 2, quotation number 67. The analysis focus was not on description and interpretation of individual cases, but was on generating a comprehensive general understanding of whether comprehensive universities in South Africa conduct their procurement according to best practices.

The next section describes how the interview questions were answered under each category.

4.3.1 Evolution of procurement to supply management

This sub-section of the chapter presents the analysis of the first two interview questions group under the category "understanding and development of procurement". The first question sought to understand the participants' knowledge of and insight into the term "procurement" while the second interview question aimed to determine the developments in South African comprehensive universities and whether they have advanced to supply management standards.

4.3.1.1 Understanding of the term "procurement"

Analysis of the participant's perceptions revealed diverse views on the concept of 'procurement'. Based on analysis, the participants' understanding of the term "procurement" was grouped into three clusters, namely; limited, basic and comprehensive understanding as briefly discussed below:

- **Limited understanding:**

This refers to participants whose responses did not describe the term as required. In this category there was a general sense of limited understanding across the spectrum of general procurement staff and management. The participant's response in this category could not be described to denote procurement well.

> *… The way that the supplier enlists himself or herself; the whole thing it encompass procurement because you need to make sure that you deal with supplier that is honest with you, that could at any time, if there is something that you don't understand, if a supplier don't understand, they need to confront you as an organisation to get some clarity on some of the issues and myself as a department, I should also have the relationship with a supplier to make sure that I clarify some of things. That's procurement as a whole. It's not just only buying and getting quotations and buying. It involves all sorts of things. (4:14).*

> *The term procurement, even if we are not using that in our anymore, but the procurement is buying, it's no more buying, it used to be like buying before, but it's no longer about buying only main good and acquiring services. It's chain now, it's a*

supply chain. We call it in our university a Supply Chain Management (7:14).

- ***Basic understanding***

This refers to participants who have a general idea of the meaning of the term, but could not articulate fully what procurement involves. Although they cover the basic principles in their answer, it lacks important details and the gist of the procurement function.

> *"Procurement basically that's where we procure goods and services". I always say "the only thing that comes through the university without procurement, without following procurement processes is payroll and salaries and everyone relies on procurement. It plays a bigger role in fulfilling our day today responsibilities". (1:74).*

> *The term procurement we are procuring or we are doing buying at, I meant from our procurement, in other words we are buying the stuff for the various departments to which we accommodate them to suit their needs, and the various needs for the thing they do briefly we are just procuring (8:11).*

- ***Comprehensive definition***

This refers to participants with a comprehensive understanding of the term 'procurement'. These participants provided a full description of the term and in some cases with relevant examples.

> *My understanding about procurement is procurement is the acquisition of goods and services. Acquiring of goods and services from external sources; the goods you are acquiring must be of good quality, the value, the quantity that you are ordering and the times is also very important, because if they don't deliver in time, you might have problems, you might have stoppages for an example, with our university, you will know we buy paper we are the 2nd (largest) paper consumer in the educational industry, so if you have ordered paper and they don't deliver in time and they are busy printing study material you can just imagine what a problem the whole university will encounter. So it's time, delivery time, location, they must deliver at the right place in right quantity and right qualities at the right time. (3:14).*

Procurement is the purchasing of goods and services at the best possible price and delivered within the best conditions to the university (2:1).

In this category, the participants provided a full description of the procurement process and procedures.

Figure 4.3 below, depicts networks of the various clusters of the participants understanding of 'procurement' coupled with their qualifications, experience and positions. As indicated, the participants' interpretation of the term procurement displayed limited, basic and comprehensive understanding. These participants' clusters cut across general procurement staff and managers. For example, some of the participants who showed limited understanding were managers. In addition, experience did not play a role to the understanding of the term 'procurement'. Also, qualification did not play a strategic role, as highly qualified participants could not fully articulate the term 'procurement'. Some participants have postgraduate qualifications, but they have an accounting background which explains the limited and basic understanding of the terminology.

According to Handfield *et al.* (2011:8), procurement is the strategic, systematic process of ensuring that maximum value is delivered to the organisation, through identification and selection of suitable and competent suppliers, negotiating, contracting, conducting supply market research, fostering supplier measurement and systems development.
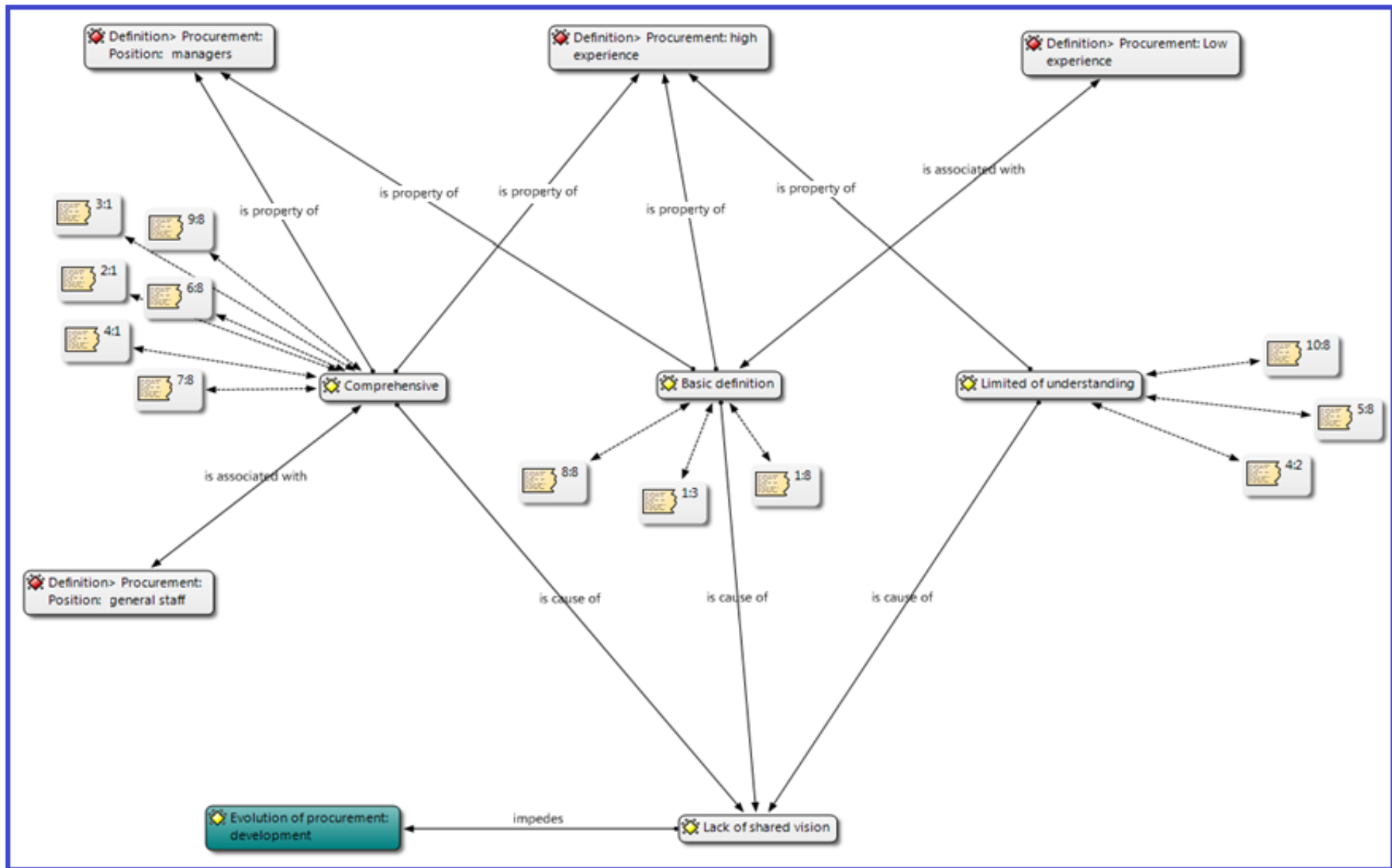
Figure 4.3: **Participants' definitions of procurement**

The fact that some qualified and experienced procurement staff could not articulate the term 'procurement' might impede the development of procurement to supply management, as they do not display sufficient insight to ensure that everybody has a shared vision on the development of procurement to supply management, and the knowledge of PBPs.

4.3.1.2 Procurement developments

In order to further determine the extent to which the South African comprehensive universities have evolved with regard to conducting their procurement according to supply management standards, the participants were asked to comment on the developments that they have experienced in their prospective institutions. In response to this question, it emerged that in some universities' participants experienced: (1) lack of developments, (2) challenges prior to the developments, (3) recent procurement developments, and (4) opportunities for developments.

- **Lack of development**

Some participants declared that they have not noticed or experienced many developments and cited numerous problems associated with the lack of development in procurement, such as non-compliance, unethical conduct, and maverick spending. The participants found it hard to disclose that there are no developments in their universities and expressed it as follows:

> *…it's a tough question in the sense that there isn't much development that has happened in the last couple of years the way one wants to see it. (1:98)*

> *…there is none at the moment. There was non-compliance. Still now there is non-compliance …and makes people understand more the importance of stealing, the importance of not taking care of the inventory that we have because it impact bad to the University itself. (5:14).*

- **Challenges prior to the developments**

Some participants revealed that they have experienced some developments in their universities, but they mentioned challenges that they have experienced prior to the developments, such as wrong reporting lines, manual processes and the reactive role of procurement. The prior challenges that the participants conveyed were that:

Procurement has been moved from Finance to report to the Pro-Vice-chancellor. (2:124).

In the past it was a manual process, everyone had to fill in a form and then the things will disappear or get lost and that will cause problems on its own. (2:135)

…we used to have manual requisitions, requisitions that were written in triplicate and then brought to us; we don't have to do that anymore. (9:74).

…you know procurement in the olden day's procurement was regarded as paper pushers. (4:272).

Therefore, it is essential for organisations to develop from purchasing to supply management where they can apply PBPs in order to gain competitive advantage and sustain in the long-term. Hence, some of the participants stated that they have recently noticed developments in their organisations.

- *Recent procurement developments*

Other participants stated positive encounters that came with developments, such as the adoption of a supply chain management policy, the appointment of good leadership who introduced centralisation and consortium procurement as initiatives of employing best practices. These developments assist in streamlining operations, minimising waste and reducing costs such as collaborate procurement with PURCO.

It's chain now, it's a supply chain. We call it in our university a Supply chain management. Which means we are looking from the point where the departments needs that particular thing, the scope and then it comes to procurement as in to supply chain management. (7:14).

The university went through a process to appoint the Head which I was fortunately to be the Head and they then said we want a full-on centralised procurement system and all those activities was transferred to my department. I was actually one of the first people that approached PURCO, probably seven years ago to assist us with electronic purchasing. (9:27).

- **_Opportunities for development_**

Even though some of the institutions acknowledged that they have not seen much development, they were positive that there were opportunities for developments and mentioned that they have strategies in place, and there is new management with knowledge and vision, especially in one of the universities.

> *…our new manager is trying to implement and trying to teach us more about the inventories that we have on stock and most of all, no one was looking after the inventory properly so we wouldn't know how much we have spent and when we doing stock taking, we would find out that there is a lot of discrepancies. (5:14)*

Table 4.7:   Storyline - evolution of procurement to supply management

Sub-themes	Findings
Participants understanding of term "procurement"	▪ Participants confused terms: buying, procurement and supply chain management
	Participants understanding of the term "procurement' categorised into: ▪ Limited understanding ▪ Basic understanding ▪ Comprehensive understanding
Procurement developments in comprehensive universities	Participants revealed that in some universities there is: ▪ Lack of development ▪ Challenges prior to developments ▪ Recent procurement developments ▪ Opportunities for developments

Source: Author

Table 4.7 displays the analysis and findings of the first two interview question. The questions aimed to gain an understanding of participant's insight into and knowledge of the term "procurement" and further to gain an understanding of whether procurement in the comprehensive universities has developed to supply management. The analysis revealed that some participants had difficulty in describing procurement while some gave a comprehensive definition. It also emerged that procurement in the South African universities has not evolved to supply management.

4.3.2   Current procurement practices

This sub-section of the chapter presents the analysis of the third interview question which relates to current procurement practices in South African comprehensive universities. Participants were asked to narrate the current procurement processes and procedures that they follow when acquiring products and services. Based on the analysis, two categorises of procurement practices emerged: general principles and the procurement cycle.

4.3.2.1   General principles

Most of the participants interviewed revealed that procurement practices in their universities are guided by the general principles. General principles are values, philosophies and approaches that universities believe are essential in achieving their goals. The participants highly acclaimed the following general principles: policies, compliance, cross-functional teams, thresholds, centralisation and supplier rotation. These principles are discussed below.

- *The policy*

The participants interviewed asserted that their procurement process and procedure is generally guided by the policy. According to Fourie (2011:33) and Leenders, Johnson, Flynn and Fearon (2006:61) the phases of the procurement cycle should be designed in line with the broad policy and the strategy of the procurement function, coordinated and communicated well with the other functions in the organisation for synergy and compliance purpose. The participants narrated that their procurement is guided by the policies from the government and their respective universities.

> *But, you must remember we, procurement, we need to follow what the government is saying. (4:128)*

Some of the participants complained about the procurement policies quoting that policies are contradictory. Others raised concerns about the rigidity of policies that is blocking innovation and creativity in procurement. The participants mentioned that the policies do not take into considerations the acquisition of special or unique items.

> *…so it's always a contradiction within our policy. (1:35). we were just contradicting*

ourselves in the policy (4:62).

I am saying that because previously in our policy, there were things that were, they were like blocking things to happen before you could do something, for example you couldn't, if an item is more than R50 000, it needs three quotations, if our policy says three quotations its says three quotations you can't do without you know having three quotations only to find that it's is not about the quotations, sometimes it's about the service, the uniqueness of the service. (4:189).

However, some participants appreciated the use of the policy document, citing reasons that policy serves guidelines that promote ethical conduct, ensures integrity, transparency and open systems.

You do not, you need to be transparent and you need to be open, you need to be fair and you need to be all of those things and you don't ask for freebies. You hear what I am saying. (9:106).

Generally, most of the comprehensive universities follow governmental prescriptions because in South Africa, procurement is used as a tool for social justice (Ambe & Badenhorst-Weiss, 2011:440). This means that public procurement supports the socio-economic values of the country. To some extent, the National Treasury's Code of Conduct for SCM Practitioners is used by university employees and other role players involved in the procurement process. However, even though the participants follow the government's SCM policy, they have different views on the strategic role.

- **Compliance**

Compliance was also one of the key general principles that emerged in the interviews. The participants felt strongly about the importance of compliance to policies and regulation governing the procurement processes.

Firstly, you have to check your policy (3:30). …you know what, my university is extremely strict. … They have to uphold 99% of the stuff. (9:101).

…for me and that is what I tell my buyers "you comply with every transaction with regards to the policy. (9:88).

Conversely, the participants felt that the use of policy as a compliance tool was inefficient, not followed or not enforced, because even though there are prescriptions of how to conduct procurement, there are still issues of non-compliance that were experienced in this regard.

There was non-compliance. Still now there is non-compliance. (5:12).

To tell you the honest truth, it's very difficult to, I don't know whether it's difficult for end-users or its ignorance, but from our side we enforce it. If somebody submits something that is not adhering to the procurement policy, we reject the requisition, even with travel. We reject it until such time that you fully adhere to the policy. So we enforce policy adherence. (3:21)

It seems that non-compliance occurs on the side of the users and not in the procurement function itself. Some participants articulated that they enforce compliance by rejecting non-complying orders, but admitted that it is difficult to enforce compliance. However, other participants maintained that compliance was not a problem at their university as the policy document of that institution was very extensive and expressed that the policy allowed some room for flexibility and they could use their own discretion in some instances.

…but, if we have got to make a decision you need to be in a position to explain it, logically" (9:88)

A number of issues were voiced pertaining to compliance in the comprehensive universities, as well as the challenges presented by non-compliance. However, the use of policy as a compliance tool seems to be successful, but needs to be carefully implemented and to be continuously and consistently enforced.

Compliance is an important procurement practice in comprehensive universities in South Africa. All the compliance measures and procedures are outlined in the respective universities' policy documents. However, the participants acknowledge that there is sometimes a lack of compliance, particularly when users are involved in procurement. At one of the universities, the policy allows some flexibility.

- **Cross-functional teams**

During the interviews, it emerged that cross-functional teams is one of the general principles of the procurement process, especially for bid committees. The comprehensive universities have adopted the use of cross-functional teams to draw a pool of expertise in development of specifications, negotiations and bid committees.

> *…so there's a lot of cross functional teams formed? Yes, before, it's even then who draws up the scope, even before and there are committees bid, evaluation committee, bid adjudication, (7:66).*

In some of these teams, the role of procurement is reactive as expressed by some participants in the interview. Therefore, procurement in these institutions seems to be non-strategic and as such, do not make a meaningful contribution to the overall organisational goals.

> *Ja, it's done with, done with the user department together with procurement, but procurement in that aspect is just an observer to see if the process is transparent and fair because it's not an expert – if it's an Information Communications Technology (ICT) procurement we're not an expert in ICT. (1:41).*

> *That committee will be chaired by someone who sits at Management Committee (MANCOM), which is management committee of the university, eh, and it must have a person from procurement. If they understand the, the length period that it can take to actually source goods and services then you know it minimises problems. (6:97)*

- **Thresholds**

All the comprehensive universities make use of procurement thresholds that are specified in their policy and procedure manuals. The thresholds quote different values and procedures that should be followed for specific thresholds, for example, when to obtain quotations or follow the tender processes.

> *…the process is you have to get quotations, depending on the value. The policy will tell you that if you want to buy something for this much, you have to obtain so many*

quotations. (3:4).

The participating universities have differing threshold values, but most of the threshold values are guided by the National Treasury regulations and SCM guidelines and reforms.

- **Rotation system**

The participants indicated that they use the rotation of suppliers, but also acknowledged that it is not an easy task, as most of them still use manual processes. Rotation of suppliers is based on the principle of 'giving everybody a chance' in public procurement. Thus the universities, as public entities, try to embrace public procurement practices and to meet the requirement of the rotation of suppliers.

> *…we want to make a point that we share the pie with every supplier so it's an ideal, it's the best practice to rotate suppliers; you mustn't forget the issue of procurements goes with empowerment. (1:143).*

It was surprising that some of the participants regarded the rotation of suppliers as an ideal situation when it is actually contrary to best practice. The ideal situation is to get quotations of the suppliers on the pre-qualified supplier list or register, and allocate the order to the supplier with the lowest price. In addition, according to Burt *et al.* (2010:41), best practice is to reduce the supply base and deal with a few competent suppliers. However, the response was even more startling when the participants who occupy senior positions echoed that supplier rotation is a best practice. The intention of empowerment is a good gesture of social development, but it did not seem to be serving the purpose of introducing procurement best practice as some managers referred to it.

- **Centralisation**

Most of the participants from the three comprehensive universities indicated that they use a centralised procurement system. As a result of information systems becoming more integrated and improvements in logistic networks, the implementation of centralisation increased. Most universities seemed to favour a centralised system.

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However, it was surprising that the reasons cited for the use of centralisation was to mainly take responsibility for Black Economic Empowerment (BEE) procurement purposes. None of the participants mentioned that they prefer centralisation for control purposes, cost reductions or standardisation. It seems that the participants did not realise or understand the potential and advantages or the disadvantages of centralisation.

We have a central; we have got a centralised procurement department. And it's taking one thing from centralised procurement, I believe that the benefits for a centralised procurement department is somebody needs to take responsibility for BEE procurement and if you decentralise, in the same sense you don't have, okay let. – centralised buying means to me some people say (I don't know whether I am off the topic here), but centralised buying, we have got all the people doing the procurement activities in one building and it's centralised in one building. (9:78). They call it centralised, we centralise; everything comes here. (7:70)

In conclusion of this section, the procurement process in South African comprehensive universities is governed by the general university values and principles. The procurement policy as a compliance tool, cross-functional teams, threshold values that prescribe the procurement procedure and the supplier rotation system are generally employed. Most of the comprehensive universities have a centralised procurement system. Table 4.8 below summarises the storyline that emerged from the general principles.

Table 4.8:   Storyline on general principles

Sub-themes	Description
Policy	▪ Procurement is guided by governmental policies and those of the respective universities. ▪ Policy serves guidelines that promote ethical conduct, ensures integrity, transparency and open systems. ▪ Policies do not take into consideration the acquisition of special or unique items.
Compliance	▪ Key tool for general principles relating to policies and regulations governing the procurement processes. ▪ Enforce compliance by rejecting non-complying orders ▪ Non-compliance outside the procurement department evident in universities.

Cross-functional teams	▪ One of the general principles of the procurement process, especially for bid committees.
	▪ South African universities have adopted the use of cross-functional teams to draw a pool of expertise in specifications' development, negotiations and bid committees.
	▪ Senior management form part of these teams, especially in the bid committees.
	▪ The role of procurement is reactive in the team.
Thresholds	▪ Comprehensive universities make use of procurement thresholds that are specified in their policy and procedure manuals.
Supplier rotation	▪ Use the rotation of suppliers, but also acknowledged that it is not an easy task as most of them still use manual processes.
Centralisation	▪ Most universities seemed to favour a centralised system.
	▪ Centralisation is mostly used to take responsibility for BEE procurement purposes.

Source: Author

4.3.2.2 *The procurement cycle*

Another category of procurement questions was related to the procurement cycle. The participants asserted that their institutions follow a procurement cycle when acquiring goods and services. However, the procedures differed between the universities. The procurement cycle offers a process that should be followed to perform a purchasing transaction. The procurement phases are typically:

- Phase 1: Recognition of the need

- Phase 2: Determining specifications

- Phase 3: Selecting suppliers

- Phase 4: Contracting

- Phase 5: Ordering

- Phase 6: Expediting

- Phase 7: Receiving and distribution

- Phase 8: Handling of faulty consignments

- Phase 9: Contract management

The next section deals with the results of the interviews regarding the procurement cycle.

- **Phase 1: Recognition of the need**

The first step of the procurement cycle starts with the recognition of the need by the end users (Burt *et al.,* 2010:21). The users are the internal customers of the procurement department and suppliers are external customers. The participants indicated that procurement can only process requests that have been approved by designated senior personnel; therefore, users need to place orders well in advance to avoid urgent orders which are expensive.

> *The department will identify the need, eh, whatever item that they need, they will complete a document which is called the requisition. Eh, a requisition will be completed by the person that actually requires the service, services then it has got to be approved by their line manager who we call the cost centre owners. So those people actually are responsible for those cost centres; so they will sign and authorise the request, that particular request that "they are aware that this person does these goods and services" and that requisition comes to us as procurement. (6:93)*

In some of the universities, recognition of the need is communicated through IT while in others it is still confined to hard copy. They are still "pushing papers" and thus assuming an administrative role and consuming more cost and time in operational assignments.

> *…we are still on the paper system, we use the requisitions, everything is still done manually, we have copies of purchase orders, the signing is still the same, the messenger goes away, we still on the paper system when it come to the processing of the order, it's only the quotation side that has moved from being a paper to the system, but we are on the process of, the process of approving the e-procurement, but we haven't started yet. (7:11).*

> *Ok, we normally receive the requisition or the request from the end-user; [interject]* **How is the request come in? Is it paper or electronic?** *Yes, It's paper, its paper (8:46)*

- **Phase 2: Determining specifications**

The second step of the procurement cycle is determining specifications. In this step, participants asserted that the responsibility for proper specifications is shared by

both the user and procurement, as ambiguous or wrong specifications may result in incorrect quality, unnecessary cost and dissatisfied customers, and may incur additional costs. Again, participants disclosed that they depend on clear specifications to select suitable suppliers.

> *Once we have got that the requisition, we act on that, looking at what is required, we look at whether it's a Capex item? Has it been approved or where, which, what cost centre, what account number those are very important actually. Uh, but they give us those specifications, instance if it's printing of prospectuses, they have got to give us the proper specifications of the paper, the cover, the artwork and everything that goes with it uh, everything that's got to go and samples as well. **But, does the procurement department have a role in the set specifications, can they give their inputs?** Yes we can, depending, we give guidance in terms or the procurement you know of it, but in terms of the actual specification, uh, you know if it's engineering, the engineering gets involved, if its marketing then they will get involved, its corporate clothing we have our marketing department that get involved. (10:85)*

The role of procurement in determining specifications cannot be overemphasised in this step. Most of the universities placed more value on the use of cross-functional teams rather than their role in this regard as can be seen from the above quotation.

- *Phase 3: Selecting suppliers*

The third step of the procurement cycle is selecting suitable suppliers. Most participants stated that they prefer to use suppliers that are registered in their database.

> *Some, they come here at (university 1) there are sales people who would come here to say I am selling this and then if you interested you would ask the supplier to fill in the form. Obviously you will get the form to see if they qualify and then if there is a need to go and look at their plant, you go out there and you do your assessment, then you can load them on the system. There is a central place where they are loaded. It's not everybody who is loading suppliers because you can just imagine if everybody is loading suppliers then you will have a very big list of suppliers, there is a central point and there are people who are just doing that.(3:13)*

The suppliers are possibly pre-screened for financial stability, service, quality, delivery and cost before they are contracted. Supplier visits are also done to ensure that it is a bona fide business and that the suppliers are adhering to ethical considerations such as not using forced child labour and ensuring the health and safety of the employees, and many other issues.

> *We test the market and we do sometimes visit our supplier to check what they are doing. (8:45).*

> *We select them, we select the suppliers based, and when the suppliers meet our requirement those suppliers qualify to get the job. (8:17:66).*

Most of the participants commented on supplier selection criteria and did not say anything about issues of developing and maintaining supplier relationships with the strategic suppliers. That could be ascribed to the fact that universities use a rotation system with suppliers.

- ***Phase 4: Contracting***

The fourth step in the procurement cycle is contracting. The participants indicated that the contracting process starts when the suitable supplier has been chosen. Since a contract is a legally binding document, most universities tend to involve the legal department in the drafting of the contract. However, it appeared as if some of the universities delegated most of the responsibility to the legal department. It was also surprising that some of the managers claimed not know why the whole contracting process was handled by legal services.

> *"The contracting is done at legal service." (4:18).*

> *Actually contracts they start with legal. There is still, I don't know why the documents are kept by legal. Like for instance, with me, I have got a contract with a travel agency, it's an external supplier, but If I want to appoint a travel agency like them, I will go on a public tender and then follow all the public tender procedures and then appoint a suitable supplier, from there I send everything to legal department, then they draft a contract for me, service level agreement (SLA) or I draft*

it with them, we draft that and then they look at it, then we finalise everything. But, everything is kept by them, the legal department and it's also online, all the contracts are online. (3:16)

It seems that procurement staff members are not responsible for supplier contracts at the universities – not in the preparation of the contract and not after the contract has been finalised.

- **Phase 5: Ordering**

The fifth step in the procurement cycle is ordering. The participants in the study indicated that the procurement function is involved in the ordering phase by stipulating the requirements in detail and sending the order to the supplier. Most participants stated that they use technology to send the order, and for control purposes, the orders need to be approved and released on the system by senior management.

Then the procurement department will generate the purchase order against that, send it to the supplier, and then the supplier will deliver the goods (3:85).

…once approved; it goes to the supplier and the requester should then have a copy of the purchase order (PO). The supplier will then deliver based on the PO; they will then deliver the goods. (4:112).

Even though it is the procurement function that generates the orders, a number of other stakeholders are involved in the process and have to be informed about the order. Hence, ordering involves creating copies that are sent to suppliers, the users of the product or service, and finance for payment, and receiving to prepare for the delivery.

- **Phase 6: Expediting**

Expediting orders is the sixth step in the procurement cycle. Most participants said that they follow up on orders, and some participants revealed that it is a challenge to get suppliers to comply with the agreed delivery dates. Thus, not only is expediting the process, but also supplier performance measurement, of utmost importance in

these institutions as some participants also indicated that in some instances the delays had a negative impact on the productivity of the university's operations.

We try. We have got 7 days turnover, but they do not comply with that most... *[Interject]* ***And if they don't comply do you call them to find out what are the, why are the delays, when are they going to deliver?*** *At the moment no, we just try to ask them to bring what we need. Basically because I deal with the turnover, it really, it made me drain last year to wait for the supply to bring something and keep on saying that they are coming and end up not coming, maybe come at their own time. That makes the university to have some sort of delays on some of the items that the end-user need. (5:104)*

Other participants disclosed that they have unresolved commitments from previous years amounting to millions of Rands that are still outstanding. Sometimes they cannot trace whether the services for those orders were rendered, or not. It seems that these institutions lack appropriate control measures, and that this poses a risk in compliance and the administration of the university's funds.

Once the orders have been processed, you do get a challenge when people will not deliver on time …In terms of trying to follow up these orders because, you sit with commitment that runs into millions. And you need to chase up; as a result you find that some commitments go back years. .. And the risk is, that is a risk that we actually identified that for an expeditor to phone a supplier and say I have an order sitting on the system from 2012, why are not invoicing us? The guy is going to find out the university has got money waiting for me, whether he has delivered or not. He is going to want to know how much, what's the order number; the person is going to ask the person to send in the copy of the order. (6:103).

- ***Phase 7: Receiving and distribution***

The seventh step in the procurement process is receiving and distributing orders. The participants asserted that receiving and distribution do not typically fall under the procurement function. However, information on receipt and distribution is useful for procurement to update their records on the efficiency of suppliers and to close the

orders. Some participants insisted that receipt of goods is done in a central place, except for special cases.

> *…in fact on our orders, it's very prescriptive that goods are delivered to central stores, which is here, but we do allow for types of goods to be delivered where they should going e.g. if it's medicine, we have a medical clinic, they would rather go to the medical clinic because we understand the urgency we don't want things sitting here (6:108).*

However, some participants acknowledged that they still experience non-compliance regarding receiving and distribution.

> *Mh! there are loopholes, but basically we want everything to come to here, but there are still loopholes. We find that some of the things were delivered in the departments, which is not right. We still are working on that as well. (5:107)*

It was remarkable to discover that the participants were mostly aware of the problems and indicated that they were attempting to implement strategies to resolve those issues.

- **Phase 8: Handling of faulty consignments**

Handling of faulty consignments is the eighth step in the procurement cycle. Some participants stated that even though procurement is not directly involved in the receipt and inspection of goods and services, they are responsible for negotiating with the suppliers on matters of faulty consignments as they made the initial order. Other participants declared that they do not handle faulty consignments issues, but admitted that the process is not carried out in an appropriate manner.

> *Currently we don't handle that because or in extreme cases we are notified because at the moment at University 1 everything is received by central stores. So usually they are the ones that would pick up whether there is something wrong or if a box has been damaged - things like that. In most cases they don't accept the delivery if they have picked it up. If something comes to us afterwards, then we engage with the service provider. The service provider will come out and then they usually work with the end*

user. So we are not really that involved. (2:8).

At the moment, it's not done (according to me) it's not done properly. (3:14).

It seems as if procurement staff addresses the issues that emerge from receiving faulty consignments, but lack the documented procedure on how to go about resolving such issues.

- *Phase 9: Contract management*

The last step of the procurement cycle is contract management. The participants asserted that contract management is essential and should remain the responsibility of the procurement function. This is because effective contract management may improve supplier performance. However, if it is not done properly, suppliers will not receive feedback on their performance, supplier development measures will not be effective, and corrective measures will not be taken. It was a major concern that most participants disclosed that contract management is not done in South African comprehensive universities. Moreover, participants felt that contract management was confused with tendering. Some participants conveyed that they felt that they were only administering tenders instead of contract management.

We call ourselves contract management, but you are not doing contract managements. You are doing the tenders. (1:142).

At a moment, we do the administrative part of contract management, but the operational portion of the contract is done by the contract manager. We are the one of the approvers on the contract's module, but the actual day to day operational management of the contract does not get done by the procurement. It's done by the contract manager. So the contract manager at University estate will be responsible for that. (2:94)

Other participants declared that supplier evaluation lies with the users. However, procurement does not actively evaluate the performance of the suppliers and thus cannot track their contributions to the institution.

Supplier evaluation, here at University 1 is done by users (3:17).

...yes, contract management, the way that we do it we delegate that responsibility to the responsible departments. (6:112)

Another issue that came to the fore regarding contract management was that the lacking of contract management led to the absence of spend visibility. Therefore, as the identification of new suppliers is dependent on their previous performance, the procurement personnel seem to be missing a valuable component of the procurement cycle.

It is there, but you could only see it when there is a contract. There is a contract in place, you want to see on this contract how much did we spend on this contract, which supplier did we pay more on this contract? (4:160).

Continuous measurement and evaluation of suppliers is not done in some of the comprehensive universities in South Africa. The implication could mean that contract management is not seen as a strategic element by these institutions. Burt *et al.,* (2003:486) cite that the management of contracts has always been neglected in most organisations; this fact also seems to apply to South African universities.

The procurement cycle showed the phases of the typical procurement process that is followed in South African comprehensive universities. From the outlined process, it transpired that the procurement practices followed in these universities are still reactive and have not developed to supply management.

Table 4.9 highlights the storyline of the typical procurement cycle followed by comprehensive universities in South Africa.

Table 4.9:   Storyline of the procurement cycle

Sub-themes	Description
Recognition of the need	- Procurement can only process requests that are approved by designated senior personnel. - Users need to place orders in advance to avoid urgent orders which are expensive. - Need is communicated through information technology (IT) while in other universities it is still confined to paper copies.
Determining specifications	Participants asserted that the responsibility is shared by both the user and procurement as ambiguous or wrong specifications may result in incorrect quality, cost and dissatisfied customers and may incur additional costs.

	- Participants disclosed that they depend on clear specifications from users to select suitable suppliers.
	- Most of the universities placed more value on the use of cross-functional teams rather than their role.
Selecting suppliers	- Most participants stated that they prefer to use suppliers that are registered in their database
	- The suppliers are pre-screened for financial stability, service, quality, delivery and cost before they are contracted.
	- Supplier visits are also done to ensure that the suppliers are legitimate and are adhering to the ethical considerations.
	- Participants commented on supplier selection criteria and did not say anything about issues of developing and maintaining supplier relationships with strategic suppliers.
Contracting	- Most universities tend to involve the legal department in drafting the contract.
	- It appeared as if some of the universities delegate most of the responsibility to the legal department.
	- Some of the managers claimed not to know why the whole contracting process was handled by the legal services.
Ordering	- The participants indicated that in this step the procurement function stipulates the requirements in detail and sends it to the supplier.
	- Most participants stated that they use technology to send the order.
	- For control purposes, an order needs to be approved and released on the system by senior management.
	- Since a number of stakeholders have a stake in an order, a number of copies are generated and forwarded at the same time as to the suppliers, e.g. finance for payment and receiving for delivery.
Expediting	- Most participants said that they follow up on orders.
	- Some participants revealed that they struggle to make suppliers comply with the agreed delivery dates.
	- They also indicated that in some instances the delays negatively impact on the productivity of the university's operations.
	- Other participants disclosed that they have unresolved commitments from previous years amounting to millions that are still outstanding.
	- Sometimes they cannot trace whether services were rendered or not for those orders.
	- These institutions seem to be having serious control problems.
Receiving and distribution	- Participants asserted that receiving and distribution are normally done outside the procurement function.
	- Information on receipt and distribution is useful for procurement to update their records on the efficiency of suppliers and to close orders.
	- Some participants insisted that receipt of goods is done in a central place, except for special cases.
	- Some participants acknowledged that they still experience non-

	compliance regarding receiving and distribution.
Handling of faulty consignments	▪ Some participants stated that procurement is not directly involved in the receipt and inspection of goods and services.
	▪ They are responsible for negotiating with the suppliers on matters of faulty consignments as they are the ones that communicated with the suppliers on orders.
	▪ Other participants declared that they do not handle faulty consignment issues, but admitted that the process is not carried out in an appropriate manner.
Contract management	▪ Participants asserted that contract management is essential and should remain the responsibility of the procurement function.
	▪ It was also a major concern that contract management is not done in some South African comprehensive universities.
	▪ Participants felt that contract management was confused with tendering.
	▪ Some participants declared that procurement does not actively evaluate the performance of the suppliers and thus cannot track their contributions to the institution.

Source: Author

4.3.3   Value and impact of procurement within the university

This section presents the analysis of the fourth interview question. In this study participants were requested to explain whether the value and impact of procurement was understood by the university communities. From this question four themes emerged; (1) understanding the value of procurement, (2) impact of procurement, (3) communication of the vision and (4) contribution to the vision.

4.3.3.1   Understanding the value of procurement

Participants were asked if the entire university staff understood the value of procurement. The participants' views were split on this issue. In some instances there was a consensus that the role and impact of procurement was well understood, but in some cases participants complained bitterly that procurement was still regarded as a non-strategic function.

> *I don't think so, based on the complaints from our stakeholders, our internal clients. I don't think so you know procurement in the olden day's procurement was regarded as paper pushers. (4:80).*

> *They don't understand, they don't understand. (4:142).*

Some participants pointed out that an analysis at their university had been conducted by external consultants and the results proved that the value of procurement was belittled, mostly referred to as non-strategic, paper-pushing, administrative and reactive. It was most discouraging that participants pronounced that senior management did not understand the value and impact of procurement and therefore, it might be difficult to implement best practices if management could not drive effectiveness and efficiency programmes. Moreover, some participants blamed themselves for this, whilst it should have been the other way round (management should educate procurement staff on the value and impact of procurement).

> *What has already been identified is that currently procurement at University 1 is not strategic. (2:32). It's definitely underrated. (1:9). It's just pushing papers. (1:82).*

> ***So the role of procurement is not****... [Intervenes] It's just administrative; reactive; administrative rating. (1:167).*

> *University 1 management has not realised the importance of procurement and I think maybe it's our own fault because we haven't been able to show them the benefits that we can actually bring. (2:34).*

Some participants expressed that there was a lack of understanding of the value of procurement and that fact created problems for procurement to carry out their duties. Some people push hidden agendas through procurement while others perceive procurement to be obstructing their plans and operations, while others avoid compliance to policies and blame it on procurement.

> *You touch the database and the university will kill you. You know, it touches people, I mean, interests. You know what I mean? (1:185).*

> *I think the trend is still there though you could see that, gradually they want to recognise procurement, but you know procurement is regarded, for example if somebody wants to achieve something and procurement says no, you must follow this procedure, it's like procurement is blocking everything, only to find out that procedures need to be followed. As procurement we need to make sure that we adhere*

to our process and procedures, so if we say that this thing cannot be done because of 1, 2, and 3 then the finger is pointed to procurement. (4:80).

It was inspiring that some participants confirmed that the value of procurement was being recognised in their university. However, the participants attested that the recognition that procurement received was due to the positive contribution made by procurement to the university staff.

Well you know they recognise what we do here at procurement and the importance of procurement. **What is it that you did to make sure that they recognised the.... [Interject]** *Uhm, well I think the fact that we got involved in more committees, it was the bid evaluation committees or its the specification committees or different stakeholders in the university and as we merged these things had to happen and I think you know with all of those opportunities it actually brought procurement to the fore.* **Ok, so there is a lot that procurement did in order to make sure that "hello we're there".** *It's still a lot of work though. (10:53).*

4.3.3.2 The impact of procurement

Most participants provided significant understanding of the role and impact of procurement in the value chain of the university operations. Other participants highlighted the importance of procurement supplying materials and services on time, and provided the negative impact of non-delivery that may lead to stoppages or even halt all the university operations. Thus, procurement could limit the supply risks and increase revenue if they procure efficiently and effectively.

What I always tell my staff in fact is that the university is here for one purpose and one purpose only and that is its students. The products that at the end of the day we are known for there is a graduates, people that graduates and our contribution as such is that request that come to us, no matter how small you may look at it, but they have an impact at the end of the day on the students and I always make a simple example just to try plant a point and that you have departments that a completion of a degree is probably driven by the completion of some practical. (6:141).

The researchers they are depending on procurement to achieve what they want to achieve with their students. So without the involvement of procurement they cannot

because funds also need to be used accordingly to follow procurement process. For the researcher to use funds, you cannot use funds without going through procurement, because that will amount to fraud (4:175).

If they don't deliver in time, you might have problems, you might have stoppages for an example, with university 1 you will know we buy paper we are the 2nd largest paper consumer in the educational industry, so if you have ordered paper and they don't deliver in time and they are busy printing study material you can just imagine what a problem the whole university will encounter. (3:105).

4.3.3.3 Communication of the vision

Because participants displayed that the value of procurement was not understood, they were probed on how they communicate the vision of procurement to the whole university. Some participants revealed that procurement management attempted to communicate the vision to the academic departments; however, because procurement is still regarded as a non-strategic function, the efforts did make any meaningful changes. Some participants proposed that senior management should be the ones that cascade the vision through the chain of command. Even though senior management was also accused of promoting non-compliance within the universities, procurement management still believed that their voice could be heard much better than that of procurement personnel on their own.

Mr X tried to make the university, e.g. the Deans, the Faculty Deans, the management; he tried to make them understand the value of procurement. He was sort of, I think firstly he sent them emails and told them that his door is always open to come and visit him if they need to know anything from him and then he was sort of making appointment to go see the Deans and try and explain to them the importance of procurement management. (5:65).

Because I think the message, when the message comes through senior management to people in the university they may take it more seriously than if it comes from this department. So management can really play a very big role in ensuring that whatever we try and achieve here the message that we send is the same that they are going to get from him. (6:133).

4.3.3.4　Contributions of procurement to the university vision

Some participants did not even know about the procurement goals that are in their policy document; let alone the contribution made by procurement. One participant went to the extent of laughing out loud about the "joke" of making a contribution to the vision of the university. While others declared that they did not know about making any contribution to the entire university system, despite their hard efforts and labour.

> *How does the procurement department contribute to the vision of the university as it is the largest cost centre in the institution? Oh no, I don't know! I don't know ha ha ha!! Do we have any goals in Procurement?*
>
> *Interviewer:　That's what I am asking.*
>
> *Interviewee:　No we don't. I don't know of any*
>
> *Interviewer:　You do, in your policy, it's there*
>
> *Interviewee:　Are you serious? I have never read it*
>
> *Interviewer:　they are there.*
>
> *Interviewee:　Which means I still have to do my homework. (5:145).*

Other participants were comfortable with regards to what they referred to as their contributions to the university's vision. However, some only mentioned "low-hanging fruits" at operational level and not long-term strategies that could sustain the universities' competitive advantage, such as strategic sourcing, supplier development, supplier relationship management and outsourcing, among others. While some participants stated that they contribute considerably, others admitted that because procurement is a support service they do not contribute as much as finance (which they are reporting to).

> *We contribute a lot as procurement, a lot, I mean for department who achieve on their operational objectives, procurement must be involved, as procurement we need to make sure that we get the right suppliers, we get for example if you require quotations, we quickly get those quotations for them to achieve whatever they want to achieve. (4:75).*

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I, for example, saved R5.4 million this year and that was just in the last few months. That was from September to the end of the year last month, but it was because I had the time to do it, in some instances, you know just trying to get it out as quickly as you can so you not able to go back and to get a better deal, so I think, yes, we have added some value, but I think we could be adding a lot. (2:62).

If this university, we go on the strategic planning here with the entire manager from Finance. …we go every year on a strategic break-away and the whole thing is broken down from the mission statement right down to where are our inputs with regard that mission, vision all that. You know I must admit; procurement is very low on that scale, not by virtue of involvement, not involvement of being almost distant from the core function. I I could save a bit of money it may reduce the total expenditure of the university therefore to decrease student's fees next year and you may say well we had a very good year, thank you procurement you saved us R25000. It's a bit distant from the general vision. (9:62).

In some cases, participants revealed that the small contributions made by procurement, may assist in getting a buy-in from the entire university. Thus, if procurement continues to strive and make more impact on the university, more and more people will value procurement. Some participants ascribed the fact that procurement does not contribute as it should, to the fact that the value of procurement is neglected; it is placed at lower levels on the organisational structure; and it is led by management with irrelevant qualifications, and sometimes without experience, all resulting in procurement not contributing meaningfully to the vision of the university.

To get the buy-in, and more and more you find that people are, because the supply chain policy it seems like quite a daunting document for them, they want to follow the policy and they just don't know how. So if we, you know, if we break it down for them, little by little then it will actually assist. And, and it will see, it seen as, it must be seen as something that we are using to assist people, you know, assist the departments and the faculties. (10:121).

Procurement was negligent, all the buyers that we have they do not have any

qualification under procurement. I think there is only one who has it. The reason is that maybe they were just in here as interns and then they were promoted, they became buyers. Basically we never had a person who is a professional buyer coming and joining the institution, who exactly know what to do. Everybody has been taken through as they go along. I think that's just the downfall for the university. (5:124).

To summarise: participants disclosed that the value of procurement within South African universities is still not understood by the university staff and management. However, in one university it appeared that procurement's value was recognised. Most participants cited a number of areas that are impacted by procurement. However, some participants raised concerns that they cannot communicate the vision of procurement to the entire university, as it is still underrated and thus does not contribute significantly to the overall performance of the university. Table 4.10 sketches the storyline of the value and impact of procurement within the university.

Table 4.10:   **Storyline of the value and impact of procurement within the university**

Themes	Description
Understanding of procurement	- There was a consensus that the role and impact of procurement was well understood, but some participants still regarded it as a non-strategic function. - Analysis of the external consultants also supported that the value of procurement currently is not acknowledged. - Some participants expressed that the lack of understanding of the value of procurement creates problems for procurement. - Other participants revealed that some people avoid compliance to policies by claiming that they do not understand. - Some participants confirmed that the value of procurement was recognised in their universities.
Impact of procurement	- Most participants provided significant understanding on the role and impact of procurement. - Other participants highlighted the importance of procurement supplying materials and services on time, and provided the impact of non-delivery that may lead to stoppages or even halt all the university operations.
Communication of the vision	- Some participants revealed that procurement management attempted to communicate the vision to the academic departments. However the efforts did not make any meaningful changes. - Other participants proposed that senior management should be the ones that cascade the vision through the chain of command.
Contribution to the vision	- Some participants did not even know about the procurement goals that are in their policy document; let alone the contribution made by procurement. - Others declared that they did not know their contribution to the entire

	university system.
	▪ Some participants stated that they contribute considerably.
	▪ Whilst others admitted that because procurement is a support service they do not contribute as much as finance.
	▪ Participants revealed that continued contributions by procurement may assist in getting a buy-in from the entire university.

Source: Author

4.3.4   Procurement best practices

This section presents the analysis of the fourth cluster of interview questions, namely questions 5 and 6. The section covers the understanding of the term "procurement best practices" and the applicability of best practices in South African comprehensive universities.

4.3.4.1   Understanding of the term "procurement best practices"

The participants were asked about their understanding of the term "procurement best practice". From the definitions, it emerged that the participants had limited insight into the concept. According to Gilbert (2008:1055), a best practice is a technique or methodology that through experience and research has proven to, reliably, lead to a desired result. However, describing PBPs is a difficult task. This was wonderfully articulated by one of the participants that said:

> *"Best practices can probably also be a very nice "buzz word" and I don't think that people understand it and sometimes I wonder whether I understand what best practice really means."(9:133).*

Most of the participants' description of a best practice displayed limited understanding while others did not even want to attempt to describe the term and indicated that they have never heard of such a thing.

> *I think the term procurement best practices what I understand; I think what I am doing in the procurement field I have to understand everything, what I am doing, to do it in the right way (8:64).*

> *…the term best practices I've just heard today. (5:34). Oh no, I am lost, definitely lost. As I have said my experience is still minimal so there is not much that I know basically. (5:164).*

The analysis of the understanding indicates different perceptions of the term "procurement best practices". Six themes emerged from the responses: (1) benefits/cost saving, (2) organisational structure, (3) changing role of procurement, (4) legislative framework and (5) aspirations.

- **Benefits/ cost saving**

Some participants understand best practice in terms of the benefits that can be derived from adopting PBPs. The participants identified benefits such as cost savings to be a best practice. Most organisations regard cost saving as a best practice while they should be focusing on the total cost of ownership as a best practice. Others associated PBPs with the benefits derived from reducing cycle times and risk management.

> *I would say procurement best practises, the way I understand it would be where you know that you can get the goods that you actually want at the cheapest possible price and as soon as possible (let me put it that way) and following all the rules, whatever rules that are out there. (6:117).*

> *You want to save money you say where are the savings. The savings are always in procurement. (1:14).*

> *It quickens the process and it eliminates risks. Because, let me just say, one of the risks that we experience when it comes to procurement with the manual system. (6:117).*

- **Organisational design**

Some of the participants interpreted the element of organisational structure or design as a best practice. Others placed more emphasis on the authority relations of centralised structure as a best practice.

> *The best practice, what is best practice in terms of procurement, in terms of the structure where procurement should be. (1:148).*

> *Firstly, as procurement everything needs to be centralised. We need to have a central place where, from procurement side, where quotations are requested from*

procurement (4:29).

- **Changing role of procurement**

Some participants confused the changing role of procurement to mean PBPs. It is important that organisations should begin to change their perception about procurement and place it as one of the strategic function in order to enhance the adoption of best practices; however that does not outline the best practice in itself.

> *The best practice, what is best practice in terms of procurement, in terms of what the role of procurement should be; should play in the organisation (1:148).*

- **Legislative framework**

Some of the participants confused adherence to the legislative framework with PBPs. Although procurement processes and procedures are guided by the policy, it is not justifiable to interpret best practices in terms of the legislative and regulative framework such as BEE, PPPFA and the Constitution of South Africa, which stipulates that procurement should be conducted in a manner described below:

> *…you need to be transparent and you need to be open, you need to be fair and you need to be all of those things and you don't ask for freebies. (9:105).*

> *I think I've touched a lot on that which is why we look at BEE structure. It is the best practice we can ever find. (1:148).*

> *…for example best practice in Government is that we use the PPPFA, but because we are governed by Higher Education we don't necessarily need to follow it. I think it is a good best practice, but it is not being adopted at University 1. (2:21).*

- **Aspirations**

Some participants defined best practices in relation to the aspirations of employing PBPs. The participants cited challenges accompanying the lack of best practices in their organisations and envisioned improved information systems as a tool that could curb inefficiencies and improve processes in their respective institutions.

> *It's difficult; I think what the auditing consultants (name omitted) have now put*

together is more of what I would like to see as a best practice. What we currently doing is not best practice. It's a very, I don't want to say chaotic, but it's disorganised. (2:101).

…but if we were to modernise and have a thing built through the system where the end-user will be able to capture their needs, onto the computer, to the computer programme and that process goes through the computer system, the approval process and everything, we generate the order everything is done through. (6:117).

Table 4.11 presents the themes that emerged and defines the storyline regarding the participants' understanding of the term "procurement best practices" in South African comprehensive universities.

Table 4.11:   **Participants' interpretations of procurement best practices**

Themes	Interpretation
Benefits	Participants interpreted PBPs in terms of benefits such as cost savings, speeding up process and risk elimination.
Organisational design	Some participants understood PBPs to be the place where procurement is placed in the hierarchical structures, reporting lines and centralisation
Role of procurement	The changing role or value of procurement was understood to mean PBPs by some participants.
Legislative framework	Other participants perceived PBPs to mean compliance with BEE, PPPFA and Constitution
Aspirations	Some participants defined best practices in relation to the aspirations of employing PBPs. Participants envisioned improved IT that could curb inefficiencies and improve processes in their respective universities.

Source: Author

4.3.4.2 *Applicability of procurement best practices in comprehensive universities*

This section of the chapter presents the analysis of the fifth and sixth interview questions. The objective of asking these questions were to explore whether these institutions apply PBPs, and in addition, to get insight into their knowledge on enablers for the implementation of best practices. In order to answer this question, participants were asked to (1) identify PBPs that are currently employed in their universities, (2) identify enablers for the implementation of best practices.

4.3.4.3 *Procurement best practices currently employed*

The sub-section presents the perceptions of the participants with regards to PBPs currently employed in their universities. Most of the participants admitted that they do not conduct their procurement according the best practices.

> *I think currently there's no best practice. The best practice that we are working towards is to apply and adopt a strategic sourcing model. (1:155).*

> *Currently that is not happening, we not even nearer best practice, it's not happening, so everybody just do what they wish. (4:33).*

Because the participants did not properly understand what a best practice is, they also could not identify the best practices employed in their universities. After this, the participants were requested to comment on the extent to which they use the principles of each of the following PBPs: (1) strategic sourcing, (2) consortium, (3) education and training, (4) research, risk management, and (5) supply chain management.

- **Strategic sourcing**

Most of the participants indicated that strategic sourcing was not yet employed in their universities, but asserted that they were having a turnaround strategy in place to adopt PBPs.

> *Currently we are not. (2:22). For strategic sourcing for example we don't have anything as yet (6:121).*

> *No. Strategic sourcing is something that we looking at implementing in the future. (3:24).*

- **Consortium**

All the universities in South Africa subscribe to a consortium group called PURCO. Participants had both a negative and a positive attitude towards PURCO. The participants who had a negative view about PURCO claimed that they did not get significant benefits from PURCO. Some participants felt very uncomfortable and admitted that PURCO was good in some instances.

No, it's a push back that one. The PURCO one, it's a pushback. (1:156).

*…we user the purchasing consortium of South Africa (PURCO) at the moment; **And how effective is it?** (Oh now you shouldn't have asked me that) I am not very pro PURCO unfortunately. When it comes to the purchasing of stock standard things like stationery, they are reasonably jugged up and they know what they are doing, but on the tender side, on the bigger contracts, lift things like that, we find it lacking. (2:25).*

Some participants revealed that the use of consortium procurement was for reasons such as compliance, rather than for the main reason of gaining economies of scale. That indicated the extent to which some universities were battling with compliance.

It does sort of make people try to comply because if you request and say to them, please try and use the companies that are collaborated with PURCO and then obviously because you have made that request, they will try and do it. (5:40).

But, other participants were quite happy about the service and benefits that they have derived from PURCO. The participants referred to a number of examples where PURCO contracts have proven to be worthwhile.

***So PURCO is working quite well for the University?** Yes, I believe so, they are. Look the stationery contact, I don't have to do. PURCO does it. The vehicle hire, PURCO does it. It's a lot of work, Flight, SAA, Mango, British Airways; PURCO does it these are almost like commodity items and services what else is there? Electrical, use for electrical consumables, PURCO does that, paint, PURCO does that (9:111).*

PURCO consortium actually assist with that you know because there you would get the spend and all of that and the cost savings, you know especially if I can give you one example, you look at the paper products for instance, there you would, that is, that is a good example of the cost savings that we, that we gain from it. (10:36)

It was also evident that some universities are still very far from advancing to the highest maturity level of supply management, as the participants were not conversant with the relevant procurement terminology such as "consortium". The

feeling was that only the senior manager had the knowledge and relevant experience in that university. What was most disturbing was that such lack of knowledge was from a participant holding a managerial position. The participant even felt embarrassed at his/her unfamiliarity with the necessary terminology of the profession.

> *Do you use consortium buying?* *I think I heard Mr X (not real name-to protect participant's identity) saying something consortium or something.* *That's PURCO.* *Oh, yes, yes, Oh, oh yeah we use them. PLEASE DON'T LAUGH AT ME. (5:40).*

(The participant was debriefed and told that no one was going to laugh as the aim of the study to make them (procurement staff) aware of their strengths and weaknesses for that they can take corrective measures).

- **Research**

Most participants were of the opinion that they do conduct research in their procurement directorates; however, their senior management acknowledged that they have just started to conduct research or admitted that currently research is not sufficiently carried out in their universities.

> *We haven't, not formally we haven't done, and I mean it might be just an informal kind of, but no like questionnaires that kind of thing like that, not at the moment. (10:42).*

> *We actually haven't done it, we've been postponing it because it's one of the areas where there are few things that we wanted to compare with other institutions that we have not done; but nothing has really been materialised. (6:62).*

Some participants stated they have done research, but the context that they displayed was focused on one aspect only (Internet research for policy formulation).

> *We do research. We, we normally go into these university website and check their policies as to how are doing things, we do research, like now while were preparing our policy. We looked at their policies and how they do thing and we sort of try to customise, take some of the best practice and put them in our policy. (4:49).*

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Some participants gave good examples of instances where they have had to conduct research. This is an indication that when universities do research, they will know their gaps and strengths and it is only then that they will take measures to get where they ought to be in order to excel.

> *I used e-procurement and we have now just signed a contract for all other commodities and there are many in South Africa following this route University of Cape Town (UCT) is a bit ahead of me, North West university have embarked on this process, but some of them of the models they kept outside their system, but it doesn't help me (9:23)*

> *Do your market, do your research inside and see how many people is using this, do a request for quote (RFQ) and invite all water suppliers in (local area) and let's evaluate it according to the PPPFA, BEE, Price, experience and whatever, I believe that is part of best practice. (9:109).*

- **Risk management**

Participants were asked to relate to how they manage supply risk in their institutions, and the responses were divided into: (1) no risk management, (2) risk is managed from other departments, (3) envisaged plan and (4) audits. A few participants admitted that risk management was not conducted in procurement, but they do keep a register of risk.

> *No, for now no: (8:26).*

> *I don't think that we do it to the level that we should be. Yes we keep the register. We have the register. We review it every year. We work with our risk management department here at university 1. We have the risk register. (3:30).*

Some participants reported that risk is managed in another department and it only assesses projects in term of value, but supply market risks were not catered for. Further than that procurement does not collaborate with the risk management division.

> *There is a risk management division. They try and manage it. We only, submit the*

project when it's above R10 million to assess the risk department. (1:162).

Some participants affirmed that they are not familiar with any risk management initiatives and emphasised that risk is managed at senior management level. This indicated that in some universities information sharing and authority relations are fragmented.

Currently, risk management is done by the managers. Managers and the director level; so they sit with Enterprise Risk Management and develop our risk register. (2:28).

Ah, you know at my level I wouldn't know, but I know that it is there. (7:117).

The challenge was that some participants confused risk management with an audit of the process. Auditing can only reveal shortcomings, but does not play a significant role in foreseeing disruptions and preventing them.

Like auditors and all those things? Or? (7: 117).

Risk management we get audited and we get a report on our auditors and one of the heading is Risk management and we actually need to explain every time why, why not? (9:55).

Well we have risk we have auditing risk. (10:98).

- **Supply chain management**

The universities' participants complained about silo mentality, lack of collaborations with academic departments, and could not make the distinction between procurement and SCM. Some participants raised concerns that the lack of supply chain caused a lot of problems, such as the duplication of resources and eventually the whole university suffers.

So now what it does then because we're not working towards a common goal, it creates unhealthy competitions amongst divisions. We don't share information. They are sitting in their little corner. When you fail you fail individually. You forget about when you fail the university fails. I'm honest; I'm totally for that process. I'm not even

involved there, but what it does, it promotes that cohesion. We work together as a team. So now we are working in silos. You find you are doing something; I'm also doing something, duplicating resources, wasting time, wasting finances, all those things, working in silos.(1:180)

Some participants ascribed the knowledge of SCM to be senior management responsibility. The participants admitted that they had limited knowledge of SCM. Even if the manager had knowledge, the general procurement staff members did not know the principles and importance of SCM, and that destroyed the whole aim of SCM of forming value chains for the maximisation of customer service at the lowest cost.

*Ay, that's Mr X, she is supposed to answer that, I don't know, he is the one who implemented the Supply Chain Management Policy. **But, your knowledge of supply chain management in University 2. How much do you know about supply chain management?** Not a lot. Nothing; not a lot. No. Nothing: (5:48).*

For some participants there was no difference between procurement and SCM. The terms were used interchangeable and that caused confusion.

…which means we are looking from the point where the departments needs that particular thing, the scope and then it comes to procurement as in to supply chain Management. It's a supply chain. It comes to procurement Department; we are the department in the supply chain so that is where the process starts (7:55).

In some cases, participants focused on the introduction of the SCM policy problems and how they overcame resistance to change instead of mentioning how SCM strategies are applied in their procurement.

Yes definitely, I do information sessions with the partners since we adopted the supply chain on a one or two group type of scenario so I take my laptop and I go there and I present and I go through that document not in detail because it comprise of a hundreds and odd pages, but what is important in that specific department, they don't do tenders and all those things, but I just say three quotations and I don't elaborate. (9:56).

It was very daunting to everybody, "Supply chain policy" and, but what has happened is that we've been embarking on a series of information sessions to the department that's actually what's been happening we've targeted the most difficult departments first, we do, we've been, Jah, we have the information session taking them through from the time. (10:44).

Participants working in the procurement functions in South African comprehensive universities openly disclosed that they do not conduct procurement according to the best practices.

Table 4.12 below provides the storyline of the applicability of PBPs in these universities.

Table 4.12:   Applicability of procurement best practices in SA comprehensive universities

Most of the respondents admitted that they do not conduct their procurement according to the best practices.	
Procurement best practice	**Applicability**
Strategic sourcing	▪ Most of the participants indicated that strategic sourcing was not yet employed in their universities.
Consortium	▪ All the universities in South Africa subscribe to a consortium group called PURCO. ▪ Some participants did not know the term "consortium" even though their university subscribes to PURCO. ▪ Some participants had a negative attitude towards PURCO, but other participants had a positive experience with PURCO. ▪ The use of consortium procurement resulted in untended consequences such as compliance rather than the main reason of gaining economies of scale.
Research	▪ Most participants were of the opinion that they do conduct research in their procurement, but the context that they displayed was focused on one aspect only (Internet research for policy formulation). ▪ Most of the senior management on the contrary, acknowledged that they have just started to conduct research or research is currently not sufficiently carried out.
Risk management	▪ Few participants admitted that risk management was not conducted in procurement, but they keep a register of risk. ▪ Risk is managed from another department (Risk Enterprise unit). ▪ There are envisaged plans to implement risk management within procurement. ▪ Some participants confused risk management with the auditing process.

Supply chain management	▪ The participants reported silo mentality, lack of collaborations with academic departments, and could not make the distinction between procurement and SCM.

Source: Author

4.3.4.4 Enablers that improve the implementation of procurement best practices

In the course of the interviews, some participants believed that enabling techniques and tools, such as strategic commitment from senior management, organisational design, leadership, technology, education and training and performance measurement and evaluation would improve the application of PBPs.

- **Strategic commitment from senior management**

Participants have had both negative and positive experiences regarding strategic commitment from senior management. Some of the negative experiences and challenges of this were:

…the same senior management, they are the ones who are complaining instead of supporting us in what we are trying to do, but they are the ones who are sending emails complaining about procurement. Even if they know the predicament that we are faced with at procurement, shortage of staff you know. (4:66).

We don't have the support from above, we will never, because remember if we want to achieve something, money is involved, so if you don't have a support from above, financially they would not support you. (4:166).

Participants disclosed that in some instances, senior management is content with the status quo and resist changes when procurement tries to benchmark with other universities. That hinders the efforts to adopt best practices.

…the challenges would be really those to say that you implementing, you may want them, but how are going to ensure that they are practical? That people actually do what actually expected to be done? Because the minute you try to say look, this is how things are done in other institutions; you may easily be told look we not perfect, in fact sometimes you get comments that look "You can't compare use with someone that is in big cities" (6:138).

Some participants ascribed the lack of strategic commitment from senior management to the fact they (senior management) have not grasped the value that procurement can contribute to the university's competitive position and sustainability. The participants further blamed themselves for not showcasing the value that procurement can add to the university.

> *University 1 management has not realised the importance of procurement at and I think maybe it's our own fault because we haven't been able to show them the benefits that we can actually bring. (2:34).*

For some other participants, the strategic commitment from senior management may carry more weight in making the entire university understand the value of procurement and giving them the respect they deserve to carry out their responsibilities in an effective and efficient manner. Currently the procurement staff felt that they are not getting the support that they need from the other departments as they are still regarded as a non-strategic function. The participants felt that the strategic commitment from senior management may give them the necessary support and voice that they require from other functional areas, as they rely on them as well, for the supply of resources such as funds and to hire more staff.

> *I think they can play a big role. Because I think the message, when the message comes through senior management to people in the university they may take it more seriously than if it comes from this department. (6:132).*

Although, participants confirmed that in some universities, it seemed that the communication channels were gradually opening up between procurement and senior management. The open communication appeared to be giving procurement the platform to engage with senior management on strategic issues such as responsibilities, accountability, authority relations and setting targets which can enhance the implementation of PBPs.

> *Yes most definitely you know I think they can, there, there is definitely that support that is actually needed. But, we finding that more and more there is that support now. Yes, there is that opening up of conversations that's taking place and communications*

and I think in terms of finance department which we fall under, that's now the communication channels are lot more opened, we've embarked on an institutional cultural process and finance was one of the first to actually participate and we got all our, our staff involved in that. (10:103).

- **Organisational design**

Most of the participants did not have confidence in the current structures in their universities; they assumed that it would not be conducive to the implementation of PBPs. Some of the participants even characterised the current structures as fragmented, citing reasons such as unaligned job descriptions, non-representation of procurement in strategic decision making, procurement being placed on lower hierarchical levels and thereby the role of procurement being underrated.

The current one would not. No the current one would not (5:56).

Our job descriptions and our structure is not set up the way that it should be, currently we are not in line with best practices out there. (2:97).

Maybe not, I think our structure as a whole is probably fragmented if I may put it that way. As I have said you will find that the person that sits, who represents our interest as procurement in the executive committee (EXCO) when these big decisions are made is actually the Chief Financial Officer (CFO) and as much as the CFO can speak on the issues of procurement, but the reality is that he doesn't deal with procurement issued day to day. So he does not understand the challenges that we experience on day to day basis (6:70).

…where is it been placed in terms of the hierarchy, it's right there at the bottom (1:109).

In some universities procurement's reporting lines have recently been adjusted and placed in the ambit of the higher level, and according to the participants that has improved their visibility within the university. However, one of the participants reported that even after the restructuring, they still face the same challenges as before as they still don't have a voice that is heard.

Procurement has been moved from finance to report to PVC (Pro Vice Chancellor)... It's about 2 years already it is definitely a much better thing. Yes, I think it's definitely improved our visibility. (2:125).

It does. A lot, whilst we were still under finance, there was a restructuring. I think it was in 2008-9. The whole of Finance department was restructured and then organisational development (OD) was part of the restructuring. We gave them our process and everything on how we do things. Then they will come up with a structure to say for this section we are going to need so many people. For an example, they said four officials, I mean this whole University? Only four officials are serving including the regions. So it's not practical. (3:39).

Conversely, other participants claimed that their structures were perfect; contrary to what the senior managers believed. This indicated that information sharing on what is considered the best was not conveyed to all the stakeholders, which may hinder the implementation of best practices. Some other contradictions that came to the fore is that, even though some procurement at some universities reported to the highest levels, some senior managers still complained about inadequate representation on a strategic level. Another problem was that some participants declared that they did not know whether their current structures were permitting or hindering the implementation of best practices.

We have a new structure now. It's a perfect structure. (7:38).

That's the problem, definitely it's a problem. Definitely it's a problem. That is definitely the problem. I'm the only one I think in university 1 by far a Director that goes straight to the VP. I'm the only one as far as I know. Directly go straight, there's no Executive Director (ED), there's nothing in between, go straight. It's on the structure, structure surely, structural, definitely, structural. (1:169).

I am not too sure, but what I know our director of Finance, she is reporting to our CFO (8:29).

On a positive note, some participants revealed the advantages of reporting to a higher level which was aligned with each other.

We are represented, remember now we report to our VC and he is the one who is always trying to protect us. (4:68).

Meanwhile, some participants stated that even though they still report to finance, they have managed to find solutions to challenges that they had with reporting lines. It was remarkable that the solution to their problems came through the efforts of procurements' contributions and continuous involvement with the stakeholders.

I'm fairly comfortable with it; you know the way it's structured and of course reporting to Finance although I know in lots other institutions procurement is not under finance. We used to report straight to I don't know, we were always under finance in other institutions it isn't, yah so I find that its, its working for us. You know it used to be a problem, but it seems like uh, its, we kind of like overcoming that; uh, you know we, we, why it was a problem, it's because we felt that Finance, we did not feel really part of finance, we felt that we should have been separate, but as the years went by the understanding of the management and the recognition of procurement has increased a little more and It's still a lot of work though, still I think it would be a lot of work in terms of not finance as such too much, but in terms of the departments because the departments still think that, "it's their money, it's not the university 3's money" you understand? And they still think that they can uh you know uh, just do as they like. (10:52).

- **Leadership**

To gain an understanding of this crucial enabling element, the participants were asked to relate whether and to what extent do they think leadership can enable the adoption of PBPs. It was disappointing that one of the senior managers thought that leadership would not enable the implementation of best practices. Such a belief portrays a challenge as that person does not understand the role played by the leader. The implication is that such a leader could not be able drive the transformation processes, and motivate and influence people into the required direction.

I don't think really leadership, but I think structural in terms of the organisational design. I don't think it's really leadership. Leadership, it's there where we

understand what we do or not. It's either here nor there. But, I think we need to sort out the structure, have a proper structure that will support what you want to do in the organisation and ensure you aligned with the best practice if you achieve the proper structure. (1:170).

The above statement clearly articulates the real problem that hinders the application of best practices. Some participants stated that leadership lacks understanding of the strategic role that procurement plays, thus blocking the opportunity of realising earnings that may be brought by the implementation of best practices. This notion was also supported by some participants.

At the moment I would be honest with you, there is no such thing we call "Management". It's only one headed person who is our Financial Director. Who tells you what to do? So maybe if she can let us implement our knowledge and explore our knowledge and have a gap for us to be able, like Mr X, if he can have an opportunity, he has been working for big companies. If he can have an opportunity to change procurement and implement everything that he wishes to implement, then the university can be better, especially on procurement side.

- **Innovation and technology**

The participants were requested to narrate the extent to which innovation and technology are used in their institutions as support tools to enable the application of PBPs. The participants acknowledged that technology and innovations are still a challenge in some comprehensive universities. They declared that they were still using manual processes. Some were concerned that it may still take a long time before they employ innovations and technology in their universities. Some participants narrated signature challenges that could be controlled by the use of technology.

When it comes to technology, I think we still got a long way to go. Everything is still done manually (5:135).

Also you do have instances where we find that we capture the orders, people that signed in are wrong, we have had instances where people are going to come and complain "there is money taken from my account, but I have never signed anything,"

but you don't know because you just looking at paper and you don't know who the person that actually signed is. So there are impacts that we see on the daily basis. (6:120).

Some participants were happy that they were using technology and did not utter any problems. These participants highlighted a number of advantages that they derived from the technological advancements, such as efficiency, integrated processes, speeding up processes and cost savings.

…there has been quite a few you know enhancements on the ITS (name of sofware) in terms of procurement, we now busy with my-market in order to have a little more efficient procuring electronic purchasing of goods (10:80).

…it speeds up the process, so where the old manual system will take a buyer a day to do it, every day, it might, it now take the same buyer a 3rd of the day and I have got the other 2/3rd of the hours that I can allocate other task to that buyer. (9:132).

It saves a lot of time and even now with the integrated approach I mean you can actually take the order from your, from your ITS system and email it. It's quicker, you have that assurance that you sent it and you know what date and time you've actually sent it as well. You know it's easy; it's easy to follow up, that, that, that really does save time for me. (10:113).

- **Education and training**

Most participants indicated that they regard education as a fundamental tool for empowering people to be competent in carrying out their duties. Other participants acclaimed education and training in improving the skills and performance of people, as well keeping procurement staff updated on relevant information.

Yes, actually, I think, I think when people know what they are doing and the impact; they will improve automatically (7:100).

I can say education there. I can say education there. We need to know what we are doing. We need to know the impact, we just need to know, and we just need to be informed, to be well informed of even what the procurement is. (7:45).

Some participants did not have relevant qualifications and revealed that they do not know some of the basic terminology used in the discipline. The implication is that if one does not have even elementary knowledge of procurement, how will you be able to implement best practices, especially if you are in a managerial position? Such a person would not be able to make a distinction between important decisions that may build a value chain system or best practices.

> *I am new in procurement; Mr X has given me an opportunity to explore procurement. I will be; I am trying to register with CIPS so they would be sort of teaching me all the best practices about procurement then all his intention is that we come back and implement whatever we going to be studying. (5:32).*

However, it was pleasing that the individuals who lacked knowledge have seen a need to upgrade their credentials and ware intending to take courses on procurement and best practices. The knowledge gained from attending such courses may increase the employees' understanding to the required level in the execution of the objectives and duties of procurement. It is for this reason that most participants also affirmed this notion.

> *I think all the employees need to be educated more and basically I think we still need to look at the environment. Are the people we have educated? Are they willing to learn? Can they be able to learn and implement? So I think there is still a lot of work that needs to be done when it comes to procurement. (5:50).*

The interviews also revealed that traditionally, most of the universities did not require a qualification or experience in order to be employed in procurement. This was not surprising since procurement was not regarded as a strategic function and it was assumed that anybody can do the easy "administrative, clerical process" of procurement. However, most universities confirmed that they are currently embracing education and training for all their staff members.

> *That's what I must say they are introducing it. We are really moving to it. Before I think it was not being proposed I am new myself. Oh yes, with us new employees, all that was done from the first time, they were like, they were strict in wanting that you must have a qualification and then they trained you, they give you, e.g. we did this*

CIPS thing and you know, it was provided to us and all those things. (7:92).

…of course you need to have something to do with procurement or supply chain related courses. (4: 46).

The current tendency was that some universities were introducing standards in the employment of people for different levels, according to the seniority of the position. The post levels are then aligned to the required qualification. The implication was that each person should have some form of related qualification to be employed in procurement. In addition, the participants are encouraged to attend training programmes such as the CIPS training.

HR they have got their standards. Like last year we wanted to advertise a position for a travel official and they told that there was MANCOM resolution that was about the post grade 9, all the grade 9's they must have at least a diploma. Same here you need to have a diploma in Purchasing, Supply Chain management, Logistics any relevant as a buyer. Those trainings are just to add-on to qualifications you have already. (3:28).

It seems as if there is no uniformity or compliance in the application of employment rules, as the participant below disclosed that he/she was hired recently, but does not have a relevant qualification. However, most managers indicated that new recruitments needed to have a qualification before being hired in the procurement department.

…unfortunately over the years as procurement was neglected, all the buyers that we have; they do not have any qualification under procurement. I think there is only one who has it. The reason is that maybe they were just in here as intern and then they were promoted, they became buyers. Basically we never had a person who is a professional buyer coming and joining the institution, who exactly know what to do. Everybody has been taken through as they go along. I think that's just the downfall for the university. (5:41).

At some point, the participants felt discomfort at disclosing weaknesses related to procurement in their institution, but still carried on to divulge other issues pertaining

to the priority and re-enforcement of education and training at their university. However they were debriefed and assured of anonymity. It was apparent that even though management wanted staff to improve their knowledge and expertise and offered and funded opportunities for development, there was no commitment from individuals to complete the courses.

They are expected to upgrade themselves and I think previously it was done. Unfortunately, [OH I AM DISCLOSING A LOT OF INFORMATION] they were given the same opportunity as I am given to go on this CIPS management course. Unfortunately they couldn't proceed and pass the course. So what Mr X said when he came all they need to do now is to try and develop themselves and our Director has said that everybody is supposed to develop themselves and I am telling you that has a lot of impact to a person who really doesn't know much about supply chain or even business management or even negotiating the prices for them. I think it's the challenge maybe the university needs to employ more people who are qualified in the Supply Chain. (5:44).

It was impressive that the participants commended the impact of training and development in increasing the required knowledge and insight. Other participants pronounced that they attended seminars and conferences on procurement to learn about the recent trends in the market.

So we attend those events and they are all to do with purchasing. There you learn about the new suppliers in the market, new products in the market and new trends in the markets. (3:100).

The participants revealed that third-party training service providers from outside the university were contracted to offer short courses to the procurement staff. However, it was unclear to the researcher why the university resolved to contract outside service providers when the university itself was presenting short courses on procurement.

I am interested in knowing why was Service provider (name removed for anonymity) recommended when University 1 also offers procurement? It's more of short course, so I wouldn't say the longer courses, but more for the 3 day, 4 day short

courses. (2:27).

The participants articulated that management encourage staff to continuously attend training courses on related programmes. Furthermore, universities sometimes collaborate and offer free in-house training on certain specific areas to increase the knowledge of their personnel, especially at tactical and operational level.

> *We have the HRD (Human Resource Development) training and development so every year everybody is encouraged to attend whatever training that is relevant to what you are doing. So there is education and training. (3:27).*

> *…it's really really encouraged, for instance we actually encourage all our buyers to actually go for, there are many courses, and there is a pro-skill course that we have. Actually it's not paid; our bank is actually providing that training for us. So our bank manager together with his Forex division will come down and give us the training for half the day. (10:97).*

The participants alluded that as part of the procurement staff development and retention strategy, management in most universities fund the education and training initiatives. It does not end there; the university also pays for the spouses and children of its employees for both short courses and formal three to four years qualifications. However, it was disturbing to learn that individuals still do not take advantage of the opportunities due to work overload and capacity constraints.

> *The money is there, but unfortunately because we are so limited at the moment we often find that we don't have enough time to go on the necessary training. The Commerce Edge has been identified as the service providers of choice for procurement, but it's a little bit difficult at the moment, you know when you take time off to go on training, then you get back, you know your work has piled up again, it's one of the things that the auditors have picked up and we are encouraged to go on training to improve ourselves and to comply with our personal development plan (PDP), but it's sometimes not possible. But, the options are there. We have been given those options. (2:26).*

> *… but the university actually pays if you take those qualification, the university pays.*

(7:105).

Yes our qualifications are formal qualifications like your Diplomas and degrees and even my MBA (Masters in Business Administration), we don't pay for it, we pay for enrolment uh and its text, our text books, but our course are paid and our spouses as well can actually study and our children up to a certain age. (10:97).

In addition, PURCO also offers financial assistance for performing a gap analysis of the procurement staff's skills and competencies. The gap analysis is essential for procurement to assess the competency level at which their staff are, in relation to where they ought to be, so that corrective measures can be taken that would elevate them to the desired level.

Oh, they have paid, they have contributed, I think they said 5 persons per institution; they will fund five for R500 for that analysis to be done. I had eight so I had to fund the additional three. They are also ploughing back into their clientele so to speak (9:49).

Despite all the encouragement and subsidy efforts by the universities, it remained a mystery why some of the participants still raised that they do not have professionally qualified employees in some disciplines such as strategic sourcing.

We don't have anyone currently trained in strategic sourcing. (2:103).

We don't have the people and the people that we have are not sufficiently trained or skilled to be able to do what is required. (2:156).

- **Performance measurement**

Some participants revealed that they do not use this tool as an enabler for the implementation of PBPs. In one university, University 3, the participants indicated that performance measurement and evaluation is used as a tool to improve and provide excellent service to the users. They also indicated that they use technology to rate their service.

then what we also have is we have within finance a link below our emails and it says "please rate our service" so if there is anybody that feels unhappy about a specific

person and the way that he conducted himself or the service that he provided you can complete a little sentence there and you can do either anonymous or you can put your name in and you will be surprise that we get compliments, it still bugs me why we get compliments for what we do because I feel we can still do it a lot better, but we still get compliments, every month, there is one or two of my staff members that get huge accolade for excellent service. (9:110).

Uh, for the buyers we have got a framework for excellence. That's been just implemented now, uh so what we've embarked on is a department wide correction of all our job descriptions. Performance management can relate to the employees, it can talk to the suppliers; it can talk to your customers and the entire university as well. And then the other thing is that Finance has a survey, you know, that's done so what happens is our internal customers can actually rate our service, not to rate our service so they can put a comment over there and they get that and of course we get feedback from the departments. (10:56).

Other participants also acknowledged that performance measurement and evaluation is done at their universities. They also stressed the importance of leadership understanding the processes of performance measurement and evaluation; and who should establish the improvement criteria and set targets before starting the process of assessing actual performance.

It is done; We going back to leadership if even if you conduct performance management or performance appraisals, whatever, but if as a leader if you don't understand that, what are you going you know appraise a person on? Because firstly you need to understand that this is what you want to achieve before you could start assessing somebody. (4:151).

Some participants articulated that performance measurement evaluation is employed in their institutions, but they did not sound enthusiastic about the process. Such attitudes create problems with measuring performance. Monczka *et al.*, (2010: 471) cited problems of performance and measurement that stem from management trying to pilot the projects with wrong measurements, using wrong instruments, collecting irrelevant data, and not surprising, coming up with results that are of no use.

*Ja, we do them as per requirements at the university. We do that process. **But, how; benchmarking with other universities?** No, no, definitely not with benchmarking. **Using the score model?** No, no, definitely not. No, that's more of an HR space and I don't think we are doing that anyway. Maybe HR can confirm. (1:184).*

It was not surprising that in the same university, performance measurement and evaluation was experiencing problems. As a result the performance measurement and evaluation exercise seems to be ineffective.

*On staff performance, yes we have got targets that have been put into place. **How effective is it?** Personally I did not sign my contract in the beginning of this year, because I felt that the targets were just totally unrealistic for what we had at the time. But, I was able to in any case meet most of the targets that were set out. **But, the way it is, you are not happy with the performance measures that are used?** (2:132).*

Exactly! Now, when I'm being scored at the end of the year, 40% is my own performance, 40% the organisation. I cannot get a 4 or 5 if I did not achieve the R1 billion profit because my 4, I should've assisted the university or the organisation to achieve that target. (1:175).

It transpired that performance measurement and evaluation is not carried out at all at some universities. The participants even laughed out loud because of embarrassment and felt that they were revealing too much negative information about their university. In such cases the participants were debriefed to restore their dignity and encourage them to divulge the information without withholding anything and reminded of the benefits of the study for their university.

[That's what I am asking for (more information), but that is the way we would know. The importance of the study is to make you aware, where you are in relation to… [Interject]. To other universities; where you are supposed to be, that is the aim of the study; so don't feel bad.]

Oh No! Performance management isn't? Oh no, none. Ok. I AM TELLING YOU A LOT HEY!! Hahahaha!!. (5:61). (participant debriefed)

With regard to supplier performance evaluation, most participants admitted that it was not conducted at their universities and blamed this non-existence on a lack of resources. However, they accepted that by not conducting supplier performance evaluation they were creating problems, as suppliers tend not to comply with rules. Other participants revealed that supplier performance evaluation in their institutions is delegated to the user departments.

Currently supplier performance is not being done. Again it is because we don't have the resources. (2:45).

We don't have that at University 1. Suppliers, they do as they please. (1:63).

The only evaluation that is done and it's not done again by procurement (that is why I said it's not done by procurement) is on delivery. When a supplier delivers something, before it can get paid it needs to be received on the system and that is done by the end user. There are few questions that are prompted that the end user needs to answer. That is the only thing that is done and it's again on delivery. (2:48).

In some instances, the participants uncovered that reference checks are done in the place of supplier performance evaluation, or rotation of suppliers is used to exclude suppliers who previously performed poorly.

What we try to do is we try to bring in reference checks. So even though we know that they performed poorly with us, it could have just been with us. Perhaps with the other companies, there was a better performance. At the moment it would be unfair of us to disqualify them. What we have done in some tenders because of that is, we have actually written in that "Preference will be given to suppliers that haven't been used in the past by University 1" so we will then have a way to put those suppliers on the back and consider new suppliers, but it's not an effective way of doing it. (2:49).

None of the participants mentioned the use of scorecards, costs, quality and timing measures, but one participant expressed that they use preferred suppliers for specialised commodities such as software and laboratory equipment. The result is that sometimes the university can find itself in the situation that they have to cope with a supplier they are not happy with.

We do have preferred suppliers and sole suppliers, but it's usually in the case of things like software, laboratory equipment, but stock standard equipment or furniture things like that we don't do preferred and sole suppliers. But, chemicals, laboratory equipment, software, I mean software you can't go and get quotes from three different suppliers if the IP is owned by one company, so you will definitely have certain suppliers being used in most cases more than others. In the case of ICT, they have done that exercise to make sure that is the best software that's one that software has been selected. Yes or No and some instances it is because we already got that system. E.g. Oracle, we are forced to work with Oracle because that is the system that was originally selected, so there we would not be able to change very easily until one day we decide to completely take out Oracle and replace it with a different system. (2:135).

Table 4.13 elucidates the storyline of the enablers of the implementation of PBPs and the findings revealed the lack of application of these enablers in the South African comprehensive universities.

Table 4.13:   **Enablers to the implementation of procurement best practices**

Enablers	Findings
Strategic commitment from senior management	▪ Most participants reported that there is no strategic commitment from senior management. ▪ Other participants disclosed that management resist changes. ▪ Some participants ascribed the lack of strategic commitment from senior management to the fact that senior management have not grasped the contribution that procurement can yield to the university's competitive position and sustainability. ▪ For other participants, senior management commitment may carry weight in making the entire university understand the value of procurement.
Organisational design	▪ Most of the participants did not have confidence in the current structures. ▪ The participants alleged that the current structure would not permit the implementation of PBPs. ▪ Some participants characterised the current structures as fragmented, citing reasons such as unaligned job descriptions, non-representation of procurement in strategic decision making, procurement placed on lower hierarchical levels and therefore the role of procurement is underrated. ▪ In some universities procurement's reporting lines have been recently adjusted and placed at a higher level. ▪ Other participants claimed that their structures were perfect; contrary to what the senior managers believed. ▪ Some participants stated that even though they still report to finance, they have managed to find solutions that they had with reporting lines.

Leadership	▪ Some managers thought that leadership would not enable the implementation of best practices. ▪ Other participants stated that leadership lack the understanding of the strategic role of procurement. ▪ Some leaders were experienced and knowledgeable on procurement.
Innovation and technology	▪ The participants declared that they were still using manual systems. ▪ Some participants were happy that they were using technology. ▪ In some instances the participants revealed inefficient use of technology.
Education and training	▪ Most participants indicated that education and training is fundamental in empowering people to be competent in carrying out their duties. ▪ Some participants acclaimed education and training in improving skills and performance of people as well as the universities' output. ▪ Most of the staff did not have relevant qualifications. ▪ Most of the universities did not require a qualification or experience in order to be employed in procurement. ▪ The participants revealed that third-party training service providers were contracted to offer short courses to the procurement staff. ▪ Universities encourage and provide funding to address skills and capacity development as retention strategy. ▪ PURCO also assist financially with gap analysis of the procurement staff's skills and competencies.
Performance management	▪ Some participants revealed that they do not use this tool as an enabler to the implementation of PBPs. ▪ Other participants stated that they use performance measurement and evaluation as a tool to improve and provide excellent service to the users. ▪ They also indicated that they use technology to rate their service. ▪ Other participants revealed that supplier performance evaluation in their institutions is delegated to the user departments. ▪ The participants uncovered that reference checks are done in the place of supplier performance evaluation or rotation of suppliers is used to exclude suppliers who previously performed poorly.

Source: Author

4.3.5 Legal framework of procurement

In this section the analysis of the eighth interview question will be presented. The participants were probed on (1) the public procurement acts and regulations governing procurement, (2) the influence of public procurement policies on the implementation of best practices, (3) procurement as a social justice tool, (4) funding, and (5) role of policies in the implementation of PBPs.

- ***Public procurement acts and regulations governing procurement in SA comprehensive universities***

Most participants held the view that universities are governed by:

- the Higher Education Act;

- procurement is guided by the Constitution principles of Section 217 even though some could not remember all the five principles of fairness, equality, transparency, competitiveness and cost-effectiveness;

- The applicable Acts quoted were; PFMA, PPPFA, BBBEE, Prevention and Combating Corrupt Activities, and CIDB.

- Regulatory framework; SCM Treasury Regulations, Preferential Procurement Regulations and

- University procurement or SCM policy.

> *Ideally we use the PFMA. (1:92).*

> *It is the BBBEE, PFMA. We are not using them fully, but BEE, the 80/20 and 90/10; we are using that, but PFMA we not using it according to the government because some of their rules don't apply to us. (3:68).*

Also, the participants did not seem to have a problem aligning with the HEA and the Constitution.

> *We are aligned to Higher Education Act, but we try to comply with the five principles in our Constitution, fairness, equality, blah, blah, blah when you argue why you give it to a small black company, one speaks about equality, but we know, you know, you would not align us on the PMFA or something. Ja, we will try and comply with it. (1:91).*

However, rightfully so, the participants mentioned that they align themselves with the PFMA as good governance and public interest gesture, even though they are not obliged to comply with it. As part of the unlisted public entities, Section 47 of the PFMA excludes universities from this Act (Bolton, 2006:193). However, some

participants felt that, on paper, they are not bound to comply, but indirectly they are expected to comply through audits, public accountability and social responsibilities.

> *But, you know the expectation is to see now, is that when you do things people are questioning you, in fact with audit reports that come to us, when the auditors are coming in they are identifying gaps in our supply chain policies, they say "it's not in complaint with treasury regulations" and we argue back and say we don't report to Treasury. The only way that we can be expected to comply with some Treasury regulations if I submit certain return for them to comment and give feedback that doesn't happen. However, you get audit findings that are going to tell you that "you have a gap here and Treasury regulations say this", that is why it becomes a difficult process to say exactly where do we fall? (6:79).*

> *The public procurement policy I mean that is why I am saying that it is not part of, it can't be part of the university; it cannot be enforced at the universities. (4:89).*

Although some universities willingly follow the PFMA prescriptions, the participants declared that they do not stick to it completely. They narrated that they use the PFMA as a framework, but on a selective basis. Furthermore, the selectiveness tempered with compliance to the policies with regard to PPPFA and BEE is unforced, but still leaves room for "exceptions". Due to the selectiveness, some of the participants find it difficult to follow the right procedures. This shows that even though universities claim to be compliant with PPFA and BEE, exceptions to the rule exist since there are loopholes in these compliance documents. Therefore, the similar aims of PPPFA and BEE are not rigid enough to re-dress the imbalances of the past.

> *Our policy is based on the Constitution, sorry I omitted that. The preferred practices, transparency, it's all there, but when you come to the nitty-gritties of it. Yes we say that we are fair and transparent, but Government, for example, will publish the tenders that they received, the values, who tendered and the amount. We don't do that. Government gives out the criteria according to how they evaluate their tenders. We don't do that, most cases we don't do that. (2:75).*

> *Currently the only one that we have got that we are making use of is, we don't follow PPPFA, we do the PFMA and we do the BBBEE, those are the only two currently in*

procurement that we follow. The circulars, the notices, we don't do any of them. (2:73).

We do follow it. Except in our policy we don't have to follow it 100%. Our target at the moment is 66.6% so we can still make use of other suppliers that are not compliant e.g. with BBBEE. Our foreign companies are not compliant with BBBEE so it's very difficult for us to put in our policy that we would only use 100% compliant suppliers, but we try where ever possible. In all our tenders BBBEE is 25% of the total, so we are really trying to push the marginal imperatives where ever possible. (2:79).

The issue of public procurement was even denser in some universities as some participants did not even know about these legislative frameworks, which makes application and compliance even more difficult in these situations.

> ***Tell me about the public policies and regulations that guide the procurement process***
>
> *Interviewee: Policies and regulations?? I have never read it. No.*
>
> *Interviewer: **PFMA?***
>
> *Interviewee: Oh no, you talking Greek to me now.*
>
> *Interviewer: **The BEE?***
>
> *Interviewee: Oh ok, I know the BEE. Basically I think they do follow the BEE strategy thing, and then last year Mr X implemented that they should try and use small companies, black owned companies in order to comply with BEE things. You know, that part, I am not really in it in the university because basically my study on BEE was on outside companies, small companies, not relating anything to the not relating to the university. Maybe I would have been of help in it was relating. The little that I know about BEE it's because of my study was sort of.*

- ***Influence of public procurement policies on the implementation of best practices***

Some participants felt that public procurement policies do not influence the application of best practices and cited reasons of not aligning to the PFMA and the

amendments of it. Other participants were uncertain about this issue even though they leaned over more to the positive side. However, the responses proved that they were not sure.

> ***Public procurement policies do not influence the application of best practices according to your view?*** *No, it does not. The worst thing you do, you align to PFMA. (1:94).*

> *I don't think so, even though I am not sure. (5:160).*

> *I don't think they…, I do think they, let me give you this idea, first of all BEE codes was revised, ok? I was very much in favour of the initial BEE quotes because it made sense and It was easily applicable you could apply it very easily, but Government went and they change the BEE codes which makes it a bit more difficult, but then as Government and they have got the authority to change, but what I see as an interference and this maybe what I see as interference in best practice is when Government took Enterprise Development and they put that together with preferential preference procurement. I believe until somebody can inform me otherwise as to what I believe, that enterprise development should not reside with Preferential Preference because, under the BEE quotes because they reside in direct competition as far as best practice is concerned. (9:65).*

Some participants complained that public procurement policies change rapidly and these forces universities to change as well and the implications are that the universities are following bureaucratic layers for approval. Even though they favoured some policies, they felt that some policies are inhibiting the implementation of best practices.

> *You don't want to end up–the problem that we tend to do as people, you tend to want to align yourself to all these piece of legislation and when one changes you have to keep on changing policy every day and to get this thing being approved is a process. It goes up to the Council level. You do not do that. (1:95).*

> ***So, but do you feel adherence to these public procurement policies also restrict in the implementation***

Interviewee: Yes. (7:115).

In a way it does affect, it's fine, but with a small margin, with a small margin. You have a say, but you don't have that overall control on a university. (4:92).

Meanwhile, there were participants who strongly felt that some public procurement policies are burdensome, complicated, rigid and impractical to apply. The processes are long and sometimes require documentation which costs money to acquire and is sometimes not used.

For me I would say they make things cumbersome, they complicate things. The impact that they have is that because you end up not being 100% sure in which space you really fall. So you try to do this because it's covered in that area, you try to do this and because it's covered in the area. (6:82).

The participants voiced that the university environment is different from the government sector. There is competition, greater demand for efficiency and quality standards are higher since universities have to meet global standards. Compliance to the public procurement policies required from universities hampers the opportunities of applying PBPs for streamlining operations, saving costs and minimising waste for competitive advantage.

I don't think they understand if you look at the kind of demands that come from them, you sometimes feel that we don't really understand e.g. if you talk about best practices, if you talk about buildings, if you look at adverts that come from government departments, municipalities, there is this big emphases in terms CIDB credits to say that the project is so much, we need this to have this CIDB credits, but as universities we not really compliant to that however we do it now because it's done everywhere, but if you look at policy, it's not covered anywhere. You know? So those things that are cumbersome that happen out there and you, ok this is happening, now we going to adopt it, it is not documented they do create problems when you try and get best practices, you don't know where to fit these things. (6:84).

- **Procurement as a social justice tool**

In this sub-section, the participants were asked to explain the extent to which they apply the practice of using procurement as a social justice tool and the impact thereof. Most participants were in favour of this practice, and they pronounced that even if it was not in the policy they would voluntarily apply it together with the social responsibility practices and community engagements.

> *You know because it's the best thing to do, it's the right thing to do, we just know it's right thing to do coming from back–the right thing. You must do it. But, it's not like the university. It's not in our policy I think up until they've revised this policy. There's no way – I'm not seeing anything about that. That's good. Give it to the ones that deserve it. There's nowhere and even I cannot find that clause. (1:189).*

> *Yes, yes, you know especially with the social responsibility, remember the university though we voluntarily, it's on voluntary, we sometimes they departments from community engagement they sort of involved with the community out there trying to assist on voluntary basis, but it does not necessary mean that we, it is a must, but with government departments they have to. (4:93).*

The participants stated that in their universities procurement is used as an empowerment tool for small suppliers. Hence, a number of participants assumed that supplier rotation is a best procurement practice and they use it in their universities to "share the pie" with more suppliers.

> *We want to make a point that we share the pie with every supplier so it's an ideal, it's the best practice to rotate suppliers, which is why when you asked me, Prof, about the, when the scores are equal, what then do you do? I said we go back to the 'spend' to check whether have you had business with us or not. If the answer is 'yes' which means you've already had business with us so you're not going to get another business with us, so it's the best practice to the point that you are transparent; you share the pie. You mustn't forget the issue of procurements goes with empowerments. (1:144).*

> *But, here we are not using preferred supplier, but we give all the people the chance especially the small businesses so that they, all they get the piece of the pie. (8:39).*

Few participants presented the two sides of the use of procurement as a social justice tool. The view was that the practice sometimes does not empower the needy and demotivates whites from creating wealth as they have to give away their companies to comply with BEE requirements, while wealthy black people are not required to develop small suppliers. Again, the issue of poor performance and limited knowledge of small suppliers came under scrutiny. The problem was that procurement staff members have to assist small suppliers in meeting the requirements for winning tenders and that takes precious time from the limited staff that universities have and that adds more work for procurement officials. However, the participants announced that they still assist small suppliers as a social responsibility practice. Therefore, the developmental and empowerment initiatives hinder the application of PBPs in these universities.

> *… And that procurement in South Africa is used as a social justice tool?*
>
> *There is a twofold answer here and then the one is how you do create wealth? And there is that wealth can be created by using procurement as one of the elements. (9:129).*
>
> *I really believe that, the whites, the so-called "whities" were very worried that they have to give away initially when they started with BEE 51% of their companies that was never the intention I believe of BEE one thing that do bothers me with this whole thing is the fact that, I am a black business man and I am a billionaire and I am very wealthy and I can only go to a police station and make an affidavit that I am a black owned company whereas other companies do have to get verified by agencies. (9:129).*
>
> *Mh, yes and no, because you know what I think it contributes to the, to the social upliftment of society, yes, I definitely think so and I really support that because I don believe that, and I do believe that we also support local uh, I'm really, you know, support that, but there is a little bit of a snag because, you know, not all the suppliers are, not up to speed. (10:73).*

The participants narrated discouraging stories about 'cooperatives' that are just milking the university for lots money without providing value, all in the name of social

justice. The problem highlights the challenges facing some of the comprehensive universities in adopting best practices, and at the same time highlights the disadvantages of using procurement as a social justice tool.

And this thing that procurement in South Africa is used a social justice tool?

Interviewee: Yah well unfortunately, Mhh, for us it's a reality in this institution probably the one thing that one should have mentioned. This university as much as we have these policies and practices in terms of how we procure, we have what we call the cooperatives. The cooperative are really just a group of people that used to work for the university, well, what is what we get told, as much as we can see that they are younger than me so they could not have working here ten years ago. But, we told that these people used to work for the university in the maintenance department, the maintenance department and security and they were retrenched because the university had financial problems. But, the university said when we retrenched these people from the maintenance department and security the reality is that we still need these services. So instead of the university going out on a tender to get a service providers to do this, those people had to form co-ops and they get first preference, so when we need somebody to paint, we need somebody to fix electrical things, plumber – those are the people we are using, these co-ops. So in that sense you could see that we using procurement really as a kind of social, we are addressing the problems of the past, using procurement. Yet we not sure if you getting the best service, because that's where the problems, these people, they have a sense of entitlement that 'look we are from this community here, the university is in our area, they retrenched us, whether I come and sweep that office in the morning or I don't come you can't fire me'. That is really what happens. Ya, so when you talk about the best practices they are also affected by those things, because sometimes you find this person is, this particular co-op is not delivering according to standards that we really expect. You paying good money for this thing and if you had source somebody from outside, they would have done a better job, you would have seen the value for money you paying, but here you paying every month. You are paying good money for nothing. But, you looking at the work that is being done, you are really not happy. Whereas, if you were using the best practices; you will just fire this person and have somebody else. (6:84).

But, the thing is when it comes to this BEE, especially, we are strict here, very strict.

But, I feel that people that are using BEE, that are not experienced because of this strict BEE level thing. You will find that this guy is; they don't know what they are doing, I think that maybe we can take it little by little rather, but when it comes to here BEE is up here, he make sure that the disadvantaged are promoted. (7:51).

- **Role of government funding in the application of best practices**

The participants were asked to explain the role of funding in the application of PBPs. Most participants felt that the government funding influence the application of PBPs through earmarked funding, control, reporting and the fact that universities had to request approvals before receiving funds.

Funding does have an impact because at some point we have to spend X amount of money on point to access those funding. Look at the science campus they have got all those projects. We have to spend X amount of money those certain areas before we can tap into those things, so funding becomes a problem, because up until we've done that, they cannot release those funds so − it impacts on the procurement processes. You've got to walk the path before you can access that funding to the institutions, so they are about to use 83 million, procurement, to fund this project. It does have an impact to an extent; it does. (1:104).

The DHET money we get. What we try to do is that we try to keep them informed of what we are doing. We have invited them to form part as observers in our tender working committee so they know what we are doing and they are happy with what we are doing. Institutional money, the same policy is followed. So they are happy with our policy at the moment. Whether they would be happy in future? I am not sure. The Auditor-General, I don't believe that, that is why it's gone to Council. Our thresholds have been increased here, but I don't believe it's going to get approved. I hope they don't get approved. ..Laughing... (2:78).

But, remember in a way we are using public funds, we getting a subsidy from the government, partly, they are not 100% subsidising us that is why we partly using it (public procurement policies). (3:69).

As I said they give us money, so we have to account for the money that we getting from them. (3:70)

Some participants believed that the government funding does not impact on the application of PBPs as the government does not dictate how the funds are disbursed, but merely channel funds towards special projects.

> *They don't dictate how we use the money; they dictate what the money is supposed to be for. How we acquire it, is still governed within our policy. We are given the money because they feel that our policy is good enough. So if we did not have a policy and if they felt that our controls were weak or non-existence, I don't believe we would get the grants that we do. (2:77).*

> *No, none. Even though the government is giving us some money, they do not control the universities. Even though we receive the subsidy there is no control. There is nothing that under procurement we forced to comply with. (5:160).*

Other participants felt that the impact of government funding is minimal in universities since universities generate their own funds as well through student fees and thus they do not depend entirely on the state.x

> *How it is going to benefit the University? It's not going to benefit the university, but it can somewhere, the government departments, yes I agree, but the university, remember the university though we get funds from the Government, but it's sort of private company it's not like other government departments. (4:84).*

- ***Role of policies in the implementation of procurement best practices***

The participants related that they conduct procurement according to the principles and guidelines of the policy and governance structures.

> *Procurement fortunately is an area that is governed, so you have to be able to follow the guidelines, but within those guidelines [will they] be able to deliver what is required on time and at a right price, because that is what procurement is about. It's about controlling making sure that you are paying the right price and you are getting things delivered to us at the time that we expect them to be delivered and we don't want to overpay and we also don't want to, but also I would say the processes that we use to actually source the goods. (6:54).*

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Some participants revealed the importance of revising policies on a regular basis to reflect current and pertinent changes to ensure they remained effective. They also stated that policies should be concise and specify stakeholder's expectations and how they will be met. However, some participants revealed that the policy in their university has not been serving the purpose and has been restricting the users from getting efficient service.

Policies have got to change all the time. Whatever policy that you may have that governs procurement as we, as we go along, you will realise there are probably gaps, places, and you just have to try and plug those gaps, eh, and also probably to align eh the, to actually align the policy with other, let me just say with other institutions e.g. The Treasury because you find that they are stakeholders that actually have expectations in terms of what the policy should entail. So those, those are really the, the type of changes, but other than that on the broad level, I think. (6:90).

You know we have been using a policy that is not even assisting our users. (4:61).

In our policy, there were things that were, they were like blocking things to happen before you could do something, for example, you couldn't, if an item is more than R50 000, it needs three quotations, if our policy says three quotations its says three quotations. You can't do without, you know, having three quotations only to find that it's is not about the quotations, sometimes it's about the service, the uniqueness of the service. So you know our policy if it could cater for that, then we wouldn't have a problem, that's enough with our policy. We don't have to have these lots of acts, the Preferential Procurement Act, The Public Financial Management Act, I know that is key, that is important from the government part of it, but you know the University's stakeholders they are not more interested on the Public Finance, whatever they regard that as government act, but if your policy speaks to them, it addresses the day to day issues of the university, then they are satisfied. (4:83).

Some of the participants pronounced that the policies affect the implementation of best practices, as already mentioned in the above quotation, that all the stakeholders need to be accommodated in the policy documents, and thus if policy is crafted well carrying it out will be easy.

So in your opinion these policies affect the application of procurement best practices?

Yes, they affect, if you get your policy right, everything will just be smooth. (4:87).

Other participants were of the opinion that the use of policies assist in compliance and set out the procedures to be followed when conducting procurement. Another problem highlighted was the public procurement policies which define universities as an organ of the state. The participants felt that public policies and unjustified control measures would threaten the institutional autonomy.

Yah, we stick to the policy, like if we want to order something we have to stick to three quotes. (8:38).

They don't have to, but I am yet to meet somebody in a university, not that I know everybody. Look the universities want to be autonomous, but they are not opposing necessarily. So my institution says "We not an organ of state, but we will apply all the rules" so it is like more free, like an academic thing, I do for my own will, I am not forced to do it and we apply it, the only thing which will impact is Government will then say, they appointed auditors where as we have now our own external auditors and it just happens to be the same company. (9:72).

Procurement in South African comprehensive universities to some extent willingly follows public procurement policies and regulations and the university's policies are informed by the legal prescriptions of the government. Table 4.14 displays the storyline of the legal prescriptions that govern procurement in these universities.

Table 4.14:   Storyline of the legal framework of procurement

Themes	Description
Public procurement acts and regulations governing procurement	▪ Most participants held the view that universities are governed by HEA, Section 217 of the Constitution, PFMA, PPPFA, BBBEE, CIDB, SCM Treasury regulations and university procurement policies.
	▪ The participants divulged that they were not obliged to comply with the PFMA, however some participants revealed that indirectly they are expected to comply through audits, public accountability and social responsibility.
	▪ The participants disclosed that some universities do not follow the PFMA prescriptions fully.
	▪ Some participants did not know about the legislative frameworks.

Influence of public procurement policies on the implementation of best practices	▪ Some participants felt that public procurement policies do not influence the application of best practices.
	▪ Other participants were uncertain about this issue.
	▪ There were participants who strongly felt that some public procurement policies are burdensome, complicated, rigid and impractical to apply.
	▪ A few participants highlighted that compliance to the public procurement policies at universities hamper the opportunities of applying PBPs for streamlining operations, saving costs and minimising waste for competitive advantage.
Procurement as a social justice tool	▪ Most participants were in favour of using procurement as a social justice tool.
	▪ Most participants revealed that in their universities procurement is used as an empowerment tool for small suppliers and that supplier rotation is used to give everybody an opportunity.
	▪ Some participants viewed the social justice practices as demotivating whites from creating wealth and criticised it for not empowering the needy.
	▪ The participants also raised the issue of poor performance and limited knowledge of small suppliers.
	▪ Some participants highlighted the challenges of dealing with co-operatives formed by previous employees, in adopting best practices and the disadvantages of using procurement as a social justice tool.
Funding	▪ Most participants felt that government funding influences the application of PBPs through earmarked funding, control, reporting and that universities have to request approvals before receiving funds.
	▪ Some participants believed that the government funding does not impact on the application of PBPs as the government does not dictate on how the funds are disbursed, but merely channels funds towards special projects.
	▪ A few participants felt that the impact of government funding is minimal in universities, since universities generate their own funds through student fees and thus do not depend entirely on the state.
Role of policies in the implementation of PBPs	▪ The participants related that they conduct procurement according to the principles and guidelines of the policy and governance structures.
	▪ Some participants revealed that the policy in their university has not been serving the purpose and is restricting the users to get efficient service from suppliers.
	▪ A few participants quoted that the use of policies assist in compliance and setting out the procedure to be followed when conducting procurement.
	▪ The participants felt that public policies and unjustified control measures would threaten the institutional autonomy.

Source: Author

4.3.6 Challenges facing procurement

Part of the interview question seeks to explore procurement challenges in comprehensive universities. An analysis of the responses revealed the following challenges: ethics, human resources (capacity, qualifications and skills shortages), manual systems and technology inefficiency, maverick spending, other challenges (politics, no buy-in, resistance to change and culture), a lack of demand planning, no integration and collaborations, no supplier evaluation and quality control and the role of procurement. These challenges are briefly discussed below:

4.3.6.1 Unethical conduct

The participants asserted that there have been allegations of a number of serious procurement transgressions with regard to ethical standards that have been levelled against their universities. Some participants confirmed these allegations, citing infringements ranging from the listing of suppliers on the database lists, senior management misusing their power, non-adherence to policies, and conflict of interest.

> *There are areas you cannot touch. Now I'm trying to fix the database, but you become an enemy immediately. When you try and clean out the database the university want to just kill you. (1:177).*
>
> *I know of somebody who was a manager somewhere here and her VP said "go and buy this because you have got this function next week, this is urgent" and the poor manager just went out, bought that without even following the right procedures or adhering to the policy, then the internal auditors picked it up and she went for a disciplinary hearing. You know what the VP said? "I told you to buy it; I did not say you must not adhere to the policy". (3:35).*

The participants also indicated that due to unethical conduct, some procurement staff members have been subjected to disciplinary hearings. Other instances of unethical conduct that was reported was buying from family members and providing confidential information to suppliers about the prices which amount to fraud and corruption.

Imagine, you get three suppliers that are supplying this laptop, you submit it to procurement, while we busy like processing, this supplier says "No, I have spoken to her, I have spoken to her she said, actually I have marked my price down" so you see, you don't know whether it's because they don't understand or its fraud or corruption (3:65).

Most participants revealed that corrupt and fraudulent conduct was mostly committed by senior management who abuse their powers and force subordinates to comply. The procurement staff members do not report the fraudulent and corrupt behaviour as they fear losing their jobs. The unethical conduct is happening and is not reported despite the prevalence of regulatory structures such as the ombudsman and whistle blowers.

*I think the senior managers can make you not to have control of that. **How? They can motivate for the supplier that they want you to use. And nobody ever reports the unethical behaviour of senior management?** Interviewee: No, we want to keep our jobs. **But, there is Ombudsman….**Eh he! Oh no, we wouldn't go that route…. Oh no! I wouldn't want to disclose the information. It's just a problem as you end up, if you are senior manager you just have to sign on those things and agree. They make you agree. I would say it's still a loophole of corruption. [OH LOOK AT ME I AM SAYING EVERYTHING] (5:147)….My name is there...**No your name will never be shown…There is anonymity…You are number four,** ok I can be number 4 (5:151).*

With the interviews disclosing such unethical behaviour committed by senior management; the participants felt uncomfortable and they felt that they were giving out too much "confidential" information and that the researcher was asking for "too much information". The participants were assured of anonymity and protection of their names.

4.3.6.2   Human resources: capacity, qualifications and skills shortage

Human resources issues such as capacity, inappropriate qualifications and skills shortages came out strongly among the participants. The participants asserted that they are faced with a shortage of qualified and skilled procurement staff members.

Skills at this university are a major problem. (1:30).

Our manager is here, somebody who is qualified. It's a first time that we have somebody who is qualified. But, he is good and he is introducing new things. (7:102).

I think it's the challenge maybe the university needs to employ more people who are qualified in the supply chain. (5:126).

The universities compensate for skills shortages in procurement by hiring people with qualifications that are not relevant to procurement. Some of the participants disclosed that they have an accounting background. Accounting is assumed to be closely related to procurement. However, procurement is much more than accounting. Hence, most organisations fail to transform procurement to supply management.

You come from the accounting? *Ja, accounting background. (1:3)*

Sometimes the problem it's them (management). Sometime you are a Portfolio Manager, maybe you are a pure academic and they give you the Directorate like procurement. It must be somebody who is in that field. You cannot take, for an example, you can't take somebody who is in the field of economics and sciences and get that person to lead ICT. (3:108).

… there is a skills shortage in the first place, so we're just sitting with … people who don't have the relevant qualifications in procurement. (1:21).

They have been looking for a buyer in 2013. We interviewed a buyer and we had somebody to appoint, but the person turned the offer down because the salary was low… even today, we haven't appointed a buyer. Since 2013 (3:113).

In efforts to address this challenge, some participants pronounced that in their universities, management have told them to address capacity problems by implementing technology. However, the participants complained that the acquisition and implementation of technology takes time and requires capital which they have not been allocated.

And are there any plans of capacity development? Not at the moment, KPMG indicated yes we do, but obviously the, the approval wasn't granted because they say

we need to implement technological. And that takes money and that takes time. (10:125).

But, there is money involved for development, you can't say to me you are not going to give me staff, but if you want me to get to those targets, you will have to make money available. (9:91).

Due to the challenges, some participants stated that their universities have resolved to send their staff for short learning programmes because education and training empower people to become competent which will translate to efficiency and effectiveness.

The money is there, but unfortunately because we are so limited at the moment we often find that we don't have enough time to go on the necessary training. The Commerce Edge has been identified as the service providers of choice for procurement, but it's a little bit difficult at the moment, you know when you take time off to go on training, then you get back, you know your work has piled up again, (2:109).

With us new employees, all that was done from the first time, they were like, they were strict in wanting that you must have a qualification and then they trained you, they give you, e.g. we did this CIPS thing (7:94).

4.3.6.3   Manual systems

Most participants stated that they are using manual processes and systems. Everything is still done on the paper system, which needs to be signed by senior management to authorise the release of funds and to authenticate the need. However, in some instances, the participants expressed that they are beginning to automate processes.

No, it's not electronic, it's a manual document. (6:13)

When it comes to technology, I think we still got a long way to go. Everything is still done manually. (5:136).

Other participant's uttered challenges caused by the manual processes, such as the difficulty of tracing commitments and tracking authorised signatories which makes them run the risk of losing millions.

…you sit with commitment that runs into millions. And you need to chase up; as a result you find that some commitments go back years, you see? And the risk is, I have an order sitting on the system from 2012, why are not invoicing us? The guy is going to find out university of Case 2 has got money waiting for me, whether he has delivered or not. He is going to want to know how much, what's the order number; the person is going to ask the person to send in the copy of the order. (6:107).

Currently as I said we are using manual system, but if we were to modernise and have a thing built through the system where the end-user will be able to capture their needs, onto the computer, to the computer programme and that process goes through the computer system, the approval process and everything, we generate the order everything is done through. It quickens the process and it eliminates risks (6:118).

You find that if you looking at the cost centre, some cost centres you got to a faculty of education, there is probably like 15 - 20 HOD's (Head of Department) with different subjects and you don't know who, what person signs in what way and it's a problem that you kind of see if the requisition was signed by a correct person, but sometimes you don't even know who those people are. Whereas if using the system...the system their profiles will be online so automatically it will direct to the right person and the right person will be able to, when things come to us we can trust integrity of the transaction that we at the end of the day (6:118).

The participants from some universities pronounced that they have technology, but criticised the technology as being ineffective and in that sense they are still operating in manual system. However, they also revealed that there were already plans for fixing this problem.

We have customised the system and we've killed the technology. (1:175).

At the moment our records are like, you can't just press stationery and get all the stationery suppliers, but Oracle (software) can do that. You can load all the suppliers

that supply pens, if you put suppliers that supply pens, they will all come down, but at the moment we don't have that, but Oracle can do it. (3:49).

Some participants indicated that even though most tasks are still manual they are in a process of implement automation.

certain of the the tasks are very still manual, if we can get a little more automation…that is being implemented at the moment. (10:100).

4.3.6.4 Maverick spending

During the interviews, maverick spending surfaced as a major procurement challenge. It became apparent that even though universities declared that they use a centralised system, there are no measures in place to realise that. Hence, procurement cannot quantify and control its expenditure.

Not what is happening now whereby, you know everybody just buys. Even somebody who is not working at procurement can request a quotation, raise an I-req and procurement is just surprised to see an i-req,… you need a situation where there is control of everything. (4:119).

We wouldn't know how much we have spent and when we doing stock taking, we would find out that there is a lot of discrepancies. (5:94)

4.3.6.5 Lack of procurement best practice

The participants asserted that the issue of implementing PBPs in the comprehensive universities seemed to have been lacking for a long time and will be very difficult to change. It was surprising that some participants declared that they did not know anything about PBPs during this day and age.

…the term best practices I've just heard today. (5:34).

Most of the participants blatantly acknowledged that in their universities best practices are currently not employed and also admitted that the lack of best practices is chaotic. Most participants expressed that the slow progress of the implementation of PBPs is detrimental since it paves the way for deviations from the policy practices and procedures.

…currently there's no best practice. The best practice that we are working towards is to apply. We are running this department in crisis mode. (1:155).

We see a lot of deviations, people requesting deviations and the reason for that could be tied to best practices not being applied. (6:119).

There is no best practice, you know everybody just work how he feels or she feels. (4:59).

Currently that is not happening, we not even near to best practice, it's not happening. (4:165).

…currently we are not in line with best practices out there. (2:12).

What we currently doing is not best practice. It's a very, I don't want to say chaotic, but it's disorganised. (2:20).

Most of the participants who confirmed that PBPs are not applied in their universities came from University 1 and 2. University 3 did not utter a word about this issue.

4.3.6.6   *Politics, no buy-in, resistance to change and culture*

The participants also mentioned a number of challenges such as politics, no buy-in, and resistance to change and culture. There seems to a general trend at the comprehensive universities of interfering with the daily operations of the procurement function by the university authorities and stakeholders, which undermines the integrity of procurement. Some participants ascribed the resistance to the fact that people do not like change – even change for the better.

I think the – mainly it's the politics and the buy-in. From the user because when you turn an environment some of you are going to be upset by the changes because some of the vested interests are going to be affected, like look at the [supplier] database. (1:185).

…one of the Profs said and I mean, "you know procurement I understand that this has to be done, but we are the expects and we have got to do this," but I am also saying a lot of the Profs sit on MANCOM, they sit on our management committee and though supply chain policy has been approved via that, they have approved it. I think

it's important because they need to understand that we work in, we working with them, we are not working against them. (10:120).

I think the main problem is, yes there is resistance, but I think people don't like change. (3:114).

Despite the declining economic realities that face universities, some candidates uttered that efficiency and cost effectiveness are not considered by the authorities who push that procurement staff to use expensive suppliers even when other alternatives are available.

You may easily be told look we not perfect, in fact sometimes you get comments that look "You can't compare us with someone that is in the big city," here if you need something we need it now... some suppliers are not really willing to come here, some suppliers are going to charge us an arm and a leg if they have to come all this way so must bend the rules somewhere to accommodate for those things. (6:139).

Some participants saw the challenges as being culture-related; some individuals within the universities wanted the things to be done exactly the same way and were not open to improvements and best practices. The same resistance was also experienced from the academic staff, especially the professors who feel that they are the experts and they need not follow procurement directives.

The challenges would be our culture, and in the culture of the university now. You know we have got people as I have said, we have got people that have been here for 20 years, they will tell you "That's how we have been doing it" even if it's wrong or it's right. You know, people, the change. (7:104).

I think what happens is not everybody understands the best practices, people have gotten used to doing their things their own way, they formed you know relationships with maybe suppliers over the years, prior merger and all of that and now to go and change that becomes a little bit uh, if you are doing that work for 30 years and especially if you are trying to tell a professor that's not the way it should be done, it should be done according to the policy and he is going to tell you, but who are you? I am the expert, (10:117).

4.3.6.7   Lack of demand planning

Another challenge that emerged from the interviews is lack of demand planning. Some of the participants attributed the lack of demand planning to the fact that procurement does not have a strategic role.

> *Currently procurement doesn't have a strategy document. (2:120).*

> *So you see the issue is planning and doing things haphazardly. (1:158).*

> *I think we could be adding a lot more value; we could be saving the university a lot more money and currently we not doing that. Because we don't have demand planning, we are now at the mercy of the end user. (2:59).*

Some participants divulged that demand and acquisition may be a title given to a manager, but demand planning itself is not practised. The lack of demand planning makes it difficult for the procurement staff to plan ahead and strategise on how to effectively deal with acquisition.

> *Demand and acquisition is the title of the manager at the moment, but there is no demand planning and that is one of the things that this review brought up. We don't have anybody doing demand planning. We are doing the buying. (2:99).*

4.3.6.8   No supplier evaluation and quality control

Supplier evaluation and quality control were challenges according to the participants. One participant revealed that they encourage end-users to do a supplier evaluation, but there is obviously not a formal procedure and that allows suppliers to sometimes not comply with the quality standards.

> *Suppliers, they do as they please. (1:150)*

> *The only evaluation that is done and it's not done again by procurement (that is why I said it's not done by procurement) is on delivery. Quality, things like that are not being measured. The only time we find out about it is if, if there was a complaint or if the supplier has not delivered yet then, we can then chase up and follow up why or what the problem is? . (2:133).*

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Currently we don't have that. Currently we don't have that at procurement we don't manage contracts anymore (4:117).

At the moment we have not had, we don't have a formal supplier performance sort of tool in place, but what we do is that we encourage our, our departments to actually keep a track of problems via email. (10:57).

A number of problems were brought to the fore by the participants about non-compliance on the part of suppliers as they know that they will not be penalised for non-performance. However, this can place the operations of the whole university at risk and the operational efficiency of procurement is at stake.

…generally we expect suppliers to deliver within seven days, eh, but we do wait say, more than seven days sometimes, probably up to a month (6:106).

4.3.6.9   The role of procurement

The participants disclosed that the role of procurement in their universities is still undermined and regarded as an administrative or clerical function which must react to the needs of the users.

People tend to think like procurement is more an administrative role and it's not an administrative role. (1:2)

We just have to react, which means we've been reduced to an administrative role. (1:18).

It's just pushing papers. (1:182).

Some participants stated that in their universities procurement has not developed and they are still pushing papers because senior management has not realised the strategic role that procurement can play in gaining a competitive advantage for the university.

University 1, management has not realised the importance of procurement. (2:118).

It's a paper pushing exercise at the moment and I think once people realise that it is a strategic department and that we could be adding a lot more value doing a lot more for the university, I think until that is realised. (2:33).

I think maybe it's just a thumb suck or an idea I think generally speaking I think that the universities because procurement is not a core function or not closely related to the core function and slightly neglected in decision making and in decision making I am not referring to procurement decisions, I am referring to maybe more strategic decisions. (9:116).

Comprehensive universities in South Africa face numerous challenges in the adoption of PBPs. Table 4.15 summarises the challenges that surfaced from the analysis.

Table 4.15:   Summary of challenges

Challenge	Description
Unethical conduct	▪ Some participants cited unethical conduct ranging from [supplier] database lists, senior management misuse of power, non-adherence to policies, and conflict of interest. ▪ The participants indicated that due to unethical conduct, some procurement staff have lost their jobs. ▪ Most participants revealed that corruption and fraudulent conduct was mostly committed by senior management.
Human resources (capacity, qualifications and skills shortages)	▪ Human resources issues, such as capacity, improper qualifications and skills shortages came out strongly among the participants. The participants asserted that Procurement is faced with unqualified and unskilled procurement staff. ▪ Some participants pronounced that in their universities, management have told them to address capacity problems by implementing technology.
Manual systems and technology inefficiencies	▪ Most participants stated that they are using manual processes and systems. ▪ Other universities pronounced they have technology, but criticised the technology they have in the sense they are still operating a manual system.
Maverick spending	▪ The participants revealed maverick spending was a major procurement challenge**.**
Other challenges (politics, no buy-in, resistance to change and culture)	▪ The participants mentioned a number of challenges, such as politics, no buy-in, and resistance to change and culture. ▪ There seems to a general trend in the comprehensive universities of university authorities and stakeholders interfering with the daily operations of the procurement function which undermines the integrity of procurement. ▪ Some participants ascribed the resistance to the fact that people do not like change. ▪ For some participants the challenges were culture-related − wanted the things to be done exactly the same way and are not open for

	improvements.
Lack of procurement best practices	▪ Some participants declared that they did not know anything about PBPs. ▪ Resistance was also experienced from the academic staff, especially the professors who feel like they are experts and should not follow procurement directives.
Lack of demand planning	▪ Some of the participants attributed the lack of demand planning to the fact that procurement does not have a strategic role. ▪ Some participants divulged that demand and acquisition is a title given to a manager, but demand planning itself is not practised.
No supplier evaluation and quality control	▪ The participants revealed that supplier evaluation is not done or that the end-users are 'encouraged' to do that and that allows suppliers to often not comply with expectations.
The role of procurement	▪ The participants disclosed that the role of procurement in their universities is still undermined and regarded as an administrative or clerical function which must react to the needs of the users. ▪ Some participants stated that in their universities procurement has not developed and they are still pushing papers because senior management has not realised the strategic role that procurement can play in gaining a competitive advantage for the university.

Source: Author

4.4   CONCLUSION

This chapter presented the analysis and description of the PBPs in the South African comprehensive universities. The analysis was based on the interview questions which were divided into two sections. Section A analysed the general information pertaining to the participants and Section B analysed and interpreted the open-ended questions that were answered by the participants. Also, the challenges facing the South African comprehensive universities were presented. Chapter 5 provides the research summary, conclusions and recommendations.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The purpose of Chapter 5 is to present a discussion of the findings, conclusion and recommendations regarding the application of PBPs in South African comprehensive universities. The chapter begins by revisiting the research questions and objectives that were provided in Chapter 1. Subsequently the discussion of the findings is presented and thereafter, the summary and the conclusion that was drawn from the findings. This is followed by stating the research contribution and making recommendations on how the South African comprehensive universities could adopt PBPs in order to gain competitive advantage and sustainability in the long term. The chapter concludes by submitting the limitations of the study and making suggestions for future research areas.

5.2 REVISITING THE RESEARCH QUESTIONS AND OBJECTIVES

In Chapter 1, Section 1.4 the research objectives and questions were presented as follows:

The **main research question** was: *Do South African comprehensive universities employ procurement best practices?*

The secondary research questions were:

- Has procurement evolved to supply management in the South African comprehensive universities?

- What processes are currently followed by South African comprehensive universities in the typical acquisition of goods and services?

- Is procurements' value and impact understood by the university community

- Do the comprehensive universities in South Africa employ procurement best practice?

- Do public procurement policies and regulations influence the application of PBPs in South African comprehensive universities?

- What challenges are faced by South African comprehensive universities in the application of PBPs?

The **primary objective** of this study was to determine whether South African comprehensive universities conduct their procurement according to procurement best practices.

The following **secondary objectives** were addressed:

- To determine whether procurement in South African comprehensive universities has evolved to supply management.

- To determine the current procurement processes followed by South African comprehensive universities in a typical acquisition of goods and services.

- To determine the value and impact of the procurement function to the universities' bottom line or sustainability?

- To determine whether South African comprehensive universities conduct procurement according to the PBPs.

- To determine whether public procurement regulations influence the application of PBPs in South African comprehensive universities.

- To determine the challenges faced by South African comprehensive universities in the adoption of PBPs.

- To develop a framework of PBPs pertinent to comprehensive universities in South Africa.

5.3   DISCUSSION OF THE FINDINGS

This section discusses the research findings described in the previous chapter. The discussion is based on the research questions. In order to answer the main research question the secondary questions are addressed first.

5.3.1   Research question 1:

- **_Has procurement evolved to supply management in the South African comprehensive universities?_**

The objective of the research question was to determine whether procurement has evolved to supply management. Part of this research question was addressed in Phase 1 of the literature review. The same research question was further tackled in Phase 2 of the study. This research question was answered by probing the participants about (1) their understanding of the term "procurement" and (2) development that had been experienced in the South African comprehensive universities.

5.3.1.1   Understanding the term "procurement"

The response to the first question revealed that the level of understanding of the term "procurement" was either limited, basic or comprehensive. The three levels of understanding were interpreted as:

- Limited understanding indicated that the participants provided a meaning that does not describe the term well.

- Basic understanding meant that the participants have an idea of the term, but cannot fully articulate what it entails.

- Comprehensive understanding displayed that the participants provided a full description of the term and sometimes provided relevant examples.

However, it was commendable that most participants who provided a comprehensive definition of procurement also mentioned the strategic value and impact of the procurement function, as can be seen in Chapter 4, Section 4.3.1.1, quotation (3:14). However, some managers and general staff had a basic understanding of the term. A few participants displayed a limited understanding of the term procurement. It was worrisome that some managers could not describe procurement and some had a basic understanding. It is important to highlight that even though some participants have postgraduate qualifications it is not in procurement or supply chain management which explains why some of the participants displayed a limited and basic understanding of the terminology. This highlighted the fact that appropriate

qualifications and experience could play a major role in the growth and development of purchasing to supply management (demographic information was discussed in Chapter 4, Section 4.2). Thus, the lack of qualified and experienced procurement staff and managers may impede the growth of procurement to supply management, as management may not cascade a shared vision on the development of procurement to supply management by means of employing PBPs.

The problem of definition can be ascribed to the confusion that exists regarding procurement terminology as outlined in Chapter 2, Section 2.4.1. where it was stated that the terminology issues have not been resolved even today and concepts of purchasing, procurement, supply management, strategic sourcing and supply chain management are sometimes used interchangeably by some authors such as Handfield *et al.,* (2011:10) and Mont and Leire (2009:389). Therefore, it was evident that the management of these comprehensive universities still has to introduce the evolution and maturity models into these universities.

5.3.1.2 *Development of procurement to supply management*

The second part of the question requested the participants to mention the developments that they have experienced in their respective universities to ascertain whether the developments have evolved to supply management. The responses to this question revealed that some universities experienced:

- lack of development,

- challenges prior to the developments,

- recent procurement developments, and

- opportunities for development.

From the responses that were provided, it was evident that there was not much significant development taking place in South African comprehensive universities (Chapter 4, Section 4.3.1.2). This is not only seen in the South African comprehensive universities, but also in literature indicating that most organisations have not yet evolved to a supply management level where they can apply best practices (Rudzki *et al.*, 2011:5; Trent, 2007:3; Turner, 2011:7). It means that developments in procurement are slow. The study was essential in alerting the universities regarding the level at which they are operating, since Burt *et al.,* (2010:9)

emphasise that it imperative that organisations know the exact level to which they have developed in the application of best practices in comparison to where they ought to be, so that they can develop strategies that could rapidly elevate them to the optimal level. However, the participants were optimistic that the authorities at the South African comprehensive universities were putting efforts into the development of procurement to supply management. Some universities quoted a number of recent developments in their current procurement practices that will help them to gain a competitive advantage. Thus, it can be concluded that procurement in South African comprehensive universities has not evolved to supply management, even though some participants indicated that there have been some minor developments that they have noticed in their institutions.

5.3.2 Research question 2:

- ***How are the South African comprehensive universities currently conducting their procurement?***

The aim of this interview question was to determine how comprehensive universities in South Africa currently conduct their procurement. The responses to this question revealed that procurement in South African comprehensive universities is guided by the general principles contained in both the university policies and public procurement policies. The participants have differing views on the use of policies in the universities. Some indicated that policies were contradictory, rigid and blocking innovation, while others viewed policies in a positive light as they believed that policies promote ethical behaviour, ensures integrity and transparency (Chapter 4, Section 4.3.2.1). Nonetheless, the policy remains a major factor that directs the procurement processes and procedures in South African universities. However, despite the prevalence of policies, non-compliance was evident in South African comprehensive universities. The universities' policies are aligned to the public procurement policies since procurement is used as a tool for social justice (Ambe & Badenhorst-Weiss, 2011:440). The findings revealed that these comprehensive universities also make use of cross-functional teams even though the role of procurement is passive in some of these teams. Different threshold levels are observed by the participants in their procurement process. Also, supplier rotation is embraced in the comprehensive universities' procurement. Most comprehensive

universities favour centralisation − one participant indicated the reason is to ensure compliance to BEE (Chapter 4, Section 4.3.2.1).

Furthermore, it emerged that comprehensive universities in South Africa do follow a procurement cycle when acquiring goods and services for their institutions, but the procedures differ from institution to institution. The procurement cycle lays out a process that should be adhered to for the attainment of the function's objectives. The procurement function only processes requests that are approved by designated senior personnel and mostly the need is communicated via technology, but some universities still use manual processes. The procurement officials insist on only using suppliers that are registered on the database. Suppliers are pre-screened for suitability and ethical considerations, and supplier visits are sometimes undertaken to verify the legality of the supplier. When drafting the contracts for selected suppliers, it appeared that some of the universities delegate most of the responsibility to the legal departments. The standard procedure is to involve experts from other functional areas, but Burt *et al.,* (2003:486) state that the management of contracts has always been neglected by procurement, a fact which has also proved to be true in South African universities. Ordering is mostly generated electronically in most universities and released by senior management for control purposes. Some participants revealed that suppliers struggle to comply with the agreed delivery dates even though they do follow-up on orders. Thus, expediting plays a crucial role in these universities (Chapter 4, Section 4.3.2.2).

Some universities, it was disclosed, have unresolved undertakings dating far backwards and which amount to millions. Of concern was that procurement sometimes cannot trace whether services were actually rendered or not for orders that were placed. The university might incur losses in this regard. Another concern is the issue of handling faulty consignments as some participants reported that they are not engaged in that process and are only involved in extraordinary cases. It was also a major concern that the management of contracts is not conducted in some South African comprehensive universities. In some instances contract management was confused with tendering. Additionally, other participants declared procurement does not actively evaluate the performance of the suppliers and thus cannot track their contributions to the institution (Chapter 4, Section 4.3.2.2). Therefore, procurement in most of the South African universities is still characterised by manual processes

and is reactive, with even the participants declaring that it is still very administrative in nature.

5.3.3   Research question 3:

- ***What is the value and impact of the procurement function to the universities' bottom line or sustainability?***

Research Question 3 sought to determine whether the value of procurement is appreciated by the institutions. According to Baily *et al.*, (2008:5) and Handfield *et al.* (2011:41), most organisations do not understand the value and impact of procurement in bringing operational efficiency and profitability to the entire organisation for sustainability. Consequently, senior management has fewer expectations from procurement and that leads to little or no value being derived from procurement. The views were split on this issue. In some universities there was a consensus that the role and impact of procurement is well understood, but in most universities' participants disclosed that the role of procurement was still underrated and regarded as a non-strategic function (Chapter 4, Section 4.3.3.1). Hence, the role of procurement in the South African comprehensive universities is still reactive. Most participants ascribed the reactive role to the fact that procurement is regarded as a non-core function in South African universities. Thus, procurement does not add much value to the performance of the university's bottom line (Chapter 4, Section 4.3.3.2). Even though the role of procurement is still clerical and regarded as non-strategic, the impact of procurement was deemed significant in supplying materials and services on time, in the right quantities and the right quality and delivered at the right place for the entire university to carry out their daily operations. The participants highlighted the impact of non-delivery that may lead to stoppages or even halt the operations of the whole university (Chapter 4, Section 4.3.3.2). Procurement spends the most money when compared to any other function within an organisation (Emiliani, 2010:118). Thus, if procurement adopts best practices, it may contribute significantly to the organisation's bottom line through the profit leverage effect, turnover or total cost balance and return on investment, as described in Chapter 2, Section 2.6. Thus, procurement could limit potential supply risks and increase revenue if the function procures efficiently and effectively.

It emerged from the findings that senior management in some comprehensive universities do not understand the value of procurement, it is equally important that they are educated about PBPs so that they can support the adoption of PBPs. The application of best practice may improve the performance of procurement and contribute to the organisational objectives. Only if the entire university community realised the impact of procurement on the operations would they understand the value of procurement and its impact on the sustainability of the university. In this sense procurement can be regarded as a strategic function.

Rudzki *et al.,* (2011:3) criticise leadership for inadequacy in communicating the vision of procurement to all the stakeholders so that everybody can have the same shared vision. The participants were requested to explain how they communicate the vision of procurement to the university community in order to sensitise them to the value and impact of procurement. Responses revealed that in some universities, procurement does not have a vision and strategy document that should guide them towards attaining its objectives. Others participants voiced that they try to communicate the vision to the university community, but their voice was not heard. They believed that senior management would be more successful in communicating the vision of procurement to all the stakeholders within the university (Chapter 4, Section 4.3.3.3). Once the value of procurement is realised they could focus more on strategic activities thereby contributing more towards the organisational goals. This is currently not the case in the South African comprehensive universities.

5.3.4 Research question 4:

- ***Do the comprehensive universities in South Africa employ procurement best practice?***

This section addresses the understanding of the term "procurement best practices" and the applicability of best practices in the South African comprehensive universities.

5.3.4.1 Understanding the term "procurement best practice"

Research Question 4 sought to determine whether the procurement function at South African universities understands and employs PBPs. This question was asked because some organisations think they are using best practices, but most cannot even articulate what it means (Nelson *et al.,* 2005:8). As stated in Chapter 2, Section

2.4.1 not all modern organisations fully understand PBPs and the benefits its application can bring (Rudzki, *et al.*, 2006:4). Some organisations think they are using best practices, but most cannot even articulate what it means. It is from this angle that the participants were asked about their understanding of the term "procurement best practice".

This study revealed that most participants did not understand the term "procurement best practices" even though some participants believed that they conducted procurement according to the best practices. This was supported by the fact that some participants were not conversant with the relevant procurement terminology such as "consortium". The participants gave an impression that it was only the senior management who should have the knowledge and relevant experience in procurement. They regarded the following as PBPs: benefits, organisational design, and the role of procurement, legislative framework, enablers and their aspiration to employ PBPs (Chapter 4, Section 4.3.4.1). According to Trent (2007:2), some institutions' interpretation of best practices equates to "picking up the low hanging fruits" as they singled one or two elements that could elevate the adoption of best practices. The participants in this study emphasised saving costs and obtaining goods and services at the lowest price as best practices. That alone cannot make universities evolve to supply management. The evolution from the procurement level to supply management level requires of the organisation to complement well-formulated strategies with streamlined processes, risk management, the application of relevant technology and many other approaches which were lacking in the participating South African comprehensive universities.

5.3.4.2 *Applicability of procurement best practices*

The findings revealed that some universities have not actually advanced far to the highest maturity level of supply management, where they can fully apply PBPs. Most participants admitted that they do not conduct their procurement according to the best practices (Chapter 4, Section 4.3.4.3). However, consortium procurement was the only practice that was adopted by all the comprehensive university. Most participants reported that there was no strategic commitment from senior management and that management appeared to have the biggest resistance to change in the procurement practices at some universities. Also, the participants revealed that the current structures do not permit the implementation of best

practices. Furthermore, the participants indicated that their leadership in procurement lacked understanding of the strategic role of procurement, as some were inexperienced in procurement and had irrelevant qualifications, which could explain the lack of implementation of best practices (Chapter 4, Section 4.3.4).

5.3.5 Research question 5:

- ***Do South African public procurement policies and regulations influence the application of procurement best practices in comprehensive universities?***

It emerged that procurement in the South African universities is governed by a number of stringent public procurement policies and regulations as they are regarded as public entities (Chapter 4, Section 4.3.5). These legal and regulatory prescriptions are aimed at ensuring the effective acquisition of goods and services, managing risk and controlling the procurement processes for improved performance while ensuring that socio-economic objectives are met (Ambe & Badenhorst-Weiss, 2011:76). However, universities are not functioning in the same manner as public institutions since the nature of universities differ considerably from the government sector and they are only subsidised by government to some extent. It emerged that most of the comprehensive universities support the principle of using procurement as a social justice tool, but concerns were raised about the negative influence of public procurement guidelines on the application of PBPs. The public procurement policies have always been criticised for being rigid, fragmented and complex, thus seen to negatively influence the implementation of best practices (National Treasury, 2015:12). Using small suppliers, as a preference in public procurement causes many problems for procurement. The challenges of poor performance by cooperatives comprised of previous employees, and small suppliers were alleged to be inhibiting the adoption of PBPs. These suppliers charge high prices, lack experience and are complacent (Chapter 4, Section 4.3.6). The poor performance of small suppliers can be linked to the lack of funds, knowledge and a sense of entitlement.

In addition, the policies in the universities were criticised for not being able to serve the purpose and for restricting the users (internal customers) from obtaining efficient services. Yet, the comprehensive universities in SA are faced with economic realities that force them to adopt PBPs in order to gain competitive advantage and to be sustainable in the long term.

The participants' views on the influence of policies and regulations were divided. Some felt that public procurement policies do not influence the application of best practices, while some felt that they were affecting the implementation of PBPs and cited reasons such as not being bound by the PFMA and the amendments to it. However, even though universities are excluded from following the PFMA as stated in Section 47 of the PFMA (Bolton, 2006:193), universities selectively and willingly follow some PFMA prescriptions. Some participants felt that on paper they are not obliged to comply, but indirectly they are expected to comply through audits, public accountability and social responsibility acts. Therefore, it seems that there is no uniformity in following public procurement regulations and most universities comply with it in support of public accountability and social responsibility. In addition, the issue of government funding came under scrutiny as another factor which affects the application of PBPs through earmarked funding, control, reporting and that the universities have to request approvals before receiving funds. Findings revealed that the government funding does not impact on the application of PBPs, as the government does not dictate how the funds are to be disbursed, but merely channels funds towards special projects. The other view was that since universities generate their own funds as well through student fees, they do not depend entirely on the state (Chapter 4, Section 4.3.5).

5.3.6   Research question 6:

- ***What are the challenges that face the South African comprehensive universities in the application of procurement best practices?***

This research question revealed that the participating South African comprehensive universities face several challenges in the implementation of PBPs, such as unethical conduct, human resources (capacity, qualifications and skills shortages), manual systems and technology inefficiencies, maverick spending, other challenges (politics, resistance to change and culture), lack of demand planning, no supplier evaluation and quality control, and the role of procurement (Chapter 4, Section 4.3.6). It was alleged by some participants that senior management was involved in unethical conduct, and they wanted to keep the status quo, therefore making it difficult to adopt PBPs. Thus, fraud and corruption stayed unreported and occurred despite the presence of preventative structures such as the code of conduct, the

ombudsman and whistle blowers. The issue of unethical conduct, internal politics, no buy-in from senior management and non-compliance, non-adherence to policies, and conflict of interest are huge problems some of the participating universities face.

The custom of benefiting improperly leads to the challenges presented by a culture of resistance to change at some of the South African comprehensive universities. It came to the fore that some individuals within the universities resisted change and wanted the things to be done exactly the same way and are not open for improvements and the adoption of best practices. The same resistance was also reported from the academic staff, especially the professors who were quoted to be superior experts who did not require procurement policies or procedures to follow. These challenges could stem from the fact that the non-procurement staff do not know or understand procurement policies and procedures, and that the role of procurement has been disregarded as a non-strategic function. Thus procurement has become susceptible to being assigned insufficient personnel, and sometimes inexperienced, underpaid personnel with irrelevant qualifications are assigned to recruitment. This makes it difficult to recruit skilled and qualified staff. Unskilled and inexperienced procurement staff will not be able to drive the implementation of PBPs Chapter 4, Section, 4.3.6).

5.3.7   Main research question:

- ***Do comprehensive universities in South Africa conduct their procurement according to the world-class procurement best practices?***

Having previously delved into the secondary research questions, it can be concluded that:

- Most South African comprehensive universities' staff could accurately define procurement. However, there are some who still could not describe the essence of procurement while a few could provide a basic definition.

- Not many developments have been noticed in South African comprehensive universities, but some have started to transform procurement and to adopt best practices to an extent. The lack of developments can be attributed to inabilities in procurement itself because some procurement management have irrelevant qualifications and lack experience in procurement.

- Some of the participating South African comprehensive universities' procurement processes are still manual, clerical and reactive, and therefore do not contribute meaningfully to the university's performance.

- The value and potential impact of the procurement function within the universities is not understood. Procurement is still regarded as an administrative function and paper pushers. Most participants displayed minimal understanding of the term and scope of "procurement best practices" and besides consortium purchasing, do not apply best practices, even though some believed that they conduct procurement according to the best practices.

- The participating South African comprehensive universities' procurement is governed by a number of public procurement policies and regulations which sometimes negatively influence the application of PBPs.

- The participating comprehensive universities faced numerous challenges in the application of best practices.

Therefore, to answer the **main research question**: *The participating South African comprehensive universities do not conduct procurement according to the procurement best practices.* However, some universities have started with the transformation to adopt PBPs.

5.4 SUMMARY AND CONCLUSION

This section of the chapter presents the summary of the study and conclusions reached regarding the research objectives.

5.4.1 Summary of the study

The aim of this study was to determine whether South African comprehensive universities conduct their procurement according to the best practice. The focus was not on comparing the universities, but was on discussing whether South African comprehensive universities employ PBPs or not. The extent to which South African comprehensive universities have progressed with the application of best practices was not a priority since this was a qualitative study that sought to get an in-depth understanding about the procurement practices without comparing the extent of the development. The study was structured into five chapters as described below:

- **Chapter one** started with the contextualisation of the study, concepts were briefly defined, and the scope and development of procurement was introduced to lay the foundation for the study. The research problem, research question, objectives, methodology and significance of the study, limitations and lastly the outline of the study was presented.

- **Chapter two** presented the theoretical review of procurement in comprehensive universities in South Africa. The chapter commenced with background information on the nature of HE, and then the overview of the South African HE was provided, together with a synopsis of comprehensive universities. Procurement at comprehensive universities was the focus of this study. It became apparent that procurement in these universities is still practiced on a reactive level. It was also discovered that governance of public HEIs, funding and the challenges facing the comprehensive universities contribute to the slow adoption of the best practices. This background section was followed by the delineation of the procurement terminology controversies, a deliberation on the development of procurement to supply management, and the value and role of procurement in South African comprehensive universities.

- **Chapter three** outlined the research design and methodology that was followed in this study. The chapter was used as a roadmap to how the research was conducted. The research philosophy, approach, methodological choice of qualitative study was aligned to the case study research strategy. A sample of the three comprehensive universities' procurement staff was chosen and face-to-face interviews were conducted using open-ended questions to collect empirical data. Data analysis and interpretation was done using the Atlas.ti software.

- **Chapter four** presented the research analysis and description of data obtained on procurement practices in SA comprehensive universities. The interview questions were divided into two sections; Section A comprised of demographic information and Section B comprised of eight questions matching the research questions. Codes, code-families and super codes were used to form categories and themes that emerged from the analysis.

- **Chapter five** deals with the discussion of the findings, summary, conclusion, research contribution and recommendations. The limitations of the study are brought to the fore. Finally suggestions for further research are presented.

5.4.2 Conclusions about the research objectives

In order to answer the main research objective the secondary objectives were addressed first.

5.4.2.1 Secondary research objectives

- **To determine whether procurement has evolved to supply management in South African comprehensive universities**

The first research objective was two-fold: (1) to determine the understanding of the term "procurement" and (2) to determine the development of procurement to supply management in South African comprehensive universities. The findings of the first interview question revealed a differentiated level of understanding of the term procurement; ranging from comprehensive, basic and limited understanding in both general staff and management. In some instances, the participants confused buying, procurement and supply chain management as discussed in Section 4.3.1.1 (7:14). This is in line with literature that was presented in Section 2.4.1. Furthermore, qualifications and experience did not seem to improve the description of the term, which was attributed to the fact that some of the participants had no post-school qualifications and the highly-educated participants had qualifications outside the area of procurement or supply management. Some experienced managers had limited and basic understanding of the term procurement. However, most participants provided a comprehensive description of the term which was virtuous act.

The second interview question inquired about procurement developments in South African comprehensive universities. The findings revealed that most participating comprehensive universities have not experienced many developments and the participants described numerous challenges associated with the lack of developments (discussed in Section 4.3.1.2). This is not a unique experience since it is supported in Section 2.4.3 where literature cited that the fact that procurement is still being regarded as a non-strategic function results in the lack of development to supply management. Therefore, the South African comprehensive universities have not yet developed to a supply management level.

- **To determine the current procurement process that is followed in South African comprehensive universities to gain a competitive advantage**

The second research objective was to determine the current procurement processes followed in the typical acquisition of goods and services. The findings of the study concluded that the procurement process in South African comprehensive universities is directed by the general principles encompassing policies for compliance, the use of cross-functional teams, setting of threshold values, a centralised procurement system, and a rotation of suppliers, to comply with the public procurement policies and regulations. The comprehensive universities follow a procurement cycle. The findings discovered that the procurement practices followed in the procurement cycle were clerical in nature and the participants confirmed that by characterising procurement as "administrative" and "paper-pushing". This was perceived as a true reflection as no mention of strategic sourcing processes were mentioned, maverick spending, non-compliance to procedures, no performance measurement and supplier contract management were reported. Therefore, the procurement processes followed by the comprehensive universities in South Africa can be summed up as reactive and classified as mechanical, according to Burt *et al.* (2012:12).

- ***To determine the value and impact of the procurement function to the universities' bottom line or sustainability***

The third objective of this study was to determine whether the value and impact of the procurement function was understood by the entire university community. The findings on this aspect varied as some participants felt that the value and impact of procurement was not understood, while the participants from at least one university were of the impression that the value and impact of procurement was well understood by everyone in the university because people noticed their contributions to the university. In some universities they had even used external consultants to assist procurement staff, which also proved that the procurement staffs were not being trusted to be able to do the work. Because the value of procurement is not understood, procurement directors find it difficult to communicate the vision of procurement to the entire university, and eventually rely on their senior procurement management to carry out this responsibility, but they do not always fully understand the value and impact of procurement and are also alleged to be non-compliant to the policies as well (Chapter 4, Section 4.3.5). Eventually, the procurement function in South African comprehensive universities does not contribute significantly to the universities' overall performance.

- ***To determine the understanding of procurement best practices in the South African comprehensive universities***

The fourth research objective was to determine the understanding and applicability of PBPs in South African comprehensive universities. The findings revealed that the procurement staff members of most of the participating comprehensive universities do not really understand PBPs (Chapter 4, Section 4.3.4.1). The participants interpreted PBPs in terms of benefits, organisational design, the role of procurement, legislative framework and aspiration of adopting best practices. Most participants disclosed that they do not conduct their procurement according to the best practices; however, the participants indicated that they are working towards the adoption of PBPs. The participants believed that enabling techniques and tools such as a strategic commitment from senior management, organisational design, leadership, technology, education and training and performance measurement and evaluation may improve the application of PBPs in comprehensive universities (Chapter 4, Section 4.3.3).

- ***To determine whether public procurement policies and regulations influence the application of procurement best practices in South African comprehensive universities***

The fifth research objective was to determine whether public procurement policies and regulations influence the application of PBPs in South African comprehensive universities. The findings revealed that South African universities, as public entities, follow an array of public procurement policies and regulations. However, as universities are unlisted public entities according to the PFMA, they are not obliged to comply with its contents, but universities willingly observe the prescriptions of the PFMA for social responsibility and public accountability. Most participants felt that the public procurement policies influence the application of best practices, even though a handful did not agree, as discussed in Section 4.3.6. Even though most participants were in favour of using procurement as a social justice tool, most participants complained that indirectly the practice sometimes negatively impacted on the use of the best supplier, which will be a principle of PBPs. Sometimes small suppliers perform poorly and have limited knowledge or a disregard of the processes and legal commitment. Other participants acknowledged that they comply with the

rigid, cumbersome and burdensome regulatory prescriptions of public procurement because they are funded by the government. However, some participants felt that the influence should be minimal since universities do not have to follow public procurement regulations because they generate their own funds.

In summary, South African comprehensive universities are not bound by the public procurement regulations and policies, but they are expected to comply through external audits, public accountability and social responsibilities which they are indirectly forced to abide with (Section 4.3.5) quotation (6:79)). Therefore, public procurement policies and regulations to some extent negatively influence the application of PBPs.

- ***What challenges do South African comprehensive universities face in the application of procurement best practices?***

The sixth research objective was to determine the challenges facing South African comprehensive universities in adopting PBPs. The analysis revealed numerous challenges with practices such as unethical conduct, human resources (capacity, qualifications and skills shortages), manual systems and technology inefficiency, maverick spending, other challenges (politics, no buy-in, resistance to change and culture), lack of demand planning, no integration and collaboration, no supplier evaluation and quality control, and the role of procurement (Section 4.3.6). Most of the challenges stem from the lack of strategic commitment from the senior university management as they regard procurement as a non-strategic function and thus do not support the initiatives of implementing best practices. Another issue is unethical conduct by university management who are abusing their power to enrich themselves, and which infringes on the policies. In addition, the stringent public procurement policies and regulations also affect the implementation of PBPs.

5.4.2.2 *Primary research objective*

Having uncovered the secondary research objectives, the following can be concluded against the **primary research objective** of the study which was "*to determine whether South African comprehensive universities conduct their procurement according to procurement best practices*":

The overall conclusion can be made that the participating South African comprehensive universities do not conduct their procurement according to PBPs and consequently do not contribute sufficiently to the university's overall objectives for competitive advantage and sustainability. The findings of the study displayed that the comprehensive universities' procurement processes and practices are still reactive, administrative and that not much value is created and thus the impact of procurement is underrated. This was exacerbated by complying with the rigid, cumbersome and unclear public procurement policies that govern procurement in South Africa. Thus, comprehensive universities face diverse challenges in the adoption of PBPs.

5.5 RESEARCH CONTRIBUTION AND RECOMMENDATIONS

This sub-section presents the research contributions and recommendations of this study.

5.5.1 Research contribution

This study contributes to the existing body of knowledge about PBPs and universities. Since no evidence of similar studies on PBPs in South Africa was found, this research study made a novel contribution. In addition it makes a contribution by focusing attention on an area in universities which does not get the attention it deserves, for it can make a major contribution to efficiency and effectiveness in the operation of the university. Specifically this study can make a difference in universities by:

- Adding value to the understanding of PBPs in universities by identifying strengths, weaknesses, risks and opportunities that could help the comprehensive universities to gain competitive advantage.

- Highlighting to the university authorities and other stakeholders the level at which the comprehensive universities operate, in relation to where they could be in terms of procurement practices set out by maturity models.

- Highlighting the value and impact of the procurement function in the growth and sustainability of the organisation.

- Encouraging procurement practitioners to learn and share innovative ideas on implementing PBPs. This may later translate to minimisation of waste, streamlining operations and implementing cost cutting measures for the whole university, since universities are expected to do more with fewer resources.

- Focusing attention on the effective and efficient management of the procurement function, as this function accounts for a large portion of total organisational expenditure.

- Eventually causing parents and students to pay less for quality education through the containment of costs at the university.

5.5.2   Recommendations

Based on the challenges and inadequacies identified in this study regarding PBPs in South African comprehensive universities, a framework for adopting PBPs was constructed. The framework provides elements that are deemed crucial in the adoption of PBPs. It is suggested that the universities do not try to make overnight transformations for adopting PBPs, but introduce changes gradually. The recommended elements are presented in phases as follows:

Phase 1:

In the first phase it is recommended that the procurement directors determine the level at which they are currently operating, in terms of the maturity models and aim for excellence in progressing towards the highest level of the maturity models (discussed in Chapter 2, Section 2.4.4). This phase is thus all about reviewing current procurement processes and practices in the following areas:

- **Review the university policies** and decide on the alignment to public procurement policies and regulations**.**

- Appoint or select qualified **transformational procurement leadership** who will have insight and knowledge about PBPs, maturity models and will be driven to transform universities' procurement to supply management. Get strategic commitment from senior management who have to cascade the transformation plans from the strategic level, through to the tactical level and ultimately to the operational level.

- Next, the visionary procurement leader should reformulate the objectives of procurement towards the adoption of world-class PBPs. The objectives should be aligned to the organisational goals, driven to cost management, embrace the development of integrated strategies and aimed at improving compliance and ethical conduct.

- Subsequent to the formulation of objectives, the visionary leadership should develop strategies and philosophies for competitive advantage, such as among others: process and stream management, relationship management, customer service orientation, total quality management, total cost of ownership, lean thinking, outsourcing, supplier development, green supply management, contract management and corporate social responsibility practices.

Phase 2:

Once, objectives and strategies are in place, the leadership should be able to **implement changes in line with the university's overall objectives** and be able to gradually share the vision with the entire university community.

- Streamline operations, remove internal barriers to curb unethical conduct and non-compliance to policies and communicate the vision to the procurement staff and the organisation as a whole.

- Apply the strategies and philosophies for competitive advantage that were developed in the previous phase.

- In addition, the good leadership should be acquainted with the enablers of implementing PBPs, such as gaining strategic commitment from senior management, re-organising the procurement structures and reporting lines in such a way that procurement is represented on higher hierarchical structures which reports to the senior management, introducing innovation and relevant technology for spend visibility, reducing costs and implementing shorter cycle times.

- Ensure that procurement staff and management are adequately educated and trained to be competent and knowledgeable about the PBPs, related procurement terminology and public procurement policies and regulations that guide procurement.

- Set performance targets and continuously measure and evaluate the planned against the actual output.

- Sensitise the entire university to complying with procurement policies and procedures, the value of procurement, procurement's impact on value maximisation and contributions to the corporate objectives, which should be viewed as a strategic function.

- Instil the culture of efficiency and cost savings measures for the whole university to reduce maverick spending by introducing spend analysis, and the consolidation of purchases for groups.

Phase 3:

The third phase encompasses continuous monitoring and controlling of the transformed procurement or supply management function.

- Manage and sustain transformed procurement for improved results in gaining competitive advantage.

- Continuous review and improvement of procurement policies and control to ensure that they are relevant and adhered to.

Using the phases described above, it implies the adoption of best practices such as strategic sourcing, supply chain management as a core competency, risk management, consortium procurement, research and benchmarking. When the best practices becomes part of the embedded corporate culture in the university, the university may reap the rewards of continuous improvement, costs savings, lower prices, waste minimisation, streamlined operations, reduced cycle times, improved quality, customer responsiveness, superior service delivery, efficiency and effectiveness, best value for money, ethical behaviour, compliance to policies, shared vision, spend visibility and improved financial performance for gaining competitive advantage and sustainability in the long term. Figure 5.1, on the next page, illustrates the recommended framework for adopting PBPs in the South African comprehensive universities.
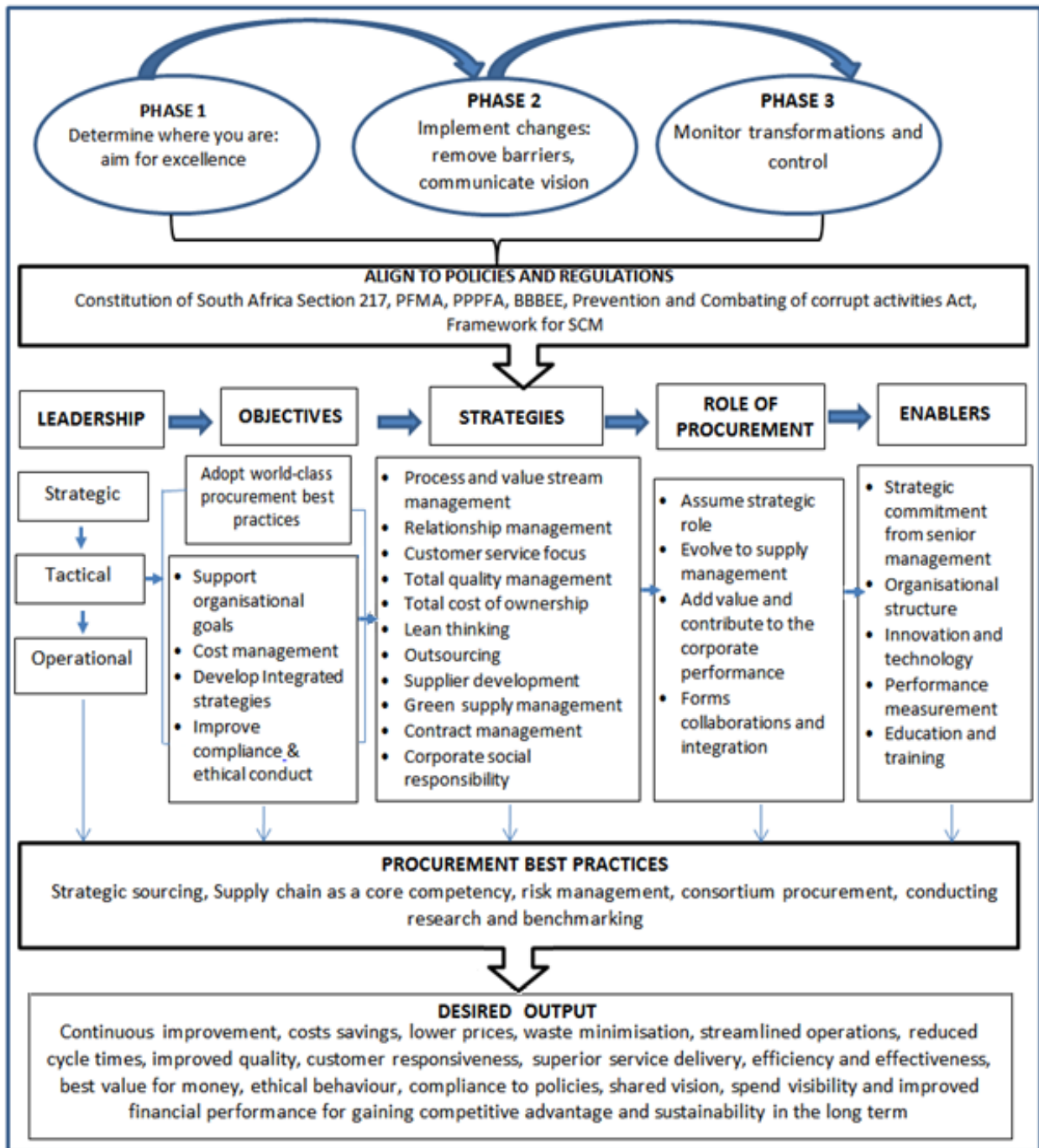
Figure 5.1: Recommended framework for adopting procurement best practices

Source: Author

5.6 LIMITATIONS OF THE STUDY & SUGGESTIONS FOR FUTURE RESEARCH

This section of the chapter presents the limitations of the study and suggestions for future research.

5.6.1 Limitations of the study

Although this study may contribute to the understanding of PBPs in South African universities and has highlighted the gap between theory and practice, there are limitations that are worth declaring:

- Since the approach of this research study is qualitative in nature, it is not possible to generalise the results to the other universities in South Africa.

- Access to information and participants was difficult due to the sensitivity of procurement information.

- A conceptual framework for adopting PBPs was developed, but the applicability of this framework has not been verified for trustworthiness and dependability.

5.6.2 Suggestions for future research

The aim of this study was to get an in-depth understanding about procurement and best practices in South African comprehensive universities. In order to gain in-depth understanding about these universities a qualitative approach was adopted. However, it is recommended that future research be repeated in a different context, for example, with all three types of universities found in SA, as findings might differ and, this study could also employ a different research strategy. It is also recommended that the same study be repeated with a larger group (all 23 public universities in SA and maybe use mixed methods instead of a qualitative approach in order to establish the degree to which public universities in SA have advanced with the implementation of PBPs. A comparison study is also suggested in order to benchmark against the leading universities.

5.7 CONCLUSION

The study determined whether South African comprehensive universities conduct their procurement according the world-class PBPs. In order to accomplish the objective, exploratory questions were drawn up as the researcher wanted to gain more understanding of the research problem based on existing literature which stated that despite the vast literature cited on the benefits of adopting PBPs, few organisations have progressed with the application of PBPs. The study was qualitative in nature and employed face-to-face interviews using open-ended

questions administered to three selected comprehensive universities in South Africa. The findings revealed that South African comprehensive universities face a number of challenges in the adoption of PBPs, and therefore do not conduct procurement according to the best practices. The slow progress in the implementation of best practices could be ascribed to the inflexible public procurement policies and regulations, uncertainty whether universities should comply with public procurement regulations, unskilled and uneducated procurement staff and management and the lack of understanding of senior management on the value and impact of procurement. Accordingly, a framework has been developed to assist with the adoption of PBPs.

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APPENDIX A

INTERVIEW SCHEDULE

University number	Participant number	Date
1	1	10 December 2014
1	2	15 December 2014
1	3	20 January 2015
1	4	27 January 2015
2	5	23 January 2015
2	6	23 January 2015
2	7	23 January 2015
2	8	23 January 2015
3	9	06 February 2015
3	10	06 February 2015

APPENDIX B

PARTICIPATION INFORMATION SHEET AND INFORMED CONSENT

DEAR PROSPECTIVE PARTICIPANT

My name is Winnie Dlamini, a MCom student from the University of South Africa. I am inviting you to participate in the study entitled:

"Procurement practices in the South African comprehensive universities"

I am conducting this study to determine whether and to what extent have the comprehensive universities in South Africa advanced in employing Procurement best practices. You have been chosen as you occupy a strategic position in the Procurement Department. The information about the contact details about the participants was obtained from the university's website. The selection of participants was based on premise that they are managers in the Procurement Department.

Before you agree to participate in this study, you should know what is involved and this information leaflet is to help you decide. If you have any questions which are not explained in this information leaflet, please feel free to contact me. You should not agree to participate in this research unless you are happy with all the aspects of this study that may affect you.

Your role as participant will involve recorded face-to-face interviews.

PERSONAL PARTICULARS

(a) student name:	Winnie Dlamini
(b) current address:	AJH 4-06, Muckleneuk, 0003
(c) e-mail:	dlamiw@unisa.ac.za.
(d) telephone number(s)	012 429-4926
(e) Department:	Business Management

PROMOTER/SUPERVISOR

(a) Initials & surname:	Prof J A Badenhorst-Weiss
(b) Contact details:	012 429-4356
(c) e-mail:	badenja@unisa.ac.za.

(d) Department:	Business Management

CO-PROMOTER/SUPERVISOR

(a) Initials & surname:	Prof Ambe
(b) Contact details:	012 429-4500
(c) e-mail:	ambeim@unisa.ac.za
(d) Department:	Business Management

AIM OF THE STUDY

The project seeks to investigate the extent to which the comprehensive universities in South Africa have progressed with regard to the application of procurement best practices.

HOW LONG WILL THE STUDY LAST?

Individual interviews will last for about 45-60 minutes. The entire study will last almost a year.

WHY AM I CONDUCTING THE STUDY

Most studies have revealed that the organisations can eliminate waste, realise more prospects and cut costs if they implement procurement best practices. However, despite the evidence from vast literature stating that the application of procurement best practices improves the organisation's performance, there is a gap between theory and practice; given that most organisations have not reached the highest level of supply management (Stolle, 2008:3). Therefore, the study strive to determine whether South African comprehensive universities also conducting their procurement according to the best practices. Also, universities are expected to do more with fewer resources as they are mostly funded by tax-payers' money, thereby expected to contribute towards the national goals of improving socio-economic standard through procurement. For that reason, opportunities for the further application of best practices within the boundaries of public procurement regulation will be identified. The study will assist procurement management to know the level at which they operate in relation to world-class standards.

WHAT ARE THE RIGHTS OF THE PARTICIPANTS IN THIS STUDY?

The participants in this study have a choice to take part or not. They may also withdraw their consent at any time, before, during or at the end of the interview and discussions**. The withdrawal from the study will be without any adverse effect of any kind.**

WILL THE PARTICIPANTS BE COMPENSATED OR INCURE ANY COST?

Participation is voluntary and therefore neither gifts nor compensation will be given to participants. Participants will also not incur any losses. However, an investment of time to participate will be requested.

HAS THE STUDY RECEIVED ETHICAL APPROVAL?

This study has received written conditional approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you need it.

WILL ANY OF THE STUDY PROCEDURES RESULT IN DISCOMFORT OR INCONVENIENCE FOR THE ORGANISATION OR THE PARTICIPANTS?

Being part of an interview may make some participants feel uneasy as to the motives of the researcher. However, the questions are formulated with great care and sensitivity towards personal information. Therefore, if there are any questions participants feel uneasy about, they may refuse to answer them. A list of the research questions will be provided to participants to assist in making an informed choice as to whether they would like to participate in the study or not. The study does not anticipate any long term risks, as participants will be debriefed at the end of the interview or the participant's convenient time

WHAT ARE THE BENEFITS INVOLVED IN THIS STUDY?

The study may add value to the understanding of the procurement best practices in the comprehensive universities in order to identify strengths, weaknesses, risks and opportunities that could help the comprehensive universities to gain competitive advantage. The study will highlight the strategic role that the procurement function plays in the growth and sustainability of the organisation in the long term. Also, the study may benefit the comprehensive universities, as procurement best practices will be the focus of discussions with the Procurement Department, which may lead to sharing of innovative ideas and if implemented well, which may later translate to minimisation of waste, streamlining operations and implementing cost cutting measures for the whole institution. Eventually, expenditure could be managed effectively and efficiently as the procurement function in service institutions like universities account for up to 80% of the procurement total expenditure.

CONFIDENTIALITY

The interviews will be held in private and all information gathered during the course of the study will be kept confidential. All forms will only be seen by the members of the research team. After five years, all evidence of the research project will be destroyed. The results will be written in a report (dissertation) and journal articles will be written for possible publication. However, no article or report will identify a participant or university in this study.

PRIVACY

Privacy will be respected throughout the research process by not putting any pressure on the respondents to participate in the study or to disclose private information to unauthorised sources.

Names of participants and universities will not be recorded anywhere and answers will be given a fictitious code number or a pseudonym and will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings and journal articles. The transcriber that will capture the audio recorded information will have access to the raw information shared by the respondents during the interview, but will be required to sign a confidentiality agreement. Otherwise, records that identify respondents will be available only to the researcher and supervisors, unless respondents give permission to share their information.

WHERE WILL THE DATA BE STORED?

Hard copies of data will be stored in the locked cabinet of the researcher for a period of five years for future research or academic purposes; electronic information will be stored in a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. The information will be destroyed after five years by shredding paper copies and permanently deleting electronic information from the hard drive of the computer.

All codes and data will be verified with the participants before finalising the study. Thereafter, a summary of the findings of the study will be emailed to you after completion of the data collection phase. Also, a copy of the thesis and articles will be availed to all the participants.

Should you have concerns about the way in which the research has been conducted, you may contact Prof Kobus Wessels, the deputy chairperson of the **Research Ethics Review Committee of the College of Economic and Management Sciences**, Wessejs@unisa.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.

Ms Winnie Dlamini

INFORMED CONSENT TO PARTICIPATE IN THIS STUDY

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be anonymously processed into journal publications and/or conference proceedings.

I agree to the recording of the one-on-one interviews.

I have received a signed copy of the informed consent agreement.

Participant name & surname…………………………………… (please print)

Participant signature………………………………………..Date…………………

Researcher's name & surname……………………………….(please print)

Researcher's signature………………………………………..Date…………………

Witness name & surname...(please print)

Witness's signature……………………………….................Date….......................

APPENDIX C

PROF L LABUSCHAGNE
EXECUTIVE DIRECTOR: RESEARCH DEPARTMENT
Tel: +27 12 429 6368 / 2446   Fax: +27 12 429 6960
Email: llabus@unisa.ac.za
Address: Theo van Wijk Building, 10th Floor, Office no. 50 (TvW 10-50)

15 May 2014

Ms W Dlamini

Department of Business Management

College of Economic and Management Sciences

Dear Ms Dlamini

PERMISSION TO DO RESEARCH INVOLVING UNISA STAFF, STUDENTS OR DATA

A study into "Procurement practices in the South African comprehensive universities"

Your application regarding permission to conduct research involving Unisa staff, students or data in respect of the above study has been received and was considered by the Unisa Senate Research and Innovation and Higher Degrees Committee (SRIHDC) on 17 April 2014.

It is my pleasure to inform you that permission has been granted for this study as set out in your application.

We would like to wish you well in your research undertaking.

Kind regards

PROF L LABUSCHAGNE
EXECUTIVE DIRECTOR: RESEARCH

APPENDIX D

ROUGH SKETCH

Rough sketch   Date: 06-02-2015

EXPIDATE OF ORDERS

```
+------------------+        +------------------+
| DELIVERY DATE    |        | SYTEM MAIL       |
|                  |   -->  | ORDER TO         |
| EXESP            |        | BUYER            |
| ECT 6/0          |        |                  |
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| BUYER TO         |  <---  |                  |
| FORWARD          |        |       OR         |
| TO SUPPLIER      |        |                  |
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| BUYER FORWARD    |
| TO              |
| REQUESTOR        |
+------------------+
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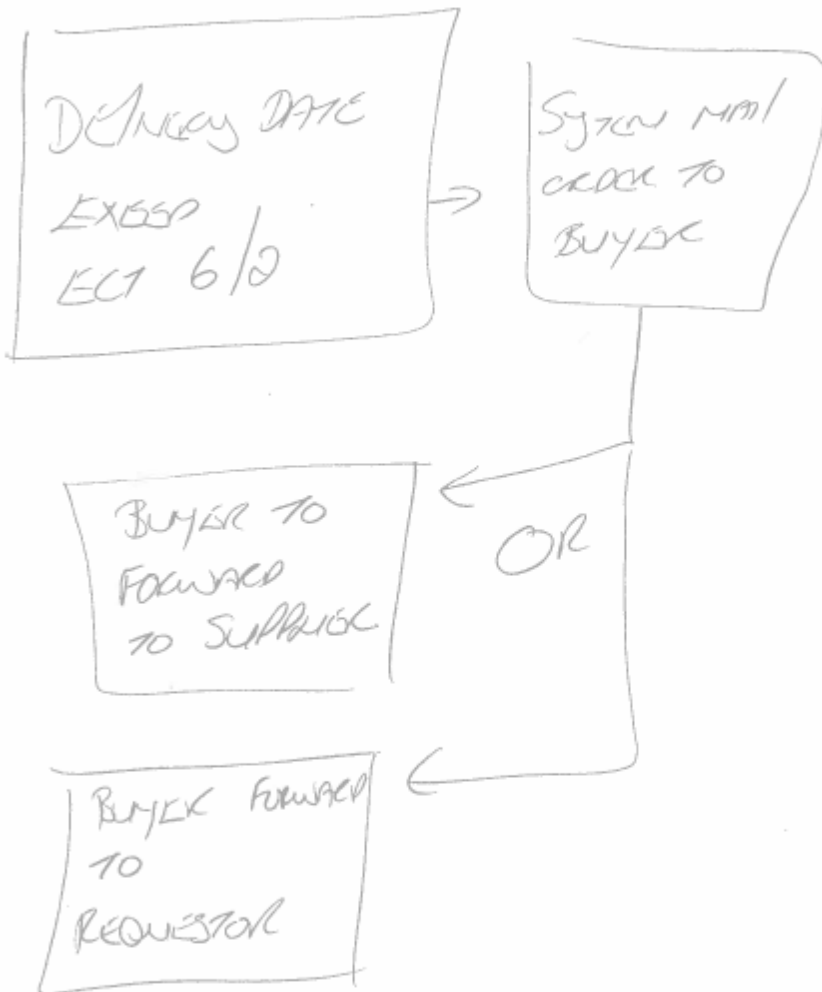
APPENDIX E

INTERVIEW QUESTIONS

SECTION A: GENERAL INFORMATION

1.   University no.

_____

2.   Demographic information

Participant No :_____

Age: _____

Position: _____

Gender: _____

Highest education qualification passed: _____

Experience: _____

SECTION B: PROCUREMENT BEST PRACTICES

1.	Kindly explain to me what you understand by the term "procurement".
2.	Tell me about the procurement developments that you have experienced in your university.
3.	Please tell me about your current procurement process and the procedures followed in the typical acquisition of products and services.
4.	What is the buy-in of the value of the procurement department within the institution?
5.	How does the procurement department contribute to the vision of your university as it is the largest cost-centre in the institution?
6.	Explain what you understand by PBPs.
7.	How applicable are the PBPs currently employed in your universities?
8.	Tell me about the public procurement Acts policies and regulations that guide the procurement processes.
9.	What challenges does your university face in adopting PBPs?

QUESTIONS?_____

_____

_____

THANK YOU FOR PARTICIPATING IN THIS STUDY

_____   _____

Participant   **Date**

APPENDIX F

PERSONAL NOTES

Interview
Kwamae.
Procurement
Developments   past — buy
                    policy — procedure
                    online system. 2012
Procedure —   policy   capacity
              Qvo'
        values:—
    policy
    requisition — online
    order no.
    supplier selection — online — rotation.
    F25
    site visit
    BCD — contract tender
    legal department
    SLA.
        ⟶ managed by user

    cost saving
    policy
    threshold.
    enforce compliance.
    PURCO — buyer not used fully
    Travel

encouraged.

Research — GBTA — forum — travel
Risk management.   new trends.

educate users.
support documentation.
Finance
reporting lines
assisting (IT)
    users
    adherence
    structure.
    salary — issues — competent.
    resistance to change.

No saving — compliance.

understanding

APPENDIX G

CONFIDENTIALITY CLAUSE

UNISA university of south africa

CONFIDENTIALITY CLAUSE
BETWEEN

Sinonsise N.P. Ngonciona

AND

Winnie Nanini

Research Title:

PROCUREMENT PRACTICES IN THE SOUTH AFRICAN COMPREHENSIVE UNIVERSITIES

The research code of ethics mandates that confidentiality should be maintained throughout data collection, data analysis and report writing.

As a transcriber I understand that I have access to confidential information. By signing this statement, I am indicating my understanding of this responsibility and agree to the following:

- I understand that all information obtained or accessed by me in the course of my work is confidential. I agree not to divulge or otherwise make known to unauthorised persons any of this information, unless specifically authorised to do so.
- I understand that names and any other identifying information about study sites and participants are completely confidential.
- I agree to use the data solely for the purpose stipulated by the client.
- I agree to maintain the confidentiality of the data at all times and keep the data in a secure, password protected location.
- I agree to shred all hard copies of data in my possession on completion of the project. All electronic copies will be permanently deleted from the hard drive of my computer upon completion of this job.

Sinonsive   *26 Jan 2015*

Printed name   Date   Signature (Transcriber)

APPENDIX H

DECLARATION BY EDITOR

Retha Burger
B.A.(H.E.D.)

tel : 012 807 3864
cell : 083 653 5255

fax : 012 807 3864
e-mail : retha@skillnet.co.za

Independent Skills Development Facilitator

Dear Miss Dlamini

This letter is to record that I have completed a language edit of your MCom dissertation entitled, "**Determining procurement best practices in South African comprehensive universities**".

The edit that I carried out included the following:

-Spelling   -Grammar
-Vocabulary   -Punctuation
-Pronoun matches   -Word usage
-Sentence structure   -Correct acronyms (matching your supplied list)
-Formatting   -Captions and labels for figures and tables
-Spot checking of ten in-text references
-Generation of Table of Contents, Lists of Figures and Tables

The edit that I carried out excluded the following:

-Content
-Correctness or truth of information (unless obvious)
-Correctness/spelling of specific technical terms and words (unless obvious)
-Correctness/spelling of unfamiliar names and proper nouns (unless obvious)
-Correctness of specific formulae or symbols, or illustrations.

Yours sincerely

Retha Burger

12 January 2016