

Black economic empowerment, development and seeking justice at South African municipalities: A closer look at two case studies

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Although South African and international research has been enriched by a wide variety of empirical findings regarding supply chain management (SCM) corruption in South Africa, there is a significant gap in the literature, particularly in terms of the direct and indirect connections of black economic empowerment (BEE) entrepreneurs, local government and to processes of SCM at South African municipalities. This study is based on an inductive, qualitative and interpretative methodology aimed at analysing and dissecting relationships in the context of BEE entrepreneurs engaging in corruption. Within this realm of corruption, the article also looks at the role of supply chain and procurement at two South African municipalities. The municipalities selected were situated in both urban and rural areas in KwaZulu-Natal and the Eastern Cape. The eight interviewees represented the political, administrative and workers' sections of the municipalities. The findings pinpoint the realities of aspects of BEE associated with the nature of corruption in public procurement in the municipalities and the influence of BEE entrepreneurs in processes of corruption, particularly in SCM functions and processes.

Contribution: Corruption remains a key threat to South Africa's young democracy. This is particularly true at the local level, the central pivot in our society building exercise. A multidisciplinary journal of this nature will benefit from the focus of this article, particularly in light of the fact that it also hopes to ignite thought around the moral ramifications of rampant corruption in South Africa.

Keywords: black economic empowerment; supply chain management; corruption; South Africa; municipalities.

Introduction and context

Supply chain management (SCM) and procurement in the South African public sector is an institutional system based on clear functional and operational imperatives that are described in detail in the country's legal system. It comprises a plethora of rules and regulations emanating from the country's National Treasury (Republic of South Africa [RSA] 1999, 2003a).

Supply Chain Management, as a system, is key to the interconnection and relationships between its structures and functions, in line with municipal value and financial performance. This means that the supply chain strategies and tactics can only be successful when it coheres with supply chain partners, financial leadership and organisational personnel. Academic discourse and contributions on the subject remain vague and fragmented but cannot be relegated or underestimated (Vousinas 2019; Wieland, Handfield & Durach 2016:206).

For supply chain to be successful, comprehensive planning, designing and implementation of the functions and processes of the system is needed. Furthermore, effectiveness and efficiency can only become a reality when the fundamentals of risk, supply and demand, logistics, risk, sourcing and acquisitions are in place. The tactical and strategic aims and objectives of a public service institution, particularly municipalities can only be successful when their leadership and management guarantee the effective operation, functional and solid SCM operationalisation that is founded on well-planned external and internal controls. These controls need to be rooted in honesty, accountability, efficiency and transparency (RSA 2000b).

Public institutions need to be centrally monitored through the utilisation of technological systems that are regularly updated. The existence and maintenance of such processes and functions are central in the efforts of leaders and managers to nullify existing human resource weaknesses

evident in the system, but above all, to fight against fraud, theft and corruption. For such a structure and process to be successful, a digital system that is technologically advanced at all operational levels is inevitable, because the provision of direct access to a wide variety of financial reports in sections and/or departments of the public institutions is the foundation of future success. Such processes can enable the consistent updating of departmental reports and further to this, the relevant state authorities can perform their evaluation and monitoring responsibilities in their effort to assess the progress of designated programmes.

These SCM and procurement laws and the regular treasury reports and regulations are considered the foundations of the ethical behaviour of state institutions. Included here, one needs to consider the behaviour of potential tender clients and the beneficiaries of black economic empowerment (BEE) dynamics.

This article falls in line with the new production of knowledge regarding corruption in procurement and SCM, particularly in terms of the direct and indirect connections of BEE entrepreneurs, local government officials and the processes of SCM at South African municipalities.

The municipal supply chain legislation in South Africa is the first dynamic to be considered in this regard.

Municipal legislation in South Africa

According to the Constitution of the Republic of South Africa, 1996, Section 52, Chapter 10 local government in South Africa consists of metropolitan, district and local municipalities. The foundations upon which municipalities must base their functional foundations and governing principles that are included in Section 195 of Chapter 10 of the Constitution are development-based orientation; professional ethics of high standards; efficient, effective and economic utilisation of resources; equitable, impartial, fair and unbiased services; citizens' public participation in policy-making; responding to people's needs and providing the public with timely, accurate and accessible information with transparency and accountability (RSA 1996, s.195, ch. 10).

South Africa's Constitution has set the municipal framework of the country in Section 52 of Chapter 5. The three main categories are the metropolitan (also known as metros), the district municipalities and the local municipalities under the control of the district municipalities.

The key principles upon which the fundamental priorities of municipalities are based include professional adherence to honest and efficient utilisation of municipal resources and being accountable and equitable. It also includes strong and active community participation in policymaking; a well-planned and implemented response to the needs of communities and staff accountability in public administration. In addition, municipalities are to provide accurate, important

and timely information to communities and should foster transparency as spelt out in the Constitution, Section 52 of Chapter 5 (RSA 1996).

The authority of the Municipal Council lies primarily in its function to plan and implement the development of the debt collection and credit control initiatives in respect of municipal rates, accompanied by services rendered and the charges. These crucial initiatives are detailed in Sections 95 and 96 of the *Municipal Systems Act, 32 of 2000* (RSA 2000a). The act identified important steps directly related to debt collection and credit control policies that need to be adopted as an integral part of the municipal by-laws. Such initiatives are considered critically important (RSA 2000a).

The act points to the multi-dimensional relationships between municipal financial realities and SCM and procurement functions and responsibilities. The connectivity of the relationship between financial realities and actions; and SCM and procurement are rooted in the realities of connected and collaborative planning, operational readiness and implementation leading to growth.

Inevitably all these responsibilities are in the hands of the municipalities' political and administrative leadership and staff, the main institutional stakeholders, who together with their communities should follow what has been described as the foundation of achieving a transparent and efficient municipality – the *Municipal Finance Management Act, 56 of 2003* (RSA 2003a) and other related legislation and its application (Kanyane 2011:935).

The act (RSA 2003a) is established:

[T]o secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and provide for matters connected herewith. (p. 23)

The budget process of any municipality must be transparent and require the involvement of the community in terms of Section 21A of the *Municipal Systems Act, 32 of 2000*.

All information and decision-making pertaining to the budget should be undertaken in a transparent and consultative manner. The adopted budget should then be made available as a public document (RSA 2000a).

Furthermore, it is the responsibility of each municipality to employ well-planned financial measures to ensure that the municipal council collectively approves sustainable strategies and steps leading to the implementation of credible budgets. A sustainable budget is defined (Sheehan 2005) as:

[A] fiscal strategy which can continue to exist for the foreseeable future without any substantial change, and in particular without any sharp changes in tax rates or spending to prevent a substantial deterioration in fiscal position. (p. 65)

The additional legislative framework governing SCM including the *Municipal Finance Management Act, 56 of 2003* (RSA 2003a) can be classified as a 'reform procurement legislation of the public sector' as it was based on a principle based on economic and social transformation emphasising the crucial importance of BEE. Such a brave initiative was rooted on the undertaking of policy directions of the new democratic government based on the expectation of the development of a 'mixed economy' founded on the Reconstruction and Development Programme (RDP) (RSA 1994).

The RDP lasted no more than one and a half years and was followed by the Growth, Employment and Redistribution Strategy (GEAR) (RSA National Treasury 1995).

These initiatives were accompanied by a continuous effort on the part of government to assist the elevation of the population's skills development pool in the country. Such an initiative took place around the promotion supplemented by a nation-wide public campaign that was based on the perpetual promotion of belief and adherence to the highest levels of good and honest governance, achievement of the highest international standards, transparency, accountability, economic and social development, accountability, transparency and active public participation (RSA 1994, 1996).

Within a carefully planned SCM based on the above laws, rules and regulations, procurement was to be the centre and foundation of organisational excellence and good governance. This, together with a joint effort of all state organisations and private sector entrepreneurs would be able to connect supply chain and procurement systems rooted in excellence, in a highly competitive environment.

An ethical, well-planned and implemented SCM process would be at the forefront of transparent, effective and efficient governance and the foundation of social and economic development, transformation and empowerment. The transformation effort of the new democratic government began with the *PPPEA* (the *Preferential Procurement Policy Framework Act 2000, Act 5 of 2000*) (RSA 2000b), which is based on the determination of the democratic government to promote BEE and economic and social development. The act is rooted in the reality of planning and implementation of a procurement system that was preferential and it was founded on a well-planned elaboration and expansion of Sections 217(3) and 217(b) of the country's Constitution. The sections indicate that when an organ of state contracts for services or goods, it must act in an equitable and transparent way.

It was founded on a number of goals that were to benefit groups and individuals who were historically disadvantaged during the period of the apartheid government. The major groups who were destined to benefit from this pioneering new policy were black people, women and the 'differently abled'. According to the law it was the responsibility of a state organ to determine and decide on the particularities of its own

procurement policy planning and subsequent implementation according to the dictates of Section 2(1) of the *PPPEA*. The establishment of a point preference system should be in accordance with a series of complementary legislative measures. The *PPPEA* was expanded by the wider *BBBEEA* (the *Broad Based Black Economic Empowerment Act 2003 Act 53 of 2003*) (RSA 2003b). The *BBBEEA* are principally aimed processes that led to the strengthening of the application and particularities of the good contact codes for BEE. The act was promulgated to establish a framework leading to the promotion of BEE. This could succeed with the empowering of the Minister in order to issue codes of good practice and publish transformation charters; and to establish the BEE Advisory Council.

The legislation was promulgated in terms of expanding opportunities for the black population through the introduction of several new qualification criteria which are directly related to assets that belong to the state, provision of new licences and the expansion of equity and transformation criteria in terms of private-public partnerships. Its main aim was founded on the belief that the success of such initiatives would be instrumental in shaping a new progressive reality in cementing the key objectives, dynamics, functions and processes associated with the key aims of the *BBBEEA* at all societal and economic levels (Van der Waldt et al. 2002:38).

The new law used a 'balanced scorecard' in the process of measuring and setting the parameters that point to the failure or the success of the set of guidelines, rules and regulations that are directly associated with the dictates of the law. According to the strategy for BEE, the state's strategic goals set in terms of the *BBBEEA* are visionary because of the strategic utilisation of the new policy.

The aspiration of the African National Congress (ANC) government leadership of the time and its Department of Labour associated with planning and implementation of the new legislation was to produce, develop and cement the *BBBEE* targets. It was hoped that proper implementation of the laws and regulations would build a new future where the economic and social inequalities of the apartheid regime would disappear because of a developmental transformation agenda.

Literature review

Sharma, Sengupta and Panja (2019:950) have shown that internationally SCM is a process encompassing a wide variety of functions such as buying, renting, contracting, purchasing, leasing and acquisition. Its emphasis is nestled in a number of principles including integrity, equity, integrity, efficiency and economy. These are accompanied by the equally important values of honesty, fairness, cost-effectiveness, competitiveness and transparency (Simangunsong, Hendry & Stevenson 2016). The process's fundamental principles are ethics, accountability, open competition, value for money, fair dealing and equity (Enderle 2015:60).

The SCM model used in South Africa, according to the existing laws, such as the *PPFFA* and *BBBEEA* as identified earlier, provides a number of particulars including the 'demand management', followed by the 'acquisition management'. It also includes 'performance management' as outlined in detail by Manzini et al. (2019:119–120). It utilises a three-bid committee responsible for the processes and functions of specification, evaluation and adjudication for services and goods above R200.00 threshold.

The municipal SCM systems and operations as found in the MFMA were structured as the foundations of a new path to development and transformation, meaning that the SCM systems and processes were expected to ensure and promote effectiveness and accountability at all levels (Van der Waldt 2016:301–302). Within these processes, the internal control guarantees the efficiency of financial reporting of the organisation, and compliance with SCM laws, rules and regulations. The new initiatives were described as a step forward towards a finance-based reform strategy for municipalities in the effort for transparent quality service delivery (Van der Waldt 2016:299).

The existing hopes associated with a rigorous implementation of the laws and regulations by municipalities did not last long. In an important empirical study, Mhelembe and Mafini (2019) showed that the South African public sector including the municipalities have, over the years, faced a large number of external and internal risks that were crucial in limiting the performance of the existing supply chain. The objective of the above empirical study was to empirically test the relationship amongst flexibility, supply chain risks and performance in the South African public sector. The researchers administered a survey questionnaire to 307 supply chain practitioners based in the Gauteng public sector. The utilisation of a structural equation modelling procedure was the basis in the process of testing the proposed relationships. The findings of the study indicated that the existence of six supply chain risk factors, including government laws; rules, regulations and policies; supply-based complexity, security information; continuous performance monitoring of suppliers and efficiency of processes have significant influences on supply chain flexibility (Mhelembe & Mafini 2019).

The South African Auditor-General's (AG) 2021 report described the situation in the municipalities as extremely negative and both political and administrative leaders were called to commit themselves with strong determination to tackle the high levels of corruption and irregular expenditure in all municipalities (Auditor General South Africa [AGSA] 2021:11). The root of the unacceptable results was that most municipalities did not follow, plan and implement the guidance and recommendations of the Auditor General's office. Furthermore, municipalities failed to master the foundations of financial reporting, a fact that led to only 28% of municipalities submitting quality financial statements for auditing. The report indicated that inadequate financial reporting has cost municipalities over R5-billion. Subsequently,

18% of this cost was based on the continuous employment of financial reporting consultants. This even though only 2% of municipalities needed consultants, who have been used to 'bridge the vacancy gap'.

Despite this, a number of municipalities employed and paid consultants although they had capable finance units. This once again highlighted the realities associated with the appointment of consultants as it was noted that 64% of municipalities failed to provide detailed records on consultants, many of whom were appointed very late, or did not manage the consultants' performance rigorously and effectively.

Another significant problem as highlighted by the Auditor General, was the inability to audit contracts because municipalities failed to produce and present evidence and documents to support supply chain and procurement processes. The lack of proper and complete records led to unreliable financial reporting during the year. This resulted in serious harm to municipalities and compromised their ability to deliver an effective, honest and efficient service mandate to the people.

Continuous poor supply chain procurement and budgeting practices led to ineffective financial management. Nonetheless, several municipalities received conditional grants as the municipal leadership and the AGSA were of the view that such an initiative would ensure better operations in their efforts to improve service delivery for their communities. During the operations of the new effort and processes, the Auditor General's Office was unable to find substantial proof on how the money was utilised, resulting in five municipalities being kept under administration for another two years because of their poor performance. Although measures were planned and implemented, these municipalities continued to perform poorly. According to AGSA, these municipalities lacked effectiveness and efficiency of their administration processes. Because of these realities AGSA advised the municipal leaderships to avoid implementing short-term solutions that lead to the draining of money. On the other hand, the expected monitoring and evaluation of municipalities under administration as well as the support and knowledge of consultants have proved to be unworkable strategies at various operational levels. This meant that the foundation of future success was in the hands of municipal, political and administrative leadership to ensure a culture of accountability and good governance. The municipal transformation and success would be the only solution in the process of improving performance and financial management through a well-planned implementation of new strategies and tactics in the fight against accountability failures.

Furthermore, the Auditor General's Office indicated that the financial circumstances facing just over a quarter of municipalities have indicated that they would be unable to

meet their obligations. In addition, half of the municipalities have shown indications of serious financial strain, including operational deficits, low debt recovery and inability to pay creditors. These issues have been confirmed by the fact that local government loses billions of rands every year because of penalties and interest that form a significant portion of the incurred R3.47-billion of wasteful expenditure reported during the financial year. This demonstrates that municipalities fail because they do not pay attention to the entity's consequence management, a fact that can only be solved when municipal managers act swiftly to prevent the continuity of the deterioration of their municipalities and enforce the relevant consequences for those responsible. If this is not achieved, the Auditor General's Office is obligated to implement further remedial action (Auditor General South Africa 2021).

Research methods

The utilisation of an inductive, qualitative and interpretative paradigm aimed at researching the relationship between the BEE entrepreneurs, role of the supply chain and procurement realities and corruption at two South African municipalities. The selected municipalities were situated in KwaZulu-Natal and the Eastern Cape. The lived experiences and knowledge of the interviewees were municipal councillors and administrators with direct knowledge and understanding of the financial and political realities of the organisations. The group of eight interviewees comprises of politicians and administrators.

They all have experience of the existing relationships amongst key players in the municipalities, the functions and process of SCM and procurement in their institutions, including the gaps, strengths and weakness. Two trade unionists were amongst the interviewees. The interviews took place electronically because of the existing COVID-19 circumstances.

The selection of the interviewees was based on the knowledge of the researcher pertaining to previous dynamics around data gathering in this area of intellectual enquiry. In addition, it was based on wide-ranging knowledge of the participants and their understanding and first-hand experience of the realities within their organisations. The number of officials interviewed is according to the widely acknowledged positions of Marshall et al. (2013), and Dworkin (2012), who have advocated for the significance of a smaller number of interviewees in the process of qualitative research. The group included six male and two female interviewees.

Semi-structured interviews were conducted to elicit information from the relevant interviewees (Gill & Baillie 2018) while the open-ended interviews were more flexible and were based on an in-depth interviewing approach (Tod 2006).

An audio recording was made during the interviews and the data were transcribed by the researchers. The following questions were posed to the interviewees:

- What is the nature of corruption in public procurement in your municipality and the influence of BEE businesspeople?
- In which sections of the SCM is corruption taking place, in most cases?
- Who are the key allies of the BEE businesspeople in the corruption process?
- What is the relationship of councillors and administrators with the BEE businesspeople in SCM functions and processes?

A flexible thematic analysis was applied in the study. According to Clarke and Braun (2013), thematic analysis is a widely used form of analysis within qualitative research and emphasises interpreting patterns of meaning (or themes) within qualitative data.

The analysis was performed by the researcher who possesses the required disciplinary knowledge and the necessary research skills and experience. There were two ways to test this study's validity: the use of the external expert in this field of study and through a peer review process. An external expert was used to assess the quality of the collected data. The entire study process was reviewed by another researcher who was not directly involved in the process.

This empirical study was informed by the provisions of the *Protection of Personal Information Act, 2013 (POPIA) (Act No. 41 of 2013)* (RSA 2013); confidentiality was maintained during the entire research process.

Analysis of data

Even though there have been several empirical studies and well-researched academic articles on municipal corruption and the importance of supply chain and procurement, there is significant gap in literature on the role of 'representatives of the BEE group/s' (including the black African, Indian, and 'coloured' entrepreneurs and companies) associated with corrupt acts. It is believed that this article will bring a new understanding of these important relationships.

The corruption process in public procurement in a municipality and the influence of black economic empowerment businesspeople

There was a common belief amongst all interviewees that most entrepreneurs who 'scored' in the tenders were members of a 'BEE group'. This reality included sophisticated and expensive projects mainly in the infrastructure sector. On a number of occasions, the Indian BEE group were beneficiaries, especially in the KwaZulu-Natal municipalities, as it is the province with the largest Indian population in the country (Interviewees 1, 2, 3, 4, 5, 6, 7 and 8). It was believed by most respondents that after the advertisement of the tender, the interested companies came in direct and immediate contact with senior or middle management staff they operated with. In this process, detailed inside information was crucial for the prospective tenderers. Such information from knowledgeable and particularly senior or

SCM employees was considered 'costly' or 'very costly' depending on the monetary value of the tender (Interviewees 3, 5, 7 and 8). Given the expected competition in each tender, another 'costly issue' was the possible 'competitors' in the process, the reserve price and the final value of the contract and any information which they thought could help them win a tender. In most cases, the competition is so strong and diversified that when the information reaches the entrepreneur, the immediate step forward is the employment contract for an auditor, accountant, technical or infrastructure-based professionals to structure the proposal for the preparation of the final step (Interviewees 1, 4, 6 and 8).

It was strongly felt that such processes ultimately led to the manipulation of the contracting processes in such a way as to ensure that public contracts go to specific companies. In the vast majority of cases, the successful tenderers had close relations with politicians of the ruling parties dominating the municipality or businesspeople who have provided financial support to politicians, administrators and political parties dominating the municipality. Those who win tenders are basically financiers of political or administrative rich lifestyles and personal and professional careers. These are corrupt relationships of a reciprocal nature as the tenderers who are successful are corrupt and exponents of clientelism and nepotism. These relationships have been considered as key reasons for the erosion of the quality of service to the communities they ought to serve (Interviewees 1, 3, 6, 7 and 8).

The sections of the supply chain management where corruption takes place in most cases

The majority of respondents indicated that the key sections where corruption is rooted besides the issues outlined above were initially the sections of the internal controls and audit sections, which ought to review all checks and balances methods and procedures in the process, guaranteeing an efficient and appropriate manner in the effort to ensure that the processes take place in an efficient and orderly manner. It was said that these were the roots of safeguarding assets and resources, thus deterring and detecting errors, fraud, and theft, and ensure accuracy and completeness of accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans. It was believed that such controls and audits were either weak because of the lack of knowledge on the part of the leadership, management and employees or the existence of corrupt relations with outsiders during the process (Interviewees 2, 3, 5, 6, 7 and 8).

The lack of monitoring data against indicators of fraud and corruption was also mentioned as a key weakness in the system, a process associated with the coverage of the collection of data from a wide variety of sources and its input into appropriate data management systems for interrogation enabling the identification of indicators of fraud and corruption. Such a step is directly related to the collation and interrogation of data and monitoring against

indicators of fraud and corruption (Interviewees 3, 4 and 7). It was stated that expected outcomes were often not appropriate in the relations that were analysed; this was for several reasons. This meant that the priority of the questionable data and their interrogation was often not completed, meaning that it did not reach the responsible management personnel of the entity. Many reasons were cited and were associated with personal, professional and political relations existing within the municipality and the relevant sector. Such realities led to the lack of identification of possible fraud and corruption situations. This led to the lack of internal consistency and compliance with the existing structure, authorities and existing rules (Interviewees 1, 3, 6, 7 and 8).

Another key issue mentioned was the lack of knowledge or direct weakness of employees in the sphere of technology and digital realities associated with the job. Such weakness leads to the fact of the advantages of paid consultants of tenderers or potential tenderers such as technology experts, accountants and auditors to take advantage of weaknesses. These groups utilised the employees' lack of knowledge to take advantage of the process. Such employees lack the technical knowledge and capacity to investigate and detect corruption. What makes the situation more difficult is the fact that many municipalities cannot upgrade their technological systems because of the lack of funds from the provincial and local governments. This restricts the ability for serious investigations and prosecution of such high-level corruption (Interviewees 1, 3, 5, 7 and 8).

Key allies of the black economic empowerment businesspeople in the corruption process and results

This question opened several different dimensions in the empirical terrain because a wide social group of people emerge as the category of key allies. The connections mentioned were family-related, group connections, political alliances, administrative friendships and collegiality based on high school and university connections. The political, administrative and family connections of key municipal management and employees were the majority. In KwaZulu-Natal, the close relations of a small number of families with both political and administrative connections were mentioned as 'very well known' throughout the province, the ruling party and almost everyone. Furthermore, it was stated that these key allies had historical and political roots and their expansion were known nationally. Their supply chain 'achievements' were known at local universities and provincial governments (Interviewees 2, 4, 6, 7 and 8).

It was believed that the allies of BEE businesspersons controlled the systems, processes and dynamics of supply chain and procurement systems because of their friendships and allowances within and outside the municipality, ordering key people and pinpointing their 'next step' forward. Such a reality outlines the control, manipulation and weaknesses of the system (Interviewees 1, 3, 5, 7 and 8).

It must be noted, however, that there have been cases of major BEE tender winners who have been described as being key manipulators of procurement. Their efforts at perpetuating corruption would not have been successful if processes of SCM and procurement were not weak. There were, however, cases described whereby the BEE tenderers had shown exceptional knowledge and strategies in respect of the functions and processes that exist in the SCM and procurement systems. There were tenderers who manipulated the system through the presentation of bogus securities, thus achieving success although the firm showed no capacity to deliver the infrastructure required. There have been a number of documented manipulations of tenders through presentations of fake documentation (Interviewees 1, 3, 5 and 7).

The relationship of councillors and administrators with the black economic empowerment businesspeople in supply chain management functions and processes

The question attracted a wide variety of responses utilising different words, phrases and sentences, but mostly underlying a common denominator. An interviewee summarised the common beliefs as follows:

‘Municipal tenders throughout the country have become a machine that leads to the road of wealth firstly for politicians and those who support them. It is a system of politics and money, and politicians need money, not only to build big house and farms, but also to support their next national and municipal elections. In these situations, they know they can do very little about the tender’s situation because they know very little about what is really happening. This means that they need to be in top terms with the municipal managers, the audit and SCM committees and administrators. Politicians mostly lead a good and rich life, but they have been used to luxury lives, they need the employees and their leadership to recover their expenses because they live a rich life, they get loans and must repay them. However, they can get money from companies they help to win big or medium tenders, the politicians and administrators can recoup the expenses, while the communities live in the outskirts of poverty and homelessness.’ (Interviewee 7, trade unionist, Eastern Cape municipality)

Such a statement was enriched by several additional comments associated with the issue of relationships amongst politicians and administrators. There was a general agreement that a large number of both the municipal councillors and SCM management and staff of the SCM have insufficient knowledge and understanding of the countries and procurement laws, regulations and systems. This means that in such cases many administration officials follow the politicians’ instruction and employ accounting or auditor firms as well as legal practitioners who operate as mediators. However, the reality outlined by the interviewees was that in most cases, the ignorance or limited knowledge of such firms or individuals, ignorant of the SCM systems result in mal procurement to the benefit of politicians or/and administrators. The communities represented paid for their lack of knowledge of simple SCM and procurement opportunities for them. In this context they have been unable to win tenders for many years (Interviewees 2, 5, 7 and 8).

Politicians and administrative professionals as well as trade union leader activists have opened a debate based on every day and long-time knowledge acquired on specific municipal terrains. Many corrupt administrators and politicians escape punishment because of corrupt, pre-agreed and perpetual alliance of police investigators and leaders who either ignore their duties or are in part politically based factions or manipulate and/or never undertake expected investigations. In such situations, documents and other evidence disappear or are forged and manipulated as evidence. No chances for prosecution exist because evidence disappears, hence, courts drop them (Interviewees 3, 5, 6, 7 and 8).

Conclusions and recommendations

The combination of weak SCM and procurement audit and internal control environments, reality and the corrupt alliances between BEE forces and groups and municipal politicians and administrators have led the vast majority of South African municipalities on a road with no return. The perpetual ignorance of key functions such as monitoring and evaluation, lead to deviations from SCM rules, regulations and policy imperatives, a reality that is perpetrated because of the lack of annual reviews and a regulatory framework. The lack of enforcement of the code of ethical standards leads directly and indirectly to irregular practices as the SCM system is manipulated in the main terrains of the ‘loss’ of specific bidder documents, mysterious disqualification and continuous negative impacts on service delivery in the municipality.

Black economic empowerment groups, politicians and administrators communicate and join forces in planning and implementing corrupt practices leading to corrupt deliveries, assisted by incompetent administrators and poor contract management. This means that capacitation, empowerment, remedy of weak internal and audit controls can defeat nepotism and favouritism. Corrupt contracts manipulated bids and tenders find their way to municipal councillors and administrators’ families and/or business associates.

Training and correct equipment for all municipal managers and accounting officers at all levels are a ‘must’, leading to anti-corruption financial management skills and senior politicians and public administrators need to commit themselves to accountability and transparency at operational and institutional levels. This will lead to the immediate appointment of oversight committees of the municipal council which will be instrumental in advancing SCM accountability and dealing directly and indirectly with corrupt BEE groups and individuals. Municipal leadership is politically, ethically and financially responsible for the monthly monitoring of the performance of contractors. By implementing such an initiative, they follow the country’s legislation and respond decisively to delays in contract work through penalties and other forms associated with consequence management. The article can be considered an empirical contribution to public service administration and management, especially in light of the dynamics around the

realities and relationship between BEE and SCM. The self-reflection piece here revolves around the need to consolidate the black middle class in a post-apartheid order in a way that does not pander to the toxicity of corruption and manipulation of state resources.

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The author declares that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

Author's contributions

I.B. is the sole author of this article.

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Data availability

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Disclaimer

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