AN INVESTIGATIVE STUDY INTO THE IMPACT OF THE NEWLY INTRODUCED PROCUREMENT POLICY ON THE SUPPLY CHAIN DEPARTMENTS IN NAMIBIA

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ABSTRACT

The study investigated the impact of the newly introduced procurement act on the supply chain departments in Namibia. The Public Procurement Act, 2015 (Act No. 15 of 2015) was enacted and came into effect on 01 April 2017. The act aims to increase transparency and accountability. The Namibian government uses public procurement to achieve socio-economic objectives, which are commonly referred to as horizontal policies. This practice is a widely accepted tool of public procurement and has been around for a long time and includes objectives such as poverty alleviation by reducing the unemployment rate and providing equal opportunities to groups from previously disadvantaged communities such as women and youth through economic empowerment. The mixed methods research design was used in this study. Purposive sampling was used to select employees from finance and procurement departments. The study established that 40% of the respondents were male while 60% were female. In addition, 80% of the participants indicated that the procurement act had improved the processes of selecting suppliers, while 20% of the respondents thought there was no improvement. A total of 40% of the respondents indicated that the effectiveness of the procurement act was high, and 30% indicated that it was just average. Conversely, 15% of the respondents indicated that it was low, 5% indicated that it was very low, and 5% indicated that it was very high. The study also established that the Government should invest in appropriate information and communication technology such as databases on goods and services prices to support procurement officials in their daily work and decisions. A key challenge in Namibia has been the need to define an adequate level of transparency to ensure fair and equal treatment of providers and integrity in public procurement, given that transparency in public procurement bears an immediate cost for government and bidders. The recommendations drawn from the research were that there should be promotion and enhancement of transparency regarding preferential procurement policies, determinants, and related information for the public and promotion of inclusion of new entrants in the supplier value chain.

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DECLARATIONS

I, Martha Shikongo, hereby declare that this study is my own work and is a true reflection of my research and that this work or any part thereof has not been submitted for a degree at any other institution.

I, Martha Shikongo, grant The University of Namibia the right to reproduce this thesis in whole or in part, any manner or format which The University of Namibia may deem fit.

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CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

The study investigated the impact of the newly introduced procurement act on the supply chain departments in Namibia. This chapter discusses the background of the study, the statement of the problem, the research questions as well as the significance of the study.

1.2 BACKGROUND OF THE STUDY

Elegbe (2015) posits that procurement policies were aimed at discriminating against Africans during the colonial era, especially black Africans. In Post-colonial Africa, procurement policies and processes were introduced to address the past discriminatory practices and policies by empowering the previously disadvantaged majority, at the same time facilitating public procurement systems that are more efficient and transparent. In the past two decades, there has been pressure on African public sectors, both domestically and internationally, to facilitate efficiency and transparency of their procurement policies and process in the public sector.

According to Elegbe (2015), in 1999, the World Bank conducted what is known as a country procurement assessment of the Nigerian public procurement system and found a few deficiencies. The assessment indicated that Nigeria did not have a public procurement law, there was no institution responsible for issuing policy direction on public procurement, and there were no defined standards for conducting procurement. Public procurement was characterized by irregularities, fraud, corruption, and mismanagement (Elegbe, 2015, p.85).

Namibia is no exception from other African countries; with increasing corruption and misuse of public funds, there was both a domestic and international outcry for more transparent and efficient public procurement policies and processes. The Public Procurement Act, 2015 (Act No. 15 of 2015) was enacted and came into effect on the 1st of April 2017. The act aims to increase transparency and accountability. According to Arrowsmith and Kunzlik (2009), the Namibian government uses public procurement to achieve socio-economic objectives, which are commonly referred to as “horizontal” policies. This practice is a widely accepted tool of public procurement and has been around for a long time and includes objectives such as poverty alleviation by reducing the unemployment rate and providing equal opportunities to groups from previously disadvantaged communities such as women and youth through economic empowerment (Quinot, 2013).

According to the Tender Board of Namibia Act, Namibia has adopted this practice as the Board is required to give effect to the price preference policy of the government to redress socio-economic and educational imbalances when comparing tenders. Since the Act came into effect, there have been mixed responses from the target market. This study aimed to address and discover those responses.

The study covers the public procurement law pertaining to Namibia within the Tender Board Act (1996) in relation to socio-economic development issues. Reference is made specifically to Namibia, but comparative analysis with the WTO Government Procurement Agreement (GPA) and the African Development Bank procurement procedures is made because Namibia is a member of both institutions and is affected by their frameworks in the sphere of public procurement.

Consequently, some of the broad questions the study seeks to address include the following: How can Namibia address through the public procurement system the following socio-economic constraints: unemployment, poverty, economic dualism, and low level of investment? Secondly, within which international public procurement framework could developing countries and Namibia operate to enhance the effectiveness and efficiency of their public procurement system?

1.3 RESEARCH PROBLEM

One of the challenges that affected the Namibian public procurement procedures is adapting to the new procurement policy as spelt out by the Public Procurement Act, 2015 (Act No. 15 of 2015), which came into effect in 2017. Since there is new legislation, all government departments are expected to align their public procurement according to the stipulations of the new legislation. This has created some challenges as not all departments and government institutions have adapted to the new changes in the same way. For example, literature shows that some institutions still use the old procurement systems.

Secondly, while there is new legislation in Namibia to align public procurement, one of the challenges that have been noted in literature is that the apartheid legacy still exists within the public procurement environment. For example, the black majority are still excluded from the public tendering process. The people with the capacity to bid for public tenders are not the poor majority supposed to benefit from the process but the ones already in privileged positions. This means the new legislation on public procurement must align and formalise public procurement and needs to ensure that it promotes equity and addresses historical imbalances.

1.4 RESEARCH OBJECTIVES

1. To investigate the effectiveness of the Public Procurement Act, 2015 (Act No. 15 of 201).
2. To determine the users' perceptions of the effect of procurement policies on the supply chain of Namibian companies.
3. To assess the perceived challenges, users face when using the Procurement Act 2015 to procure goods and services.
4. To analyze the achievements of the Procurement Act of 2015 and some of the challenges encountered in its implementation.
5. To conceptualize some possible recommendations based on research findings on how best Namibia can improve its public procurement processes.

1.5 RESEARCH QUESTIONS

The following research questions were formulated to help the researcher find answers pertaining to the impact of the procurement policy on the supply chain in Namibia. The study, therefore, sought to respond to the following questions.

1. How effective is the Public Procurement Act, 2015 (Act No. 15 of 2015)?
2. What is the users' perception of the effect of procurement policies on the supply chain of Namibian companies?
3. What perceived challenges do users face when using the Procurement Act of 2015 to procure goods and services?
4. What did the procurement Act 2015 achieve or fail to achieve in its implementation?
5. What is the way forward? How can Namibia improve its procurement processes?

1.6 SIGNIFICANCE OF THE STUDY

The findings of the study point to the fact that the government and public enterprises in Namibia are in the right direction to take informed decisions and to strengthen their knowledge about the feelings and opinions of their customers.

The findings of this study are expected to give more insight into the impact of the new procurement policies on the supply chain of parastatals and government, initiatives, and policies to successfully deal with the tendering process. Sustainable tendering can make an important contribution to service delivery in Namibia. Since tendering is highly dynamic, a study of related literature trends, new developments and research will contribute to the body of knowledge and provide a new angle in this field. The study will also become a basis for further research by other researchers in procurement in Namibia.

This study is justified because some gaps in the Namibian public procurement still need to be addressed. In Europe, for example, public procurement has been well researched and documented, and a legal framework is also in place (Amann, Roerich, Eßig and Harland, 2014). In Africa, however, the experience with procurement has been disappointing due to essentially the absence of a proper legal framework and proper implementation (Aigheyisi and Edore, 2015). Research on this topic is somewhat scant in Namibia, probably due to the lack of consolidated theoretical research information (Quinot and Arrowsmith, 2013). It has not proven easy to make cross-references. This thesis, therefore, aims to fill this gap partly.

Additionally, the study is also important in that the research findings can be used to address some of the socio-economic development challenges that the country is facing. Public procurement should not be seen as merely a way of acquiring goods and services and as an end but as a process that has the purpose of meeting socio-economic objectives (Edquist and Zabala-Iturriagagoitia, 2012). In this respect, it has been observed that public procurement is a major development mechanism, the potential of which has not been fully tapped. Moreover, a public procurement system can help governments optimize resources, just as private sectors cut costs through strategic purchase and supply development, for increased competitiveness in the global economy (Weaselling and Edquist, 2018). Thus, for a developing country like Namibia, there is a direct correlation between public procurement and foreign direct investment because both aim to directly or indirectly address the socio-economic constraints (Kuugongelwa, 2015). Hence, investment cannot be isolated when looking at ways and means through which public procurement addresses socio-economic problems.

1.7 LIMITATIONS OF THE STUDY

The study sought to investigate the merits and demerits of the procurement policy on the supply chain in public enterprises and Government in Namibia, limited to public enterprises and government employees. Due to time limitations, and logistical and practical reasons, it was impossible to interview all research population members. Consequently, a limited sample had to be selected, and the research findings reflect that limited sample. However, the findings will present a better overall understanding of the general impact the procurement policy has had on the supply chain throughout Namibia. Also, the researcher was new to statistics and not familiar with the software used for data analysis on this subject. However, the researcher was prepared to learn and invested time to acquaint herself with theseimportant learning tools.

1.8 DELIMITATION OF THE STUDY

The research study involved a few Government Ministries and Parastatals in Namibia, particularly Windhoek. The study was conducted at a few Government Ministries and Parastatals. The topic of the study covered the impact of procurement policies on the supply chain in procuring goods and services. The companies involved and government ministries were informed that the information was exclusively for academic purposes.

1.9 CHAPTER OUTLINE

This study is composed of five chapters. The contents of these chapters are outlined in the summaries below:

Chapter One: Introduction and Background – this chapter introduces the study. The objectives to be achieved and the research questions to be answered using empirical data are outlined. Additionally, the Research Problem that motivated the study and the Significance of the Study and a Chapter Outline are presented.

Chapter Two: Literature Review - the literature review presents research findings from similar studies. This gives the researcher an idea of some of the research that has been done in the field and the broad findings. The research findings from the literature also help shape the research questions to be used as well as the development of the data collection tools.

Chapter Three: Research Methodology – this chapter presents the methods, techniques, tools, and approaches used to collect empirical data. Some of the broad areas covered in the chapter include the research philosophy, the research design, the research population, and sampling methods. The data collection methods, data collection tools, and data analysis procedures are presented. Lastly, a set of ethical principles to be observed during the data collection are also presented.

Chapter Four: Data Presentation and Interpretation - this chapter presents the research findings following the analysis of the collected data using the methods outlined in the preceding chapter. The research results are also discussed and interpreted in the context of the reviewed literature.

Chapter Five: Conclusions and Recommendations - This chapter summarizes the research findings. These are findings from both the empirical data and the reviewed literature. Secondly, the chapter presents a set of recommendations based on the research findings. Lastly, possible areas for future research based on identified research gaps are also presented.

1.10 SUMMARY

This chapter presented an overview of the studies to be conducted. To better clarify the issues to be looked at, the chapter presented a set of research questions and research objectives. A justification of the study and reasons why it is important were also presented. The next chapter presents a review of the literature on the subject area.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter reviews previous studies related to the study problem studied by other researchers. The previous chapter introduced the study by stating the research questions, research aim andobjectives, limitations, and delimitation of the study. Several studies have been conducted on public procurement practices internationally. However, Namibia has limited published literature that could have been consulted for this study.

2.2 OUTLINE OF PUBLIC PROCUREMENT PRACTICE

The public procurement system is generally weak in most developing countries. For instance, Roos (2012) suggests that the lack of adequate procurement legislation and insufficient transparency and accessibility of the public procurement market have led to poor performance and reduced trust in the system. In Namibia, various loopholes have been identified as contributing factors to the current irregularities in the public procurement system. Similarly, Ellmers (2011) and Maamberua (2005) identify several gaps in the current procurement system. They state that the current Procurement Act, 2015, is included in the Tender Board Act of 1996 and is not aligned with the government's policy development in which procurement is seen as a central tool to achieve socio-economic objectives.

2.3 PRINCIPLES OF THE PUBLIC PROCUREMENT PROCESS

According to a study by Osei-Tutu, Badu and Owusu- Manu (2010), conflict of interest, bribery, embezzlement, kickbacks, tender manipulation, and fraud are observed as corrupt practices in the Ghanaian infrastructure project of the service delivery system. Similarly, in Namibia, conflictof interest, abuse of office and favoritism are some of the unethical conducts that occur in the procurement process (Links & Daniels, 2011). Therefore, the call for openness and transparency in the public aims to address corruption and inefficiency and guard against the theft of resources.

This is supported by Haimbodi (2011), who states that "public procurement provides multiple opportunities for both public and private actors to divert public funds for private gain" (p. 18). Namibia has a Tender Board Act, which was passed in 1996. However, the public procurement processes are still affected by corruption. The motive of the public procurement processes is to stratify the needs of the stakeholders transparently.

2.4 OVERVIEW OF THE CONCEPT OF SUPPLY CHAIN

One of the indispensable concepts under public procurement is the supply chain. This is different from procurement in two key areas. First, public procurement refers to the procurement by government or state organs using public funds (Van Weele, 2018). Typically, these procurements and purchases are governed and regulated by applicable laws. On the other hand, supply chain refers to procurement procedures that are not necessarily of a public nature. Consequently, private organizations such as private limited companies and SMEs may have some supply chain policies, but these will not constitute public procurement.

One of the considerations for the supply chain is that of cycle times. This is significant because it has implications for other downstream variables like cost and the logistics of moving inventory (Saenz & Cottrill, 2019). Some of the questions that will need to be answered include: Is longer cycle time necessarily bad for business? Not really, but the supply chain should be able to manage the longer cycle effectively. Otherwise, the extra time can create severe problems. Of course, a shorter cycle time helps the supply chain respond to market changes better. How can a company reduce cycle time? It is prudent to review the supply chain network periodically. Over time, the flow of goods becomes more complicated as companies add new products, warehouses, and third-party suppliers. Reviewing the network ensures it is optimized for the current situation. Sometimes it is better to keep a few months of inventory of long lead time items to protect against any supply problems.

One of the recommendations that have been proposed when it comes to the supply chain is to relegate the work to a computer model to make the determinants (Tayur, Ganeshan & Magazine, 2012). Building a computer model of the supply chain has been shown to be the best way to respond to demand changes. The model can be used to analyse the flow of all materials through the complex supply chain and then optimise the flow. With today's computer technology, these modelling efforts are relatively straightforward. It also makes sense to reduce the time necessary to change from producing one product to another at the factory and the minimum production size. This measure will reduce inventory and wait time for the product. While this sounds obvious, many companies do not review their network periodically. Pharmaceutical companies sometimes head in the opposite direction. They increase the production run length by increasing batch sizes in their factories. This reduces the cost of production but, unfortunately, increases inventory and reduces the flexibility to quickly change from one product to another.

Supply chain management is also important because literature has shown that this is one of the shortcomings of most organisations (Bent, 2014). While their marketing, human resources, and product rollout may be near perfect, this will all be compromised if there are supply chain bottlenecks. The process for ordering goods is frequently very complicated, with multiple levels of required approvals and complex links to budget processes. These procedures are designed to reduce risk by eliminating errors. However, they inadvertently increase the time required to respond to changes in the market and overhead costs for everyone. At a high-tech company, we found that the order-processing time was twice that required by suppliers to deliver the product. The orders routinely got held up in bureaucratic procedures and waited for multiple approvals at the company. The approval process significantly slowed the ability of the organisation to respond to market changes and required frequent expediting of orders internally and with suppliers to meet deadlines.

Demand-driven planning refers to the short-term process for replenishment of goods and not medium- or long-term planning for capacity (Mendes, Leal, & Thomé, 2016). Most companies forecast market demand based on historical information to ship or replenish goods to distributors and retailers. Nevertheless, forecasts based on history miss the mark half of the time, giving you approximately the same odds of being right as if you would flip a coin. Forecasts based on historical data will never be accurate because history is not a good predictor of future events. Things change—competitive action, consumer taste or preference, and changes in disposable income impact consumer demand, so it is difficult to forecast. Even with supercomputers, weather forecasting beyond a week is still highly inaccurate.

For the supply chain organisation, implementation will require a new skill set (Rahman & 2014). Currently, supply chain organisation members are often more focused on planning, whether demand planning, sales and operation planning, production planning, or supply planning. Moving to a responsive supply chain will require significant modelling skills to optimise the network and reduce cycle time and variability. Collaboration and teamwork skills will be needed to work effectively with R&D and sales, and marketing teams in the upstream innovation process. These organisations thrive on creative thinking, and successful collaboration will require the ability to think laterally instead of simply following current practices.

2.5 SUPPLY CHAIN RECOMMENDATIONS

One of the recommendations that have been proposed when it comes to the supply chain is to relegate the work to a computer model to make the determinants. Building a computer model of the supply chain is the best way to respond to demand changes. The model can analyse the flow of all materials through the complex supply chain and then optimise the flow. With today's computer technology, these modelling efforts are relatively straightforward. It also makes sense to reduce the time necessary to change from producing one product to another at the factory and the minimum production size. This measure will reduce inventory and wait time for the product. While this sounds obvious, many companies do not review their network periodically. Pharmaceutical companies sometimes head in the opposite direction. They increase the production run length by increasing batch sizes in their factories. This reduces the cost of production but, unfortunately, increases inventory and reduces the flexibility to quickly change from one product to another.

The sourcing organisation should be asked to contribute directly to business strategy, moving from being a cost centre to becoming an integral part of the business, similar to the marketing or Research and Development departments. A sourcing team's contribution to business strategy will come by developing and managing strategic partners who can drive business outcomes such as increased revenue and reduced risks or reduced cost at a corporate level. Based on their involvement with an organisation, they might be referred to as innovation partners, outsourcing partners, contract manufacturers, wholesalers, or sales and service partners. Sourcing organisations already have supplier relationship management programs for different suppliers and extending the program to alliance partners would not be difficult.

Sourcing organisations will have to change their approach to managing strategic partners. I have seen several first-hand examples where chief procurement officers came to recognize strategic suppliers as an area of opportunity but lacked the necessary tools and skills in their organisations to engage these providers successfully.

Working with strategic partners requires two key skill sets: a collaborative mindset and an analytics-based approach. This is different from the method currently used for category management, where the market or competitive forces drive efficiency. Persuasion and influencing skills can be more important than the ability to negotiate pricing or contracts with suppliers. Also, managing partners from arm's length with transparency to operations becomes critical. A robust partner management process is required.

Scrapping non-moving inventory is probably the best approach for recognizing the true value of inventory in the commercial world. If scrapping is not possible, inventory should be moved out of the regular supply chain's warehousing and held at an offsite location. This will make room for goods that are selling. At the same time, there is a screaming need to stop piling up non-moving inventory. This can be accomplished by analysing the reasons for the non-moving inventory build-up and then developing strategies to address them.

2.6 CORRUPTION

Corruption is defined as "the misuse of entrusted power for private gain." According to Haimbodi (2011), economic actors misuse their powers to ensure that they and their relatives,friends or associates benefit in a monetary, material, or social manner. It should be noted that Namibia's public procurement system has been wracked by controversy in recent years with accusations of bias, favoritism, and bribery. These controversies have been made in newspaper articles and court cases. It has also been noted that corrupt public procurement will increase poverty and inequality by diverting funds away from social welfare spending (Kostyo, 2006). Unethical procurement has also been observed to produce bad choices and encourage competition in bribery rather than quality or price. In addition, corrupt procurement facilitates unfair, unstable, and risky competitive advantage for some and creates a sort of market-entry cost or non-tariff barrier for those companies that do not wish or cannot afford to bribe their way in.

2.7 ETHICAL DILEMMAS IN PUBLIC PROCUREMENT PRACTICE

The public procurement system is said to be generally weak in developing countries. Roos (2012) attributes the poor performance and diminished trust in the system to the lack of adequate procurement legislation and insufficient transparency and accessibility of the public procurement system. Maamberua (2005) argue that the current procurement Act and the Tender Board Act of 1996 are not aligned with the development policy stance of the government, in which procurement is seen as a central tool to achieve socio-economic objectives; the public procurementact is expected to enhance the reduction of poverty and inequalities and improve the livelihood of formerly disadvantaged groups of people. In the same vein, Links and Daniels (2011) suggest that in the current legislation, there is a lack of a proper monitoring system that can establish the extent to which approved tenders are in line with the country's socio-economic objectives.

2.8 PROCUREMENT POLICIES AND PROCEDURES

Procedures are operating instructions detailing functional duties or tasks. According to Lisa (2015), the division between the public and private sectors creates two different worlds, requiring different approaches to procurement. Public ownership imposes public accountability obligations, leading to prescribed procedures and policies. All procurement cycle steps must be documented appropriately, with each step being approved by the designated authority. To this effect, Maiyo (2014) argues that public procurement procedures tend to be characterised by high bureaucracy independent of order value, poor communications, and unit price rather than long-term relations.

2.9.1 Supply Chain Performance

The two essential requirements for supply chain performance are proper integration in the partnerships with suppliers and the effective utilisation of information technology. Most researchers argue that active involvement and support of all the supply chain entities can create competitive value. The ultimate judge of supply chain performance is the customer in terms of effective and timely responses to their ever-changing tastes and preferences. The performance of the supply chain needs similar attention as firm performance measurement. The literature on the tools that can be used is limited by the ever-increasing amount of literature addressing theories and practices of supply chain performance management which lack effective methods.

2.9.2 Procurement Policies and Procedures and Supply Chain Performance

Developing cross-functional teams aligns organisations with a process-oriented structure, which is much needed to realize a smooth flow of resources in a supply chain. As Lisa (2015) suggested, such teams, promote improved supply chain effectiveness. They minimize or eliminate functional and departmental boundaries and overcome the drawbacks of specialization. According to John (2016), they can distribute the knowledge of all value-adding activities such that no one, including upper-level managers, has complete control over the process. Such teams helped form modern supply chains by promoting greater integration of organisations with their suppliers and customers. The strategic, operational, and tactical levels are the hierarchies in function, wherein policies and trade-offs can be distinguished, and suitable control exerted (Hrebiniak, 2016).

According to Muge (2015), such a hierarchy is based on the time horizon for activities and the pertinence of decisions to influence different management levels. The strategic level measures influence the top-level management decisions, often reflecting investigation of broad-based policies, corporate financial plans, competitiveness, and level of adherence to organisational goals. The tactical level deals with resource allocation and measures performance against targets to be met to achieve results specified at the strategic level. Measurement of performance at this level provides valuable feedback on mid-level management decisions. Operational level measurements and metrics require accurate data and assess the results of decisions of low-level managers. Supervisors and workers are to set operational objectives that, if met, will lead to the achievement of tactical objectives.

2.9.3 Challenges Facing the Implementation of Procurement Policies and Procedures

Muge (2015) argues that one of the major obstacles to the procurement system is ministerial interference with the tender process, where ministers intervene and influence tender awards. The threat of being suspended or fired has, in many cases, intimidated officers into following illegal ministerial directives leading to non-compliance (Akech, 2015). In support of this, Hui et al. (2016) asserts that interference from the local politicians, businesspersons, members of parliament and very influential top management individuals has interrupted the procurement processes and deterred transparency.

According to Hrebiniak (2016), if the corporate strategy drafted by an organisation is poor or vague, it can dramatically limit the implementation efforts. Good execution cannot overcome the shortcomings of a bad policy or a poor strategic planning effort. It will be interesting to note that the need to start with a formulated policy that involves a good idea or concept is the most crucial and critical factor, which helps promote its successful implementation. As Allio (2015) notes, good implementation naturally starts with good policy input: the soup is only as good as the ingredients. The kind of procurement policies formulated should therefore be implementable.

2.9.4 Measures to improve the effectiveness of the public procurement process

It is expected that organisations should put measures to guide management and all staff in the execution of their duties (Spector, 2015). There is a need to have mechanisms and capacity for ensuring effective internal control, audit, and accountability in public procurement. Institutional controls such as effective supervision, audit functions and control, and internalisation of the standards of ethical behaviours need to be installed to ensure effectiveness in the procurement system. Byanguye (2017) describes internal control as a process effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievements of the procurement objectives in the effectiveness and efficiency of operations, reliability of financial reporting, compliance with the applicable laws and regulations and protect the organisation's reputation.

Mawanda (2014) sees internal control as the plan of an organisation and all the methods and procedures adopted by the management of an entity to assist in achieving management objectives of ensuring orderly and efficient conduct of its business, including adherence to management, policies, safeguarding assets, prevention of fraud and detection error, the completeness of accounting records and timely preparation of reliable financial information.

2.10 PRINCIPLES OF THE PUBLIC PROCUREMENT PROCESS

According to Links (2017), the principles of the public procurement process involve transparency, competition, objectivity, and integrity. Transparency is a vital feature of a sound procurement system. Generally, it involves publicity of procurement opportunities and the disclosure of the rules to be followed, undertaking procurement processes publicly and visibly, according to prescribed rulesand procedures that limit the discretion of officials and the provision for monitoring and enforcingapplicable rules.

The bidders act independently and engage in a contest for the opportunity to secure the procuring entity's contract by offering the most favorable terms and reducing and eliminating biases, prejudices, and subjective evaluations. The principle of objective decision-making criteriain public procurement is closely linked to non-discrimination and equal treatment of providers, and no distinction should be made between providers of goods and services.

2.11 PRINCIPAL-AGENT THEORY

A theoretical framework is a test conducted on an existing theory to see whether the research findings of a specific study conform to the tenets of that theory. Over time, several independent studies, sometimes in different locations, come to the same conclusions on a given subject during research. When this happens, a theory emerges where it is expected that subsequent studies will also have the same conclusions. For future research, the researchers will strive to determine if their studies are in line with the presented theory or not. This leads to the development of a theoretical framework which determines the extent to which research findings confirm or reject a specific theory. For this study, two theories were employed. These are the transaction cost theory and the principal-agent theory.

2.11.1 Transaction Cost Theory

The integrated transaction-cost theory identifies the relevant transactions and their critical attributes, enabling us to trace the implications of alternative institutions' estimated transaction costs and forms of governance (Alaghehband, Rivard, Wu and Goyette, 2011). The normative reverse of analytical, discriminating alignment, matching possible governance structures to given transaction attributes, is a step towards institutional design (Shadab, 2012). To show this potential, the public procurement process and its transactions have been analysed to identify feasible forms of governance. The analysis shows that none of the important land development transactions is compatible with a simple competitive market. Consequently, public procurement is essential for the existence and operation of Namibia's development (Matengu, Likando and Kangumu, 2014).

Three elements give Transaction-cost theory its superior capacity for institutional analysis and design. The first is its unit of analysis- the transaction, which is ubiquitous, concrete, and well defined (Hennart, 2010). The second is the concept of 'irremediableness'. Rather than referring to some hypothetical ideal, such as the 'perfect market' of classic economics, or the 'rational man' of social-choice theory, remediableness prescribes a comparison between feasible alternative forms of governance (Cuypers, Hennart, Silverman and Ertug, 2021). The third element which gives transaction-cost economics its normative potential is discriminating alignment. This is a prescription to 'align transactions (which differ in their attributes) with governance structures (which differ in their costs and competencies) in a discriminating (mainly transaction- cost economising) way' (Rindfleisch, 2020).

According to the Transaction-cost theory rationale, however, planning and development control do not always have to be public; they can take various forms. These include third-party governance, statutory forward planning, zoning and regulatory development control, and various forms of bilateral governance ranging from public indicative planning and contract zoning, through private-public partnerships, to contractual covenants and restrictions (Gedajlovic and Carney, 2010). This repertoire of alternative forms of governance can be coupled with a transaction-cost and institutional analysis of the specific context to enable systematic institutional design for land use planning and development control (Yasuda, 2005).

Transaction-cost theory, as developed in institutional economics, offers two complementary approaches to the first question posed above, explaining why public land use planning and development control exist and why they are so popular. These approaches represent different levels of analysis of what is envisaged as a three-level schema of society. The micro-level, dealing with the individual, is outside the Transaction-cost theory domain. The meso level addresses forms of governance and their relative costs; this is the Transaction-cost theory's main concern (Williamson, 1995). The macro-level is the institutional environment and focuses on mainstream institutional economics (North, 1990; 1991).

However, the other transaction cost theory approach declines to take sovereign tasks off the analytic table and assign them to the public agency for reasons unrelated to economic efficiency. Such reasons include legitimate authority, democratic accountability, and the strict demands of probity in public service. It still sees the question- why public? - as open, even for sovereign tasks. At the mesa level, examining the discriminating alignment between transaction attributes and alternative forms of governance can answer this question (Williamson, 1999).

According to the observations of some reviewers, Poulton's dismissal of transaction-cost economics is premature (Hazell, Poulton, Wiggins and Dorward, 2010). Institutional economics and transaction-cost theory answer the question- why is a land development and use subject to public planning and control? These answers have some intrinsic interest for planning theory, but they are not the leading contribution transaction-cost theory can make. Welfare economics and public-choice theory, after all, should be sufficient rationales for public planning and intervention.

More critical is the transaction-cost approach's potential for analysing public land use planning and its institutions. The transaction-cost theory is expanding its concern with economic transactions in which it originated in the arena of policy and the public-political domain (Ghoshal and Moran, 1996). An integrated Transaction-cost theory can be an invaluable tool to answer the question: What is the best governance regime for land development and production of the built environment? In this way, a Transaction-cost theory of land use planning and development control can have normative applications in institutional analysis and design. Transaction-cost theory can do this better than Pigouvian economics or public-choice theory- it includes the plausible motivational assumptions that welfare economics lacks and offers a more parsimonious system of analysis than public-choice theory.

2.11.

1.1 Criticisms of the Transaction Cost Theory

These problems become particularly evident if we separate two levels of analysis that tend to be intertwined in the transaction-cost literature (Brouthers, 2013). On one level, transaction-cost analysis is applied to the tasks of institutional economic history, i.e., explanation of the prevailing institutional structure of a society or group of societies at some point in history (Bylund, 2015). On another level, it is used to explain the adoption of a specific organisational form in response to conditions faced by the individual firm. Although the issues are deeply interrelated, the underlying economic assumptions that shape these uses of transaction-cost theory can be seen more clearly if they are examined independently of each other (Foss and Foss, 2004).

The work on institutional economic history is vital because it represents one of the principal empirical applications of transaction-cost theory to date and highlights certain questionable assumptions that play a significant part in transaction-cost approaches to organisational analysis (Dietrich, 2008). The use of transaction-cost theory to explore the institutional history and its use in the analysis of contemporary economic organisation share a crucial underlying concept imported from micro-economics - the idea that a decentralized market structure represents the natural organisation of exchange. This assumption serves a vital purpose in the purely theoretical context of neoclassical economics, but it can become deeply misleading when transferred to an empirically oriented discipline such as organisation studies (Akbar and Tracogna, 2018).

North (1978) emphasised that a fundamental distinction appears to have been lost in the transaction-cost approach, and it is the distinction between the idiosyncrasies of fundamental economic institutions and the abstractions of economic theory. Although transaction-cost theorists start with the type of objectives that Chandler (1971) defined for the analysis of business organisation - a reintegration into the institutional economic tradition, they ultimately subordinate reality to theory. What is lost in the process is the distinctive contribution of an empirically grounded discipline such as organisation studies or economic history. North's (1978) eloquent description of the tasks faced by economic historians might be applied equally well to students of virtually any aspect of economic organisation:

"Economic historians have sometimes made too much of the institutional side of their subject, but they cannot ignore the masonry which canalizes and deflects economic currents. They are concerned not merely with the market but also with its forces. They cannot investigate the rise of new forms of economic enterprise without referring- once to the conditions which have given enterprise its opportunity or understanding historical changes in the distribution of wealth without a study of corresponding changes in the institution of property, the class structure of society, and the policy of states".

More modest applications of the transaction-cost theory hold the promise of essential insights into the activities of organisations. When set in a more general theoretical context, the transaction-cost perspective can be used for organisational analysis without reducing tautology and without the abortive attempt to raise it on the status of a causal model. Although transaction-cost theory cannot provide an account of the relationship between the individual and organisation or the organisation and society, it can help to explore that relationship once they are defined.

The transaction-cost analysis provides a means of discussing the relative importance of those rational and nonrational elements. Under specific social and technical conditions, certain forms of internal coordination may be less viable than others. Much research has been done on how factors external to organisations can mandate the type of internal flexibility that renders formal systems of control costly (Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Thompson, 1967).

Williamson (1975) used the transaction-cost theory to develop a more general interpretation of the strategy-structure relationship portrayed by Chandler. Williamson (1975) supple-mended Chandler's (1962) observations about the liabilities of functional administration with economic arguments for the strategic weakness of pure holding companies. In Williamson's analysis, the transaction-cost logic is instrumental in drawing out the strategic implications of organisational issues by re- casting them in terms of the relative cost advantages offered by different structural arrangements. When combined with Chandler's (1962) work on how diversification served as a response to changes in the social, economic, and political environment, it effectively explores the strategic implications of organisation-environment relations.

Applications of the transaction-cost theory that do not attempt to make it the basis for causal explanation have the virtue of reintegrating broad social issues that have dropped out of some recent research. Social and cultural factors appear as an analytical variable rather than unanalysed "given conditions" in this type of work. For example, long-term employment and promotion based on seniority might offer a solution to the problem of providing incentives for am- bigamous work roles in one social setting (Ouchi, 1980), while compensation systems built around those practices might be unacceptable or even illegal in a different milieu. In the latter case, economic activities that were costly to organize in any other fashion might not be sufficiently profitable to be undertaken.

2.11.2 Principal-Agent Theory

The principal-agent theory builds upon the classic principal-agent model. A principal enlists an agent to carry out the principal's goals, presumably because the agent enjoys some comparative advantage in performing the goals. However, the agent's interests diverge from the principals. If the agent's goals diverge sufficiently, the agent may be said to have a conflict of interest (Bohren, 1998).

Notably, the risk that such a conflict (such a divergence in goals) will be material will impair theprincipal increases when an asymmetry of information tilts in the agent's favor. For example, in those situations where the agent holds much more information than the principal, or when a particularly robust moral hazard lures the agent from the principal's ends.

To mitigate that conflict of interest and keep the agent aligned with the principal's goals, the principal relies upon supervisory strategies, sometimes known as monitoring and bonding. Monitoring is what it sounds like: the principal's efforts to monitor what the agent is doing, ensuring that the agent pursues the principal's ends (Bradley, 2003).

Bonding, in contrast, was classically understood in agency theory to refer to voluntary, essentially contractual self-constraints at the agent's discretion. For our purposes in the procurement realm, though, bonding might be better termed "sanctions" or "punishment". The agent bonds itself to follow the principal's ends, and if the agent strays, the agent must forfeit that bond in some sort of sanction, whether that means suffering a contractual penalty, civil liability, or forfeiting the agent's liberty and going to prison (Schooner, 2002).

The Agency theory concludes that there is always residual loss in any principal-agent relationship, some residual deviation by the agent from the principal's ends that cannot be erased through monitoring or bonding. That residual loss might, on its face, suggest that using an agent is always alosing proposition or, put in the language of procurement, that no function should ever be contracted out (Soudry, 2007).

Applying this principal-agent model to procurement is, on its face, relatively straightforward, and indeed the literature includes a few applications of agency theory to procurement. Under this model, the procuring official may be said to act as an agent for a principal.

2.12 EMPIRICAL REVIEW

Numerous studies have been done on different subsectors' policies, procedures, and supply chain performance. These include one by Anderson *et al*. (1997) on SCM as a collection of seven principles of SCM consisting of customer segmentation, customized logistics, demand planning, customisation, strategic sourcing, supply chain strategy, and supply chain performance measurement. Similarly, Jones and George (2009) found that the bureaucratic control mechanism is controlled by a comprehensive system of formal rules and standard operating procedures (SOPs) that shape and regulates the behaviour of divisions, functions, and individuals. In the same vein, Moncska *et al.* (2010) hold that the procurement function significantly impacts corporate performance. Thus, traditional procedures are becoming obsolete in modern organisations. Procedures provide guidance that staff follow in performing activities, put constraints on behaviour and show how the procurement function should work to achieve strategic objectives.

Baily *et al.* (2005) argue that public procurement procedures tend to be characterised by high bureaucracy independent of order value, poor communications and focusing on unit price rather than long-term relations. This is supported by Githui (2012), who found out that the rise of supply chain management and procurement in Kenya has given rise to several unethical business practices that violate codes of conduct. For instance, when tendering processes are not transparent, then suppliers may have chances and vantages to solicit consideration by advancing bribes and other forms of corruption.

According to Gray et al. (1997), transparency, fair treatment in bidding and awards of tenders, accountability and responsible purchasing and supply have a positive implication on procurement processes in any organisation and could thus result in increased performance and delivery. This is not possible without employing ethical theories and principles that form ethical organisations' basis and foundations (Githui, 2012). According to Rossi (2010), compliance with the formal elements indicates knowledge of the rules. To this effect, Gelderman (2006) maintains that procurement managers will comply with the rules if they perceive them as transparent. Lack of clarity increases the possibility of non-compliance with procurement regulations. This is supported by Eyaa and Oluka (2011), who state that the lack of familiarity with procurement rules results in poor compliance levels, and this leads to inefficiency, which negatively affects supply chain performance.

The United Kingdom policy on public procurement is clear: the objective is to secure value for money. This is achieved after taking cognisance of whole life cost and other requirements such as relevant economic, social, and environmental objectives. This is after an open, fair, and competitive process. However, applying this process to every public contract requires detailed guidance from authoritative source and skilled and experiences personnel in all the more than 2000 public bodies in the United Kingdom that procure goods and services (Walker & Brammer, 2009).

The public sector spends nearly £125 billion, or 10% of GDP, a year purchasing goods and services in the UK economy. The manufacturing sectors most heavily involved in selling to the Government include food, paper and printing pharmaceuticals, construction products, aerospace, and environmental technology. The Government has recently described its procurement policy as follows: "The Government's overall procurement policy is centred on buying the products it needs under a fair and open competitive tendering process, guarding against corruption and achieving value for money.... "The purpose of procurement policy is to support the Government's goal of delivering world-class public services that are value for money, and in a sustainable way. Effective procurement also has the capacity to drive the efficiency of suppliers and their supply chains... "Good procurement means getting value for money - that is, buying a product that is fit for purpose, taking account of the whole-life cost. A good procurement process should also be delivered efficiently, to limit the time and expense for the parties involved. Successful procurement is good for the public, good for the taxpayer, and good for businesses supplying the government." (Arrowsmith, 2017)

This policy is fleshed out in other documents. The then Department of Trade and Industry (DTI" argued in its Memorandum to this inquiry that value for money was "not about securing the lowest upfront price", but rather achieving the best possible combination of whole life cost' set against quality. In this context, the DTI intended 'quality to mean the extent to which the contract met the purchaser's requirements, which might include economic, social, and environmental objectives that were relevant to the contract in question. Moreover, "goods, works and services should be acquired by competition unless there are convincing reasons to the contrary, not only in order to achieve value for money for the taxpayer but also contributing to the competitiveness of UK suppliers, ... improving their ability to participate in both domestic and overseas markets" (Grandia, 2018).

The Government has undertaken several reviews that have developed procurement policy since the OGC was established. In 2003 the OGC itself conducted a review, headed by Sir Christopher Kelly, which concluded that the government should take a more strategic role in increasing competition and building long-term capacity among suppliers. At the end of 2003 it published an action plan to achieve this." The DTI's Innovation Review from the same year suggested that the public sector could do more to stimulate innovation, both through the design of the tendering process and by making it easier for smaller firms to tender for contracts. The Government's 2004 review of its Manufacturing Strategy reiterated the commitment to new procurement guidelines to achieve a "more coherent, transparent and predictable public procurement process resulting in innovative bids from UK manufacturers and better value for money for the public sector"; whilst the Sustainable Procurement Task Force produced an action plan on environmental standards in June 2006 and HM Treasury published a report entitled Transforming Government Procurement on 23 January 2007." 7. Despite these repeated attempts at development and clarification, those supplying goods and services to the public sector remain critical of procurement procedures and the way in which individual purchasing decisions are taken (Lember, Kattel & Kalvet, 2013).

2.13 Legislative Framework: The Tender Board of Namibia

The Tender Board of Namibia was established in 1996 by the Tender Board Act, Act No. 16 of 1996, Section 2(1)37 (Ndinamwene, Mutingi, Mbohwa and Mapfaira, 2016). Under Section 20 of the Tender Board of Namibia Act, Tender Board Regulations were gazetted in 1996. Before the Southwest Africa Tender Board administered independence tenders established under Section 26(a) of the Finance and Audit Ordinance, 1926 (Ordinance 1 of 1926). Similarly, under the same section of the same Act, the Tender Board Code of Procedures was gazetted in 1997 (Parker, 2009). Prior to independence, the majority of the Namibian population was not familiar with the Tender Board, therefore, they did not benefit from the tendering process (Dobler, 2017).

In the past, the Tender Board was heavily influenced or affected by the Administration of whites, which made tenders less transparent to the entire Namibian population and the outside world (Amadhila, 2012). However, the promulgation of the Act set in place the guidelines of tendering, which improved the tendering process. To ensure that the tender process is carried out fairly and transparently, the Act states in Section 11(b) “that tenders shall be published by the Board once in the Gazette and at least once in each of the newspapers contracted by Government.” The principles that underpin the tendering process are contained in Section 15(2) (a) and (b)38 (Asheela-Shikalepo, 2021).

The Act, the Regulations and the Code of Procedures are the three instruments which have made it possible for qualifying business people (Namibians and Foreigners) to have access to tenders under Section 7(1) (a) of the Act. Based on the context of the normative approach, the Government has a responsibility to ensure that its procurement policy supports its overall economic objectives and serves as an instrument for attaining those objectives (Ntelamo, 2021).

Therefore, one of the key strategic elements in Government is to create employment and income generation through the promotion of small, medium, and micro-enterprises. This is important to address some of the racially motivated economic injustices in Namibian history. Namibia's colonial and apartheid epochs left the country with an abhorrent dualism in the socio-economic sphere (Hamrick and Duschinski, 2018). The country, therefore, ranks amongst the highest in the world with the widest disparity in resources distribution (Oppel, 2021). However, for the goal of addressing the racial and economic inequality, there is a need for a robust public procurement policy which, while fair, also takes cognisance of the injustices and inequities in the past.

Government procurement policy can have an enormous impact; occasionally, it creates an entire industry (Lember, Kattel and Kalvet, 2014). The federal government of the USA created the computer and semiconductor industries by funding the development of the computer for military purposes during and after World War II, then asking for smaller and smaller units to put into its ballistic missiles and space vehicles (Flamm, 2010). The Tender Board also deliberates and causes the action to be taken on general matters relating to the procurement system of the government and the formulation and implementation of socio-economic policies and strategies of the Government, such as Price Preferences; targeted allocations; General requirements relating to employment; and Small and Medium Enterprises (Stritch, Brettschneider, Darnall, Hsueh, and Chen, 2020).

The Minister of Finance is empowered by the Tender Board Act to make the Tender Board Regulations (Buys and Hallick, 2010). The Regulations provide the formula to determine the tender price of a qualifying tenderer. Annexure B of the Regulations further provides the format under which said information must be submitted to the Tender Board by the tenderers (Kuugongelwa, 2015).

A price preference scheme is thus a tool used by the Board under the authority of the Tender Board Act to meet a significant Government objective of economic development for the people of Namibia (Frøystad, Hoffmann and Schade, 2009). The increasing number of local tenderers that successfully participate in the tender process and the number of new as well as the number of locally owned companies that are being established, many of them solely to tender for Government tenders, is an indication that the Tender Board has made great strides in meeting this objective. Tenderers can qualify for price preferences as manufacturing companies that utilize local products, Namibian registered companies, and small scale enterprises, to name a few of the categories (Morris and Mare, 2013). The Tender Board further awards price preferences to companies that decentralize their activities to communal areas.

In a further attempt at implementing the policies of the Government and, in this case, that of decentralization of development, the Tender Board has several tenders that are targeted at companies and/or persons living within the area where the service is to be rendered (Nghihalwa and Shava, 2018). Such tenders include but are not limited to construction, catering, refuse and waste removal. Such persons or enterprises would be small-scale enterprises and would be strongly considered for the tender award.

A further strategy to ensure that more companies and persons benefit from Government tenders is a condition inserted in tender specifications limiting the award of the number of items/units for specific tenders per tenderer. A tenderer would be limited to a certain number of regions/units or items per tender. The tenders where this condition is applicable are catering tenders for schools, hospitals, clinics, and security service tenders.

To illustrate the complexity of the Namibian procurement policy, Hamutenya (2014) reveals lapses in the public procurement process in Chad and suggests how they may be eliminated. The author notes that similar lapses also exist in the Namibian system. Consequently, the suggestions for improvement would apply here as well. The Chad system had no structured mechanism for verifying documents' authenticity, nor was there an established procedure for measuring performance. Recommendations included making concerted efforts to establish the quality of tender documents and the qualifications of contractors. There was also a need for improvements in the competence and experience of procurement officers (Ndinamwene, Mutingi, Mbohwa and Mapfaira, 2016).

Further, a computer-based system was recommended for performance measurement of tender evaluation processes. In addition to the problems mentioned earlier, the Namibian public procurement system also lacks proper monitoring procedures for approved tenders; and the system is not yet computerized (Hamutenya and Mensah, 2014). The public sector authorities must consider these suggestions in drafting the new Tender Board Bill.

2.14 SUMMARY

This chapter reviewed various literature concerning public procurement. The outline of procurement players, such as the Tender board, was discussed. Issues to do with ethics and corruption were also highlighted and discussed. The chapter further considered the principles and challenges of the procurement process and the principal-agent theory in procurement. The next chapter discusses the methodology used to carry out this study.

CHAPTER THREE: METHODOLOGY

3.1 INTRODUCTION

This chapter has four sections divided into the following categories: Section 3.1 discusses the research design used to carry out this research. Section 3.2 explains the population upon whom this study was based. Section 3.3 discusses the sampling technique used for this study. Section 3.4 will detail the research instruments and measures used to collect data. Section 3.5 will detail the procedure undertaken to collect the data. Section 3.6 will detail the research's analytical technique to produce the results. Section 4 will highlight the ethics undertaken.

3.2 RESEARCH DESIGN

According to Andrade (2018), “research design refers to the research plan, structure, and strategy”. A descriptive research design was used in this study. Within this research, several approaches can be adopted, and one of these is the survey. According to Kazdin (2021), "surveys are non-experimental designs that do not control or manipulate independent variables but measure them and test their effects using statistical methods". McMillan and Schumacher (2010: 602) define survey research as the “the assessment of the status, opinions, beliefs, and attitudes by questionnaires or the interview guides from a known population” Cohen and Manion (2001:169) assert that surveys “set out to describe and interpret what is”. This is exactly what the researcher set to achieve in the investigation.

According to Welman *et al.* (2011, p 188), a research design consists of methodology designs. For this study, the mixed methods research methodology was applied, and this method was preferred because the researcher wanted to benefit from both qualitative and quantitative data collection methods where one method makes up for the limitation of the other.

3.3 RESEARCH APPROACH

Within research, a study can take a deductive or inductive approach. While inductive research seeks to develop a theoretical framework, deductive research, on the other hand, seeks to test an existing theoretical framework (Woiceshyn and Daellenbach, 2018). This study took an inductive approach as it sought to develop a novel theory from the collected empirical data.

3.4 POPULATION

Research population refers to people or elements sharing some common characteristics that the researcher is interested in (Majid, 2018). In the context of research, a research population is a group of elements with some unique characteristics which are of interest to the researcher. Therefore, by closely examining the research population and seeking more information about them through such tools as coded questionnaires, the researcher might be better placed to answer some of the research questions that they might have (Bauer, 2014). Since there will be some uniformity between the elements, they can be assumed to be capable of answering the research questions that the researcher might have.

The population of this study was procurement officers in government ministries and parastatals. The size of the population made it impractical and uneconomical to involve all the population members in this research study. Therefore, the researcher chose to include only a sample of the population in this study.

3.5 SAMPLE

Sampling is the process through which a researcher selects from the research population those specific individuals that they want to participate in the study (Gentles, Charles, Ploeg and McKibbon, 2015). In most instances, it is not possible or practical to interview all the members of a research population. Consequently, the researcher must take a ‘sample’ of the research population, and the responses from this limited sample can be extrapolated to the whole group. Below is a formula that was used to determine the sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where :

n= sample size required

N = number of people in the population

e = allowable error (%)

Considering that the study is making use of a mixed methods approach, both probability and non-probability sampling methods were used. For the probability sampling part of the research, random-stratified sampling was used. This is a sampling method where the potential respondents are arranged into ‘strata’s’ so that that the sampling is as representative as possible. For the non-probability sampling method, purposive sampling was used. This is a sampling method where the researcher already knows the specific people to interview because their unique positions give them access to the information that the researcher wants.

The sample for this study targeted 30 employees of public enterprises and ten (10) government employees. The researcher decided the number was large enough to get the required information and small enough to be manageable. These employees of public enterprises were from the Ministry of Public Enterprises and TransNamib. Purposive sampling was used to select employees from finance and procurement departments. Purposive sampling is a non-probability sampling method, and it occurs when elements selected for the sample are chosen based on the researcher’s judgment. Researchers often believe that they can obtain a representative sample by using sound judgment, which will result in saving time and money (Etican, 2016). Therefore, the researcher chose suitable candidates for the questionnaire in line with the researcher’s judgement of the level of education, training or position the employees exhibited regarding the usage of the procurement policy at their workplaces.

3.6 RESEARCH INSTRUMENTS

The researcher used a questionnaire and interview guide as research instruments in this study. These instruments were used because they can collect valid, measurable, and dependable data. Questionnaires are also easy to administer and collect as they can be completed online and sent back to the researcher via email. In the same vein, interview guides define the parameters within which the interviews should be conducted, thereby leading to the collection of data relevant to the study.

Data was collected using a questionnaire. The questions on the questionnaire were open-ended to give employees (respondents) the freedom to express their own procurement supply chain experiences. As mentioned earlier, the study used techniques to analyze the data, and this method allowed the subjects to share their experiences more freely. Since the researcher used a small sample, the findings of this study cannot be generalized. However, the findings revealed some problems and possible solutions since this is a mixed-methods study.

3.7 DATA COLLECTION PROCEDURE

The data collection procedure refers to the specific ways the data for the study was collected (Best, 2014). This procedure is essential because it has implications for the quality of the data and some ethics to be observed during the study. Below is an outline of the steps that were followed during the data collection process.

First, the researcher had to obtain the necessary ethical clearance from the university, which is mandatory when conducting research which involves human subjects. Once the necessary clearance had been provided, the researcher made appointments with the research participants. During this conversation, a decision was made on whether the research would be conducted personally (face to face) or if some electronic methods like telephone calls or video conferencing were employed. This flexibility is necessary to ensure that the researcher gets to interview all the people in their sample frame and would cater to their individual preferences regarding how they want to be interviewed.

3.8 DATA ANALYSIS

Data analysis is how the collected empirical data is reduced to intelligible forms (Azungah, 2018). After analysis introduces some form of structure and coherence to the collected data, the analysed data can then be used to achieve the stated research objectives and answer the research questions. The data analysis method that is employed is determined by the research design that was employed as well as the overall research methodology.

Waigama (2008) suggests that qualitative data can be organised and summarised using averages, proportions, charts, and tables. Therefore, the data collected for this study were analysed and presented using graphs and diagrams. A thematic technique was used to analyse qualitative data. Thematic analysis is a qualitative analytic method for ‘identifying, analysing, and reporting patterns (themes) within data, and it minimally organises and describes the dataset in (rich) detail.

The quantitative data that was generated by open-ended questions were analysed using the percentage analysis (Microsoft Excel), where graphs and tables were used.

For the quantitative study, use was made of the IBM SPSS application. The data was first transferred from the hard copy questionnaires to a spreadsheet application (Microsoft Excel). After the transfer, the data was cleaned, after which it was loaded into the SPSS application, which generated the data used in the study. The information was presented visually in graphs and tables that helped in the data presented. The qualitative data was presented in the form of quotes.

3.9 RELIABILITY AND VALIDITY

Research reliability refers to how the same research results can be consistently reached when the same tools are used within the same research population (Leung, 2015). For this study, this was ensured by making sure that the data collection tools were based on the research objectives to ensure that the data collected for the study was relevant to answering the research questions. On the other hand, research validity refers to how study findings are accurate (Mohajan, 2017). This was confirmed by ensuring that researcher bias and selection bias was eliminated from the study.

3.10 RESEARCH ETHICS

Informed written consent was obtained from participants after explaining their rights which include their ability to choose to participate or withdraw from the study at any time. Although no known or immediate risk was attached to this study, the researcher ensured anonymity and privacy by not asking for the names or duty stations of the participants in the questionnaires. While the researcher had this information, this was not explicitly put on the questionnaire for privacy purposes. In addition, all information gathered is being kept confidential and secure to ensure that it is not accessible by third parties.

3.11 SUMMARY

This chapter presented the methods, techniques, tools, and approaches used to collect empirical data. Some of the broad areas covered in the chapter include the research philosophy, the research design, the research population, and sampling methods. The data collection methods, data collection tools, and data analysis procedures were also presented. Lastly, a set of ethics to be observed during the data collection was also presented. The next chapter presents the research findings from the primary data collection.

CHAPTER FOUR: RESULTS AND DISCUSIONS

4.1 INTRODUCTION

The collected data were processed using frequency distribution tables, charts, and bar graphs. Raw data were converted into percentages where necessary.

4.2 PRESENTATION OF RESULTS

The data collected was on the impact of the newly introduced procurement policy act on the supply chain departments in Namibia. Below is the data presentation and discussion.

4.2.1 Gender

A total of 40% of the respondents were males, while 60% were female. This means there was gender parity when it came to the gender of this response. The implication is that an argument can be made that there was no gender bias when it came to selecting the respondents.

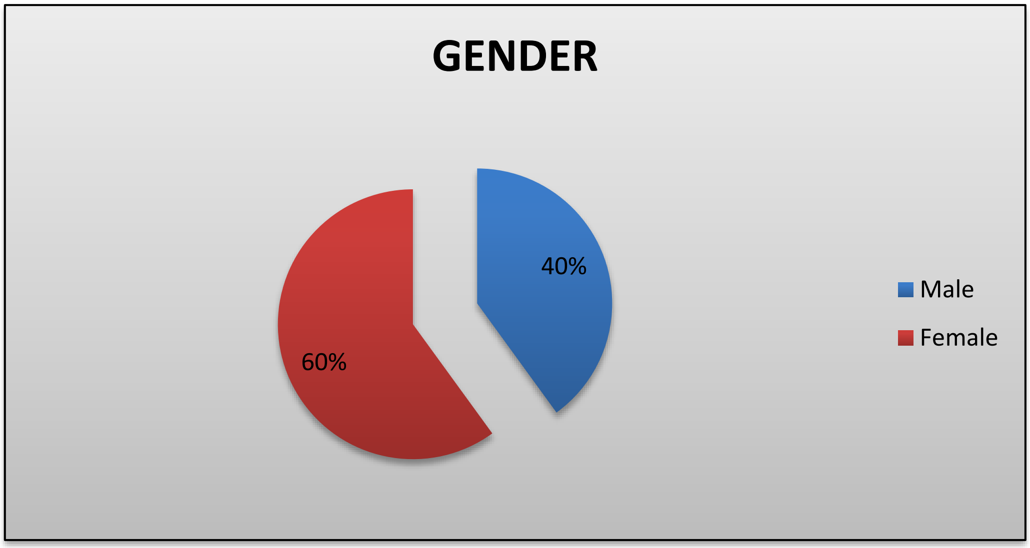

Figure 4. 1: Gender distribution

4.2.2 Age

10% of the respondents were between 18-25 years, 35% were between 26-25 years, 40% were between 36-45 years, and 15% were above 45 years of age. This means the respondents' ages were evenly distributed, which improves the reliability of the responses. Most importantly, the respondents' ages are a true reflection of the Namibian population.

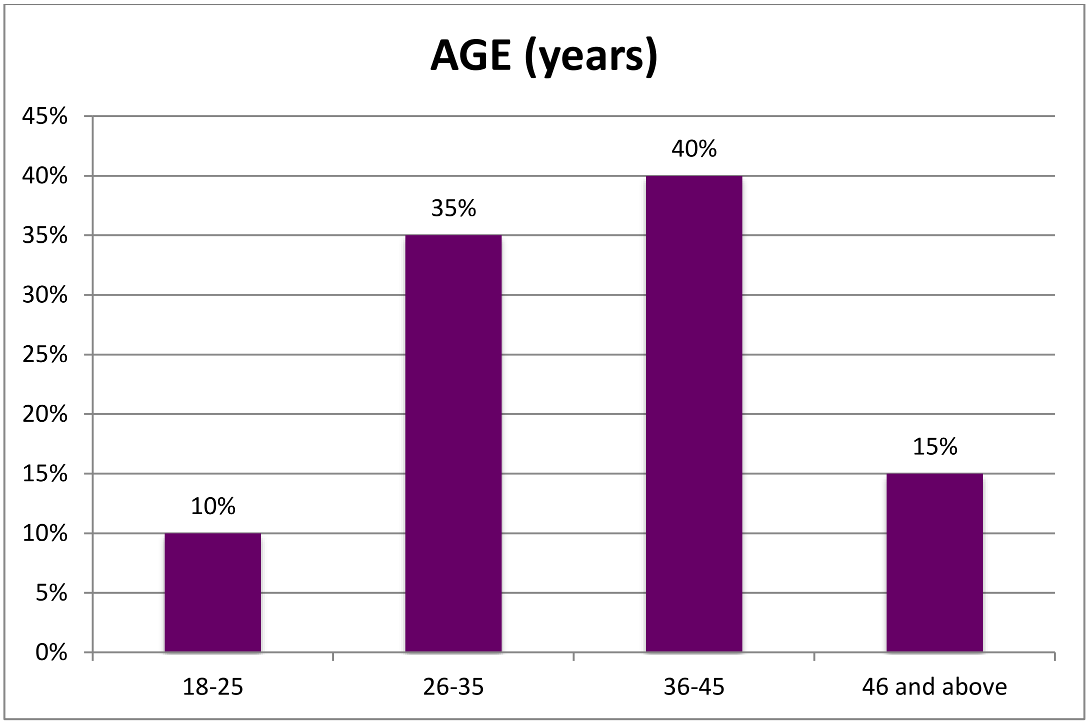

Figure 4. 2: Age distribution

4.2.3 Length of continuous service with the organization

10% of the participants indicated that they had been working for less than one year, whilst 30% indicated that they had been working between 1-2 years, 40% indicated that they had been working for 3-4 years and 20% of the respondents indicated that they had been working for more than 4 years. The length of service specified by the respondents indicated that the majority of them had worked for a long time within the public procurement sector, which means their responses are to be believed as they have some improved knowledge of the environment, they are working in.

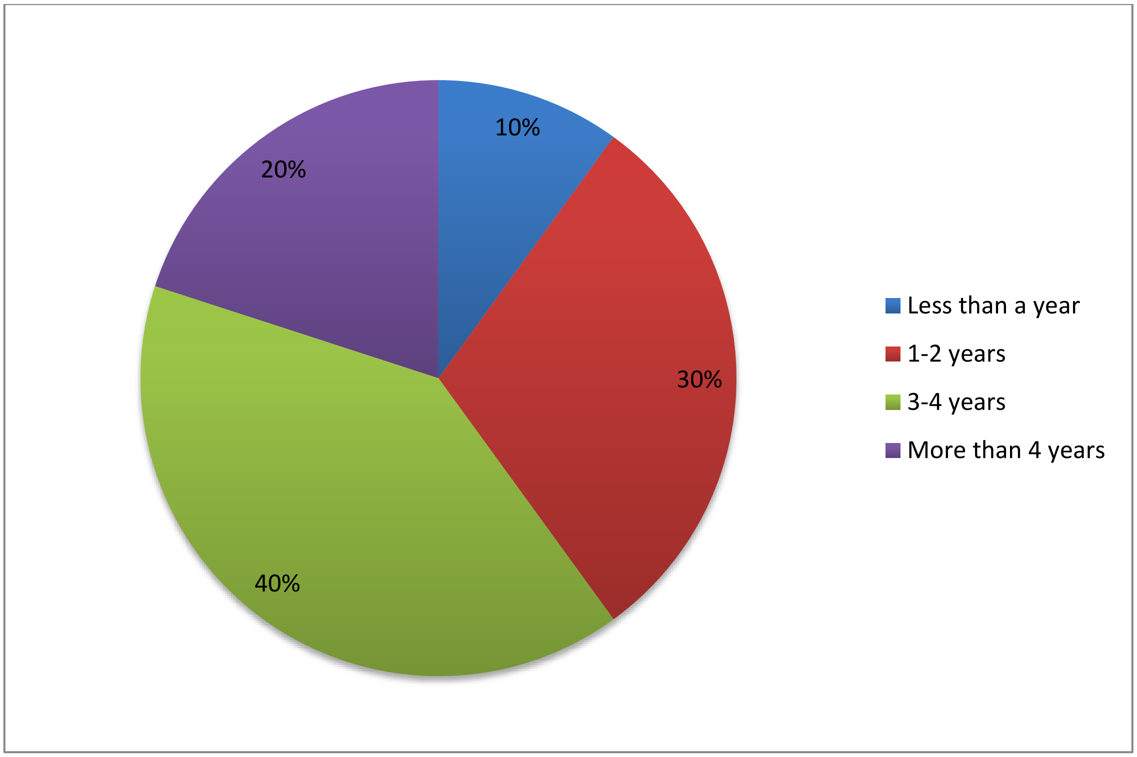

Figure 4. 3: Length of service

4.2.4 Educational level

40% of the respondents had a Certificate or Diploma qualification, 20% had a bachelor's degree, 30% had an Honours Degree, whilst 10% indicated that they had a master's degree. All the respondents in the study had some tertiary education. This means that they were able to comprehend the requirements of their work and answer competently the questions they were asked, which further contributes to the veracity of the research findings.

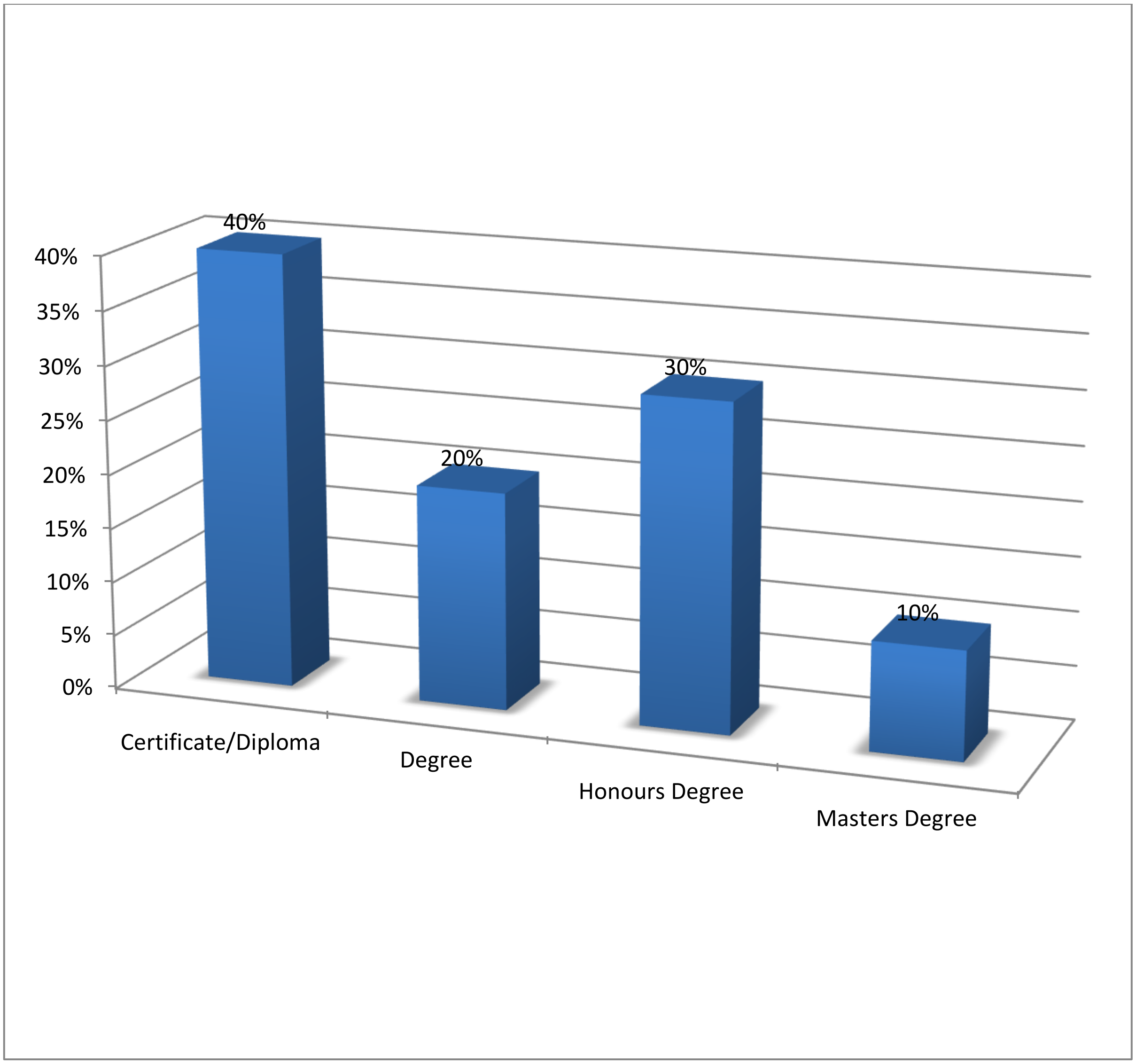

Figure 4. 4: Qualification

4.2.5 The process of selecting suppliers for an organisation has improved since the inception of the procurement Act?

80% of the participants indicated that the Procurement Act had improved the processes of selecting suppliers, whilst 20% thought there was no improvement. As indicated in the literature, the responses are generally in line with the sentiment that the public procurement process has improved because of the new legislation.

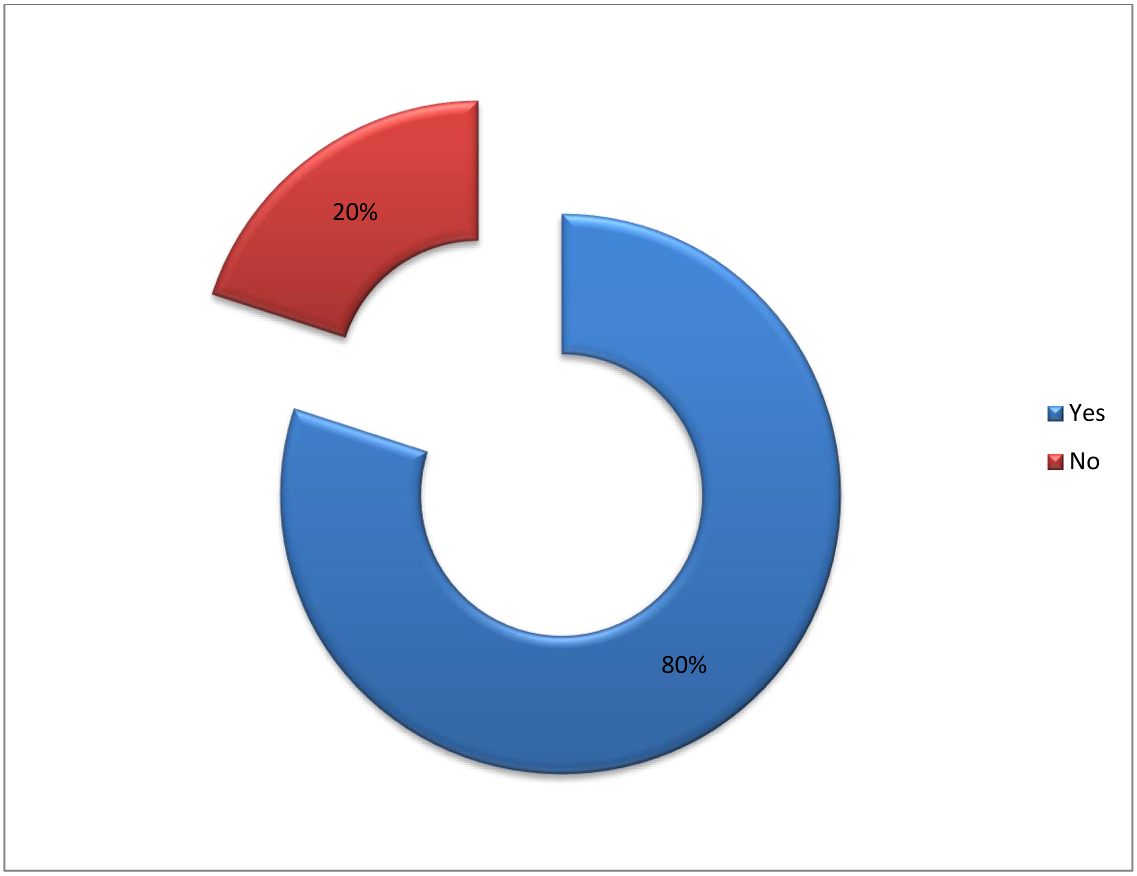

Figure 4. 5: Improved process of supplier

4.2.6 Has your organization implemented procurement practices to improve the performance of the procurement of goods and services?

A total of 10% of the participants indicated that their organisations had not implemented the procurement practices although it was in the process of implementation, whilst 90% indicated that the procurement practice was already implemented.

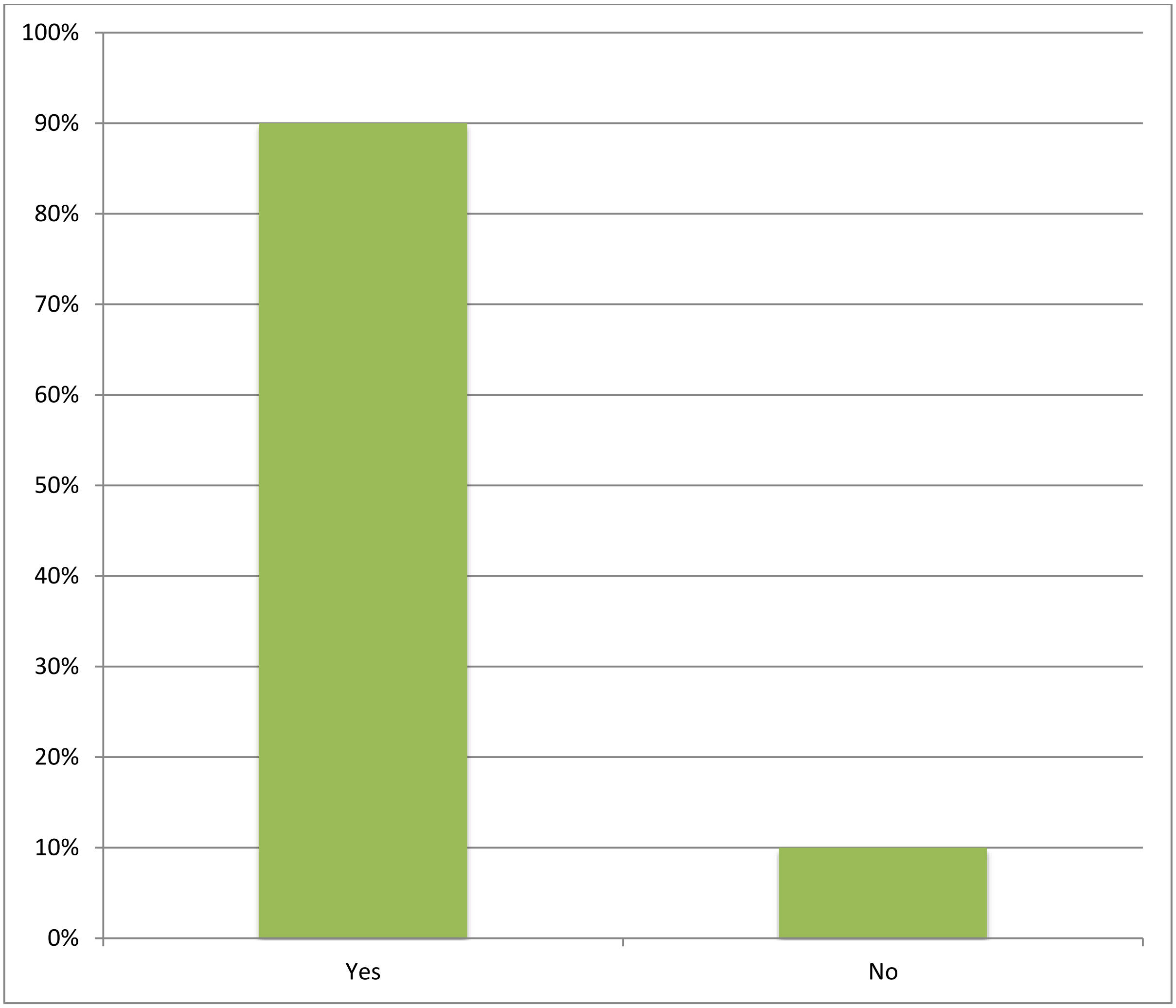

Figure 4. 6: Implementation of procurement

4.2.7 Has your organization implemented confidentiality practices to improve the performance of the procurement of goods and services?

Regarding the confidentiality practice, 95% of the respondents indicated that it was implemented in their organisations.

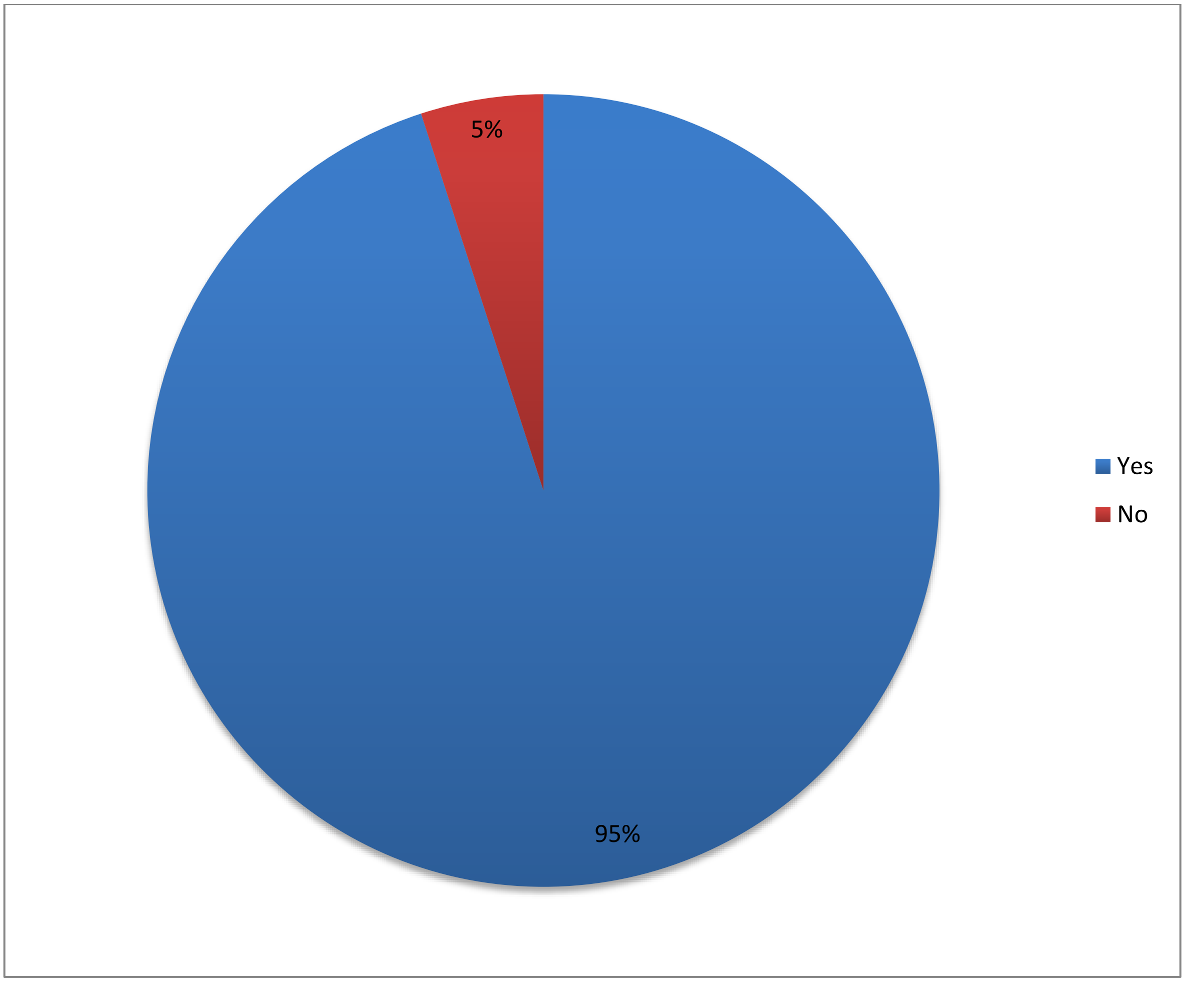

Figure 4. 7: Implementation of Confidentiality

4.2.8 Has your organization implemented procurement professionalism practice to improve the performance of the procurement of goods and services?

85% of the respondents indicated procurement professionalism implementation in the affirmative, while 15% indicated that it had not been implemented.

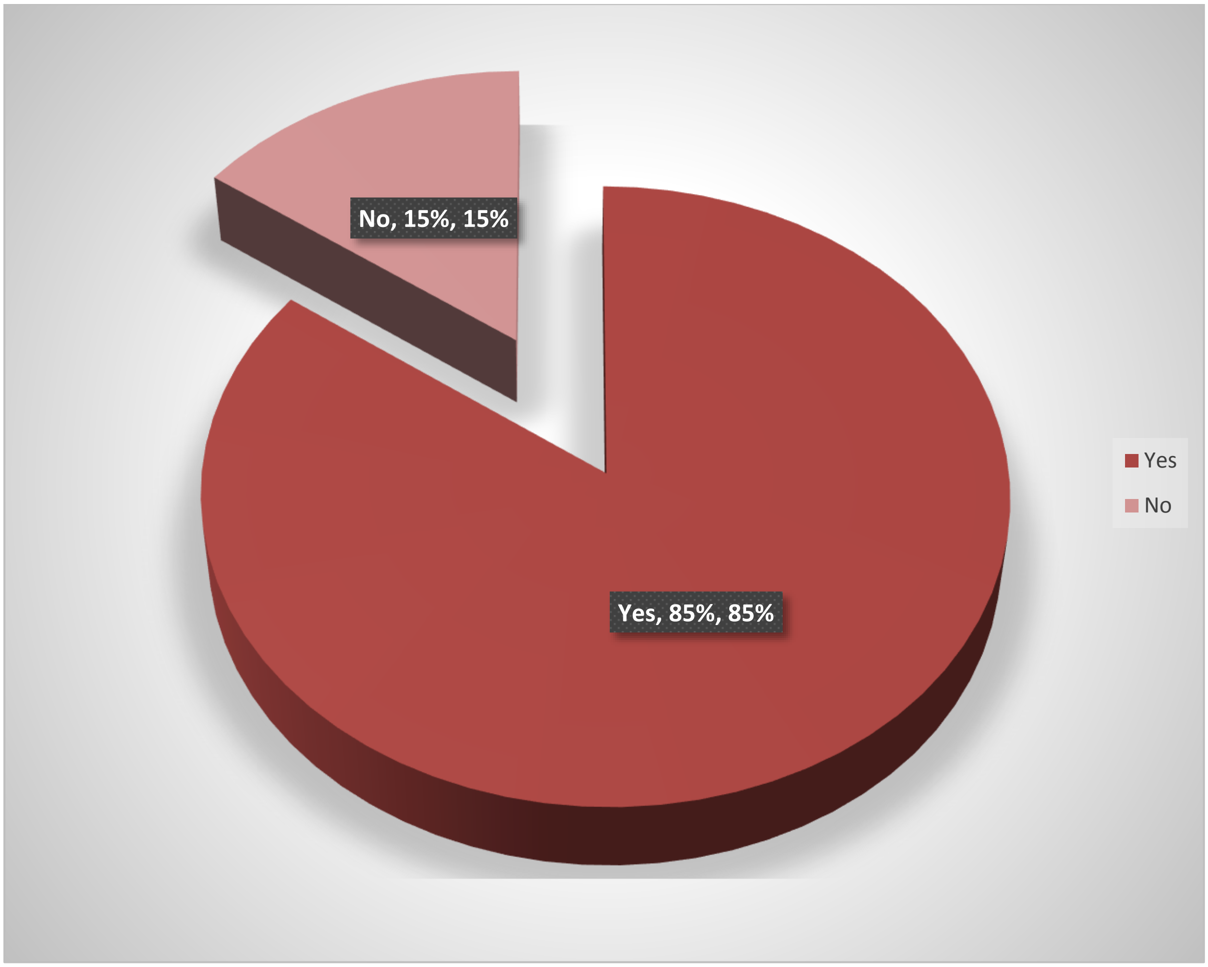

Figure 4. 8: Implementation of procurement professionalism practice

4.2.9 How effective is the Procurement Act?

A total of 40% of the respondents indicated that the effectiveness of the Procurement Act was high, whilst 30% indicated that it was just average. In addition, a total of 15% indicated that the effectiveness of the Procurement Act was low, and 5% indicated that it was very low, whilst another 5% indicated that it was very high.

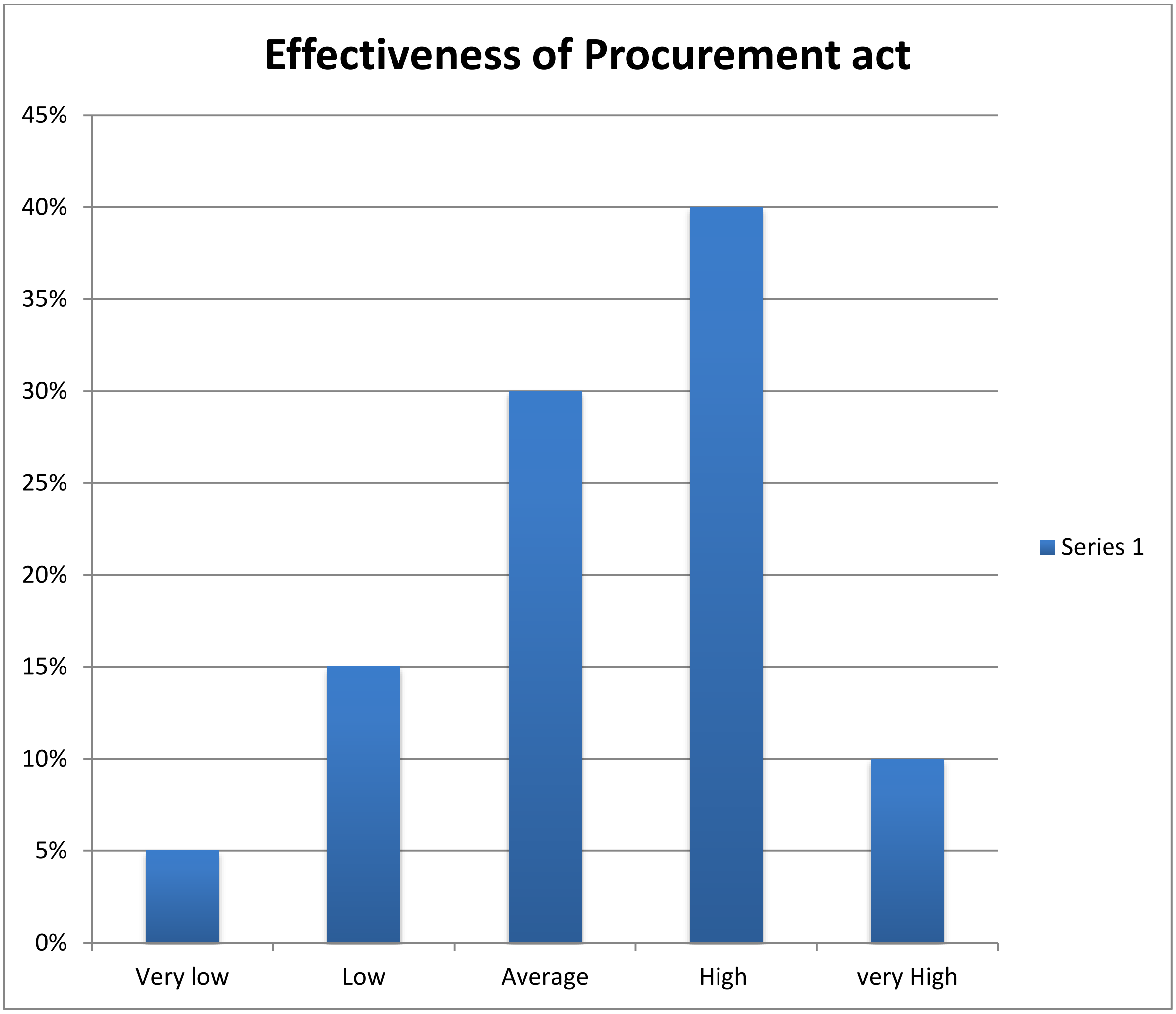

Figure 4. 9: Effectiveness of the procurement Act

4.2.10 What are the user's perceptions of the effect of procurement policies on the supply chain of Namibian companies?

The respondents indicated that public procurement provided multiple opportunities for public and private actors to divert public funds for private gain. If a country did not have a national procurement framework or policy, graft was inevitable as the system would be open to corruption, and public procurement would be unable to shake off the clouds of suspicion.

4.2.11 What perceived challenges do users face when using the Procurement Act to procure goods and services?

It was found that public authorities often sought exemptions from competitive procedures, possibly because time was short or for logistical reasons. This represented a “grey area” that was vulnerable to mismanagement and corruption because competition for contracts was limited or non-existent.

4.2.12 What did the Procurement Act achieve/fail in its implementation?

The act has prevented unnecessarily high costs of purchases, investments, services, or unnecessarily low income from licenses, permits and concessions, including the following:

- Burdening a government with financial obligations for purchases or investments that are not needed or are not economically justified at all, or are oversized
- Burdening a government with early repair costs to repair and maintain investments is too recent to justify or explain such maintenance costs.
- Sub-specification quality of supplies or works, not justifying the price actually paid.

4.2.13 What is the way forward? How can Namibia improve its procurement processes to supply goods and services?

The respondents indicated that the government should invest inappropriate information and communication technology through databases on goods' prices and services to support procurement officials in their daily work and decisions. The respondents also indicated that the buzz phrase was e-governance and hence the need to explore how this can be exploited to improve transparency and fairness. In addition, the respondents indicated that Namibia should adopt a more decentralised approach to procurement.

4.3 Summary

Building professionalism among procurement officials with common professional and ethical standards in Namibia. Procurement officials need to be equipped with adequate tools for improving planning and management, and their decisions need to be well informed in implementing the procurement act.

Three key conclusions can be made from the study. First, there was a general sentiment that there was much professionalism in the new public procurement environment. The second key conclusion is that most of the respondents feel that the new legislation has improved the overall public procurement process and policy. The third conclusion is that while the general sentiment is that the process has improved, some challenges still need to be addressed.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter is divided into the following sections. Section 5.1 draws the conclusions related to the results and analysis. Section 5.2 articulates the recommendations. Section 5.3 presents the limitations of the findings. Section 5.4 highlights areas for further research.

5.2 CONCLUSIONS

This study revealed that 40% of the respondents were males while 60% were female. A total of 80% of the participants indicated that the Procurement Act had improved the processes of selecting suppliers, while 20% thought there was no improvement. In addition, 40% of the respondents indicated that the effectiveness of the Procurement Act was high, and 30% indicated that it was just average. A total of 15% indicated that it was low, and 5% indicated that it was very low, while another 5% indicated that it was very high. The respondents indicated that Government should invest inappropriate information and communication technology through databases on goods' prices and services to support procurement officials in their daily work and decisions.

Be that as it may, a key challenge in Namibia has been the need to define an adequate level of transparency to ensure fair and equal treatment of providers and integrity in public procurement, given that transparency in public procurement bears an immediate cost for both government and bidders. However, it is a critical element in supporting fundamental principles of the public procurement system, especially competition and integrity. Namibia needs to find an adequate balance between ensuring transparency, providing equal opportunities for bidders, and other concerns, particularly efficiency. Suppose the level of transparency is adequately defined. In that case, the benefits will outweigh the costs, especially when comparing the initial cost of transparency with the potential negative consequences of corruption on public funds relating to procurement and possibly public trust. Training should be provided as some respondents indicated that they had not yet implemented the procurement act in their organisations.

One of the consistent outcomes from the empirical research is that most of the respondents are of the opinion that the situation in Namibia now, especially with the enactment of the new public procurement law, the situation is much better. This compares favourably with the situation described in literature where legislation existing during colonial rule was racially biased and did not include the interests of the black majority in its implementation.

One of the findings from literature which were confirmed in the interview is that while the public procurement processes in developing countries are weak, this situation is replicated in Namibia. For instance, Roos (2012) suggests that the lack of adequate procurement legislation and insufficient transparency and accessibility of the public procurement market have led to poor performance and reduced trust in the system. Additionally, Ellmers (2011) and Maamberua (2005) identify several gaps in the current procurement system. They state that the current Procurement Act, 2015, is included in the Tender Board Act of 1996 and is not aligned with the government's policy development in which procurement is seen as a central tool to achieve socio-economic objectives.

One of the ways in which the primary data and the literature dovetailed is on the issue of the public procurement performance. The empirical data from the research respondents showed an overall appreciation of the public procurement policy as well as the legislation underpinning that policy. This was mirrored in literature where Byanguye (2017) admits that the performance process is not only limited to the public procurement personnel but an entity’s board of directors, management, and other personnel. This is further confirmed by Mawanda (2014) who notes that the optimum performance needs to be a culmination of the whole system moving in sync to achieve the set public procurement objectives.

5.3 RECOMMENDATIONS

The streamlining and centralisation of procurement procedures inclusive of public enterprises as provided for in the new Public Procurement Bill has been applauded by the researcher. There should be promotion and enhancement of transparency regarding preferential procurement policies, determinants, and related information for the public. There is a promotion of inclusion of new entrants in the supplier value chain, and the prioritisation of locally produced or manufactured goods is encouraged.

5.4 LIMITATIONS OF THE FINDINGS

Some respondents did not have adequate time to respond conclusively to the questionnaire due to their busy schedules. Some respondents also might not have understood the questions and some participants were not available when called upon by the researcher for further clarifications on their responses. This was overcome by using the mixed methods approach, which was used in the study and made use of both qualitative and quantitative research findings.

5.5 AREAS FOR FURTHER RESEARCH

Further research is recommended on how practical the Procurement Act is, the process, and the Procurement Bill pursued by the researcher. Further studies may also investigate how the current policy and legislative framework can address some historical imbalances. Additionally, a purely quantitative study looking at the correlation between the educational levels of the respondents and the effectiveness of implementing the new legislation will also bring some important insights.

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APPENDIX A: Questionnaire

Acknowledgement of Consent

Topic: An investigative study into the impact of the newly introduced procurement policy on the supply chain departments in Namibia

To the respondent,

I Martha Naalonge Shikongo, a student at the Namibia Business School (NBS) at the university of Namibia (UNAM). I am pursuing a master's degree in Business Administration (MBA) with a speciality in Finance. This questionnaire/interview is being conducted to write a thesis is partial fulfilment of the requirements for a master's degree. Please be consonant that your participation in the questionnaire/interview is voluntary. The questionnaire/interview will be less than 20 minutes.

Be assured that your response will be anonymous. The results will be used for research purposes and only be published as well as presented in aggregate.

Your participation is this research is highly appreciated.

Yours faithfully,

Martha N Shikongo

AN INVESTIGATIVE STUDY INTO THE IMPACT OF THE NEWLY INTRODUCED PROCUREMENT POLICY ON THE SUPPLY CHAIN DEPARTMENTS IN NAMIBIA

Research Questionnaire
Respondent profile

1. Gender
    a) Male { }
    b) Female { }
2. What is your Age Bracket?
    a) 18-25 years { }
    b) 26-35 years { }
    c) 36-45years { }
    d) Above 45 Years { }
3. Length of continuous service with the organisation?
    a) Less than 1 year { }
    b) 1-2 years { }
    c) 3-4 years { }
    d) More than 4 Years { }
4. What is your qualification?
    a) Certificates or Diploma { }
    b) Degree { }
    c) Honours Degree { }
    d) Masters Degree and above { }
5. The processes of selecting suppliers to the organisation, has it improved since the inception of the procurement Act?

a) Yes { }

b) No { }

6. Has your organisation implemented procurement practice in an effort to improve the performance of the procurement of goods and services?

a) Yes { }

b) No { }

7. Has your organisation implemented confidentiality practice in an effort to improve the performance of the procurement of goods and services?

a) Yes { }

b) No { }

8. Has your organisation implemented procurement professionalism practice to improve the performance of the procurement of goods and services?

a) Yes { }

b) No { }

9. How effective is the procurement Act,2015 (Act No. 15 of 2015)?

   a) Very high { }

   b) High { }

   c) Average { }

   d) Low { }

   e) Very Low { }

10. What is the user's perception of the effect of procurement policies on the supply chain of Namibian companies?

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11. What perceived challenges do users face when using the Procurement Act of 2015 to procure goods and services?

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12. What did the procurement Act 2015 achieve or fail to achieve in its implementation?

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13. What is the way forward? How can Namibia improve its procurement processes?

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APPENDIX B: LANGUAGE EDITING CERTIFICATE

Dr.GM

The Rev. Dr. Greenfield Mwakipesile

ThD, MBA, HBS | mwakipg@outlook.com

CONTACT

PO Box 99539,
UNAM,
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

7th February 2022

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF MARTHA SHIKONGO's THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **MARTHA SHIKONGO's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN INVESTIGATIVE STUDY INTO THE IMPACT OF THE NEWLY INTRODUCED PROCUREMENT POLICY ON THE SUPPLY CHAIN DEPARTMENTS IN NAMIBIA**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, Eswatini, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile

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Dr. Greenfield Mwakipesile