PROCUREMENT PRACTICES EMPLOYED WITHIN THE COMMUTER BUS INDUSTRY IN THE GAUTENG PROVINCE OF SOUTH AFRICA

by

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DECLARATION OF AUTHENTICITY

I, **Thobeka Ngcamphalala** (Student no. 46831169) declare that **PROCUREMENT PRACTICES EMPLOYED WITHIN THE COMMUTER BUS INDUSTRY IN GAUTENG** is my own work; that all sources used or quoted have been indicated and acknowledged by means of complete references, and that this dissertation was not previously submitted by myself or any other person for degree purposes at this or any other university.

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ABSTRACT

The purpose of this study is to explore procurement practices employed within the commuter bus industry in Gauteng. The contemporary procurement practices employed within the commuter bus industry in Gauteng have propagated a number of challenges for this industry, including a deficit in the allocated funds and a lack of coordinated relationship between the relevant stakeholders. This study is both descriptive and exploratory in nature and employed a mixed-method research approach to collect the research data. The data was collected from a sample of 18 respondents who are key stakeholders directly involved in the procurement of subsidised commuter bus services in Gauteng by means of a face-to-face interview using a semi-structured questionnaire.

The findings of the study revealed that there are three types of procurement practices employed within the commuter bus industry, namely, interim, negotiated and tender contracts. However, all these contracts are now outdated, due to the complex implementation of the policies guiding procurement. The study also revealed that there are minimal contributions towards the socio-economic objectives within the commuter bus industry. This has led to uncoordinated relations between the government officials and the subsidised commuter bus operators. Furthermore, there are challenges hindering effective procurement in the commuter bus industry, such as under-funding, fronting activities, frequent reshuffling of transport personnel and inconstant allocation of funds. The study also noted differences in the application of procurement practices between the government officials and the subsidised commuter bus operators, in terms of the industry's contribution towards socio-economic objectives, policies and regulations, relationship and the challenges faced within the industry. Efficient procurement practices can contribute significantly to the commuter bus industry, especially towards job creation and economic growth. The study concludes with a recommended framework for enhancing the procurement practices of the commuter bus services in Gauteng.

Key terms: procurement, public procurement, commuter bus operators, government officials

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ABBREVIATIONS & ACRONYMS

The following abbreviations are used throughout the dissertation:

ANC	African National Congress
BBBEE	Broad-Based Black Economic Empowerment Act
B-BBEE	Bus Sector Broad-Based Economic Empowerment
BEE	Black Economic Empowerment
BRT	Bus Rapid Transit
CFO	Chief Financial Officer
CPAR	Country Procurement Assessment Report
CSIR	Council for Scientific and Industrial Research
DORA	Division of Revenue Act
DoT	Department of Transport
DTI	Department of Trade and Industry
EMEs	Exempted Micro Enterprises
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
GPDRT	Gauteng Provincial Department of Roads and Transport
HDIs	Historically Disadvantaged Individuals
HOD	Head of Department
IC	Interim Contract
IPTN	Integrated Public Transport Network Plan
IRPTN	Integrated Rapid Public Transport Network Plan
ITPs	Integrated Transport Plans
KZN	KwaZulu-Natal
LRTBs	Local Road Bus Transportation Boards

MFMA	Municipal Financial Management Act
MTD	Model Tender Document
NC	Negotiated Contract
NLTA	National Land Transport Act
NLTTA	National Land Transport Transition Act
NTPS	National Transport Policy Study
NT	National Treasury
NTA	National Taxi Alliance
NTC	National Transport Commission
OCPO	Office of the Chief Procurement Officer
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework
PUTCO	Public Utility Transport Corporation
PTOG	Public Transport Operations Grant
QSEs	Qualifying Small Enterprises
RDP	Reconstruction and Development Programme
SA	South Africa
SABOA	Southern African Bus Operators Association
SAHO	South African History Online
SANTACO	South African National Taxi Council
SCM	Supply Chain Management
SMME	Small, medium, micro enterprises
SPSS	Statistical Package for Social Sciences
TC	Tender Contract
TETA	Transport Education and Training Authority
UNISA	University of South Africa

CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

Procurement constitutes the biggest part of an organisation's expenses (Dlamini & Ambe, 2013:100). It is seen as a crucial activity, whether it is for a household, an organisation or the government (Choi, 2010:1). Mahmood (2010:107) states that government expenditure constitutes 18.42% of the world's gross domestic product (GDP). This function operates in an environment of increasingly intense scrutiny which is driven by technological developments and high social and political expectations (Eyaa & Oluka, 2011:35). In South Africa (SA), procurement by government constitutes 22% of the GDP (Bolton, 2016:8). According to the National Treasury (2015:3), for the period 2013/2014, the South African public sector spent R500 billion on goods, services and construction work. Similarly, within the South African public transport sector, procurement constitutes 23.4% of the GDP according to the 2014/15 budget (Suka, 2014).

In SA, procurement, seen as a strategic tool for socio-economic development, is guided by the Supply Chain Management Policy Framework developed in 2003 (Ambe, 2016:280). The adoption of the supply chain management (SCM) framework, led to the development of the SCM policy. Hence, each government entity is driven by its own SCM which is unique to its operations. However, the commuter bus industry is complex and its operations are not in line with the recommended regulations.

Procurement in the industry is marred by a lot of challenges, such as the fact that to date no new contracts have been concluded since 2001 (Walters & Manamela, 2016:3). In addition, the current practices favour the subsidised (commonly known as the formal) operators over the unsubsidised (informal) ones, with the former benefitting from government contracts. In addition, most of the old operators are still in the system, limiting the opportunities for new operators to successfully enter the market.

Although transport policies have been developed to guide this industry, they have not been fully implemented and have led to the current operational challenges this industry is facing (Walters, 2014:4). For example, stakeholders are disagreeing on the specific procurement practices to apply and this has added to the general dysfunctionality in

the industry (Simpson, McKay, Patel, Sithole, Chipp & Mambo, 2012:23). According to the Southern African Bus Operators Association (SABOA) (2015), the procurement practices being employed in the industry do not meet the needs of South Africans, neither in terms of business opportunities and growth for the operators, nor in terms of the rendering of commuter bus services which affect the commuter services at large. There is a huge gap between the ideal commuter bus industry and the actual operations (Munshi, 2014:1). There are limited studies conducted on the commuter bus industry in South Africa (Manamela & Walters, 2016:11). Most of the studies in the commuter buses focus on policy implementation such as Walters, 2014; Luke & Heyns, 2013. Following the deliberations above, a research gap was identified. Hence, the need for this study.

The study explores the procurement practices within the commuter bus industry in Gauteng. The study makes a contribution to the body of knowledge by providing an understanding of the procurement practices employed in this industry in Gauteng, as well as SA at large.

1.2 CONTEXTUALISATION OF THE PROBLEM

This section of the chapter provides a contextualisation of the problem that necessitated the study. The first section presents an overview of procurement practices in general, followed by a discussion of procurement practices in the SA context. The background to the procurement policies and practices employed within the SA government, and the review of the history of procurement in SA, are both essential to understanding the progression and transformation of this function. This section concludes with a discussion of procurement practices in the commuter bus industry, with special reference to the Gauteng province.

1.2.1 Review of procurement practices

Procurement refers to the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time and in the right place, generally through a contract (Munzhedzi, 2016:2). Fourie (2015:38) defines procurement as a business function with an economic activity, a business process in a political system, and as a strategic profession. Procurement also serves as a management function, employed as a value-adding process by a specialised

department or unit. It can also be used as a social tool, allowing tax money to be returned to domestic residents, creating more jobs and reducing imports (Arrowsmith, 1996; Fourie, 2015, citing Migayiwa, 2006).

Procurement can be broadly divided into two types: public and private procurement. According to Mwacharo (2015:14), public procurement is the procurement done by or on behalf of ministries, departments of central and local government, and state corporations. Akafia (2007:10) defines public procurement as the way in which government-funded entities contract various types of civil works and procure goods and other services. These goods and services include standard to large expenditures, for example, standard items such as stationery, and larger items such as the construction of roads, and key services like education (Dzuke & Naudé, 2015:1). According to Naidoo (2016:13), public procurement is the acquisition of goods, services and works by a procuring entity using public funds in a country, and is concerned with contracts between the government and the private entity in many different arears such as health services, the military and construction. In addition to fulfilling the welfare of the public, public procurement has also proven to be a successful management tool of public resources (Ambe & Badenhorst-Weiss, 2012:245). It has also been used by governments to achieve socio-economic objectives, such as improving the economy, protection against foreign competition, stimulating competition within industries and various other economic benefits (De La Harpe, 2009:6). See Figure 2.1 in Section 2.3 that depicts a flow chart of procurement.

According to Akafia (2007), public procurement amounts to approximately 50% to 70% of government expenditure in Africa. Its expenditure continues to increase at a high rate (Ambe, 2016:278). One of the main reasons is that this function is marred by corruption, because of factors such as the huge amounts of money involved, the presence of unsupervised discretion; budgets that may not be tied to specified goals, and payments that are not related to performance (Bolton, 2006:341). According to the 2014 report of the Auditor-General, unauthorised expenditure of public funds amounted to R2.9 billion per year and irregular expenditure to a staggering R28.3 billion, while fruitless and wasteful expenditure rose to almost R1.8 billion (Bolton, 2016:26). This has led to an increase in the number of countries and/or organisations bestowing a strategic status on this function, in order to eliminate the mismanagement of funds and to prevent corruption within an organisation (Ambe & Badenhorst-Weiss,

2012:245). Procurement has evolved from a transactional-oriented function to a strategic contributor (Tate, 2015). In SA, public procurement is used as a tool to promote the socio-economic well-being of SA citizens (Vabaza, 2015:27). This will be elaborated on further in Section 1.2.2.

1.2.2 Procurement practices in the South African public sector

Under the apartheid government (pre-1994), procurement practices favoured large, established companies and it was difficult for small businesses to partake in business with the government (Ambe, 2016:279). Before the constitutionalisation of government procurement in SA, the State Tender Board Act governed procurement at national and provincial government levels, while procurement at local levels was governed by various other pieces of legislation related to the procurement of goods and services (Jones, 2015:11; Thai, 2009). However, over time the regulations to the State Tender Board Act were amended to allow for flexibility in the procurement processes.

When the new government took power in 1994, procurement was given a constitutional status and was put under the management of the National Treasury (Ambe & Badenhorst-Weiss, 2012:245). The National Treasury was given the responsibility of managing and overseeing government expenditure, and they exercised overall responsibility and oversight for the public procurement policy at national, provincial and local levels. As a means of addressing past imbalances and promoting socio-economic objectives, the new government embarked on policy reforms on the procurement practices of the country (Motuba, 2014:12). These were aimed at promoting the principles of good governance, to enable easy access to tendering information and to provide simplified documentation. The reform practices were embedded in Section 112 of the Municipal Financial Management Act No 56 of 2003 (MFMA) and Section 76 (4) (C) of the Public Finance Management Act No 1 of 1999 (PFMA) and the Preferential Procurement Policy Framework Act No 5 of 2000 (PPPFA).

In 2001, the National Treasury, in combination with the World Bank, conducted an audit assessing the progress on the proper implementation of procurement practices throughout the public sector (National Treasury, 2003:2). A number of inconsistencies were identified within the operations, specifically in terms of the interpretation and implementation of the PPPFA and related policies (Ambe & Badenhorst-Weiss,

2012:243). This joint Country Procurement Assessment Report (CPAR), then led to the adoption of the Regulatory Framework for Supply Chain Management in 2003, entitled “Policy to guide uniformity in procurement reform processes in government” which, in conjunction with provincial treasuries, replaced the outdated procurement practices within provinces and municipalities.

This policy aimed to promote uniformity within the SCM processes and also in the interpretation of government’s preferential procurement legislation and policies (National Treasury, 2005). This was also meant to serve as a guide to the different organs of the state when implementing their unique SCM policies, and would be updated on a regular basis to be in line with new SCM developments within the government. It also transferred the responsibilities and accountability of SCM-related functions to the accounting officers/authorities. However, this document did not replace the Public Finance Management Act, no. 1 of 1999, as amended by Act 29 of 1999 (PFMA), as well as the Preferential Procurement Policy Framework Act, no. 5 of 2000 (PPPFA) (National Treasury, 2004). Figure 1.1 shows the elements of the SCM model and how the procurement function fits in the SCM process.

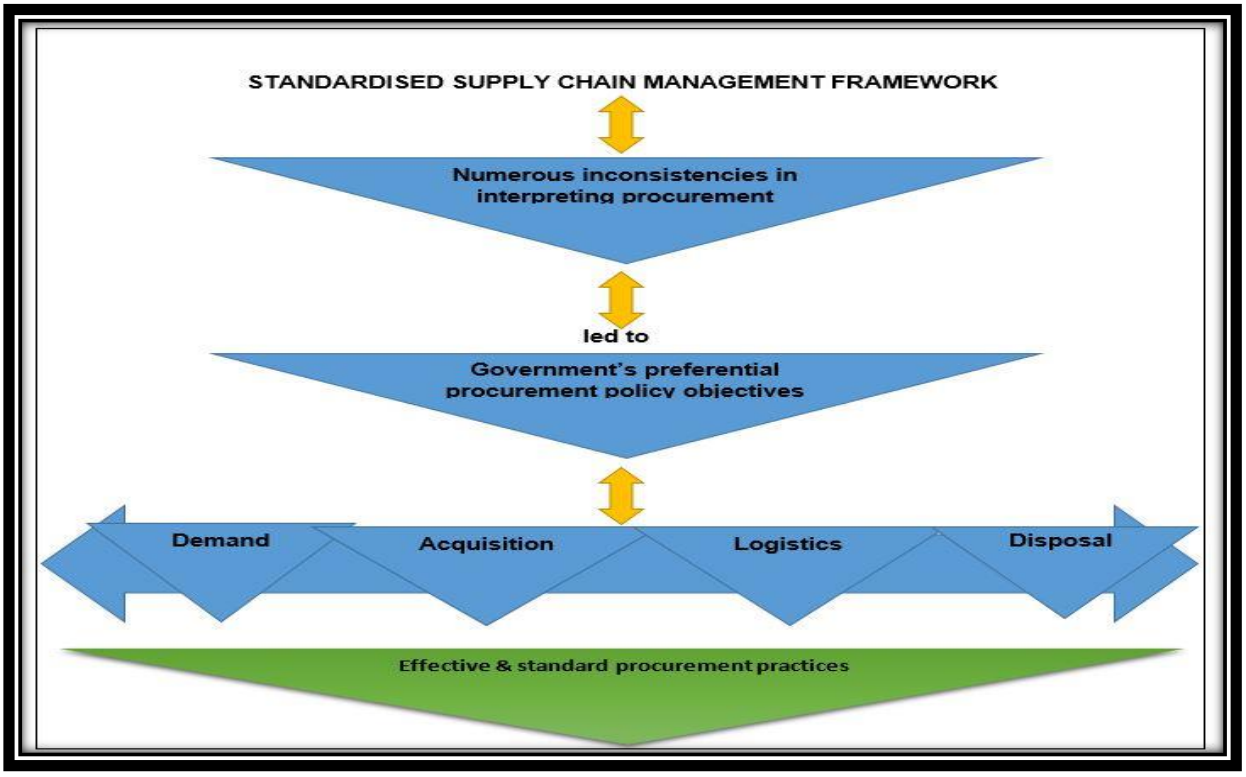


Figure 1.1: Generic elements of supply chain management

Source: Compiled by researcher

The generic elements of SCM are demand, acquisition, logistics, disposal, risk and supply chain performance management (National Treasury, 2015). The next section that follows provides a brief perspective on the procurement practices employed within the commuter bus industry.

1.2.3 Procurement practices within the commuter bus industry

A commuter bus can be defined as a scheduled bus that is assigned for short travel distance of 100 kilometres or less, mainly utilised by the working population as a mode of transport from their places of residence to their places of employment (Public Service Commission, 2017:4). Commuter buses are used within the commuter bus industry, which falls under the auspices of the Department of Transport (DoT) and forms part of the public transport spectrum (Walters, 2014:1). This section of the DoT is responsible for passenger transport, together with the train and minibus taxis industries. This industry is then further divided into municipal buses, the new Bus Rapid Transit system and subsidised and unsubsidised buses (DoT, 2013).

The focus of this study is on subsidised commuter buses. The industry provides public transport services to people commuting to work, learners travelling to and from school, and individuals who are seeking access to employment, hospitals and other services. According to SABOA, there are about 25 000 buses in the country, with about 18 000 buses being involved in formal public transport services (for reward), while about 6 000 buses are operating in commerce, industry and government institutions where they are mostly used for in-house purposes (not for reward). The majority of the buses are found in Gauteng, with 2 590 buses operating in the province. Amongst the nine provinces of South Africa, the Western Cape has the second number of buses, followed by KwaZulu Natal.

The commuter bus industry is a strategic sector of the DoT and SA in general, as it makes a significant and huge contribution towards the economic and social development in SA (SABOA, 2016).

The procurement practices in the commuter bus industry cannot be separated from the history of the country (DoT, 2002). South Africa has a history of discriminatory and unfair practices, where certain groups were marginalised and prevented from accessing government contracts (Fourie, 2015:39). To be able to move workers between their homes (in the outskirts of cities) to the urban areas where they worked,

the apartheid government introduced subsidised bus services. According to Walters (2014:2), the commuter subsidy system was originally based on tickets sold over specific distances. Unfortunately this system was abused, with operators and government officials defrauding the system, claiming for more passengers than transported.

In 1986 the White Paper on National Transport was introduced. This allowed the minibus taxis to enter the bus industry, which led to intense competition. This competition led to increased subsidy levels per passenger. The White Paper further stipulated that the bus services had to be put out to tender (Walters, 2014:2). In 1987, the bus services were put out on tender, as a pilot to see if the tender system would work in the bus industry. However, this did not last, because the system was severely criticised which eventually led to the subsidy policy being phased out completely.

The industry has undergone some major transformation, especially after the introduction of the National Land Transport Transition Act, no. 22 of 2000. This act made provision for the transition from the previous subsidy system, with the introduction of the interim and tender subsidies.

Walters (2014:3) asserted that due to transformation in the SA public procurement system (White Paper on National Transport Policy, 1996), reforms were initiated and competitive bidding was introduced in the procurement of commuter buses. To support the SCM framework, various legislations were introduced, including the Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (PPPFA) (National Treasury, 2003). The SCM further advised that each government entity should adopt its own SCM framework to suit its own operational needs (National Treasury 2015). In line with these developments and like any other government entity, the commuter bus industry was required to adopt an SCM framework, and as a sub-section within the DoT, it had to adopt the same SCM framework guiding this department (DoT, 2011). The SCM framework guiding the DoT was adopted in 2011 and guides the procurement practices employed in this industry.

The section below presents a brief discussion of the types of procurement practices employed within the industry, procurement's contribution to the commuter bus industry, policies and regulations guiding the industry, the relationship status amongst the stakeholders, and challenges facing the industry.

1.2.3.1 Types of procurement practices in the commuter bus industry

The current procurement practices employed with the commuter bus industry were adopted as a means to restructure the industry to improve competition within the commuter bus industry and to provide transparency between government and bus operators. According to Walters and Cloete (2008:1163) and Walters (2010:363), as enacted in the NLTA of 2009, there are two basic types of procurement methods employed in the commuter bus industry, one based on the sale of tickets (negotiated contracts) and one based on kilometres travelled (tender contracts). However, before either of these two were introduced, interim contracts (ICs) came into play as discussed below:

- **Interim contracts:** These were introduced as an interim measure in 1997 to assist operators become financially ready for the tender practice (Walters, 2010:362). These were based on the original services offered by the operators at the time, and operated on a passenger-based subsidy.
- **Tender contracts:** In 1997, following the challenges of the ICs, the government introduced the tender contracts without delay in line with the White Paper policy objectives (Walters, 2010:363; Walters, 2014:2). These are government controlled, with the government specifying the required services and inviting operators in an open market to tender for these services. The aims of these contracts were to encourage the participation of new entrants, to empower small operators and also to enable the transparent monitoring of the funds for this industry.
- **Negotiated contracts:** Between 1999 and 2000, through the National Land Transport Transition Act (NLTTA), the negotiated contracts were introduced. Originally, they were intended to assist government-owned and municipal operators who were financially unfit to participate in competitive tendering (Walters & Cloete, 2008:1163). This Act was later amended to, under certain conditions, make provision for private sector companies. These include small operators and previously disadvantaged persons who were excluded due to unfair discrimination.

No new contracts have been concluded since 2003, mainly due to future transport plans, lack of funds and labour concerns regarding job security (Walters, 2014:2,

Competition Commission, 2018). The existing contracts have been operated on a month-to-month basis since 2003 when they actually reached their end-of-term. These arrangements have caused a lot of frustration for the operators, mainly due to the limited progress on the formation of new contracts and the limited inclusion of new operators (Venter, 2015). The main reason for these types of delays is because the government has and is working on integrating the whole public transport sector. For example, the government is planning on extending bus services, refurbishing commuter rail, linking high-volume corridors, and integrating all these sectors into an effective system (Munshi, 2014).

In 2015, the terms of these contracts were reviewed and amended with addendums in efforts to again prepare the relevant operators for competitive tendering. Agreements between the individual operators, the different transport MECs, and the Minister of Transport were signed to support this arrangement. The Gauteng operators signed a two-year agreement which was effected from 2014, and operators in the rest of the country signed three-year contracts, from 2015. These agreements meant that these contracts would still be operated on a month-to-month basis for the next two to three years, and following that, only competitive tendering would be employed. This will enable the department to budget properly for the provision of commuter bus services in the country.

The next section deliberates on the contributions of procurement to the commuter bus industry in Gauteng.

1.2.3.2 Contributions of procurement to the socio-economic objectives of the commuter bus industry

Post-1994, the ANC government transformed public procurement to cater for diverse economic needs, such as the inclusion of women, black people and people with disabilities (previously marginalised groups) in economic activities (Vabaza, 2015:27). A part of this public procurement initiative was in support of this industry.

The SA government identified the small, medium and micro enterprise (SMME) sector as one of the potential means of providing job-creation opportunities, stimulating economic growth and enhancing equity in SA (Peters & Naicker, 2013:13). According to Ambe (2012:244), procurement has been used by the SA government to achieve socio-economic objectives, such as stimulating economic activity; protecting national

industries from foreign competition; improving the competitiveness of certain sectors; and remedying national disparities.

1.2.3.3 Policies and regulations guiding the commuter bus industry

To gain a deeper understanding of and to be able to map a way forward within this industry, reference to the past is critical (before and after 1994). This section will look at the policies directly impacting procurement practices in the commuter bus industry in SA.

BEFORE-1994

The origins of the commuter bus industry in SA can be traced back to the apartheid era (Naudé, 1999:3; Walters, 2014:2). Communities were displaced to the outskirts of cities and subsidised buses were introduced as a mode of transport to bring them to places of work and recreation.

AFTER- 1994

As the commuter bus industry falls under public transport, it is therefore guided by the same key policies and documents. Procurement policies are rules and regulations governing procurement practices within an organisation (Njeru, Ngugi, Arasa & Kahiri, 2014:166). Properly formulated and implemented policies play a pivotal role in providing a guiding framework for the implementation of efficient procurement practices. The policies and regulations guiding public transport in SA have undergone a number of significant changes over the last few years. However, within the commuter bus industry, the employed policies are not in line with the key procurement and public transport policies, and thus contribute to the challenges facing this industry.

1.2.3.4 Relationships amongst stakeholders within the commuter bus industry

The challenges facing this industry stem from the introduction of procurement practices through the set policies, and these have led to many challenges, such as the lack of funds to cover the operational demands of the industry (Parliamentary Monitoring Group, 2013:1; Walters & Heyns, 2012:37; Walters, 2014:2).

Since the introduction of these contracts, the National DoT has had to approach the Treasury Committee annually for additional bus subsidies (DoT, 2002:2). This is a serious dilemma facing government. The government (through the DoT) has instituted steps to improve the industry and its operations (Parliamentary Monitoring Group,

2013:1), for example, through continuous improvements to the current status of operations, the allocation of contracts, and the formulation of future plans towards an integrated transport system. However, because of SA's complex history, and in particular the history of public transport in SA, (Mitchell & Walters, 2011:251), it has become quite a challenge to involve all the parties, although it is imperative that it should be done.

1.2.3.5 Procurement challenges in the commuter bus industry

The procurement challenges faced by this industry stem from the allocation of subsidies (DoT, 2002). It has been difficult to budget for the subsidies because of the previous method of procuring services (the ticket-based method). There are a number of standing challenges facing this industry, and these include among others, poor administrative capacity to implement the chosen policies, the lack of job security within the industry which affects the supply of labour, poor policy implementation, limited funds to meet the operational needs, political interference and linkages, lack of agreement between the stakeholders on the most suitable procurement practices, fronting activities, the frequent reshuffling of transport personnel in government, ongoing intimidation by taxi operators, high usage of consultants in government, and inconsistency in the allocation of subsidies between provinces. These factors are briefly discussed below:

The lack of administrative capacity to implement the chosen policy has led to the involved parties going back and forth with policy amendments (Rypstra, 2011:1). The numerous reforms within the bus industry have created a measure of uncertainty and have resulted in an exodus of skills (Naudé, 2003:5). Also, the short-term extensions on the contracts make longer-term investment decisions difficult, for example, Venter (2015:4) has asserted that since 2007 Buscor has not been awarded a contract for a term longer than twelve months.

Many government organisations and departments focus on the inputs and outputs, and as a result, the process element is ignored (Luthuli, 2007:5). Unfortunately, it is the process element which determines the basis of efficiency in those institutions. This has been the case with the commuter bus industry. The lack of economic growth and progress in policy implementation in this industry stem from limitations inherited from the previous system of utilising 'informal' operators (Venter, 2013:114). Another major concern, is the lack of funding. This has been the main obstacle in the implementation

of the contracting procurement practices (Walters, 2012:45). This challenge has led to a back and forth between the DoT and the National Treasury for a revision or addition to the allocated budget (DoT, 2002:8). In 2009, the government, in an effort to address the funding challenges, introduced the Division of Revenue Act (DORA), where all ticket-based interim contracts were converted to kilometre-based interim contracts (SABOA, 2014/15 annual report).

According to Walters and Heyns (2012:42), human and political interferences are some of the main causes of the challenges facing this industry. Political continuity is related to lack of political will, which is one of the main reasons for the unsuccessful implementation of policies (Walters & Heyns, 2012: 42). For example, in the space of 13 years, from 2004 to 2017, SA government has had four ministers in the transport portfolio (South African History Online). Another challenge in the industry is that there is no agreement between the government, the operators and organised labour on the best procurement system to employ (Walters & Cloete, 2008:1166-1167). Although the bus operators favour negotiated contracts, government is cautious of this method because it is not transparent and does not allow ease of entry into the industry for new bus operators (Simpson *et al*., 2012:23).

According to the acting BBBEE acting commissioner at the time, Zodwa Ntuli, fronting remains a big problem in SA, (Ngoepe, 2016). In addition, the high staff turnover and the frequent reshuffling of transport personnel contribute to the challenges facing this industry. Experience has shown that each new Head of Department (HoD) may want to introduce new strategies and plans, thus subjecting the department to a process of frequent changes (Public Service Commission, 2008). The DoT is no exception and the commuter bus system has been adversely affected.

Another factor contributing to the challenges faced by the commuter bus system are the intimidation incidents that are experienced by the bus industry, whether it be bus operators or commuters benefiting from these services (SABOA, 2016). There are many incidents of intimidation, but to mention a few, operators are threatened to not serve ‘corporate clients’ or to withdraw from a commercial contract, there is intimidation at pick-up and drop-off points in townships which includes the physical intimidation of passengers.

There is also an increase in the use of consultants within government departments which is due to a lack of the required skills to fulfil certain duties (Mofolo, 2014:24). People who do not have the necessary skills are hired for permanent positions, and consultants have to be hired to do the work that should have been done by those individuals (Speckman & Ndlovu, 2017).

Sibande (2013) also highlighted that there are inconsistencies in the allocation of subsidies between the different provinces. For example, the Eastern Cape is receiving lower subsidies than KwaZulu Natal, while they are both rural provinces.

All of these challenges hinder the effective and efficient implementation of procurement practices within the commuter bus industry. Table 1.1 presents a summary of the challenges facing this industry.

Table 1.1: Challenges of procurement practices in the commuter bus industry

Challenge	Sources
Lack of administrative capacity to implement policies	Naudé, (2003:5); Rypstra, (2011:1)
Lack of job security within the commuter bus industry	Venter, (2015:4)
Poor policy implementation	Luthuli, (2007:5); Venter, (2013:114)
Lack of funds	DoT, (2002:8); Walters, (2012:45); SABOA, (2014/15)
Political interferences	Walters & Heyns (2012:42)
Lack of consensus on the procurement method to be employed	Walters & Cloete (2008:1166-1167); Simpson *et al.* (2012:23)
Fronting activities	Ngoepe (2016)
Frequent reshuffling of transport personnel	Public Service Commission (2008)
Ongoing intimidation by taxi operators	SABOA (2016)
High usage of consultants	Malefetsane (2014:24); Speckman & Ndlovu (2017).
Inconsistency in subsidy allocation	Sibande (2013)

Source: Compiled by researcher

As indicated in Table 1.1, various authors have alluded to procurement challenges in the commuter bus industry. Hence, it is important to investigate the applicability of these challenges within the commuter bus industry in Gauteng.

1.3 PROBLEM STATEMENT

The procurement function constitutes the biggest part of an organisation's expenditure (Dlamini, 2016:1) and in SA it is seen as a strategic tool to promote socio-economic development and industrialisation (Ambe, 2016:277). In the commuter bus industry various procurement practices have been employed which include interim contracting, negotiated contracting and tendering contracting with the aim of addressing socio-economic development and industrialisation. The National Treasury in SA adopted a supply chain management policy to guide the implementation of procurement practices across all spheres of government (National Treasury, 2003). However, despite this, various studies (Walters, 2014; Luke & Heyns, 2013) have shown that the commuter bus industry is still faced with various challenges regarding the implementation of procurement practices.

The contemporary procurement systems employed in this industry are not in line with the set policies, and are thus not accommodating all the parties (Walters, 2014:4). There are divisions and disagreements amongst the stakeholders (for example, the commuter bus operators, the DoT and organised labour) on the most suitable practices (Walters, 2008:1167). Due to these challenges, this industry is currently malfunctioning and requires serious attention as it is on the verge of collapsing. For example, newspaper article titled, "Troubled bus industry goes to parliament" does nothing to build trust (ParlyreportSA, 2013). Part of the conflict stems from the DoT vouching for the competitive tendering system (as per the endorsed policies), while the operators are favouring the negotiated tendering system (Simpson *et al.*, 2012:23). The latter is now 17 years old, and it was supposed to only last for three years (SABOA 2013).

Although there are many studies on procurement in the public sector in SA, such as studies by Ambe (2009), Ambe and Badenhorst-Weiss (2012), Mofokeng (2012), as well as Dlamini (2016), there are limited studies on procurement in the commuter bus industry. A few of the existing studies looked at procurement in higher education (Manyenze, 2013 and Dlamini, 2016), SCM in higher education (Habib, 2011 and

Camps, 2017), SCM in municipalities (Mhlongo, 2014 and Ambe, 2016), SCM in national departments (Bizana, Naude & Ambe, 2015 and Kruger, 2016), and the implementation of government procurement policy, but none of these studies have been conducted within the commuter bus industry. While many studies have been done on public transport, most of them deal with the policies guiding public transport, and the implementation of policies guiding public transport and the commuter bus industry, limited research has been conducted regarding the procurement aspects of the commuter bus industry. Therefore, there is a research gap, and hence the need for this study.

The main question that defines the problem of this study, which is to be explored by a cross-sectional research design, can be stated as: *What are the procurement practices employed in the commuter bus sector in Gauteng?*

The secondary research questions that will assist in answering the main research question can be stated as:

- Which types of procurement practices employed in the commuter bus industry in the Gauteng Province?
- How does the procurement function contribute to the socio-economic objectives of the commuter bus industry in the Gauteng Province?
- What is the role of policies and regulations in influencing procurement contracts in the commuter bus industry in the Gauteng Province?
- Is there a trusting relationship between the government and operators, who are the major procurement partners in the commuter bus industry in the Gauteng Province?
- What are the procurement challenges faced by the commuter bus industry in the Gauteng Province?
- What are the differences between the application of the procurement practices within the commuter bus industry in the Gauteng Province?

1.4 RESEARCH OBJECTIVES

Based on the research problem, the main research objective of the study is to investigate procurement practices employed in the commuter bus industry in Gauteng.

In order to address the primary objective, the following secondary objectives were formulated:

- To explore the types of procurement practices employed in the commuter bus industry.
- To determine procurement's contribution to the socio-economic objectives of the commuter bus industry.
- To determine the implication of policies and regulations to procurement contracts in the commuter bus industry.
- To establish if there is a trusting relationship between procurement partners (government versus operators).
- To determine procurement challenges faced by the commuter bus industry.
- To determine the differences between the application of the procurement practices within the commuter bus industry, and
- To make suggestions on how procurement practices in the commuter bus industry in Gauteng can be improved.

1.5 JUSTIFICATION FOR THE STUDY

The formal public transportation sector is led by the urban bus industry (Simpson *et al.,* 2012:22). This industry moves 858 000 passengers per day (DoT, 2003). This shows how critical this industry is to society and the country at large. However, the industry is marred by a number of challenges, amongst others, limited subsidies being allocated and poor implementation of policies guiding the procurement of services (Walters, 2010). This affects the choice of the most suitable procurement method. The exploration of the current procurement practices is therefore necessary to identify the types of procurement practices being employed and the challenges affecting the effective implementation of these methods against the guiding policies. This study is therefore justified and will benefit the commuter bus industry and the country at large in the following ways:

- It contributes to the body of knowledge on procurement practices within the commuter bus industry.
- It presents the state of procurement practices within the industry.

- It highlights the challenges faced by the stakeholders in the industry, proposing potential solutions for the implementation of effective procurement practices.
- It suggests a way forward for future research in the commuter bus industry, which will guide the implementation of procurement practices.

1.6 RESEARCH DESIGN AND METHODOLOGY

This section of the chapter presents the research design and methodology of the study.

1.6.1 Research design

A research design is defined as the general plan of how the research will go about answering the research questions (Saunders, Lewis & Thornhill, 2012:159). According to Wiid and Diggines (2016), it is the outline, framework or plan for the research project. It is a statement of only the essential elements of a study, those that provide the basic guidelines for the details of the projects. According to De Vos (2001:9), the function of a research design is to ensure that the evidence that is collected enables the researcher to answer the initial question as unambiguously as possible. As such, the premise of designing a research project is to establish the research question(s) which then help(s) to identify the relevant data needs and how best to collect and analyse the data.

According to Saunders *et al.* (2012:171), a research project can be addressed using three approaches, exploratory, descriptive or explanatory.

- Exploratory research entails asking open-ended questions about what is happening to gain insight into a topic of interest. It is particularly useful if the researcher wishes to clarify understanding of a problem, and wishes to determine the precise nature of the problem.
- Descriptive research aims to gain an accurate profile of events, persons or situations.
- Explanatory research establishes the casual relationships between variables. The emphasis here is on studying a situation or problem in order to explain the relationship between variables.

For the purposes of this study, both exploratory and descriptive research methods was employed, because they are able to provide answers to the problem statement. The exploratory approach leads to new insights and comprehensive understanding of the subject, rather than a collection of detailed, accurate and replicable data (Babbie & Mouton, 2001). This is a valuable means of finding out "what is happening; to seek new insight; to ask questions and to assess phenomena in a new light" (Saunders *et al.*, 2012, quoting Robson, 2002:559). It is also useful when the researcher wishes to clarify understanding of the problem, for example, if the researcher is unsure of the precise nature of the problem. This is the best option for this study, since the procurement practices employed in this industry are causing a lot of uncertainty among stakeholders, and a thorough understanding should be acquired to be able to map a way forward. De Vos, Strydom, Fouchè and Delport (2011: 95) confirm that exploratory studies are most suitable where there is little information available. Zikmund (2003:55) states that these studies mainly aim to analyse the existing studies in the subject area, then transform potential challenges into formalised problems, and thereafter to develop research problems. According to Saunders *et al.* (2012: 171), descriptive research attempts to portray an accurate profile of events, persons or situations.

1.6.2 Research approaches

The research design is determined by the approach to the research, which can be either qualitative, quantitative or multi (mixed) method (Wiid & Diggines, 2016:63).

Creswell (2014:41) describes the three main types of research as:

Quantitative research aims to establish relationships between variables in the population or a representative sample of the population by means of statistical, mathematical or computational techniques (Wiid & Diggines, 2016:63).

Qualitative research attempts to study human action from the insiders' perspective (Babbie & Mouton, 2001). These also lead to the exploration of ideas and the acquisition of an in-depth understanding of the subject (Morgan, 2013:48). They are inductive, holistic, emic, subjective, and process-oriented methods that are utilised to understand, interpret, describe and develop theory related to a phenomenon or setting (Creswell, 2003). They also emphasise meanings and perspectives, and enable the researcher to understand and allow others to convey their perspectives and/or views.

They enable holistic perspectives on a subject, and help to put meaning into opinions (Neuman, 2011:160).

Mixed-methods research is an inquiry involving the collection of both quantitative and qualitative data, to provide a more complete understanding of a research problem than either approach alone (Creswell, 2014:31). Creswell (2014, 32) states that the collection of diverse types of data best provides a more complete understanding of a research problem than can be obtained through either quantitative or qualitative data alone. Creswell (2003) and Creswell and Plano-Clark (2007) further justify that when combining the two methods, the weakness in one method can be compensated for by the strengths of the other. The choice of a research design is guided by the nature of the study and the research questions (Saunders *et al*., 2012:159).

Seeing that there are limited studies available on the procurement practices employed in the commuter bus industry, and that this industry is sensitive and difficult to penetrate, a more personal method should be employed. Therefore, the mixed research method is the most suitable method to acquire as much information as possible.

1.6.3 Research methodology

According to Creswell (2014:45), a research method involves the form of data collection, analysis, and interpretation that researchers propose for their studies. The choice of the method determines whether the intent is to specify the type of information to be collected in advance of the study, or to allow it to emerge from participants in the project.

The study was conducted using both the quantitative and qualitative research methods, over two phases. Phase 1 involved an in-depth literature review and Phase 2 consisted of a face-to-face interview questionnaire based on semi-structured questions that was conducted with government officials and commuter bus operators, with open-ended questions where the respondents had to justify their responses (mixture of quantitative and qualitative research). This allowed for the achievement of triangulation.

1.6.3.1 Phase 1: Extensive literature review

The first step in exploratory research is conducting a literature review. The literature review is based on primary and secondary sources consisting of SA legislation, government documents, the internet, conferences papers and academic literature on public procurement in relation to the procurement practices employed in the commuter bus industry. The exploration of these documents can lead to insight on the procurement practices and challenges faced by the industry and lead to opportunities for improvement. The literature review is discussed in Chapter 2, providing the theoretical foundation for procurement in general, and specifically within the public industry in SA. This is extended to Chapter 3 that investigates procurement within the commuter bus industry to establish what is known about the procurement practices employed within the commuter bus industry in SA, specifically in Gauteng. It helped identify knowledge gaps within the procurement practices employed in the commuter bus industry and enlighten the nature and depth of the problem to be addressed. It also assisted to facilitate continuous refining of the study and address the set research objectives and questions.

1.6.3.2 Phase 2: Empirical research

This phase employed both the quantitative and qualitative research method. Since this study aims to investigate and obtain an in-depth understanding of the procurement practices employed in the commuter bus industry, a face-to-face structured questionnaire with open-ended questions was used. Laher (2009), states that by combining the best of both qualitative and quantitative approaches the validity of the research findings will be strengthened. Triangulation techniques were therefore used in this study in the form of methodological triangulation. A more detailed discussion of this research method is provided in Chapter 4.

1.7 POPULATION AND SAMPLING

This section explains the population and sample used in this study.

1.7.1 Target Population

According to Babbie and Mouton (2001:173), a population is the theoretically specified aggregation of the study elements. In the vague term, this is the target for the study. Pilot and Hungler (1999:278) make a distinction between the target population and the

accessible population. For this study, the population consisted of government officials (from the Department of Transport and Gauteng Provincial Department of Roads and Transport) and the subsidised commuter bus industry.

1.7.2 Sampling method

Due to the restrictions of time, money and often access, it is almost impossible to collect or analyse all the data available to a researcher and thus the need to sample (Saunders *et al.*, 2012:258). According to Cooper and Schindler (2011:364), a sample is the portion of the representation of a population. A sample provides the benefit of saving time; which is an important consideration when you have tight deadlines.

According to Saunders *et al.* (2012:261-262), the sampling techniques can be divided into two types: probability or representative sampling; and non-probability or judgemental sampling. Probability sampling is a procedure in which elements of the population have a fixed probability of being selected for the sample. Non-probability sampling on the other hand refers to the personal judgement of the researcher, rather than the chance selection of samples (Cooper & Schindler, 2001:163). For this study, the non-probability sampling methods were used by way of purposive sampling whereby the researcher selected information-rich cases for study. Purposive sampling is a procedure that uses the judgement of an expert in selecting cases or it selects cases with a specific purpose in mind (Neuman, 2011:222). The non-probability sampling method involves the conscious selection of certain subjects to be included in a study. A total of 18 respondents were interviewed, of which 6 were government officials and 12 subsidised commuter bus operators. This is the point at which saturation was achieved. The major criteria was their expertise and direct involvement in the procurement of the subsidised commuter bus services in Gauteng.

1.8 DATA ANALYSIS

Data analysis is the process that assists in interpreting and understanding the data (Cooper and Schindler, 2011:655). The data was collected through a face-to-face semi-interview questionnaire. The data collected data was then analysed using both descriptive and inferential statistics through the Statistical Package for Social Sciences (SPSS, Version 24). Descriptive statistics were used to describe the main features of the data in quantitative terms, and inferential statistics were used to determine

statistically significant differences. An Independent Samples t-test was used to measure the differences, as discussed in Section 5.4.The open-ended responses were used to give more meaning to the respondents' views on questions, where applicable (Gray *et al.,* 2007:44). From the data analysis and findings, recommendations were made to the stakeholders of the subsidised commuter bus industry. Detailed discussions of the data analysis and recommendations are presented in Chapters 5 and 6, respectively.

1.9 OUTLINE OF CHAPTERS

The study is structured into six chapters as follows:

- **Chapter 1: Introduction to the study:** This chapter explains the background of the study, the problem statement, the objectives and the research methods to be employed.
- **Chapter 2: Theoretical overview of procurement practices:** This chapter explores the theoretical overview of procurement practices in the public sector; from a global overview to public procurement in SA.
- **Chapter 3: Procurement within the commuter bus industry:** This chapter presents procurement in the SA commuter bus industry. The chapter begins with a review on the role of the DoT and the regulations guiding procurement within the department. It further provides an overview of the commuter bus industry, from its advancement, classification of the industry's procurement, policies and regulations guiding procurement, up to the relationships between the stakeholders.
- **Chapter 4: Research design and methodology:** This chapter focuses on the means of acquiring information and this was done through a mixed-methods research approach. The employed methodology enabled the researcher to gain a deep understanding of the procurement practices employed in this industry, its challenges and to develop a framework that will assist in resolving those challenges. As mentioned previously, this study conducted an in-depth literature review and face-to-face interview questionnaire with the chosen respondents.

- **Chapter 5: Data presentation and interpretation:** This chapter presents the interpretation of the data acquired from the procurement practices employed in the commuter bus industry through the mixed methodology. Data analysis consisted of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of the study (Ying, 2009). Both descriptive and inferential findings are presented in this chapter. The descriptive findings are presented in frequency distributions, and the inferential findings through the Independent Samples t-test.
- **Chapter 6: Conclusions and recommendations on the research findings:** This chapter summarises the main arguments of each chapter of the study. The empirical findings are the main focus, however. This chapter derives the conclusions from Chapter 5 and discuss the implications of the research findings.

CHAPTER 2: THEORETICAL OVERVIEW OF PROCUREMENT PRACTICES

2.1 INTRODUCTION

Chapter 1 presented an overview of the study. This chapter presents a theoretical overview of procurement practices in the public sector. Procurement is discussed from a global perspective, the historical development of procurement is outlined, and the economic benefits of procurement within an organisation are provided. Then the study examines the generic procurement processes to be followed within an organisation. Thereafter, the study will examine the procurement practices within the SA public sector, specifically, the policy reforms of this function.

2.2 PROCUREMENT FROM A GLOBAL PERSPECTIVE

This section of the chapter explores procurement from a global perspective. An overview of procurement will be discussed, as well as its historical developments and the economic benefits thereof.

2.2.1 Definition and background

Procurement is the process in which public or private organisations buy supplies or services to fulfil various functions, such as shelter, transport and need for infrastructure, among many others (Njeru *et al.*, 2014:168). For a long time in the past, procurement was positioned as an operational-administrative business function. The approach towards procurement began to change around the 1990s when various economic models were introduced to define the role of procurement, and the key forces and processes behind it. Globally, it has proven to play a key role in the rendering of services and efficient performance of government departments and public entities (Dzuke & Naudé, 2015:1). Today, procurement plays a far more strategic role than it used to a few decades ago, because of its diverse factors. Procurement decisions are no longer based on the costs of purchase, but on other factors such as transport costs, import duties and so forth (Rimkūnienė:2013:15).

2.2.2 Historical development of procurement

As previously mentioned, the procurement function has evolved over the years, from the process of acquiring goods, services, and equipment from other institutions in a legal and ethical manner, and it was referred to as purchasing (Tate, 2014). Originally, purchasing was just a contributor to the organisation, focusing on the transactional relationships and lower prices. Its focus was on acquiring the right item or service, in the right quantity, at the right price, and at the right time. Over time, this function evolved to become strategic to organisational competitiveness and was referred to as procurement. According to Burt, Petcavage and Pinkerton (2010), procurement consists of a five-stage process, which include:

- The identification of a service to meet the organisations' needs;
- The selection of suitable suppliers to satisfy the specific needs;
- The establishment of a reasonable price for that particular need;
- The preparation of an agreement document for the parties involved; and
- The management of the relationship to ensure value for money for the benefit of the service (that is, in time delivery, and as per specifications of the service).

Procurement also includes maintaining effective relationships with the existing suppliers, and developing new ones with new suppliers for potential future business relations. In the modern business environment, procurement is considered a complex interface that actively participates in a value-creation process in terms of both companies and stakeholders. Modern procurement is far more than the traditional cost-cutting processes. The decisions are no longer based entirely on an understanding of direct purchase costs, or on easily observable transaction costs, such as transport costs and import duties, but rely mainly on other transaction costs, including those related to cultural, institutional and political differences. The evolution of this function has over the years led to some confusion between purchasing, procurement and supply chain, which are often used interchangeably. To clarify, these terms are briefly discussed below.

2.2.2.1 Purchasing

Historically, the purchasing function was perceived as a low-level managerial function within an organisation, with the primary objective to buy goods and services effectively and wisely, obtaining maximum value for money, while upholding sound ethical values

(Baily, Farmer, Crocker, Jessop & Jones (2008:4). This function has over the years evolved from the initial understanding of the concept of 'purchasing' to procurement. As asserted by Baily *et al.* (2008), purchasing refers to the continuous flow of materials and services to meet the organisations' needs.

Monczka, Handfield, Giunipero and Patterson (2011:11) define purchasing as not only the functional group, but also the functional activity for buying goods and services. According to Wisner, Tan and Leong (2012:36), purchasing is the act of obtaining merchandise, capital equipment, raw materials, services or maintenance, repair and operating. Hugo and Badenhorst-Weiss (2011:3) describe purchasing as the systematic process of deciding what, when and how much to purchase, the act of purchasing it and the process of ensuring that what is required is received on time in the quantity and quality specified.

2.2.2.2 Procurement

Procurement is a process or series of activities across the organisation that are necessary for the timely acquisition of goods and services, which will satisfy the user requirements to fulfil organisational goals and objectives (Bardi, Coyle & Langley, 2003). It ensures that goods and services are delivered at the right quantity, quality and price. According to Ombaka (2009:S20), procurement is not just the procuring of an item, but a multifaceted process that includes technology, risk management, business strategy and operations, and legal compliance. It involves various processes that require different sets of skills at different stages, including the identification of customer needs and the desired outcome, the allocation of resources (monetary and non-monetary), planning the procurement, assessing the market, market invitation and communication, supplier bid evaluation, negotiations and signing of a contract, performance monitoring and evaluation, contract close out and asset disposal (APEC, 2006).

2.2.2.3 Supply Chain Management

Supply chain management refers to the management of a network of relationships within an organisation and between interdependent organisation and business units consisting of material suppliers, purchasing, production facilities, logistics, marketing, and related systems that facilitate the forward and reverse flow of materials, services, finances and information from the original producer to the final customer with the benefits of adding value, maximising profitability through efficiencies, and achieving

customer satisfaction (Stock & Boyer, 2009:706). According to Wisner *et al.* (2012:7), supply chain management is the design and management of seamless, value-added processes across organisational boundaries to meet the real needs of the end customer. Monczka *et al.* (2011:11) describe supply chain management as a strategic approach to planning for and acquiring the organisation's current and future needs through effectively managing the supply base, utilising a process orientation in conjunction with cross-functional teams to achieve the organisational mission.

The section below presents a brief discussion of the evolution of purchasing, procurement and supply chain management, according to Monczka *et al.* (2016:24).

Period 1: The early years (1850-1900)

In the early years, the selling agent handled the purchasing function and was also responsible for the output, quality, and style of the cloth (or product) (Monczka, 2016:24). The selling agent was responsible for all purchasing decisions. Customer orders were transformed into purchase orders and subsequently into planned production. The great interest and development of purchasing took place after the 1850s. One the main discoveries from that era, and that is still critical today, is the need for technical expertise in purchasing agents, along with the need to centralise the purchasing department under one individual.

Period 2: Growth of purchasing fundamentals (1900-1939)

This period began at the turn of the twentieth century and lasted until about 1939 or the beginning of World War II (Monczka, 2016:24). This era also witnessed the development of basic purchasing procedures and principles. Purchasing gained its importance during World War I because of its role in obtaining vital war materials. The central focus of purchasing during this period was on the procurement of raw materials versus buying finished or semi-finished goods.

Period 3: The war years (1940-1946)

World War II introduced a new period in purchasing history (Monczka, 2016:24). The emphasis on obtaining required (and scarce) materials during the war influenced a growth in purchasing interest.

Period 4: The quiet years (1947-mid-1960s)

The heightened awareness of purchasing that existed during World War II did not carry over to the post-war years (Monczka, 2016:24).

Period 5: Materials management comes of age (mid-1960s-late 1970s)

The mid-1960s witnessed dramatic growth in the concept of materials management (Monczka, 2016:26). Although the interest in materials management grew during this period, the concept's historic origins date to the 1800s, when US railroads organised the procedures falling under the materials management concept during the latter half of the nineteenth century. They combined related functions such as purchasing, inventory control, receiving, and stores under the authority of one individual.

External events directly affected the operation of the organisation, including upward price and pressures due to materials availability. The logical response of the organisation was to become more efficient, particularly in the purchase and control of materials, and this led to the concept of 'materials management'. The overall objective of materials management was to solve materials problems from a total system viewpoint, rather than the viewpoint of individual functions or activities. The various functions that might fall under the materials umbrella included materials planning and control, inventory planning and control, materials and procurement research, purchasing, incoming traffic, receiving, incoming quality control, stores, materials movement, and scrap and surplus disposal. The behaviour of purchasing during this period was notable. Purchasing managers emphasised multiple sourcing through competitive bid pricing, and rarely viewed the supplier as a value-added partner. Buyers maintained formal and remote relationships with suppliers. Price competition was the major factor determining supply contracts. Overall, the function was relegated to secondary status in many companies.

Period 6: The global era (late 1970s-1999)

The purchasing strategies and behaviours that evolved over the last century were inadequate when the severe economic recession of the early 1980s and the emergence of foreign global competitors occurred (Monczka, 2016:27).

The global era, and its effect on the importance, structure, and behaviour of purchasing, has already proved to be different from other historical periods. These differences include the following:

- Never in our industrial history has competition so quickly become so intense.
- Global firms increasingly captured world market share and emphasised different strategies, organisational structures, and management techniques when compared with their counterparts in the US.
- The spread and rate of technology change during this period was unprecedented, with product life cycles becoming shorter.
- The ability to coordinate worldwide purchasing activity by using international data networks and World Wide Web (via intranets) emerged.

This intense competitive period witnessed the growth of supply chain management. Now, more than ever, firms began to take a more coordinated view of managing the flow of goods, services, funds and information from suppliers through to the end customers. Managers began to view supply chain management as a way to satisfy intense cost and other improvement pressures.

Period 7: Integrated Supply Chain Management (the twenty-first century)

Purchasing and supply chain management today reflect a growing emphasis on the importance of suppliers (Monczka, 2016:27). Supplier relationships are shifting from an adversarial approach to a more cooperative approach with selected suppliers. The activities that the twenty-first century purchasing organisation must put in place are quite different from those of the recent past. Supplier development, supplier design involvement, the use of full-service suppliers, total-cost supplier selection, supplier relationship management, strategic cost management, enterprise-wide system (enterprise resource planning, or ERP) hosted on the “cloud” and integrated Internet linkages and shared databases available 24/7, are currently seen as ways to create new value within the supply chain. However, newer concepts continue to emerge, including enabling innovation in the supply base, contributing to top-line revenue growth, using mobile devices to monitor supply, and managing risks of a global supply chain. Purchasing behaviour is shifting dramatically to support the performance requirements of the new era.

In conclusion, twenty-first century purchasing has led to the following conclusions:

- Firstly, the reshaping of purchasing's role in the emerging global economy is under way. This is in response to the challenges presented by global competition, and rapidly changing technology and customer expectations.
- Secondly, the overall importance of the purchasing function is increasing, particularly for firms that compete in industries characterised by global competition and rapid change.
- Thirdly, purchasing must continue to become more integrated with customer requirements, as well as with operations logistics, human resources, finances, accounting, marketing, and information systems. This evolution will take time to occur fully, but the integration is inevitable.

2.2.3 Importance of procurement

Procurement can play a significant role in enabling an organisation to achieve competitiveness, since this function constitutes a significant amount of the company's resources (Benton, 2010:21). Until recently, it was regarded as important, but was never celebrated or given the importance in the hierarchy that it deserved (The Boston Consulting Group). Nowadays, procurement plays a critical role in the success of many organisations, something that was never recognised before. The effective implementation of procurement has following importance within an organisation:

- **Increasing value and savings**

  Most organisations have failed to improve customer value through improved performance and have turned their focus to purchasing and supply management (Monczka *et al.,* 2016:8) to take up this function. The supply base is important in the supply chain as the capabilities of a supplier can help differentiate a product or service, through increasing their final value to the final customer. Procurement also contributes to cost savings within an organisation. Cost savings involve avoiding costs through early involvement with design, and proactively responding to supplier requests for price increases.

- **Building relationships and driving innovation**

  Traditional procurement entails bargaining for price reductions (Monczka *et al.*, 2016:8). However, when organisations and suppliers jointly pull costs out of the

product or service, this serves as a platform for building good relationships with suppliers. In this new relationship, suppliers are encouraged to contribute innovative ideas that continually add value to the organisation's products and services. However, for these relationships to work both suppliers and buyers need to agree on acceptable paybacks from their investments so that each realises a positive gain.

- **Significant contribution towards the national economy**

Procurement can have a significant impact on the economy if effectively implemented (National Treasury, 2015). According Monczka *et al.* (2016: 10), the buyers within an organisation have significant power, and these scholars (Monczka *et al.,* 2016:10) continue by quoting the *Ism Report on Business* which states that procurement has the financial power to move markets.

- **Improving quality and reputation**

Purchasing and supply also have a major impact on the quality of products and services. This is more evident when an organisation wants to focus on their own specialisation and competence, and decide to increase the outsourcing of parts, components, and services to external suppliers. This further stresses the importance of the relationships between purchasing, external suppliers, and quality. Poor quality products affect the entire supply chain, including the finished products and can damage the brand name reputation.

- **Reducing time to market**

Procurement acts as the liaison between suppliers and product designers and can also assist to improve the product and process designs.

- **Managing supplier risk**

There is a potential risk each time a purchase order is placed; this risk could be as minor as late delivery or as serious as a major loss of the supplier, for example, due to bankruptcy or natural disaster. These risks could also include financial instability, operational problems, and transportation delays which could also affect the supply of products or services. Procurement strategies such as global sourcing and (Just-In-Time) (JIT) inventory may mitigate some of these risks.

- **Contributing to competitive advantage**

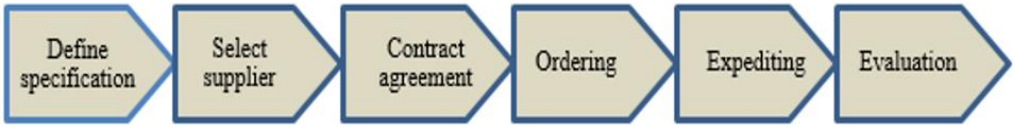
  Effective procurement is critical in gaining competitive advantage (Monczka *et al.*, 2016:10). The importance of this position can be seen from the high salaries being paid to purchasing professionals. Most organisations have gone to the extent of investing in the development and promotion of individuals in the procurement department, and in turn, this contributes to the supply management department becoming a strategic contributor to the organisation.

2.3 THE GENERIC PROCUREMENT PROCESS

The procurement process serves as a guideline to how a procurement transaction should ideally be carried out (Hugo & Badenhorst-Weiss, 2011:47). According to Ek (2012:27), the different activities within procurement are interrelated and dependent on each other, and thus this should be organised as a process and follow a step-by-step process. This section presents the generic steps to be followed when procuring goods or services. However, it should be noted that the nature of each unique business will guide the specific steps to be followed, as these generic procurement steps serve only as a guide to general procurement. The procurement process is more complicated than, for example, online shopping for personal goods and thus it cannot be done spontaneously.

Procurement has a tremendous impact on the competitiveness of an organisation, and supply chain managers are continuously improving its efficiency and effectiveness (Monczka *et al*., 2016:41). According to Ek (2013:27), many authors (Van Weele, 2010), Woodside and Monczka et al. (2016) have made distinct definitions of procurement. However, despite slight variations in their definitions, they quote the same procurement steps, namely, specifications, preparing requests for quotations, selecting suppliers, negotiating, and so on. For this study, we will consider Van Weele's (2010) procurement steps, consisting of the following: the specification, select supplier, contract agreement, ordering, expediting and evaluation. A summary of the process is presented in Table 2.1 below.

Table 2.1: The purchasing process approach



Role of purchasing department	Get specification	Assure adequate supplier selection	Prepare contracts	Establish order routine	Establish expediting routine	Assess supplier
Elements	Functional specification Technical changes Bring supplier knowledge to product design	Pre-specification of suppliers Request for quotation	Contracting expertise Negotiating expertise	Develop order routines Order handling	Expediting Trouble-shooting	Supplier evaluation Supplier rating
Documents	Functional specification Norm/spec. control	Supplier selection proposal	Contract	Order	Expediting report	Preferred supplier list Supplier ranking scheme

Source: Van Weele, 2010:29)

2.3.1 The process steps

Obviously, for an order to be placed, a need should first be expressed for the product.

2.3.1.1 Specifications

The first step in procurement is to determine the specific requirements. The specifications can be classified into functional specifications and technical specifications (Van Weele, 2010). The functional specifications are important for service purchases, but it is also applicable to products, since it describes the desired functionality of the purchase required by the buyer (Bailey, Cloete & Pillay, 2011). According to Van Weele (2010), the use of functionality carries at least three advantages, namely, 1) suppliers are given a chance to display their full expertise, as the specification's details are in their hands, 2) innovation is supported, and 3) it supplies a standard against which the buyer can evaluate the supplier's proposal. The technical specifications, on the other hand, set the technical characteristics of the product, for example, in the form of technical drawings and the supplier's expected activities, such as compiling a task schedule). These two specifications make up the

purchase order specification, which can be divided into: quality, logistics, maintenance, legal and environmental, and financial specifications (Van Weele, (2010). The specifications usually appear on a purchase requisition or any equivalent document, and may even contain the names of possible suppliers or exclude suppliers that are considered inappropriate.

2.3.1.2 Supplier selection and supplier assessment

The next step is supplier selection. When selecting suppliers, the following conditions should be considered: quality, price, terms, delivery, service, performance experienced on previous orders, and the obvious attributes of a good supplier, for example, on-time delivery, providing consistent quality, a stable background, providing good service backup, and being responsive to the buyer's needs (Bailey *et al.*, 2011). Supplier assessment includes evaluating the supplier's preliminary capability of meeting the specifications, and it is done through one or more of the following methods:

- **Past performance:** this is dependent on statistical records that contain data on delivery, performance, and service. This information is also often used for supplier rating or evaluation.
- **Reputation:** this is a frequently used method. Based on actual performance, suppliers gain their reputation which can be a valuable asset. Often suppliers are asked to provide customer references, which enables the buyer to get information about the supplier if there is no personal experience of the supplier.
- **Visit and appraisal:** both take time and can be expensive, but it is a good method to assure quality.
- **Third party certification:** this is done by independent organisations, not connected to the buyer or supplier, and published in the form of quality certificates.
- **Evaluation of sample product:** this is actually usually done as an inspection when the goods have been delivered, and can lead to an acceptance or rejection from the buyer, but it affects the way the supplier is treated afterwards, and plays a role in future supplier selection.

The result of the supplier assessment is the bidder's long list that contains the suppliers that maybe considered for the purchase; these are usually suppliers that have performed well earlier.

2.3.1.3 Supplier selection and supplier assessment

The negotiation and contract will be different processes, depending on the nature of the business and the companies involved. Product specific technicalities, company specific settings and legally binding conditions may be included, for example, commercial terms, purchasing policies, company culture, market situation and product characteristics. This makes use of standardised contracts and limitations and implies that many conditions need to be negotiated, for instance, prices and terms of delivery, terms of payment, penalty clauses and warranty conditions (Van Weele, 2010).

According to Baily *et al.* (2011), the negotiation and contract can be divided into three phases, namely, pre-negotiation, a meeting and a post-negotiation phase. Preparation is very important and enough time should be allocated for this. With regards to long-term relationships with suppliers, the preparation should be considered on a continuous basis to gather the necessary information. Three issues should be considered in the preparation. Firstly, determine exactly what is wanted, be it price, delivery time, or quality. Secondly, determine the priority of each of the different variables to be negotiated over, in other words, decide how important each factor is. Thirdly and lastly, make a decision regarding the entry and exit points; in other words, what are the actual opening bids and at what point should one 'walk away'. It is also important that all persons involved in the negotiation together agree on these limits in different dimensions and decide on which strategies to use prior to meeting the supplier (Baily *et al.*, 2011).

The meeting phase the buyer and supplier agreeing on the various terms and conditions. This can be done in different ways, but the strategy the buyer chooses usually depends on the on-going and the desired relationship with the supplier. The more product-related the decision points are, the more specialised knowledge is required from the buyer. The end of the meeting phase is hopefully an agreement, which concludes the negotiations, where the full details should preferably be recorded. This, together with the preparation of the contracts, ensures the commitment of the people involved, and ensures that the agreement is implemented, which constitutes the third and last phase of the negotiation phase.

2.3.1.4 Ordering and expediting

In this step, the order is placed through a purchase order, which is initiated by a purchase order requisition and it follows on the agreements made in contracting. According to Van Weele (2010), it is important to specify purchase-related information to the supplier, for example, an order number, short description of the product, unit price, number of units ordered, delivery time or date, delivery address and invoicing address. This information also has to be stated by the supplier on delivery documents and invoices, and for each product, if the purchase order contains a number of lines, which is usually the case.

Expediting of orders can be done in the following way:

- **Exception expediting:** the purchaser becomes aware that the delivery is late via the internal customer, which implies that instant actions is required from the purchaser in accordance with the importance of the product to the company's or the internal customer's operations.
- **Preventive expediting:** The second method is to act preventively, which can be done through routine status checks. This means that the buyer contacts the supplier in advance of delivery to confirm that everything is going according to plan, or in the worst cases, to become aware of any late deliveries.
- **Advanced status checking:** For real critical purchases, advanced status checking is employed. This is more time consuming and means that the buyer makes on-site inspections to check the progress of ordered products (Van Weele, 2010).

At delivery, products have to be controlled to make sure that they meet the specifications outlined in the purchase order (Van Weele, 2010). This is done through a quality test, and it can also be done through so-called acceptance test, which is a technical test performed at either the supplier's or the buyer's site, or at both sites independently, to check if the functional and technical requirements have been met. The results of the acceptance test determine whether to accept or reject the delivery.

2.3.1.5 Follow-up and evaluation

After the purchased product has been put into production or operation there is still work to do for the purchasing department. A special group within the procurement function is assigned to do a follow-up with the suppliers. This is done to ensure that

delivery dates are met, and if there are any problems, the procurement team can expedite those orders, via email, telephone or online (Van Weele, 2010).

2.4 PROCUREMENT: A SOUTH AFRICAN PUBLIC SECTOR PERSPECTIVE

This section of the chapter explains the procurement processes employed within the SA public sector. Procurement reforms are explored and the current regulations governing the procurement practices are discussed.

2.4.1 Background

Historically, the function of procuring goods and services in government was seen as a menial job of provision and storage. Over time, governments realised the strategic importance of procurement and began to introduce regulatory mechanisms to modernise the function of purchasing of goods and services. In SA, under the apartheid government, public procurement favoured the minority group of that time (Rogerson, 2004). Entrance into the procurement system was restricted to the newly formed small and medium businesses. Before 1994, the public procurement function in SA used to be performed by the State Tender Board at National and Provincial levels which was responsible for the acquisition of goods and services, and was based on the agenda of the National Party government (Thai, 2009:358).

The local government levels were governed by other provincial legislations. There were Provincial Tender Boards in each of the four provinces that had only advisory powers when it came to state procurement policy (Brunette, 2014:9). During this period, the five pillars of government procurement (fairness, competitiveness, transparency, equity and cost effectiveness) were not considered at all.

2.4.2 Procurement reforms in the South African public sector

To describe the starting point of the democratic roadmap for procurement reform, Van der Walt (2012:23), citing Van Vuuren (2006:2), quotes the following pertinent points; “Due to the legacy of the apartheid years, SA had, at the time of writing, a ‘main stream’ or first economy that was led by a minority of 13% of the population, and an ‘emerging’ (second) economy of small, medium and micro enterprises owned by historically disadvantaged groups, comprising of the balance of 87%”. Government identified

public procurement as a key mechanism to bridge the gap between the first and second economy (Van Vuuren, 2006:2).

In 1994, the procurement function in SA was granted constitutional status (Bailey *et al*., 2011:36). This status meant procurement would be employed to promote the aims that are secondary to the primary aims of procurement, namely, promoting social, industrial or environmental policies. When the procurement reforms began in 1995, it was evident that a consistent legislation framework would be required to give effect to government's procurement reforms policy objectives. This meant promoting socio-economic objectives, where all organs of state were mandated to procure goods and services in terms of the 1996 Constitution of South Africa, section 217, in a manner that is fair, equitable, transparent, competitive and cost effective.

In 1996, the SA government adopted the 10-Point Plan to affirm and embrace the principles of the Reconstruction and Development Programme (RDP) in public procurement, while ensuring that small businesses were the main beneficiaries of the reforms (Raga & Taylor, 2010:9). Subsequently, the new government issued a Green Paper on Public Sector Procurement in SA, in which two objectives of procurement reforms in the public sector were delineated as: the achievement of socio-economic objectives and the promotion of good governance.

The Green Paper also encouraged simplification in the tender procedures to encourage fairness and transparency. Following the above development, the National Treasury conducted extensive research during the late 1990s and early 2000s, leading to the introduction of a number of policy documents. A major policy document was the Policy Strategy to Guide Uniformity in procurement Reform Processes in Government, which was introduced in October 2003.

The Constitution and other procurement reform processes were supported by the introduction of a number of legislations, including the Preferential Procurement Policy Framework Act, No. 5 of 2000 (PPPFA), the Public Finance Management Act, 1999 (PFMA) and the Municipal Financial Management Act, 2003 (MFMA). However, because this function was performed by different organs of state (local, provincial and national), each had their own interpretation of the legislation. This then necessitated an audit of the procurement processes in the country by the National Treasury supported by the World Bank, leading to the Country Procurement Assessment Report

(CPAR) in 2001. This audit raised a number of inconsistencies, advising that the inefficient procurement practices should be replaced with the Supply Chain Management system (National Treasury, 2003:2). This then led to the introduction of a Framework of Supply Chain Management (SCM) in 2003 entitled “Policy to guide uniformity in procurement reform processes in government”.

2.4.3 Introduction of the SCM policy in the South African public sector

In this period, the National Treasury introduced three key policy documents to support the policy framework and assist with the roll-out of the SCM policy in the SA public sector. These are: General Procurement Guidelines, Supply Chain Management: A Guide for Accounting Officers/Authorities, and Framework for Supply Chain Management. These documents were to reinforce the proper institutionalisation of public procurement in SA. As mentioned above, one of the new developments was the introduction of the SCM policy, responsible for the development of norms and standards, or monitoring and enforcing compliance, and for contract management. This was aimed at promoting uniformity within the SCM processes and also in the interpretation of government’s preferential procurement legislation and policies (National Treasury, 2005). This also served as a guide to the different organs of state when implementing their unique SCM policies, and it would be updated on a regular basis to be in line with new SCM developments within the government. It also transferred the responsibilities and accountability of SCM-related functions to accounting officers/authorities.

The SCM framework was introduced as a tool to address a number of concerns within the public sector procurement, of which one was to promote uniformity in the interpretation of government’s procurement objectives and strategies within the different organs of state. The framework was introduced to national and provincial departments’ trading entities, constitutional institutions, national and provincial public entities. It had the following objectives (National Treasury, 2004a):

- To transform Government’s outdated procurement and provisioning practices into an integrated SCM function;
- To introduce a systematic approach for the appointment of consultants;
- To create a common understanding and interpretation of the preferential procurement policy; and

- To promote the consistent application of best practice throughout Government's supply chain.

It is guided by the National Treasury through the newly formed Office of the Chief Procurement Officer (OCPO), to ensure that the procurement of goods, services and construction work is conducted in a manner that is fair, equitable, transparent, competitive and cost effective, and in line with the Constitution and all relevant legislation.

This framework must provide for demand management, acquisition management, logistics management and disposal management (National Treasury, 2004a:10-11).

Figure 2.2 presents the elements of the SCM framework and shows how the procurement function fits into the whole picture (SENTECH, 2009:19). The SCM elements graphically illustrated in the figure are briefly discussed in the section below.

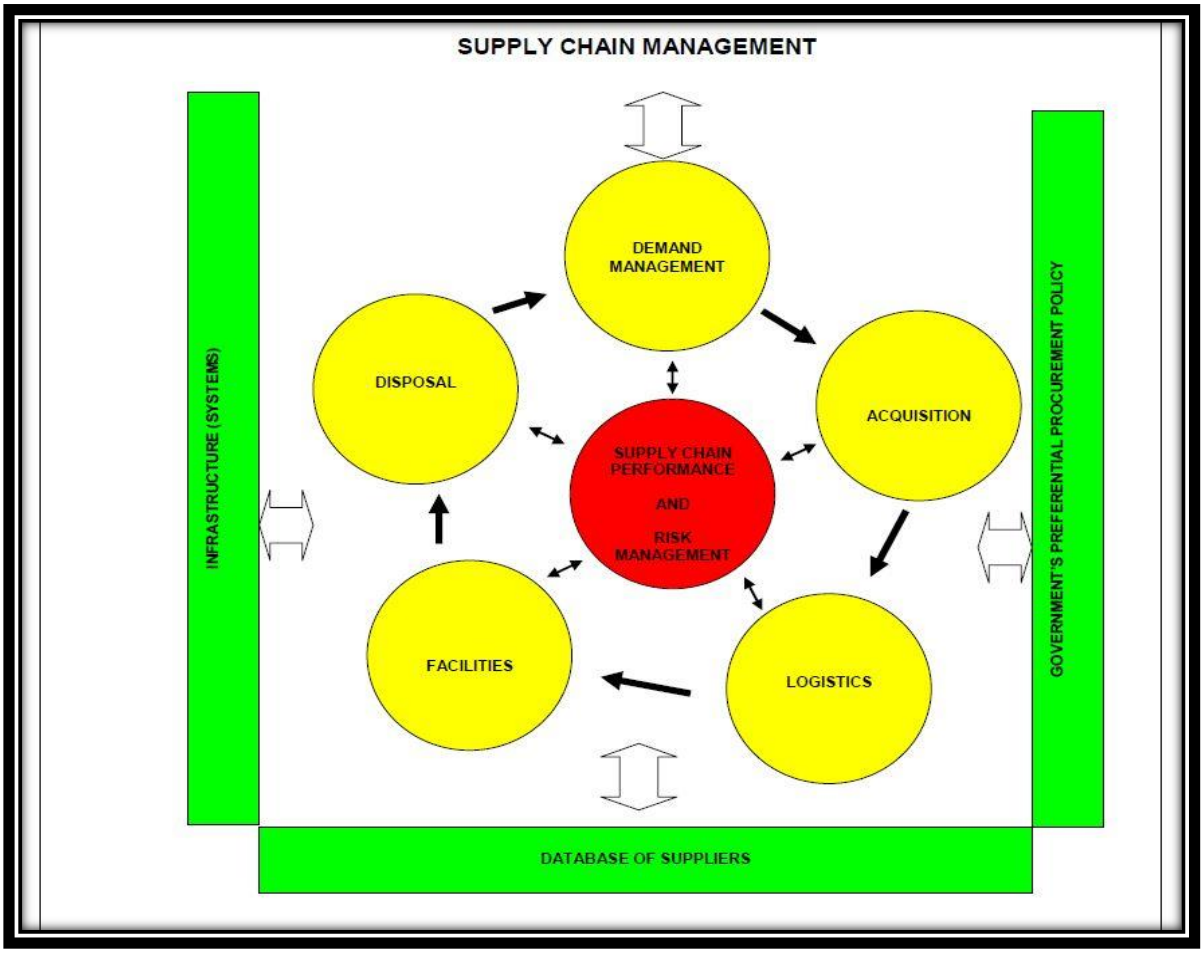


Figure 2.1: The generic elements of supply chain management

Adapted from: SENTECH, 2009: SENTECH Supply Chain Management Policy

2.4.3.1 Elements of SCM

The following are the elements of SCM as illustrated in Figure 2.1:

- **Demand management:** The first element of the SCM. It ensures that the identified needs are fulfilled as determined from the strategic planning, by ensuring that all the required resources are analysed and assessed. The key processes include bringing the SCM practitioner closer to the end user; the bid specification committee; procurement methods, and so forth.
- **Acquisition management:** This involves the management of the actual procurement process; including the evaluation of bids (comprising of bid committees; consulting the register for defaulters; range of procurement systems; establishment of total cost of ownership of assets; bid adjudication; appointment of the consultant, and so forth.
- **Logistics management:** This deals with the strategic management of the acquisition, movement and storage of materials, cost fulfilment of orders; and it ensures the effective flow of goods; services and related information from the point of origin to consumption.
- **Disposal management:** This deals with how assets that are no longer needed are managed; it gives consideration to obsolescence planning, managing a database of redundant materials; inspecting materials for reuse; and to determine disposal strategies and methods of execution, and so forth.
- **Risk management:** This deals with managing the unintended or unexpected outcomes of a decision; considering and avoiding risk, as well as making provision for adequate cover for residual risk, and so forth.
- **Supply chain performance:** This deals with monitoring the progress undertaken through a retrospective analysis to determine whether the processes have been followed and if the desired objectives were achieved. The National Treasury template is used to measure the performance.

2.4.4 Pillars of procurement

This section of the chapter discusses the five pillars of procurement upon which the entire SCM policy of effective and efficient municipal and government procurement is based. The SA government uses these pillars as guidelines on standards of behaviour,

ethics and accountability, all of which the public service is required to abide to in the procurement process (Horn & Raga, 2012:78). These are called pillars because if one them is broken, the whole procurement system falls down. These pillars are briefly discussed below.

2.4.4.1 Value for money

This refers to cost-effectiveness in the procurement system by providing value-for-money services, for example, the avoidance of unnecessary costs and delays for a department or its suppliers, as well as the monitoring of contracts to make sure they provide the anticipated benefits. According to Vabaza (2015:17), a cost-effective public procurement system is one that considers the effective and efficient utilisation of procurement processes from the time the need for procurement is identified, up to the time when the performance needs to be measured. Therefore, the cost-effectiveness requirement imposes a duty on the officials responsible for procurement to conduct an analysis of the value chain during the procurement of goods and services in the public procurement sphere.

2.4.4.2 Open and effective competition

This refers to the transparent, standardised and easily available laws, policies, practices and procedures that are put in place to govern procurement. The practice must be open to public scrutiny. The principle of competition within public procurement can be defined as a process where more than one service provider is allowed to submit quotations or proposals for the advertised work of government (Vabaza, 2015:17). This requires that departmental officials performing the procurement function conduct a marketing analysis and develop a sourcing strategy that will allow for maximum competition. The principle of competition in procurement, in general must allow a level of trust and partnership between the supplier and a buyer (Hugo, Badenhorst-Weiss & van Biljon, 2004:8).

2.4.4.3 Ethics and fair dealings

This refers to fair dealings with all suppliers, the abolition of prejudices, the elimination of fraud and corruption, as well as the non-acceptance of gifts or hospitality that could compromise the good standing of a municipality or the State. A fair procurement system is as follows: “Government contracts should be widely advertised, all contractors should be afforded enough time to participate in the process” (Bolton 2007,

2007:48). This therefore means that all service providers should be subjected to the same rules of the game when conducting business with government, and this requires that no service provider should be favoured in the process. For example, when a department advertises a tender, it is required in terms of procurement regulations, to conduct a briefing session on the specifications that were advertised so that everyone may have access to the same information, and whoever seeks clarity may be assisted.

2.4.4.4 Accountability and reporting

This refers to the accountability of all concerned through openness and transparency. Everybody, including politicians and administrative officials, must be held accountable. The principle of transparency in public procurement is meant to comply with the public policy notion of checks and balances in the management of state resources by the elected representative through the system of government bureaucracy. The National Treasury has instructed departments to advertise government business opportunities in the departmental websites, notice boards, tender bulletins and local newspapers in order to promote transparency in public procurement.

2.4.4.5 Equity

This refers to the advancement of persons, or categories of persons, previously disadvantaged by unfair discrimination. The Preferential Procurement Policy Framework Act, No. 5 of 2000 was introduced to ensure that the government's commitment to preferential procurement, economic growth through the support of industry, especially that of small, medium and micro enterprises (SMMEs), the inclusion of historically disadvantaged individuals (HDIs), the creation of opportunities for women and the physically disabled, as well as support for the procurement of local products was carried through (Horn & Raga, 2012:78; National Treasury, 2012:2). According to Vabaza (2015:13), equity imposes a duty on those tasked with performing the public procurement function to pay attention to procurement interventions that target SMMEs and HDIs. The adoption of the 10-Point Plan is one policy initiative by the government aimed at the inclusion and promotion of access of SMMEs and HDIs to government business opportunities.

2.4.5 The South African public sector procurement processes

The public SCM cycle has identified the following three key stages: pre-tender, tendering and post-tender (National Treasury, 2015:16).

- **The pre-tender or demand management stage**

The pre-tender stage includes assessing, planning and budgeting, the development of specifications and the selection of the most suitable procurement strategy. The tendering stage includes the invitation to tender, evaluation and adjudication of the bids. Demand planning, procurement planning, items and specification management, and supplier management are critical phases in the pre-tendering stage. This stage ensures that goods, services, construction work and other purchases are properly planned and aligned to the procuring entity's strategy and resource plan. This alignment is critical to ensuring that goods are delivered at the right time, place, and price in the right quantity and of the right quality. It is at this stage that a comprehensive needs analysis is carried out in line with the strategic planning process.

- **The tendering stage**

This stage includes the invitation to tender, and evaluation and adjudication of bids. To avoid lack of competition and conflict of interest, all potential bidders must have access to the same tender information. Information in the bid documents should include details of the product or service to be procured, specifications, quantities, the timeframe for delivery, realistic closing dates and times, information about where to obtain documentation, where to submit tenders, and a clear, complete and non-discriminatory description of the selection and award criteria. These cannot be altered after the closing date.

Public sector institutions must have clear procedures for opening the tender box. To avoid manipulation of the bids received; this must be done before a public audience, and the basic information must be disclosed and recorded in a register. They must also ensure that members of their bid evaluation committees and bid adjudication committees are familiar with and adhere to National Treasury norms and standards when evaluating and adjudicating bids. This is to ensure that there are no tendering stage violations.

- **The post-tender stage**

This stage includes contract management, the issuing of orders and the processing of payments. Contracts or service level agreements must contain additional requirements and conditions not included in the bid documents, and should contain

sufficient information to enable the suppliers to deliver goods or services of the correct description, quality and quantity within the specified time. If supplier performance is not monitored, a range of post-tender violations may occur; for example, the purchasing authority may expand or vary orders against the original contract, in efforts to benefit certain suppliers. Contracts may be expanded or varied by not more than 20 per cent of the original value of the contract, and for all other goods and services, by not more than 15 per cent.

2.4.6 The South African public sector procurement methods

This section briefly discusses the various procurement methods employed within the SA public sector.

2.4.6.1 Invitation for price quotations

This informal method of procurement for goods and services within the public sector is mainly applicable to low-value transactions. National Treasury issued the National Treasury Practice Note 8 (2007:2) which states that “Accounting Officers/Authorities should invite and accept written price quotations for requirements up to an estimated value of R500 000 from as many suppliers as possible, that are registered on the list of prospective suppliers” Furthermore, the invitation for price quotations from the compiled list of prospective suppliers, per commodity or service, should be done on a rotational basis in such a manner that ongoing competition among suppliers is promoted (PFSA-Acquisition Management Learner Guide: 2009:26).

This form of procurement was introduced by government to ensure that service delivery is not hampered by the cumbersome requirements associated with the formal competitive bidding processes. This method still requires that a system should be fair, equitable, transparent, competitive and cost-effective. The difference between this system and the rest is that the requirements related to advertising times, the completion of standard biding documents and the appointment of the three bidding committees do not apply. The above requirements do not apply to this form of procurement since they have the potential to stifle the participation of SMMEs in government procurement processes. The PPPFA policy of 2001 prescribes that the 80/20 point-scoring system must apply to this form of procurement.

2.4.6.2 Open/Competitive bidding

This form of procurement is applicable to every invitation for bids for goods and services that are above the threshold value of R500 000. This method prescribes that the Accounting Authorities should invite competitive bids for all procurement above R500 000 (National Treasury Note 8 of 2007/2008:2). In terms of the PPPFA policy of 2001, it is prescribed that the 90/10 point-scoring system must be applied to this method of procurement. For example, when a department issues a request for a proposal or rendering of professional services, the five pillars of procurement should be applied. The method prescribes that specifications or terms of reference be developed before the invitation for bids in order to satisfy the principles of fairness. Thereafter, an advertisement must be published in the Government Gazette or placed in a local newspaper, and the opening of responsive bids must be a public exercise, to ensure transparency. The request for bids must be done through an open-market mechanism and this is meant to comply with the principle of competition.

The National Treasury issued a Circular on the implementation of Supply Chain Management in 2004 to prescribe a three tier committee approach to all competitive bidding and these are: 1) Bid Specification Committee, 2) Bid Evaluation Committee and 3) Bid Adjudication Committee (to be discussed in detail in Section 2.4.8). The committees function separately from each other to ensure checks and balances and fairness in the procurement process.

2.4.6.3 Closed/Limited bidding

This method is applied where the procurement of goods and services is reserved for a certain category of service providers, which is an exception to the rule. This system should follow the Section 217 Constitution which follows an open and competitive process. This method does allow for deviation from the rules in instances where it is impossible or impractical to source goods or services from an open market, as in the case of emergency or urgency (National Treasury Practice Note 6 of 2007/2008).In addition, there are some goods or services that are only available from a limited number of service providers.

2.4.7 Key role players within the procurement function

This section examines the key role players responsible for procurement within the SA public sector.

2.4.7.1 The National Treasury

This department monitors the implementation of SCM in all spheres of government. It is also responsible for the development of policies, procedures and practice notes or circulars to assist the three spheres of government in achieving the broader policy objectives as set out in the PFMA/MFMA and other legislations guiding public procurement in SA.

2.4.7.2 Provincial Treasury

This key player promotes co-operative government among role-players. It also assists National Treasury by monitoring delegated municipalities in terms of their compliance to National and Provincial Treasury's norms and standards. It also measures the supply chain performance, sets complementary standards, monitors and publishes reports by municipalities and shares information and takes corrective measures in terms of a breach of the act by a municipality.

2.4.7.3 Municipal councils and councillors

They provide political leadership and direction to a municipality's operation through policy and oversight responsibilities, they oversee the financial management and service delivery of a municipality, approve the SCM policy of a municipality, and monitor and evaluate the SCM implementation process through a process of regular reporting to political structures.

2.4.7.4 Accounting Officer

The accounting officers are responsible for the implementation of the SCM system. They also have to establish a SCM unit within the Chief Financial Officer's (CFO) structure with the necessary delegations; they have to develop municipal SCM policies and procedures in accordance with national and provincial guidelines and directives, establish the necessary SCM committees with clear delegations and responsibilities, ensure that adequate controls are in place to prevent over- and under expenditure, ensure that efficient anti-corruption and anti-fraud mechanisms are implemented and contribute towards local economic development, SMME development and BBBEE through targeted procurement spending.

2.4.8 Procurement Committees (bid Committees)

This section examines the procurement committees involved in public procurement as mentioned in Section 2.4.6.2.

2.4.8.1 Bid Specification Committees

This is the committee responsible for the compilation of bid specifications. The Bid Specification Committee must also consider whether all the required quality assurance standards have been met with regards to the type of goods that are requested. The specifications should be compiled in an unbiased manner to allow all potential bidders the opportunity to offer their goods and services. The specification committee may comprise of officials from the department (procurement section of the department requiring the goods), one or more qualified specialist officials, or an extended consultant under the direction of the official or department concerned.

It is recommended that specifications should be approved by the accounting officer or his/her delegates (the adjudication committee) prior to the advertisement.

2.4.8.2 Bid Evaluation Committee

This committee is responsible for the evaluation of bids received, which also includes the verification of the ability of the bidder to execute the contract from both a technical, managerial and financial perspective. This committee also evaluates whether the bid meets the specifications in respect of quality, functionality, dimensions, design, customer support, guarantee, and so forth. They are also tasked to decide whether the bid offers value for money. Their decisions are based on the number of contracts awarded to bidder/s in contention during the preceding twelve months. The committee also investigates the allocation of preference points. The committee should be cross-functional and should compromise of supply chain practitioners and suitably skilled officials from other relevant disciplines. The evaluation committee should evaluate all the bids received and submit a report and recommendations regarding the awarding of the bids to the adjudication committee.

2.4.8.3 Bid Adjudication Committee

The adjudication committee must be cross-functional, of whom at least one member must be a supply chain practitioner. The chairperson of the committee should be the CFO of the institution, or someone with delegated authority. The committee should be composed of at least four members, at approximately senior level. The committee

should consider the report and recommendations made by the evaluation committee. The accounting officer will determine the delegated powered exercised by the adjudication committee, which may be expected to make a recommendation to the accounting officer for the final approval/ratification.

2.5 CONCLUSION

This chapter presented procurement from a global perspective. It provided an overview of the historical development of procurement up to the current generic procurement processes. The importance of procurement to a country or organisation was emphasised. The chapter proceeded to explore the procurement practices within the SA public sector. The discussion also presented the procurement partners and committees responsible for this function. This chapter builds up to the discussion of the procurement practices employed within the commuter bus industry in Gauteng, which will be covered in Chapter 3.

CHAPTER 3: PROCUREMENT WITHIN THE COMMUTER BUS INDUSTRY

3.1 INTRODUCTION

Chapter 2 presented a global overview of procurement and procurement in the SA public sector. This chapter presents an overview of procurement in the SA commuter bus industry. However, since this industry forms part of public transport, it is imperative to first look at the DoT (as the governing body of public transport) and the policies and regulations guiding procurement within this department, which then guides procurement in the commuter bus industry. The latter part of the chapter provides an overview of the commuter bus industry, and concludes with a discussion of the challenges faced by the industry.

3.2 OVERVIEW OF THE SOUTH AFRICAN COMMUTER BUS INDUSTRY

This section presents an overview of the commuter bus industry. It explores the DoT as the pioneer of public transport in SA and further explains how it links with the commuter bus industry.

3.2.1 Department of Transport

The DoT is responsible for the legislation and policies applicable to all the transport sub-sectors, namely, rail, pipelines, roads, airports, harbours, as well as the cross-modal operations of public transport and freight which all fall in the transport sector (DoT,2013a:16). In addition, the DoT is responsible for conducting sector research and it has to ensure an efficient and integrated infrastructure network that serves as a promoter for social and economic development. It must also ensure a safe and secure transport sector, improve rural access, improve public transport systems and increase the contribution of the sector to job creation (DoT, 2013a:16).

The 1996 White Paper on National Transport sets the general framework for the development of transport networks and infrastructure. In as far as the commuter bus sector, the DoT is responsible for the procurement of the commuter bus services, through the appointment of the commuter bus operators.

3.2.2 Overview of the commuter bus industry

The commuter bus industry is a part of the public transport spectrum within the DoT, which then forms part of the passenger transport, consisting of the train, bus and minibus taxi sectors (Walters, 2014:1). The bus industry comprises of municipal buses, the new Bus Rapid Transit system and subsidised buses. The commuter bus industry emerged, through the zoning policies introduced by the apartheid government, where the Africans were located in the outskirts of cities (Ngcamphalala & Ambe, 2016:7). The government then introduced these buses and subsidised the operators. Although these operations are rendered throughout the country, the Gauteng subsidies take the biggest chunk of the government's budget and thus the interest in the province as a research environment is merited (National Treasury, 2015a).

3.2.3 Characteristics of the commuter bus industry

The subsidised commuter bus services were introduced to ease the financial burden on the communities. This led to many challenges, such as tension among the commuters and management, and disputes over the control, management and affordability by the commuters. The government then intervened through the establishment of an advisory committee on passenger transport, which aimed to protect the bus companies through bus subsidisation and which acted as a regulatory instrument by means of a "permit system" administered by the Local Road Bus Transportation Board (LRTBs) under the Road Transportation Act of 1977. Unfortunately, the subsidised bus operations were then marred by increased transport subsidies for the state, and riots against rising transport fares (Buthelezi, 2014:1). This led to a decrease in the use of commuter bus services and commuters opting for the use of trains, minibus taxis and/or vans (Jakoet & Bester, 2001; Walters, 2014:2).

In 1994, when the new democratically elected government took power, all the state entities had to review their processes, and for the DoT it meant transforming public transport to offer safe, secure, reliable and affordable services to commuters, from which the commuter bus industry was not exempted (Walters, 2010:362). Under this era, the industry was then sub-divided into three authorities, namely, commuter bus services (managed provincially), subsidised scholar services (managed by the Gauteng Department of Education), and the BRT systems and municipal bus services

(managed by the local municipalities) (Walters, 2014:7). However, the scope of this study is limited to the subsidised commuter bus industry.

3.2.4 Advancement of the commuter bus industry

Public transport in SA, in particular the commuter bus industry, is complex and unique to SA. One of the main reasons for this complexity is the history of the policies of land distortion that took place in SA (Rahim, 2014:34). The following brief summary puts the establishment of the industry into perspective:

- Colonialism: The first settlement of whites in the country brought about distinct settlement patterns amongst the different populations (Woolf & Joubert, 2013:3). These settlement patterns were the main foundation of the segregation, favouring whites only. One of the reforms is the Great Trek, where whites obtained their own land in their own territory.
- Segregationism: The unionisation of 1910 introduced a number of segregation policies (Woolf & Joubert, 2013:3). The Black Land Act of 1913 made provision for more land for white farmers. Total segregation was further strengthened through the introduction of the following legislations; the Black Urban Areas Act of 1923 (which made provision for the creation of settlement areas or townships for blacks at the outskirts of cities and towns), the Slums Act of 1933 (abolished multi-racial practices, enforcing a policy of total segregation); and the Development Trust and Land Act of 1936 which enforced the policy of racial segregation, despite its aim to ensure more land for black people.
- Apartheid: This was a transformation of the segregation policy by the National Party when they took power in 1948 (Woolf & Joubert, 2013:3). In 1950, the Group Areas Act made provision for the forced relocation of non-white South Africans out of areas reserved for whites only through a policy of expropriation of land. This was effected in most cities and towns throughout SA.

These relocations increased the momentum of the commuter bus industry, since more blacks needed transport to get to their work, shops and homes. The apartheid system also led to the development of separate bus companies in the metropolitan areas for whites and non-whites. The different systems required different infrastructures, companies, management structures, funding and subsidy arrangements and other costly duplications. The white municipal bus services experienced low passenger

volumes and resulted in increased subsidies of the rate paid. Against this background perspective, it is clear that some of the challenges facing the commuter bus industry stem from this era.

3.2.5 The deregulations

In 1981, the Welgemoed Commission was introduced to study the bus industry (Khosa, 1995:172). Its primary task was to investigate the fiscal crisis in order to find ways of reducing the cost of subsidisation (Khosa, 1995:172). This was in response to the increasing transport subsidy bill and fiscal crisis of the apartheid state, as well as the escalating popular protests against raised fares that had occurred in the 1970s and early 1980s. In the investigations, it was found that the cost of subsidisation was high and it was proposed that the bus subsidy framework be retained in the short to medium term, albeit with some changes in the formula for calculating subsidy adjustments.

The second interim report concluded that in the long term, the bus subsidies should be phased out. The final report of the Welgemoed Commission recommended that, if subsidies were to be phased out (in the medium to long term), then the Public Utility Transport Corporation (PUTCO) (currently responsible for the majority or black bus commuters in the metropolitan areas), and the subsidised bus industry in general, would be compensated by the gradual legislative elimination of the unhealthy competition from the minibus taxi industry – and that they be afforded quasi-monopolistic rights (Buthelezi, 2015: 10). It further recommended that mini-bus taxis carrying more than four passengers be phased out.

The Welgemoed Commission also recommended the inclusion of the minibus taxis in the operations and the elimination of permits to the taxi industry. The National Transport Policy Study (NTPS) was established in 1982 to assist the NTC in formulating recommendations to bring transport policy in line with broader national policy. The passenger transport advisory committee of the NTPS made recommendations on policy principles, institutional arrangements and responsibilities, subsidy allocation methods and minibus taxi regulation. It recommended that bus companies be given a period of protection through ‘interim contracts’, which would convert the existing subsidy which was based on passengers, into a fixed-price contract, and be valid for a period of three years.

During this time, a new process of competitive tendering would be developed and tested. Bus services operating under both the interim and competitive tendering arrangements would be protected from competition from other bus services, but the minibus taxi industry would be allowed to compete at will with buses (Walters, 2014:2). It is worth noting that the NTPS ignored the Driessen Commission's recommendation of a subsidy of 20% on revenue for all public urban bus services that were not already subsidised. According to Walters (2014:2), the White Paper on Transport Policy, endorsed in 1987, effectively deregulated the entire taxi industry, making minibus taxis legal. The idea of issuing a restricted number of permits was finally implemented in 1989.

The bus industry in SA has for many years made a vital contribution to the economic and social development of the country. South African bus services have and continue to provide mobility to millions of people who use these commuter services, for example, learners who require transport to and from school, workers who require transport to and from their jobs, and individuals who are seeking employment or access to hospitals and other services (Arrive Alive, South Africa, 2017).

3.2.6 Classification of the commuter bus industry

When the new government concluded their first contracts with the bus operators, it engaged with the existing, large and established operators (Walters & Heyns, 2012:36). These then became the formal operators. Since then, the operators in this industry have been divided into two categories:

- **Formal operators**

  These are the large and established operators that were already in the system when the new government took power in 1994. They have been "formally" contracted by the government since 1997, when their existing services were structured into a contract framework, as Interim Contracts and they are still participating to date. (Walters & Heyns, 2012:36). These are classified as, small, medium and big operators (Walters & Manamela, 2016:1-2).

- **Informal operators**

  These are small private operators, falling outside government regulations and operating with smaller vehicles (Venter, 2013:114). The use of smaller vehicles

only benefits the commuter, with low fares and high availability. However, with regards to the entire industry, there are many negatives related to them, including low vehicle and passenger convenience standards, poor road safety records, predatory pricing and significant disruptions towards congestion and environmental pollution (Venter, 2013:114).

These operators are now servicing unsubsidised routes, scholar transport and/or private hires. According to the Bus Commuter and Coach Services Charter (2009:3), the commuter bus industry falls within the Bus Sector Broad-Based Economic Empowerment (B-BBEE) Sub-Sector Code. The scope of this Bus Sector Broad-Based Economic Empowerment (B-BBEE) Sub-Sector Code extends to include:

- Commuter bus services;
- Long-distance bus services;
- Tour and bus services;
- Cross-border bus services;
- School/learner bus services;
- Commercial contract bus services;
- Special hire or private hire bus services;
- Subsidised and non-subsidised bus services; and
- Scheduled and unscheduled bus services.

The Bus Sector (B-BBEE) Sub-Sector Code further covers the following entities involved in rendering passenger bus services:

- Privately-owned bus operations;
- Listed bus operations;
- State-owned bus operations;
- Municipal bus services or bus operations owned by metropolitan authorities; and
- Parastatals and bus operations owned by provincial authorities.

The Bus Sector (B-BBEE) Sub-Sector Code also makes provision for Exempted Micro Enterprises (EMEs) and covers Qualifying Small Enterprises (QSEs), as well as medium- and big bus operators. For the purposes of this study, commuter bus services consisting of bus companies receiving subsidies, for example, privately-owned and parastatals participating in the subsidised system, will be analysed (Naudé, 1999:184). The commuter bus industry currently has a total of 110 subsidised contracts, consisting of 27 interim, 14 negotiated and 69 tendered contracts across the country (SABOA, 2016:4).

3.2.7 Benchmarking from other countries on procurement practices in the commuter bus industry

There is no clear-cut role model guide for the transformation process of the SA bus industry, more because of our uniqueness as a country, stemming from our history of segregated policies (Mitchell & Walters, 2011:251). However, there are a few countries that have policy reforms that are comparable to that of SA that were selected for reference. These were the United Kingdom, Brazil, Australia, New Zealand and other countries. A brief review of each country and the lessons for SA are summarised in Table 3.1 (on the next page):

Table 3.1: Summary of benchmarking international countries on the procurement of commuter services

Country	Commuter bus characteristics	Lessons for South Africa
The United Kingdom	▪ Leader in the transformation of the bus industry through competitive tendering. ▪ Deregulation and competition were employed. ▪ Combined government funds and resources of private firms to provide bus services that were previously rendered by government. ▪ Improved privatisation, productivity and efficiency. ▪ In the UK, privatisation has minimised the entry requirements into the industry, allowing small operators to partake.	▪ Combine government funds and resources of private organisations to provide bus services that were previously rendered by government. ▪ Adopt competition to acquire improved privatisation, productivity and efficiency. ▪ Privatisation can minimise the entry requirements into the industry, allowing small operators to partake.
Brazil (Curitiba)	▪ Excel at cost cutting. ▪ Operations are offered by an independent operator and are smooth.	▪ Consolidate transport and land planning- the transport reforms should be conducted in conjunction with the settling patterns. ▪ The proper distribution of the population will enable this industry to fund itself. ▪ Promote the rendering of services by private operators. ▪ Government should redirect the population to certain areas, introducing key services and the bus industry can play a huge role in providing transport.
Chile (Santiago)	▪ Tendering was introduced to improve operator efficiency, improve commuter satisfaction and to restore order in the operations. ▪ Bus and taxi fares fell by 29%. ▪ Average bus age fell to 3 years.	▪ Tendering will improve the rendered services. ▪ Fares will fall, if the industry is sustainable. ▪ Will promote the use of non-roadworthy vehicles.

Source: Compiled by author

3.3 PROCUREMENT PRACTICES WITHIN THE COMMUTER BUS INDUSTRY

As a result of the pre-democratic procurement practices in SA, which were characterised by discrimination and prejudices that favoured the white minority and disadvantaged the black majority, the democratic government introduced a reform in the public industry procurement through a preferential procurement system to address socio-economic objectives (Ambe & Badenhorst-Weiss, 2012:242). The aim was to restructure past inefficiencies, to eliminate discrimination and to redirect various distorts within the procurement function. The commuter bus industry was no exception, and it was viewed as a powerful vehicle to address these past inefficiencies (Naudé, 2003:3).

Procurement in SA is deemed to be of particular importance in the public sector and is used as a policy to address the discriminatory and unfair practices stemming from the apartheid era (Bolton, 2006:202). However, within the commuter bus industry there was, and still is, some resistance to the reforms in the procurement of services (Naudé, 2003:5). The remainder of this chapter critically looks at the procurement reforms in this industry.

3.3.1 Types of procurement practices employed within the commuter bus industry

In the commuter bus industry, the standard procurement methods that are used are based on the methods used in the general public procurement in SA, but adapted to the specific needs of this industry (Ngcamphalala & Ambe, 2016:7). As part of the reforms, the White Paper on National Transport Policy of 1996 was introduced, which introduced the procurement of commuter bus services through competitive tendering (Walters, 2014:2). However, there were then labour-related issues between the DoT, the industry association (the Southern African Bus Operators Association) and labour, which then led to the enacting of the National Land Transport Act of 2009, which introduced the contemporary procurement methods, namely, negotiated contracts and competitive contracts (Walters, 2010:362).

3.3.1.1 Interim contracts

Interim contracts were concluded in 1997, as an interim measure by the government to allow the existing operators the opportunity to hand back their operating permits, as

part of the process to prepare for the tendering system and to help the operators become financially 'fit' (Walters, 2010:362). These were a continuation of the current operations and were a ticket-based subsidy system. Subsidies were paid according to the number of tickets sold and the costs and losses were claimed by the operator (Mosebi & Mcdonald, 2009:500). The main disadvantage of these contracts was their vulnerability to dishonest activities from some operators and some government officials who were defrauding the system which resulted in the government not getting 'value for money'.

This then led to the conversion of these contracts to a kilometre-based system (Walters, 2014:2). Initially, these contracts were intended to last for three years, but due to labour disputes and lack of funds, the department had to extend these and signed an agreement between organised labour and the Southern African Bus Operators. From 2002 (when the moratorium on the tender system was introduced) to 2014, these contracts have been operated on a month-to-month basis as negotiated and tender contracts managed by the DoT, until the tendering issues are resolved (Parliamentary Monitoring Group, 2013:1 & SABOA, 2014:2110). Since April 2015, the month-to-month contracts have been replaced with a three years' contract on the same terms and conditions, which expires in March 2018, as a preparation phase towards the development of an Integrated Public Transport Network Plan (IPTN) in the metros (SABOA, 2015:3; SABOA, 2016:20).

3.3.1.2 Tender contracts

This form of procurement is also referred to as the open-tender system. In this form of procurement, operators prepare bids based on Parts Three and Four of the Model Tender Document (MTD) and submit such bids to the relevant authority for adjudication (Walters & Cloete, 2008:3). Labour is not part of the agreement and only becomes involved once the contract is awarded to the operator and the operator enters into labour-related negotiations with regards to employment opportunities.

Within the commuter bus industry, these contracts were concluded in 1997, and they followed on the challenges caused by the Interim contracts (ICs). The government had to introduce these without delay in line the White Paper policy objectives (Walters, 2010:363; Walters, 2014:2). These contracts are government controlled, with the government specifying the required services and inviting operators in an open market to tender for these services. The aims of these contracts were to encourage the

participation of new entrants and to empower small operators and also enable transparent monitoring of the funds for this industry. These are operated on a kilometre-based subsidy, enabling the government to budget way ahead since the travelled kilometres are fixed and these are worked out on an agreed formula.

The tender contracts brought about many benefits, like enabling the government to monitor and control the rendered services through an independent monitoring firm, and also specify the design of the service. However, they have not grown because of funding constraints. To date, no new contracts have been concluded. The tendering system lasted until 2002, when it was abandoned because of lack of funds. Since then, these contracts have been operated on a month-to-month basis, managed by DoT (Parliamentary Monitoring Group, 2013: 1). Since April 2015, the month-to-month contracts have been replaced with a three years' contract on the same terms and conditions, which will expire in March 2018 as a preparation stage towards the development of IPTN in metros (SABOA, 2015:3; SABOA, 2016:20).

3.3.1.3 Negotiated contracts

This form of procurement is also referred to as single-source procurement and is used in instances where the goods or services are obtainable from only one provider. Due to lack of competition in this form of procurement, it is open to abuse, and should therefore only be used in exceptional circumstances (Anthony, 2012:89). This type of procurement is also the least transparent type of procurement since it is not advertised and no tender procedures are conducted where all the tenderers are aware of the tender criteria. It is therefore advisable for organs of state to minimise the use of single-source procurement.

It is suggested that this method be used where intellectual property rights are involved. This should be used cautiously and only where there is no alternative. It may be necessary to suspend a tendering process where additional and unforeseen work needs to be done under an existing contract which cannot be separated from the main contract. This also applies to contracts where similar work must be performed under a contract previously awarded to the same contractor; however, a limit should be set on this. Also, single-source procurement can be used where amendments have to be made to an existing contract. In the case where the nature of the amendments are such that a new contract would be advisable, a public call for tenders may be a more appropriate approach to follow. Anthony (2012:73) also adds that this method is

appropriate in cases of extreme urgency brought about by unforeseen events, and when the time limits permitted by the tendering procedure cannot be followed.

In the commuter bus industry, this form of procurement was introduced between 1999 and 2000 through the National Land Transport Transition Act (NLTTA). Originally, it was intended to assist government-owned and municipal operators, since they were financially 'unfit' to participate in competitive tendering (Walters & Cloete, 2008:1163). Later on, this Act was amended to make provision for private sector companies, albeit under certain conditions. These included small operators, and previously disadvantaged persons; however, the disadvantaged person had to be a major shareholder in that company. The organisation must be operational within 24 months of the commencement of the contract and the value of the contract should not exceed a prescribed percentage of the total value of the subsidised service contracts in that area or province. This form of contract is flexible and allows bus operators to negotiate contract conditions, before accepting the contractual terms (Simpson *et al.,* 2012:23). In this contract, provision is made for the Model Tender Document (MTD), issued by the DoT. For example, the services rendered by Great North Transport in Limpopo and North West Star in the North West province, to mention just a few operators operating on negotiated contracts.

These contracts are now operated on a month-to-month basis managed by DoT (Parliamentary Monitoring Group, 2013: 1). Since April 2015, the month-to-month contracts have been replaced with a three years' contract on the same terms and conditions, which expires in March 2018 as a preparation stage towards the development of IPTN in metros (SABOA, 2015:3 and SABOA, 2016:20).

Table 3.2 provides a summary of the status of the procurement practices employed in the commuter bus industry in SA.

Table 3.2: Current status of procurement practices within the commuter bus industry in SA

Types of procurement	Contract characteristic
Interim contracts	▪ Introduced as a transition arrangement in 1997, between government and existing operators. ▪ Were meant to last for three years initially. ▪ ICs are now 20 years old. ▪ Contract extensions are between one and three months. ▪ The last round of extensions was up to six months.
Tendered contracts	▪ Based on a standard contract document. Mostly stand-alone services in rural or urban areas. ▪ Five years originally. ▪ Contract extensions are between one and three months. ▪ The last round of extensions was up to six months.
Negotiated contracts	▪ Mostly applicable to state-owned and operated buses. ▪ Five years originally. ▪ Contract extensions are between one and three months. ▪ Last round of renewals was up to six months

Source: Compiled by author

3.3.2 Procurement's role in socio-economic development within the commuter bus industry

Post-1994, the ANC government transformed public procurement to cater for diverse economic needs, such as the inclusion of women, black people and people with disabilities, groups that were previously marginalised in economic activities (Vabaza, 2015:27). A part of this initiative was to support this industry. The SA government identified that the SMME sector has the potential to provide job creation opportunities, economic growth and equity in SA (Peters & Naicker, 2013:13). This has been proven since 1996, where the number of individuals employed within the SMME sector increased from 19% to 26% of all employed persons by 1999. Since then the SMME sector has received increased attention from the government, especially with regards to investment, supportive legislation, a variety of funding institutions and assistance from government institutions through the Department of Trade and Industry (DTI) (Boosting small businesses, 2002:1).

According to Ambe (2012:244), procurement has been used by the SA government to achieve socio-economic objectives, such as stimulating economic activity; protecting national industries from foreign competition; improving the competitiveness of certain sectors; and remedying national disparities.

Despite the reforms and regulations put in place to redeem the irregularities in promoting socio-economic objectives in public procurement, there are still some predicaments. The commuter bus industry has noted the following gaps:

Use of procurement to achieve socio-economic objectives within the commuter bus industry

The contemporary procurement practices employed within the commuter bus industry are still not in line with some of the policies like the B-BBEE Strategy that says there must be contract guarantees (B-BBEE Strategy-page). There are no contract guarantees as per the set policies. According to the Parliamentary Monitoring Group, on “Bus subsidies and their impact on taxi industry: DoT briefing” (2013:1), the subsidised bus contracts were operated on a month-to-month basis despite the promise to provide contract guarantees through these contracts. According to Thys Heyns, PUTCO executive director, the longest contracts were 12 months’ contracts and operators cannot invest in anything for such a short period (Venter, 2015:1). Therefore, operators cannot hire additional staff, since there is no certainty of their business and thus the industry is not contributing towards job creation or economic growth.

There have not been any new signed contracts since 2002 (Munshi, 2014, Walters 2014:2). Section 41(1) (b) of the National Land Transport Act stated that authorities may enter into negotiated contracts with operations in their areas, on a once-off basis, with a view to promote the economic empowerment of small businesses, or of persons previously disadvantaged by unfair discrimination (Parliamentary Monitoring Group,2013:1). This was to be done so that when new contracts were brought in, the negotiated routes of all the previously disadvantaged people would be incorporated. Since April 2015, these are now operating on a three-year contract, due to expire in April 2018 (Saboa, 2015:12).

However, despite the slow progress of this industry on the implementing of policies, mostly due to stringent legislative requirements and corruption, many emerging HDI-

(historically disadvantaged individuals)-owned enterprises benefit from preferential procurement opportunities (Hlakudi, 2012:i). Hlakudi further confirms that the achievement of the intended objectives can be improved by reviewing the implementation model of the policy, by improving the awareness and accountability of key stakeholders, and by providing unconditional support for SMMEs. The Green paper on procurement (1997:7) concurred that the inclusion of SMMEs is important to stimulate the growth of the SA economy, however the execution of the proposed policies seem to have side-lined this industry.

Development of SMMEs

SMMEs constitute the vast majority of business establishments in all economies and are usually responsible for job creation opportunities and contribute a big part of the private sector turnover (Hlakudi, 2012:55). Government have since seen that the small businesses present a big opportunity to assist in reducing the poverty gap.

However, within the commuter bus industry the status quo shows that there is still some resistance with regards to the inclusion of SMMEs or small bus operators (Mitchell *et al.*, 2011:252; Walters *et al.*, 2012:45). The employed procurement practices still favour big companies. The old contracts from the previous era in the form of interim contracts are still in place, and they have been extended more than a 150 times (Venter 2015:1). To date, however, despite the newly effected policies under the new government with the aim of promoting socio-economic objectives, SMMEs are still not fully recognised in SA (Hlakudi, 2012:4). At present, only a few small bus operators are taking part in the procurement processes with negotiated contracts (Walters, 2013:40). The majority of the small and/or black-owned companies still find it difficult to compete with the large white-owned companies for contracts. Small bus operators (SBOs) or informal bus operators, as referred to in most literature, are still struggling to take part in these operations, because of the protection afforded the large operators (Naudé, 1999:167). Venter (2013:2) concurs saying that in the public transport sector informal or SBOs are still regarded as “a problem to be solved”. These operators are said to be resistant of the proposed policies. According to Harrison (2012:6), small and new bus operators are still struggling to penetrate this industry. The main challenge is lack of subsidies to purchase the required fleet of buses needed to partake in the competition with the large operators. The large operators were given

a huge capital investment to purchase their fleet. It is a given that the small bus operators do not stand a chance against the large operators.

Contribution to GDP

The bus industry has for many years made a significant vital contribution to the economic and social development of the country (De Klerk, 2013:1). Due to the budget constraints in the industry, mainly stemming from the use of the Division of Revenue Act (DORA), the growth and contribution of the industry towards the GDP has decreased (Rypstra, 2011:2).

Table 3.3 provides a summary of the current situation regarding the contribution of the industry to socio-economic development.

Table 3.3: Procurement's role towards socio-economic development within the commuter bus industry

Socio-economic contribution	Commuter bus industry contribution
Employment	▪ Most of the large operators, from the previous operations are still operating, under Interim contracts, on a month-to-month basis. ▪ A few small bus operators are partaking in negotiated contracts.
Contribution to the industry	▪ Within the commuter bus industry there is still some resistance with regards to the inclusion of SMMEs or small bus operators. ▪ There is progress, but it is slow due to delays in the implementation of policies.
Development of SMMEs	▪ Limited progress in the inclusion of SBOs. ▪ Most are rendering scholar transport and these contracts are not financially viable. ▪ Lack of skills and training to partake in the public transport contracting system.
Contribution to GDP	▪ For many years this industry has contributed to the economy and social development of SA. ▪ However, due to limited funds, the industry's growth is stagnant.

Source: Compiled by author

3.3.3 Policies and regulations impacting procurement contracts in the commuter bus industry

To gain a deeper understanding of and be able to map a way forward within this industry, reference to the past is critical, therefore this section will discuss procurement

practices pre-1994, the procurement transformation period post-1994 as well as current developments and operations. This section will discuss the policies directly impacting procurement practices in the commuter bus industry in SA.

3.3.3.1 Before 1994

The origins of the commuter bus industry in SA can be traced back to the apartheid era (Naudé, 1999:3; Walters, 2014:2). The policy of spatial segregation played a significant role in the development of this industry (Naudé, 1999:vii). The government then, in the period before the early 1990s, focused at safeguarding the interests of the white minority and various acts were introduced to achieve the goal of segregation. Certain areas were reserved exclusively for use by the white population, while other population groups were located on the outskirts of the cities.

It should be noted that, prior to 1950, there were developments in urban transport in Southern African cities that were benchmarked against European and other overseas cities. However, the policy of spatial segregation on racial grounds ended this development pattern when the non-white citizens were placed outside the cities, and this led to the introduction of subsidised commuter bus services. These operations, however, were ineffective and due to insufficient funding from the government, resulted in a situation where the system could not be maintained by the government. This led to the people travelling long distances to places of work, recreation and other social purposes and contributed to the financial challenges the industry is faced with today (Naudé, 1999:2-4).

According to Naudé (1999:173) and Walters (2010:363), two forms of procurement practices and/or subsidisation were employed prior to 1994, namely:

- the passenger subsidies based on ticket sales (where passengers' bus fares were subsidised); and
- the deficit subsidy (where operators, for example, the municipal operators were subsidised).

However, these did not last, because of criticism that they faced which eventually led to the subsidy policy being phased out completely. Some of the issues raised were:

- Payments are not related to performance (efficient operators frequently penalised and vice versa);

- Inefficient operators were still subsidised;
- System led to allegations of ticket fraud;
- Transport networks developed as a result of this system which led to urban sprawl;
- Funds were set aside for the replacement of capital, but they were not used for that, leading to compromised services; and many other challenges.

In view of the deficit subsidisation system, among others, the following challenges were specifically identified:

- The operator did not have a motivation to entice and encourage the market to use their services, because an increase in passengers did not increase the subsidy - the deficit was subsidised either way;
- No motivation to improve their operations, because the system was corrupt.

The above then confirmed the need for reforms in this industry. Following the democratic elections of 1994, the SA government used public procurement policy as a tool for socio-economic development. This aimed at reversing the effects of the implementation of the previous government's procurement policies that excluded the majority of the population from participating in business with the government. The following summary puts the reform into perspective.

3.3.3.2 After 1994

Since the commuter bus industry is a part of public transport, it is therefore guided by the same key policies and documents. Procurement policies are rules and regulations governing procurement practices within an organisation (Njeru *et al.*, 2014:166). Properly formulated and implemented policies play a pivotal role in providing a guiding framework for the implementation of efficient procurement practices. The policies and regulations guiding public transport in SA have undergone a number of significant changes over the last few years. However, within the commuter bus industry, the employed policies are not in line with the key procurement and public transport policies, and thus result in the challenges facing this industry.

The key documents guiding the procurement function within the commuter bus industry include: the Ten-Point Plan on procurement reform of 1995, the Constitution of the Republic of South Africa, 1996, the Public Finance management Act, 1999, the

Municipal Finance Management Act, the Preferential Procurement Policy Framework, 2003, the White Paper on National Transport Policy Act, 1996, Moving South Africa: Towards a transport strategy for 2020, 1998, Framework of Transportation in South Africa, 1999, the National Land Transport Transition Act, No. 22 of 2000, the Public Transport Strategic Documents, 2007, the National Land Transport Act, 2009, and the Framework of Supply Chain Management, 2003. The policies are briefly explained below.

Some of the key policies and regulations governing procurement in the commuter bus industry discussion are as follows:

- **The Ten-Point Plan on Procurement Reform, 1995**

  This policy was introduced as a set of interim strategies to further the procurement reform process. The previous Tender Board policies and procedures favoured the large and better established entrepreneurs and did not provide ease of access for SMMEs into the mainstream procurement activities funded by the public sector. The plan introduced a set of ten strategies which include preferential procurement, giving preferential points to companies owned by people who were previously disadvantaged, as well as women entrepreneurs when competing for government contracts.

- **The Constitution of the Republic of South Africa, 1996**

  Section 217 (3) of the Constitution of the Republic of South Africa of 1996 requires that legislation at the national sphere of government prescribes a framework within which the preferential procurement policy must be implemented. It also notes that any organ of state in the national, provincial and local spheres of government that procure goods and services should do so with a system that is fair, transparent, equitable, competitive, and cost-effective. This is where the procurement of the bus services through competition is drawn. The procurement function at the national, provincial departments, municipalities, constitutional entities and public entities is also governed by a number of policies and regulatory documents, which are discussed in this section.

- **Green paper on Public Sector Procurement, 1997**

  This policy was introduced as part of the country's procurement reforms through the Ministry of Finance and the Ministry of Public Works to make the tendering

system more easily accessible to SMMEs. Through this paper, the government aimed at transforming the public procurement process in order to achieve its socio-economic objectives within the ambit of good governance. The objectives through procurement includes access to tendering information and the simplification of tender documents, breakout procurement, the awarding of tenders in terms of a development objective mechanism, drafting of an affirmable SMME participant programme, promoting employment-incentive practices, affirming marginalised sectors of society in construction projects, and the development of an affirmable procurement policy.

- **Public Finance Management Act 29 of 1999 (PFMA)**

Drawn from Section 217 of the 1996 Constitution, Section 76 (4) (c) of the Public Finance Management Act, 1999 (Act 1 of 1999) mandates the National Treasury to develop regulations regarding the determination of a framework for an appropriate procurement system which is fair, equitable, transparent, competitive and cost-effective (Republic of South Africa, 1999). This Act stipulates a framework that guides public sector procurement in the national and provincial departments and state-owned enterprises. Section 38 of the Public Finance Management Act, 1999 (Act 1 of 1999) also provides that accounting officers of the state should ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management, and internal controls; a system of internal audit under the control and direction of an audit committee; and an appropriate procurement and provisioning system (Republic of South Africa, 1999).

- **Preferential Procurement Policy Framework Act, 2000**

This policy was introduced to give effect to section 217 (3) of the Constitution of the Republic of South Africa (1996) which requires the national legislation to prescribe a framework within which preferential procurement will be implemented. This Act prescribes in detail categories of persons referred to as Historically Disadvantaged Individuals (HDIs) who qualify for preference in the allocation of contracts. This Act also aims to promote the attainment of RDP goals which include, amongst others, the development of SMMEs. In 2001, this Act was further supported by the introduction of the Preferential Procurement Regulations to put

practical measures in place and prescribe the threshold values for the implementation of the PPPFA.

- **Municipal Finance Management Act, 2003**

The Municipal Finance Management Act, No. 56 of 2003 is an extension of the PFMA (Tshamaano, 2012:11). This Act also provides a regulatory framework for procurement at municipalities and municipal entities in SA. It indicates the measures necessary to eliminate fraud, corruption, favouritism and irregular practices.

- **Broad-Based Black Economic Empowerment Act, 2003**

This Act prescribes a legislative framework for the promotion of BEE in order to realise the constitutional right to equality, to increase broad-based and effective participation of black people in the economy, and promote a higher growth rate, increased employment, more equitable income distribution, promote economic unity of the nation, protect the common market, and promote equal opportunity and equal access to government services. The PPPFA and the BBBEEA have been introduced to achieve similar objectives of redressing economic imbalances of the past, including the promotion of equal distribution of the economic resources of the country. The BBBEEA also aims to include the private sector to contribute to BEE through various strategies, such as the development of small enterprises.

- **Supply Chain Management framework, 2003**

This policy has been discussed in details in Chapter 2; however, it is still necessary to note again that its purpose was to reinforce the proper institutionalisation of good governance practice during the implementation of the revised government procurement policy. As part of the procurement reforms, the National Treasury further introduced a new division, responsible for the implementation of the Supply Chain Management policy for the development of norms and standards, for monitoring and enforcing compliance, and for contract management (Brunette, 2014:17). This policy was reciprocated in all nine provincial governments and SCM Offices were established to roll out the SCM policy. Each organ of state had to absorb its own SCM (unique to its operations).

The National DoT adopted its own SCM in 2011 (DoT, 2011). This policy aimed to support the objectives of the Constitution, which requires that goods and services

be procured according to a system that is fair, equitable, transparent, competitive and cost effective. It meant transforming public transport to safe, secure, reliable and affordable services for commuters (Walters, 2010:362). This was endorsed in the White Paper on National Transport Policy of 1996, through the procuring of public transport services through a competitive tendering system (Walter & Cloete, 2008:1163). This industry is then funded through a public transport operations grant (PTOG) in accordance with Schedule 4 of the Division of Revenue Act (DORA). Walters (2014:1), quoting DoT (2013a:153), cites that these funds are then transferred via the DoT to this industry.

- **White Paper on National Transport Policy, 1996**

This policy document's main objective is the provision of public transport that is safe, reliable, accessible, sustainable and affordable. It also established the introduction of competition when tendering for subsidised commuter bus industry (Walters, 2013:35). Walters and Cloete (2008:1163) concur that the official policy applicable to the procurement of the commuter bus industry is embedded in the White Paper on National Transport policy of 1996, which says these services should be procured through the competitive tendering system. However, since this is a complex industry with formal and informal operators, the government has had to find a balance between all the available variables to meet the needs of its people and be financially sound (Walters, 2013:34).

- **The Moving South Africa Strategy, 1998**

This strategy aimed at improving the level of performance within public transport by introducing competition within the different modes of transport through tendering or the concessioning of services to private operators (Walters, 2013:39).

- **Public transport Strategic and Action Plan, 2007**

Part of these documents dealt with the improvement of public transport, including the scrapping of taxis, refurbishment of commuter rail coaches and the replacement of commuter buses in preparation for the tendering system (Walters, 2012:39).

- **National Land Transport Act, 2009**

This act made provision for both the negotiated and tendered contracts and also placed the responsibility of public transport at the local authority of government (Walters & Heyns, 2012:28). This Act also encouraged the collaboration of rendering public transport services, between various types of providers (buses, rail and taxis) through Integrated Transport Plans (ITPs). This aimed at savings costs by eliminating the duplication of subsidies, which is a big part of procurement.

These key policies and their impact on the commuter bus procurement can be summarised as per Table 3.4 below.

Table 3.4: Selected policies and documents guiding procurement within the commuter bus industry

Policies	Impact on the commuter bus procurement
The Ten-Point Plan on procurement reform, 1995	▪ To accommodate SMMEs, this plan introduced a set of interim strategies to further the procurement reform process. ▪ Introduced a set of ten strategies which included preferential procurement.
Constitution of the Republic of South Africa.	▪ Makes provision for the procurement system to be fair, equitable, transparent, competitive and cost effective. ▪ Requires that legislation at the national sphere of government prescribe a framework within which the preferential procurement framework policy must be implemented.
Green Paper on Public Sector Procurement, 1997	▪ Requires the tendering system to be easily accessible to SMMEs. ▪ Requires procurement contracts to be broken down into small contracts. ▪ Requires procurement to promote employment-incentive practices. ▪ Requires governments to promote socio-economic objectives through good governance.
Public Finance Management Act, 1999	▪ Section 76 (4) (c) of the Public Finance Management Act, 1999 (Act 1 of 1999) mandates National Treasury to develop regulations that promote a procurement system that is fair, equitable, transparent, competitive and cost effective. ▪ This provision is drawn from Section 217 (3) of the Constitution of the Republic of South Africa of 1996.

Policies	Impact on the commuter bus procurement
	▪ This Act establishes a regulatory framework for public sector procurement in the national and provincial departments and state-owned enterprises. ▪ This Act also provides direction to accounting officers of a state department (Republic of South Africa, 1999; Webb, 2010:675). ▪ The accounting officer must prevent unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct.
Preferential Procurement Policy Framework Act, 2000	▪ Establishes the manner in which preferential procurement policies are to be implemented (Ambe & Badenhorst-Weiss, 2012:249). ▪ This Act also gives effect to Section 217 (3) of the Constitution of the Republic of South Africa of 1996 by providing for a framework for the implementation of preferential procurement policy (Moeti, 2014:155).
Municipal Finance Management Act, 2003	▪ Municipal Finance Management Act, No. 56 of 2003 also provides a regulatory framework for procurement at municipalities and municipal entities in SA.
Broad-Based Black Economic Empowerment Act, 2003	▪ Promotes the inclusion of black people in the economy. ▪ Promotes equal opportunity and equal access to government services. ▪ Requires the private sector to contribute to BEE, such as the development of SMMEs.
Supply Chain Management Framework, 2003	▪ Provides guidance to the adoption of an integrated SCM function and its managerial functions. ▪ Defines the various elements of SCM: demand management, acquisition management, logistics management, disposal management and SCM performance. ▪ Emphasis on managerial accountability. ▪ Provides processes and procedures in the case of abuse of the supply chain management system within a department. ▪ Requires the national and provincial treasury and municipal finance department to establish a system to collect and report on the performance of the SCM system within the defined jurisdictions.
White Paper on National Transport Policy, 1996	▪ The White Paper on National Transport Policy, 1996 established the introduction of competition when tendering for the subsidised commuter bus industry (Walters, 2013:35).

Policies	Impact on the commuter bus procurement
	▪ However, since the commuter bus industry is complex, Procuring through competition is difficult and thus government has to find a balance between all the available variables to meet the needs of its people and to be financially sound (Venter 2013; Walters, 2013).
The Moving South Africa Strategy, 1998	▪ The Moving South Africa Strategy, 1998 aimed at improving the level of performance within public transport by introducing competition within the different modes of transport through tendering or the concessioning of services to private operators (Moving South Africa, 1998:135).
National Land Transport Transition Act, 2000	▪ National Land Transport Transition Act, 2000 was the first Act to define the roles of the different levels of government that manage public transport. ▪ This included transport authorities and the legislation guiding competitive tendering with the exception of negotiated contracts on certain conditions (on companies partly owned by blacks).
Public Transport Strategic and Action Plan, 2007	▪ Requires the replacement of commuter buses in preparation for the tendering system (Walters, 2012:39).
National Land Transport Act, 2009	▪ National Land Transport Act, 2009 made provision for both negotiated and tendered contracts. ▪ It also placed the responsibility of public transport at the local authority of government. ▪ This act also encourages the collaboration of rendering public transport services, between various types of providers (buses, rail and taxis) through Integrated Transport Plans (ITPs). ▪ This aimed to save costs by eliminating the duplication of subsidies.

Source: Compiled by author

3.3.4 Relationship status between stakeholders (government versus operators) within the industry

The challenges facing this industry stem from the introduction of the procurement practices to be employed through set policies, which have led to many challenges, such as, amongst others, the lack of funds to cover the operational demands of the industry (Parliamentary Monitoring Group, 2013:1; Walters & Heyns,2012:37; Walters 2014:2).

Since the introduction of these contracts, the National DoT had to approach the Treasury Committee annually for additional bus subsidies (DoT, 2002:2). This is a real and serious dilemma facing government. The government (through the DoT) is busy with efforts to improve the industry and its operations (Parliamentary Monitoring Group, 2013:1). This will be done through continuous improvements to the current status of operations and the allocation of contracts and the future plans towards an integrated transport system. However, because of the complexity of SA, specifically in public transport, and because of our history (Mitchell & Walters, 2011:251), it might be a bit of a challenge to involve all parties, but it is an imperative.

The above background has highlighted the following between the stakeholders:

3.3.4.1 Limited commitment on policy implementation

To the operators, the delay in the full implementation of the policies regarding the employed procurement practices shows a lack of commitment from the government's side. According to various studies (DoT, 2002:8; Walters & Mitchell, 2011:242; Walters, 2014:2), there have been a number of amendments to the employed procurement practices, and which at times can be viewed as not being thoroughly researched from the beginning. Firstly, it was the introduction of the interim contracts in 1997 (as an interim measure, to last for three years), then the negotiated contracts were introduced in 1998 and competitive tendering in 1997 and 2000. Eighteen years later these are operated on a month-to-month basis (Sibande, 2013:1). Browning (2013:265), concurs that the employed polices were a bit confusing leading to the introduction of the NLTA in 2009, to include the existing taxi operators in the negotiated contracts. He further quotes an old military dictum that says "No battle plan survives first contact with the enemy", to confirm that these policies were bound to change or be amended, because the field of play is complicated, for example, having to please the operators on one hand and the interests of the population on the other hand. Haynes (2017:2) concurs with Browning that the lack of policy implementation, continued even after the introduction of the NLTA and including the lack of finalisation of the integrated public transport network by municipalities is adding to the confusion. These have led to the extension of subsidised bus contracts on an *ad hoc* basis.

3.3.4.2 Lack of compliance on policy implementation by the operators

On the other hand, operators are also not fulfilling their contractual obligations. For example, according to Jacob Khawe, chairperson of the Gauteng Provincial

Legislature Committee for Roads and Transport, PUTCO is supposed to operate with 152 buses in Soshanguve (on the far outskirts of the city of Tshwane), but they have only 123 buses, making them 27 buses short (Haynes, 2017:2).

3.3.4.3 Lack of coordinated relationship amongst stakeholders

The delay in the proper implementation of these policies has led to most of the subsidised operators feeling some animosity towards the government and its initiatives and the industry at large (Walters, 2010:366). According to Heyns and Walters (2012:48), some of the interim operators had concerns that the government was forcing them to share 40% of their operations with the taxi industry and small bus operators, since there were limited funds to cover the operational needs of the industry. This contributed a great deal to the negative relationship between the government and the operators. Operators feel the industry has been neglected by government and is stagnant (Venter, 2015:1). The government is focused on the BRT system, injecting money into it, while the bus industry is collapsing due to the lack of funds to cover the operations. For example, in 2015 PUTCO in Mamelodi, east of Tshwane, pulled out of a number of routes, citing low government subsidisation (Tau, 2015:1). The company's director, Franco Pisapia, advised that the routes were not sustainable anymore and the company has been losing R60 million every year for the past five years. The Gauteng transport MEC, Ismail Vadi, accused PUTCO of selective decision-making, where the company kept its contracts on the routes where it received higher subsidies, while halting its service on less-subsidised routes. From this, one can tell there are no coordinated relations between the government (DOT) and the bus operators.

Since 2009, with the introduction of the new funding model, the Division of Revenue Act (DORA), the problems have deepened. Subsidies were cut by 6%. In addition, there was some inconsistence in the operating subsidies, as in some provinces operators were allowed to rationalise their services, however, in others like Gauteng, the operators had to render the same services using the same buses, despite the cuts in the funding. The bus subsidy allocations are determined on an arbitrary basis by the National Treasury, without taking into account the cost increases incurred by the bus companies in relation to wages and operational expenses. This has led to operators rendering poor quality services, since they can no longer afford to service their fleets.

3.3.4.4 Lack of consideration in allocating subsidies

Operators feel the government lacks consideration when it comes to the adjustment and increment of subsidies. The government wants operators to offer good quality services, when they are not being paid well. Malijeni Nqaleni, the National Treasury intergovernmental relations deputy director concurred with this, when she said SA public transport operators need "to do more with less" as the economy contracted and the national fiscus faced increasing financial pressure (Venter, 2015:1). Since 2009, subsidy allocations have been reduced and this has led to serious cash flow and profitability problems for many operators (Venter, 2015:1). Franco Pisapia, PUTCO's managing director, concurred with Venter, saying that the bus industry had taken a "subsidy cut of 17% since 2009, and PUTCO only received a 2% increase in 2015, which is far too little to run a business of this note" (Tau, 2015:1). Again, operators feel there is serious "disproportionate funding bias" between the BRT networks and conventional bus services in favour of BRT. Government is biased towards supporting the newly formed BRT operations over the existing ones. These challenges are so serious that some operators have taken the DoT to court over, amongst other things, reneging on their word regarding the funding issue (Walters 2010:363).

The SABOA 2013/14 annual report concurs that there is no consideration from the government regarding the allocation of subsidies. For example, in the financial years 2009/10 to 2012/13, the following increases were not considered: an increase in labour costs of 8.9% per annum, diesel costs increased on average by 22% per annum, maintenance costs rose on average by 7.77% per annum. Over and above these increments, the consumer price index increased on average by 5.35% per annum.

In addition, the bus contracts are occasionally redesigned to accommodate the changing settlement patterns and to extend services to new areas not served by the original designs (GDPTRW, 2009:14). New settlement patterns have emerged, as population growth continues unrestricted. As the population increases, so should the subsidies, but not in the case of commuter buses. Some of the operators have been rendering these services for free to the government, for Example PUTCO has been subsidising the government on the discontinued routes, says Franco Pisapia (Tau, 2015:2).

3.3.4.5 Limited commitment in organising the industry

Operators feel the government is struggling with the reorganising of this industry (Schalekamp, 2015:10). Government wants to include both the existing taxi operators and the bus operators in the rendering of formal public transport in the country. This has received serious resistance from the bus operators, who feel this has always been their business (Naudé, 1999:2, Schalekamp, 2015:9, Walters *et al.*, 2012:48).

All these have led to operators not trusting the government anymore, especially with the many amendments that have been made to the operations. There is still a lot to be done when it comes to transforming and restructuring this industry, for example, to implement the complex policies (SCM policy); to address human and political interferences; and to limit inadequate understanding of, or attention given to the implementation phase of policies (Mitchell & Walters, 2011:252). In short the relationship is strained. Operators do not trust the government (Walters, 2008; Walters *et al.*, 2012:52). Walters and Heyns (2012:42) concur, saying the government is applying a top-down approach instead of involving the operators in the planning and reforms of the industry. According to Fin and Walters (2010:356), the relationship between government and the operators is worsening. The level of trust is damaged and the operators would love to see the government being "more forceful" in dealing within this industry, more especially its contractual obligations.

In response to the above challenges and concerns of the operators, the government is requesting operators to be patient and flexible in terms of the reconceptualisation of the practices in the industry in line with the National Development plan which calls for a streamlined urban transport system (Munshi, 2014:1). The operators also have to align their operations with Gauteng's plan, which aims at integrating all the different public transport sectors into an effective service.

Table 3.5 on the next page) provides a summary of the relationship between the stakeholders.

Table 3.5: Characteristics of the trusting relationship between the stakeholders

Trust Issues	Characteristics
Limited commitment in policy implementation	▪ Operators feel there is no commitment in the policy implementation; and standing policies are constantly amended, i.e. introduction of the NLTA in 2009, introduction of the BRT. ▪ Interim contracts are still in place 18 years later, operated on a month-to-month basis.
Lack of a coordinated relationship amongst stakeholders	▪ There is animosity towards government due to the delays in policy implementation. ▪ Operators feel government has neglected the industry. ▪ Some operators have surrendered their operations. ▪ In subsidy allocation, government does not consider the operating costs incurred by operators.
Lack of consideration in allocating subsidies	▪ Since 2009, subsidy allocation has been reduced, while demand is growing. ▪ The BRT network is favoured over the conventional bus services when it comes to funding. ▪ Some operators have taken the government to court over funding.
Limited commitment in reorganising the industry	▪ There seems to be confusion in the reforms of the industry, in terms of service providers. ▪ The government wants to include the minibus operators and the bus operators in rendering public transport, to the detriment of the bus industry. ▪ Bus operators are resisting this initiative.

Source: Compiled by author

3.3.5 Procurement challenges faced within the commuter bus industry

The apartheid policies of the previous government left SA with a myriad of distortions and inefficiencies (Naudé, 2003:3). There are some positive reform processes within public transport, in particular this industry, but the change is minimal, especially with regards to the issues of funding and policy implementation. SABOA (2015) concurs that the industry is facing serious financial challenges, which no one wants to take ownership of. The following section discusses some of the key challenges facing this industry.

3.3.5.1 Deficiency in administrative capacity to implement the chosen policy

One of the challenges is the lack of administrative capacity to implement the chosen policy. Thus, the involved parties are going back and forth with policy amendments (Rypstra, 2011:1). The numerous reforms within the bus industry have created a great deal of uncertainty and have resulted in an exodus of skills (Naudé, 2003:5). A large number of management and specialised staff have left the industry for greener pastures. The realities of the competitive environment and the implementation of the tender system are creating further uncertainty.

3.3.5.2 Poor policy implementation

Many government organisations and departments focus on the inputs and outputs, and as a result, the process element is ignored (Luthuli, 2007:5). Unfortunately, it is the process element which determines the basis of efficiency in some institutions. This has been the case with the commuter bus industry. A great deal of the hindrances in the economic growth and the progress in policy implementation in this industry stem from limitations inherited from the previous operations of 'informal' operators (Venter, 2013:114).

The pre- and post-reforms in the operations have led to the following noticeable challenges: a substantial rationalisation of services and organisations, large numbers of people being retrenched and the management of a downsized operation has become the key challenge; manpower costs have become a source of competitive advantage to secure tenders, with negative effects on the continued employment of high calibre staff; organised labour is resisting the reforms stating that they will lead to job losses and practices that weaken the position of employees; former training and development functions were severely rationalised as a result of cost pressures; and accelerated Black Economic Empowerment (BEE) has become a national policy focus (Naudé, 2003:2).

In practice, this industry does not operate as envisioned in the SCM policy adopted by the DoT. According to Heyns and Walters (2012:42), the main challenge in this industry is policy implementation, as it is complex with more variables than in any other industry. Walters (2013:34) concurs that the government is actually struggling to find a balance in providing affordable, safe, accessible public transport between townships and urban areas. This is because of political interference, political linkages, funding constraints, and the involvement of previously disadvantaged operators in the subsidy

system. Progress on the implementation of policies in this industry has been slow (Walters & Heyns, 2012:38).

This industry is marred by a lot of challenges, for one, the procurement practice recommended by the White Paper of 1996 is not yet fully operational, and has not been since 2002 (Walters, 2008:101). The DoT had promised to review the White Paper on National Transport and revert back to the operators in March 2017, but by May 2017 (when SABOA held its annual conference), there was no report (SABOA, 2017). The current short extensions are hindering the growth of the industry (Saboa, 2016:3). According to SABOA (2017), there is division in the government planning, implementation and funding of public transport and the policy implementation of the existing policies.

3.3.5.3 Lack of consensus on the procurement method to be employed

One other key challenging in the industry is that there is no agreement between the government, the operators and organised labour on the best system to employ (Walters & Cloete, 2008:1166-1167). The bus operators favour negotiated contracts, whilst the government is cautious with this method it because it is not transparent and does not allow ease of entry into the industry for new bus operators (Simpson *et al.,* 2012:23). The White Paper on National Transport recommends both the negotiated and competitive procurement methods, as per the circumstances under section 41 (NDoT, 2009). The White paper is being reviewed by the DoT in conjunction with the operators (through SABOA) to promote integration of the different modes of transport in providing safe and reliable public transport while still retaining the overall vision and strategic objectives of this policy (SABOA, 2017).

3.3.5.4 Lack of funds

A major concern is the lack of funds. This has been the main obstacle in the implementation of the contracting procurement practices (Walters, 2012:45). This challenge has led to the DoT referring back and forth to the National Treasury for a revision or addition to the allocated budget (DoT, 2002:8). To address the funding challenge, in 2009 the government introduced the Division of Revenue Act (DORA), where all ticket-based interim contracts were converted to kilometre-based interim contracts (SABOA, 2014/15 annual report). This system ensures financial predictability and control of the subsidy bill for government, unlike the unpredictable ticket-based subsidy system. However, it has raised more challenges for the

government and operators, for example it has led to lack of trust amongst the stakeholders, caused animosity amongst the various operators and so forth.

One key factor to note is that this industry has been operating on a deficit for a number of years and it has not recovered. The shortfall began from the 2005/06 financial year and resulted in a total estimated shortfall of R1,2 billion in 2008/09 (Walters, 2010:305). For example, for the financial years 2009/10 to 2012/13 the average increase in subsidy for Gauteng-based operators was 1.78% per annum, whilst in terms of the contractual agreements, these operators were to receive an average increase of 7.45% per annum (SABOA, 2013/14:11). Again in 2014, National Treasury reduced the percentage increase in the DORA amount to 2.21% for the 2015/16 financial year (SABOA, 2015:13).

Reflecting on how serious the funding challenge is, in 2013 the Portfolio Committee on Transport called the National Treasury to amend the contemporary bus subsidies allocation formula to enable the public transport system to be sustainably transformed so that all modes of transport in SA are integrated (Odendaal, 2013:1). The committee, also requested the government to inject sufficient funds to stabilise the system whilst the DoT refined plans to integrate the public transport system. The month-to-month renewal of the bus subsidy contracts system is a challenge to the bus operators, since they are unable to invest in new fleet, and thus offer substandard services to commuter. For example, one of the bus operations in Soshanguve, Gauteng, operated by PUTCO, has been disrupted due to the lack of funds (Goba, 2017:1). This route has a shortage of 42 buses to cover their operations effectively, but since the operator does not have funds to add buses, nothing can be done to eliminate the shortage.

Another noted factor, was that 67% of the budget went to interim contracts (which were meant to last three years) and also these were not monitored like the tender or negotiated contracts (Odendaal, 2013:1). As a result, the system became outdated in relation to routes, passenger volumes and passenger kilometres, leading to a state where public transport was in “distress” (SABOA:2013/14 annual report). Walters (2013:34) advises that the current situation is not financially sustainable and will have a major effect on the continued rendering of quality services. He continues that if this is not resolved, it will compromise the quality of the rendered service, condition of fleets, training of drivers and other staff, as well as affecting the ability to adhere to legal operating requirements. Walters (2013:34) notes that the lack of funds is not only

a challenge facing the commuter bus industry, but the country as a whole. Government is faced with the dilemma of achieving a balance in meeting all the social needs of the population, including education, safe housing and transport and good quality health services (Walters, 2013:34).

Despite all the above contributors, the general feeling is that government through the DoT should adapt its plans and have better management than to continue complaining about the lack of funds (Parliamentary Monitoring Group, 2013:1). According to Mitchell *et al.* (2011:250), the funding impact was not properly investigated before the reform policies were adopted and now reversing the decisions is a problem. To date, this challenge is still one of the major challenges facing this industry. SABOA confirmed this at the 2017 SABOA annual conference, saying the funding issue needs to be addressed to prevent the industry from crumbling (SABOA, 2017).

3.3.5.5 Political interferences

Public managers responsible for the procurement of goods and services are confronted with many challenges, especially in the current political milieu (Tshamaano, 2012:30). There is no clear distinction between the functions of the administrative and political environments, because the political environment is interfering more with administrative duties than political issues. According to Walters and Heyns (2012:42), human and political interferences are one of the main causes of the challenges facing this industry.

3.3.5.6 Political continuity

Political continuity is related to lack of political will, which is one of the main reasons for the unsuccessful implementation of policies (Walters & Heyns, 2012: 42). For example, in a space of 13 years, since 2004 to 2017, SA has had four ministers in the portfolio of transport (South African History Online). Most of these ministers have been reshuffled in a period of between one to three years and this is not sustainable enough or one to implement policies. Also, the government's over-reliance on consultants to develop these transport plans does not provide long-term stability and capacity (Walters & Heyns, 2012:52). This is a problem since the consultants are only consulted for a short period of time.

3.3.5.7 Taxi intimidation

The intimidation incidents experienced by the bus industry affect both the bus operators and the commuters benefiting from these services (SABOA, 2016). There are many incidents, but to mention a few, operators are threatened not to serve 'corporate clients' or to withdraw from commercial contracts, they are intimidated at pick-up and drop-off points in townships and it includes the physical intimidation of passengers. These challenges are mostly experienced by the small bus operators. Some big operators have also been affected by this, so much so that they had to stop their operations in certain routes, and in extreme cases had to retrench staff, because they had surrendered some routes (SABOA, 2016). This is so significant, that in December 2015, SABOA had to write a letter to the previous Minster of Police (Minister Nathi Nhleko), reporting these intimidation incidents (SABOA 2016). To try a resolve this issue, in June 2016, SABOA met with the SAPS Stakeholder Manager and it was agreed to form a Stakeholder Forum. When SABOA met for their annual 2017 conference, this forum had not been established yet (SABOA, 2017). SABOA also tried to involve the taxi associations, namely, SANTACO, NTA (National Taxi Alliance, and the DoT, to hold bilateral meetings to address the issues facing both industries, but there has not been any responses from the two taxi associations on the meeting dates. This was again addressed with SABOA National Council at their strategic planning workshop in January 2017.

3.3.5.8 Frequent reshuffling of transport personnel

According to Luthuli (2007:3), the Constitution of South Africa (1996:92) through the accountability requirements, places an obligation on governmental organisations to report on success or failure. The topic of taxi intimidation was raised whilst the DoT was led by Minister Dipuo Peters. She was replaced before the issue was resolved, and has now been replaced by Minister Joseph Maswanganyi (SABOA, 2017). The operators now have to brief the new minister on the challenges, which is a new process altogether. This reflects a lack of accountability on the government's part.

Experience has shown that with each new HoD who comes into a department, new strategies and plans may be introduced, thus subjecting the department to a process of frequent changes (Public Service Commission, 2008). However, when a new HoD is appointed, usually there is not enough time for a proper handover or orientation from the departing to the newly appointed HoD in public service. This is very evident in our

public sector, with the recent overnight reshuffles of the ministers in April 2017 (Tabane, 2017). The DoT is no exception and the commuter bus system was affected. For example, this Department has had four Ministers in the last nine years, since 2008 to 2017 (Jeff Radebe, S'bu Ndebele, Dipuo Peters and Joseph Maswanganyi) (SAHO). The frequent reshuffling of transport personnel, especially on top management has a negative effect on the commuter bus industry.

Table 3.6 lists the challenges facing this industry.

Table 3.6: Challenges faced by the commuter bus industry in South Africa

Challenge	Characteristics
Shortage of skills	▪ The numerous reforms within the bus industry have created a deal of uncertainty and has resulted in an exodus of skills. ▪ Lack of capacity to implement the chosen policy and thus the involved parties are going back and forth with policy amendments.
Poor policy implementation	▪ Limitations inherited from the previous operations of 'informal' operators have hindered the economic growth and progress in policy implementation in the commuter bus industry. ▪ Procurement practices recommended by the White Paper on National Transport is not yet fully operational, since 2002. ▪ Lack of policy direction.
Lack of consensus on the procurement method to be employed	▪ Lack of agreement between the key stakeholders on the best practice to employ. ▪ The government supports competitive tendering. ▪ Other stakeholders are in favour of negotiated contracts.
Lack of funds	▪ This has been the main stumbling block in the implementation of the contracting procurement practices. ▪ Operators' operations have been disrupted, i.e. decreasing PUTCO operations in Soshanguve due to shortages of buses.
Political Interferences	▪ There is more political interference, political linkages in the subsidy system.
Political continuity	▪ Government's over-reliance on consultants to develop these transport plans does not provide long-term stability and capacity.

Source: Compiled by author

3.4 INSTRUMENTS FOR DETERMINING PROCUREMENT PRACTICES WITHIN THE COMMUTER BUS INDUSTRY

Following the review, it can be deduced that procurement in the commuter bus services can be conducted through the use of various procurement practices that are influenced by key policies and regulations. The success of procurement practices in the commuter bus industry depends on the trusting relationships between the various stakeholders, which can lead to improvements in the industry's socio-economic contribution towards the country's economy. That notwithstanding the procurement practices in the industry face enormous challenges. Table 3.7 below presents the status of procurement practices within the commuter bus industry from a conceptual point of view.

Table 3.7: Instruments for determining procurement practices within the commuter bus industry

Instruments	Description
Procurement methods	▪ Interim Contracts ▪ Tender Contracts ▪ Negotiated Contracts
Procurement's role towards socio-economic development within the commuter bus industry	▪ Employment. ▪ Contribution to the industry. ▪ Development of SMMEs. ▪ Contribution to GDP.
Key policies and regulations guiding procurement in the commuter bus industry	▪ The Ten Point Plan on procurement reform,1995 ▪ Constitution of the Republic of South Africa,1996 ▪ Green Paper on Public Sector Procurement, 1997 ▪ Public Finance Management Act 29, 1999 ▪ Preferential Procurement Policy Framework Act, 2000 ▪ Municipal Finance Management Act, 2003 ▪ Supply Chain Management Framework,2003 ▪ White Paper on National Transport Policy, 1996 ▪ The Moving South Africa Strategy, 1998 ▪ Tripartite Heads of Agreement, 1999 ▪ National Land Transport Transition Act, 2000 ▪ Public Transport Strategic Document, 2007

	▪ National Land Transport Act, 2009
Relationship status relationships between stakeholders	▪ Lack of commitment in policy implementation. ▪ Animosity amongst stakeholders. ▪ Lack of consideration in allocating subsidies. ▪ Lack of commitment in reorganising the industry.
Challenges facing the commuter bus industry	▪ Shortage of skills. ▪ Poor policy implementation. ▪ Lack of consensus on the procurement method to be employed. ▪ Lack of funds. ▪ Political interferences. ▪ Political continuity subsidy system.

Source: Compiled by author

3.5 CONCLUSION

Chapter 2 provided a literature review of procurement practices in SA. The discussion departed by looking at procurement in general, the definition of its importance and contribution to every organisation or government's economy (in the case of SA). The procurement practices in the public sector and within the SA government's spheres were also discussed, and the importance of proper procurement practices and financial responsibility in building a country's economy and the consequences of the opposite were highlighted. This chapter looked at the procurement practices within the commuter bus industry in Gauteng. It investigated the role of the DoT and its role within the commuter bus industry as the focus of this study, the commuter bus industry. It was found that the lack of proper and/or effective procurement practices will destroy the commuter bus industry in SA if it is not addressed as a matter of urgency (ParlyReportSA, quoting SABOA).

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

A detailed review of the procurement practices employed within the commuter bus industry in SA was presented in Chapter 3. This formed the theoretical framework on which the research process is built. The literature study revealed a need to conduct empirical research to explore the procurement practices employed within the commuter bus industry in SA. The aim is to explore and identify the most suitable procurement practices employed within this industry to enable its growth within the public transport sector. This chapter is concerned with the research design and methodology employed to explore the procurement practices employed within this industry by taking a closer look at their features, objectives, and impact on their targets. The formal research process has a series of steps as depicted in Figure 4.1.

A mixed-methods research approach was used to obtain information on the employed procurement practices within the commuter bus industry in SA. This consisted of five components as outlined in the research objectives of this study:

- To explore the types of procurement practices employed in the commuter bus industry.
- To determine procurement's contribution to the socio-economic objectives of the commuter bus industry.
- To determine the implication of policies and regulations to procurement contracts in the commuter bus industry.
- To establish if there is a trusting relationship between government and operators procurement partners, who are the major procurement partners in the commuter bus industry in Gauteng.
- To determine procurement challenges faced by the commuter bus industry.
- To determine the differences between the application of the procurement practices within the commuter bus industry, and
- To make suggestions on how procurement practices in the commuter bus industry in Gauteng can be improved.

The chapter deals with the methodology used in this study which includes the research philosophy, the research design, research environment, study population, sampling procedures, data collection tools, and how the data was collected, managed and analysed. This chapter further outlines the credibility and dependability of the study, as well as the ethical considerations applicable to the study. Finally the limitations that guided the study and how those were overcome are discussed.

4.2 THE RESEARCH PHILOSOPHY

The research philosophy relates to the development of knowledge and the nature of that knowledge (Saunders *et al.*, 2012:127). The research philosophy that a researcher adopts determines the thought and assumption of how the researcher views the world. Saunders *et al.* (2012:127) identified two major ways of thinking about research philosophy: ontology and epistemology. Each highlights important differences that will guide and influence the way the researcher will conduct the research, and as such, these are discussed next.

4.2.1 Ontology

Ontology is concerned with the nature of reality. This raises questions regarding the assumptions researchers have about the way the world operates and their commitment to particular views. There are two aspects of ontology, namely, objectivism and subjectivism. Objectivism represents the position that social entities exist in as a meaningful reality external to those social actors. Subjectivism asserts that social phenomena are created through the perceptions and consequent actions of social actors. As social interactions between actors are a continual process, these social phenomena are in a constant state of revision. This means that it is important to study the details of a situation in order to understand what is happening, or even the reality occurring behind what is happening. It is important to note that it is possible to use both the objective and subjective lenses (Saunders *et al.*, 2012:132).The study is more of a subjective nature, since it aims to explore the respondents' views and perceptions on the employed procurement practices in the commuter bus industry in Gauteng.

4.2.2 Epistemology

Epistemology is concerned with what constitutes acceptable knowledge in a field of study. The researcher who considers data related to resources needed is likely to be more akin to the position of the natural scientist. There are three aspects of epistemology, namely, reality, positivism and interpretivist (constructivism). Realism refers to the sense of reality and that objects have an existence independent of the human mind. Interpretivism advocates that it is necessary for the researcher to understand differences between humans in their role as social actors. Social reality is based upon experiences, memories and expectations. Therefore, the knowledge is constructed (over time) resulting in content re-constructions through experience and many differing interpretations. Positivism refers to the adoption of a philosophical stance, collecting data about an observable reality and searching for regularities and casual relationships in the data collection to create law-like generalisations (Saunders *et al.*, 2012:134).

For the purpose of this study, both the philosophy of subjectivism and constructivism were adopted. This was to gather rich and credible data on the procurement practices employed in the commuter bus industry in Gauteng

4.3 RESEARCH DESIGN

The research design is based on this study's research problem and objectives which were first established in the previous section. A research design is a master plan that specifies the methods and procedures for collecting and analysing the needed information (Zikmund, Babin, Carr & Griffin, 2013:64). It provides a framework or plan of action for the research. According to De Vos (2001:9), the function of a research design is to ensure that the evidence that is collected enables the researcher to answer the initial question as unambiguously as possible. As such, the premise of designing a research project is the research question(s) which then help(s) to identify the relevant data needs and how best to collect and analyse the data. According to Saunders *et al.* (2012:170), there are three basic purposes of research, namely, exploratory, descriptive or explanatory research.

4.3.1 Exploratory studies

The exploratory approach leads to new insight and comprehensive understanding of the subject, rather than a collection of detailed, accurate and replicable data (Babbie & Mouton, 2001). This is a valuable means of finding out "what is happening; to seek new insight; to ask questions and to assess phenomena in a new light" (Saunders *et al.*, quoting Robson, 2002:559). It is also useful when you wish to clarify your understanding of the problem, such as if you are unsure of the precise nature of the problem.

4.3.2 Descriptive studies

Descriptive research is used to describe the research problem or opportunity in detail (Cant *et al.*, 2005:33). Descriptive research seeks to determine the answers to who, what, when and how questions. Unlike exploratory research, descriptive studies require some previous understanding of the nature of the problem. The researcher may have an understanding of the research problem, but conclusive evidence that provides answers to the questions should still be collected to determine the cause of action. The purpose of descriptive research is to provide an accurate picture of some aspects (Cant *et al.*, 2005:88; Zikmund, 2003:55; Zikmund & Babin, 2007:42-43).

4.3.3 Explanatory studies

An explanatory study sets out to explain and account for the descriptive information (Cooper and Schindler, 2014:22). It seeks to explain 'why' and 'how' questions. It builds on exploratory and descriptive research and goes on to identify the actual reasons why a phenomenon occurs. Explanatory studies establish casual relationships between variables (Wiid & Diggines, 2015:68). The emphasis here is on studying a situation or a problem in order to explain the relationship between variables. Experiments are a common method and can be used to measure causality.

For the purpose of this study, both the exploratory and descriptive research approaches were used to provide answers to the main research question which is *"What procurement practices are employed in the commuter bus industry in the Gauteng Province?*" This choice has also been necessitated by the fact that there is limited information available on the procurement practices employed in this industry. For this study, the research process followed a series of steps as depicted in the figure

below. This allows for a holistic understanding of the different steps in the research process. This study followed a two-phased process as reflected in Figure 4.1.

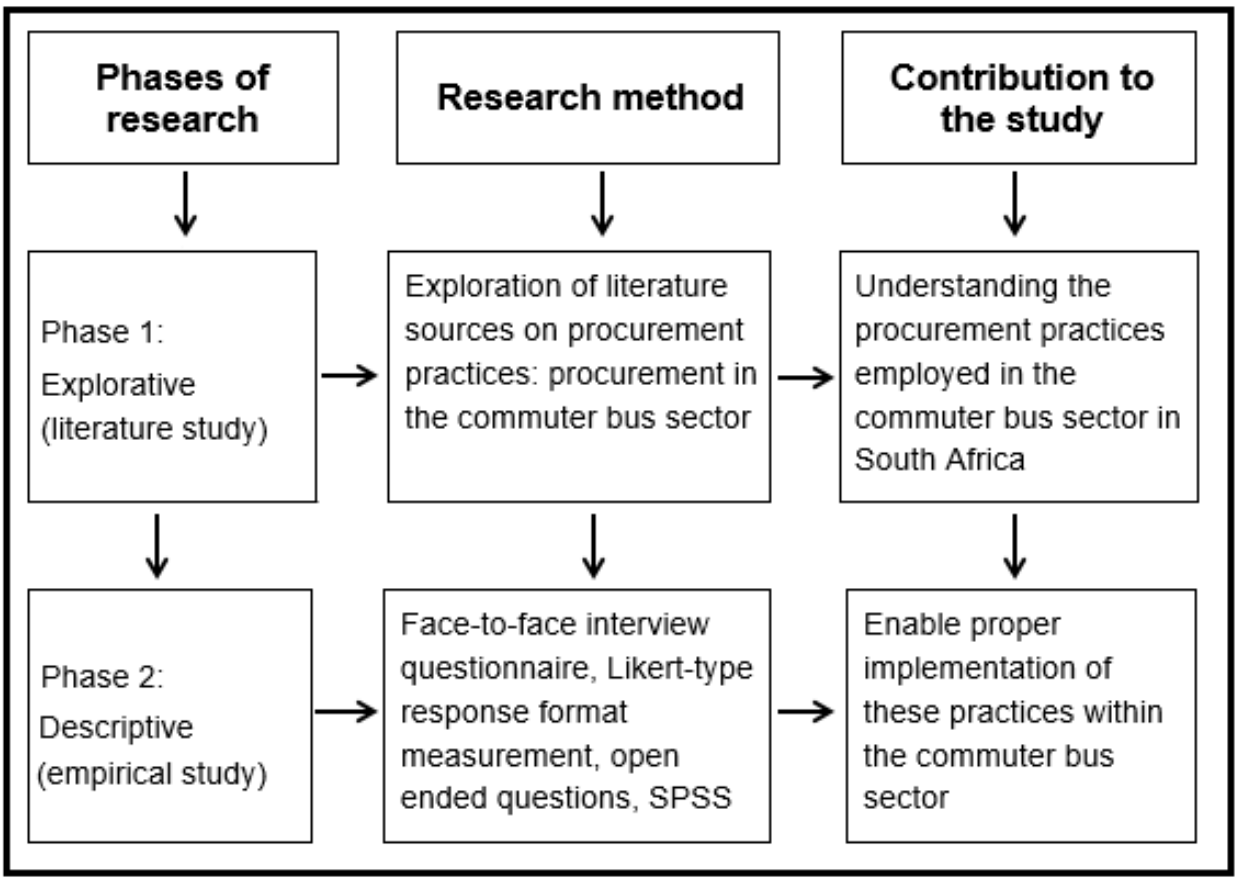


Figure 4.1: Phases in the research process

Source: Researcher's own construction

4.4 RESEARCH APPROACHES

The research design is determined by the approach to the research, which is either quantitative, qualitative, or multi (mixed) method (Wiid & Diggines, 2016:63).

4.4.1 Quantitative research

When explored independently, quantitative research aims to establish relationships between variables in the population (universe) or a representative sample of the population by means of statistical, mathematical or computational techniques (Wiid & Diggines, 2016:63). The greatest strength associated with quantitative research is that its methods produce reliable and quantifiable data that can be generalised to a large population. As Creswell and Plano-Clark (2007:9) put it, quantitative research is "weak

in understanding the context or setting in which people talk…", in other words, the voices of participants are not directly heard in quantitative research.

4.4.2 Qualitative research

Qualitative research, on the other hand, focuses on words rather than numbers, when collecting data. Qualitative research is inductive and subjective (Quinlan, 2011:286). Qualitative research includes a variety of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency of phenomena (Cooper & Schindler, 2011:160). Qualitative researchers use small samples, discover ideas, observe, interpret and focus on discovering inner meanings and new insights (Zikmund *et al.*, 2013:135).

According to Wiid and Diggines (2016:64), qualitative research is about exploring issues, understanding underlying reasons and motivations. The aim is to explain a current situation, and describe the situation for a particular group so the findings can be generalised. As Creswell and Plano-Clark (2007:9) put it, qualitative research is seen as deficient because of the personal interpretations made by the researcher, the ensuing bias created by this, and the difficulty in generalising findings to a large group because of the limited number of participants being studied.

4.4.3 Mixed methods

According to Green, Caracelli and Graham (1989) mixed research methods produce better results in terms of quality and scope. Unlike the quantitative approach, which requires a large data set collected from a large sample, the qualitative approach does not require a large amount of data to have meaningful results (Choy, 2014:102). The mixed method is capable of balancing the requirements of both the quantitative and the qualitative approach to produce meaningful results. Due to their nature, certain problems and challenges related to certain research topics require a combination of both methods to ensure validity of the results or findings (Bryman 1988:173; Cohen, Manion & Morrison 2013:112). This improves the quality of the research by minimising biases, limitations and weaknesses because it has closed loopholes in each method.

A further understanding of these three methods is best described when they are compared to each other. Table 4.1 below clearly illustrates these differences.

Table 4.1: Comparison between qualitative, quantitative and mixed approaches

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

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

Since this study aims to investigate and gather an in-depth understanding of the procurement practices employed in the commuter bus industry, the mixed-method approach included a face-to-face semi-structured questionnaire with open-ended questions. Laher (2009), states that by combining the best of both qualitative and quantitative approaches the validity of the research findings will be strengthened, hence achieving triangulation. Triangulation refers to the use of more than one approach to investigate a research question in order to enhance confidence in the ensuing findings (Bryman, 2001). There are a numerous types of triangulation methods that can be used to produce credible findings. For the purpose of this study,

triangulation was achieved through the research objectives, data collection using concurrent methods and data analysis which was descriptive and exploratory.

4.5 POPULATION AND SAMPLING

This section discusses the population and sampling.

4.5.1 Target Population

A Population is defined as the total collection of elements about which we wish to make some inferences (Cooper and Schindler, 2014: 338), while a sample is a subset or some part of a large population (Zikmund & Babin, 2010:301). The target population includes all the cases about which the researcher would like to make generalisations. The accessible population, on the other hand, comprises all the cases that conform to the designated criteria and are accessible to the researcher as a pool of subjects for a study. The target population comprised of procurement stakeholders within the DoT, as well as the subsidised commuter bus operators in Gauteng. Gauteng was chosen because its subsidies constitute the biggest chunk of the government's budget on commuter buses. The target population consisted of:

- Officials within the National DoT and Gauteng Provincial Department of Roads and Transport that are involved in the commuter bus industry. From the actively involved government officials, four officials from the National DoT, and two officials from the Gauteng Provincial Department of Roads and Transport were chosen to participate in the study. These were selected on the basis of their involvement in the commuter bus industry, ranging from contracts allocation, policy development and institutional policies within public transport. They were at different levels of seniority, experience and expertise within the industry to allow reliable contrasting views for a rich analysis.
- The subsidised commuter bus operators. Commuter bus operators are classified into subsidised and non-subsidised operators, but this study focuses only on the subsidised operators in Gauteng. Only twelve subsided commuter bus operators (contracted and subcontracted) were chosen, to eliminate saturation of information.

Therefore, the population consisted of six government officials within the DoT and Gauteng Provincial Department of Roads and Transport, and twelve subsidised

commuter bus operators within Gauteng. Therefore, the total population constituted of 18 respondents (government officials and subsidised bus operators). Table 4.2 summarises the different stakeholders' roles in the commuter bus industry.

Table 4.2: Summary of stakeholders' roles in the commuter bus industry

Stakeholders	Description
Government Officials (DoT)	▪ Facilitate policy formulation. ▪ Facilitate policy implementation.
Government Officials (GPDRT)	▪ Facilitate the appointment of subsidised operators. ▪ Facilitate the payment of operators. ▪ Facilitate the monitoring of the operations. ▪ Facilitate the management of the contracts.
Subsidised commuter bus operators	▪ Private organisations ▪ Render the subsidised commuter bus operations. ▪ Contracted by the government.

Source: Author's own compilation

4.5.2 Sampling Design

Due to the restrictions of time, money and often access, it is almost impossible to collect or analyse all the data available to a researcher and thus there is a need to obtain a sample (Saunders *et al*., 2012:258). According to Cooper and Schindler (2011:364), a sample is a portion of the representation of a population. A sample provides the benefit of saving time, which is an important consideration when facing tight deadlines.

According to Saunders *et al.* (2012:261-262), the sampling techniques can be divided into two types; probability or representative sampling; and non-probability or judgemental sampling.

- **Probability sampling:** With this technique, the chance of each case being selected is known and is usually equal for all the cases (Saunders *et al*, 2012:261). These are usually associated with survey-based research strategies where the researcher needs to make inferences from the sample about a

population to answer the research question(s) or to meet the research objectives.

- **Non-probability sampling:** In a non-probability sampling the chances of selecting any population member is limited or unidentified as the total number of the population is not known (van Zyl, 2014: 96).

The study employed the non-probability sampling technique. There are four types of non-probability techniques, namely, reliance on available subjects, purposive or judgemental sampling, snowball sampling and quota sampling (Babbie & Mouton, 2005:166).

- The reliance on available subjects involves stopping people on the streets or some other location. This is an extremely risky sampling method, although it is frequently used.
- Purposive or judgemental sampling is used when the researcher selects the sample based on prior knowledge of the population, its elements, and the nature of the research aims.
- Snowballing sampling is also known as accidental sampling. It is appropriate when the members of a special population are difficult to locate.
- Quota sampling begins with a matrix or a table, describing the characteristics of the target population.

The study employed purposive sampling by selecting subsidised commuter bus operators from Gauteng and government officials from the Gauteng Provincial Department of Roads and Transport and the National Department of Transport to be interviewed. According to Neuman (2011, 2220), purposive sampling is a valuable sampling method to be used for special situations, where it is used to select members of a difficult-to-reach, specialised population.

The sample consisted of government officials within the National and Provincial spheres on the basis of their involvement in the commuter bus industry. Their levels of responsibility ranged from contracts allocation, policy development and institutional policies within the commuter buses, to different levels of seniority, experience and expertise within the industry to allow reliable contrasting views for a rich analysis.

A population of 18 participants (6 government officials and 12 subsidised commuter bus operators in Gauteng) is not large enough to warrant a quantitative research approach, and add to that the limited amount of literature on procurement practices employed within the commuter bus industry. Fortunately, enough literature is available on procurement in general, and as the research is based on a survey with semi-structured questions with open-ended questions, a mixed-methods approach was followed in the research for this study. The data collection was conducted by the researcher to maintain a close relation and build trust amongst the respondents (especially the commuter bus operators), who have proven to be sceptical about government's intentions on a number of occasions, as experienced by other researchers, such as Walters and Manamela, (2016: 4). The data was collected over a period of two months from 30 May 2017 to 27 July 2017.

4.6 DATA COLLECTION METHOD

As a rule thumb, a sample of 30 is considered the minimum for statistical analysis, provided a random sample technique is applied in the sampling process (Saunders *et al.*, 2012:266). If the population is less than 30 and you wish to undertake a detailed statistical analysis, the researcher should collect data from all the members of the population. However, for this study, because of data saturation, only 18 respondents were selected.

This study employed both primary and secondary data collection methods, as explained in the section below.

4.6.1 Primary data

Primary data is when researchers collect their own data for the purposes of a particular study (Bless, Higson-Smith & Sithole, 2013:184). Primary data may be qualitative or quantitative in nature, and the data may be collected by means of surveys, interviews, case studies, focus groups, observations and tests. An interview is a formal technique whereby a researcher solicits verbal evidence or data from a knowledgeable respondent (Ramenyi, 2013:1). There are different forms of interviews, and they vary according to content, such as seeking factual information, attitudes, opinions, narratives and/or life history (McGivern, 2006:64). These can be conducted in a variety of formats, including individual or group face-to-face verbal interchange, mailed or self-

administered questionnaires, telephone surveys and electronic interviewing via fax, email and internet (McGivern, 2006:61).

Interviews may be highly formalised and structured, using standardised questions for each research participant, or they may be informal and unstructured conversations (Saunders *et al.*, 2012:374). Two broad types of questions can be asked in an interview, namely, open- and closed-ended questions. In open-ended questions, the interviewee has total freedom and flexibility to respond, whereas in closed-ended questions they are limited to the alternatives provided. Primary data was collected by means of a face-to-face semi-structured questionnaire consisting of 5-point Likert scales (quantitative), with a series of open-ended questions (qualitative). This was used to gather an in-depth understanding of the procurement practices employed in the commuter bus industry.

The structured data was collected through a face-to-face semi-structured questionnaire with open-ended questions. The data was then captured into a computer-assisted program, the Survey-Monkey, which exported the data electronically to Excel. The questionnaire was developed and administered by the researcher and it included self-developed items.

The respondents were informed that the information gathered would only be used for the purposes of this study (not for personal gain). Emails containing an invitation to participate in the study and an introduction to the nature of the study were sent to the operators and the government officials. These emails also described the key purpose of the interviews and informed the respondents on how the interviews would be conducted, who would have access to the data, and whom they could contact for more information. An informed consent letter was attached for each respondent to indicate their willingness to partake in the study and also asking their permission to make an audio recording of the session. Data was collected using audio-recordings (where permission was granted) and for those who did not want to be recorded, only notes were taken.

4.6.2 Secondary data

Bless *et al.* (2013:184) define secondary data as the data collected by other researches either in connection with other research problems, or as part of the usual gathering of social data for a population census. Secondary data includes both

qualitative (non-numeric) and quantitative (numerical) data, and are mainly used in both descriptive and exploratory research. Saunders *et al.* (2012:307) distinguish secondary data into three main sub-groups: documentary, survey-based and those compiled from multiple sources and these include:

- Documentary texts refers to organisations' databases, communications, and reports, magazines, newspapers, diaries and interview transcripts.
- Documentary non-text refers to television and radio, voice recordings, video recordings, web images and photographs.
- Survey census refers to government's census of the population.
- Continuous and regular surveys refer to government, family spending, and employee survey attitudes.
- *Ad hoc* surveys refer to government's surveys, organisation's surveys and academic surveys.
- Multiple source snapshot refers to government's publications, newspaper reports, books, journals.

4.7 RESEARCH INSTRUMENT DESIGN

A questionnaire can be administered personally, mailed to the respondents or electronically distributed (Cooper & Schindler, 2012:422). With self-administered questionnaires, the respondents take the responsibility of reading and completing the questionnaire themselves, while with interviewer-administered questionnaires, answers are recorded by the interviewer on the basis of what the respondents say (Saunders *et al.*, 2009:363).

For this study, a face-to-face semi-structured questionnaire with open-ended questions was employed. The open-ended questions allowed the respondents the opportunity to describe their views on the employed procurement practices. The questions in the questionnaire were guided by the literature review to address the research problem and to answer the research objectives. The questionnaire consisted of a five-point Likert response format with different end points, namely, 1 (no extent) to 5 (very great extent), 1 (strongly disagree) to 5 (strongly agree), and ranking with end-point 1 (not important at all) to 5 (extremely important), and it was divided into three sections (see Appendix E).

Section A consisted of questions on the general operational information. Firstly, the respondents were asked to classify themselves as either a government official, small bus operator, big operator or other (medium operator). Secondly, they had to indicate the size of their company, in terms of the number of permanently employed employees. Lastly, they were asked to indicate the number of years, in terms of experience in the subsidised commuter bus industry.

Section B consisted of questions on the procurement practices employed within the commuter bus industry. The questions were grouped into Section B1 (on the various types of procurement practices employed in the commuter bus industry), B2 (policies and regulations guiding the procurement practices in the industry), B3 (relationship between stakeholders in the industry), B4 (industry contribution towards socio-economic objectives) and B5 (challenges faced by the industry). Section C consisted of open-ended questions, to assist the researcher in reaching the final conclusions of the study.

The contact details of the respondents were acquired from the National DoT and the Gauteng Provincial Department of Roads and Transport. After successfully recruiting the respondents, appointments for the time and place of the interviews were made in a time previously scheduled and a place previously determined between the interviewer and the respondents.

4.8 PRE-TESTING OF THE INTERVIEW SCHEDULE

Pre-testing refers to a procedure that involves a trial run with a group of respondents to iron out fundamental problems in the survey design (Zikmund & Babin, 2007:155). The questionnaire should be tested on a small sample of respondents to identify and eliminate potential misinterpreted questions. Pre-testing will identify problems with the questionnaire, as respondents may think some questions are ambiguous or instructions are too long and questions that should be included in the schedule were left out (Cooper and Schindler, 2014:85).

The questionnaire was pre-tested in a pilot study involving one government official (from the National DoT, since they are the pioneers of the industry), the researcher's study supervisor, who is an expert in public procurement, and the statistician, so he could advise if it would be appropriate and would cover all the required aspects of the study and allow for analysis.

4.9 DATA ANALYSIS

Data analysis involves decreasing the accumulated data into a convenient size, developing summaries, watching for patterns and applying statistical procedures (Cooper & Schindler, 2006:77). According to De Vos et al. (2011: 403), data analysis is the practice in which the researcher has to verify his/her own methods, and analyse and report on the methodical procedure. Bless, Higdon-Smith and Kagee (2006:163) add that the data analysis process enables the researcher to simplify findings from the sample used in the study, to a larger population in which the researcher is.

The collected data was analysed using both the descriptive and inferential statistics through the Statistical Package for Social Sciences (SPSS, version 24). Descriptive statistics were used to describe the main features of the data in quantitative terms, and inferential statistics were used to determine statistically significant differences. The open-ended responses were used to give more meaning to the respondents' views on questions, where applicable (Gray *et al.*, 2007:44).

4.9.1 Descriptive statistics

Descriptive statistics mainly aims at providing data descriptions by investigating the distribution of scores for each single variable and by establishing whether the scores on different variables are relating to each other (Terre Blanche & Durrheim, 2002). Descriptive analysis permits the researcher to present data in a way that can be interpreted easily. This study made use of frequency tables, charts and graphs for descriptive analysis and the descriptive statistics was presented through means and standard deviations.

4.9.2 Inferential data analysis

Inferential data analysis is analysis and hypothesis testing when the study concerns the simultaneous investigation of two variables (Cooper & Schindler, 2006). This study conducted an Independent Samples t-test to measure the equality of variances and to obtain the difference in mean scores between two groups (government officials and subsidised commuter bus operators), as discussed in Section 5.4.6.

In this study, qualitative data consisted of the examination of the participants' answers to the open-ended interviews questions. Quantitative data analysis consisted of the respondents' responses from the 5-point Likert scales survey questions.

4.9.3 Content analysis

The open-ended questions were analysed using the content analysis. Content analysis is when a form of communication – oral, written or other – is coded or classified according to a conceptual framework (Babbie & Mouton, 2001). According to Quinlan (2011:185), content analysis is used to evaluate the content of any writing. In this study, the respondents were asked to substantiate the responses of the open-ended questions. Their responses on all the questions in the questionnaire or responses on the procurement practices employed within the commuter bus industry in the Gauteng Province were collected, typed, analysed and categorised according to themes. The themes presented the respondents' views on the procurement practices employed within the commuter bus sector in the Gauteng Province. The study further used conventional content analysis to discover new information provided by the respondents. Following the views of the respondents, recommendations were made.

4.10 QUALITY OF THE RESEARCH

Since the study followed a mixed-method approach, the validity and reliability of both qualitative and quantitative approaches will be discussed.

Both validity and reliability are crucial aspects of quantitative research. In qualitative research, the terms credibility and trustworthiness are also generally used (Nieuwenhuis, 2013:80). According to Cooper and Schindler (2006:318), validity is the extent to which a test measures what it should actually measure, and reliability has to do with the accuracy and precision of a measurement procedure.

4.10.1 Verification of the qualitative research

Qualitative research is trustworthy when it accurately represents the experiences of the participants (Streubert & Carpenter, 1999:93). The rigour of qualitative methodology is judged according to credibility, audibility, fittingness and confirmability criteria (LoBiondo-Wood & Haber, 1994:276). Streubert and Carpenter (1999:48) refer to the following terms regarding rigour in qualitative research:

- **Credibility:** This includes activities that increase the probability that credible findings will be produced. In the study, the triangulation of data sources by

means of interviewing officials from DoT and GPDTR and the commuter bus operators produced credible findings.

- **Dependability:** Once the credibility has been determined, the question may be asked: How dependable are these results? The collection of data through the triangulation of data sources by means of interviewing officials from DoT and GPDTR and the commuter bus operators produced dependable findings.
- **Confirmability:** By leaving an audit trail, the researcher illustrates as clearly as possible the evidence and thought processes that have led to the conclusions. (The researcher identified own biases to ensure that data is free from bias).
- **Transferability:** Also labelled 'fittingness'. This refers to the probability that the findings will have meaning to others in similar situations (Streubert & Carpenter, 1999:28). In the study, transferability was achieved through a detailed description of the research methodology, literature control and SPSS software package to analyse the questionnaire. Also the use of purposive sampling which consisted of officials from DoT and GPDTR as key informants and operators.

4.10.2 Verification of the quantitative research

Validity and reliability are the hallmarks of good measurement and the keys to assessing the trustworthiness of any research that has been conducted. Reliability is the degree to which a measurement or scale produces the same results if repeated. According to Cant *et al.* (2005:235) and Zikmund (2003:301), the reliability of a measurement scale used in a questionnaire can be assessed by determining the association between scores from different administrations of the scale.

- **Reliability of the questionnaire**

Miles, Huberman and Saldana (2014:312) state that reliability describes the quality of measurement, and is concerned with the consistency or repeat of the research measures. According to Dantzker and Hunter (2012:53), reliability refers to how consistent the measuring device would be over time. The use of a face-to-face semi-structured questionnaires ensured that consistency is maintained, even if the research is repeated several times by different people.

- **Validity of the questionnaire**

Validity is the ability of an instrument to measure what it is supposed to measure. The extent to which a particular measure is free from both systematic and random error indicates the validity of the measure. Validity can be defined as the extent to differences in observed scale scores reflect the true differences between objects on the characteristics being measured, rather than systematic or random errors. Thus, validity addresses the questions of whether that which was attempted to be measured, was actually measured. According to Cant *et al.* (2005:235-236) and Zikmund (2003:301-304), validity can be viewed from a number of different perspectives, namely, content validity, criterion validity and construct validity.

- Content validity

According to De Vos *et al.* (2002:167), content validation can be undertaken by the researcher alone or with the assistance of others. The content validation of the questionnaire was determined by the literature review as well as the judgement of the promoter of the study in consultation with a statistician.

- Criterion validity

May be classified as either concurrent validity or predictive validity depending on the time sequence in which the new measurement scale and criterion measure are correlated. Criterion validity was assessed by comparing the rating of the operators with those of the government officials.

- Construct validity

Construct validity is more concerned with the underlying attributes than with the scores that the instrument produces. Its significance is in its linkage with theory and theoretical conceptualisation (Pilot & Hungler, 1999:420). It involves validation of not only the instrument, but also the theory underlying it (De Vos *et al.*, 2002:168).

4.11 CONCLUSION

The chapter presented the research design and methodology that was used in the study. The research was designed to source pertinent information that would answer the research questions. A mixed-method data-collection process was used in the form of a face-to-face semi-structured questionnaire. A comprehensive study of various forms of literature was undertaken to source pertinent information to answer the

research questions. The literature contributed information towards answering all the research questions. Common themes were identified and gaps in the literature were highlighted.

Four government officials and 12 subsidised commuter bus operators were interviewed through a face-to-ace semi-structured questionnaire. They were purposefully selected based on their direct involvement in the industry. The chapter further presented the population of the respondents, the procedure used in designing the questionnaire, and concluded with the reliability and validity measures of the research instrument. The next chapter presents the research findings used to answer the research objectives.

CHAPTER 5: DATA PRESENTATION AND FINDINGS

5.1 INTRODUCTION

The purpose of this chapter is to present the findings on the procurement practices employed within the commuter bus industry in Gauteng. The study was based on a mixed research design. A face-to-face interview based on semi-structured questionnaire was conducted with procurement officials in the commuter bus industry in Gauteng. The respondents were senior procurement practitioners within the commuter bus industry, from the national and provincial government departments, as well as commuter bus operators who are involved with the procurement of subsidised commuter bus services. Eighteen face-to-face interviews were conducted. The data from the structured questions was analysed by means of descriptive and inferential analysis, using the SPSS (version 24), a content analysis was used for the open-ended questions.

The remaining section of the chapter presents the findings as well as the interpretations. The demographic profile of the respondents is presented first. This is followed by a descriptive analysis of the procurement practices, as well as the content analysis of the qualitative data. The chapter concludes with the presentation of inferential statistics providing the differences on the views of the respondents on the application of procurement practices between the operators and government officials.

5.2 DEMOGRAPHIC PROFILES

This section of the chapter presents the demographic profile of the respondents measured in percentages. The section begins with the classification of respondents, based on the types of commuter bus stakeholders and the number of years they have worked the industry.

5.2.1 Types of commuter bus stakeholders

Respondents were asked to indicate their level of agreement with the statement relating to the type of commuter bus industry in Gauteng (small, medium and big operators and government officials). The responses were measured in percentages as indicated in Figure 5.1 below.

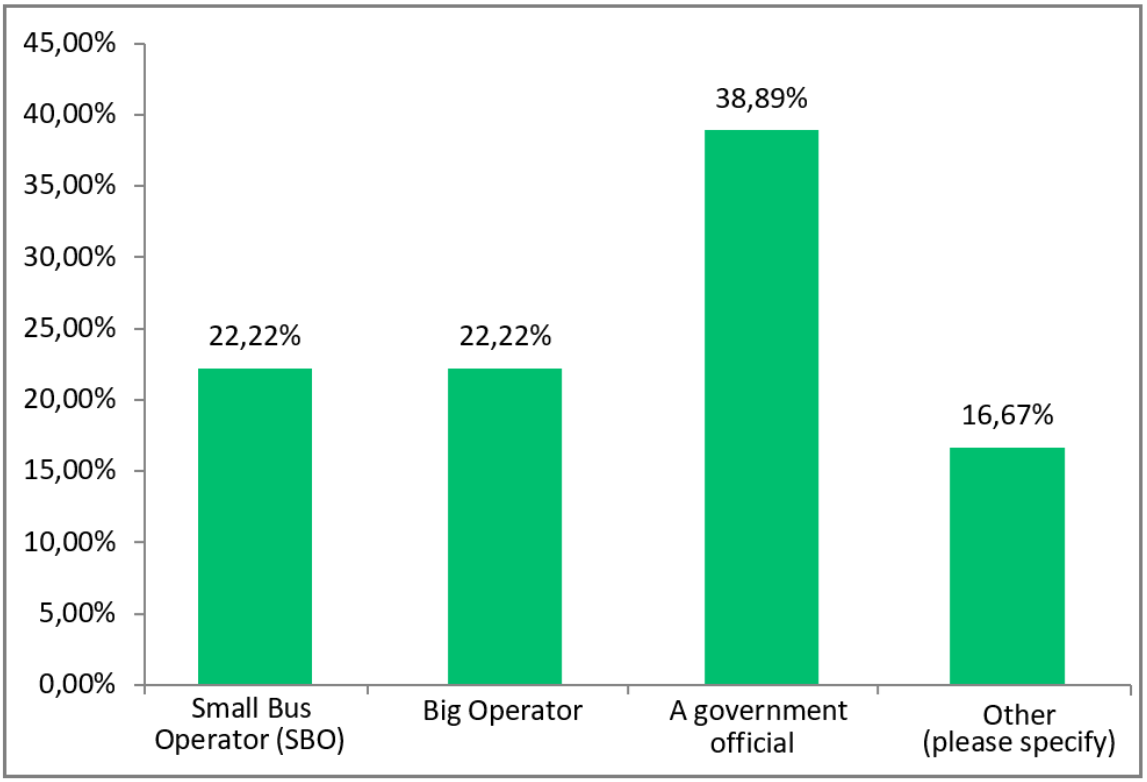


Figure 5.1: Types of commuter bus stakeholders (small, big operators and government officials)

Source: Author's own compilation

As shown in Figure 5.1, 22.22% (4), of the respondents were small bus operators, 22.22% (4) were big operators, while 38.89% (7) were government officials and the 'others' category made up 16.7% (3). Therefore, the majority of the respondents were operators within the commuter bus industry, this includes small, medium and big operators which gives a total of (11) 44.44%. This is an indication that the sample was balanced, since both the operators and officials were effectively represented.

5.2.2 Number of years within the industry

Respondents were asked to indicate their level of agreement on statements relating to the number of years spent within the operations. Figure 5.2 presents the views of the respondents in percentages.

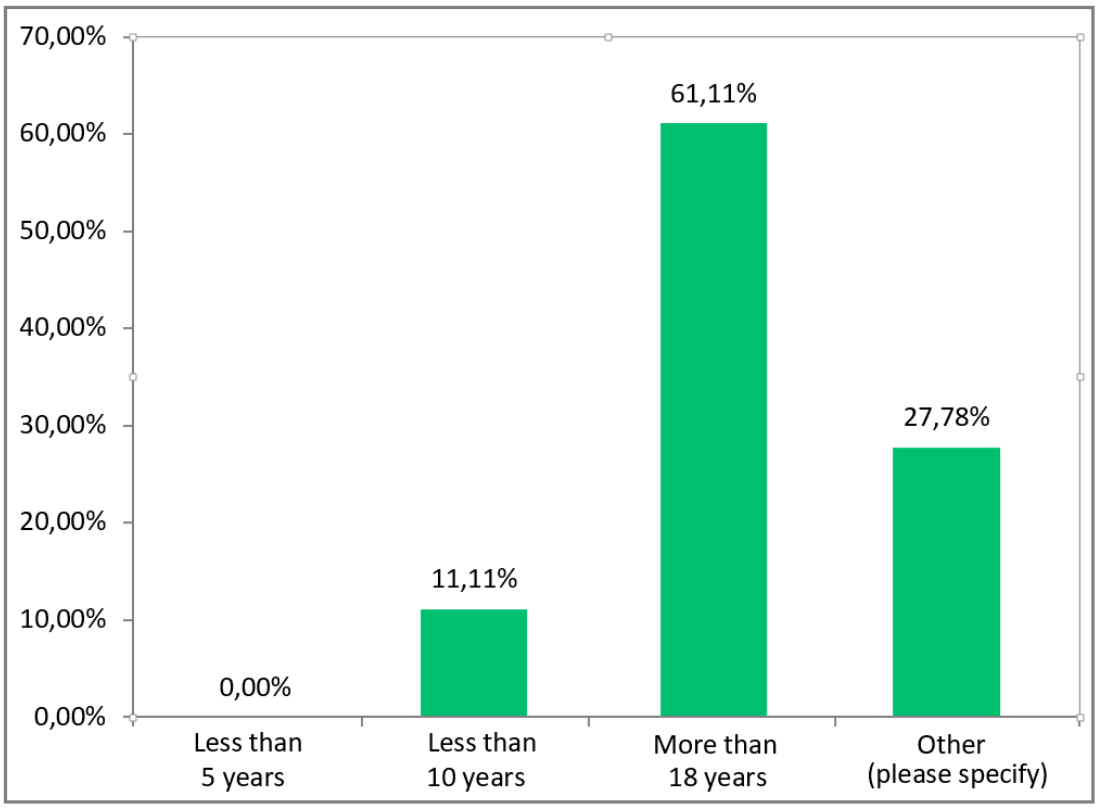


Figure 5.2: Number of years of the respondents within the operations

Source: Author's own compilation

As shown in Figure 5.2, 0% (0) of the respondents were new entrants to the industry, with less than five years, 11.11% (2) of the respondents have been in the industry for less than ten years, 61.11% (11) have been in the industry for more than eighteen years, and 27.78% (5) of the respondents have been in the industry for over 18 years. Therefore, the majority of the respondents have been in the industry for a long period of time.

With regards to the demographic profile and number of years of the respondents as obtained from Section A. The majority of the respondents that participated in the study were operators within the commuter bus industry (small, medium and big operators) with a percentage of 44.44% (11). These operators have been participating in the operations for over 18 years. This means that they have better insight into the operations and procurement practices employed within commuter bus industry. Also, with the smallest group of 11% with less than 10 years of experience, which is the newest group to the operations, fresh perspectives on the operations were acquired. This also confirms what was discovered in the literature (Parliamentary Monitoring Group, (2013:1),SABOA, (2014:2110), SABOA, (2015:3) and SABOA, (2016:20),

seeing that these operators have been actively participating in the operations for over 18 years, and the government officials have been working in this industry for almost the same amount of time. This proves that the standing procurement practices within the industry are long overdue.

5.3 THE PROCUREMENT PRACTICES EMPLOYED IN THE COMMUTER BUS INDUSTRY

This section of the chapter presents procurement practices employed in the commuter bus industry in Gauteng. This section explores the types of procurement practices pertaining to the commuter bus industry, procurement's contributions to the industry, policies and regulations affecting procurement practices, the relationship between stakeholders in the commuter bus industry, and the challenges faced by the industry.

5.3.1 Types of procurement practices employed in the commuter bus industry

The respondents were asked to indicate on a 5-point Likert response format, statements relating to the types of procurement practices employed within the commuter bus sector with end points 1 (no extent) to 5 (very great extent), the extent to which they employ interim contracts, negotiated and tender contracts, as well as the experience they have within the operations. The findings on each procurement practice, respectively are measured using percentages. It begins with interim contacts, and then tender and negotiated contracts.

5.3.1.1 Interim contracts

With regards to interim contracts, Figure 5.3 indicates the views of the respondents on the application of interim contracts, measured using percentages. The findings are graphically presented below by means of a pie chart.

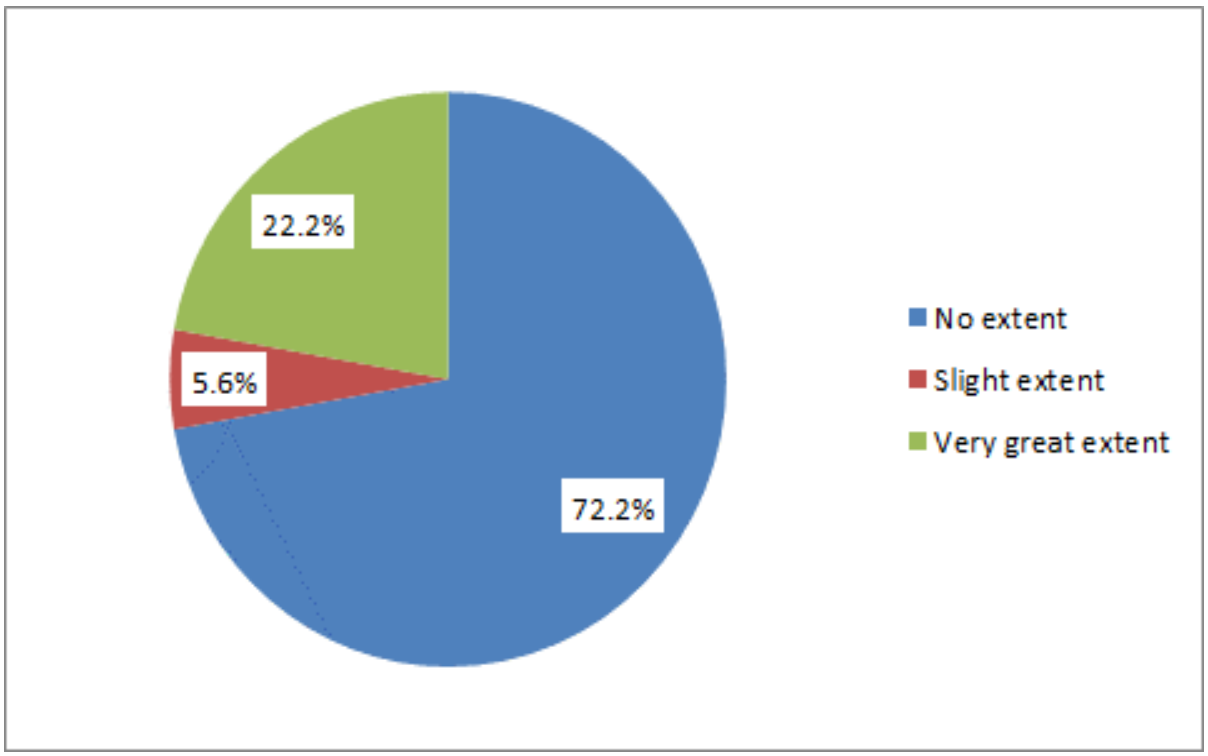


Figure 5.3: Respondents participating in interim contracts

Source: Author's own compilation

As shown in Figure 5.3, 72.2% (13) of the respondents did not participate in interim contracts (no extent), 22.2% (4) to a very great extent and 5.6% (1) to a slight extent. Therefore, a few of the respondents procure bus services by means of this contract.

Furthermore, to understand the application of the interim contracts, the respondents were asked to indicate their experience in terms of years that they have been participating in interim contracts.

The respondents' views are indicated in Figure 5.4.

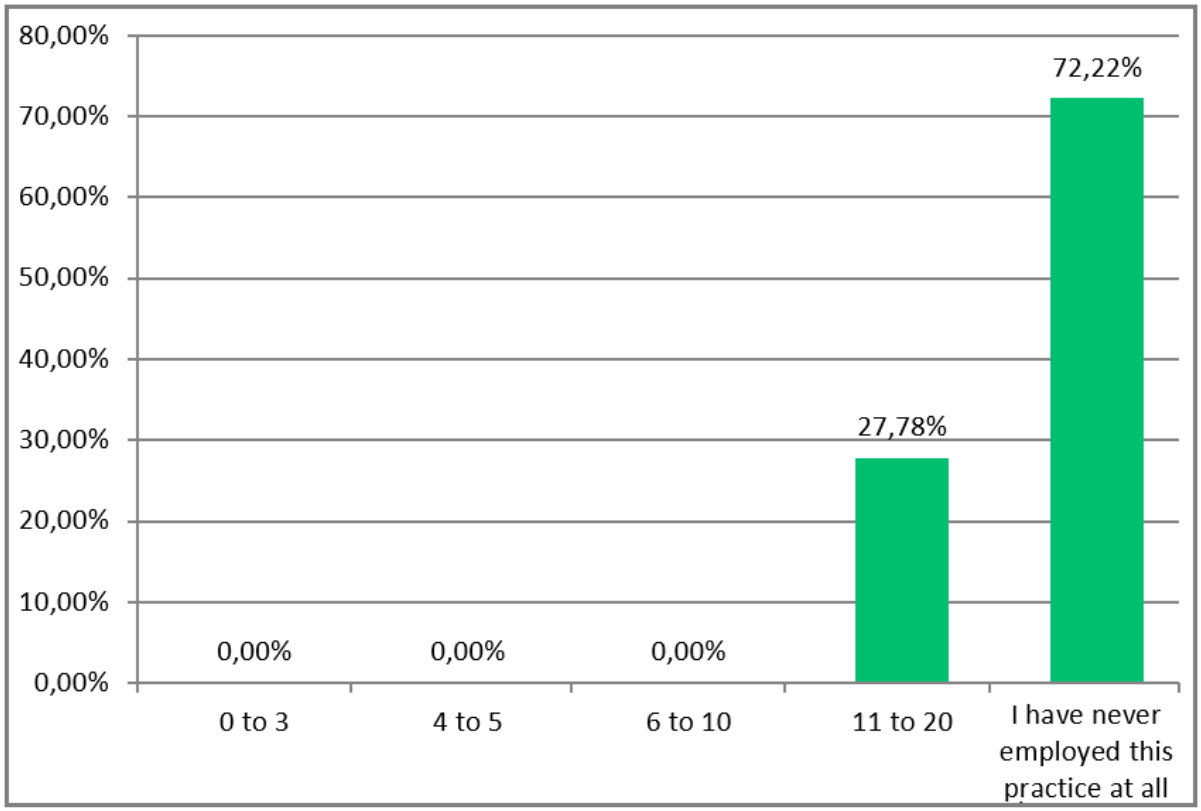


Figure 5.4: Experience of respondents in interim contracts

Source: Author's own compilation

As shown in the figure, 72.22% (13) of the respondents did not participate (no extent) in interim contracts, 27.78% (5) have 11 to 20 years of experience rendering these contracts, and 0.00% of the respondents have less than ten years of experience. Therefore, most of the respondents do not procure by means of interim contracts, and thus do not have any experience on the negotiated contracts.

5.3.1.2 Tender and negotiated contracts

The tender and negotiated contracts are presented together. This is because these are the formal procurement methods recommended by the National Land Transport Act of 2009 (Ngcamphalala & Ambe, 2016:1214).

Figure 5.5 indicates the views of the respondents on the application of negotiated and tender contracts, measured using percentages. The findings are presented below using percentages.

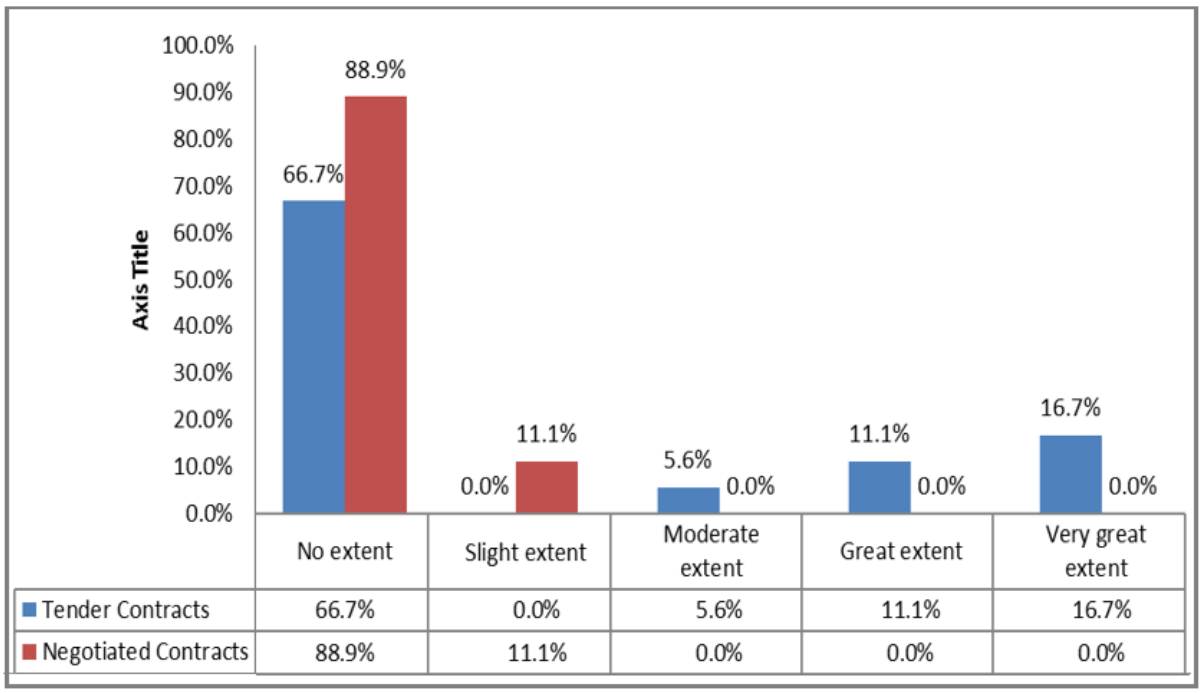


Figure 5.5: Perceptions of the respondents with regards to negotiated and tender contracts

Source: Author's own compilation

As shown in Figure 5.5, 67% (12) of the respondents did not participate in the tender contracts (no extent), 5.6% (1) participate in the contract to a moderate extent, 11.1% (2) to a great extent, and 16.7% (3) to a very great extent. Therefore, most of the respondents do not procure bus services by means of the tender contract. Whilst 88.9% (16) of the respondents did not participate in the negotiated contracts (no extent) and 11.11% (2) to a slight extent. Therefore, most of the respondents do not procure bus services by means of this contract.

Furthermore, to understand the application of the tender contracts, the respondents were asked to indicate their experience in terms of years in the tender contracts. The respondents' views are indicated in Figure 5.6.

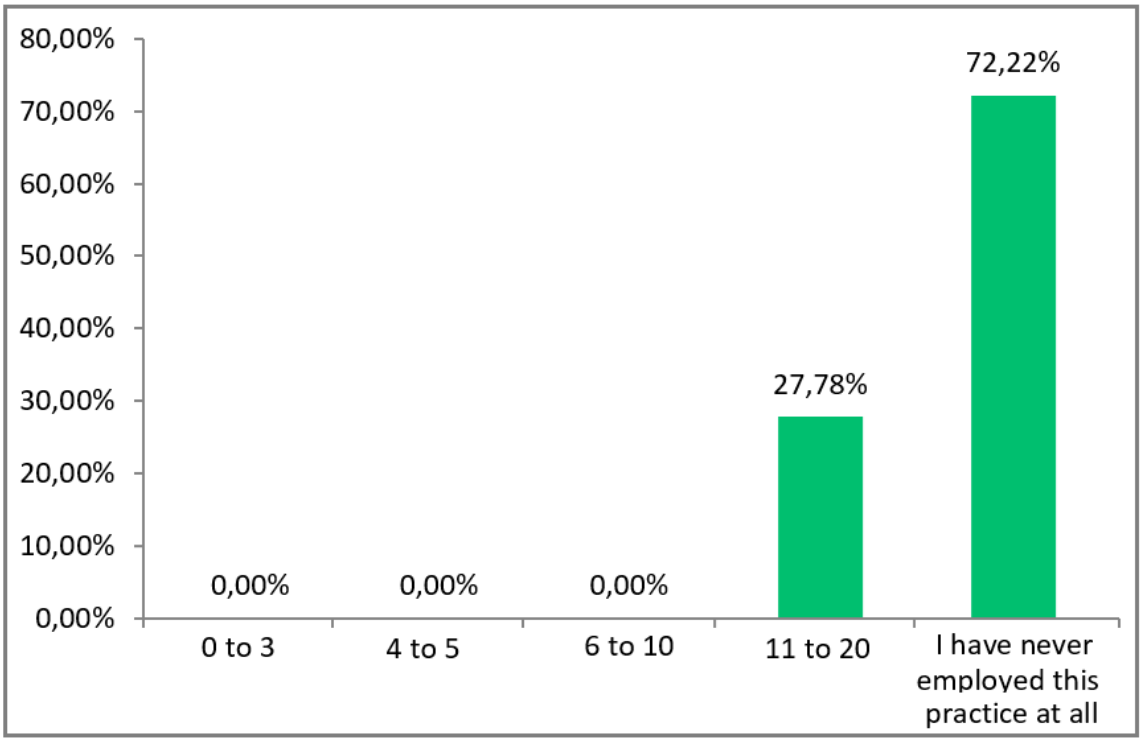


Figure 5.6: Experience of respondents participating in tender contracts

Source: Author's own compilation

As shown in the figure, 72.22% (13) of the respondents have never participated in tender contracts, 27.78% (5) have 11 to 20 years of experience rendering these contracts, and 0.00% have less than ten years of experience. Therefore, most of the respondents do not procure by means of tender contracts and thus do not have any experience regarding tender contracts.

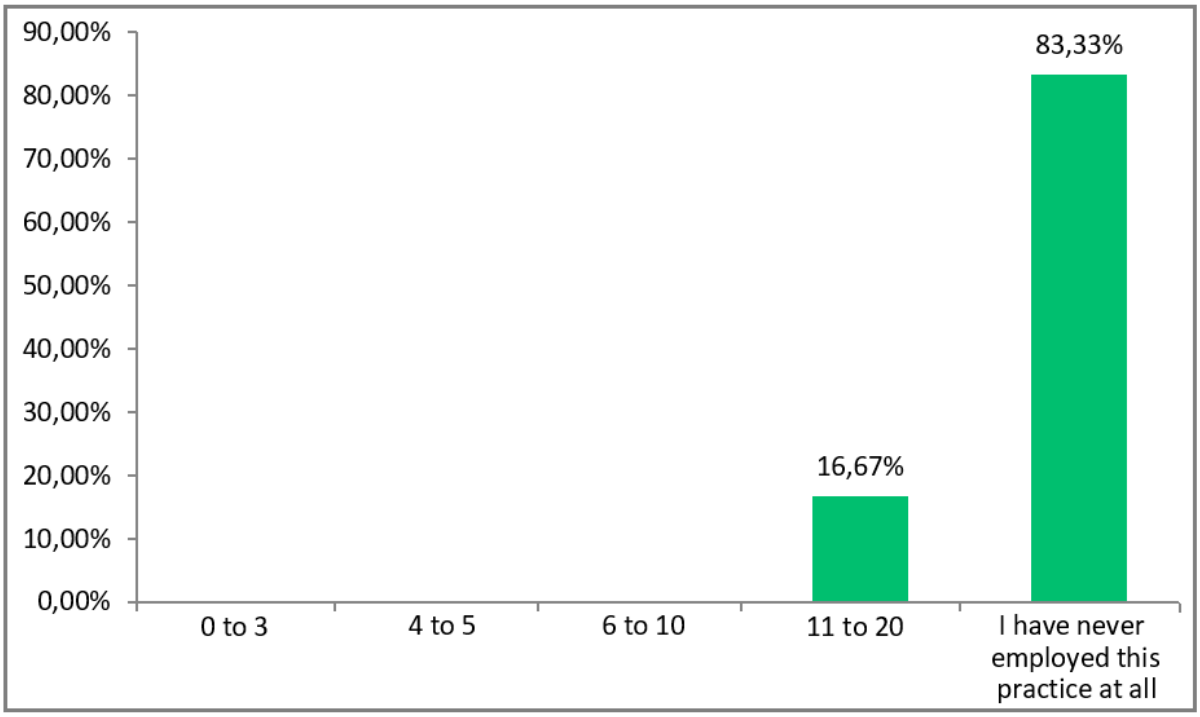


Figure 5.7: Experience of respondents participating in negotiated contracts

Source: Author's own compilation

Furthermore, to understand the application of negotiated contracts, the respondents were asked to indicate their experience in terms of years dealing with negotiated contracts. The respondents' views are indicated in Figure 5.7. As shown in the figure, 83.33% (15) of the respondents have never had any dealings with negotiated contracts, 16.67% (3) have 11 to 20 years of experience rendering negotiated contracts and 0.00% have less than ten years of experience. Therefore, most of the respondents do not procure by means of negotiated contracts, and thus do not have any experience regarding negotiated contracts.

In general, regarding the employment of the different types of procurement practices, a few of the respondents are procuring in terms of these practices. Six of the operators are procuring through tender contracts, five through interim contracts and three through negotiated contracts. However, with regards, to the years of experience related to all the procurement practices, it is evident that all these contracts have been in place for over 20 years and are overdue (Parliamentary Monitoring Group, (2013:1), SABOA, (2014:2110), SABOA, (2015:3); SABOA, (2016:20).

5.3.2 Contribution of the industry towards socio-economic objectives

Respondents were asked to indicate on a 5-point Likert response format, their agreement to statements relating to the contribution of procurement to the commuter bus industry with end points 1 (strongly disagree) to 5 (strongly agree). The responses were measured in mean values and standard deviation as reflected in Table 5.1.

Table 5.1: Perceptions of the respondents on procurement's contribution towards socio-economic objectives within the industry

Statements	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
The industry's contribution to job creation.	4.00	.162	.686
SBOs' ease of access to contracting system.	2.67	.256	1.085
SBOs' awareness of the tender processes.	3.33	.243	1.029
Inclusion and protection of historically disadvantaged individuals.	2.83	.232	.985
Promoting sound financial management.	1.89	.179	.758
Breakout procurement contracts	2.44	.258	1.097
Promoting guarantees and training in the industry	2.61	.293	1.243

Source: Author's own compilation

As indicated in Table 5.1, the most evident procurement contribution to the industry is "the significant contribution towards job creation" with a mean value of 4.00. This was followed by "the awareness of SBOs' on the tender processes" with a mean value of 3.33. This was followed by "the inclusion and protection of historically disadvantaged individuals" with a mean value of 2.83, then followed by the "SBOs' ease of access to contracting system" with a mean value of 2.67, which was followed by "promoting guarantees and training in the industry" with a mean value of 2.61 and the "breakout of procurement contracts" with a mean value of 2.44. The least evident contribution was "promoting sound financial management" with a mean value of 1.89. Therefore, the findings confirm the literature findings in Section 3.3.4, that there is still a lot of work to be done to improve and support this industry (Sibande, 2013:1).

5.3.3 Policies and regulations employed in the commuter bus industry

The respondents were asked to indicate on a 5-point Likert response format containing statements relating to the types of procurement practices employed within the commuter bus industry, with end points 1 (no extent) to 5 (very great extent), the extent to which they agree with the application of these policies and as well as the rankings on the implementation of these polices. The responses were measured in mean values and standard deviation as reflected in Table 5.2 and 5.3.

5.3.3.1 Application of policies and regulations within the commuter bus industry

With regards to the application of policies and regulations, the respondents were asked to indicate the extent to which policies and regulations are applied in the procurement of commuter bus services. Table 5.2 presents the views of the respondents measured in mean values and standard deviation.

Table 5.2: Perceptions of the respondents on the application of policies and regulations within the commuter bus industry

Policies	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
Constitution of South Africa, 1996	3.22	.275	1.166
White Paper on National Transport Policy, 1996	3.17	.259	1.098
The Moving South Africa Strategy, 1998	2.83	.259	1.098
Public Transport and Action Plan: Towards 2020, 2007	3.28	.266	1.127
National Land Transport Act, 2009	3.39	.183	.778

Source: Author's own compilation

As indicated in Table 5.2, the top most applied policy is the National Land Transport Act with a mean value of 3.39 (standard deviation of 0.778). This is the followed by the Public Transport and Action Plan: Towards 2020 with a mean value of 3.28 (standard deviation of 1.127), the Constitution of the Republic of South Africa with a mean value of 3.22 (standard deviation of 1.166), and the White Paper on National Transport Policy of 1996 with a with a mean value of 3.17 (standard deviation of 1.098). The least implemented policy that affects the procurement of the commuter bus industry is

the Moving South Africa Strategy of 1998 with a mean value of 2.83 (standard deviation of 1.098).

Therefore, the commuter bus operations make use of the relevant transport policies, based on Table 5.2. Even though some of the policies have proven to be more important than others, the preference affect the industry's operations. These results indicate that more is to be done by government with regards to the implementation of the set policies, in line with the findings in Section 3.3.3.

Furthermore, to understand the impact of the application of the set policies, the respondents were asked to rank the following statements in their order of importance in enabling effective procurement of the commuter bus industry. The ranking followed mean values. The results are presented in Table 5.3.

Table 5.3: Perceptions of the respondents on the application of policies within the commuter bus industry

Statements	Ranking (Mean)
Government must set aside enough budgets to sustain these operations.	5.00
Government must have clear policies on the procurement of commuter bus services and see the implementation through.	4.89
Government must include Small Bus Operators in the commuter bus industry.	4.89
The industry must be transformed, with the inclusion of HDIs in the operations.	4.83

Source: Author's own compilation

Table 5.3 indicates that the highest ranking statement for effective procurement, relating to policies and regulations was "government must set aside enough budgets to sustain the commuter bus operations" with a mean value of 5.00. This was followed by "government having clear policies on the procurement of commuter bus services" and see their implementation through" and the "inclusion of small bus operators to the operations" with a mean value of 4.89. The lowest ranked statement was "the transformation of the industry, with the inclusion of the historically disadvantaged individuals" with a mean average of 4.83. Therefore, from the findings, most of the statements were rated great and very great extent, with mean values ranging from 4.83 to 5.00. This indicates that there is still a lot of work needed to improve this industry, more especially, the increase in funding (SABOA, 2017).

5.3.4 Relationship between stakeholders in commuter bus industry

The respondents were asked to indicate on a 5-point Likert response format, statements relating to the relationship between the stakeholders in the commuter bus industry with end points 1 (no extent) to 5 (very great extent) the extent to which they agree with the status of the relationship. The responses were measured in mean values and standard deviation as reflected in Table 5.4.

Table 5.4: Perceptions of the respondents on the relationship between stakeholders in the commuter bus industry

Statements	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
Lack of commitment on policy implementation by government	3.39	.164	.698
Lack of compliance on policy implementation by operators	3.33	.140	.594
Lack of coordinated relationship between government and operators	3.00	.243	1.029
Allocated subsidy does not meet operators' operational demand	4.61	.183	.778
Lack of commitment by government to build the industry	3.67	.323	1.372

Source: Author's own compilation

As indicated in Table 5.4, what was most concerning to the respondents with regards to their relationship was "the allocated subsidy not meeting the operators' operational needs" with a mean value of 4.61. This was followed by "the lack of commitment by government to build the commuter bus industry" with a mean value of 3.67, and then "the lack of commitment on policy implementation by government" with a mean value of 3.39. The least concerning factors were "the lack of compliance on policy implementation by operators" with a mean value of 3.33 and "the lack of coordinated relationship between the government and the operators" with a mean value of 3.00.

Furthermore, it can be concluded that the stakeholders' relationship is above average, but there is a definite need for improvement. It is also evident that the issue of lack of funds is the most important challenge to the participants. This shows it to be the crippling factor in the industry, as confirmed by SABOA at their 2017 conference (SABOA, 2017).

5.3.5 Challenges faced within the industry

The respondents were asked to indicate on a 5-point Likert response format, statements relating to challenges facing this industry in the commuter bus industry, with end points 1 (strongly disagree) to 5 (strongly agree), the extent to which they agree with the challenges facing the industry, as well as to rank the impact of these challenges to the industry. The responses were measured in mean values and standard deviation as reflected in Table 5.5.

Table 5.5: Results on the challenges faced by the industry

Statements	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
There are limited funds to meet the operators' operational needs.	4.50	.185	.786
Frequent reshuffling of transport personnel in government	4.33	.229	.970
There are limited funds to provide public transport services	4.28	.211	.895
Political interference and linkages	4.17	.218	.924
Lack of agreement between stakeholders on the most suitable procurement practice	4.00	.181	.767
High usage of consultants in government	3.89	.267	1.132
Ongoing intimidation by taxi operators	3.78	.286	1.215
There is lack of job security within the industry which affects the supply of labour.	3.67	.214	.907
Deficiency in administrative capacity to implement the chosen policies	3.61	.183	.778
There is poor policy implementation	3.61	.183	.778
Inconsistency in the allocation of subsidies between provinces	3.28	.351	1.487
There are fronting activities	3.22	.250	1.060

Source: Author's own compilation

As indicated in Table 5.5, the major challenge affecting the effective operation of the commuter bus industry is the "limited funds to provide public transport services" with

a mean value of 4.50, followed by “the frequent reshuffling of transport personnel in government” with a mean value of 4.33, then “the limited funds to provide public transport services” with a mean value of 4.28, and the “political interference and linkages” with a mean value of 4.17. The least rated challenges were the “lack of agreement between stakeholders on the most suitable procurement practice”, “high usage of consultants in government”, “ongoing intimidation by taxi operators”, “lack of job security within the industry which affects the supply of labour”, “deficiency in administrative capacity to implement the chosen policies”, “poor policy implementation”, “inconsistency in the allocation of subsidies between provinces” and “the fronting activities” with mean values of 3.22 to 4.00.

Overall, most of challenges were experienced to a moderate extent as indicated by the range of mean values which lie between 3.28 and 3.67. The lack of funds proved to be the most challenging factor within the industry that hinders its effective operation (SABOA, 2017). This then shows that the respondents are fairly affected by these challenges, but there is definitely room of improvement regarding these issues, since they are critical for the operations.

5.4 ANALYSIS OF RESPONSES FROM OPEN-ENDED QUESTIONS

Following the discussions, there were major themes that emerged from each of the research objectives as discussed in Chapter 1. The themes that came from the interview questions are the types of procurement practices employed within the commuter bus industry, procurement’s contribution towards this industry, policies and regulations guiding this industry, relationship status between the stakeholders within the commuter bus industry and the challenges facing the industry, as discussed below.

5.4.1 Types of procurement practices employed in the industry

Based on the conducted interviews, it emanated that there were three types of procurement practices employed in the commuter bus industry. The procurement practices are interim, negotiated and tender contracts. However, the majority of the respondents indicated that they procured the commuter bus services by means of interim and tender contracts, whilst a few of the operators procured through negotiated contracts. The respondents, however, mentioned that the interim, tender and negotiated contracts are long overdue and not in line with the enacted policies which

state that the commuter bus service should be procured through competitive contracting (Ngcamphalala & Ambe, 2016:1218).

> *"We have been rendering the tender contracts, since 1996 and to date I am still operating. We were supposed to renew the contracts in 2001, but this was never done". (Respondent 1)*
>
> *"We have been operating since 1997. We are the operators from the previous era."*

Table 5.6 presents the storyline on the types of procurement practices employed based on the open-ended questions.

Table 5.6: Summary of types of procurement practices employed within the commuter bus sector

Theme	Description
Interim contracts	▪ Interim contracts, were initially meant to last for three years, but are now in for 20 years. These are currently operated on a month-to-month basis.
Tender contracts	▪ Introduced as part of the procurement reforms to procure .commuter bus services, guided by the NLTA of 2009. New contracts were last concluded in 1997. These are currently operated on a month-to-month basis. ▪ Government favours tender contracts, because it has direct control over its processes (Simpson *et al.,* 2012:23)
Negotiated contracts	▪ Introduced to assist government-owned and municipal operators, since they were financially unfit to participate in competitive tendering. These are currently operated on a month-to-month basis. ▪ Operators favour the negotiated contracts, because they can negotiate the rates when there is a demand (Simpson *et al.,* 2012:23).

Source: Author's own compilation

5.4.2 Procurement's contribution to the industry

In SA, procurement promotes preference and socio-economic objectives, as guided by the PPPFA and its Regulations (National Treasury, 2015:13). In fulfilling the socio-economic objectives, procurement needs to, amongst others, support the emerging black businesses and 'set aside' procurement for previously disadvantaged individuals. Following the conducted interviews, it was revealed that procurement

contributes towards job creation, however, it still limits SBOs through ease of access to the contracting system, SBOs awareness of the tender processes, inclusion and protection of HDIs, promoting sound financial individuals and breakout of procurement contracts.

Most of the respondents indicated that procurement contributes a great deal towards job creation in Gauteng.

> *"Yes, of course. We are contributing a great deal on the part of job creation. If you look at big bus companies, they are employing more than 6000 employees, or even more, I do not know the number of their fleet now, but it's more." (Respondent 6)*
>
> *"Yes! These buses bring forth employees to their work of place and this contributes to different sectors in terms of bringing forth labour and job creation through the industry its self, drivers, cleaners, ticket inspectors and many others. (Respondent 2)*

Some of the respondents indicated that there is access to the contracting system, but limited information on the details of tendering.

> *"It's not that there is no access at all, but we need the training part of how to do things within the contracts. How to tender and all those things, because most of the operators depend on consultants when it comes to tendering... and they charge a lot of money. (Respondent 2)*

Some respondents indicated that there is no access to the contracting system at all. The big companies with more contracts have to be forced to share some of their routes, as a means to include the SBOs and still they are abusive towards the SBOs.

> *"There are a few SBOs participating in the subsidised commuter bus services, and they operate only as subcontractors. And they are not paid from the PTOG, but from the province. (Respondents 5)*

Some of the respondents indicated that SBOs' are aware of the tender processes within the commuter bus industry.

"Yes, but we have not been issuing any new contracts. However, they are aware. We have had a number of engagements on the tender processes with them." (Respondent 1)

There were mixed feelings between the respondents on the inclusion and protection of the HDIs, with most indicating that the HDIs have been fairly included in this industry.

"I think, the government has fairly accommodated and included the SBOs. You cannot include them before you sort your house. You first need to deal with the challenges in the industry. Remember, we will include the HDIs when we issue the new contracts. The industry needs to sort out the contracting regime first, then when new contracts are issued out, then HDIs can be brought on board. The problem right now is that the system is not sustainable. You cannot bring new people to a collapsing industry. (Respondent 1)

Most of the respondents indicated that, they do not think the industry is contributing towards being financially sound and sustainable.

"The small ones no. even the big ones on the current contracts…operating on a month-to-month basis, no its no. Some of the operators there an there have even withdrew from some of their operations, because the operations were not sustainable." (Respondent 5)

The breakout of procurement contracts was recommended by the Green Paper on procurement on Public Sector Procurement of 1997, as part of the procurement reforms in SA. Through this paper, the government aimed at transforming the public procurement process in order to achieve its socio-economic objectives, and one of the procurement objectives included the breakout procurement. There were mixed feelings from the respondents regarding this. Some of the respondents advised that there is a bit of inclusion, but not to a large extent.

"It's a very small portion. The government just asks the operators to comply with the sharing of the contracts, i.e. give 10% of your routes as a requirement to the SBOs and this is not enough for the SBOs, out of a 100%." (Respondent 2).

Figure 5.7 presents the storyline on procurement's contribution towards socio-economic contributions, based on the open-ended questions.

Table 5.7: Procurement's contribution to the commuter bus industry

Theme	Description
Job creation	▪ Procurement contributes a great deal to job creation. ▪ Commuter buses bring forth a large number of commuters to other sectors of business in SA.
Access to contracting system	▪ Operators have access to the contracting system, but lack training on the contracting processes.
Awareness to contracting system	▪ SBOs are aware of the tendering system, but there have not been any new contracts.
Inclusion and protection of the HDIs	▪ The stakeholders need to sort out the current contracting regime, before introducing HDIs into the industry.
Sound financial individuals	▪ Operators are struggling financially, that some have even surrendered some of their routes.
Breakout of procurement contracts	▪ A very small portion of the existing routes have been broken down into small contracts. ▪ Large operators are still dominating.
Promoting guarantees and training in the industry	▪ Training is offered by government through. Transport Education Training Authority (TETA)

Source: Author's own compilation

5.4.3 Policies and regulations guiding the procurement practices within the industry

It emanated from the interviews that procurement within the commuter bus industry is guided by the following key policies and regulations: the Constitution of South Africa of 1996, White Paper on national Transport Policy of 1996, the Moving South Africa Strategy of 1998, Public Transport Strategy and Action Plan 0f 2007, and the National Land Transport Act of 2009.

There were mixed views on the implementation of the set policies and regulations. Some respondents advised that the standing policies have been implemented to an acceptable level. All the standing policies and regulations guiding procurement in the industry are interlinked with the Constitution and cannot be implemented in

contradiction with it. Some of the respondents indicated that the Constitution of South Africa of 1996 has not been fully implemented yet, especially the clause that reads "any organ of state in the national, provincial and local spheres of government that procure goods and services should do so with a system that is 'safe, fair, transparent, equitable, competitive, and cost-effective'.

> *"They usually say, the transport must be affordable, reliable and safe. The company on its own can be safe, reliable but cannot be affordable, depending on the subsidy they are given as companies". To add on that, at some extent you find that they give a tender for five buses, and when you go there physically, you find that there's seven buses…or let's say there's a need for more buses. What now..? With doing what? And this thing has been followed up, going to the department, they say, but now this is the part we can do, we don't have sufficient money". That is why it is based on, it is not really followed to the end and most part of it, its affordability." (Respondent 3)*

Some of the respondents indicated that they have never seen a copy of the Moving South Africa Strategy of 1998.

> *"I have never seen this document." (Respondent 10)*

Some of the respondents indicated that the government has fairly implemented the Public Transport and Action Plan: Towards 2020, 2007.

> ***"**We are doing well. I mean in thirteen cities we are operating." (Respondent 2)*

Most of the respondents indicated that the National Land Transport Act of 2009 was implemented satisfactorily, through the introduction of the Integrated Transport Plans (ITPs).

> *"We are doing good, but just slow." (Respondent 3)*

Table 5.8 presents a summary on the policies and regulations guiding the industry, based on the open-ended questions.

Table 5.8: Policies and regulations guiding the commuter bus industry

Theme	description
Constitution of South Africa	▪ The constitution is being implemented to a fair level. ▪ However, it affects the implementation of the other key policies which are currently in contradiction to the Constitution and thus cannot be fully applied. ▪ There is no competition at the moment in the industry. ▪ Too much red tape.
White Paper on National Transport Policy, 1996	▪ White Paper on National Transport is applied partially, but it is fair.
The Moving South Africa Strategy, 1998	▪ Most respondents have never seen this document before.
Public transport Strategic and Action Plan, 2007	▪ Public transport Strategic and Action Plan, 2007 is applied partially, but it is fair with the introduction of BRTs in 13 cities thus far.
National Land Transport Act, 2009	▪ National Land Transport Act of 2009, is applied to an acceptable level, but slow. This is through Integrated Transport Plans (ITPs).

Source: Author's own compilation

5.4.4 The relationship between stakeholders in the industry

With regards to the relationship status between the stakeholders, it emanated from the conducted interviews that there is a coordinated relationship between the stakeholders. The majority of the respondents indicated that the relationship has definitely improved when compared to the time period during the introduction of the interim, tender and negotiated contracts. While others still felt like the relationship is still bad.

Some of the respondents indicated that there is commitment from the government to implement the set policies. They advised that the government has tried to support the industry through training people for the effective implementation of the set policies.

> *"There is commitment, but there are some impediments. For example, issues like capacity. You have to build the capacity. You might not be able to keep the capacity in-house. Because there are very few people who specialises. Also, the*

market forces dictate… if there is demand in the private industry, you cannot hold on people. (Respondent 1)

Some respondents indicated that they too sometimes do not comply with some of the policies.

"Yes, there are inconsistencies from our side. For example, they say if for some other reason you fail to break a shift, you need to report the government, but how can that be? How can you report on something that will take your money?" (Respondent 3)

Most of the respondents indicated that there is a harmonious relationship between the government and operators, and that there are open channels of communication.

"We have a relationship... let me take our operations for instance. We have a relationship with government, because most of the time we communicate, even if they don't meet our expectations, but there is that coordination". (Respondent 4).

"True! This is going to be a 5." Especially in the Gauteng contracts, the Provincial government does not contribute for the deficit in budget like the KwaZulu Natal Provincial government. So yah, the subsidies are insufficient. (Respondent 11)

Most of the respondents indicated that there is commitment by government to build the industry.

"There is commitment from government. You see my point is, you can be committed to something, but when there are challenges, it does not mean that you are not committed. We developed the Public Transport Strategy in 2007, focusing on 13 cities to pilot. We are moving to the tender direction, we have improved n rail. We are doing the rail recapitalisation. Yes, we are doing the Rea Vayas in 13 cities... as a pilot". (Respondent 17)

Table 5.9 presents a summary of the relationship status between the stakeholders, based on the open-ended questions.

Table 5.9: Relationship status between the stakeholders

Theme	Description
Commitment on policy implementation by government	▪ There is commitment on the policy implementation. The challenge is just the capacity to implement these.
Compliance on policy implementation by operators	▪ Some of the operators are not consistent, because they do not report when they cannot honour their shifts.
Coordinated relationship between government and operators	▪ There is a harmonious relationship between the respondents.
Subsidy not meeting operational demand	▪ The allocated funds do not meet the operators' operational needs.
Commitment by government to build the industry	▪ There is commitment, but there are too many challenges hindering the effective operation of the industry.

Source: Author's own compilation

5.4.5 The challenges faced by the industry

Based on the conducted interviews, it emanated that the industry is marred by a number of challenges, including the deficiency in administrative capacity to implement the chosen policies, lack of job security within the industry which affects the supply of labour, poor policy implementation, limited funds to meet the operators' operational needs, political interferences and linkages, lack of agreement on the most suitable procurement practice, limited funds to provide public transport services, fronting activities, frequent reshuffling of transport personnel in government, ongoing intimidation by taxi operators, high usage of consultants in government and inconsistency in the allocation of subsidies between provinces.

Most respondents indicated that the deficiency in administrative capacity to implement the chosen policies is one of the most challenging factor.

> *"They might have the policies, but the implementation is a problem. Policies are introduced, without thinking of the implications." (Respondent 3)*
>
> *"From the government's side, you find that Mr X is the Minister of Transport, but we do not know his educational background. You know you might be educated*

and have a theory, but do not have practice! You know I support practicals and theory…." In government anyone is hired.(Respondent 3)

Most of the respondents indicated that there is minimal job security within the industry which affects the supply of labour.

"*You see...in this sector, it's a contract, but the contract duration is five years, but now we are in twenty years… so I don't if we are going to say it's still a contract on interim. What do you call it? The tender fixed contract is five years... now we have done for the first five years... we have never applied from there. It is still pushed to …so obviously you won't have the security" (Respondent 8)*

Some of the respondents indicated that policy implementation is fair.

"No, I disagree. Transport is the shoulder of the country and therefore, what's in the policies must be followed… it must be done. (Respondent 9)

Most of the respondents indicated that there are limited funds to meet the operators' operational needs.

"In my opinion, there is limited budget". (Respondent 5)

Some respondents indicated that there are political interferences in the industry.

"Yes, it's true! I will rate it a 5"… The operations are impossible to transform, because of interferences from the government's side and no one can do anything about it. (Respondent 4)

Most of the respondents indicated that there is a lack of agreement between stakeholders on the most suitable procurement practice.

"*There is lack of agreement… government favours the tender contracts and the operators favour negotiated. The problem with tender is that if there is a growth in the number of passengers, operators cannot just increase the number of the fleet. When you request the government to assist, they advise that "we will see in the next budget". This has been going on for years now… (Respondent 3)*

Most of the respondents indicated that there are fronting activities.

> *"Yes! You find that an operators has a contract, but the logo and payslip is from another company, so what's that?" (Respondent 7)*

Some of the respondents were not sure of the existence and impact of the frequent reshuffling of transport personnel in government.

> *'Not aware of any... maybe on the top government level. It's true, it is not affecting us. The only thing is the chop changing of ministers whereby the minister will try to formulate this policy and when it's about to be implemented, it's another one. (Respondent 2)*

Some of the respondents indicated that the taxi operators are still intimidating the commuter bus operators.

> *"A lot! It is still happening... I can even rate it 5". I received a call the other day, where we are operating that the taxis are fighting our buses… so yeah, I will rate it higher." (Respondent 2)*

Some indicated that the use of consultants is a problem.

> *"Definitely and affecting the policy implementation in the industry. (Respondent 4)*

Some indicated that the subsidies will never be the same for different provinces, regions and so forth, due to a number of factors that are considered when determining such.

> *"Subsidy is calculated on different rate and is affected by different things. You can operate in Gauteng and I get more and you get less and it does not mean that you are being …it should not. Remember that subsidy, it augments where you as an operator are runs short to cover your operational costs. Now when we*

calculate the subsidy, we also look at the fairness. You are operating a route that is lucrative and I am operating a route that is not lucrative in terms of patronage and yours subsidy will be low and mine will be high. It's not always a case that someone gets less and the other one gets more, meaning the other one that is getting less is being disadvantaged, no.

Meanwhile other respondents indicated that there is lack of fairness in the allocation of subsidies, with other provincial government's boosting their operators financially when there is a deficiency.

"Yes, for instance the rate per kilo, because that is how they subsidise us. KwaZulu Natal and Mpumalanga's subsidy rates are more than in Gauteng" (Respondent 2)

Table 5.10 provides a summary of the respondents' views on the challenges facing the industry.

Table 5.10: Emergent challenges facing the commuter bus industry

Theme	Description
Administrative capacity to implement the chosen policies	▪ Government has good policies in place, but the practicability of the implementation is a problem. Policies are drawn without thinking of the consequences. ▪ Government also does not train operators on the claiming processes. Claiming documents are just forwarded to the operators.
Job security	▪ Interim contracts were an interim measure to get operator fit for tender, but are now in for 20 years. Not even know sure what to call these contracts anymore. ▪ Expiry date of current contracts is not known. ▪ There is job security. Each company needs to look after its people, promoting them.
Policy implementation	▪ Policy implementation is fair.
Limited funds to meet operational needs	▪ There are budget constraints, stemming from the introduction of DORA.
Political interferences and linkages	▪ Political linkages still exist.

Theme	Description
Agreement on the most suitable procurement practice	▪ Government favours tender and the operators favour negotiated contracts.
Limited funds to provide public transport services	▪ There are limited funds to operate efficiently today.
Fronting activities	▪ Big operators own the contracts and the small operators are fronting, using the big operators' logo and payslips.
Frequent reshuffling of transport personnel in government	▪ Not aware of any, maybe on the top government level.
Ongoing intimidation by taxi operators	▪ It still exists. Some buses are even blocked out of the roads in certain areas by taxi owners.
High usage of consultants in government	▪ The use of consultants is affecting policy implementation in the industry, since they are not part of the implementation process. ▪ The use of consultants has nothing to do with challenges facing the industry.
Allocation of subsidies between provinces	▪ Subsidies are calculated at different rates, because of different operational situations. These are aimed at helping the operator to make a profit. ▪ It is a challenge. KwaZulu-Natal and Mpumalanga are subsidised more than Gauteng.

Source: Author's own compilation

To conclude this section, based on the open-ended questions from the interviews, the following summaries were identified on each of the main themes. Table 5.11 presents a summary of the storyline of each.

Table 5.11: Emergent themes on the procurement practices employed within the commuter bus industry

Theme	Sub-theme	Description
Types of procurement practices employed within the commuter bus industry	Interim contracts	Interim contracts are now overdue and are operated on a month-to-month basis.
	Tender contracts	Tender contracts are now overdue and are operated on a month-to-month basis.
	Negotiated contracts	Negotiated contracts are now overdue and are operated on a month-to-month basis.

Theme	Sub-theme	Description
Procurement's contribution to the commuter bus industry	Job creation	Procurement contributes a great deal to job creation within the industry and to other sectors.
	Access to contracting system	Operators have access to the contracting system, but lack training on the contracting processes.
	Awareness to contracting system	SBOs are aware of the tendering system, but there have not been any new contracts.
	Inclusion and protection of the Historically Disadvantaged Individuals	The stakeholders need to sort out the current contracting regime before introducing HDIs into the industry.
	Sound financial individuals	Operators are struggling financially, so much so that some have even surrendered some of their routes.
	Breakout of procurement contracts	A very small portion of the existing contracts have been broken down into small contracts.
	Guarantees and training in the industry	Training is offered by the government, through TETA (Transport Education Training Authority).
Policies and regulations guiding the industry	Constitution of South Africa	The constitution is being implemented to a fair level, but due to the contradiction with other key regulations, it cannot be fully implemented.
	White Paper on National Transport Policy, 1996	White Paper on National Transport is applied partially, but it is fair.
	The Moving South Africa Strategy, 1998	Respondents are not familiar with this document.
	Public transport Strategic and Action Plan, 2007	Public transport Strategic and Action Plan, 2007 is applied partially, but it is fair, with the introduction of BRTs in 13 cities thus far.
	National Land Transport Act, 2009	National Land Transport Act of 2009, is applied to an acceptable level, but slow. This is through Integrated Transport Plans (ITPs).

Theme	Sub-theme	Description
Relationship between stakeholders	Policy implementation by government	There is commitment on the policy implementation, but the government lacks capacity to implement these.
	Compliance by operators	Some of the operators are not consistent, because they do not report when they cannot honour their shifts.
	Relationship status between government and operators	There is a harmonious relationship between the stakeholders.
	Subsidy not meeting operational demand	The allocated funds do not meet the operators' operational needs.
	Commitment by government to build the industry	There is commitment, but there are too many challenges hindering the effective operation of the industry.
Challenges facing the commuter bus sector	Administrative capacity to implement the chosen policies	Government has good policies in place, which were set without thinking of the consequences on the implementation.
	Job security	The current contracts are operated on a month-to-month basis and the expiry date is not known.
	Policy implementation	Policy implementation is fair.
	Limited funds to meet operational needs	There are budget constraints, stemming from the introduction of DORA.
	Political interferences and linkages	Political linkages still exist.
	Agreement on the most suitable procurement practice	Government favours tender and the operators favour negotiated contracts.
	Limited funds to provide public transport services	There are limited funds to enable efficient operations.
	Fronting activities	Big operators own the contracts and the small operators are fronting, using the big operators' logo and payslips.
	Frequent reshuffling of transport personnel in government	Common and affects the top government level.

Theme	Sub-theme	Description
	Ongoing intimidation by taxi operators	It still exists. Some buses are even blocked out of the roads in certain areas by taxi owners.
	High usage of consultants in government	The use of consultants is affecting policy implementation in the industry, since they are not part of the implementation process.
	Allocation of subsidies between provinces	Subsidies are calculated at different rates, because of different operational situations. These are aimed at helping the operator to make a profit.

Source: Compiled by author

5.4.6 Difference between the respondents on the procurement practices employed within the commuter bus industry

This section aims to determine whether there are statistically significant differences between the respondents with regards to the various types of procurement practices employed within the commuter bus industry, the policies and regulations guiding procurement of these services within the industry, the relationship between the stakeholders, the industry's contribution towards socio-economic objectives and the challenges faced within the industry. The type of inferential statistical tests employed in this study were the parametric, Leven's t-test for equality of variances and the t-test for Equality of means (Cooper and Schindler, 2011:506). This research will rely on a 95 % level of confidence. A p-value equal or less than 0.05 implies that the results are not subject to change according to the independent sample.

In our sample dataset, interviews were conducted in Gauteng within the commuter bus industry. Eighteen people were interviewed (12 operators and 6 government officials). The independent variable is categorical (that is, it has two or more distinct groups). The differences between the respondents with regards to the above mentioned objectives, as identified in Chapter 1 are discussed next. Only significant results will be reported on.

- **Various types of procurement practices employed within the commuter bus industry**

To address this objective, an average rating was acquired on the implementation of a specific type of procurement practice between the operators and the government officials. The types of procurement practices include interim contracts, negotiated and tender contracts. The variable “which of the following best describes you within the commuter bus industry operations?” has values of either “1’ (operators) or “2” (government officials). This functioned as the independent variable in this *t* test.

The hypotheses tested for the various types of procurement practices can be expressed as:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to various types of procurement practices employed within the commuter bus industry.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to various types of procurement practices employed within the commuter bus industry.

Table 5.12 presents a comparison of the views between the operators and the officials on the various types of procurement practices employed within the commuter bus industry. The level of statistically significant difference, at a 5% level and the mean values are indicated.

Table 5.12: Significant differences with regards to the various procurement practices employed within the commuter bus industry

Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Interim Contracts: Please indicate to what extent you agree with the implementation of the following procurement practices in your organisation.	Equal variances assumed	59.367	0.000	2.055	16	0.057	1.545	0.752	-0.049	3.14
	Equal variances not assumed			2.605	10	0.026	1.545	0.593	0.223	2.868
Tender Contracts: Please indicate to what extent you agree with the implementation of the following procurement practices in your organisation.	Equal variances assumed	9.143	0.008	1.176	16	0.257	0.182	0.155	-0.146	0.51
	Equal variances not assumed			1.491	10	0.167	0.182	0.122	-0.09	0.454

Regarding the application of the interim contracts, the results indicated that the null hypothesis of equal variances assumed, was rejected with a p-value<0.05 and we concluded that the variance in the ratings of operators is significantly different from that of government officials. Regarding, the application of the tender contracts, the results indicated that the null hypothesis of equal variances assumed, was rejected with a p-value<0.05, and again we concluded that the variance in the ratings of operators is significantly different from that of government officials.

Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the interim contracts, the mean difference between the operators and the government officials is statistically significant, with a p-value<0.05. However, the results regarding the tender contracts indicated that the mean difference between the operators and the government officials is not statistically significant with a p-value>0.05.

- **Procurement's contribution towards socio-economic objectives within the industry**

To address this objective, an average rating was acquired to determine whether there was a significant difference between the respondents (the operators and the officials) with regards to the industry's contribution towards socio-economic objectives in SA. The hypotheses tested for the industry's contribution towards socio-economic objectives in SA can be expressed as:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the industry's contribution towards socio-economic objectives in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to the industry's contribution towards socio-economic objectives in SA.

Table 5.13 presents a comparison of the views between the operators and the officials on the industry's contribution towards socio-economic objectives in SA. The level of statistically significant difference, at a 5% level and the mean values are indicated.

Table 5.13: Significant differences with regards to the industry's contribution towards socio-economic objectives

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
The industry's contribution to job creation	Equal variances assumed	0.001	0.979	0.694	16	0.498	0.234	0.337	-0.48	0.948
	Equal variances not assumed			0.696	13.078	0.498	0.234	0.336	-0.491	0.958
SBOs' ease of access to contracting system	Equal variances assumed	1.563	0.229	-0.144	16	0.887	-0.078	0.54	-1.223	1.067
	Equal variances not assumed			-0.132	9.453	0.898	-0.078	0.591	-1.406	1.25
SBOs' awareness of the tender processes	Equal variances assumed	0.762	0.395	-0.305	16	0.764	-0.156	0.511	-1.24	0.928
	Equal variances not assumed			-0.282	9.867	0.784	-0.156	0.553	-1.39	1.078
Inclusion and protection of HDIs	Equal variances assumed	0.422	0.525	-0.561	16	0.583	-0.273	0.486	-1.303	0.758

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
	Equal variances not assumed			-0.503	8.87	0.627	-0.273	0.542	-1.503	0.957
Promoting sound financial management	Equal variances assumed	3.112	0.097	-1.144	16	0.27	-0.416	0.363	-1.186	0.355
	Equal variances not assumed			-1.35	14.43	0.198	-0.416	0.308	-1.074	0.243
Breakout procurement contracts	Equal variances assumed	3.239	0.091	1.411	16	0.177	0.727	0.515	-0.365	1.82
	Equal variances not assumed			1.536	15.832	0.144	0.727	0.473	-0.277	1.732
Promoting guarantees and training in the industry	Equal variances assumed	0.379	0.547	0.105	16	0.918	0.065	0.619	-1.248	1.378
	Equal variances not assumed			0.109	14.659	0.914	0.065	0.594	-1.203	1.333

Source: Author’s own compilation

Regarding, procurement's contribution towards socio-economic objectives within the industry, the results indicated that the null hypothesis of equal variances assumed, could not be rejected with a p- value>0.05. Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the procurement's contribution towards socio-economic objectives within the industry between the operators and the government officials, there was no statistically significant difference with a p-value>0.05.

- **Policies and regulations guiding the procurement practices in the commuter bus industry**

To address this objective, an average rating was acquired to determine whether there was a significant difference between the respondents (the operators and the officials) with regards to the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA. The hypotheses tested for the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA can be expressed as:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA.

Table 5.14 presents a comparison on the views between the operators and the officials on the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA. The level of statistically significant difference, at a 5% level and the mean values, are indicated.

Table 5.14: Significant differences with regards to policies and regulations guiding procurement within the commuter bus industry

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Constitution of South Africa, 1996	Equal variances assumed	3.408	0.083	2.062	16	0.056	1.065	0.517	-0.03	2.16
	Equal variances not assumed			2.435	14.397	0.028	1.065	0.437	0.129	2
White Paper on National Transport Policy, 1996	Equal variances assumed	2.802	0.114	1.987	16	0.064	0.974	0.49	-0.065	2.013
	Equal variances not assumed			2.33	14.743	0.034	0.974	0.418	0.082	1.866
The Moving South Africa Strategy, 1998	Equal variances assumed	1.54	0.232	2.41	16	0.028	1.13	0.469	0.136	2.124
	Equal variances not assumed			2.672	15.998	0.017	1.13	0.423	0.234	2.026
	Equal variances assumed	0.795	0.386	0.395	16	0.698	0.221	0.559	-0.965	1.406

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Public Transport and Action Plan: Towards 2020, 2007	Equal variances not assumed			0.428	15.761	0.674	0.221	0.516	-0.874	1.316
National Land Transport Act, 2009	Equal variances assumed	0.002	0.967	-0.168	16	0.869	-0.065	0.387	-0.886	0.756
	Equal variances not assumed			-0.169	13.204	0.868	-0.065	0.385	-0.895	0.765

Source: Author's own compilation

Regarding the implementation of the Constitution of South Africa of 1996, the White Paper on National Transport Policy of 1996, the Moving South Africa Strategy of 1998, Public transport and Action Plan: Towards 2020 of 2007 and the National Land Transport Act of 2009, the results indicated that the null hypothesis of equal variances assumed could not be rejected with a p- value>0.05.

Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the Constitution of South Africa of 1996 and the Moving South Africa Transport Strategy of 1998, the mean difference between the operators and the government officials is statistically significant, with a p-value<0.05. However, the results regarding the White Paper on National Transport Policy of 1996, Public Transport Strategy and Action Plan: Towards 2020, of 2007 and the National Land Transport Act of 2009 indicated that the mean difference between the operators and the government officials is not statistically significant with a p-value>0.05.

- **Relationship between the stakeholders in the industry**

To address this objective, an average rating was acquired to determine whether there was a significant difference between the respondents (the operators and the officials) with regards to the relationship between the stakeholders in the commuter bus industry in SA. The hypotheses tested for the relationship between the stakeholders in the commuter bus industry in SA can be expressed as:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the relationship between the stakeholders in the commuter bus industry in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to the relationship between the stakeholders in the commuter bus industry in SA.

Table 5.15 presents a comparison on the views between the operators and the officials on the relationship between the stakeholders in the commuter bus industry in SA. The level of statistically significant difference, at a 5% level and the mean values are indicated.

Table 5.15: Significant differences with regards to the relationship between stakeholders within the commuter bus industry

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	95% Confidence Interval of the Difference	
Limited commitment on policy implementation by government	Equal variances assumed	0.212	0.651	-0.879	16	0.392	-0.299	0.34	-1.019	0.421
	Equal variances not assumed			-0.959	15.859	0.352	-0.299	0.311	-0.959	0.362
Lack of compliance on policy implementation by operators	Equal variances assumed	0.088	0.771	-1.393	16	0.183	-0.39	0.28	-0.982	0.203
	Equal variances not assumed			-1.433	14.104	0.174	-0.39	0.272	-0.972	0.193
Lack of co-ordinated relationship between government and operators	Equal variances assumed	3.751	0.071	-0.459	16	0.653	-0.234	0.509	-1.314	0.846
	Equal variances not assumed			-0.518	15.887	0.612	-0.234	0.451	-1.191	0.723
Allocated subsidy does not meet operators' operational demands	Equal variances assumed	0	0.983	0.786	16	0.444	0.299	0.38	-0.507	1.105
	Equal variances not assumed			0.88	15.971	0.392	0.299	0.339	-0.421	1.018
Lack of commitment by government to build the industry	Equal variances assumed	0.127	0.726	0.576	16	0.573	0.39	0.677	-1.045	1.824
	Equal variances not assumed			0.558	11.653	0.587	0.39	0.698	-1.136	1.915

Regarding the relationship status between the stakeholders, the results indicated that the null hypothesis of equal variances assumed could not be rejected with a p-value>0.05. Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the relationship status between the operators and the government officials, there was no statistically significant difference with a p- value>0.05.

- **Challenges faced by the industry**

To address this objective, an average rating was acquired to determine whether there was a significant difference between the respondents (the operators and the officials) with regards to the challenges faced by the industry in SA. The hypotheses tested for the challenges faced by the industry in SA can be expressed as:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the challenges faced by the industry in SA
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to challenges faced by the industry in SA

Table 5.16 presents a comparison of the views between the operators and the officials on the challenges faced by the industry in SA. The level of statistically significant difference, at a 5% level and the mean values are indicated.

Table 5.16: Significant differences with regards to the challenges faced within the industry

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Deficiency in administrative capacity to implement the chosen policies	Equal variances assumed	0.706	0.413	-0.438	16	0.667	-0.169	0.385	-0.985	0.648
	Equal variances not assumed			-0.447	13.733	0.662	-0.169	0.378	-0.981	0.643
There is lack of job security within the industry which affects the supply of labour.	Equal variances assumed	0.558	0.466	0.882	16	0.391	0.39	0.442	-0.547	1.326
	Equal variances not assumed			0.86	11.836	0.407	0.39	0.453	-0.6	1.379
There is poor policy implementation	Equal variances assumed	6.482	0.022	-1.076	16	0.298	-0.403	0.374	-1.196	0.391
	Equal variances not assumed			-1.275	14.236	0.223	-0.403	0.316	-1.079	0.274

Independent Samples Test											
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
There are limited funds to meet the operators' operational needs.	Equal variances assumed	0.508	0.486	0.299	16	0.769	0.117	0.391	-0.711	0.945
	Equal variances not assumed			0.337	15.915	0.74	0.117	0.347	-0.618	0.852
Political interference and linkages	Equal variances assumed	0.748	0.4	-0.426	16	0.676	-0.195	0.458	-1.165	0.775
	Equal variances not assumed			-0.458	15.61	0.653	-0.195	0.425	-1.098	0.708
Lack of agreement between stakeholders on the most suitable procurement practice	Equal variances assumed	0.75	0.399	0	16	1	0	0.382	-0.81	0.81
	Equal variances not assumed			0	15.971	1	0	0.347	-0.736	0.736
	Equal variances assumed	3.818	0.068	-0.559	16	0.584	-0.247	0.442	-1.183	0.69

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
There are limited funds to provide public transport services	Equal variances not assumed			-0.644	15.388	0.529	-0.247	0.383	-1.061	0.568
There are fronting activities	Equal variances assumed	1.553	0.231	0.246	16	0.809	0.13	0.527	-0.988	1.248
	Equal variances not assumed			0.263	15.372	0.796	0.13	0.495	-0.922	1.182
Frequent reshuffling of transport personnel in government	Equal variances assumed	1.455	0.245	0.161	16	0.874	0.078	0.483	-0.946	1.102
	Equal variances not assumed			0.191	14.236	0.851	0.078	0.408	-0.795	0.951
Ongoing intimidation by taxi operators	Equal variances assumed	1.755	0.204	-1.018	16	0.324	-0.597	0.587	-1.842	0.647

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances not assumed			-1.117	15.941	0.28	-0.597	0.535	-1.731	0.536
High usage of consultants in government	Equal variances assumed	0.001	0.972	0.511	16	0.617	0.286	0.56	-0.9	1.472
	Equal variances not assumed			0.518	13.536	0.613	0.286	0.551	-0.901	1.472
Inconsistency in the allocation of subsidies between provinces	Equal variances assumed	11.405	0.004	-0.334	16	0.743	-0.247	0.739	-1.813	1.319
	Equal variances not assumed			-0.379	15.804	0.71	-0.247	0.651	-1.628	1.134

Regarding the deficiency in administrative capacity to implement the chosen policies, there is lack of job security within the industry which affects the supply of labour, there are limited funds to meet the operators' needs, political interferences and linkages, lack of agreement between stakeholders on the most suitable procurement practice, there are limited funds to provide transport services, there are fronting activities, frequent reshuffling of transport personnel in government, ongoing intimidation by taxi operators and the high usage of consultants in government, the results indicated that the null hypothesis of equal variances assumed could not be rejected with a p-value>0.05.

Regarding poor policy implementation and in consistency in the allocation of subsidies between provinces, the results indicated that the null hypothesis of equal variances assumed was rejected with a p- value<0.05.

Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the deficiency in administrative capacity to implement the chosen policies, the lack of job security within the industry, the limited funds to meet the operators' needs, political interferences and linkages, lack of agreement between stakeholders on the most suitable procurement practice, the limited funds to provide transport services, the fronting activities, the frequent reshuffling of transport personnel in government, ongoing intimidation by taxi operators and the high usage of consultants in government indicated that the mean difference between the operators and the government officials is not statistically significant with a p-value>0.05.

- **Impact of the challenges within the industry**

To address this objective, an average rating was acquired to determine whether there was a significant difference between the respondents (the operators and the officials) with regards to the impact of the challenges within the industry. The hypotheses tested for the impact of the challenges within the industry in SA can be expressed as:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the impact of the challenges within the industry in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to the impact of the challenges within the industry in SA.

Table 5.17 presents a comparison on the views between the operators and the officials on the impact of the challenges within industry in SA. The level of statistically significant difference, at a 5% level and the mean values are indicated.

Table 5.17: Impact of the challenges within the industry

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Poor policy implementation	Equal variances assumed	9.143	0.008	-1.176	16	0.257	-0.182	0.155	-0.51	0.146
	Equal variances not assumed			-1.491	10	0.167	-0.182	0.122	-0.454	0.09
Lack of policy direction at provincial level	Equal variances assumed	0.172	0.684	-0.204	16	0.841	-0.039	0.191	-0.444	0.366
	Equal variances not assumed			-0.207	13.6	0.839	-0.039	0.188	-0.443	0.365
Deficiency in administrative capacity to implement the chosen policies	Equal variances assumed	5.187	0.037	-0.99	16	0.337	-0.221	0.223	-0.693	0.252
	Equal variances not assumed			-1.058	15.423	0.306	-0.221	0.209	-0.665	0.223

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Political interferences and linkages	Equal variances assumed	0.675	0.423	-0.733	16	0.474	-0.39	0.532	-1.517	0.738
	Equal variances not assumed			-0.811	15.995	0.429	-0.39	0.48	-1.408	0.628
Funding constraints	Equal variances assumed	3.073	0.099	-0.789	16	0.442	-0.182	0.23	-0.67	0.307
	Equal variances not assumed			-1	10	0.341	-0.182	0.182	-0.587	0.223
Limited support for operators on training from the government	Equal variances assumed	2.246	0.153	0.537	16	0.599	0.208	0.387	-0.613	1.029
	Equal variances not assumed			0.493	9.663	0.633	0.208	0.421	-0.735	1.151

Independent Samples Test										
Constructs		Levene's Test for Equality of Variances		t-test for Equality of Means				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Lack of agreement between stakeholders on the most suitable procurement practice	Equal variances assumed	0.197	0.663	-0.537	16	0.599	-0.208	0.387	-1.029	0.613
	Equal variances not assumed			-0.54	13.204	0.598	-0.208	0.385	-1.037	0.622

Source: Author’s own compilation

Regarding the lack of policy direction at provincial level, political interferences and linkages, funding constraints, limited support for operators on training from the government and lack of agreement between stakeholders on the most suitable procurement practice, the results indicated that the null hypothesis of equal variances assumed could not be rejected with a p- value>0.05. Regarding the poor policy implementation and the deficiency in administrative capacity to implement the chosen policies, the results indicated that the null hypothesis of equal variances assumed was rejected with a p- value<0.05. Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the impact of the challenges within the industry between the operators and the government officials, there was no statistically significant difference with a p- value>0.05.

5.5 CONCLUSION

This chapter presented the results of the statistical analysis performed on the collected data. Descriptive and inferential analyses, including a discussion of the open-ended questions from the interviews were performed in order to explain the procurement practices employed within the commuter bus industry in Gauteng. The significant findings of the chapter were that:

- The current procurement practices employed within the commuter bus industry are outdated.
- The industry contributes significantly towards job creation, which contributes to the country's economy.
- The set policies are not fully implemented and thus the procurement practices of this industry are not in line with the set policies which affects the operations as a whole.
- There is a harmonious relationship between the government and the operators.
- The industry lacks funds to meet its daily operational needs.

In the next chapter the conclusions of the study are provided, and recommendations are made on the findings of this study.

CHAPTER 6: CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

6.1 INTRODUCTION

This chapter presents the findings of the study and makes recommendations based on these findings. The overall aim of the study was to explore the current procurement practices within the commuter bus industry, specifically the Gauteng operations. The government, when procuring the subsidised commuter bus services, procures by means of interim, tender and negotiated contracting systems. All these procurement practices were put in place as part of the procurement reforms in SA, with the aim of promoting socio-economic objectives, which included the introduction of new entrants (more especially the historically disadvantaged individuals) into the operations. These are guided by key policies and regulations employed within the industry. However, instead of reforming the industry, these procurement practices have led to a number of challenges for the industry, including among others, division amongst the operators and the government, and a huge deficit in the subsidies (DoT, 2002:8; SABOA, 2015:13; SABOA, 2017; Walters, 2012:45).

6.2 REVISITING THE RESEARCH PROBLEM AND OBJECTIVES

Chapter 1 focused on the significance of the study, objectives of the study and the background of public procurement in SA. It also highlighted the motivation of the study (the research question), which was formulated as: *What procurement practices are employed in the commuter bus industry in the Gauteng Province?*

The secondary research questions that assisted in answering the main research question were stated as:

- Which types of procurement practices employed in the commuter bus industry in the Gauteng Province?
- How does the procurement function contribute to the socio-economic objectives of the commuter bus industry in the Gauteng Province?
- What is the role of policies and regulations in influencing procurement contracts in the commuter bus industry in the Gauteng Province?

- Is there a trusting relationship between the government and operators, who are the major procurement partners in the commuter bus industry in the Gauteng Province?
- What are the procurement challenges faced by the commuter bus industry in the Gauteng Province?
- What are the differences between the application of the procurement practices within the commuter bus industry in the Gauteng Province?

The main research objective of the study was to investigate procurement practices employed in the commuter bus industry in Gauteng.

In order to address the primary objectives, the following secondary objectives were formulated:

- To explore the types of procurement practices employed in the commuter bus industry.
- To determine procurement's contribution to the socio-economic objectives of the commuter bus industry in the Gauteng Province.
- To determine the role of policies and regulations influencing procurement contracts in the commuter bus industry in the Gauteng Province.
- To establish if there is a trusting relationship between government and operators procurement partners, who are the major procurement partners in the commuter bus industry in the Gauteng Province.
- To determine procurement challenges faced by the commuter bus industry.
- To determine the differences between the application of the procurement practices within the commuter bus industry, and
- To make suggestions on how procurement practices in the commuter bus industry in Gauteng can be improved.

6.3 DISCUSSION OF THE RESEARCH FINDINGS

Chapter 5 formed the foundation on which the discussions in this chapter are based. The collected data aimed to answer the main research question as presented in Chapter 1: *"What are the procurement practices employed within the commuter bus industry in South Africa?"*

This section of the chapter presents the results of the study, based on the research question. The secondary research questions, as listed in the previous section, will be discussed first.

6.3.1 What are the types of procurement practices employed in the commuter bus industry?

This question aimed to determine if interim contracts, negotiated and tender procurement practices were still employed within the subsidised commuter bus operations in Gauteng. Interim contracts were introduced as an interim measure in 1997 to last for three years to get operators financially 'fit' for the tender system (Ngcamphalala & Ambe, 2016:1213). The tender contracts were introduced in 1997 as per the National Land Transport Act of 2009. Between 1999 and 2000, through the National Land Transport Transition Act (NLTTA), the negotiated contracts were introduced. These were intended to assist government-owned and municipal operators, since they were financially unfit to participate in competitive tendering.

The findings confirmed that which was gathered from the literature, that interim, negotiated and tender contracts are still in full operation. SABOA (2015:3; 2016:20) confirmed that these contracts are still in operation and currently rendered on a month-to-month basis. In relation to the interim contracts (see Figure 5.3), the findings revealed that four of the respondents still participate to a great extent, and one to a slight extent in interim contracts.

In relation to negotiated and tender contracts, the findings indicated that only a minority of the respondents, with six of the former and two of the latter, participating in negotiated and tender contracts, respectively (see Figure 5.5). It is therefore concluded that interim contracts are still the dominant procurement practice within the subsidised commuter bus industry in Gauteng. This then implies that the procurement practices within this industry are still not in line with the set and guiding policies of procuring in the commuter bus services through competition.

The procurement practices were further examined by determining the number of years the respondents have been operating within the subsidised commuter bus industry in Gauteng. The findings indicated that in relation to the different procurement practices, (see Figures 5.7, 5.8 and 5.9), most of the respondents have 11 to 20 years of experience within interim, negotiated and tender contracts. The findings confirmed that

which was gathered from the literature, namely that changes to the system of interim, negotiated and tender contracts are long overdue. It was confirmed by Walters, (2010:363), Walters, (2014:2), SABOA, (2015:3) and SABOA, (2016:20), that these contracts have been in operation longer than the initial terms of the enacted policies guiding procurement in the industry.

6.3.2 How does procurement contribute to the socio-economic objectives of the commuter bus industry in the Gauteng Province?

In SA, public procurement aims to cater for diverse economic needs, such as the inclusion of women, black people and people with disabilities who were previously marginalised in economic activities (Vabaza, 2015:27). Part of this initiative involves fulfilling socio-economic objectives, including amongst others, job creation (Peters & Naicker, 2013:13). The results revealed that procurement is contributing tremendously towards job creation in the industry and the country at large, followed by the training offered by government, through TETA (Transport Education Training Authority). However, with regards to SBO's awareness of the tender processes and access to the contracting system, the results indicated that the industry is lagging behind, especially on the training of the operators with regards to the tendering processes as a whole, followed by the limited promotion of job security in terms of new contracts, with a small number of contracts serviced by SBOs as sub-contractors and the limited promotion of sound financial management (with the current contracts being operated on a month-to-month basis). The results also indicated that there was no progress at all regarding the inclusion of the HDIs within the commuter bus operations. These factors definitely hinder the effective contribution of procurement towards the socio-economic activities of the industry.

6.3.3 What are the role of policies and regulations in influencing procurement contracts in the commuter bus industry in the Gauteng Province?

This question aimed to determine whether the enacted policies guiding the procurement of the subsidised commuter bus services are practically applied in the industry. To address this objective, a number of key policies were evaluated. The findings indicated that the majority of the respondents agreed that there is fair application of the guiding policies, with the Public Transport and Action Plan: Towards

2020 of 2007, Constitution of South Africa of 1996 and National Land Transport Act of 2009 being implemented to a great extent. The least implemented policy was the Moving South Africa Strategy of 1998 with a mean value of 2.83. The results also indicated that, despite the significant progress in the implementation of these policies, there is still a lot that needs to be done, like the removal of the red tape when it comes to the application of the policies, especially due to the unique and complex nature of the industry's operations (Walters & Heyns, 2012:42). This was confirmed by SABOA (2017:26).

To further verify the application of the enacted policies guiding the procurement of the subsidised commuter bus services, four statements were developed and tested with end points 1 (not important) to 5 (extremely important). The results indicated that overall "to set aside enough budgets to sustain the subsidised commuter bus operations" is regarded as extremely important, followed by "having clear policies guiding the procurement of commuter bus services and see their implementation through" and "the inclusion of the Small Bus Operators in the commuter operations". The least rated was the inclusion of the Historically Disadvantaged Individuals in the commuter industry operations. As indicated in Section 6.3.2 there is progress in the implementation of these policies, but it is happening very slowly.

6.3.4 Is there any trusting relationship between government and operators, who are the major procurement partners in the commuter bus industry in the Gauteng Province?

It was established in the literature that the delay in the proper implementation of these policies has led to most of the subsidised operators feeling some animosity towards the government and its initiatives, and the industry at large (Walters, 2010:366). However, the results revealed that there is a harmonious relationship between the stakeholders (government and the bus operators). This means that the stakeholders can sit together around the table, although all is not well.

The results also revealed that there are other inconsistencies that affect the relationship, with the most rated being that "the allocated subsidies do not meet the operators' operational demands", followed by "the government's lack of commitment to build the industry" and "lack of government commitment to policy implementation" (mean value of 3.39 to 4.61). "The lack of compliance on policy implementation by the

operators" and "lack of a coordinated relationships between the government and the operators" were rated the lowest (mean value of 3.00 to 3.33).

The results confirmed the findings from literature that there is a correlated relationship between the stakeholders within the industry in relation to the selected relationship elements, however, there are a few elements that still need some attention, namely, the funding, compliance with the policies and a commitment to build the industry as a whole.

6.3.5 What are the challenges faced within the commuter bus industry?

The apartheid policy of the previous government left SA with a myriad of distortions and inefficiencies (Naudé, 2003:3) of which the commuter bus industry was no exception. There are positive reforms within the industry, but it is also marred by a number of serious challenges that hinder its effective operation. The results revealed that the "limited funds to meet the operators' operational needs" and "to provide public transport services at large" are the biggest challenges facing the industry. Funding is one of the biggest challenges facing the SA government in providing key services to the public in SA (Walters, 2013:34). This was followed by "the frequent reshuffling of transport personnel in government", "limited funds to provide public transport services" and the "political interference and linkages" (mean values of 4.17to 4.33). The least rated challenges were the "lack of agreement between stakeholders on the most suitable procurement practice", "high usage of consultants in government", "ongoing intimidation by taxi operators", "lack of job security within the industry which affects the supply of labour", "deficiency in administrative capacity to implement the chosen policies", "poor policy implementation", "inconsistency in the allocation of subsidies between provinces" and "the fronting activities" with a mean value of 3.22 to 4.00.

As previously mentioned in Section 6.3.3, the whole process on policy formulation and implementation has a very negative effect on the industry ("it is killing the industry"). This challenge recurs throughout the study, proving that it is a serious concern that needs to be addressed as a matter of urgency. Mills (2010:4) reaffirms that what is really killing the African continent is poor leadership in relation to policy implementation or consultation with the people. Mills further states that, for instance, there is little bottom-up pressure on leaders to make better choices for the people in Africa. This

leads to ruinous decisions taken by leaders, and as such, the commuter bus industry does not want to find itself in that state.

6.3.6 What are the differences between the application of the procurement practices within the commuter bus industry?

To answer this secondary research question, hypotheses were formulated about the operators and government officials' different views regarding the employed procurement practices within the commuter bus industry in Gauteng. These were formulated based on various aspects, consisting of the types of procurement practices employed within the commuter bus industry, procurement's contribution towards socio-economic objectives within the industry, policies and regulations guiding the industry, the relationship status between the stakeholders within the industry and the challenges faced within the industry.

With regards to the types of procurement practices employed with the commuter bus industry, the following hypothesis was formulated.

Hypotheses 1 formulated as follows:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to various types of procurement practices employed within the commuter bus industry.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to various types of procurement practices employed within the commuter bus industry.

The findings revealed that there was a statistically significant difference between the operators and the government officials regarding the interim contracts. However, regarding the tender and negotiated contracts, there was no statistically significant difference between the operators and the government officials.

With regards to procurement's contribution towards socio-economic objectives within the commuter bus industry, the following hypothesis was formulated.

Hypotheses 2 formulated as follows:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the industry's contribution towards socio-economic objectives in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to the industry's contribution towards socio-economic objectives in SA.

The findings revealed that regarding procurement's contribution towards socio-economic objectives within the industry, there was no statistically significant difference between the operators and the government officials.

With regards to the policies and regulations guiding procurement within the commuter bus industry, the following hypothesis was formulated.

Hypotheses 3 formulated as follows:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards the policies and regulations guiding the procurement practices employed within the commuter bus industry in SA.

The results revealed that the extent of the application of the Constitution of South Africa of 1996 within the commuter bus operations was more statistically significant for the operators than the government officials. The results further revealed that the extent of the application of the Moving South Africa Transport Strategy of 1998, within the commuter bus operations was more statistically significant for the operators than the government officials.

With regards to the relationship status between the stakeholders within the commuter bus industry, the following hypothesis was formulated.

Hypotheses 4 formulated as follows:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the relationship between the stakeholders in the commuter bus industry in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to the relationship between the stakeholders in the commuter bus industry in SA.

The findings revealed that regarding the relationship status between the operators and the government officials, there was no statistically significant difference.

With regards to the challenges faced within the commuter bus industry, the following hypothesis was formulated.

Hypotheses 5 formulated as follows:

- **Null hypotheses:** there is no significant difference between the operators and the officials with regards to the challenges faced by the industry in SA.
- **Alternative hypothesis:** there is significant difference between the operators and the officials with regards to challenges faced by the industry in SA.

The results indicated that with regards to the deficiency in administrative capacity to implement the chosen policies, the lack of job security within the industry, the limited funds to meet the operators' needs, political interferences and linkages, lack of agreement between stakeholders on the most suitable procurement practice, the limited funds to provide transport services, the fronting activities, the frequent reshuffling of transport personnel in government, ongoing intimidation by taxi operators and the high usage of consultants in government, indicated that the difference between the operators and the government officials is not statistically significant.

The significant difference observed within the different stakeholders, on the various types of procurement, procurement's contribution towards socio-economic objectives within the industry, policies and regulations guiding procurement within the industry, the status relationship between the stakeholders and the challenges faced within the

industry, indicate that the procurement practices are employed differently between these different categories of individuals.

6.3.7 Main research question

The main objective of the study, was ***to explore the procurement practices employed within the commuter bus industry in the Gauteng Province***, the secondary objectives and their contribution to the main objective are briefly discussed below.

Following on the findings on the secondary research objectives, the results indicate that there are three types of procurement practices employed in the commuter bus industry. The procurement practices are interim, negotiated and tender contracts. However, the majority of the respondents only procure the commuter bus services by means of interim and tender contracts, whilst a few of the operators have procured through negotiated contracts. The results revealed that the interim, tender and negotiated contracts are long overdue and not in line with the enacted policies which state that the commuter bus service should be procured through competitive contracting (Ngcamphalala & Ambe, 2016:1218). The results further revealed that procurement contributes a great deal towards socio-economic objectives, especially related to job creation, however, still it lacks regarding the SBOs ease of access to the contracting system, SBOs awareness of the tender processes, inclusion and protection of the HDIs, promoting sound financial individuals and breakout of procurement contracts. Also, there were mixed views on the implementation of the set policies and regulations, with some respondents advising that the standing policies have been implemented to an accepted level, and a few still felt like the government is still lacking in the proper implementation of the set policies.

The results further revealed that there is a coordinated relationship between the stakeholders. The study also alluded that in implementing the set policies and regulations within the commuter bus industry, there are also a number of serious challenges hindering the effective functioning of the industry.

In conclusion, the study indicated that there are different views from the respondents on the procurement practices within the commuter bus industry in Gauteng. For example:

- Regarding the application of the policies and regulations guiding procurement in the industry, not all the respondents agree that these are employed fairly,
- Regarding procurement's contribution towards socio-economic objectives within the industry, not everyone agrees that HDIs are fairly included in the industry's operations and that SBOs can access to the contracting system and
- There is disagreement regarding the harmonious relationship between the stakeholders, as some respondents think there is no relationship at all.

6.4 CONCLUSIONS AND RECOMMENDATIONS ON THE RESEARCH FINDINGS

This section presents a synopsis of the previous chapters in the study and provides recommendations for addressing the identified shortcomings within this industry.

6.4.1 Conclusions

Chapter 1 focused on the significance of the study, objectives of the study and the background of public procurement in SA. It also highlighted the motivation of the study. The chapter gave an overview of the research design and method, ethical consideration and chapter layout.

Chapter 2 provided a detailed discussion of public procurement processes. It commenced with a discussion on the general government procurement practices, followed by procurement practices in SA, and the key role players responsible for this function in SA.

Chapter 3 presented the literature on the procurement practices employed within the subsidised commuter bus industry in SA. The discussion covered various aspects, including the different types of procurement practices employed within the commuter bus industry, procurement's contribution towards the socio-economic objectives within the industry, policies and regulations guiding procurement within the industry, the relationship status between the stakeholders within the industry, and elaborated on the challenges identified in Chapter 1.

Chapter 4 presented the research design and methodology followed in this study. The chapter further presented the population of the respondents, the procedure used in

designing the questionnaire and concluded with the reliability and validity measures of the research instrument.

Chapter 5 presented the research findings and Chapter 6 draws conclusions from the findings and provides recommendations from that. Possible future research opportunities within the commuter bus industry in SA are also identified.

To address the main objective, the following sub-objectives were answered:

- ***To explore the types of procurement practices employed within the commuter bus industry***

The findings of the study indicate that most of the respondents did not participate in interim contracts, negotiated and tender contracts. Hence, this means that only a few of the operators within the commuter bus industry are participating in the subsidised commuter bus operations. This confirms that which was referred to in the literature, namely that the government is struggling with the re-organisation of the industry (Schalekamp, 2015:10). The old, existing operators are resistant towards the inclusion of new entrants into the operations (Naudé, 1999:2; Schalekamp, 2015:9; Walters, *et al.*, 2012:48).

- ***To determine the procurement function's contribution to the socio-economic objectives of the commuter bus industry in the Gauteng Province***

The findings reveal that there is some form of contribution by the industry towards socio-economics objectives. However, this is minimal, with more room for improvement, especially in relation to the promotion of sound finances, the breaking of procurement contracts (the breaking of big contracts, to include new entrants in the operations), to provide SBOs with ease of access to the contracting system and the inclusion and protection of the HDIs.

- ***To determine the role of policies and regulations influencing procurement contracts in the commuter bus industry in the Gauteng Province***

The findings of the study show that the guiding policies are implemented in moderation with much room for improvement, with an average mean between 2.83 and 3.39, as discussed in Section 5.3.2. The mostly implemented policies are the National Land Transport Act of 2009, the Public Transport and Action Plan: Towards 2020 of 2007 and the Constitution of South Africa of 1996.

- ***To establish if there is a trusting relationship between the government and operators, who are the major procurement partners in the commuter bus industry***

The findings revealed that there is a coordinated relationship between the stakeholders within the commuter bus industry, but there is obviously some room for improvement. Some of the issues of concern are the allocated subsidies not meeting the operators' operational demands, the lack of commitment by the government to build the commuter bus industry, and the lack of commitment on policy implementation by government.

- ***To determine the procurement challenges faced by the commuter bus industry***

The findings revealed that the challenges facing this industry include poor policy implementation, funding constraints, lack of policy direction at provincial level and lack of administrative capacity to implement the chosen policies from government, as discussed in Section 5.3.6.

- ***To determine the different views between the application of the procurement practices within the commuter bus industry***

The findings revealed that there were significant differences between the government officials and the subsidised commuter bus operators on the application of the policies and regulations guiding procurement in the industry, procurement's contribution towards socio-economic objectives within the industry and the relationship status between the stakeholders, as discussed in Section 5.4.6.

Therefore, **the main research question** was addressed and the following can be concluded against it: the findings revealed that the employed procurement practises within the commuter bus industry are not in line with the guiding procurement policies and regulations. It should also be noted that the root cause for the challenges within this industry, is the poor employment of policies. The findings of the study further revealed that there are three types of procurement practices employed within the commuter bus industry, policies are poorly implemented, there is minimal contributions towards the socio-economic objectives within the commuter bus industry and that there is no uncoordinated relationship between the government officials and the subsidised commuter bus operators. The study also revealed that there are challenges hindering effective procurement in the commuter bus industry, and that there are

notable differences between the application of procurement practices between the government officials and the subsidised commuter bus operators.

6.4.2 Recommendations

Based on the findings of this study, various shortcomings were identified which hinder effective procurement in the subsidised commuter bus services. A framework has been developed on how to improve the procurement of these services, as a recommendation for the study.

Figure 6.1 below, presents a recommended framework that the government can consider for the effective procurement of subsidised commuter bus services.

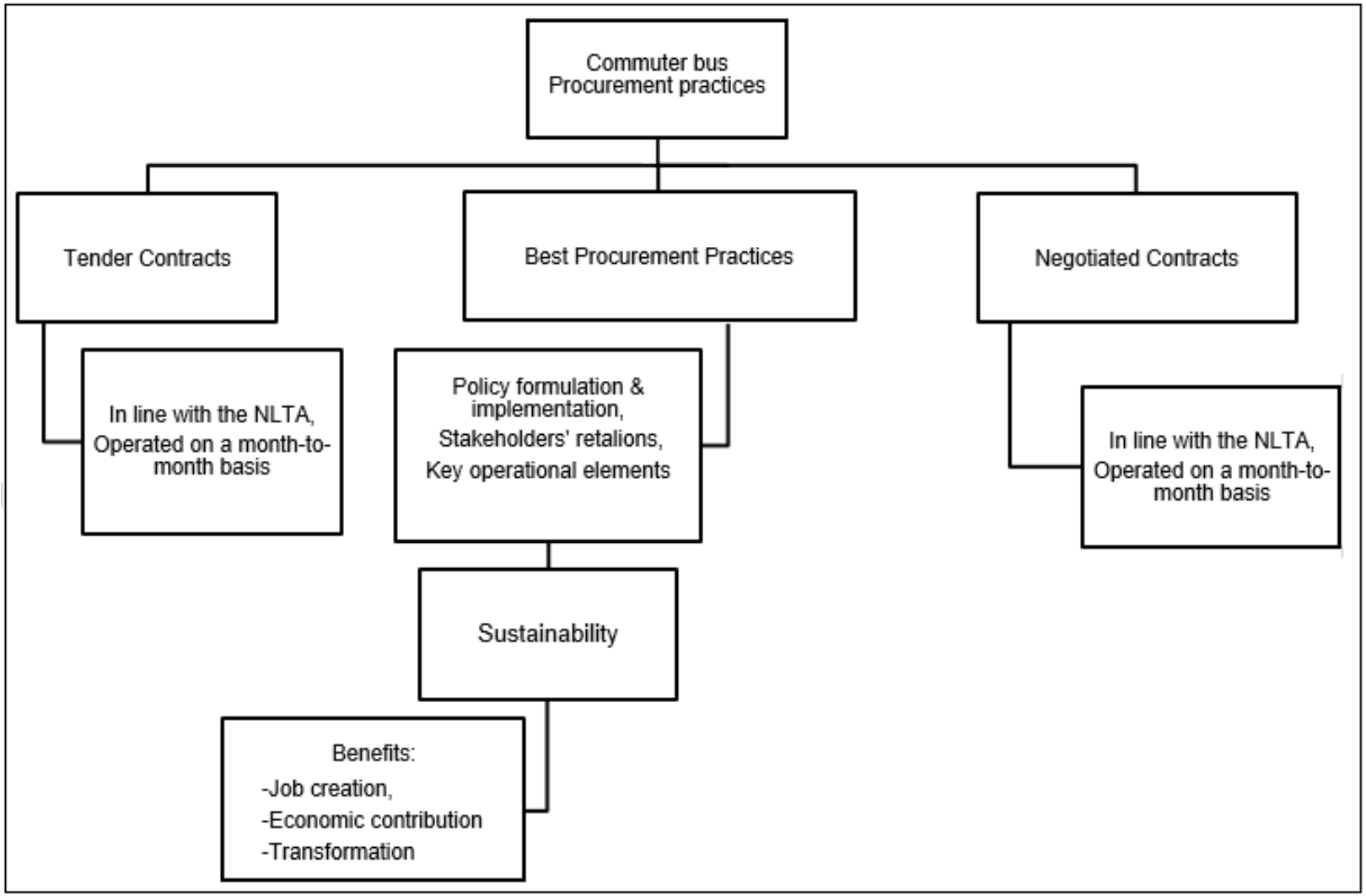


Figure 6.1: Recommended framework for enhancing the procurement practices of commuter bus services

Source: Author's own compilation

The commuter bus industry has come a long way, with tangible improvements, including the reforms in policies and breakout contracts. However, there are still a number of shortcomings and challenges facing the industry which were identified in this study. The above framework, presents some key aspects that the stakeholders need to focus on to improve procurement in the subsidised commuter bus services in Gauteng. As depicted in the framework, these include:

- ***Policy formulation and implementation***

A number of policy solutions are currently underway to improve the operations in this industry, especially the procurement processes of the subsidised commuter bus services. The government and the subsidised operators as a collective, have done a lot to improve the industry, but it is still a long way from functioning well. There is little and slow progress on the formulation and update of the key policies, for example, the revision of the White Paper on National Transport Policy is still outstanding. The review process was to be completed in March 2017, but to date not much has been done (SABOA, 2017:26). When developing or revising policies and regulations to guide procurement in this industry, the government should could consider the following:

  - Conduct a bottom-up consultation approach when reviewing the key policies.
  - As part the reviews, in consultation with CSIR, map not only the existing routes, but include future settlement plans.
  - Note that policy formulation goes hand-in-hand with policy implementation (OECD, 2013:3).
  - There is a need to identify the problem(s) to be addressed, state the objective(s) to be pursued and define the structure of the implementation process.
  - For a policy to be successfully implemented, the following key elements need to be fulfilled: coherence, stability, peer support, training and engagement (OECD, 2013:17).

- ***Focus on the relationship with stakeholders within the commuter bus industry***

As alluded to in the study, the government needs to continue working on the relationship with the operators. All operators need to be considered or consulted in all communication or planning, especially the small bus operators, since they are not all the same. What is evident at the moment is that most of the small bus operators are

in the dark regarding the industry's reform processes that are currently underway. Even if they know something, it is just a glimpse. This brings about division amongst the operators and a divided industry is weakened and will not achieve success.

- ***Key operational aspects within the commuter bus industry***

Over and above the challenges relating to policy implementation in the industry, the key operational aspects to be given attention include policy direction in the industry (which includes the frequent reshuffling of senior transport personnel in government and funding). The recent replacement of the Minister of Transport, Ms Dipuo Peters by Mr Joseph Maswanganyi is one good example (Tabane, 2017, SAHO and SABOA, 2017:29). The stakeholders, more especially government, need to be aware of the following when considering replacing a key leader within the industry:

- New personnel need to be brought up to speed on the details and needs of these operations.
- A new leader in every situation wants to make an immediate impact on the operations (Mineo, 2014:2). This usually involves a thorough investigation on the part of the leader, before any changes are effected. This wastes the organisation's precious time and requires the staff's support and trust. With the nature of the commuter bus industry, trust is a big issue.
- The government needs to at least allow senior personnel to occupy a senior position for a minimum of five years.

With regards to funding, it is to be noted that this is one of the key elements for the effective functioning of any organisation. The government therefore needs to pay serious attention to this issue.

- DORA to be reviewed.
- To consider all routes, and future development so that the industry will not find itself in a financial predicament as is currently the situation. This will enable proper budgeting.
- Eliminate inactive routes and have the funds employed elsewhere.

With proper implementation of the guiding policies and regulations, having a coordinated relationship between the stakeholders, and the key operational aspects in place, the commuter bus industry will be able to do more for SA. New contracts will

be introduced, HDIs will be included and to a larger extent the industry can contribute significantly towards the country's economy and job creation, even to a greater extent than it is currently doing.

6.5 LIMITATIONS OF THE STUDY

There was a limited number of limitations to this study, because of the support from the personnel from the DoT that put in a word for the researcher which made the operators willing to participate in the study. However, there were limitations and these were:

- The limited information on the commuter bus industry in SA, with very little literature being available on procurement practices in the industry.
- The availability of the commuter bus operators for the interviews, was a bit of a challenge due to their busy schedules.
- The limitation regarding the sample size for the quantitative part of the study.
- The limited geographic scope of the study, since the study was only conducted in Gauteng.

To address the issue of trust with the respondents, the researcher then opted for a face-to-face questionnaire with the operators in the form of an interview. To address the issue of limited data, a number of literature sources (even non-academic documents) were consulted and the mixed methodology was used to gather as much information as possible. To address the sample size of the quantitative part of the study, the mixed method was adopted, with the qualitative method supplement the sample shortcoming.

6.6 SUGGESTIONS FOR FUTURE RESEARCH

This study aimed to explore the procurement practices employed within the commuter bus industry, which was a critical phase in building this industry. This served as the foundation to highlighting the roots of the challenges facing the industry. However, it would be necessary for future research to delve deeper into the dynamics of the procurement practices employed within the industry to find the most suitable method for SA's unique nature and to expand the sample sizes by extending the study to other provinces of the country. Furthermore, this study highlighted the challenges facing the industry, which might be generic. But for future study, it is therefore recommended that

it is conducted for the rests of the commuter transport industry for the whole country to be able to acquire a national solution to the industry’s procurement problems.

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APPENDICES

APPENDIX A: ETHICAL CLEARANCE CERTIFICATE

UNISA university of south africa

27 January 2017

Ref #: 2016_CEMS_ESTTL_006

DEPARTMENT OF ENTREPRENEURSHIP, SUPPLY CHAIN, TRANSPORT, TOURISM AND LOGISTICS MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE

This is to certify that the application for ethics clearance submitted by

Ms Thobeka Ngcamphalala (student #46831169, Engcamt@unisa.ac.za)

The procurement practices in the commuter bus sector in South Africa –the Gauteng operations **received Ethics Approval**

The application for ethics clearance for the above mentioned research was reviewed by the Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management Research Ethics Review Committee in January 2017 in compliance with the Unisa Policy on Research Ethics. Ethical Clearance for the project is granted. The student may proceed with the research project.

The research ethics principles outlined by the Unisa Policy on Research Ethics must be adhered to throughout the project. Please be advised that the committee needs to be informed should any part of the research methodology as outlined in the Ethics application (Ref #2016_CEMS_ESTTL_006) change in any way or in case of adverse events. This certificate is valid for the duration of the project. The ESTTL Research Ethics Review Committee wishes you all the best with this research undertaking.

Kind regards,

Poole

Mrs C Poole
Chairperson

Executive Dean: CEMS

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APPENDIX B: PERMISSION REQUEST

GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

INTERNAL MEMO

Enquiries: Mr R Maringa
Directorate: Public Transport Operations
Telephone No 011 227 8330/071 865 4458
Reference No: Authorisation Letter

TO: **Head of the Department (HOD)**
Mr Ronald Swartz

From: **Directorate Public Transport Operations (PTO)**
Mr Rendani Maringa

Date: **08 November 2016**

RE: REQUEST FOR PERMISSION TO UNDERTAKE RESEARCH ON PROCUREMENT PRACTICES EMPLOYED IN THE COMMUTER BUS SECTOR: GAUTENG CASE – UNIVERSITY OF SOUTH AFRICA (UNISA)

This letter serves as a request to authorize Ms. Thobeka Ngcamphalala, a Masters student at Unisa to conduct a research in the Department of Roads and Transport. The authorisation is for the following topic of investigation: "The procurement practices in the commuter bus sector in South Africa: Gauteng operations"

UNISA and the student have committed without reservations that any information provided to the Researcher or student by the Department during the course of this research will be strictly used for research purposes and nothing else. The information and everything will be treated with utmost confidentiality.

Designation	Name	Signature	Date
Acting Director PTO: Mr. Rendani Maringa	Supported / ~~Not supported / as amended~~		08/11/2016
Acting Transport Branch DDG: Mr. Lebelo Maloka	Supported / Not supported / as amended		11/11/2016
HOD: Mr. Ronald Swartz	Approved / ~~Not approved / as amended~~		15/11/16

APPENDIX C: AUTHORISATION LETTER

transport
Department:
Transport
REPUBLIC OF SOUTH AFRICA
Private Bag X193, PRETORIA, 0001, Forum Building, cor Struben and Bosman Streets, Pretoria

University of South Africa
College of Economics and Management Sciences
Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics

AUTHORISATION LETTER

This letter serves as an authorisation letter for Ms Thobeka Ngcamphalala to conduct a research in the Department of Transport: Contract and Subsidy Management Division.

The authorisation is for the following topic of investigation: **"The procurement practices in the commuter bus sector in South Africa: Gauteng operations"** Please ensure that the information that will be provided to you will be treated with confidentiality and will not be used for any other purpose except for only this research.

Kind Regards,

MR LESIBA MANAMELA
DIRECTOR: CONTRACT AND SUBSIDY MANAGEMENT
Tel: 012 – 3093638
Email: manamell@dot.gov.za
Date: 07 November 2016

APPENDIX D: PARTICIPANT CONSENT FORM

UNISA university of south africa

PARTICIPANT INFORMATION SHEET

Title: The procurement practices employed in the commuter bus sector: Gauteng operations

Dear Prospective Participant

My name is Thobeka Ngcamphalala, a lecturer in the Department of Entrepreneurship, Supply Chain, Transport Tourism and Logistics Management and I am doing research with Prof IM Ambe, the acting Chair of the Department of Entrepreneurship, Supply Chain, Transport Tourism and Logistics Management, in the above mentioned department towards a Masters in Transport Economics at the University of South Africa. We are inviting you to participate in a study entitled **"The procurement practices employed in the commuter bus sector: Gauteng operations"**.

WHAT IS THE PURPOSE OF THE STUDY?

The aim of this study is to assess the procurement practices of commuter bus services employed in South Africa, Gauteng case, an activity that could lead to the development of a generic framework for the procurement of commuter bus services in South Africa. Ultimately, the procurement practices would assist South Africa to fulfil its national responsibilities to development small businesses, reduce poverty, create jobs and improve the quality of life in public transport.

WHY AM I BEING INVITED TO PARTICIPATE?

Please note that your details were acquired from the Gauteng Provincial Department of Roads and Transport as the drivers of the commuter bus sector operations. You were selected from the 11 officials involved in the commuter bus sector, within the National Department of Transport through purposive sampling (you were selected based on your expertise and involvement in the commuter bus sector in South Africa, Gauteng).

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WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

Your contribution to the study involves participating in a face-to-face interview, which will take approximately 40-60 minutes of your time. Please note that there will be no audio or video recordings, but notes will be handwritten.

CAN I WITHDRAW FROM THIS STUDY EVEN AFTER HAVING AGREED TO PARTICIPATE?

Please note that participating in this study is voluntary and you are under no obligation to consent to participation. Please also note that your response will be kept **strictly confidential and anonymous.** If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason.

ARE THEIR ANY NEGATIVE CONSEQUENCES FOR ME IF I PARTICIPATE IN THE RESEARCH PROJECT?

Flowing for the confidentiality and anonymity, there are no anticipated inconveniences or discomfort to the participant.

WILL THE INFORMATION THAT I CONVEY TO THE RESEARCHER AND MY IDENTITY BE KEPT CONFIDENTIAL?

You have the right to insist that your name will not be recorder anywhere and that no one, apart from the researcher and identified members of the research team, will know about your involvement in this research and the questionnaire does not require any name and thus your name will not be recorded anywhere and no one will be able to connect you to the answers you give. Your answers will be given a code number or a pseudonym and you will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings. Please also note that there no audio or video recorder will be used (notes will be taken), and thus no one will be able to match your voice to anything.

Please also note that only the researcher, supervisor and external coder will have access to the data and how these individuals will maintain confidentiality .Your answers may be reviewed by people responsible for making sure that research is done properly, including the transcriber,

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external coder, and members of the Research Ethics Review Committee. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records.

HOW WILL THE RESEARCHER(S) PROTECT THE SECURITY OF DATA?

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard of the researcher for future research or academic purposes; electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. the information will be destroyed after five years by shredding paper copies and permanently deleting electronic information from the hard drive of the computer.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

Participation is voluntary and therefore neither gifts nor compensation will be given to participants. Participants will also not incur any losses. However, an investment of time to participate will be requested.

HAS THE STUDY RECEIVED ETHICS APPROVAL

This study has received written approval from the Research Ethics Review Committee of the Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS OF THE RESEARCH?

If you would like to be informed of the final research findings, please contact me, Thobeka Ngcamphalala on 012 433 4700 or Engcamt@unisa.ac.za. The findings of the study will be emailed to you after completion of the data collection phase.

Should you have concerns about the way in which the research has been conducted, you may contact my supervisor, Prof Marcus Ambe, on 012 433 4698/012 429 4500 or ambelm@unisa.ac.za. Alternatively, contact the research ethics chairperson of the Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management, Unisa, Mrs Carmen Poole, on 012 433 4668 or joedoc@unisa.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.

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CONSENT TO PARTICIPATE IN THIS STUDY

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the taking of notes throughout the interview, where necessary.

I agree to being recorded with a voice recorder or any recording device during the interview.

YES		NO	

I have received a signed copy of the informed consent agreement.

Participant Name & Surname……. (please print)

Participant Signature……..Date……

Researcher's Name & Surname……(please print)

Researcher's signature……..Date……

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APPENDIX E: INTERVIEW QUESTIONNAIRE

PROCUREMENT PRACTICES IN THE COMMUTER BUS SECTOR IN SOUTH AFRICA: GAUTENG

Dear Respondent,

I am a lecturer in the Department of Entrepreneurship, Supply Chain, Transport, Tourism and
Logistics Management. I am currently conducting research for my Mcom in Transport Economics. The focus of the study is to explore procurement practices employed in the commuter bus sector in Gauteng. The interview questionnaire should take approximately **40-60 minutes**.

Note the following important points:

- Participation is voluntary. Your responses will be treated as **strictly confidential** and the **anonymity** of one is assured.
- No person or operator will have access to your completed questionnaire.

Instructions on the completion of this questionnaire will be provided for each section.

The interview questionnaire comprises of two sections:
SECTION A: General Operational information
SECTION B: Procurement practices in the commuter bus sector in South Africa

This is an interview questionnaire, with open-ended questions. The researcher will provide clarity on the spot. If you have any queries or concerns, following the interview, kindly contact me, at 072 677 1651 or email me at engcamt@unisa.ac.za. A copy of the results will be provided to you after analysis if you are interested.

Please note: there are three forms of degrees used in this interview questionnaire, reflecting the following:

a) The degree of agreement;
b) The extent of agreement; and
c) The degree of importance.

Guide for the level of agreement

1 = Strongly disagree	2 = Disagree	3 = Undecided	4 = Agree	5 = Strongly agree

Guide for the extent of agreement

1 = No extent	2 = Slight extent	3 = Moderate extent	4 = Great extent	5 = Very great extent

Guide for the level of importance

1 = Not Important at all	2=Of little Importance	3 = Somewhat Important	4 = Very Important	5=Extremely Important

SECTION A- GENERAL OPERATIONAL INFORMATION

This section refers to the general information on the operations of the operator in the commuter bus sector in Gauteng, South Africa.

1. Which of the following best describes you within the commuter bus sector operations?

1	Small Bus Operator (SBO)	
2	Big Operator	
3	A government official	
4	Other (specify)	

2. Please indicate the size of your company, in terms of the number of permanently employed employees.

No of employees (permanent)	Less than 20		Less than 30		More than 50	

3. Please indicate the number of years, in terms of experience in the subsidised commuter bus sector.

No of years (experience)	Less than 5 years		Less than 10 years		More than 18 years	

SECTION B- PROCUREMENT PRACTICES USED IN THE COMMUTER BUS SECTOR

This section explores the actual procurement practices in the commuter bus sector in Gauteng, and is subdivided into the various types of procurement practices, policies and regulations, the relationship between stakeholders, contribution of the sector and challenges faced by the sector.

B1: THE VARIOUS TYPES OF PROCUREMENT PRACTICES EMPLOYED IN THE SECTOR

4. Please indicate to what extent you agree with the implementation of the following procurement contract in your organisation.

Where 1 = no extent, 2 = slight extent, 3 = moderate extent, 4 = great extent, and 5 = very great extent					
Interim Contracts	1	2	3	4	5
Please give reasons for your answer:					

5. Please indicate to what extent you agree with the implementation of the following procurement practices in your organisation.

Where 1 = no extent, 2 = slight extent, 3 = moderate extent, 4 = great extent, and 5 = very great extent					
Tender Contracts	1	2	3	4	5
Negotiated Contracts	1	2	3	4	5
Please give reasons for your answer:					

6. Please indicate the number of years that you have employed this contract within your organisation.

Interim Contracts	0 -3	4 - 5	6 -10	11- 20	Other (Please specify)
Please give reasons for your answer.					

7. Please indicate the number of years that you have employed these procurement practices.

Tender Contracts	0 - 3	4 - 5	6 -10	11- 20	Other (Please specify)
Negotiated Contracts	0 - 3	4 - 5	6 -10	11- 20	Other (Please specify)
Please give reasons for your answer.					

B2: PROCUREMENT'S CONTRIBUTION TOWARDS SOCIO-ECONOMIC OBJECTIVES WITHIN THE SECTOR

8. Please indicate your level of agreement with the following statements on the sector's contribution towards socio-economic objectives:

Where 1 = Strongly disagree, 2 = Disagree, 3 = Moderate, 4 = Agree, and 5 = Strongly agree					
The sector's contribution to job creation	1	2	3	4	5
SBOs' ease access to contracting system	1	2	3	4	5
SBOs' awareness of the tender processes	1	2	3	4	5
Inclusion of historically disadvantaged individuals	1	2	3	4	5
Sector is financially sustainable	1	2	3	4	5
Breakout procurement contracts	1	2	3	4	5
Promoting training in the sector	1	2	3	4	5

Give reasons for your answer.

B3: POLICIES AND REGULATIONS GUIDING THE PROCUREMENT PRACTICES IN THE SECTOR

9. Please indicate the extent to which the following policies and regulations are applied in the procurement of commuter bus services (with reference to performance).

Where 1 = no extent, 2 = slight extent, 3 = moderate extent, 4 = great extent, and 5 = very great extent					
Constitution of South Africa, 1996	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5
White Paper on National Transport Policy, 1996	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5
The Moving South Africa Strategy, 1998	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5
Public Transport and Action Plan: Towards 2020, 2007	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5
National Land Transport Act, 2009	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5
In your own words, what are the implications of these policies:					

10. Rate the following statements in their order of importance to enable the effective procurement of the commuter bus services.

Where 5 = Extremely important, 4 = Very Important, 3 = Somewhat important, 2 = Of little importance, 1 = Not Important at all	
Government must have clear policies on the procurement of commuter bus services & the see the implementation through.	
The sector must be transformed, with the inclusion of the HDI in the operations.	
Government must include Small Bus Operators in the commuter bus sector.	

Government must set aside enough budget to sustain these operations.	
Give reasons:	

B4: RELATIONSHIP BETWEEN STAKEHOLDERS IN THE SECTOR

11. Please indicate your level of agreement regarding the following statements on the relationship status of stakeholders:

Where 1 = Strongly disagree, 2 = Disagree, 3 = Moderate, 4 = Agree, and 5 = Strongly agree					
Limited of commitment on policy implementation by government	1	2	3	4	5
Lack of compliance on policy implementation by operators	1	2	3	4	5
Lack of coordinated relationship between government and operators	1	2	3	4	5
Allocated subsidy do not meet operators' operational demand	1	2	3	4	5
Limited of commitment by government to build the sector	1	2	3	4	5
Give reasons for your answer.					

B5: CHALLENGES FACED BY THE SECTOR

12. Please indicate your level of agreement regarding the following statements on the challenges facing the sector.

Where 1 = Strongly disagree, 2 = Disagree, 3 = Moderate, 4 = Agree, and 5 = Strongly agree					
Deficiency in administrative capacity to implement the chosen policies	1	2	3	4	5
There is lack of job security within the sector which affects the supply of labour.	1	2	3	4	5
There is poor policy implementation	1	2	3	4	5
There are limited funds to meet the operators' operational needs.	1	2	3	4	5
Political interference and linkages	1	2	3	4	5
Lack of agreement between stakeholders on the most suitable procurement practice	1	2	3	4	5
There are limited funds to provide public transport services	1	2	3	4	5

There are fronting activities	1	2	3	4	5
Frequent reshuffling of transport personnel in government	1	2	3	4	5
Ongoing intimidation by taxi operators	1	2	3	4	5
High usage of consultants in government	1	2	3	4	5
Inconsistency in the allocation of subsidies between provinces					
Give reasons for your answer					

13. How would you rate the impact of the following challenges facing the commuter bus sector, based on your experience? (5 = significant and 1 = less significant).

Poor policy implementation	
Lack of policy direction at provincial level	
Deficiency in administrative capacity to implement the chosen policies	
Political interferences and linkages	
Funding constraints	
Limited support for operators on training from the government	
Lack of agreement between stakeholders on the most suitable procurement practice	
Give reasons:	

SECTION C- IMPROVEMENT MEASURES

This section explores your opinion on the current procurement practices in the commuter bus sector in Gauteng.

14. Please provide your opinion on how the current procurement practices in the commuter bus sector can be improved.

15. Who are the key role players to play a significant role in developing and driving the policies guiding the commuter bus sector?

16. Which procurement method do you think is best suitable for the unique South African history, between the two used methods?

THANK YOU FOR YOUR TIME!

APPENDIX F: DECLARATION BY STATISTICIAN

Letter of clearance from a statistician

This letter serves to confirm that the student: **Ms Thobeka Ngcamphalala** with student number **(46831169)**, is a student at the University of South Africa.

The title of her thesis is as follows: **"PROCUREMENT PRACTICES EMPLOYED WITHIN THE COMMUTER BUS SECTOR IN GAUTENG"**

The student above-mentioned, has consulted me (the statistician) requesting assistance with statistical data analysis.

I hereby confirm that I assisted her with the review of her questionnaire to assess if it meets the objectives of the study, developing a sampling frame, developing a statistical analysis approach, conducted the statistical data analysis and assisted with the interpretation of results.

The analysis involved both descriptive and inferential statistical approaches. I have utilized SPSS and other appropriate tools in order to achieve the study's objectives.

Name of biostatistician:	Mr Musa Goodwill Mailula
Cell:	072 623 5853
Organisation:	Independent researcher and statistical analyst

Signature: _____ Date: 15/02/2018

APPENDIX G: DECLARATION OF PROFESSIONAL EDIT

Retha Burger
B.A.(H.E.D.)
tel : 012 807 3864
cell : 083 653 5255
fax : 012 807 3864
e-mail : retha@skillnet.co.za
Independent Skills Development Facilitator

Dear Ms Ngcamphalala

This letter is to record that I have completed a language edit of your dissertation entitled "The procurement practices in the commuter bus section in South Africa: Gauteng operations"

The edit that I carried out included the following:

-Spelling
-Vocabulary
-Pronoun matches
-Sentence structure
-Formatting
-Grammar
-Punctuation
-Word usage
-Correct acronyms (matching your supplied list)
-Captions and labels for figures and tables
-Spot checking of ten in-text references
-Generation of Table of Contents, Lists of Figures and Tables

The edit that I carried out excluded the following:

-Content
-Correctness or truth of information (unless obvious)
-Correctness/spelling of specific technical terms and words (unless obvious)
-Correctness/spelling of unfamiliar names and proper nouns (unless obvious)
-Correctness of specific formulae or symbols, or illustrations.

Yours sincerely