

**A FORMATIVE EVALUATION OF THE IMPLEMENTATION
PROCESS OF THE SUPPLY CHAIN MANAGEMENT POLICY
FRAMEWORK IN EASTERN CAPE PROVINCIAL
ADMINISTRATION**

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Submitted in fulfillment for the degree Master in Business
Administration

Promotor: M Louw

DECLARATION

"I, Jeanette Louise Sandler, hereby declare that:

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SUMMARY

The Eastern Cape Provincial Administration has, since the promulgation of the Supply Chain Management Policy Framework in 2003, been challenged with the implementation of the said Policy. Some departments have progressed better than others, but all of the provincial departments have been challenged in one way or another. It was therefore, necessary to research the reasons for the erratic implementation process by the different departments.

An analysis, based on answers provided by senior officials of the Eastern Cape Provincial Administration in an interviewing process, was needed to get an understanding of the challenges the departments are faced within the implementation process.

In order to provide quality goods and services, this dissertation aims to evaluate the implementation process, provide insight to the challenges that the departments are faced with and offer recommendations on how to remedy these challenges.

The lessons learned from this research study will assist the provincial departments to re-engineer their implementation processes and move forward to greater success and embracement of the Supply Chain Management Policy Framework.

This dissertation is dedicated to my son, Joshua, who is my inspiration.

CHAPTER 1

INTRODUCTION, PURPOSE AND DEMARCATION OF STUDY

1.1 INTRODUCTION

Since the inception of the new South African government in 1994, many policies were implemented to achieve transformation in the public sector and society at large. However, although the policies were adopted, it is felt that the challenge rested on the implementation of these policies.

Much interest and attention was given to Supply Chain Management in the public sector due to the benefits that could be derived for the public at large. It was therefore necessary to transform the way government did business. To ensure that government provides and procures goods and services to the benefit of all, it was necessary to regulate Supply Chain Management.

The South African Government has then promulgated the new Supply Chain Management Policy in 2003 to replace the old Provisioning Administration System, which was based on the Exchequer Act (Act 66 of 1975). This was necessary to align the procurement, logistics and disposal functions with the Public Finance Management Act (Act 1 of 1999). Supply Chain Management was subsequently, in 2004, implemented in all departments of the Eastern Cape Administration under the supervision of the Provincial Treasury.

The implementation process has, however, not been without challenges and implementation champions are still struggling to integrate the policy, to the letter and spirit, within the operations of their respective departments. It

was, therefore, established that there is a need to understand why departments are struggling to implement the Supply Chain Management Policy.

This study focuses on the Supply Chain Management Policy of the South African public sector. The primary objective of this research study is to do a formative evaluation of the implementation process of the Supply Chain Management Policy with specific focus on the departments in the Eastern Cape Provincial Administration. In this study a qualitative research methodology was followed.

This chapter specifically provides background to the study, identifies the research problem, gives the purpose and objectives of the study, outline the demarcation of the study, briefly explain the research methodology and structure of the study.

1.2 BACKGROUND AND PROBLEM STATEMENT

Supply Chain Management (SCM) within the South African Government (hereafter refer to as the Government) context is part of the support functions, including financial and human resources, which governs departments in the public sector (National Treasury, 2003a). These functions ensure that government departments accounts for their finance in a transparent and responsible manner and that good governance is maintained within the public sector. Supply Chain Management in the government sector ensures that all the elements (demand, acquisition, logistics and disposal) within the SCM function are executed in a uniform manner and furthermore, support and maintain government goals as set out in the Constitution of the Republic of South Africa (Act No. 108 of 1996).

Before Supply Chain Management was introduced, the Government was using a system, known previously as the Provisioning Administration System (PAS) (National Treasury, Undated) which was inflexible and non-integrated e.g. procurement, stores and disposal of assets operated in silos. Procurement reforms were on the cards when the new democratic government came to power in 1994. This became apparent when the Constitution of the Republic of South Africa (Act No. 108 of 1996), with specific reference to section 217, was written and which addressed the matter and mandated the National Treasury to develop a framework in which procurement and related matters should be dealt with in the public sector. Procurement has undergone a fundamental change in the South Africa government context and the SCM Policy Framework (National Treasury, 2003a) was promulgated and introduced in 2003. This change impacted on all departments and other Government institutions in South Africa, including the Eastern Cape Provincial Administration. This change was due in order to rationalize the procurement and provisioning system and to align it to other legislation, e.g. the Constitution of the Republic of South Africa (Act No. 108 of 1996) and Public Finance Management Act (Act 1 of 1999) introduced by the new democratic government since being elected in 1994.

In order to fulfill in its obligation, National Treasury was tasked to oversee the implementation of Supply Chain Management within all organs of state in South Africa. The Eastern Cape Provincial Treasury was tasked to guide and implement the Supply Chain Management Framework within all departments of the Provincial Administration.

It has, however, been observed, through interaction with the departments on implementation and compliance checks, that departments are struggling to put the Supply Chain Management Policy into practice, experiencing stumbling blocks and/or problems with implementation of the policy. Therefore, the problem being researched in this study is the implementation difficulties experienced by the departments in the Eastern Cape Provincial Administration. In light of the above background the problem statement of this study is as follows:

To investigate the reasons and causes of the implementation difficulties of the Supply Chain Management Policy within the Eastern Cape Provincial Administration.

1.3 PURPOSE AND OBJECTIVES OF THE STUDY

To give effect to the problem statement, the purpose of this study is to evaluate the implementation process, particularly with regard to the Supply Chain Management Policy implementation in the Eastern Cape Provincial Administration in order to get an understanding of the challenges the departments are faced with in implementing Supply Chain Management Policy Framework.

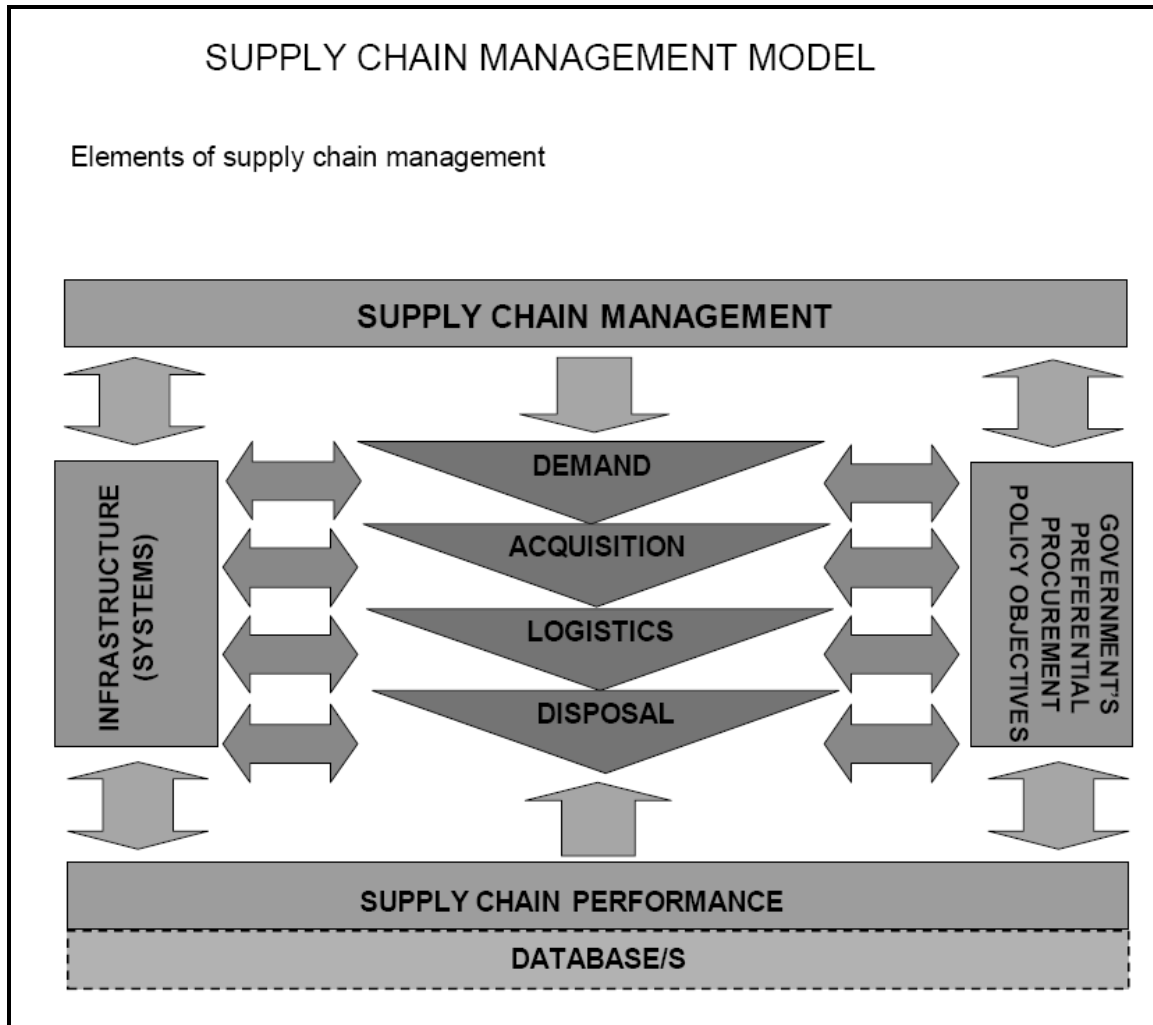
It was necessary to investigate the Supply Chain Management implementation process within the respective departments by considering how factors of the Supply Chain Management Policy Framework, and/or legislation challenges, change management, project management and management commitment, have influenced the process due to the fact that the implementation of a new policy would bring change, and, therefore,

would require project management and commitment from the managers to adopt and comply to the new policy.

The Supply Chain Management Policy Framework, was promulgated in December 2003 (National Treasury, 2003a), and was rolled out in the Eastern Cape in December 2004 by means of the Eastern Cape Provincial Treasury Circular 12 of 2004 (Eastern Cape Provincial Treasury Circular, 2004), which provided a guide for implementation to the provincial departments. However, according to an unpublished report by the Provincial Treasury on '**An Update on SCM Readiness**' (Provincial Treasury, 2007), the integration of the Supply Chain Management Policy Framework within the thirteen (13) provincial departments in the Eastern Cape Provincial Administration has varied and it was necessary to understand the reasons behind the inconsequent implementation.

The Supply Chain Management Policy Framework (National Treasury, 2004a) describes Supply Chain Management **as "the collaborative strategy that aims to integrate procurement and provisioning processes" which is "fair, equitable, transparent, competitive and cost-effective"**, in order to eliminate non-value added cost, infrastructure, time and activities to competitively serve end customers better. The essence being integrated planning of operations, tactics and strategies. This Supply Chain Management Policy Framework is visually demonstrated by the Supply Chain Management Model (National Treasury, 2004a) and consists of six (6) elements namely: demand management, acquisition management, logistics management, disposal management, risk management and the assessment of supply chain performance. The model demonstrates the interactivity, integration and interdependence of all the elements in the model, demonstrated in Diagram 1.1.

Diagram 1.1: Supply Chain Management Model



Source: *Supply Chain Management Policy Framework* (National Treasury, 2003a)

The Supply Chain Management Guide for Accounting Officers/Authorities (National Treasury, 2004a:2) is “intended to facilitate a general understanding of the changes to SCM practices” and the smooth implementation of an integrated Supply Chain Management Policy Framework. It further proposed a “three-phased implementation strategy” to bridge the gap from the old to the new system, which is firstly, the preparation phase (or pre-tender board abolition phase), secondly, the full

implementation phase (or immediate post-tender abolition phase) and lastly, the monitoring phase.

Pycraft, Singh and Philhela (2004: 458) discuss Supply Chain Management as **the link "to provide the supply of goods and services to an operation and the demand for its goods and services through to the end user."** Pycraft, Singh and Philhela (2004: 6) describe **the organization's operation function as "the arrangement of resources which is devoted to the production of its goods and services."** They describe **operations management as "the term which is used for the activities, decisions and responsibilities of operation managers."** The notion that the SCM **functions operate as a single entity or "seamless supply chain" to maximize** SCM performance is endorsed by Towill, Childerhouse and Disney (2000). Pycraft et al (2004) stress that different terminology is used interchangeably e.g. purchasing and supply management, physical distribution management, logistics, materials management and Supply Chain Management. For the purposes of this study the term Supply Chain Management will be used as this is the term used by the National Treasury.

Other factors, argued by Cloete, Wissink, and De Coning (2006: 194), include the understanding of implementation in all its complexities through making **sense of the "key clusters of explanatory variables that might allow a better understanding of implementation", e.g. content, context, commitment, capacity and clients and coalitions.** This is called the 5-C protocol. Van Hoek, Chatham and Wilding (2002) also argue that workforce issues, such as their narrow view on supply chain practice, pose challenges to strategic solutions required by supply chain partners. They further argue that if human factors such as building trust and teamwork are concentrated on, the

unit will become a world class unit which will achieve supply chain objectives.

In the Australian “Guide to Preparing Implementation Plans” (Australian Government, Undated), a strong emphasis is placed on project plans and the implementation plan looks at various aspects in the implementation. The guide covers budget and resources, but it lacks in dealing with the capacitating aspect of policy implementation, which would ensure maintaining the implementation process. It is evident, from the above literature, that the problem lies rather with the implementation of policies than the policy itself, although the complexity of policies may be a factor in the non-successful implementation of policies.

To achieve the purpose of this research, the following objectives have been identified. To:

- Describe the progress of Supply Chain Management Policy Framework implementation within the thirteen provincial departments in the Eastern Cape Provincial Administration.
- Describe the implementation tools used for the implementation of Supply Chain Management Policy Framework by provincial departments.
- Describe and analyze the influence of project management, change management, capacity building and management involvement in the implementation process within the provincial departments.
- Analyze the information from semi-constructed interviews and open-ended questions.

- Assess potential areas for improving the implementation of the Supply Chain Management Policy application.

To achieve the purpose and the objectives of the study, the demarcation of the study is discussed hereunder.

1.4 DEMARCATION OF THE STUDY

The study was conducted in the context of Eastern Cape Provincial Departments only, and therefore does not address the implementation process of the Supply Chain Management Policy Framework in the other eight provinces in the Republic of South Africa. One of the corner stones, and the spirit of the Supply Chain Management Policy Framework, is the fact that it should be uniformly applied throughout the government sector, which should be achieved through the Supply Chain Management Guide for Accounting Officers/Authorities (National Treasury, 2004a). However, this does not fall within the scope of this study. Furthermore, it is important to note that the study focused only on the implementation process of the Supply Chain Management Policy Framework, and not on the content, principles and essence of the policy; thus the implementation in terms of compliance and adherence to the legislation, rules and regulations by departments.

The departments of the Eastern Cape Province which were included in this study were the following twelve (12) of a total of thirteen (13) provincial departments:

- Department of Education
- Department of Health

- Department of Housing, Local Government and Traditional Affairs
- Department of Sport, Recreation, Arts and Culture
- The Office of the Premier
- The Provincial Treasury
- Department of Safety and Liaison
- Department of Agriculture
- Department of Economic Affairs, Environment and Tourism
- Department of Public Works
- Department of Social Development
- The Eastern Cape Provincial Legislature.

These provincial departments represent 92% of the population. It was not possible to solicit the participation of the Department of Roads and Transport as the person who was intimately involved in the implementation process was no longer available, and other staff members were not knowledgeable enough to provide quality information on the Supply Chain Management Policy implementation within their department. The officials were all based **in and around the Bhisho area, where most of the departments' Head Offices** are located. Interviews were held in Bhisho, East London and King Williams Town.

Approval was received from the Head of Department (HOD) of the Provincial Treasury of the Eastern Cape Administration to conduct the research as envisaged and to seek the support from the Provincial Treasury in order to elicit the co-operation of the respective departments. This approval was obtained with the proviso that the information may not be published and should be kept confidential, hence the respondents would not be identified by name or department. The reason for confidentiality of the respondent

and the department he or she represents, is to ensure that the information obtained from the respondent is truthful and open and to ensure that the respondent does not feel threatened that he or she may be identified and victimized at a later stage. Although most of the information is not of a confidential nature, there may be instances where the respondent would not feel comfortable to respond truthfully. This situation is therefore avoided through confidentiality.

1.5 RESEARCH METHODOLOGY

In order to achieve the objective of this study a qualitative research methodology was followed to evaluate the implementation process of the Supply Chain Management Policy in the departments of the Eastern Cape Province. The study was conducted in a post-positive paradigm and the ontology will be an inductive process. (Babbie, and Mouton, 2001). Qualitative research methodology was followed and data was collected, primarily, in the form of semi-structured interviews.

This interview guide consisted of 18 open-ended questions and was used to conduct interviews with twelve (12) senior departmental officials (provincial departmental Heads or champions of the Supply Chain Management Units within the provincial departments) to investigate the reasons for the failure of the Supply Chain Management Policy implementation. The officials were selected because their expertise and knowledge of the Supply Chain Management Policy implementation process followed within their respective departments. This represented 92% of the Eastern Cape provincial departments. This gave sufficient information on Supply Chain Management from each department, and offered recommendations on issues which impact on the implementations process.

1.5.1 Secondary Sources

The aim of the literature study was to set a theoretical framework for the investigation of the implementation of the Supply Chain Management Policy. The literature study included secondary sources from subject disciplines of government legislation relating to Supply Chain Management prescripts, pronouncements and articles from public service officials, Supply Chain Management, project management and implementation tools. International and national data searches were conducted on the internet and through the Rhodes University library. As far as could be ascertained, no similar research has previously been undertaken in South Africa.

Secondary information consulted on the disciplines mentioned above, that were found relevant to the research included:

- Legislation and Supply Chain Management relating prescripts of the Republic of South Africa found on the internet sites of specific departments such as the National Treasury and South African Government Online
- Policy implementation tools and guidelines used by other governments such as Australia and the United Kingdom
- Research articles, journals and books dealing with Supply Chain Management, Project Management, Change Management and policy implementation

1.5.2 Primary Sources

The primary sources of the research included officials from the twelve departments within the Eastern Cape Provincial Administration. Purposeful

sampling was used in order to gather information from officials who were directly involved in the implementation process and who could provide qualitative information useful for this study. These departmental officials were selected on the basis of their knowledge and expertise with regard to Supply Chain Management implementation in their respective departments. The sample size included all thirteen departments however, one department was unavailable during the research period, as stated in paragraph 1.3. Qualitative information was sought to understand the challenges the departments are faced with regarding to the Supply Chain Management Policy implementation process.

Data was collected through an interview guide consisting of 18 open-ended questions during an interview of the twelve respondents. At first, permission **was requested by the researcher's department, the Provincial Treasury,** to embark on the research. After approval was obtained, a letter was written to all Heads of Department requesting their co-operation with the research by the Head of the Supply Chain Management Office of the Provincial Treasury. This was done to authenticate the research by endorsement through the Head of Department of Eastern Cape Provincial Treasury, as it was feared that departments would not freely participate in the research effort.

The questions raised were partly related to the topics which had to be covered by the research, and were themed according to the research topics outlined above. The tool used by National Treasury, SCM Practice Note 3 of 2004 (National Treasury, 2004b), was taken into account. This concentrated on the institutionalization i.e. the structures and the implementation of procurement delegations, of the Supply Chain Management. Other tools which were researched such as the Australian model (Undated) and the

United Kingdom model (Undated), were used to develop the questions posed to the respondents. This was mainly done due to the fact that they have covered the 5-C protocol developed by Cloete, Wissink, and De Coning, (2006), which deals with content, context, commitment, capacity, clients and coalitions, as well as elements of policy implementation, project management and change management.

The data was analyzed and interpreted from the interviews, and is recorded and stored for future reference. This data was then discussed in theme form as discussed above in order to make sense of all the responses provided by the officials interviewed.

The research methodology and data gathering techniques will be discussed in more detail in Chapter 3.

1.6 STRUCTURE OF THE THESIS

Chapter one serves as the introduction and orientation of the research and therefore introduces the concepts and context of the research. It also lays out the importance of the research and the research statement, the objectives of the research, the demarcation of the research study, an outline of the research methodology, including the primary and secondary sources, and concludes with the structure of this thesis.

Chapter two contains the theoretical outline of Supply Chain Management and related literature with regard to best practices dealing with policy implementation and general implementation theories. Literature of all the disciplines is examined and discussed, including Supply Chain Management, policy implementations, project management and change management.

Chapter three will include an overview of the research methodology conducted in this study. The chapter will focus on the research method, design, data collection, and data analysis. The research paradigm will be described and lastly the ethical considerations indicative to the research will be commented on.

Chapter four will discuss, analyze and interpret the results obtained from the questions posed to the respondents in the twelve departments interviewed.

Chapter five will focus on the findings in accordance within the themes outlined above and make suitable recommendations with regard to Supply Chain Management implementation and will conclude with future research that may be conducted.

CHAPTER 2

THEORETICAL OVERVIEW OF SUPPLY CHAIN MANAGEMENT

2.1 INTRODUCTION

This chapter focuses on the theory and legislative environment with respect to Supply Chain Management (SCM) Policy Framework in government sector, as well as related issues involved with implementation of Supply Chain Management Policy Framework. The Supply Chain Management Policy Framework was promulgated in December 2003 by the National Treasury (National Treasury, 2003a). It was customized to the Eastern Cape Provincial Administration and rolled out in December 2004. The implementation of the Supply Chain Management Policy Framework to be examined is applicable to the public sector with specific reference to departments in the Eastern Cape Provincial Administration.

The objective of this research is to give a theoretical overview of Supply Chain Management in the public and private sector and to gain understanding and insight into the challenges and possible successes of Supply Chain Management Policy Framework implementation within the Eastern Cape Provincial Administration. The theoretical overview will include related topics pertaining to policy implementation:

- Legislation and related prescripts
- Policy implementation in general, and related articles written on the subject of policy implementation and Supply Chain Management within the government context.
- Change management

- Related government documents on the policy implementation in general and in Supply Chain Management Policy Framework (National Treasury, 2003a) implementation
- Gaps identified in policy implementation

2.2 SUPPLY CHAIN MANAGEMENT CONCEPTUALISED

2.2.1 Supply Chain Management concepts

Supply Chain Management in the public context is different from the private sector. Supply Chain Management in the private sector deals generally with the supply of materials in the manufacturing of goods specifically, whereas in the public sector, it deals with the process of acquiring goods and services and the management thereof until the goods or services are no longer required or it became absolute. Therefore, it is important to acknowledge, especially, what it is the South African government wants to achieve with the implementation of Supply Chain Management processes. In order to understand Supply Chain Management in the public and the private sector, it is necessary to examine the literature and definitions that are used in these sectors of operations management.

It was observed that different terminology, such as operations management or value chain, are used interchangeably by different authors for Supply Chain Management and Supply Chain Management policy Framework. Evans and Collier (2007: 5) state that operations management **“is the science and art of ensuring that goods and services are created and delivered successfully to customers”**, with a solid understanding of the integration of people, processes and technology. This concept underlines the model on which the government based its Supply Chain Management Framework,

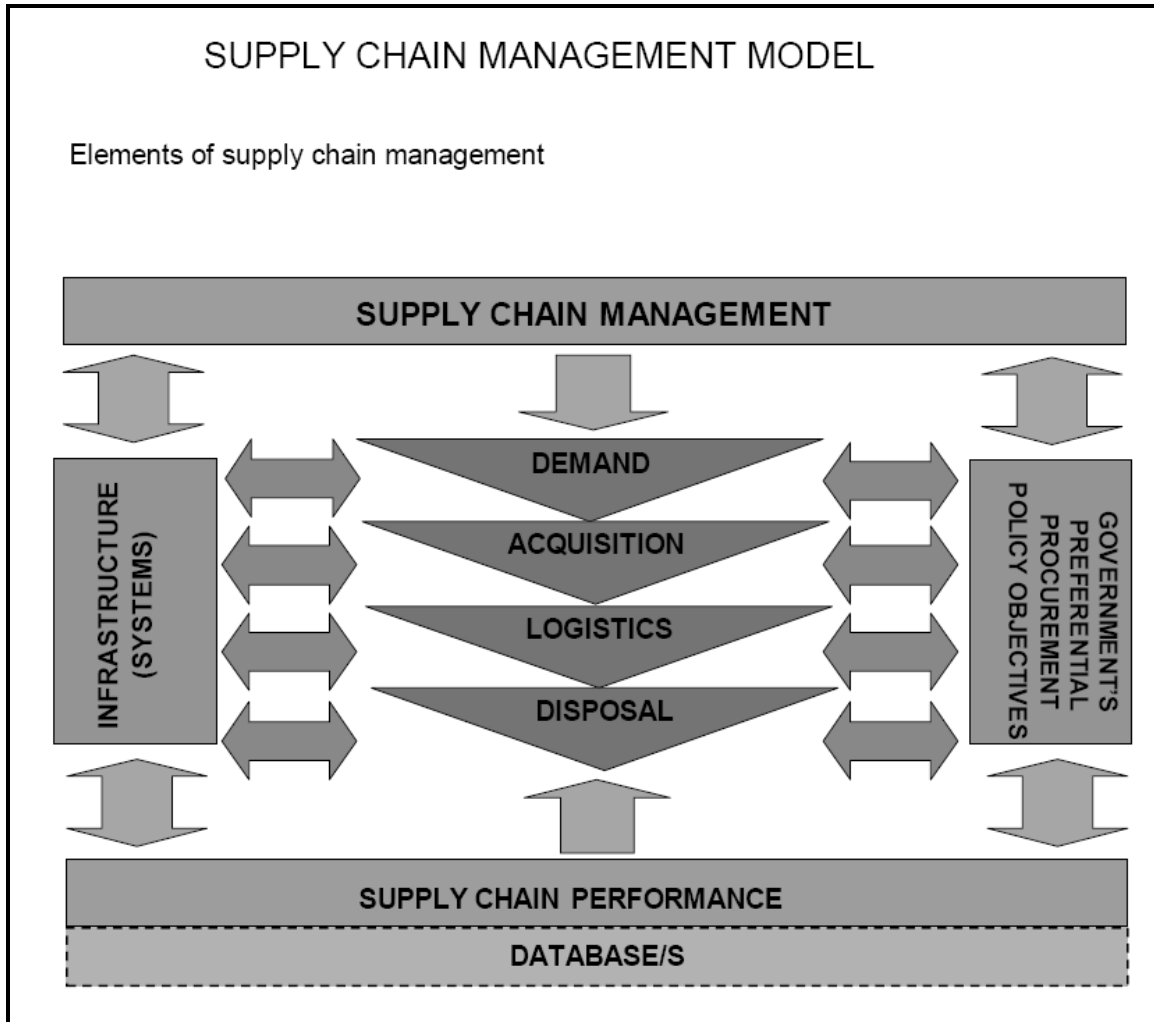
demonstrated in Diagram 1.1, which integrates the six (6) elements of Supply Chain Management with its associated electronically systems, legislation and policies and government goals. This would then result in service delivery to the South African citizens. Evans and Collier (2007: 99) demonstrated their version of the Value Chain Model, as can be seen in Diagram 2.1 **hereunder, and this model is “probably the dominant model”** used by operations managers. All the elements and processes of operations management, demonstrated in the model, are integrated within this “value chain”.

Ganeshan and Harrison (1995) defined a supply chain as “a network of facilities and distribution options that perform the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers.” The essence of this definition focuses on the process of goods and services reaching the end-user and the ultimate satisfied end-user. Quality and efficiency are of the utmost importance in order to satisfy the customer with the desired goods or services.

The definition used for the purpose of this research, is that used by the National Treasury, as it is central to the legislative environment governing the government departments. Supply Chain Management (National Treasury. 2003a), is firstly described as **“the collaborative strategy that aims to integrate procurement and provisioning processes” in order to eliminate non-value added cost, infrastructure, time and activities to competitively serve end customers better.** The essence being integrated planning of operations, tactics and strategies. Secondly, Supply Chain Management definition includes the six elements/processes of the Supply Chain Management Policy Framework namely: demand management, acquisition

management, logistics management, disposal management, risk management and the assessment of supply chain performance.

Diagram 1.1: Supply Chain Management Model (Diagram 1.1 is repeated for ease of reference. See Chapter 1, page 6)



Source: Supply Chain Management Policy Framework (National Treasury, 2003a)

The Supply Chain Management Policy Framework model is therefore regarded as the vehicle used for service delivery and the achievement of the South African goals such as outlined in the Accelerated and Shared Growth

Initiative for South Africa (The Presidency, 2004) which targets, *inter alia*, the infrastructure development in South Africa and the eradication of social ills e.g. poverty, housing and reduction and reversal of the spread of tuberculosis and AIDS.

As demonstrated in Diagram 1.1, the Supply Chain Management Policy Framework model is designed to integrate and uniform the processes within government. The four (4) elements, demand, acquisition, logistics and disposal management, are in line with the management functions of planning, executing, monitoring, and control. It operates in conjunction with government policies and goals on the one hand, and the relevant manual and electronic systems which are enabling the model to function in an efficient and effective manner (National Treasury, 2003a). The intention of the model is further to strengthen the Supply Chain Management Policy Framework by ensuring that the performance of Supply Chain Management is monitored and effectively applied. The model demonstrates the interactivity, integration and interdependence of all the elements in the model.

The Supply Chain Management Guide for Accounting Officers/Authorities (National Treasury, 2004a), states that the introduction of an integrated **supply chain management function “...will address the inefficiencies in government’s current method of procurement, contract management, inventory/asset control and obsolescence planning.”** Diagram 1.1 above demonstrates the integration of the Supply Chain Management function. Systems, policies and the functions of Supply Chain Management are shown in the above model, Diagram 1.1, to be integrated and to incorporate the performance of the whole chain to obtain the desired outcomes.

National Treasury issued a document, SCM Practice Note 3 of 2004 (National Treasury, 2004a), which provided a checklist tool for Accounting Officers to monitor the Supply Chain Management Policy Framework implementation within the government departments, and to assist departments in implementing and interpreting the Supply Chain Management Policy Framework (2003a). Accounting Officers of departments were required to implement the Supply Chain Management Policy Framework (National Treasury, 2003a), which required commitment, resources and training of all relevant officials involved in the Supply Chain Management processes.

Supply Chain Management means different things to different groups (e.g. government and private sector), such as operations management, logistics, and efficiency of the supplier link, demand to feeder suppliers and to recipient manufacturers, and performance management within the supply chain. Pycraft, Singh and Philhela (2004: 6) describe the organization's operation function as "the arrangement of resources which is devoted to the production of its goods and services", and operations management as "the term which is used for the activities, decisions and responsibilities of operation managers." This is consistent with the spirit of the Supply Chain Management Policy Framework (National Treasury, 2003a) which has as one of its objectives: to effectively and efficiently manage government resources e.g. funds, assets and inventory.

Operations impact on all spheres of the organization such as human resources, marketing, accounting and finance, and purchasing. In other words, it transforms inputs (materials, facilities, staff, into goods and services. (Pycraft *et al*, 2004)) These transformed outputs can be either tangible or intangible goods or services. This is also evident in government Supply Chain Management which is an integral part of the operations, and in

the manner in which the government procures goods and services. It impacts on all role players such as the suppliers, the end users, the Supply Chain Management practitioners, internal clients and service delivery to the public who are in need of these necessary services.

Pycraft *et al* (2004: 458) also emphasized the importance of service delivery **to the end users and discuss Supply Chain Management as the link “to provide the supply of goods and services to an operation and the demand for its goods and services through to the end user.”** Pycraft *et al* (2004) stress that different terminology is used interchangeably e.g. purchasing and supply management, physical distribution management, logistics, materials management and supply chain management. Prior to the promulgation of the Supply Chain Management Framework (National Treasury, 2003a) this **function was known as “provisioning administration”** (National Treasury, Unknown). This terminology, used by government, was narrow and although other functions, such as logistic and disposal management, were **performed, it was not embedded in the term “provisioning administration”**. Hence the change to the term Supply Chain Management, which deals with all the phases and elements within Supply Chain Management and also the integration of all processes.

Cox (1999: 167) describes the orthodoxy in Supply Chain Management as **“a way of thinking that is devoted to discovering tools and techniques that provide for increased operational effectiveness and efficiency throughout the delivery channels that must be created internally and externally to support and supply existing corporate product and service offerings to the customer.”** The Supply Chain Management Policy Framework in government sought a model which would integrate the functions and elements of Supply

Chain Management, and this was done through the Supply Chain Management Policy Framework (National Treasury, 2003)

Horvath (2001: 205) argues that the benefits of strategic Supply Chain Management are **“lowered inventory risks and costs, along with reductions in warehousing, distribution and transportation costs.”** This will, in time, also lead to sustainable cost savings through increased productivity and leaner business processes in procurement, order fulfillment, accounts receivable and payable, exception management, and accelerated delivery times. These aspects impact directly on the Supply Chain Management Framework (National Treasury, 2003) and the objectives of Public Finance Management Act (Act No. 1 of 1999) and the Constitution (Act No. 108 of 1996) which requires a system that is efficient and effective in its operations.

Saunders (1997: 101) described the concept of the value chain by linking the supporting activities such as organizational infrastructure, human resources management, technology and procurement to the primary activities of internal logistics, operations, external logistics, marketing and services. This suggests that the processes and operations of all parties involved in the chain impact directly on the desired outcome which results in the satisfaction of client or customers. The focus of Supply Chain Management on satisfying the needs of the clients or customers, and integrating the processes and activities in Supply Chain Management which are aimed at satisfying the client or customer (Hugo, Badenhorst-Weiss and Van Biljon, 2009). Hugo, Badenhorst and Van Rooyen (2002: 5) defined Supply Chain Management as:

... a management philosophy aimed at integrating a network (or a web) of upstream linkages (sources of supply), internal linkages inside

the organisation and downstream linkages (distribution and ultimate customers) in performing specific processes and activities that will ultimately create and optimize value for the customer in the form of products and services which are specifically aimed at satisfying customer demands.

The Supply Chain Management Policy Framework (National Treasury, 2003a) of the South African Government was also designed with this philosophy in mind and which ultimately has to result in the delivery of desired services.

2.2.2 Legislation and other prescripts

The Constitution of The Republic of South Africa has set the tone for Supply Chain Management in the government sector. Section 217 of the Constitution of the Republic of South Africa, (Act No. 108 of 1996) states that:

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

(2) Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for

(a) categories of preference in the allocation of contracts; and

(b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

(3) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.

The Public Finance Management Act (Act No. 1 of 1999), as described in paragraph (2) and (3) above, is in line with the Constitution. It gave effect to the fact that a procurement policy framework, which is fair, equitable, transparent and competitive and cost-effective, was provided and implemented. Furthermore, it allowed for the preferential treatment of Historically Disadvantaged Individuals (HDIs), with the goal of uplifting the **Small, Medium and Micro Enterprises (SMME's)**, and to make government procurement processes accessible to suppliers previously excluded from doing business with government.

Important legislation has followed the Constitution and the Public Finance Management Act (Act No. 1 of 1999), namely:

- The Preferential Procurement Policy Framework Act (PPPFA) (Act No. 5 of 2000), with the 80/20 and 90/10 principle, which is aimed at subsection (3) of the Constitution and ensures that government departments procure goods and services with the aim to promote Historically Disadvantaged Individuals (HDI) and other goals, such as the youth and disabled persons. This act however only focused on the owners of companies.
- The Broad Based Black Economic Empowerment Act (BBBEEA) (Act No. 53 of 2003) which broadened the balanced score card to non-owners in the organization in order to further the uplifting of HDI and to encourage participation of HDI within the organization.
- The Supply Chain Management Policy Framework (National Treasury, 2003a).

- The PPPFA (Act No. 5 of 2000) and BBBEEA (Act No. 53 of 2003) are both pieces of legislation dealing with the preferential treatment of HDIs (Blacks, Women, Youth and Disabled Persons) and the economic empowerment of black persons in general. This is embedded in the Supply Chain Management Policy Framework and, as legislated, these groups, Blacks, Women, Youth and Disabled Persons) are given preferential treatment due to their historical disadvantage of the past, and being born before the 1994 democratic elections in South Africa. Although not applicable to government at his stage, the BBBEEA (Act No. 53 of 2003) is in the process of being aligned to the government processes. Therefore it is necessary to acknowledge its existence as it would once again change the manner in which government will do business with potential suppliers in future.
- Another document, issued by the National Treasury, which further define the manner in which government departments are to implement Supply Chain Management, is the Policy Strategy to Guide Uniformity on Procurement Reform Processes in Government (National Treasury, 2003b). This document states **the government's objectives as:**
- Governance issues such as ensuring a single legislative framework to be applied uniformly in all spheres of government, replacing the outdated procurement and provisioning practices, minimum norms and standards to be applied and to monitor value for money performance.
- The implementation of the complex Preferential Procurement Policy Framework Act (Act No. 5 of 2000) and its associated regulations uniformly.

- Addressing policy interventions such as the introduction of an **integrated Supply Chain Management function, which is “an integral part of financial management that seeks to introduce internationally accepted best practice principles, whilst at the same time addressing government’s preferential procurement policy objectives”.**

The procurement reforms are underpinned by the implementation strategy. This strategy would, *inter alia*, prepare departments for the new concepts in order to build capacity, establish Supply Chain Management Units in the Chief Financial Officer (CFO) structures, train Supply Chain Management practitioners/official, and align the Preferential Procurement Policy Framework Act (Act No. 5 of 2000), with the Broad Based Black Economic Empowerment Act (Act No. 53 of 2003).

The Supply Chain Management Guide for Accounting Officers/Authorities (National Treasury, 2004a) guides the departmental Accounting Officers in implementing and operating Supply Chain Management Policy Framework (National Treasury, 2003a) in a uniform manner.

Several practice notes have been issued by the National Treasury to assist Accounting Officers to implement and interpret the Supply Chain Management Policy Framework (National Treasury, 2003a). SCM Practice Note No. 3 of 2004 (National Treasury, 2004b), provided a checklist tool to Accounting Officers to monitor the Supply Chain Management implementation within the departments. The Provincial Treasury assisted National Treasury to access the information requested and this was one of the measures that provided information on the tempo and capacity of Supply Chain Management implementation within departments in the Province.

With the rolling out of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003), a detailed template or checklist, MFMA Circular No. 40, 2006 (National Treasury, 2006), was issued to Municipalities by the National Treasury, to assist municipalities to implement Supply Chain Management.

'Treasury Instructions on Supply Chain Management' were issued (Eastern Cape Provincial Treasury, 2004) in October 2004 to all departments in line with the Public Finance Management Act (Act No. 1 of 1999), which customized the Supply Chain Management Policy Framework to the circumstances and conditions of the Eastern Cape.

The Provincial Treasury may, in line with National legislation, customize the Supply Chain Management Policy Framework (National Treasury, 2003a). It therefore issued the **'Treasury Instructions: Supply Chain Management (Eastern Cape Provincial Treasury, 2004a)'** and **'Circular 12 of 2004 (Eastern Cape Provincial Treasury, 2004)'** to embrace, interpret and highlight government's goals as set out in the Constitution of the Republic of South Africa, (Act No. 108 of 1996). Locally, the **'Provincial Growth and Development Plan' (PGDP) (Eastern Cape Office of the Premier, 2003)** e.g. to support local content, Black Economic Empowerment, woman, etc. was issued (Eastern Cape Provincial Treasury, 2004a) in order to boost and uplift communities within the Eastern Cape.

2.3 SUPPLY CHAIN MANAGEMENT POLICY IMPLEMENTATION AND THE LINK WITH PROJECT MANAGEMENT

The Supply Chain Management Guide for Accounting Officers/Authorities (National Treasury, 2004a) is "intended to facilitate a general understanding of the changes to Supply Chain Management practices" and in the smooth

implementation of an integrated Supply Chain Management Policy Framework. A **“three-phased implementation strategy”** was suggested to bridge the gap from the old to the new system, which is:

- The preparation phase (or pre-tender board abolition phase)
- Full implementation phase (or immediate post-tender abolition phase)
- Monitoring phase

The implementation strategy of Supply Chain Management Policy Framework, as stated in the Supply Chain Management Guide for Accounting Officers/Authorities (National Treasury, 2004a) includes firstly the institutionalization of the Supply Chain Management Office in the National Treasury to **“oversee the implementation of the Supply Chain Management policy, in conjunction with the provincial treasuries”**. Similarly, the provincial treasuries had to institutionalize the Supply Chain Management Office, to complement the responsibilities of the National Treasury.

Secondly, institutions/departments were responsible for working out a detailed implementation plan to implement the Supply Chain Management Policy Framework; and Accounting Officers performance should be measured against the implementation plan. In order to assist with the implementation process, National Treasury issued SCM Practice Note 3 of 2003 (National Treasury, 2004b), which provided a checklist tool for Accounting Officers to monitor the Supply Chain Management implementation within the departments, and to assist departments to implement and interpret the Supply Chain Management Policy Framework (National Treasury, 2003a). Accounting Officers of departments were required to implement including institutionalization the Supply Chain Management Policy, which also required

the commitment, resourcing and training of all relevant officials involved in the Supply Chain Management processes. Institutionalization of the Supply Chain Management function, e.g. develop an organizational structure in line with the Supply Chain Management Policy Framework and the appointment of members to the departmental Bid Committees namely, Bid Specification Committee, Bid Evaluation Committee and Adjudication Committee in order to adequately deal with the acquisition/procurement function. It is important to note that bid committee members are not necessarily Supply Chain Management practitioners. In fact, members of a bid committee must be a cross-functional representivity of the department (National Treasury, 2003a).

Thirdly, departments should build capacity within departments to cope with the Supply Chain Management functions and the abolition of the relevant Tender Boards by the relevant treasuries.

Fourthly, support was further provided in terms of training through accredited service providers such as the then South African Management Development Institute (SAMDI) (now known as the Public Administration Leadership and Management Academy (PALAMA)) and the Institute of Public Finance Agency (IPFA). Monitoring and guidance was to be provided by the National Treasury in conjunction with the respective provincial treasuries.

Fifthly, the Preferential Procurement Policy Framework Act (Act No. 5 of 2000) must be aligned with Broad Based Black Economic Empowerment Act (Act No. 53 of 2003) and targets introduced to achieve the government objectives in conjunction with the Department of Trade and Industry (DTI).

Lastly, the strategy is aimed at combating fraud and corruption. This is a burning issue in all spheres of government as it is affecting people who are benefiting from the Supply Chain Management process directly.

It could be argued that there may be a gap between policy development and policy implementation. Cloete, Wissink and De Coning (2006: 19) state that public policies could be examined on three levels namely political, executive and administrative. However, the Supply Chain Management Framework cuts across all levels, but mainly on the executive level as this level focus on the implementation.

Cloete *et al* (2006) focus on the analysis, design, process and decision making of policy development and, although this is not the focus of this study, it does focus on the implementation process and the effectiveness of policy implementation in the public sector. However, Cloete *et al* (2006: 180), **argue that “together with policy development and evaluation, policy implementation forms one of the critical pillars on which policy management is based.”**

There seems to be some confusion, especially in South Africa, about what policy implementation theory means, when it starts and ends, or even which types of implementation to be applied. (Cloete *et al*, 2006)

Van Meter and Van Horn (in Cloete *et al* (2006: 183)) define policy implementation as follows:

Policy implementation encompasses those actions by public or private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decision.....They observe that

impact studies typically ask "What happened?" whereas implementation studies ask "Why did it happen?"

Cloete *et al* (2006) argue that policy implementation studies should therefore focus on why some policies are implemented successfully and others not.

Meiring (1995:112) states that policy implementation should be implemented at all policy levels and distinguishes between political, executive, departmental and operational levels. Meiring further states that implementation should be finalized in this order and not simultaneously as is happening in practice (Meiring, 1995).

Some approaches or models of implementation concentrate on whether implementation should rather be bottom-up or top-down. In Cloete *et al* (2006:189) it is argued that there are six clusters of variables that are critical to the success, or not, of implementation:

- The relevance of policy standards and objectives
- Policy resources
- Inter-organizational communication and enforcement activities
- The characteristics of the implementation agencies
- The economic, social and political environment affecting the implementation jurisdiction or organization
- The disposition of implementers for carrying out the policy decisions

Other factors, argued by Cloete *et al* (2006:194), include the understanding of implementation in all its complexities through making sense of the "key

clusters of explanatory variables that might allow a better understanding of **implementation”, e.g. content, context, commitment, capacity and clients** and coalitions. This is called the 5-C protocol.

Cloete *et al* (2006) further state that, in the South African government context, **emphasis is placed on “sound governance and efficient and effective public administration” and that there is a strong relationship between policy implementation and project management.**

The implementation process of any policy has a strong link to project management as it provides for an orderly way to ensure that the policy in all its facets are covered and implemented to the desired level (Australian Government, Undated). Projects have a definite time frame as well as goals and objectives to achieve and to keep track of those milestones and objectives. Due to the monitoring process throughout the project, it also allows for the early detection of problems that might derail the process or the project, and ensures that remedial action can be implemented to avoid pitfalls and problems along the way.

The basic five (5) elements within a project are initiation, planning, executing, monitoring and closure (Schwalbe, 2006). The knowledge areas which are essential to project management (Schwalbe, 2006: 10) refers to the management of integration, scope, time, cost, quality, human resources, communications, risk and procurement.

In an article in the Service Delivery Review (Levin, Ntombela, Rankin, Sing, Mereethle, Matomela, Swanepoel, and Serfontein, 2006b:96), **“Lessons learnt from Canada”, it is stated that “the key principles to ensure success** are: developing skills in real time and real action; individual and collective

commitments; promote a continuous action-reflection cycle; balance individual and collective needs; promote a continuous learning culture; maximize learning partnerships.”

In a document by the Australian Government (Undated) it is argued that there is a culture of strong project management which is essential for effective and efficient government policy implementation with a strong link to timeframes and delivery outputs and outcomes. The Australian Government’s, Department of the Prime Minister and Cabinet, “Guide to Preparing Implementation Plans” (Undated), states that the core requirements of an implementation plan are as follows:

Table 2.1: Australian Model of the Core Requirements of an Implementation Plan

SECTION	CORE REQUIREMENTS
Scope	<ul style="list-style-type: none"> ⇒ Policy objective and context ⇒ Governance arrangements setting out internal and external accountability mechanisms ⇒ A summary of the major work that will be undertaken to achieve the policy objective and associated assumptions, constraints and exclusions ⇒ Success criteria against which implementation and progress towards objectives can be monitored and assessed ⇒ Benefits statement identifying the intended beneficiaries and expected benefits to be evaluated
Work breakdown	<ul style="list-style-type: none"> ⇒ Work breakdown structure, covering phases and related activities, start and end dates, allocation of ASL and management responsibility ⇒ Implementation schedule by financial year
Funding	<ul style="list-style-type: none"> ⇒ Funding table showing estimated roll-out of deliverables and costs by financial year for the

	relevant forward estimates period
Risk management	⇒ A risk management plan. This plan is expected to identify key risks, their likelihood and potential impact as well as mitigation strategies and accountability ⇒ A summary of the agency/ies risk monitoring arrangements
Stakeholder engagement	⇒ List of key stakeholders for each major phase/activity ⇒ Strategy for consultation with major stakeholders, including an outline of the purpose and timeframes for consultation
Resources	⇒ List of critical resources ⇒ Strategy to acquire or manage each critical resource
Contracting & procurement	⇒ Procurement plan summarising the items and/or services (ie outputs) for which external providers will be sought, including anticipated cost and internal accountability ⇒ Strategy for securing and managing important agreements necessary for implementing the policy
Quality assurance	⇒ Monitoring and evaluation strategy ⇒ Quality assurance strategy

Source: Australian Government (Undated: no page)

The Australian Government's, Department of the Prime Minister and Cabinet, "Guide to Preparing Implementation Plans" (Undated), advocates that "To ensure implementation is successful and policy objectives are achieved, it is important that *Implementation Plans are maintained as 'living' documents by agencies to use in managing their policy responsibilities*" to ensure quality assurance. Although this guide was formulated for specific policy interventions, it is advised that this policy implementation guide be used for other policy implementation as a standard and best practice. Only four of the five elements of the 5-C Protocol of Cloete *et al* (2006) are included in the Australian model. The capacity-element is not included in the above model, most likely because capacity is not a critical success factor in

Australia. In the Australian document, "Guide to Preparing Implementation Plans" (Undated, no page), a strong emphasis is placed on project plans, and the implementation plan looks at various aspects of implementation. It covers budget and resources (and therefore staffing skills, perhaps training), but it lacks the checking of adequate developing of departmental structures which would be responsible for ensuring the implementation and maintenance of policies and funding of structures. The aspect is more user-friendly, in that for each step identified in the implementation process, a template was provided which guided the manager responsible for effecting the implementation and therefore is a measurement tool. The template provided, ensures more uniformity across departmental units.

Van Hoek, Chatham and Wilding (2002) also argue that workforce issues, such as their narrow view on supply chain practice, pose challenges to strategic solutions required by supply chain partners. They further state that, if human factors such as building trust and teamwork are concentrated on, the unit will become a world class unit which will achieve supply chain objectives.

However, in a document, Better Practices Guide, published jointly by the Australian Government, Department of the Prime Minister and Cabinet and the Australian National Audit Office (October 2006), the capacity-element of the 5-C Protocol (Cloete *et al*, 2006) is included.

As the 5-C Protocol (Cloete *et al*, 2006), advocates, other models of programmes and project implementation plans also includes these (the 5-C Protocol) elements. The project plan guide, Introduction to Projects used by the Office of Government Commerce in the United Kingdom (undated, no page), provide for the following steps in Table 2.2 below.

Table 2.2: Introduction to Projects, Office of Government Commerce, United Kingdom

PHASE	STEPS
Controlled start-up	1. Obtain commitment from the business
	2. Define the outcome
	3. Define critical success factors
	4. Adopt processes for project management
	5. Check staff skills and experience
	6. Determine government arrangements
	7. Define the project scope
	8. Determine the project approach
	9. Plan for management of risk
	10. Identify the dependencies with other projects
	11. Determine whether procurement is required
	12. Define the project organisation
	13. Produce a project plan
	14. Revisit scope
	15. Define reporting arrangements
Controlled Delivery	1. Stage planning
	2. Stage ends and decision points
	3. Controls
	4. Managing product delivery
	5. Reporting against plans
	6. Risk and incident management
	7. Managing interfaces
Controlled closure	1. Close the project

Reviewal	1. Review business justification
	2. Review procurement strategy
	3. Review investment decision
	4. Review readiness of service
	5. Review benefits evaluation

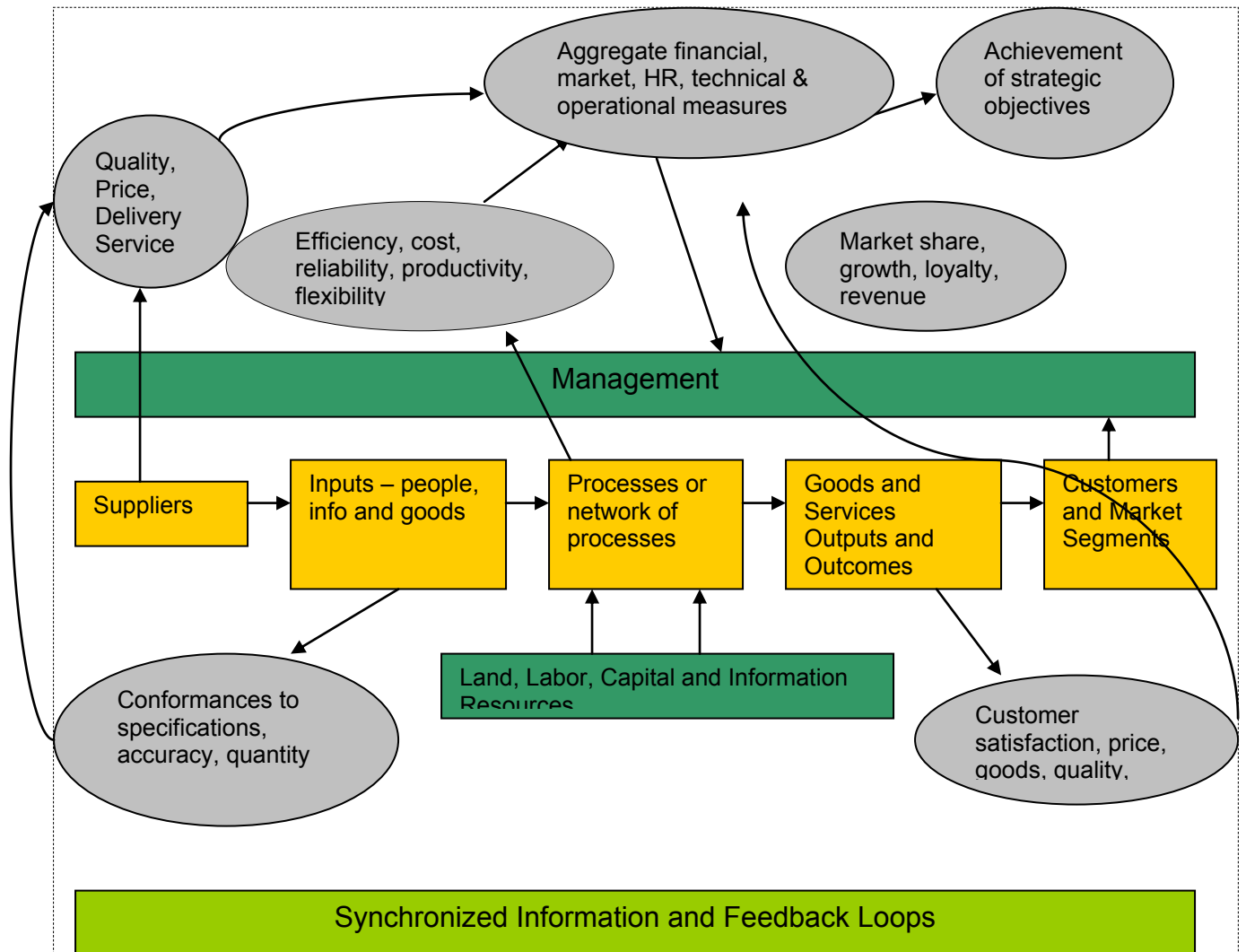
Source: United Kingdom (Undated)

In the above model all elements, including capacity of the 5-C Protocol of Cloete *et al* (2006) are present. Capacity is built within the Controlled Start-Up Phase, Step no. 5.

Evans and Collier (2007: 5) state that operations management “is the science and art of ensuring that goods and services are created and delivered successfully to customers” together with a solid understanding of the integration of people, processes and technology. This concept underlines the model which the South African government based its Supply Chain Management Framework, demonstrated in Diagram 2.1 below.

Evans *et al* (2007: 99) demonstrated their version of the Value Chain Model as can be seen in Diagram 2.1 below and this model is “probably the dominant model” used by operations managers. All the elements and processes demonstrated in the model are integrated within the value chain.

Diagram 2.1 The Value Chain Model



Source: Evans et al (2007)

2.4 SUPPLY CHAIN MANAGEMENT AND THE LINK TO CHANGE MANAGEMENT

It is generally accepted that, in the global context, change management has become a relevant factor in the way organizations effect needed change. This is also true in the South African context, especially since the 1994

democratic elections, which has seen the change from an old dispensation to the "new South Africa". Mti (2003: 20) states that:

Change, it is often said, has become a permanent feature of the world's daily lives. In our case in South Africa it is a necessity we cannot live without. We are just about to celebrate the first decade of our freedom, and in doing so, the world is watching and the majority of our own citizens have remained unbelievably patient for quite some time.

Change deals with a new product or service, but Kirby (2003: 33) stated that it may also include "a new way of delivering an existing product or service".

Much legislation and many policies have been promulgated by the new South African government and change has become nearly an everyday phenomenon in all areas of our daily lives. Change also affected organizations and the government in the way they do business. This is also true for Supply Chain Management in the government context (National Treasury, 2003a).

Jackson (2004:90) states that "organizational governance and the decision processes influence the way change is managed". Jackson (2004) further states that "participation in change management in Western textbooks refers to providing an opportunity for staff to take ownership of the change process through participation".

He further states that in Africa change brings "uncertainty" and "power distance". To ask for the views of the people on the envisaged change, may increase the uncertainty that they would like to avoid or even fear change.

Furthermore, participation may lead to “questions about the ability of the manager to manage and to provide leadership” (Jackson, 2004:90).

Jackson (2004) deals with the managing of competencies and capacities with reference to the managing of decision making in the African context, the use of appropriate leadership and management styles, motivation and rewarding of managers, gaining employee commitment (work attitudes and organizational climate) and managing multiculturalism through development of managers.

In a traditional African context, the people place a high reliance and trust **onto their leaders and little is questioned as the “chiefs” know best and they have absolute power.** However, in recent years the leadership orientation of the African renaissance management is based on consensus. Mutabazi (2002) in Jackson (2004:103) calls this “essential values in African leadership’ in embracing harmony in all parts of life (and death)...”

Jackson (2004) further discussed that workers’ **attitude in Africa have been** generally labelled as lazy and lacking in motivation with a high expectation of benefits and low commitment and loyalty. This however, may be due to **Westerners’ misperception and racial arrogance regarding the cultural** background and societal make-up of Africans. Commitment issues arise in organizations when management and staff do not share the same objectives for the future; or they may even share the same objectives but differ in the way it should be achieved. Rewards systems should rather reflect the group or team than the individual (Jackson, 2004).

Other aspects emphasized by Jackson (2004) are, *inter alia*, cross-cultural and multicultural issues and the management thereof. They also refer to the

under-educational and under-skilling of the vast majority of the South African population, who are ill-equipped for the job requirements (2004:252).

In a survey on mostly black participants in 1999, Jackson (2004:263) states that managers were ranked first by giving “plenty of time to my family”, second by “making work central in my life” and third, by “being actively involved in the community”. Employees on the other hand indicated that “there was generally higher satisfaction with working conditions, content of job and job security, yet lower satisfaction with appraisal systems, recognition of employees worth, union-management relations...”. In the modern society, these cultural values have to be taken cognizance of in the African context when dealing with change in the organization.

Sekwati (2003:10) states that “...on its own and out of context, change management can end up as a costly, fruitless engagement. Our context is service delivery and all our efforts directed at change management should **reflect that.**” Change management should be embraced and there should be a credible reason for the change. Commitment at senior or even executive level should be visible from the bottom and the change should be communicated as the process unfolds. Kirby (2003: 309) states that change is unlikely in the public sector “unless seven conditions were met, namely:

- *A culture for change*
- *Systems to enable change to take place*
- *Interaction with the environment*
- *Visionary leadership*
- *Empowered management*

- *Planning*
- *Resources*

Kirby (2003: 309) maintained that the public sector needs to adopt “an entrepreneurial approach to service delivery”, and, therefore, there is then a need for “consensus and commitment on the part of the staff to the need for change”. This can only be achieved through making the staff “valued and involved” in order for “them to take ownership” of the innovation.

Some of the barriers to change, according to Kotter (1995) are the following:

- Not establishing the great sense of urgency
- Not creating a powerful enough guiding coalition
- Lacking a vision
- Under communicating the vision
- Not removing obstacles to the new vision
- Not systematically planning for and creating short-term wins
- Declaring victory too soon
- Not anchoring changes in the corporation’s culture

Matshabaphala (2005:59) argues in his article “Appropriate Leadership Critical to Service Delivery” that “in the past, we have suffered greatly from the practices of public officials whose dealings were not only bereft of any morally desirable attributes but were outright **saboteurs**”.

Change management in the implementation process of any policy is important and therefore it is also important in the implementation of the

Supply Chain Management Policy Framework within the government context as well as in provincial departments.

The Supply Chain Management Policy Framework (National Treasury, 2003a) was a new development within the South African Government context and it needed a shift from the old Provisioning Administration System(PAS) (National Treasury, Undated) to the new integrated Supply Chain Management Policy Framework (National Treasury, 2003a) introduced in 2003. The change is necessary to accommodate the policies impacting in Supply Chain Management and the government procurement goals associated with the shift in systems, such as the broadening of procurement opportunities to Historically Disadvantaged Individuals (HDI) and Black Economic Empowerment (BEE).

Resistance to change was to be expected as people in general fear change and do not want to move away from their comfort zones. Transparency and good governance was also needed to be reinforced and integrated in the Supply Chain Management Policy Framework (National Treasury, 2003a). Nel *et al* (2007) and Hitt *et al* (2005) also acknowledged resistance to change within an organization and pointed out that factors such as communication, participation, guarantee, counseling and reward can make the transition easier. According to Nel *et al* (2007: 504) factors that may give rise to resistance to change within the organization, are the following:

- Fear of the unknown
- Disrupted habits
- Loss of confidence
- Loss of control
- Poor timing

- Lack of purpose
- Economic loss

Axelrod (2000) painted a dim picture by stating that “traditional change management breeds resistance and cynicism” which results in the polarization of the change management team and the rest of the members of the organization. He suggested further that there should be an “engagement paradigm” which involves the whole organization in the process.

Therefore, it is necessary to bring management and politicians on board and to ensure their full cooperation and participation in the implementation of the Supply Chain Management Policy Framework. They need to understand the importance of the strategy and why it is necessary to change, and to demonstrate their acceptance of the rules and regulations of the policy.

2.5 SUMMARY

This chapter discussed Supply Chain Management in all its facets, with particular emphasis on government perspective, project management and change management, which all have an impact on the implementation process of Supply Chain Management Policy Framework.

The Eastern Cape Provincial Administration have to completely implement Supply Chain Management Policy Framework in all the departments in order to comply with the South African legislation. From the above literature and arguments, it can be seen that policy implementation, which is another term for service delivery, is crucial for the government. Ways and means should

be found to speed up service delivery which will ensure a better life for all in the South African context.

Officials should be better geared in order to deliver on the many mandates in order to succeed. The politicians have delivered on their mandate and now it is necessary for the officials to follow suit. But can they? Are they equipped to do what is needed? Or are they scared of the change? Are they harbouring their own hidden agendas?

The researcher is intending to find out what the reasons are for the inconsistent progress in implementing the Supply Chain Management Policy Framework in the provincial departments in the Province of the Eastern Cape with the intention of understanding the problems and challenges faced by the implementers in order to improve on the rate of implementation or changing the methods of implementation. Service delivery is directly linked with policy implementation, and sometimes policy implementation is service delivery. If policy implementation fails or falters, services cannot be delivered optimally. This is exactly the case with the implementation of Supply Chain Management Policy Framework.

In the next chapter, the research design and methodology relevant to this research is discussed.

CHAPTER 3

RESEARCH, DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In the preceding chapter the focus was on the theory of Supply Chain Management implementation and the related theories of project management, policy implementation and change management. This chapter presents the research question, the data used in the research question, the data collection process, research design and methodology. It also, describes how the research has been approached. According to Remenyi (1996: 25), it is important that any research undertaken either for a masters or a **doctoral degree “requires that the methodology used be clearly spelt out, perhaps in a chapter of its own, so that the results of the research are convincing or at least credible”**. Remenyi (1996) further states that the focus should be on a difficult problem and which would, when solved, add material value to the research topic.

Remenyi (1996: 22) further states that the **“three major philosophical questions” that should be addressed at the outset of the research are firstly, why research is undertaken; secondly, what to research; and lastly, how to research**. Chapters 1 and 2 addressed the why and what, and this chapter provides a detailed analysis of how the research was conducted. The research is focused on the evaluation of the implementation process of the Supply Chain Management Policy in the Provincial Departments within the Eastern Cape Province.

The method and approach to the research design is discussed in the following section.

3.2 SCIENTIFIC METHOD OF RESEARCH

“A voyage of discovery” is how Remenyi (1996: 24) describes research. For the researcher to claim that value was added to the existing body of knowledge, the researcher has to conduct research which is scientific. Remenyi (1996) further states that there are two approaches which are firstly, the empirical research method that is guided by either the results of observation or experiment; and secondly, the theoretical approach which is contemplative of the mind and intelligence. People behave differently in different and similar circumstances and can influence a situation base on their perception and past experiences. Therefore, Remenyi (1996) argues that academic research conducted at present is determined through empirical research, but he states further that the assumption that evidence, in contrast to thought or discourse, is needed to make a satisfactory claim to add value to the existing body of knowledge.

The theorist researches the topic by consulting experienced and expert individuals where problems are experienced/ and the empiricist would go and observe the behaviour of others through experimentation and passive observation (Remenyi, 1996). Remenyi (1996: 26) concludes that the positivist approach, which deals mainly with facts and figures, is associated with empirical research and the positivist approach. On the other hand, it often used be left to the researchers to analyze and interpret the topic under review (Babbie and Mouton, 2006: 21).

Babbie and Mouton (2006:) discusses the following types of social sciences research designs:

- Experiments – this is mostly used in structured science and **involves firstly, “taking action” and secondly, “observing the consequences of that action.”**
- Surveys – in social sciences, this technique is most frequently used to obtain statistical data of e.g. the population of a country.
- Qualitative studies – mainly used to study human behaviour. Some of the key elements of qualitative studies are firstly, they **focus on process rather than outcome; secondly, the actor’s or insider’s perspective and view is important; and lastly, the understanding of social action is the main concern.**
- Participatory action research – it is most widely approach used **for “grassroots development, interventions, and encountered especially in the underprivileged rural settings of the so-called Third World countries.”** The researcher renders **“development assistance” needed by the community.**
- Evaluation research – **the purpose of this kind of research is “to bring about change in knowledge, attitudes and practices (KAP)”** relating to a specific problem area and is mainly used for social sciences. This methodology is further explored hereunder.
- Unconstructive research – **with this approach, “the researcher does not intrude on the object of the study” and the researcher does not “establish a direct relationship or interaction with the research subject”.**

In order to expand on the evaluation research, Scriven in Babbie and Mouton (2006: 345) differentiated between formative evaluation on the one hand,

which is an “evaluation done to provide feedback to people who are trying to improve something”, and summative evaluation on the other hand, which is providing “information for decision-makers who are wondering whether to fund, terminate or purchase something”. The formative evaluation method was chosen for this research as this is exactly what is envisaged by undertaking the study of the implementation process of Supply Chain Management Policy Framework in the Eastern Cape Provincial Administration.

The constructivist case study method has been used in this study, as it was deemed the most appropriate in understanding the implementation process of Supply Chain Management Policy Framework in the Eastern Cape Provincial Administration. This was supported by the fact that there are multiple realities in the workplace (Denzin and Lincoln, 1994). Constructivism is defined by Sarantakos (2005: 37) “as a qualitative research methodology that focuses on the firm belief that there is in practice neither objective reality nor objective truth”. The following basic assumptions of constructivism are highlighted by Sarantakos (2005: 37):

- There is no objective reality
- The physical world exists but is not accessible to human endeavour
- There are no absolute truths
- Knowledge does not come through the senses alone
- Research focuses on the construction of meanings
- **Meanings are not fixed but emerge out of people’s interaction with the world**
- Meanings do not exist before a mind engages them
- The world is constructed by the people who live in it.

In order to understand the challenges faced by provincial departments in the Eastern Cape Provincial Administration with the implementation process of Supply Chain Management Policy Framework, this information can only be sought by means of the constructivist case study in this research.

Case studies allow for an intensive investigation of a specific unit or area of interest. They are specifically useful where a situation, or the lack of a desired situation needs to be analysed, and findings made during the investigation lead to a possible theory be developed for future purposes (Babbie and Mouton, 2006). Yin (1994) in Babbie and Mouton (2006) **concluded that the modes of case study analysis include “pattern-matching” and “explanation-building”**. Data analysed from the case study could provide important patterns or similarities and these may provide valuable information in understanding how and why matters turned out the way they did, either good or bad (lessons learned). This understanding will help in the development of better practices used in future or how a present situation can be changed.

The implementation process of the Supply Chain Management policy is a process rather than an event. As mentioned in paragraph 1.2 of Chapter 1, departments are struggling to comply with the prescripts, some more than others. The aim of this research is to establish the reasons why departments in the Eastern Cape Province are struggling to or succeed in implementing the Supply Chain Management policy, or parts thereof, in order to improve the process within provincial departments in the Eastern Cape Provincial Administration.

3.3 RESEARCH METHODOLOGY

3.3.1 Population and Sampling

The research was conducted in a post-positive paradigm and the ontology is an inductive process (Babbie, and Mouton, 2001). Qualitative data was collected, primarily in the form of semi-structured interviews using an interview guide consisting of open-ended questions with twelve (12) of the thirteen (13) provincial departmental Heads of Supply Chain Management Units. This represents 92% of the provincial departments of the Eastern Cape Provincial Administration and provides sufficient information to provide the necessary Supply Chain Management information from the different departments, and to make recommendation on issues which impact on the implementation process.

3.3.2 Research Method

The research took the form of a formative evaluation of data collected in order to understand the reasons why Supply Chain Management policy implementation fails or succeeds in departments. Scriven, in Babbie and Mouton (2001:345), argues that a formative evaluation is undertaken to **“provide feedback to people who are trying to improve”** the implementation process in provincial departments.

In terms of implementation research, the Director General of the **Department of Public Service Administration (Levin, 2006a)** argues that **“it should be noted that implementation often falters because reality does not match expectations”**. In practical terms, he stated that **“...useful Monitoring and Evaluation (M&E) is another form of research that should give policy**

planners and coal face planners useful information.” He further states that “Knowledge Management (KM) is an overarching approach that could support a public service research strategy” which should “speak directly to the needs of its role-players”. He also stated that “public service delivery research is often theoretically weak” and it “often lacks rigour in its choice and use of methods” e.g. “action research” (Levin, 2006).

Levin (2006a) criticizes public service research. He argues that researchers often use inadequate analysis of methodologies and tools developed by outsiders, not those used by government, and this means that each study is becoming a baseline instead of an update to existing data. He states that “there is a need to record experiences so that good practices can be identified and promoted”.

The implementation of the Supply Chain Management Policy Framework is not an event but a process and full implementation is constantly changing to improve service delivery to the constituencies. The main questions to ask are: **“How did departments experience and still experiencing the process of Supply Chain Management implementation; and how we in government could better the assistance given to departments in order to improve the implementation of the Supply Chain Management Policy and related policies?”**

An interview guide (Annexure A) was developed to address all the areas needed for the study. The eighteen questions used in the interview guide are dealing firstly with the completeness of Supply Chain Management implementation process. Secondly, issues of change management was covered in the interview guide, including the 5-C protocol (Cloete et al, 2006: 194) which deals with content, context, commitment and clients and

coalitions, is also covered by the questionnaire. Thirdly, the interview guide dealt with project management and implementation tools used to guide the implementation process. The interview guide sought to establish if the departments made use of any tool to guide the implementation process such as the checklist provided by National Treasury (National Treasury, 2004a) and project management software. Lastly, the interview guide provided an open-ended question to allow respondent to cover any aspect of the Supply Chain Management Policy Framework which presented a challenge for the smooth transition from the old to the new policy. These will then form the basis of the themes which are discussing the results of the interviews.

The study also assessed whether the departments made use of the tool provided by National Treasury, SCM Practice Note 3 of 2003 (National Treasury, 2003) and/or a project plan to guide the implementation process, and whether the plan impacted positively on the overall implementation process. The study also included the successful use of templates or tools to facilitate the implementation process.

3.3.3 Data Collection

Data for the study was collected through semi-structured interviews and open-ended interview guide with the Heads of Supply Chain Management units in the thirteen (13) provincial departments Departments of Health; Agriculture; Education; Economic Affairs, Environment and Tourism; Housing, Local Government & Traditional Affairs; Public Works; Safety & Liaison; Social Development; Sports, Recreation, Arts and Culture; Eastern Cape Provincial Legislature, Office of the Premier and Provincial Treasury.

The National Treasury gave a checklist tool, SCM Practice Note No. 3 of 2004, (National Treasury, 2004a), to Accounting Officers to monitor the Supply Chain Management implementation within departments, as well as to municipalities, MFMA Circular No. 40, 2006 (National Treasury, 2006), and these documents were used as agendas in compiling the interview guide.

Data collection was done in the form of an interview with knowledgeable officials who could provide important information with regard to the process followed in the implementation of the Supply Chain Management Policy Framework in their departments. This type of data collection is classified as primary data, data which was collected first-hand **“as opposed to data that already existed” when research was begun** (Babbie, and Mouton, 2001:76).

Documents such as the Supply Chain Management Monthly Information Reports, the Supply Chain Management Policy implementation plans, the Procurement Plans and other relevant documents were analyzed in order to establish the status of the Supply Chain Management implementation process in the relevant provincial departments, and to verify the authenticity of the information provided by these officials.

Most of the data was collected through an interviews guide which led the interviewing process in order to cover all areas required in the study (Annexure A). **Qualitative research focuses on “studying human action in the natural setting and through the eyes of the actors themselves”** (Babbie, and Mouton, 2001:278). However, it is important to note that interview responses are subjective and based on an individual opinion.

The interview guide provided a list of eighteen questions which were posed to the relevant senior Supply Chain Management officials or respondents,

who are knowledgeable about how the process unfolded in their respective departments.

The eighteen questions, broadly divided into four themes, dealt firstly with the completeness of Supply Chain Management implementation process. Secondly, it provided questions dealing with general policy implementation issues, linking it with the managing of the implementation process, including the 5-C protocol (Cloete et al, 2006: 194) which dealt with content, context, commitment and clients and coalitions). Thirdly, the interview guide dealt with project management and implementation tools used to guide the implementation process such as the checklist provided by National Treasury (National Treasury, 2004a), and project management. Lastly, the interview guide made provision for the researcher to understand to which extent change management was incorporated in the implementation process to provide a smooth transition from the old to the new system.

Some of the questions concentrated on how training needs were determined, whether the Supply Chain Management practitioners and Non-Supply Chain Management managers were adequately trained and did the training have a positive impact on the operations of Supply Chain Management.

Before each interview, respondents were reminded that the purpose of the interviews was to research the implementation process and that the information provided by them would be kept confidential. This is to ensure that the responses would be frank, robust and honest and without fear of intimidation or victimization.

Interviews were done with the respondents and the time spent varied from person to person, depending on how much they liked to expand on issues

relating to their respective departments. Digital recordings were made during each interview and these recordings were saved on disk for future reference. A summary of each interview was made in order to compare the responses from the different interviewees.

3.3.4 Data Analysis

The data analysis follows the qualitative interpretation of the semi-constructed interviews conducted with the twelve (12) officials from the thirteen (13) departments. The questions were open-ended in order to evaluate the SCM implementation process in the departments and to provide evidence on the factors which influenced the implementation process. Scriven, in Babbie and Mouton (2001:345), argues that a formative **evaluation is undertaken to “provide feedback to people who are trying to improve” the implementation process in provincial departments.**

Information collected from the respondents is analyzed in terms of the disciplines outlined in Chapter 2 and it provides their own opinions and perceptions of how they experienced the Supply Chain Management implementation process, and where they felt some improvements necessary. The purpose of collecting information from the direct role-players, responsible for the execution of Supply Chain Management, is due to the fact that they should know where there were problems while implementing the Supply Chain Management Policy. These officials are directly responsible for the full and complete implementation and to ensure of total compliance with the Supply Chain Management Policy Framework. Their understanding of problems on the ground is valuable for future improvements in the Supply Chain Management Policy implementations and other policy implementations in general.

The data analysis was based on the respondents' personal experience in the implementation process and provides for valuable lessons to be learned from **others' experiences with** regard to policy implementation and specifically Supply Chain Management Policy implementation. The data was analyzed through grouping it into themes:

- The implementation of the Supply Chain Management Policy Framework
- Change management principles applied during the implementation process
- Project management principles and tools applied during the implementation process
- Any other issues specific to the Supply Chain Management Policy Framework which may have had an effect on or influenced the implementation process.

3.4 ETHICAL CONSIDERATIONS

Ethical issues are necessary when research is done through interaction with people, especially when conflicts of interest may occur (Babbie and Mouton, 2001). Social research often requires from people participating in the study **to reveal information which may be sensitive to their or the department's** circumstances. Some information obtained from the documents and through the interviews with the Heads of Supply Chain Management units in the departments may be of a sensitive nature and should be treated as confidential. The information provided might, especially where failure to implement the Supply Chain Management Policy Framework, place the

department in a bad light and could even compromise the departmental official's **position within that department.**

In order to ease the relevant departmental officials' minds and to ensure their participation in the study, this research study was also cleared with the Head Official of Eastern Cape Provincial Treasury and with the proviso that no information obtained for this study may be published without the approval of the Provincial Treasury.

The information is collected on a trust basis, and, due to the uncertain environment the government officials are in, it is considered best to keep the respondents of the twelve departments and the information provided by **them, confidential. Babbie and Mouton (2001:523) state that "the clearest concern in the protection of the subjects' interests and well being is the protection of their identity" through anonymity and confidentiality.**

It is also a fact that the researcher was provided with a bursary by the Eastern Cape Provincial Treasury, her employer, which is common practice in **South Africa. It is therefore argued that it implies "that scientists are to some degree accountable to society for what they are doing" (Babbie and Mouton, 2001:527).**

Records of the interviews in audio as well in transcript form are available for scrutiny if so required. However, this may only be provided to bona fide persons who would not reveal the content of the scripts or tapes (audio). This is to ensure that the researcher does not impose her own perceptions on the data and information received.

Babbie and Mouton also refer to the politics of research which “refers to the way in which the domain of science and politics meet and interact. It also invariably raises questions about the relationship between knowledge and power in society” (Babbie and Mouton, 2001:546).

3.5 SUMMARY

This chapter discussed the research design followed in this research study. The research methodology was then further discussed which detailed the population and sampling, research method followed and the manner in which data were collected and analyzed.

Finally, the ethical issues which might have a bearing on this research study, were considered and discussed.

The next chapter briefly presents the outcomes of the research project and analyzes and interprets the results of the research.

CHAPTER 4

ANALYSIS AND INTERPRETATION OF RESULTS

4.1 INTRODUCTION

The purpose of this chapter is to present the findings of this study and analyze and interpret the results of this study. The Supply Chain Management implementation information collected from officials selected within twelve (12) departments, was analyzed against the questionnaire developed in order to determine the reasons for the inconsequent implementation of Supply Chain Management Policy Framework in the provincial departments in the Eastern Cape Provincial Administration. It was evident that there was a need to analyze the implementation process within the Eastern Cape Provincial Administration as it would provide the direction the Eastern Cape Administration need to progress in the uniform application of the Supply Chain Management Policy Framework (Provincial Treasury, 2007).

The result of this study could also provide valuable information with regard to policy implementation in general within the government sector.

The study based on a semi-constructed interview guide, which was used to interview senior Supply Chain Management officials within the departments of the Eastern Cape Administration to determine which process was followed in the Supply Chain Management Policy Framework implementation. The factors that specifically contributed to the success or failure in implementing the Supply Chain Management Policy Framework were also investigated.

The interview guide and the responses to the questions are discussed in the following section.

4.2 PRESENTATION OF INTERVIEWS CONDUCTED

The study was conducted in the context of the provincial departments of Eastern Cape Administration only and therefore interviews were undertaken with twelve senior knowledgeable officials of the relevant departments. It must be mentioned that these officials were chosen in their capacity as officials whom have an understanding and the knowledge of the process and status of the implementation of the Supply Chain Management Policy Framework within their respective departments.

4.2.1 The Interview Guide and Interviews

Interviews were conducted with the senior officials, whom are responsible for the function and implementation of the Supply Chain Management Policy Framework within the departments. Records of these interviews are electronically filed and summarized in terms of each question.

The results of the interview are specific to the implementation process of the Supply Chain Management Policy framework, but some of the lessons which could be learned from this study, may also be valuable in the implementation of any policy within the government context.

The interview guide was further developed to determine which management factors in the implementation of the Supply Chain Management Policy Framework were followed and contributed to the success or failure of the implementation process.

After developing the interview guide, interviews were conducted with relevant officials responsible for Supply Chain Management Units of twelve (12) of the thirteen (13) provincial departments. The officials were all in a position to make informative comments on the process which was followed to implement the SCM policy in their respective departments. As stated in Chapter 1, the departments which participated in the process were as follows:

- Department of Education
- Department of Health
- Department of Housing, Local Government and Traditional Affairs
- Department of Sport, Recreation, Arts and Culture
- Office of the Premier
- Provincial Treasury
- Department of Safety and Liaison
- Department of Agriculture
- Department of Economic Affairs, Environment and Tourism
- Department of Public Works
- Department of Social Development
- Provincial Legislature.

This represents 92% of the population. It was not possible to solicit the participation of the Department of Roads and Transport as the official who was intimately involved in the implementation process was no longer available and other staff members were too junior to provide quality information on the implementation of the Supply Chain Management Policy Framework within the said department.

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

(a) The Supply Chain Management Policy Implementation

The Supply Chain Management Policy implementation revolved mainly around the six elements described in the Supply Chain Management Framework (National Treasury, 2003). These elements namely demand management, acquisition management, logistics management, disposal management, risk management and performance management. During the interview process the emphasis was placed on the implementation of the structures of Supply Chain Management Policy Framework (the Bid Committees) and the institutionalization of the Supply Chain Management unit in the office of the Chief Financial Officer within all departments. The emphasis was mainly placed on the demand and the procurement elements of the Supply Chain Management Policy Framework (National Treasury, 2003) and not holistically on all the elements, such as Logistics, Disposal, Risk and Performance Management, of the Supply Chain Management Policy Framework.

Another factor that was considered during this study was the progress of training of Supply Chain Management officials (practitioners and non-practitioners) within the departments.

Furthermore, all respondents indicated that they complied with the requirement of completing the checklist which monitors the implementation process of the Supply Chain Management Policy Framework which was provided by National Treasury (2003). This could be deducted by the fact

that National Treasury and therefore also the Provincial Treasury, placed importance on the tool by requesting all departments to complete the questionnaire dealing with the implementation from time to time. All departments complied with the response in reporting their progress with regard to the implementation process as and when required to do so.

However, their responses which were derived from the implementation tool provided by National Treasury (National Treasury, 2004b) indicated that the completeness to implement the Supply Chain Management Policy Framework was not achieved. The tool, for the purposes of this study, revolved around the institutionalization of the Supply Chain Management Policy Framework, which dealt with the establishment of the Supply Chain Management Unit within the Office of the Chief financial Officer and the establishment of the relevant Bid Committees, namely, the Bid Specifications Committee, Bid Evaluation Committee and the Bid Adjudication Committee. It also dealt with the training of all officials involved in the Supply Chain Management function.

The interview guide provided questions which dealt with the implementation process holistically. The respondents were required to rate the completeness of the implementation process of the Supply Chain Management Policy Framework within their respective departments by rating it on a scale from zero to ten, where zero is not started and 10 is excellent. The results were as follows:

Table 4.1: Results: Rating of the Completeness of the Supply Chain Management Policy Framework Implementation

Number of departments	Rating
1 department	10
4 departments	8
1 department	7
3 departments	5
1 department	3
1 department	4
1 department	0

From the table above it is evident that an average of 5.91, out of a total of ten points, was achieved by the participating departments in the Eastern Cape Provincial Administration. This implies that the implementation process is more than 50% complete in most provincial departments.

It must be noted that the interviews are based on an individual's opinion and is of a subjective nature. One might argue that this result is still too high. It is necessary to understand that most departments have implemented Supply Chain Management, but is still in the process of ensuring that all elements of Supply Chain Management are addressed within their respective departments. However, 75% of the respondents indicated that their Supply Chain Management Policy Framework implementation process is half or more completed and only 25% indicated that their implementation rate is less than 50% complete. The high rate of completion is read only in so far as the institutionalization of the Supply Chain Management Unit structure and the filling of the vacant posts as well as the establishing of the Supply Chain

Management Bid Committees are concerned. Those departments which indicated that they have completed the implementation of the Supply Chain Management policy to a high degree also acknowledged that it is not completed to the letter and therefore compliance issues of Supply Chain Management have not been addressed in all respects.

It also became apparent that the respondents rate their departments by using the tool provided by National Treasury and that the question of quality, compliance and completeness of the implementation process was not addressed due to the fact that these areas were not addressed by the checklist. By this, it is meant only the institutionalization and structural composition of the Supply Chain Management was addressed. Half of the respondents mentioned that the formulation of their own departmental Supply Chain Management Policy and its subsequent adoption or approval were incomplete or not even started.

One of the corner stones and the spirit of the Supply Chain Management Policy Framework is the fact that it should be uniformly applied throughout the government sector and this has not been addressed by the study. The study focused only on the implementation processes and not the essence of the policy, which leaves a gap in the study. This should be further researched to determine how well the Supply Chain Management policy has been implemented in terms of compliance and adherence to the legislation, rules and regulations by departments (National Treasury, 2003a).

The success of the implementation process of Four (4) respondents was firstly, attributed to the top management support, an appropriate and approved organizational structure and the filling of vacant posts by three (3) respondents. On the other hand, the failing to obtain an approved structure

was stated as a reason for not progressing as well as needed by two (2) respondents. This are attributed to the fact that departments did not have the necessary capacity to deal with the situation or that management did not embrace this change.

Only one respondent however attributed the success in implementing the Supply Chain Management policy, to the streamlining of the flow of procuring processes for goods and services, planning through procurement plans and the enforcement of Supply Chain Management processes on the non-Supply Chain Management managers by the Head of the Department (HOD). The respondent stated that:

Through the help by the Provincial Treasury and PFSA (Public Finance Service Agency, Fort Hare University, dealing with SCM training in the Eastern Cape Province), this message to contribute to Supply Chain Managment was brought home.

(b) Change Management

Change management issues were also covered in the questionnaire and the purpose of it was to assess to what extend the management of the departments adopt this strategy as a viable solution to change behaviour within the organization to adopt the new Supply Chain Management policy.

As discussed in Chapter 2, change management should be embraced and there should be a credible reason for the change. Commitment at senior or even executive level should be visible from the bottom and the change should be communicated as the process unfolds (Kirby, 2003).

As explained in Chapter 2, the 5-C protocol (Cloete, 2006) plays an important role in any change process and, therefore, also in the implementation of policies in general. These issues, such as content, context, commitment, capacity and clients and coalitions, were addressed during the interview process.

Some of the barriers to change, according to Kotter (1995) are the following:

- Not establishing the great sense of urgency
- Not creating a powerful enough guiding coalition
- Lacking a vision
- Under communicating the vision
- Not removing obstacles to the new vision
- Not systematically planning for and creating short-term wins
- Declaring victory too soon
- Not anchoring changes in the corporations culture

(b)(i) Content and Context

As stated in paragraph (a) above, departments concentrated mostly on the structural content of Supply Chain Management and have not emphasized the context of the whole framework, which would be addressing the compliance and spirit of the SCM framework. The institutionalization of the Supply Chain Management unit structure within the office of the Chief Financial Officer (CFO), and the establishment of the relevant Bid Committees are paramount in their assessment of the implementation of the Supply Chain Management Policy Framework.

Respondents were asked if they have completed the transition from the old to the new Supply Chain Management processes and procedures. Only two (2) departments have not completed the transition and one (1) respondent indicated that they have only recently made the transition. The main reason for not being able to make the transition hinged on the approval of the Supply Chain Management Unit structure and the filling of vacant posts. One respondent indicated that they recently made the transition to the new processes and procedures by means of a champion driving the process.

Respondents attributed the failure or slow implementation process on the lack or poor support received from management and the **management's** ignorance of the importance of Supply Chain Management. Other factors were poor understanding of management of the magnitude of the change needed, the mindset of existing employees scared of the change, shortage of skilled staff in the Supply Chain Management Unit, the availability of budget to implement the new structure and to fill vacant posts.

(b)(ii)Commitment

In order to achieve any change, it is necessary to establish sense of urgency (Kotter, 1995) as well as consensus and commitment (Kirby, 2003) with the management of an organization. The interview guide endeavoured to determine to what extent the departments communicated to and achieved top management support in the implementation process.

Nearly all the respondents responded that they had top management support, although only one department responded with an overwhelming passion and indicated that their department had full support from top management including the politicians or the Executive Authority (the

Member of Executive Council (MEC) responsible for a department in the Provincial Legislature). One (1) respondent indicated that, although they had the support of top management, their involvement only really became apparent when the department received a negative/adverse report from the Auditor-General with regard to Supply Chain Management. Six (6) respondents indicated that, although there was general support from top management, it was not demonstrated as was expected. This was, as explained, that it was due to the limited understanding of the policy and the importance attached by top management to the process. Most top managers only focused on the procurement function.

One (1) respondent was adamant that their department did not get any support from top management and that the implementation process was left to **“the foot soldiers”**. **Another respondent indicated that “there was no top management support due to the fact that they sort of treated Supply Chain Management as a monster, although it could be due to ignorance or that they were scared of change”**. **Change of management was also cited by one (1) respondent as an obstacle as it results in some problems of ignorance by the management in understanding the importance and the need for change.**

One (1) respondent indicated that top management seems to be more focused on its core functions than the support functions such as **Supply Chain Management**. **Another respondent is of the opinion that “Senior Managers wanted to go on with business as usual without conforming to the rules and regulations of Supply Chain Management”**. He also mentioned that Supply Chain Management is regarded as a stumbling block towards the completion of their processes and objectives and mentioned that this **“creates a problem because they cannot get the buy-in from the program managers who are supposed to support the process”**.

(b)(iii) Capacity

When the respondents were interviewed the overwhelming response on training was passionate on this issue. Capacity, includes the matter of the training of officials, was address in two categories namely, Supply Chain Management practitioners and non-Supply Chain Management managers. Although training was mentioned as a determining factor, the number of Supply Chain Management practitioners and the availability of Bid Committee members also played a role in determining the capacity of the department to exercise its Supply Chain Management mandate. Bid Committee members are not Supply Chain Management practitioners and have their own functions to concentrate on. Their Committee responsibilities are seen as secondary.

Supply Chain Management Practitioners

The respondents were asked how training needs for their officials involved in Supply Chain Management were established. The respondents indicated that training needs (course content) for departments were largely determined by reacting on training becoming available either through National and Provincial Treasury's initiatives. **The respondents indicated that all staff members should attend training either because they do not have the skills or to re-skill and refresh the Supply Chain Management practitioner's knowledge.** A skills audit was conducted according to five (5) respondents which provided a basis for their training initiatives. One respondent mentioned that a skills audit was only done after the Provincial Treasury did a need analysis for the Eastern Cape Province recently. Two (2) of the respondents mentioned that the need is vast and the training initiatives have

not been able to meet the demand as each training class can only deal with a limited number of trainees. This was especially a problem with the bigger departments as their number of trainees is much larger than other departments and therefore the impact of the slow pace of training, was also greater.

On the question whether the training had a positive impact on Supply Chain Management operations, eight (8) of the respondents acknowledged the training had a positive impact. Only four (4) respondents indicated that staff needs more advanced or specialized training. One respondent mentioned that the department would rather focus on a long term qualification rather **than ad hoc short courses, in order to enhance the individual's career opportunity.** Two (2) respondents mentioned that it was too early to determine the impact on Supply Chain Management operations, and three (3) responded that too few staff were trained to determine a noticeable impact on the Supply Chain Management operations. One (1) respondent mentioned that it is **"a little bit of a rough road"**. Another respondent mentioned that **"the demand for training is higher than the rate of training which is provided"** and although the training was adequate, those whom were trained, when returning to the office, found that **"the environment was not conducive to implement what they have been taught"**. One (1) respondent was adamant that in-service training was needed after formal training was received, in order for the trainees to receive hand-on advice and support in the field.

Non-Supply Chain Management Managers

Nine (9) respondents mentioned that none of the managers went for formal training short courses due to the fact that they do not make themselves

available for training. It was mentioned that some managers have pressures from their own line function and some do not see the need to go for training. Three (3) respondents mentioned that their departments embark on on-the-job training especially for those serving on the Bid Committees. One (1) respondent stated that it is a challenge to ensure all members are trained due to the rotation of members yearly.

However, the departments where managers have been trained, mentioned that the training had a positive impact on the operation of Supply Chain Management and the functioning of the Bid Committees. It was further emphasized that those managers who made themselves available for training, have vastly improved their level of understanding of Supply Chain Management processes and procedures and the importance to comply with the prescripts.

(b)(iv) Clients and coalitions

Eight (8) of the respondents indicated that there was at first very poor understanding of the purpose of Supply Chain Management from the side of senior/top management. The situation only improved when the importance of the Supply Chain Management Policy Framework and, the purpose and the objectives of the policy was communicated to non-Supply Chain Management managers (programme managers and end-users) as well as how it would affect the end-users and what they should be expecting in terms of the change in processes which would take effect. Three (3) respondents mentioned specifically that in their departments they had to change the mindset of all affected by Supply Chain Management processes and procedures in order to overcome the resistance within the department. This was done through workshops and one-on-one training sessions. Most

departments made use of workshops, meetings and circulars to communicate the Supply Chain Management policy processes, procedures and changes that would affect end-users during the implementation process. The respondents mentioned that they are still making use of these above mentioned methods due to the fact that the implementation process is ongoing as new practice notes and circulars are continuously issued from time to time by the National and the Eastern Cape Provincial Treasury.

As end-users and clients of the Supply Chain Management services in the provincial departments, they met some of the changes with resistance. Nine (9) respondents attributed the lack of cooperation from the departmental clients to the fact that the end-users saw the change in Supply Chain Management as delaying the procurement processes. One (1) **respondent claimed that the change was “extreme in the sense that we had to construct the environment” to make it conducive for the implementation** of Supply Chain Management. This included the restructuring of the Supply Chain Management Unit and segregation of duties. However, he claimed **these changes were “extremely positive because litigation against the department has been non-existent” in most recent years, due to sound** Supply Chain Management practices.

One (1) respondent commented that the resistance was due to the fact of end-users being comfortable to do their own procurement and the use of their preferred suppliers without opening the bidding process to all possible suppliers. He further stated that this could be due to the fact that the end-users have interest in the bid allocation and that corruption may even play a role.

Three (3) respondents claimed that they had very good support from their management and one (1) respondent even claimed that the political leadership was also very supportive.

(c) Project Management

The successful implementation of Supply Chain Management is based on how departments make use of implementation tools to help them guide them through the process. There are mainly two (2) methodologies the departments could use in the implementation process which are inter alia the National Treasury Checklist (2003) and the other being the best practices by making use of a project plan to track their progress in terms of the implementation process. The department also had the option to use both methodologies simultaneously. The use of the National Treasury Checklist (2003) was compulsory as the information was required by the National Treasury in order to assess the rate of implementation throughout the country. The use of a project plan was informally advised by the Provincial Treasury in order to track the implementation process in an orderly manner (Schwalbe, 2006).

Project Management is generally accepted to be a good management style and tool to use to track the progress of any project and the implementation process of any policy is no exception (Schwalbe, 2006). Project Management allows the responsible project manager (or implementation champion) to track the progress made throughout the project and to measure the achievements against said goals, milestones and timeframes. A further advantage in using this tool is that it provides a framework to plan the process adequately and to detect problems, even before it emerges, and implement corrective measures when necessary (Schwalbe, 2006).

Although a plan was introduced for all departments, assisted by the Provincial Treasury, this was not maintained by all departments and this leads to a correspondent lack of and decrease in the implementation process. Only five (5) of the respondents indicated that they made use of a project plan and they were also the departments that indicated that they have progressed more than 50% in the implementation process. This implies that seven (7) departments did not set timeframes or goals to achieve the implementation of the Supply Chain Management Policy Framework and also did not ensure thus for proper planning and budgeting of the implementation process. One (1) respondent explained that **“managers do not plan and seemed to have little interest to do so.”**

A project plan was used by four (4) of the six (6) departments, which rated their implementation process at 70% and higher. One (1) respondent, which rated their implementation process at 50% completion, also made use of a project plan. All three (3) departments which have not achieved more than 50% in the implementation process did not make use of a project plan. This implies that, of the twelve (12) departments interviewed in this study, only five (5) departments made use of a project plan.

Only two (2) departments which indicated that they made use of a project plan also indicated that they made use of a **“champion” to drive the process. Their success rate was perceived by them as “very good” and they also rate their policy implementation at 70% completion.** This emphasizes the need of project plans in the implementation process.

However, all departments have made use of the implementation checklist or tool which was provided by the National Treasury. This was in general done

because it was enforced by the National and Provincial Treasuries. The checklist however did not provide for timelines or milestones and it was left to the departments to decide how and when the policy would be implemented, although the legislation was explicit on the timelines (National Treasury, 2003a). The checklist also only made provision for the minimum requirements to be in place and it was only when the departments received adverse reports from the Auditor-General relating to Supply Chain Management Policy Framework compliance, that more emphasis on the checklist was placed.

(d) Factors within the Supply Chain Management Policy which poses challenges within the implementation process

The intention of the study was not to question the Supply Chain Management Policy Framework, but it was anticipated that there may have been factors within the said policy, which could create challenges for the successful implementation of the Supply Chain Management Policy Framework within the context of the provincial government departments, which indeed departments responded to in vastly different ways. However, there was a possibility that some aspects of the Supply Chain Management Policy Framework may have created challenges for departments in the implementation process.

Therefore, an open-ended question required respondents to identify any factors which they may feel posed challenges within the Supply Chain Management policy implementation process. These challenges are discussed in the following section.

(d)(i) Structure of Supply Chain Management Bid Committees and availability of appointed members

Some departments felt that the composition of cross-functional bid committees and the fact that the members may not serve on more than two committees, posed a challenge in the departments.

The policy provides for the composition of three (3) Bid Committees which are inter alia the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee. The members appointed on the Bid Specification Committee and Bid Evaluation Committee may not also be appointed as members of the Bid Adjudication Committee (National Treasury, 2003a).

The availability of senior managers within the smaller departments to serve on the various bid committees, are providing problems within those departments. Their own line function pressurizes them for service delivery and therefore they regard their duties on the committees as secondary. Three (3) respondents felt that the Bid Committees delay the process due to the unavailability of members of the committees.

Three (3) respondents felt it is also necessary to have a committee of quotations, which is not explicitly provided for in the policy. This was necessary to create transparency in the bids below the tendering threshold (from R200,000 it is required to engage in the full bidding process; below R200,000 only three (3) quotations are required) and to prevent other non-SCM managers misusing the provisions of the policy and reduce corruption and mismanagement.

The availability of senior officials (non-Supply Chain Management Officials) to serve on the various bid committees is another factor which poses challenges in small and big departments. Due to the fact that the bid committees should be cross-functional, the bid committee members regard the committee functions as secondary to their own line function and therefore the members do not always avail themselves during scheduled meetings. This results in a non-quorum of the meeting and subsequently meetings are either cancelled or postponed with the result service delivery is delayed. Due to the fact that members are also the end users, they would make themselves available only in respect to those bids which affects them directly.

(d)(ii) Structure of Supply Chain Management Bid Committees and availability of appointed members

Two (2) respondents cited the qualification of Supply Chain Management Practitioners, the lack of adequate resources and human resources, as a challenges faced by provincial departments. These challenges were further aggravated by the fact that the concentration of skills lies at the respective Head Office and the regions do not have the necessary skills to deal with the contracts, after bids have been awarded, and their day-to-day duties. Head Office staff has to deal with all the contracts and they do not have the capacity to deal with all the matters, which leads to a delay in responsiveness of the Supply Chain Management Unit.

(d)(iii) Structure of the Supply Chain Management Unit

Four (4) respondents cited the structure of the Supply Chain Management Unit as a challenge as it does not allow for uniformity in all departments.

Some areas are overlapping, such as risk management, which, in most departments, is dealt with by the Internal Control Unit and Supply Chain Management has its own risk issues to deal with. Similarly, the issue around Contract Management and the Compliance Unit poses overlaps in the departments. Structure guidance is sought by these departments in order to effectively run their Supply Chain Management operations and to cater for all the functions needed by the respective departments. Each department had to align their organizational structure to the Supply Chain Management Policy Framework, and it was left to their own interpretation of the said policy.

Two (2) respondents mentioned that the issue around “asset management is creating confusion” and the integration of Supply Chain Management and Asset Management pose a challenge for departments. Asset Management is part of Supply Chain Management but in one of the departments it is regarded as a separate discipline, namely financial management due to the disclosure of asset values in the financial statements. This makes integration, planning and the accounting of assets difficult. The terminology is also confusing as asset management is dealt with by the logistics function of Supply Chain Management, although departments such as the Department of Public Works and the Department of Roads and Transport have separate sections dealing with assets altogether, as it is their main function. These departments struggle to reconcile this discipline with Supply Chain Management and to coordinate these functions.

(d)(iv) Policy Alignment

One (1) of the respondents from a department, dealing with construction projects, mentioned that the Supply Chain Management Policy is not at the

moment aligned to the requirements of the CIDB (Construction Industry Development Board) processes and it is necessary to adapt the CIDB instructions to Supply Chain Management. The respondent explained that the normal Supply Chain Management Policy Framework was adapted in the department to orientate the staff on the requirements of Supply Chain Management Policy Framework, but **“to go forward they will have to draw in all the prescripts of the CIDB into the policy.”**

(d)(v) Top Management Support

Although this issue was discussed in paragraph (b)(ii) above, two (2) respondents maintained that the single most critical factor hampering Supply Chain Management Policy Framework implementation is the non-support, **“buy-in” and commitment of some the Head of Departments (HODs).** One (1) respondent suggested that, in departments where there is huge resistance, intervention from the National and Provincial Treasuries would be necessary, through consultation with the respective departmental Heads of Departments and Chief Financial Officers. In his view, the Provincial Treasury in particular, should **“through consultation, collaborate with departments and propose structures to replace old structure which hinders the smooth implementation of the Supply Chain Management Policy Framework.”** One (1) respondent is of the opinion that HODs should form part of the Provincial Supply Chain Management Forum.

Two (2) respondents emphasized that they would have appreciated more assistance and guidance from the Provincial Treasury on the processes and procedures to be followed by departments in the Supply Chain Management Policy Framework implementation. One (1) respondent mentioned that, although there was good guidance from the Provincial Treasury,

departments were “left on their own to run with the process and their operations”. **This is an interesting perception because, although the Provincial Treasury provided the departments with some of the necessary tools and templates, more hands-on assistance seemed to have been required.** The necessary training has been provided, only templates and tools are necessary to ensure any policy implementation. At the time, of implementation, even the Provincial Treasury was under-staffed to deal with the task at hand.

Another respondent said that enabling conditions were not in place prior to the Supply Chain Management implementation process. He questioned the communication process as well as the implementation process. The respondent also suggested that training and setup structures should be in place prior to the implementation stage.

(d)(vi) Communication

Two respondents indicated that better communication from national and provincial levels are needed in terms of changes and enhancement on the Supply Chain Management Policy Framework e.g. web accessibility or **“internet sites” to information, new practice notes and best practices.** One (1) respondent also indicated that it would be useful to benchmark his department against **other departments and the “lessons learned”** by departments. The respondent also suggested that the internet could be used **as a “project platform” to learn from the experiences of other departments.**

One (1) respondent was of the opinion that the Provincial Treasury is not in touch with the challenges, functions and disciplines of the various departments. The Provincial Treasury should have a better understanding

of these factors in order to support or allow for different procedures for departments in coping with the respective dynamics within a specific department.

4.3 SUMMARY

This research has demonstrated that there are many issues which impact on the implementation of the Supply Chain Management Policy Framework. In all the categories above, which were addressed some or other aspect impacted negatively on the implementations process.

Some aspects impacted more negatively than others. However, on the whole there are also many positive aspects to take into account which impact extremely positively on the Supply Chain Management Policy Framework implementation process. The major issues revolved around the structure, the workings and compilation of the Bid Committees and their members, the population of the structure and capacity, failure to understand the importance of the Supply Chain Management Policy Framework by role players (including top management support) and lack of training.

In the next chapter the recommendations and conclusions relevant to the implementation of the Supply Chain Management Policy Framework, will be discussed.

CHAPTER 5

DISCUSSION, RECOMMENDATIONS AND CONCLUSIONS

“The proof of the pudding is in the eating.”

(Cloete, Wissink and de Coning, 2006: 180)

5.1 INTRODUCTION

In Chapter 4 the results of this study were analysed and interpreted. This chapter contains the recommendations and conclusions based on the research findings of this study. It will also provide a brief summary of all the different chapters.

5.2 DISCUSSION AND SUMMARY

In Chapter 1 the problem statement for this study introduced and, briefly described the purpose, objectives, demarcation and research methodology.

Chapter 2 discussed the intellectual literature of Supply Chain Management legislation and theory as well as other factors which may cause implementation difficulties if it not applied during the implementation process. These have been identified as policy implementation principles based on project management and change management, which emphasized the 5-C protocol developed by Cloete et al (2006).

Chapter 3 dealt with the research design and methodology. In order to ensure the best results, this research study was designed on the basis of qualitative data collection and a purposeful sample of the Eastern Cape

Provincial departments in order to determine the reasons for Supply Chain Management Policy implementation failures or possible successes.

Chapter 4 analyzed and interpreted the results of this study. Interviews conducted with respondents from twelve departments were discussed and analyzed based on the theoretical framework described in Chapter 2.

In Chapter 5 the recommendations and conclusions are discussed, guided by the disciplines discussed in Chapter 4. The findings of interviews conducted with the respondents in Chapter 4, were discussed and recommendations made on how the implementation process of Supply Chain Management Policy Framework could be taken forward in order to improve the implementation process within departments. These recommendations will have a positive impact on service delivery and the goals set by government to enhance Black Economic Empowerment and uplift the previously disadvantaged people, within the context of the Supply Chain Management Policy Framework.

The findings are discussed according to the themes identified in Chapter 4.

5.2.1 The Implementation of the Supply Chain Management Policy Framework

Public Policy implementation is a common phenomenon in the South African context, especially since the new dispensation was introduced in 1994. The South African Government had to change a range of policies to eradicate the legacy inherited from the old apartheid system to the new non-discriminatory system.

The literature review contained in this research has shown that the implementation of the Supply Chain Management Policy Framework (National Treasury, 2003a) was mainly depending on the implementation tool/checklist provided by National Treasury (National Treasury, 2004b). This tool concentrated only on the structure of the Supply Chain Management Unit within the Office of the Chief Financial Officer, institutionalization of the Bid Committees and the training of relevant officials involved in the Supply Chain Management function.

Supply Chain Management Policy Framework implementation entails the implementation of the entire framework i.e. Demand, Acquisition, Logistics, Disposal, Risk and Performance Management (National Treasury, 2003a). However, when the research was done and departmental documents scrutinized, this research has demonstrated that only one department had in fact all the necessary components within its structures. The research has established that not one department has implemented Supply Chain Management in its full sense and most departments only focused on Demand and Acquisition Management. This is due to the emphasis the National and Provincial Treasuries have placed on the transition from the Tender Board System to the Departmental Bid Committees System, which allows the Accounting officers (AO) to make their own decisions with regard to tenders or bids without having to refer these to a third party such as the Tender Board.

This study has therefore only concentrated on the institutionalization of the departmental structures and has found that nine (9) of the thirteen (13) departments have achieved 50% implementation. This provides a about 70% implementation rate, which may at first glance sound good, but if one considers the period since the time when the Supply Chain Management

Policy was introduced in 2003 and the current scenario of only a 50% implementation rate, this is in fact not a favourable situation.

This study has demonstrated that compliance issues are already an issue in most departments and three (3) departments have still no approved structure in place, which are in line with the Supply Chain Management Policy Framework. Although most of the other departments have an approved structure in place, it is true that they have issues with the structure which need to be amended to deal with all the elements of Supply Chain Management, funding and filling of vacancies and, especially, the compliance issues which must still be addressed by all departments.

5.2.2 Change Management

The existing body of theory put great emphasis on change management and the associated resistance to change in any transition process. In government, this is often neglected, as it is assumed that all role players should and would like to embrace the change in order to redeem South Africa from its unfavourable past. However, resistance to change is a reality in any changing environment and whatever the reason for resistance, described by Kotter (1995), it should be effectively addressed by the champions of change as with the change in a public policy such as Supply Chain Management.

Moreover, the gap between making new policies and the implementation thereof is huge, and Cloete et al, (2006: 194), argued that "the five interlinked variables, also known as the 5-C protocol are critical to the success of policy implementation. The implementation of the Supply Chain

Management Policy is no different. The results are discussed in the next section in terms of these variables.

(a) *Content and Context*

Content and Context are two (2) of the five (5) elements in the 5-C protocol mentioned by Cloete et al (2006). Content refers to the policy itself, which **according to Cloete et al (2006: 197) "is important not only in the means it employs to achieve its ends, but also in its determination of the ends themselves and in how it chooses the specific means to reach those ends"**. As mentioned above the structural content which was concentrated on in this study.

Firstly, as Jackson (2004) suggested, it is critical to get total support from all levels in the organization when Policy change is embarked upon and this can only be obtained if the Head of the Department (HOD) is well acquainted with the Policy and its importance. Secondly, all staff, involved directly and indirectly, needs to have sufficient knowledge of the topic/policy. Lastly, a champion or project leader, as mentioned by two (2) respondents, with sufficient project management skills should drive the process. Three (3) respondents mentioned that these champions were responsible to ensure on-the-job training was used to train especially Bid Committee members.

This study has demonstrated that context and content must be properly understood by all parties involved in and affected by the implementation process for it to be successful.

(b) Commitment

Another element addressed by the 5-C protocol Cloete et al, (2006), is commitment. The commitment of the top management, including the Executive Authority, management in general, line function managers and Supply Chain Management practitioners are the cornerstones of the implementation process. Without the commitment of the key role players, the implementation is at a dead end and stillborn.

Jackson (2004) stated that management and staff need to share the same objective for the future. This study has shown the implementation process will follow easily when knowledge of the Supply Chain Management Policy Framework, by communicating the importance and benefits the Supply Chain Management Policy Framework will achieve and, commitment by all role players in the Supply Chain Management Policy Framework.

This research established that commitment in the execution of the implementation process was a burning issue. Although some departments indicated that their management was absolutely committed to the implementation process, some respondents indicated that this was indeed not the case. Similar to the view of Cloete *et al* (2006), two (2) respondents indicated that top management commitment and strong leadership was important and therefore, in this case, it was lacking. It was found that this was because the Supply Chain Management Policy Framework was not understood by the top management and the officials in the Supply Chain Management Unit did not have sufficient or, even any knowledge in terms of the new policy and subsequent procedures that needed to be implemented. This leads to fear of the unknown and the perception that the implications for all the role players might be perceived to be negative. This further leads

to role players casually going along with the implementation but not committing to the success of the implementation process.

(c) Capacity

Training on the new policy and the lack of sufficient staff and relevant role players of Supply Chain Management were found to be of particular concern during the implementation process. Most departments sited this as a burning issue and a major stumbling block.

Supply Chain Management Practitioners

This research has established that the capacity of Supply Chain Management officials is particularly challenging in the implementation process of Supply Chain Management Policy Framework. The staff do not have the knowledge required to execute the processes within supply Chain Management and/or assist with the implementation process. Some respondents were of the opinion that the process to identify relevant role players for training, was not executed in a satisfactorily manner. In many cases the wrong people were trained. This lead to the fact that the training programme has to be extended so that more relevant people get the opportunity to receive sufficient training.

The uncertainty identified by Supply Chain Management staff was hampering the smooth implementation of the policy and proved to be slowing down processes within the unit. Their supervisors are also not knowledgeable about the Supply Chain Management Policy Framework, processes and procedures, and their advice is leading the unit to a poor or wrong decision.

Therefore, as Jackson (2004) stated, it is important to skill the relevant officials in order to be equipped for the job requirements.

Non-Supply Chain Management Managers

The lack of knowledge of what role Supply Chain Management Policy Framework is supposed to achieve, the processes which they needed to comply with, their own perception of application of the policy and the lack of technical understanding of the Supply Chain Management policy are some of the problems cited by the respondents. This can lead to corruption and mismanagement of procurement processes which need to be in compliance with the legislation. It also leads to wrong decision-making processes and misleads the approval authority and/or the Accounting Officer.

This study established that the training programme was further compromised due to the fact that these role players did not make themselves available for training due to other commitments, not understanding the importance of the policy or lack of interest in learning the functions associated with the policy. Change management then becomes a costly and fruitless engagement (Sekwati, 2003).

(d) Clients and coalitions

People are afraid of change in general and any change needs to be managed with regard to all affected role players. End-users are critical in the Supply Chain Management Policy implementation process due to the fact that they are the ones who should benefit from the outcomes of the policy. The importance of the policy functions, processes and outcomes need to be communicated to the end-users to ensure their participation and cooperation

in the policy implementation. In a similar manner to Sekwati (2003) and Jackson (2003), this study has shown that, resistance to change and the changing of the mindset of role players, are factors which are important to the implementation process.

5.2.3 Project Management

The Australian model (Australian Government, Undated) and the model by the United Kingdom (Undated) discussed in Chapter 2 provided a strong emphasis on project management and made provision for templates and a step-by-step guide in the implementation of any policy.

This study has shown that, although it was emphasized to the Eastern Cape provincial departments that they need to follow a project management approach, as well as being given an implementation tool in the form of a checklist, to implement the Supply Chain Management Policy Framework, more could have been done to assist departments in the implementation process. As in the Australian model (Australian Government, Undated, a generic policy implementation project plan together with templates to guide them in the implementation process could have assisted departments with a much smoother implementation process. This uncertainty by the Eastern Cape Provincial Administration could have been avoided and it should have been driven by the National Department of Public Service Administration in conjunction with the National Treasury.

5.2.4 Factors within the Supply Chain Management Policy which poses challenges within the implementation process

Although it was emphasized in this study that the Supply Chain Management Policy Framework itself is not under scrutiny, it was however anticipated that there might have been factors in the Supply Chain Management Policy itself which create difficulty in the implementation process.

According to some respondents the following factors were highlighted:

(a) Structure of Supply Chain Management Bid Committees and availability of appointed members

It was observed, especially in the smaller state departments of the Eastern Cape Provincial Administration that it was a challenge to ensure that the structure of the Bid Committees is cross-functional and that members do not serve in more than two committees (National Treasury, 2003a). It is also advised that relative senior managers serve on these committees as their decisions have administrative, legal and financial implications for the departments. The availability of such members as well as the fact that this is a secondary duty which they have to cope with, poses challenges to these managers to avail themselves of their services.

Due to this fact, the study demonstrated that departments have been creative in establishing an additional committee to deal with the evaluation of contracts with a lesser value and which follow a quotation process. This addresses the problem in order to accelerate service delivery, however, more committee members need to be trained to deal with procurement

issues. Availability of these managers with the necessary skills remains a challenge.

(b) The Vacancy Rate and the Capacity of Supply Chain Management Practitioners

The research has shown that, some departments have indicated that the vacancy rate of the departments as a whole, as well as the Supply Chain Management Unit, posed challenges to the implementation process. The Government did not address the issue of capacity, and the funding thereof, before the Supply Chain Management Policy Framework was introduced and promulgated. By the time the legislation was enforced, departments were mostly left on their own to address issues of capacity building without additional funds or training provided to retrain existing staff.

(c) Structure of the Supply Chain Management Unit

One of the factors mentioned by four (4) respondents was the organizational structure of the Supply Chain Management Unit as it does not allow for uniformity across departments in the application of the functions of the Policy. Respondents were unsure as to where specific functions such as Contract, Asset and Risk Management fits into their organizational structure. The functions, especially contract and risk management, have a direct impact on the Supply Chain Management Policy Framework but also have bearing on other functions within a department e.g. financial and human resources management.

(d) Policy Alignment

One respondent was of the opinion that certain aspects of the policy are not aligned with other legislation and instructions, especially procurement requirements in the building industry which also have to conform to the Construction Industry Development Board (CIDB) requirements. The Supply Chain Management Policy Framework should take these requirements into account and align them with these requirements in order to avoid confusion and conflicting regulations.

(e) Top Management Support

Two (2) respondents were adamant that the single most important factor which hampered the implementation process of Supply Chain Management Policy was the lack of, at least sufficient, top management support. This fact hinged on the commitment referred to in change management mentioned above. Without the full support of the Head of Department (HOD), Chief Financial Officer and Senior Management in general, all efforts are wasted as the rest of the department senses the non-commitment of the top echelon and reinforces the culture of resistance to change.

(f) Communication

Similar to Nel *et al* (2007), Hitt *et al* (2005) and Jackson (2004) as stated, two (2) respondents cited communications as a challenge in the implementation process in order to effectively enhance the change process from the old to the new policy and effect participation of all involved. Communication from National and Provincial Treasuries to departments and

between departments is important to benchmark best practices in order to deal with challenges within the implementation process.

In the following section conclusions and recommendations will be formulated to address the challenges in the implementation process of the Supply Chain Management Policy.

5.3 LIMITATIONS OF THE RESEARCH

Although a positive link between the findings of this study and as mentioned in the existing body of theory on implementation process of Supply Chain Management Policy Framework can be demonstrated, the importance of this study was to identify reasons and provide a better understanding for poor and varied policy implementation in the Eastern Cape Provincial Administration.

This study used the constructivist paradigm in the form of a case study to achieve this understanding and thus the research was successful in developing some understanding on the challenges faced by the Eastern Cape Provincial Administration during the implementation of the Supply Chain Management Policy Framework.

However, the research has its limitation. It was the intention to interview senior officials of all provincial departments, however, interviews could be conducted with senior officials from only twelve (12) of the thirteen (13) departments. The Department of Roads and Transport was excluded from the process as the senior official of that department was not available at the time of this study. It is therefore possible that an important perspective on this research may have been missed.

5.4 CONCLUSION

In light of the above findings of the problems and challenges identified with the implementation process of Supply Chain Management Policy Framework, the following recommendations are made:

- The departments must be provided with a step-by-step guide to implement the Supply Chain Management Policy Framework and, be provided with templates for each step to assist with the implementation process. Furthermore, the National and Provincial Treasuries must increase their efforts to assist the implementation process;
- An extensive training programme needs to be implemented to capacitate all role players in order to perform their duties;
- The generic structures provided to departments to assist with the implementation process should be expanded to deal with all the functions of the Supply Chain Management Policy. This should further be enhanced through the assistance to departments with departmental specific needs to deal with challenges of individual departments;
- Departments should make use of the 5-C protocol developed by Cloete et al (2006) to deal with issues of change management, with specific emphasis on commitment, capacity building and training of all role players involved in the Supply Chain Management process;
- A Project Management approach must be used to guide the implementation process and provide timelines in the implementation process;

- Departments should be guided on how to deal with policy specific challenges such as the composition of Bid Committees and policy alignment to other relevant legislation;
- The Eastern Cape Provincial Treasury specifically must make an assertive effort to communicate and train the top management (including the Executive Management and Heads of Departments) in order to solicit their full support and buy-in;
- An effective communications strategy must be developed by the National and Provincial Administrations to communicate any changes and enhancements to the Supply Chain Management Policy; and
- A further study should research the effective implementation of the Supply Chain Management Policy in terms of compliance and adherence to the legislation, rules and regulations by departments.

The objectives of this research study as stated in Chapter 3, were to:

- Describe the progress of implementation within the thirteen departments in the Eastern Cape Province.
- Describe the implementation tools used for the implementation of Supply Chain Management by departments.
- Describe and analyze the influence of project management, change management, capacity building and management involvement in the implementation process within the provincial departments.
- Analyze the information from the semi-structured interviews and interview guide.
- Assess potential areas for improving the implementation of the Supply Chain Management policy application.

These objectives were met through data collection by means of an interview guide with open-ended questions, analysis and evaluation of the implementation process of the Supply Chain Management process, followed by twelve (12) departments in the Eastern Cape Provincial Administration and subsequently recommendations were made to improve the implementation process.

One of the cornerstones and the spirit of the Supply Chain Management Policy Framework is the fact that it should be uniformly applied throughout the government sector and this has not been addressed by this study. The intention of this study was to focus only on the implementation process and not the essence of the policy. This should further be research to determine how well the departments have implemented the Supply Chain Management Policy Framework in terms of the compliance and adherence to the legislation, rules and regulations.

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ANNEXURE A



RHODES UNIVERSITY
INVESTEC BUSINESS SCHOOL

INTERVIEW GUIDE

Introduction

The questionnaire and interview are part of my study to perform an evaluation of the SCM Policy Implementation Process in the provincial departments of the Eastern Cape Province. It is being conducted as part of my studies for a Masters of Business Administration at the Rhodes Investec Business School. The aim of the study is to identify factors contributing to the departmental successes or failures in implementing SCM, in order to improve the implementation process. You have been chosen in your capacity as an authority on the subject within your department, with 12 other departments participating in the study. Your identity would be kept confidential in my dissertation. Please answer and discuss the questions raised only in terms of your own experience in your department.

(Check understanding)

I would like to have your permission to record and make detailed notes of our discussion. Do you agree to this?

(Check agreement)

The Head of the SCM Unit

Department: _____

1. Did your department implement the Supply Chain Management (SCM) policy? If so, please rate the completeness of SCM implementation on a scale of 1 and 10. (1 being bad and 10 being fully implemented) If not, when do you think you will complete implementation?
2. Have you completed the transition to the new processes and procedures? If not, by when do you expect this to be completed?

3. What do you attribute to the success or failure of the transition from the old system to the new SCM?
4. Has your department's SCM Unit been institutionalized and have posts in the SCM Unit been aligned to the SCM Framework? If not, what in your opinion, needs to be done to remedy the situation?)
5. Did your department make use of the SCM implementation tool provided by the National Treasury? If not, why and what tool or mechanism was used?
6. Did you have top level management support? If so, to what extend? If not, what do you think was the reason for it?
7. Did you use a project plan to help you guide you through the process? If not, what tool or mechanism did you use? Was it executed as planned?
8. Do you feel you had success in implementing SCM? If so, which factors contributed to the success?
9. In the implementation process/plan, did you have to persuade other non-SCM managers to engage in the process? If so, how did you do it? Provide a short description of your success.
10. Did you have to change any processes or procedures in your department due to implementing the SCM policy? If so, what were those and how did it effect operations?
11. How were the training needs of SCM officials and practitioners been determined?
12. Was your department's SCM practitioners adequately trained? If so, did that have a positive impact on the implementation process? If not, what are the reasons?
13. Were other role players (non-SCM Managers and SCM Committee members) adequately trained? If so, did that have a positive impact on the implementation process? If not, what are the reasons for not having a positive impact?
14. Were there any constraints in the policy which presented challenges during implementation? If so, what were they?
15. Did you encounter any resistance within your department? If so, give reasons and how did you deal with it? Were change management process instituted?
16. Do you think implementing SCM has made your department more efficient and effective? If so, why?
17. Did you used any specific management process to promote the implementation of SCM? If yes, explain.
18. Do you or your department have any specific ideas where implementation of SCM could have been improved? If so, explain.